

**Brand prominence and social status in luxury consumption: A comparison of emerging
and mature markets**

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Abstract

This research investigated how the use of a prominent versus subtle branding strategy and status consumption affect consumers' intention to buy luxury products across emerging and mature markets. To this end, an experimental study with consumers in India (emerging market) and the United States (mature market) was conducted. The results suggest that Indian (but not U.S.) consumers with a higher status consumption tendency are more willing to purchase prominently branded luxury products than subtly branded ones. On the other hand, U.S. (but not Indian) consumers with a lower status consumption tendency are more willing to purchase subtly branded luxury products than prominently branded ones. The paper discusses these findings, highlights their contribution to luxury research, and illustrates their practical value for luxury companies interested in targeting mature and emerging markets.

Keywords: Brand prominence; status consumption; emerging market; mature market; luxury.

1. Introduction

The purchase of luxury products may vary depending on consumers' personal characteristics and the economic maturity of the market of which they are a part (Üstüner and Holt, 2010). Consumers may indeed purchase luxury products based on self-oriented motivations, such as pleasing or expressing themselves (so-called "internalized" luxury consumption), as well as other-oriented motivations, such as displaying wealth and disassociating from the masses (so-called "externalized" luxury consumption; Amatulli and Guido, 2011, 2012; Eastman and Eastman, 2011; Han et al., 2010). Such motivations influence luxury purchases to a greater or lesser extent, depending on the importance consumers put on owning things that reflect their identities or publicly displaying goods to signal a high social standing (Eastman et al., 1999; O'Cass and Frost, 2002; Vigneron and Johnson, 2004).

However, the tendency to purchase and own things that externalize social standing may also depend on consumption contexts (Bian and Forsythe, 2012; Nancy and Aaron, 1998), particularly markets' maturity (Siahtiri and Lee, 2017). Emerging markets (e.g., the BRIC countries: Brazil, Russia, India, and China) are typically characterized by inadequate infrastructure and a chronic shortage of resources (Sheth, 2011; Sinha and Sheth, 2017), but also yield impressive economic growth. On the opposite, mature markets (e.g., the United States, Italy, and France) have reached a certain economic equilibrium and are characterized by modest growth (Barnes and McTavish, 1983). In emerging markets, luxury consumers may be inclined to flaunt wealth to differentiate themselves from less affluent people (Hennigs et al., 2012; Shukla, 2010). Conversely, in mature markets, luxury consumers may no longer need to show-off wealth to disassociate themselves from the masses (Kapferer, 2010). Instead, they may wish to associate with their in-groups (Han et al., 2010) and consume luxury products to gratify themselves (Amatulli and Guido, 2011, 2012; Wong and

Ahuvia, 1998) and/or communicate their identities (Bian and Forsythe, 2012; Cheah et al., 2012; Wilcox et al., 2009).

To advance knowledge on the impact of market-related factors on luxury consumption, the present research focused on *brand prominence*, that is the extent to which a product has visible elements (e.g., logos, patterns, marks) that ensure people recognize the brand (Han et al., 2010). In particular, this research investigated how brand prominence influences consumers' willingness to buy luxury accessories in emerging and mature markets. Understanding the differential effects of brand prominence on luxury consumption in such markets is relevant to marketing managers, who can directly control such elements. Nevertheless, previous studies on this topic (e.g., Berger and Ward, 2010; Cheah et al., 2015; Janssen et al., 2017) have rarely accounted for the potential impact of market-related factors (see Siahtiri and Lee, in press).

The research also considers the possible moderating role of *status consumption* – that is, the tendency to consume products for the status they confer (Eastman et al., 1999; O'Cass and Frost, 2002). Prior investigations focused on the interplay between this variable and some cultural factors, such as consumer religion, showing that certain religious values may adversely impact luxury consumption (e.g., O'Cass et al., 2013). Other studies examined the impact of status consumption on the perceived exclusiveness of brands from emerging and mature markets, showing that consumers in emerging market may attach greater status to brands from mature markets (O'Cass and Siahtiri, 2013; 2014). Yet, the relationship between status consumption and brand prominence across emerging and mature markets remains under-investigated.

To shed light on this issue, we performed a survey-based experiment with upper-middle-class consumers located in India and the United States, which are, respectively, emerging and mature markets for luxury goods (Atwal and Bryson, 2014; Chandon et al., 2017). Our results

demonstrate that, among consumers with higher status consumption, those in the examined emerging market (but not their counterparts in the mature market) had a stronger willingness to buy prominently branded luxury accessories than subtly branded ones. In contrast, among consumers with lower status consumption, those in the examined mature market (but not those in the emerging market) exhibited a stronger willingness to buy subtly branded accessories than prominently branded ones.

The remainder of this paper is organized as follows: The next section introduces the notion of brand prominence by highlighting how it changes across emerging and mature markets. The third and fourth sections illustrate the notion of status consumption by pointing out differences between the Indian and U.S. markets. The fifth section describes the research model and hypotheses. The sixth and seventh sections present the research method and results. The last two sections discuss the empirical results along with their implications, and provide suggestions for future research.

2. Brand prominence in emerging and mature markets

Wealthier consumers interested in signaling status may spend a large share of their income on highly visible luxury products (Berger and Heath, 2007; Berger and Ward, 2010; Veblen, 1918). Luxury companies may support such a signaling intention by incorporating distinctive patterns in their products and using large logos and/or marks to make the products easily recognizable. In this way, for example, wearing a Burberry coat with an easily identifiable brand code (i.e., the typical Burberry check) could lead people to make inferences about the wearer's status.

However, not all luxury products are easily recognizable. Whereas some products prominently display highly visible logos and noticeable patterns, others feature subtle branding cues, which are recognizable only by consumers who are "in the know" (Han et al.,

2010). Such differences may respond to consumers' low versus high status signaling intentions and denote a need for differentiated luxury branding strategies. In fact, affluent consumers, who are already part of a social elite (so-called "patricians"), do not need prominent brands to distinguish themselves from the masses. Such consumers may instead prefer subtly branded products that only luxury connoisseurs can recognize (Han et al., 2010). On the other hand, consumers who aim to signal their success to disassociate themselves from the masses and climb the social ladder (so-called "parvenus") may prefer products with prominent brands that everyone can easily recognize (Han et al., 2010; see also Yang and Mattila, 2017). Consumers' susceptibility to normative influence (Cheah et al., 2017) and desire to appear fashionable (Siahtiri and Lee, in press) may also increase their likelihood of purchasing prominently branded products. Indeed, concern for self-presentation may induce consumers to attach greater importance to the visibility of luxury products than to their quality or functionality (Monkhouse et al., 2012).

The literature emphasizes that consumers in emerging markets tend to purchase highly noticeable luxury products for reasons of pure ostentation (Shukla, 2011; Wan and Mattila, 2014). However, once the overwhelming majority of wealthy consumers in these markets own recognizable items from the most popular luxury brands, luxury consumption may become "a matter of fitting in rather than standing out" (Eckhardt et al., 2013, p. 202). This situation could trigger a progressive shift from conspicuous to inconspicuous consumption, which is more common in mature markets (Chadhuri and Majumdar, 2006; Truong et al., 2008). To illustrate this phenomenon, in 2007, the French company Hermès developed a specific line of subtly branded luxury products (named "Shag-Xia") to cater to Chinese consumers' growing desire to own unique (rather than noticeable) high-end products.

Luxury companies should be aware of this trend to deliver the appropriate product to each market. However, notwithstanding the practical relevance of this topic, little effort has been

made so far to investigate the impact of brand prominence on consumers' intention to buy luxury products in emerging versus mature markets.

3. The notion of status consumption

Status consumption is a “motivational process by which individuals strive to improve their social standing through the conspicuous consumption of consumer products that confer and symbolize status both for the individual and surrounding significant others” (Eastman et al., 1999, p. 42). Status-driven consumers may purchase such products mainly for self-oriented reasons or for other-oriented reasons, with the latter tendency normally involving the ostentatious display of these products (Eastman and Eastman, 2011; Vigneron and Johnson, 2004; see also Amatulli and Guido, 2011, 2012). Based on this difference, prior literature (Clark et al., 2007; O’Cass and McEwen, 2004; Truong et al., 2008) distinguished *status* consumption – i.e., consumers’ desire to gain prestige by acquiring status-laden products and brands (O’Cass and Frost, 2002) – from *conspicuous* consumption – i.e., consumers’ inclination towards purchasing those products to brandish their wealth and prosperity and achieve greater social status (Amaldoss and Jain, 2005; Goldsmith et al., 1996; Grace and Griffin, 2009; O’Cass and Frost, 2002; Podoshen et al., 2011; Veblen, 1918).

According to O’Cass and McEwen (2004), the difference between status consumption and conspicuous consumption lies in the view that “status consumption tendencies emphasize the personal nature of owning status-laden possessions, which may or may not be publicly demonstrated, whereas conspicuous consumption focuses more towards putting wealth or position in evidence, whereby possessions are overtly displayed” (p. 27). Thus, status-seekers tend to value and purchase prestigious products, especially when these products align with their self-concepts and tastes, and they may or may not publicly display them (Shukla, 2010; Truong et al., 2008). In contrast, conspicuous consumers tend to buy and use prestigious

products overtly to symbolize success and social power, enhance their image (Dubois and Duquesne, 1993; Dubois and Ordabayeva, 2015), and possibly elevate their position in the social hierarchy (Goldsmith et al., 1996; O’Cass and Frost, 2002; Podoshen et al., 2011). These consumers derive more satisfaction from people’s reactions to their wealth than from the products themselves (Mason, 2001).

O’Cass and McEwen (2004) also demonstrated that status and conspicuous consumption can be considered conceptually and empirically separate, yet related, constructs. Furthermore, they found that conspicuous consumption is significantly influenced by an individual’s susceptibility to being influenced by his or her reference group. Consistent with this view, Truong et al. (2008) showed that consumers can associate some luxury brands with status and other luxury brands with conspicuous consumption, thereby demonstrating consumers’ ability to distinguish between the two constructs.

Nonetheless, some conceptual overlap between status and conspicuous consumption remains. Previous research has often defined one construct in terms of the other (e.g., Eastman et al., 1999; Monkhouse et al., 2012), thus suggesting that status and conspicuousness can be considered as facets of a single construct. Amaldoss and Jain (2005) noted that, like status consumption, conspicuous consumption satisfies a need for prestige. Other scholars (Marcoux et al., 1997; Vigneron and Johnson, 2004) have observed that social status demonstration is a distinctive aspect of conspicuous consumption. In line with this reasoning, O’Cass and McEwen (2004) empirically showed that status consumption predicts conspicuous consumption and argued that the more status a brand conveys, the more likely it is that the brand will be used in a conspicuous manner. Also, Han et al. (2010) provided evidence of the positive impact of status consumption on consumers’ preferences for conspicuously branded products. Therefore, although status consumption and conspicuous consumption share most of their conceptual domains, the former does not necessarily imply

conspicuousness, whereas conspicuous consumption appears to be a manifestation of consumers' concern for status (Dubois and Ordabayeva, 2015; Eastman et al., 1999; Veblen, 1918).

In this research, we focused on status consumption, which appears to be a more general notion with potential applicability to situations of inconspicuous and conspicuous consumption (Eastman et al., 1999; Lertwannawit and Mandhachitara, 2012). To investigate the impact of brand prominence on consumers' purchase intentions, we concentrated on luxury branded accessories, particularly wallets, which are products that consumers may or may not use to overtly signal status. Therefore, we considered status consumption as a potential moderator of the impact of brand prominence on consumers' purchase intentions.

4. Status consumption in emerging and mature markets

Consumers in emerging markets are more inclined to associate luxury brands with prestige and social hierarchy than consumers in mature markets (e.g., Li and Su, 2007; Shukla and Purani, 2012). The reason appears to be cultural: in emerging markets, material possessions typically signal an individual's position in the society and the reference group to which he or she belongs (Mo and Roux, 2009; Siahtiri and Lee, in press). As a consequence, consumers in emerging markets tend to purchase status-laden products mainly for self-presentation reasons and because of a pressure to maintain a high social standing. Consumers in mature markets tend instead to purchase such products mainly to express and gratify themselves (Bian and Forsythe, 2012; Wong and Ahuvia, 1998). Indeed, in many emerging markets (e.g., China, South Korea), consumers are highly concerned about others' judgments (Jenkins, 2016), share common norms, pursue collectivistic values, and prize conformity (Heaney et al., 2005). On the other hand, in mature markets, consumers generally care less about others' judgments and consume status-laden products for personal reasons (Podoshen et al., 2011), such as

rewarding (Amatulli and Guido, 2011, 2012; Wong and Ahuvia, 1998) or expressing themselves (Cheah et al., 2015; Wilcox et al., 2009).

Consistent with this perspective, Wu et al. (2015) demonstrated that consumers in Taiwan (an emerging market) are more inclined to consider luxury brands as a way to communicate their social standing than consumers in the United Kingdom (a mature market). Li and Su (2007) found that luxury consumers in China (an emerging market) attribute greater importance to their reference groups than do consumers in the United States (a mature market). Like other Asian consumers (e.g., Malaysian consumers; Heaney et al., 2005), Chinese consumers are susceptible to normative influences (Zhan and He, 2012), are greatly concerned about maintaining their public dignity and social standing (Monkhouse et al., 2013), and tend to accommodate societal expectations (Adams, 2011). Such consumers are prone to purchasing luxury goods to earn respect from others, connect with desirable social groups, and feel more self-confident (Zhang and Kim, 2013). Other studies obtained similar results by investigating consumers in other emerging markets, such as Morocco (Nwankwo et al., 2014) and Russia (Kaufmann et al., 2012).

The literature also suggests that consumers in emerging markets tend to attach great importance to the symbolic and public meanings of material possessions, whereas consumers in mature markets tend to focus principally on the practical characteristics of such possessions (Hennigs et al., 2012; Wong and Ahuvia, 1998). Indeed, consumers in emerging markets may be concerned primarily with impressing others and use luxury goods as visible symbols of wealth that signal their position in the social hierarchy. Instead, consumers in mature markets may care less about flaunting their status (Wu et al., 2015) and value the functional features of luxury products – for instance, their durability and overall quality (Shukla and Purani, 2012).

4.1. Status consumption among Indian consumers

India's contribution to the global luxury market is still very small (less than 2%; Gupta, 2016b). However, due to large growth in millionaire wealth (Dave and Dhamija, 2012), the Indian luxury market is growing at an annual rate of about 25% (Gupta, 2016a). The catalysts for this change are the increase in disposable income, the Westernization of Indian culture, and changing lifestyles among Indian people. The rising population of middle-class households with higher purchasing power is indeed increasingly interested in foreign luxury brands (Chadhuri and Majumdar, 2006; Eng and Bogaert, 2010; Kumar et al., 2009; Rediff, 2008). Younger generations of Indians have become familiar with Western culture and consider brand aspiration and recognition as the main benefits of luxury consumption. Therefore, Indians strongly associate luxury brands with prestige and social status (Bhardwaj et al., 2010; Eng and Bogaert, 2010; Shukla, 2010).

Until the end of the 20th century, India had been mainly a collectivistic society (Hofstede, 1984). However, over the past few decades, it has been progressively embracing an individualistic outlook (Chadhuri and Majumdar, 2006). In this country, hierarchy and inequality are endemic aspects of the society, and people tend to attach symbolic meanings to material objects (Chadha and Husband, 2006). As such, wealthy Indian consumers tend to purchase luxury goods mainly to be admired by others (Eng and Bogaert, 2010). Shukla and Purani (2012) indeed found that "other-directed" values strongly influence Indian consumers' perceptions of luxury.

Thus, Indian consumers are in the "show-off" stage of luxury consumption (Eng and Bogaert, 2010; Handa and Khare, 2013): compared to Western consumers, Indians tend to place greater importance on the social (rather than the utilitarian) value of luxury products, and consume them mainly to impress others (Shukla and Purani, 2012). In India, social acceptance is often more important than individual achievement (Banerjee, 2008). Therefore,

luxury products are considered signals of distinction and reflect the hierarchical social order that is typical of this culture (Kuldova et al., 2017; Schwartz, 2014). In line with these considerations, Hennigs et al. (2012) classified Indian consumers as “status-seeking” consumers, whereas Jain et al. (2017) recently demonstrated that the approval of others significantly influences Indian consumers’ intention to buy luxury products.

4.2. Status consumption among U.S. consumers

Unlike India, the United States represents a mature luxury market that has historically attracted the main global luxury players, and, in the past few decades, has accounted for a quarter of global luxury goods sales (Li, 2016). Consumers in this market tend to conform to group norms, but simultaneously may want to express their uniqueness (Clark et al., 2006). Han et al. (2010) showed that some U.S. luxury consumers (i.e., the patricians) have a low status consumption tendency and tend to purchase luxury goods mainly to associate themselves with their in-group. These consumers normally prefer subtly branded products over prominently branded ones, as they are not interested in flaunting their social status. Other U.S. luxury consumers (i.e., the parvenus) have a higher status consumption tendency and purchase luxury goods to disassociate themselves from the masses. To this end, such consumers tend to prefer products that signal status explicitly through visible logos and marks.

More generally, U.S. luxury consumers have been described as “rational functionalists” (Hennigs et al., 2012) due to their tendency to pay less attention to the public meaning of luxury goods and value the products’ substantive attributes (e.g., quality, and performance) rather than their symbolic benefits and the opinions of others (Li and Su, 2007). Cross-national studies have supported these arguments. For instance, Stanforth and Lee (2011) found that U.S. luxury consumers, compared to their Korean counterparts, place less

importance on status and purchase luxury products mainly to please, relax, or entertain themselves. In line with these findings, Podoshen et al. (2011) found that U.S. luxury consumers tend to score lower in materialism than Chinese consumers, whereas Jinkins (2016) observed that U.S. consumers tend to care less about peers' beliefs than Chinese consumers do. Indeed, the United States provides a prototypical example of an individualistic culture with a pragmatic attitude and a significant focus on the self (Schwartz, 2014).

5. Research model and hypotheses

Brand prominence may affect consumers' willingness to buy luxury products differently, depending on consumers' levels of status consumption (Han et al., 2010). Consumers who are high in status consumption (hereafter "high-status" consumers) are likely to buy prominently branded products to signal status and disassociate from the masses. Conversely, consumers low in status consumption (hereafter "low-status" consumers) are likely to buy subtly branded products, as their main goal is being part of an elite of luxury connoisseurs (rather than signaling status). Therefore, both brand prominence and status consumption might impact consumers' willingness to buy luxury products (Figure 1). This impact, however, might vary across luxury markets, depending on their levels of maturity.

[Insert Figure 1 about here]

We reason that in emerging markets, where only a limited number of individuals can afford luxury products, high-status consumers may prefer prominently branded products as these products are considered evident signs of wealth (Shukla, 2011; Wan and Mattila, 2014). In contrast, this might not happen in mature markets, where several phenomena may dilute the status-signaling function of luxury goods. Counterfeiting and the option to rent luxury goods

particularly are making these goods seemingly more affordable (Eckhardt et al., 2013), so that truly high-end brands now tend to focus on subtle (rather than prominent) brand elements to preserve their exclusivity and uniqueness (Berger and Ward, 2010; Kapferer, 2010). Thus, in mature markets, high-status consumers interested in gaining a sense of prestige through luxury consumption may not necessarily prefer prominently branded products. Based on this reasoning, we propose the following hypothesis for the studied markets:

H1. High-status consumers in India (but not in the United States) are more willing to buy prominently branded luxury products than subtly branded ones.

Regarding low-status consumers, existing research suggests that, in mature markets, they tend to purchase subtly branded products, which are increasingly denoting “real” luxury (Berger and Ward, 2010; Kapferer, 2010). Low-status consumers may pay a premium for such products, which could enable them to associate with those “in the know” (i.e., their in-group). However, a similar phenomenon is unlikely to occur in emerging markets, such as India, where the luxury consumer segment seems relatively more homogeneous (Shukla and Purani, 2012). Low-status consumers in emerging markets are not necessarily attracted by either prominent or subtle luxury brands, and may purchase luxury products for different reasons, such as indulging themselves (Schulz and Jain, 2015) or feeling unique (Srivastava et al., 2016). Therefore, it is not possible to establish *a priori* if these consumers have a greater interest in subtly versus prominently branded products, as any individual consumer may have a distinctive motivation for purchasing such products. Based on this reasoning, we propose the following hypothesis for the studied markets:

H2. Low-status consumers in the United States (but not in India) are more willing to buy subtly branded luxury products than prominently branded luxury goods.

6. Method

6.1. Sample

Our research focused on luxury wallets, which are products affordable to upper-middle-class consumers. Therefore, we tested our hypotheses by interviewing two samples of upper-middle-class consumers – one in India and one in the United States – who were recruited from national online pools. Specifically, we recruited Indian participants in accordance with the Visa Affluent Study (2015), which indicated that the average affluent Indian consumer has an annual household income of \$20,000 or higher (1.5 million Indian rupees; see also BCG, 2017; Mishra, 2010). Therefore, only respondents with a household income greater than this threshold participated in the study. Similarly, we recruited U.S. participants in accordance with a Gallup poll (2011) indicating that people who belong to the U.S. upper-middle-class have an annual household income of at least \$150,000. Therefore, only respondents with a household income higher than this threshold took part in the study.

The Indian sample consisted of 154 consumers (mean age = 34.35, 64% males, mean household income = \$45,870), whereas the U.S. sample consisted of 173 consumers (mean age = 35.68, 56% males, mean household income = \$160,000; see Table 1 for additional details). Furthermore, 43% of Indian and 35% of U.S. participants reported that they often purchased luxury goods.

[Insert Table 1 about here]

6.2. Experimental study

For each sample, we conducted a study with a 2 (brand prominence: low versus high; manipulated factor) \times 2 (status consumption: low versus high; measured factor) between-subjects design using an online questionnaire structured in four parts. The questionnaire first assessed participants' status consumption tendency using Eastman et al.'s (1999) five-item, seven-point scale ("I would buy a product just because it has status," "I am interested in new products with status," "I would pay more for a product if it had status," "The status of a product is relevant to me," "A product is more valuable to me if it has some snob appeal," 1 = Strongly disagree, 7 = Strongly agree), which was broadly used in previous investigations into status consumption (e.g., Butcher et al., 2016; Flynn et al., 2016; Ruvio and Shoham, 2016; Sun et al., 2015).

Next, participants read a scenario that instructed them to imagine that they were shopping for a wallet in a luxury store and had enough money for the purchase. The scenario also instructed participants to imagine that the sales staff showed them the best quality wallets available in the store (see Appendix for details). However, participants read different descriptions of the wallets available in the store, depending on the experimental condition: in the high prominence condition, the scenario emphasized that all the wallets featured *big* and *very visible* logos, whereas, in the low prominence condition, the scenario emphasized that all the wallets featured *small* and *unnoticeable* logos.

Subsequently, all participants rated their willingness to buy one of the wallets in the store using a three-item, seven-point scale drawn from Lii and Lee (2012) (i.e., "I would purchase one of the wallets in the store," "I would consider buying a wallet from this store," "The probability that I would consider buying a wallet from this store is high"; 1 = Strongly disagree, 7 = Strongly agree). Participants then rated how often they purchased luxury

products using a five-point scale (1 = “Never,” 2 = “Rarely,” 3 = “Occasionally,” 4 = “Often,” 5 = “Regularly”). Finally, they confirmed their nationality and provided their gender and age.

7. Results

7.1. Reliability assessment

To check the internal consistency of the status consumption and purchase intention scales, we computed Cronbach’s α coefficients. The two scales exhibited adequate levels of reliability for the whole sample of respondents (α coefficient for status consumption = .94; α coefficient for purchase intention = .95) as well as the Indian (α coefficient for status consumption = .90; α coefficient for purchase intention = .89) and U.S. (α coefficient for status consumption = .95; α coefficient for purchase intention = .97) samples. Following an established approach (e.g., Belanche, 2012; Das, 2014), we ran a principal component analysis on each scale to check its unidimensionality. Regarding status consumption, the analysis yielded one factor that explained 81% of the total variance for the whole sample, 72% of the total variance for the Indian sample, and 83% of the total variance for the U.S. sample. For participants’ purchase intention, the analysis yielded one factor that explained 92% of the total variance for the whole sample, 81% of the total variance for the Indian sample, and 95% of the total variance for the U.S. sample (Table 2). The items used to assess status consumption loaded on one factor, with items greater than .86 for the whole sample, .79 for the Indian sample, and .86 for the U.S. sample. The items used to assess participants’ purchase intention loaded on one factor, with loadings higher than .94 for the whole sample, .85 for the Indian sample, and .96 for the U.S. sample. These results confirmed the unidimensional structure of the two scales. For each measurement scale, individual items were aggregated into factor scores. These scores were then used to test the hypothesized effects using Hayes’ PROCESS macro (Hayes, 2013).

[Insert Table 2 about here]

7.2. Status consumption and willingness to buy among Indian and U.S. consumers

A one-way analysis of variance (ANOVA) revealed that Indian participants reported a significantly stronger status consumption tendency ($M = 4.76$, $SD = 1.46$) than U.S. participants ($M = 3.19$, $SD = 1.73$), $F(1, 325) = 77.01$, $p < .001$. Another ANOVA showed that Indian participants also exhibited a stronger willingness to buy a luxury wallet ($M = 5.05$, $SD = 1.47$) than U.S. participants ($M = 3.26$, $SD = 1.96$), $F(1, 325) = 85.02$, $p < .001$.

7.3. Impact of brand prominence and status consumption on willingness to buy

To assess the impact of brand prominence and status consumption on participants' willingness to buy, we ran a moderation analysis using Hayes' (2013) macro (Model 1). We regressed participants' willingness to buy a luxury wallet on brand prominence (coded as a binary variable taking a value of -1 for participants in the low prominence condition and 1 for participants in the high prominence condition), status consumption (as a continuous and mean-centered variable), and their interaction. The overall model was significant ($F(3, 323) = 75.19$, $p < .001$) and explained an acceptable level of variance ($R^2 = .41$; see Henseler et al., 2009).

The results revealed that brand prominence exerted an effect on participants' willingness to buy that was negative and marginally significant ($b = -.07$, $t(323) = -1.70$, $p = .09$), whereas status consumption exerted a positive and significant main effect on participants' willingness to buy ($b = .61$, $t(323) = 14.18$, $p < .001$). Importantly, the analysis returned a positive and significant interaction effect between brand prominence and status consumption on willingness to buy ($b = .11$, $t(323) = 2.47$, $p = .01$). To explore the nature of this interaction, we estimated the conditional effects of brand prominence at lower ($M - 1SD$) and higher ($M +$

1SD) levels of status consumption (Figure 2; Table 3). The results indicated that, for low-status participants, brand prominence had a significant and negative effect on willingness to buy, indicating that participants with lower levels of status consumption were more inclined to buy a subtly branded wallet (estimated value = -.43) than a prominently branded one (estimated value = -.79; $b = -.18$, $t(323) = -2.95$, $p < .01$). In contrast, high-status participants' willingness to buy did not change as a function of whether the brand was prominent (estimated value = .58) or subtle (estimated value = .65; $p > .50$).

We further estimated the conditional effects of status consumption for the low versus high brand prominence conditions (see Table 4). In the low prominence condition, high-status participants had a higher willingness to buy (estimated value = .58), compared to low-status participants (estimated value = -.43; $b = .51$, $t(323) = 7.74$, $p < .001$). Similarly, in the high prominence condition, high-status participants had a higher willingness to buy (estimated value = .65), compared to low-status participants (estimated value = -.79; $b = .72$, $t(323) = 12.73$, $p < .001$).

[Insert Figure 2 about here]

7.4. Indian consumers' intention to buy a luxury accessory

We regressed Indian participants' willingness to buy a luxury wallet on brand prominence (coded as a binary variable taking a value of -1 for participants in the low prominence condition and 1 for respondents in the high prominence condition), status consumption (as a continuous and mean-centered variable), and their interaction. The overall model was significant ($F(3, 150) = 21.10$, $p < .001$) and explained an acceptable level of variance ($R^2 = .30$; cf. Henseler et al., 2009). The analysis yielded a significant and positive main effect of status consumption on willingness to buy ($b = .49$, $t(150) = 6.92$, $p < .001$), indicating that

Indian participants with higher levels of status consumption were more inclined to buy a luxury wallet than participants with lower levels of status consumption. The main effect of brand prominence, instead, did not reach significance ($p > .20$). The analysis also revealed an interaction effect between brand prominence and status consumption that was marginally significant ($b = .13, t(150) = 1.78, p = .08$).

To probe the nature of this interaction, we estimated the conditional effects of brand prominence at lower ($M - 1SD$) and higher ($M + 1SD$) levels of status consumption (Table 3; Figure 3). Low-status participants' willingness to buy did not change significantly depending on whether the brand was prominent (estimated value = $-.54$) or subtle (estimated value = $-.45; p > .60$). However, consistent with H1, high-status participants exhibited a significantly higher willingness to buy a wallet when it featured a prominent (estimated value = $.70$), rather than subtle, brand (estimated value = $.28; b = .21; t(150) = 2.13, p = .03$).

We further estimated the conditional effects of status consumption for the low versus high brand prominence conditions (see Table 4). In the low prominence condition, high-status participants had a higher willingness to buy (estimated value = $.28$), compared to low-status participants (estimated value = $-.45; b = .36, t(150) = 3.23, p < .001$). Similarly, in the high prominence condition, high-status participants had a higher willingness to buy (estimated value = $.70$), compared to low-status participants (estimated value = $-.54; b = .62, t(150) = 7.17, p < .001$).

[Insert Tables 3 and 4 about here]

7.5. U.S. consumers' intention to buy a luxury accessory

We conducted the same analysis as above with U.S. participants. Again, the overall model was significant ($F(3, 169) = 28.15, p < .001$) and explained an acceptable level of variance (R^2

= .33). The results indicated a main effect of brand prominence on participants' willingness to buy that was significant and negative ($b = -.19, t(169) = -3.06, p < .001$), suggesting that U.S. participants generally seem more inclined to buy a luxury wallet with a subtle brand than one with a prominent brand. The analysis also returned a main effect of status consumption on willingness to buy that was significant and positive ($b = .53, t(169) = 8.45, p < .001$), suggesting that U.S. participants with higher levels of status consumption were more willing to buy a luxury wallet than participants with lower levels of status consumption.

The interaction between brand prominence and status consumption was not significant ($p > .40$). Nevertheless, we estimated the conditional effects of brand prominence at lower ($M - 1SD$) and higher ($M + 1SD$) levels of status consumption (see Table 3 and Figure 4), which revealed that low-status participants were more willing to buy a wallet when it featured a subtle (estimated value = $-.28$), rather than prominent, brand (estimated value = $-.76; b = -.24, t(169) = -2.67, p = .01$). Conversely, high-status participants' willingness to buy did not vary significantly as a function of whether the brand was prominent (estimated value = $.40$) or subtle (estimated value = $.69; p = .10$). Thus, H2 received support.

We also estimated the conditional effects of status consumption for low and high brand prominence. In the low prominence condition, high-status participants had a higher willingness to buy (estimated value = $.69$), compared to low-status participants (estimated value = $-.28; b = .49, t(169) = 5.23, p < .001$). Similarly, in the high prominence condition, high-status participants had a higher willingness to buy (estimated value = $.40$), compared to low-status participants (estimated value = $-.76; b = .58, t(169) = 6.80, p < .001$; Table 4).

Overall, the results provide support for our hypotheses, which proposed that consumers are differently willing to buy a prominently versus subtly branded luxury product, depending on their status consumption and the market in which they are located.

[Insert Figures 3 and 4 about here]

8. General discussion

This research investigated the effects of brand prominence and status consumption on consumers' willingness to buy luxury goods across emerging and mature markets – in particular, India and the United States. Consumers in these two markets responded differently to brand prominence, depending on their level of status consumption. Consistent with H1, Indian consumers with higher status consumption were more inclined to buy prominently (versus subtly) branded luxury accessories. Conversely, in line with H2, U.S. consumers with lower status consumption were more willing to buy subtly (versus prominently) branded luxury accessories. Our results also showed that, for low-status Indian consumers and high-status U.S. consumers, brand prominence did not significantly affect their willingness to buy a luxury product.

Such results indicate that brand prominence differentially influences consumers' intentions to purchase luxury products, depending on the maturity of their market. Indeed, consumers in emerging markets may focus more on prominent brands, whereas those in mature markets may focus more on subtle brands (Berger and Ward, 2010; Eckhardt et al., 2013; Kapferer, 2010). However, consumers' reactions are connected to their chronically higher versus lower tendency to consume luxury goods to signal status. Among Indians, consumers who are more likely to purchase prominently branded products may do so to signal their position in the social hierarchy. Meanwhile, among U.S. consumers, those likely to purchase subtly branded products may do so because they attach little importance to social status.

These findings are in line with prior research on cultural differences between India and the United States (Hofstede, 1984; Schwartz, 2014), which suggests that India is still characterized by a hierarchical view of society, wherein the unequal distribution of power,

roles, and resources is considered legitimate and even desirable. Furthermore, this hierarchical social system is reputed capable of ensuring responsible and productive behaviors (Chadhuri and Majumdar, 2006). In contrast, the United States exemplifies a culture in which principles such as self-sufficiency and self-assertion are highly valued.

Operationally, our findings indicate that luxury companies could embrace different branding strategies to market luxury accessories in emerging and mature markets. Such companies could adopt prominent branding strategies to particularly target Indian consumers with higher status consumption, as they are likely to use flashy luxury products to signal their social standing. Hermès, for example, in 2011, embraced this strategy and launched a limited-edition luxury accessory, with some versions featuring a highly visible logo, in the Indian market (Forbes, 2011). Luxury companies could use both prominently and subtly branded products to target Indian consumers with lower status consumption. However, considering the relevance of status consumption in the Indian market (Shukla and Purani, 2012), those companies might choose to focus on a prominent branding strategy, as this might increase luxury goods sales to Indian consumers with higher status consumption and even Indian consumers with lower status consumption.

Regarding U.S. consumers, our findings indicate that luxury companies could market subtly branded versions of their products (e.g., wallets with small or even no visible logos) to consumers lower in status consumption. Recent statistics highlight U.S. consumers' growing interest in luxury products with barely visible or invisible logos (NPD, 2016). Consistent with this trend, the U.S. company Coach recently developed luxury leather accessories that display small or no logos. By implementing such a subtle branding strategy, this company could offer low-status U.S. consumers products that may mirror their values and lifestyles, and/or satisfy their desire to feel at ease with their in-groups (cf. Han et al., 2010).

In light of our results, luxury companies that have developed both prominently and subtly branded versions of their luxury accessories could, therefore, offer each of them to a specific market. Tory Burch, for instance, could offer its “Ivy Zip Continental” wallet, which features a visible 0.4-inch gold logo, to (high-status) Indian consumers, and its “Perry Zip Passport Continental” wallet, which features a significantly smaller logo, to (low-status) U.S. consumers.

9. Limitations and future research

This research contains some limitations that offer opportunities for further studies on the impact of brand prominence on luxury consumers’ intentions in emerging and mature markets. First, our manipulation of brand prominence employed a scenario-based technique, which allowed us to rule out potential confounding effects from product brand, product features (style, price, etc.), and store-related characteristics (salespersons’ helpfulness, attractiveness, etc.), as they were kept constant across the two conditions. Despite this advantage, such a manipulation did not provide a fully realistic picture. Therefore, future research could overcome this limitation by using real luxury branded products and observing study participants’ actual behaviors. Additionally, future research could examine potential interactions between brand prominence and luxury stores’ characteristics (e.g., service, atmospherics, architecture; Dion and Borraz, 2017).

Second, we only focused on two markets – India, as an example of an emerging market, and the United States, as an example of a mature market. Although they are among the most relevant consumer markets worldwide, future studies could investigate other markets (e.g., the European Union versus China), as luxury perceptions may be heterogeneous across consumer groups (Kapferer and Laurent, 2016). Third, to better understand the relationship between brand prominence and status consumption, future studies could also investigate other possible

moderating variables, respectively related to the market, consumers' values, and luxury brands' perceived characteristics. Specifically, as for market-related variables, future studies could consider the level of affluence of different consumer segments (i.e., wealthy; upper-middle; lower-middle; and lower class; Bellezza et al., 2017) both in emerging and mature markets. Regarding consumers' values, future studies could focus on religiosity, particularly on the compatibility between religious values and luxury (O'Cass et al., 2013). Materialism, that is the importance attached to worldly possessions, also may influence consumers' preferences for more or less prominently branded products (Siahtiri and Lee, in press).

Finally, regarding brands, future studies could focus on their perceived status (O'Cass and Siahtiri, 2013), namely the extent to which the brands are reputed able to symbolize success and status. Indeed, consumers may perceive some brands as more rare and exclusive than others (Kapferer and Laurent, 2016; Kapferer and Vallette-Florence, 2016). Meanwhile, considering that brands from mature markets may communicate higher status than those from emerging markets (O'Cass and Siahtiri, 2013), future research could also assess whether consumer intention to buy a prominently versus subtly branded product varies as a function of the luxury brand's country of origin.

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Tables

Table 1. Demographic characteristics.

Demographic variables	Total sample (n = 327)		Indian sample (n = 154)		U.S. sample (n = 173)	
	N	%	N	%	N	%
<i>Gender</i>						
Male	195	59.6	98	63.6	97	56.1
Female	130	39.8	54	35.1	76	43.9
Missing values	2	.6	2	1.3		
<i>Education</i>						
High school or less	35	10.7	33	21.4	2	1.2
College graduate/Some college	107	32.7	45	29.2	62	35.8
University degree/Post-university degree	183	56	74	48.1	109	63.0
Missing values	2	.6	2	1.3		
<i>Purchase frequency of luxury goods</i>						
Never	21	6.4	7	4.50	14	8.1
Rarely	39	11.9	12	7.8	27	15.6
Sometimes	95	29.1	42	27.3	53	30.6
Often	127	38.8	67	43.5	60	34.7
Regularly	43	13.1	24	15.6	19	11.0
Missing values	2	.6	2	1.3		

Table 2. Construct dimensionality assessment.

Constructs and items	Total sample (n = 327)			Indian sample (n = 154)			U.S. sample (n = 173)		
	Eigen.	V.E.	F.L.	Eigen.	V.E.	F.L.	Eigen.	V.E.	F.L.
<i>Status consumption</i>	4.07	81.34		3.61	72.21		4.14	82.84	
I would buy a product just because it has status.			.90			.87			.89
I am interested in new products with status.			.92			.87			.92
I would pay more for a product if it had status.			.91			.86			.95
The status of a product is relevant to me.			.91			.84			.92
A product is more valuable to me if it has some snob appeal.			.87			.80			.87
<i>Purchase intention</i>	2.75	91.66		2.44	81.54		2.85	94.85	
I would purchase one of the wallets in the store.			.96			.93			.97
I would consider buying a wallet from this store.			.96			.92			.97
The probability that I would buy a wallet from this store is high.			.95			.86			.98

Note: Eigen. = Eigenvalue; V.E. = Variance Explained (percentage); F.L. = Factor Loading.

Table 3. Conditional effects of brand prominence on participants' willingness to buy at low, moderate, and high levels of status consumption.

Status consumption	Total sample (n = 327)				Indian sample (n = 154)				U.S. sample (n = 173)			
	b	S.E.	t	p	b	S.E.	t	p	b	S.E.	t	p
Low status consumption	-.18	.06	-2.95	.00	-.04	.10	-.44	.66	-.24	.09	-2.67	.01
Moderate status consumption	-.07	.04	-1.70	.09	.08	.07	1.22	.22	-.19	-.06	-3.06	.00
High status consumption	.03	.06	.57	.57	.21	.10	2.13	.03	-.15	.09	-1.65	.10

Note: S.E. = Standard Error.

Table 4. Conditional effects of status consumption on participants' willingness to buy for the low and high prominence conditions.

Brand prominence	Total sample (n = 327)				Indian sample (n = 154)				U.S. sample (n = 173)			
	b	S.E.	t	p	b	S.E.	t	p	b	S.E.	t	p
Low prominence condition	.51	.07	7.74	.00	.36	.11	3.23	.00	.49	.09	5.23	.00
High prominence condition	.72	.06	12.73	.00	.62	.09	7.17	.00	.58	.09	6.80	.00

Note: S.E. = Standard Error.

Figures

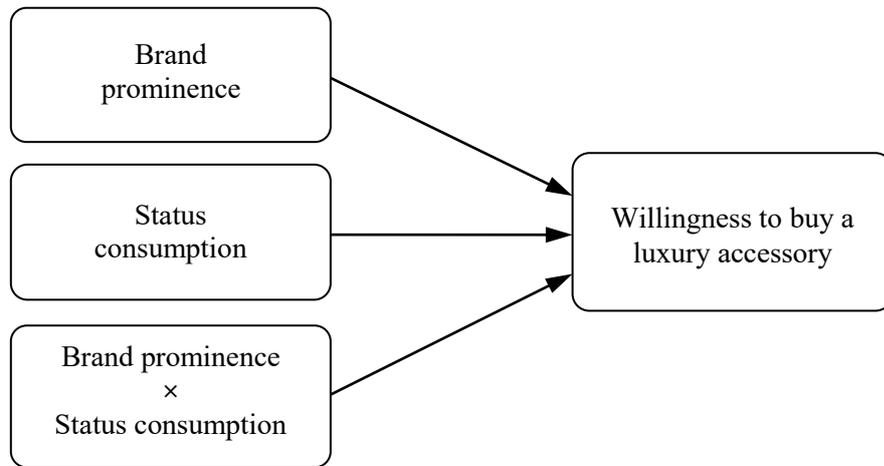


Figure 1. Research framework.

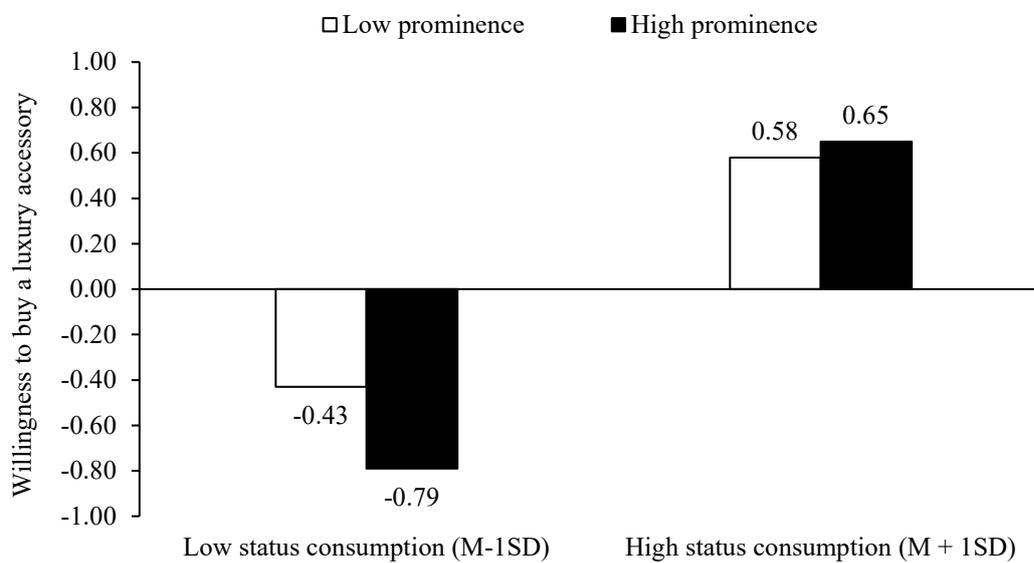


Figure 2. Total sample's willingness to buy a luxury accessory as a function of brand prominence and status consumption.

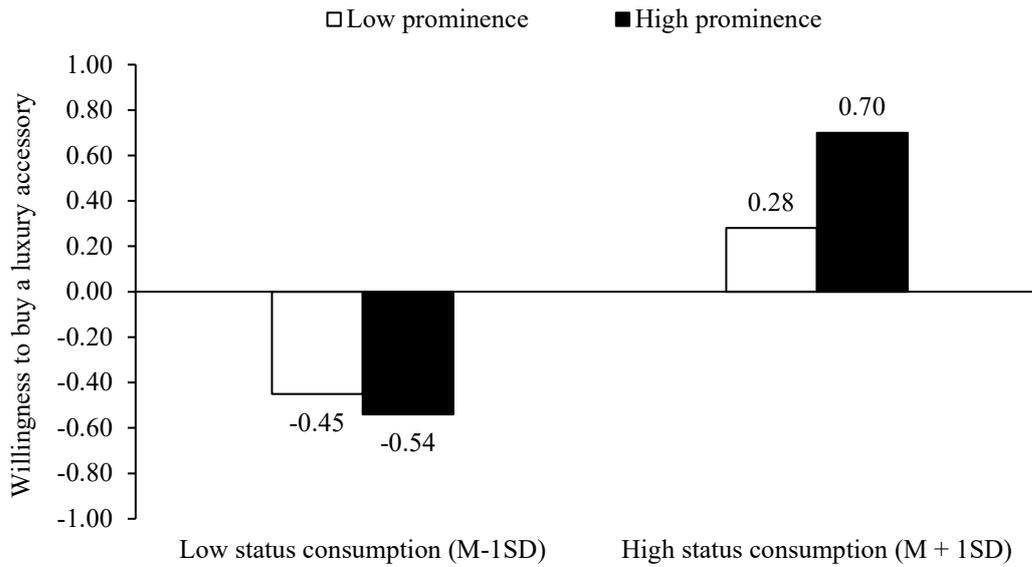


Figure 3. Indian consumers' willingness to buy a luxury accessory as a function of brand prominence and status consumption.

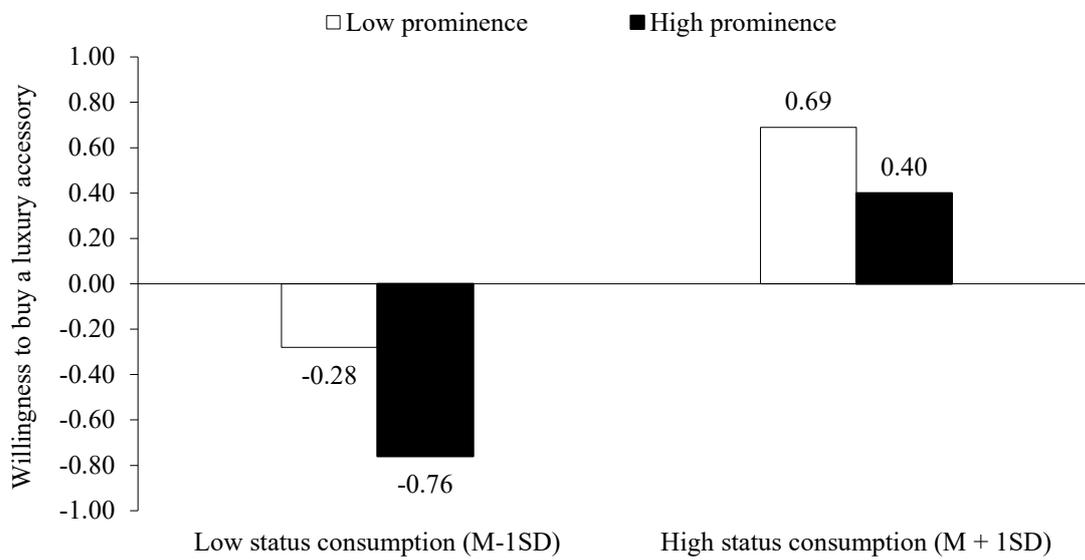


Figure 4. U.S. consumers' willingness to buy a luxury accessory as a function of brand prominence and status consumption.

Appendix

Brand prominence manipulation

High prominence condition (for U.S. consumers):

Please imagine that you are in a luxury store because you need to buy a new wallet for yourself, and your budget is up to \$400. The sales staff shows you all the best quality wallets they have in stock. Those wallets are characterized by big and very visible logos of the luxury brands. Their average price is \$300.

Low prominence condition (for U.S. consumers):

Please imagine that you are in a luxury store because you need to buy a new wallet for yourself, and your budget is up to \$400. The sales staff shows you all the best quality wallets they have in stock. Those wallets are characterized by very small logos of the luxury brands, stitched inside the products. Their average price is \$300.