If they could see me now: immigrants’ use of prestige brands to convey status

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Abstract
Purpose – The purpose of this study is to examine the degree of ethnic identity and demographic characteristics (the length of residency in the USA, education, income, age, and origin of ethnicity) in relation to brand purchases for status.

Design/methodology/approach – The research is based on a survey of 324 retail customers of Hispanics (n = 173) and Asians (n = 151) with analysis performed using regression analysis, t-tests, and ANCOVA.

Findings – The stronger an immigrant identifies with his/her ethnic culture, the more likely he/she is to purchase high-priced branded products for status purposes. Immigrants with higher incomes are more likely to purchase high-priced prestige brands. Younger immigrants report a greater propensity to purchase high-priced prestige brands. No relationship with the dependent variable was found with length of time in the USA, education, and origin of ethnicities of immigrants.

Originality/value – The major contribution of this research is to demonstrate the importance of ethnic identity strength, to reveal the major demographic variables on immigrant consumer behaviors, and to identify means by which practitioners can effectively use ethnicity strength, income, and age to target immigrant consumers.

Keywords Prices, Brands, Social status, Ethnic groups, Consumer behaviour, United States of America

Paper type Research paper

An executive summary for managers and executive readers can be found at the end of this article.

Introduction
Consumers are drawn to purchase brand-name products for multiple reasons. On a very basic level, brand names enhance product liking (Klink, 2001), act as memory cues (Keller et al., 1998; Walvis, 2008) and simplify consumer choice (Ambler, 1997). In the case of brand extensions, brand names help consumers avoid risk; instead of experimenting with an unfamiliar product, consumers can rely on a trusted brand extended to a new product category (Aaker and Keller, 1990; Boush and Loken, 1991). Consumers also use brand names as indicators of product attributes (Wanke et al., 2007). Hence, consumers use brands in a variety of ways to help make purchase decisions.

Companies use high prices, or prestige pricing, to position brands as high quality and exclusive (Vigneron and Johnson, 1999). Hence, a high-priced brand signals status to consumers. The use of prestige brands as a surrogate for status is especially applicable to immigrants. Immigrants reflect their ethnic identity and distinctive demographic characteristics, cultural heritage, and belief system in their shopping behaviors (Fowler et al., 2007). A review of the relevant literature on consumer socialization suggests that socio structural variables such as gender, age, and socioeconomic status should be examined in an exploration of brand sensitivity (Beaudoin and Lachance, 2006).

For immigrants, purchase and consumption of prestige brands may be a way of establishing themselves in a new world and new culture. If this is the case, we would expect to see differences depending on the degree of identification with their ethnic subculture. In early studies on the degree of ethnic identification, Hirschman (1981) emphasized that the degree of ethnic identification determines the individual level of commitment to host culture norms and consumption. In addition, Deshpande et al. (1986), in their study of the intensity of ethnic affiliation, pointed out that measuring the strength of ethnic identification among ethnic groups is necessary. They concluded that within the same general ethnic group, individuals vary in their levels of identification. These researchers found greater similarity between weak Hispanic identifiers and Anglos than between the two strong and weak Hispanic identifier groups in terms of preference for prestige and ethnically advertised brands.

Our study explores Hispanics and Asian immigrants and their propensity to purchase high-priced prestige brands. According to US Census Bureau (2005) data, the nation’s foreign-born population accounts for 12 percent of the total US population. Both Hispanic and Asian groups are among the fastest growing consumers in the US population. Both Hispanic and Asian groups maintain geographic concentration in where they live, which enables marketers to reach them strategically. Yet, for these two immigrant populations, cultural and socio-economic environments are different. For example, large numbers of Hispanics are from Mexico and maintain a strong Catholic religious affiliation. In...
contrast, Asians tend to have higher education, income levels, and subsequent spending power than their Hispanic immigrant counterparts.

Specifically, we examine the relationship between purchasing high-priced prestige brand items with these two immigrant populations' strength of ethnic identity and demographic characteristics. With this study, we hope to contribute to the limited body of research on the effects of ethnic identity strength and socio structural variables on recent immigrant consumer behaviors. To practitioners, we hope to provide with directions regarding how to target recent immigrant consumers.

**Theoretical framework**

**Price-based prestige purchase behavior**

In their study of prestige-seeking purchase behavior, Vigneron and Johnson (1999) categorized prestige-seeking purchase motivation into four quadrants:

1. Veblenian;
2. snobs;
3. band wagons; and
4. hedonists (see Figure 1).

These quadrants were based on the importance/unimportance of price as an indicator of prestige and the public/private consciousness of the consumer. For immigrants, the Veblenian effect appears especially appropriate in gaining an understanding of purchase motivation.

Conspicuous consumption, which is the same for Veblenian effect in this context, is the use of products to signal wealth and infer status and prestige (Veblen, 1899). For conspicuous consumers, a higher priced product is equated with a higher expression of status would be more likely to view price as an indicator of prestige than other consumers. Coupling high price with a brand known for prestige would be especially appealing to consumers motivated to purchase products that convey status and wealth.

**Literature review and hypotheses**

**The rational, emotional, and social utility of brands in private**

Brands serve as extrinsic cues for consumers in addition to price. Brands simplify the purchase process in addition to conveying rational, emotional, and social utility value to consumers. Rational utility is used by consumers for evaluation purposes. Performance, quality, price, reliability, and logistics are examples of rational factors considered by consumers when choosing a brand name product (Blackwell and Stephan, 2004; Cohen and Areni, 1991; Vazquez et al., 2002). More specifically, research has found consumers rely on brands to ascertain product functions (Bhat and Reddy, 1998; Long and Schiffman, 2000), product innovativeness (Ambler, 1997; de Chernatony, 1993), and product reliability (Dawar and Parker, 1994; Keller, 1998). Using the utilitarian contributions of the brand aids consumers in product choice based on rational needs.

Brands also contribute emotional value based on hedonic aspects of brand and product (Bhattacharya and Sen, 2003; Thomson et al., 2005; Vazquez et al., 2002). This symbolic utility has been conveyed through aesthetics (Forsythe et al., 1999; Na et al., 2008; Schmitt and Simonson, 1997), novelty (Long and Schiffman, 2000; Sheth et al., 1991), and emotional experience (Ambler, 1997; Bhat and Reddy, 1998; Long and Schiffman, 2000). Consumers form emotion-laden attachments to brands that characterize the consumer/brand relationship (Ball and Tasaki, 1992; Mikulincer et al., 2001). Brand attachment has been shown to influence the effectiveness of brand extensions (Fedorikhin et al., 2008; Kim et al., 2007).

Furthermore, brands serve a social function by providing personal identities for consumers through symbolic meanings, thereby helping consumers reinforce their personal self-concept (O'Cass and Frost, 2002). Self-concept is a multidimensional construct indicating the attitudes and perceptions people hold of themselves (Mehta, 1999). Possessions, including branded products, are endowed with symbolic meaning that then reflect and reinforce who we are (Belk et al., 1982). According to self-congruity theory, consumers seek out possessions that are congruent with their self-concept (Siry et al., 1997). Brands can be used to reflect who we are and may take on the role of an extended self (Belk et al., 1982). For example, "We don't buy jeans — we buy Levi's; we don't buy sunglasses, we buy Ray Ban and we do not buy water — we buy Perrier" (Kohli and Thakor, 1997, p. 207). Hence, matching brand images and personality help consumers establish and reinforce their self-concept.

**Brand symbolism in public**

Brands reinforce individual identity as well as possess symbolic properties on a group level that can convey social meanings within groups (Jevons et al., 2005; O'Cass and Frost, 2002; Workman, 1998). Particularly in the USA, where necessities are easily obtained by all, the social meaning of goods may be the dominate factor in product purchase and consumption decisions. Social status represents one example of a symbolic meaning conveyed through high-priced brands (Motameni and Shahrokh, 1998). Publicly-consumed products — both branded necessities such as Rolex watches or Lexus cars, and luxury products such as boats and club memberships — are also indicators of social status (Bearden and Etzel, 1982; Workman, 1988). Even a product as simple as jeans can convey information on the status of the wearer. In a study of clothing purchases, it was found that respondents rated people who wore designer (e.g. Polo) or brand name (e.g. Seven) jeans more highly than those clothed in an ordinary (e.g. Route 66) store brand (Workman, 1988).

**Figure 1** Conceptual framework of prestige-seeking consumer behavior

![Figure 1](image-url)
Although brand, price, and other extrinsic cues (e.g. country of origin, design features) can be used by consumers as surrogate indicators of quality and value (Dawar and Parker, 1994; Dodds et al., 1991; Rao and Monroe, 1989), prestige brands – so signified by expensive prices – indicate status and wealth (Vigneron and Johnson, 1999). Hence, prestige brands create value for the consumer by providing status recognition (from family, friends, and reference groups) and communicating the role position of the brand user (Langer, 1997; Zinkhan and Prenshaw, 1994). Wealth as demonstrated through material possessions provides one of the strongest measures of status and social success (Byrne, 1999). For consumers, visible consumption of status brands essentially defines success and the notion of having “made it” in society (Langer, 1997).

Immigrants and the purchase of prestige brands
Ethnic identity – or how people in the ethnic group relate within their own group as well as their larger society (Berry, 1980) – has been found to influence purchases (Dyer et al., 2006), price reactions (Ackerman and Tellis, 2001), brand loyalty (Saegert et al., 1985), and acceptance of brand extensions (Monga and John, 2007). Immigrants who have assimilated into the host (USA) culture, thereby reducing ethnic identity with their original home culture, may not need to rely on surrogate means, such as prestige brands, to establish status and reinforce self-concept. However, for example, immigrants who maintain strong ethnic ties to their home culture yet no longer have the occupation, home, community position, and so on to reinforce their self-concept and identity may rely on other means for establishing status, wealth, and power. It is those with strong ethnic identity, and presumably less assimilation, who would turn to surrogate means, such as prestige brands, to establish status.

Researchers have noted multiple differences between cultures with regard to purchase behavior (Monga and John, 2007). For example, price is not considered an important quality cue for Mexican women (Dunn, 1996) and Korean consumers have a distinct preference for foreign brands (Park et al., 2008). Although each immigrant to the USA brings unique aspects of the native culture with him/her, the underlying immigration experience may be similar. Regardless of home culture, an immigrant arrives in a new culture with no identity, limited means of communicating self-concept, and at least initially, lack of traditional means of status through job title, income, social status, or reference groups. Hence, for an immigrant, product purchase and consumption may be an important means of establishing themselves in a new world. If brands are used by immigrants as a visible demonstration of status, based on the Vigneron and Johnson (1999) framework, we suspect that immigrants with higher degrees of ethnic identification would be more likely to purchase expensive prestige brands as indicated by the Veblenian effect. Hence, the following hypothesis is proposed:

H1. The degree of ethnic identification of immigrants (i.e. Hispanic and Asian) to the USA will be related to a preference for high-priced prestige brands.

The meaning of cultural artifacts, including product symbolism, is a learned process as part of acculturation. For example, trucks may be just another form of travel for French consumers, but to Americans, trucks symbolize freedom, ruggedness, and a sense of adventure. Symbolic properties of brands would require a longer residency in order for immigrants to acquire the symbolic brand meaning. However, high-priced prestige brands convey status, in part, on the basis of their price. Hence, once the price is established as “expensive” the symbolic meaning of prestige is conveyed. If the veblen effect accurately identifies the motivation behind immigrant prestige brand purchases, we would expect length of US residency to have no relation on the propensity to select high-priced prestige brands. Therefore, the following hypothesis is proposed:

H2. The length of residency in the USA will have no relation to a preference for high-priced prestige brands.

As newcomers to a strange land, in a sense, immigrants may see themselves as innovators or early adopters in terms of trying new products and brands unavailable in their home cultures. Whereas they may be comfortable with existing brands in their home culture, the new environment, the unavailability of familiar brands or some combination thereof may propel immigrants to experiment with purchasing new brands similar to innovators or early adopters who are among the first to buy new products. Like products new to the market, high-priced prestige brands are more costly and therefore would require increased resources – income and education – to obtain (Rogers, 2003). To that end, the following hypotheses are proposed:

H3. Education levels will be significantly related to a preference for high-priced prestige brands.

H4. Income levels will be significantly related to a preference for high-priced prestige brands.

The age of an immigrant may also influence a preference for high-priced prestige products. Extant research across cultures has shown that status-seeking young people prefer foreign luxury brands (Park et al., 2008; Phau and Leng, 2008). Young people – lacking careers, income, and other means of communicating status – turn to clothing and other visible products to reveal or establish status and feel good about themselves (Daters, 1990). Research has found that young people identify and prefer status brands more readily than older consumers and that brand sensitivity tends to decrease with age (Beaudoin and Lachance, 2006; Belk et al., 1982; O’Cass and Frost, 2002). Although young people from different cultures are grounded in unique cultural heritages, we suspect that, to a certain degree, young people are similar the world over and, regardless of cultural background, are more likely than older, more established people to purchase expensive prestige products. Hence, we propose the following hypothesis:

H5. Age of respondent will be significantly related to a preference for high-priced prestige brands.

Finally, one of the premises of this research is to demonstrate that the immigration process – not necessarily the culture from which one is immigrating – produces consumer behavior that can be generalized across cultures. If this is true, and people are people the world over, we should not see differences in preference for high-priced prestige brand products between origins of ethnicity of immigrants. Consequently:

H6. Origin of ethnicity (i.e. Hispanic and Asian) will have no relation to a preference for high-priced prestige brands.
Method
To more accurately capture ethnic identity and behavior in natural settings, this study employed field research conducted in retail shops located in ethnic neighborhoods (in the Chicago area). This approach allowed for a realistic examination of the effects of ethnic identity on shopping behavior (Forsythe et al., 1999). Retail store customers were randomly selected in retail sites and they received a gift card ($2) as an incentive. This study included only female customers in order to eliminate the potential for gender bias. The surveys were prepared in English, Spanish, and Korean due to the large Korean population in the region. Translation and back-translation techniques were used and bilingual researchers cross-examined both versions. The questionnaire took about 10 minutes to complete. Usable demographic characteristics of participants are presented in Table I.

Measurements
A price-brand prestige scale (Netemeyer et al., 1995) consisted of six questions; coefficient alpha reliability for the scale was 0.79 in this study. Participants were asked to indicate the degree to which they agreed with each statement. The statements were measured on a five-point Likert-type scale (1 = strongly disagree; 5 = strongly agree). In this scale, a high score indicates that a consumer generally believes that purchasing high-priced brands lead to greater enjoyment and better impressions of her status. A lower score suggests that a consumer does not see a general association between price and prestige. A principal component factor analysis among these items resulted in one factor (see Table II). Factor loadings ranged from 0.57 to 0.79. Respondents were asked “how strongly do you identify with your ethnic culture?” to measure their strength of ethnic identification. The statement was also measured on a five-point Likert-type scale (1 = strongly disagree; 5 = strongly agree).

Results
H1 through H5 were tested using regression analyses. The results (see Table III) indicated that the strength of ethnic identification ($\beta = 0.10, p < 0.05$) and higher income ($\beta = 0.12, p < 0.05$) predicted a preference for high-priced prestige brands. Age ($\beta = -0.27, p < 0.05$) negatively related to the preference for high-priced prestige brands. Therefore, H1 (degree of ethnic identification), H4 (income level), and H5 (age) were supported. These independent variables were significantly related to a preference for high-priced prestige brands. Length of residency in the USA ($\beta = 0.09, p > 0.05$) and education ($\beta = -0.05, p > 0.05$) were not related to preference for high-priced prestige brands. Therefore, H2 (the length of residency in the USA will have no relation to a preference for prestige brands).

Table II Question items and factor loadings for price-brand prestige

<table>
<thead>
<tr>
<th>Items</th>
<th>Factor loading</th>
<th>Cronbach’s ( \alpha )</th>
</tr>
</thead>
<tbody>
<tr>
<td>People notice when you buy the most expensive brand of a product</td>
<td>0.57</td>
<td>0.79</td>
</tr>
<tr>
<td>Buying the most expensive brand of a product makes me feel classy</td>
<td>0.68</td>
<td></td>
</tr>
<tr>
<td>I enjoy the prestige of buying a high-priced brand</td>
<td>0.70</td>
<td></td>
</tr>
<tr>
<td>It says something to people when you buy the high-priced version of a product</td>
<td>0.74</td>
<td></td>
</tr>
<tr>
<td>I have purchased the most expensive brand of a product just because I knew other people would notice</td>
<td>0.79</td>
<td></td>
</tr>
<tr>
<td>Even for a relatively inexpensive product, I think that buying a costly brand is impressive</td>
<td>0.70</td>
<td></td>
</tr>
<tr>
<td>Eigenvalues</td>
<td>2.97</td>
<td></td>
</tr>
<tr>
<td>Percentage of variance</td>
<td>49.54</td>
<td></td>
</tr>
</tbody>
</table>

Table III Regression analysis of the demographic characteristics on the preference for high-priced prestige brands

<table>
<thead>
<tr>
<th>Demographic characteristics</th>
<th>Standardized coefficients</th>
<th>( \beta )</th>
<th>( t )</th>
<th>( p )</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strength of ethnic identification</td>
<td>0.10</td>
<td>1.97</td>
<td>0.04</td>
<td></td>
</tr>
<tr>
<td>Length of residency</td>
<td>0.09</td>
<td>1.73</td>
<td>0.08</td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>-0.06</td>
<td>-0.05</td>
<td>0.34</td>
<td></td>
</tr>
<tr>
<td>Income</td>
<td>0.12</td>
<td>2.05</td>
<td>0.04</td>
<td></td>
</tr>
<tr>
<td>Age</td>
<td>-0.27</td>
<td>-4.50</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>(constant)</td>
<td>2.8</td>
<td>11.35</td>
<td></td>
<td></td>
</tr>
<tr>
<td>( R^2 )</td>
<td>0.08</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted ( R^2 )</td>
<td>.06</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
preference for high-priced prestige brands) was supported. However, $H3$ (education levels will be significantly related to a preference for high-priced prestige brands) was not supported.

To test $H6$ (there will be no significant differences between Hispanic and Asian immigrants and their preference for high-priced prestige brands), $t$-tests and ANCOVA analysis were used. First, a $t$-test was conducted in order to compare the difference of preference for high-priced brand among Hispanics and Asians. The result indicated that there was no significant difference ($p > 0.05$) in the means of Hispanics ($M = 3.24$) and Asians ($M = 3.09$). Then, a series of $t$-tests were conducted in order to examine the demographic differences between these ethnics. The results of $t$-tests indicated that all demographic characteristics were significantly different between these two ethnics (Table IV). The results of each Levene’s test were not significant for all outcome measurements, which indicated that the assumption of homogeneity of variance was met for $t$-tests.

Finally, these demographic variables were used as covariates in ANCOVA analysis in order to consider demographic characteristic differences between ethnic groups in testing $H6$. The results indicated that there was still no difference in the preference for high-priced prestige brands among Hispanics and Asians ($F = 0.04$; $p > 0.05$) regardless of their demographic characteristic differences. The results of the analysis with covariates indicated that demographic differences did not influence the initial result. Therefore, $H6$ was supported (see Table V and Figure 2).

### Discussion and implications

We conclude that immigrants who have a high degree of ethnic identification, have higher income, and are younger in age are more likely to purchase high-priced prestige brands. The preference for prestige brands was unrelated to years of residency in the USA and education. Our results confirm and extend the work of others who have examined brand and pricing issues in cross-cultural contexts. Most notably, we extended the work of Forsythe et al. (1999) by examining two extrinsic cues – price and brand – as interpreted by immigrants from diverse cultural backgrounds.

As predicted, immigrants with a high degree of ethnic identification indicated preferences for high-priced prestige brands. The current study confirms and extends the results found by Deshpande et al. (1986). Deshpande et al. concluded that Hispanics who had a higher ethnic affiliation had a preference for purchasing high-priced prestige brands. The present study found that the positive relationship between the degree of ethnic strength and preference for purchasing high-priced prestige brands not only applied to Hispanics but also to Asians. This study also found that there was no difference in preference for purchasing high-priced prestige brands between two diverse immigrant populations. Therefore, these findings imply that the preference for purchasing high-priced prestige brands to reinforce and communicate status is related to the degree of ethnic identification but not related to the origin of ethnicities.

### Table IV Mean scores and t-tests between Hispanics and Asians on their demographic characteristics

<table>
<thead>
<tr>
<th>Demographic characteristics</th>
<th>Hispanics ($n = 173$)</th>
<th>Asians ($n = 151$)</th>
<th>$t$ ($n = 324$)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>M</td>
<td>SD</td>
<td>M</td>
</tr>
<tr>
<td>Length of residency</td>
<td>3.1</td>
<td>1.4</td>
<td>2.8</td>
</tr>
<tr>
<td>Education</td>
<td>2.8</td>
<td>1.0</td>
<td>4.1</td>
</tr>
<tr>
<td>Income</td>
<td>1.7</td>
<td>0.9</td>
<td>2.5</td>
</tr>
<tr>
<td>Age</td>
<td>1.8</td>
<td>1.3</td>
<td>2.6</td>
</tr>
</tbody>
</table>

Note: $M =$ Means, $SD =$ Standard deviations ($n = 324$); *$p < 0.05$; **$p < 0.001$
Furthermore, our results show that younger immigrants are also more likely to prefer high-priced prestige brands, which is consistent with the results of studies examined in other countries. Beaudoin and Lachance’s (2006) study, which was conducted among Canadian adolescents, found that age was significantly related to brand sensitivity. Phau and Leng (2008) found that Australian teenagers, especially those that were status-seeking teenagers, had a positive attitude toward foreign luxury brands. These findings suggest that there are similarities among age groups that may transcend cross-cultural boundaries. Therefore, additional research increasing the sample size and the number of cultures represented is recommended.

Theoretical implications

Our results further extend the work of Vigneron and Johnson (1999) who studied consumer motivation to purchase high-priced prestige brands. Our results show preliminary support for the Veblenian effect (brands as indicators of status) with immigrant participants. In addition, our study identified demographic characteristics of immigrants that are significantly related to high-priced prestige brands. Income is a factor in establishing social class: an indicator of status. Immigrants who have attained higher income levels have established status, wealth, and power; hence, they are able to utilize high-priced prestige brands as a means to communicate their social standing as they desire. Additional research is needed to further substantiate the veblen motivational effect versus other possible motivations to account for immigrant purchases of prestige products in different socio structural variables.

Practitioner implications

The potential for generalization across cultural boundaries can prove cost-effective for practitioners targeting immigrants. Practitioners in the USA have been alerted to the need for distinguishing between subcultures within cultures, such as differences between various Asian populations (e.g. Korean, Japanese, Chinese, Vietnamese, etc.) or Hispanic/Latinos populations (e.g. Mexican, Puerto Rican, Cuban, Spanish). Products, promotions, and other marketing mix components must be individually tailored toward each segment within each subculture; however, segmenting within a subculture becomes a costly proposition. Our research suggests that one aspect – high-priced prestige brands – might transcend culture and appeal to immigrants regardless of their home culture. The results of this research indicated that the preference for the high-priced prestige brands depends on the degree of ethnic identification rather than the origin of ethnicities. Therefore, practitioners need to be aware of the intensity of ethnic affiliation as an important concept in their business. In addition to reducing the costs of targeting multiple sub-cultures within a culture, offering high-priced prestige brands also provides higher mark-up and greater potential for profitability for retailers.

To effectively target immigrant populations, our results suggest that brand name alone is not sufficient; the prestige of the brand is further reinforced by its high price. Thus, it behooves retailers offering high-priced prestige brands to target those immigrants with higher incomes and ethnic identity. However, if these immigrants drawn to high-priced prestige brands are indeed early adopters as suggested by Rogers’ (2003) diffusion of innovation model, then a new market of early majority immigrants with lower income might be a secondary target market for retailers.

To target early majority immigrants who aspire to the status but lack the economic resources, sales promotion tactics might be used. Sales promotions – short term price incentives to encourage sales without reducing the prestige indicated by price – would be one means of reaching price sensitive customers without alienating existing markets. Sales promotion tactics such as rebates, price packs, two for ones, or bonus offers could be used to attract lower income early adopters trying to imitate innovators and early adopters. Additional research is needed to determine the most effective sales promotions to target immigrant populations and to determine generalizability of these sales promotion tactics across cultures.

When determining which high-priced prestige brands to carry, it is suitable for practitioners to identify product/brand trends catering to younger consumers. Our results suggest that younger immigrants, like their American counterparts, are more disposed to purchase high-priced prestige brands. Future research is needed to identify product categories and brands which are especially appealing to younger immigrants so that practitioners can capitalize on youthful propensities toward high-priced prestige brands. Further research questions include the following. Is the propensity for high-priced brands a function of the need for young people to establish themselves in the eyes of others? If so, we would expect to see similar behavior manifested (although not with branded products) in third world or economically deprived cultures. Or is the propensity toward high-priced branded products a function of the “flat world” where the media and internet have facilitated cross-cultural communication? Additional research on young people’s attraction to high-priced prestige brands is warranted.

Finally, for future research, the emphasis on price and brand as an indicator of status raises interesting questions in terms of counterfeit products. Counterfeit products are similar to high-priced prestige products in that they offer status at a glance. The difference is that counterfeits are not produced by the branded firm and are significantly less expensive to purchase. Would the high ethnic identification group who prefers high-priced prestige products be persuaded to purchase status-laden, but lower cost counterfeits? Our guess is no, but future research could further establish the importance of price in establishing brand status by comparing attitudes and purchase intentions for counterfeits versus actual branded products. Future research is needed to further generalize these results to other immigrant populations.

Three limitations of this study should be noted. The participants were only females; therefore, the results cannot be applicable to males. The Hispanics and Asians ethnic groups who participated in this study were not identified by country of origin. Thus, further study may distinguish the country of origin among these ethnic groups. Finally, 58.9 percent of the participants had an income that was under $25,000. Future study may include higher income immigrants to examine their preferences for high-priced prestige brands as a means to convey status.
Conclusions

Despite the limitations of this study, it contributes to the literature and provides valuable implications for practitioners. Retailers understand that prestige luxury brands are desired by mass consumers including the growing ethnic populations who see a high-priced prestige brand as a status symbol. Previous studies often neglected to examine the degree of ethnic identification and assumed that people within each ethnic group were homogeneous. This study confirmed that the degree of ethnic identification and the demographic characteristics were vital variables for understanding immigrant consumption behavior.

References


Further reading


About the authors

Lynn Eunjung Kwak is an Assistant Professor at The School of Human and Consumer Science, Ohio University. Her Master’s degree was from University of Minnesota and her PhD from Florida State University. She teaches retail merchandising, product development, and strategic retail policy. Her research interests include ethnic consumer buying behavior and product development in retail industry. Lynn Eunjung Kwak is the corresponding author and can be contacted at: Kwak@ohio.edu

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University and her PhD from Washington State University. She is a recent recipient of Ohio University’s University Professor teaching award and is the current Robert H. Freeman Professor of Marketing. Dr Sojka has worked as a marketing consultant prior to being employed as materials manager for the Coleman Company. Research interests include affect and decision processing, relationship selling, visual/verbal communication, branding, and food purchase/consumption.

Executive summary and implications for managers and executives

This summary has been provided to allow managers and executives a rapid appreciation of the content of this article. Those with a particular interest in the topic covered may then read the article in toto to take advantage of the more comprehensive description of the research undertaken and its results to get the full benefits of the material present.

Consumers justify the purchase of brand named products based on the value ascribed to the brand. Immigrant consumers currently represent about 12 percent of the current USA. (US Census Bureau, 2005). Hispanics and Asian ethnic groups are the fastest growing populations in the USA, in terms of size and spending power. It therefore behooves retailers to understand the buying behavior of these significant ethnic groups. While previous research has tended toward segmenting these ethnic groups into smaller, sub-cultural segments, we take the opposite approach and look for similarities in buying behavior so that practitioners may gain from economies of scale. This paper examines propensity to purchase high-priced prestige brands by Hispanic and Asia immigrant consumers.

Degree of ethnicity and brand value

Consumers use high-priced prestige brands as a means of conveying status. According to Veblen, conspicuous consumption allows people to project an image of success or status via purchases that convey meaning. High-priced prestige branded products (such as Gucci sunglasses or Louie Vuitton purses) may be used by the consumer to convey a status image to others. The need to use high-price status brands to convey status may be particularly useful to immigrant populations in the USA.

Immigrants to the USA may arrive in a new culture with no identity, limited means of communicating self-concept, and at least initially, lack of traditional means of status through job title, income, social status, or reference groups. Hence, for immigrant populations, product purchase and consumption may be an important means of establishing themselves in a new world.

This paper investigates the proposition that immigrants with higher degrees of ethnic identification are more likely to purchase expensive prestige brands. Immigrants, who have assimilated into the host (US) culture, thereby reducing ethnic identity with their original home culture, may not need to rely on surrogate means, such as prestige brands, to establish status and reinforce self-concept. However those immigrants who retain strong ties with their ethnic identity (regardless of years in the USA) may be prone to high-price brand purchases to convey status and reinforce their self-concept.

One of the premises of this research is to demonstrate that the immigration process – not the culture from which one is immigrating – produces consumer behavior that can be generalized across cultures. If this is true, we would expect similar preferences for high-priced prestige brand products regardless of different ethnic origins of immigrants. In addition to examining the effects of ethnic identification, years in the USA, education, income and age are also investigated for propensity to purchase high-priced branded products.

Study and results

The degree of ethnic identity and demographic characteristics (the length of residency in the USA, education, income, age, and origin of ethnicity) were examined in relation to brand purchases for status. Data were collected in a large, Midwestern city at a retail outlet where immigrant populations shop. Using both English and translated surveys, degree of ethnic identity, propensity toward brand purchases were collected via established scales; the remaining variables were single-item questions. A total of 324 immigrant consumers participated in the research with both ethnic groups similarly represented (Hispanics; n = 173 and Asians; n = 151).

Results show degree of ethnic identity, income, and age predict the purchase of high-priced prestige brands to convey status. Stronger identity with his/her ethnic culture, results in a greater likelihood to purchase high-priced branded products for status purposes. Similarly, immigrants with high incomes are more likely to purchase high-priced prestige brands. And, consistent with US research on teens, age was found to be inversely related to brand purchases. Younger immigrants report a greater propensity to purchase high-priced prestige brands. The propensity to purchase high-priced prestige brands was not related to immigrants’ length of time in the USA, education, or origin of ethnicity.

Marketing implications and ideas for further research

Marketing theory purports that marketing components must be individually tailored to successfully target each segment within each subculture; however, segmenting within a subculture becomes a costly proposition. Our research suggests that one aspect – high-priced prestige brands – might transcend culture and appeal to immigrants regardless of their home culture. The results of this research indicated that the preference for the high-priced prestige brands depends on the degree of ethnic identification rather than the ethnic origin of immigrants. Therefore, practitioners need to be aware of the intensity of ethnic affiliation – not just ethnic affiliation – as an important concept in understanding their customers’ purchase behaviors. In addition to reducing the costs of targeting multiple sub-cultures within a culture, offering high-priced prestige brands also provides higher mark-up and greater potential for profitability for retailers. In short, our results suggest that retailers targeting immigrant consumers with high degrees of ethnic identification, high income, and/or younger in age should include high-priced prestige brands in their product lines.

In addition to targeting immigrants who maintain strong ethnic identities, immigrants who aspire to status but lack economic resources, might also be susceptible to purchase
high-priced prestige brands for status purposes. Because the high price signals status, sales promotion tactics (short term incentives to encourage sales), instead of permanent price reductions, should be used. Coupons, rebates, buy-one-get-one half-off sales promotions could be one means of reaching price sensitive customers without alienating existing markets. Additional research is needed to determine the most effective sales promotions to target immigrant populations and to determine generalizability of these sales promotion tactics across additional cultures.

When determining which high-priced prestige brands to carry, it is suitable for practitioners to identify product/brand trends catering to younger consumers. Results suggest that younger immigrants, like their American counterparts, are more disposed to purchase high-priced prestige brands.

Future research is needed to identify product categories and brands which are especially appealing to younger immigrants so that practitioners can capitalize on youthful propensities toward high-priced prestige brands.

In conclusion, our research suggests that immigrants with stronger ethnic identity, with high income, and who are younger in age, have a greater propensity to purchase high-priced prestige brand products as a form of status. These results were consistent across two different cultures: Hispanic and Asian. Our results suggest that the process of immigration, not just the home culture, may contribute to purchase preferences in the host US culture.

(A précis of the article “If they could see me now: immigrants’ use of prestige brands to convey status”.)