

RESEARCH ARTICLE

Investigation on the Effect of Conspicuous Consumption and Brand Equity on the Purchasing Intention of Premium Branded Products

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Abstract

Economic stability have a significant impact on consumer behavior. There are many studies in the literature showing that consumer behavior changes during economic instability. In addition, studies on the change in behavior towards premium branded products during these periods reveal that consumers' demand for such products shifts to other products of the same brand. The study aims to examine the effect of perceived design value on brand value, brand prestige on conspicuous consumption, and conspicuous consumption and brand value on purchasing intention of premium branded products. In other words, Within the framework of consumer behavior towards premium branded products, this study examines the purchase intention of premium branded products during economic crises and also investigates the effect of conspicuous consumption and brand equity on this purchase intention. This study examines the purchase intention of premium branded products during economic crises and also investigates the effect of conspicuous consumption and brand equity on this purchase intention. Snowball sampling is used in sample selection, and data is collected using the survey method from 426 people. The results of the analysis show that there is a strong relationship between conspicuous consumption and the intention to pay high prices for premium branded products. A significant and positive direct relationship was found between brand equity and the intention to pay high prices for premium branded products. In addition, a significant and positive relationship was found between brand prestige and conspicuous consumption. Finally, a significant and positive relationship was found between perceived design value and brand equity.

Keywords: Economic crises, Premium branded products, Conspicuous consumption, Brand equity, Purchasing intention

Öz

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Ekonomik istikrarın tüketici davranışları üzerinde önemli bir etkisi vardır. Literatürde ekonomik istikrarsızlık dönemlerinde tüketici davranışlarının değiştiğini gösteren pek çok çalışma bulunmaktadır. Ayrıca bu dönemlerde premium markalı ürünlere yönelik davranış değişikliğine ilişkin çalışmalar, tüketicilerin bu tür ürünlere olan talebinin aynı markanın diğer ürünlerine kaydığını ortaya koymaktadır. Bu çalışma, algılanan tasarım değerinin marka değeri üzerindeki, marka prestijinin gösterişi tüketim üzerindeki, gösterişi tüketim ve marka değerinin premium markalı ürünlerin satın alma niyeti üzerindeki etkisini incelemeyi amaçlamaktadır. Başka bir ifadeyle, tüketicinin premium markalı ürünlere yönelik davranışları çerçevesinde, bu çalışma ekonomik krizler sırasında premium markalı ürünlerin satın alma niyetini incelemekte ve ayrıca gösterişi tüketimin ve marka değerinin bu satın alma niyeti üzerindeki etkisini araştırmaktadır. Örneklem seçiminde kartopu örnekleme kullanılmış olup, 426 kişiden anket yöntemiyle veri toplanmıştır. Analiz sonuçları gösterişi tüketim ile premium markalı ürünlere yüksek fiyat ödeme niyeti arasında güçlü bir ilişki olduğunu göstermektedir. Marka değeri ile premium markalı ürünlere yüksek fiyat ödeme niyeti arasında anlamlı ve pozitif bir doğrudan ilişki bulunmuştur. Buna ek olarak marka prestiji ile gösterişi tüketim arasında anlamlı ve pozitif bir ilişki bulunmuştur. Son olarak algılanan tasarım değeri ile marka değeri arasında anlamlı ve pozitif bir ilişki bulunmuştur.

Anahtar Kelimeler: Ekonomik krizler, Premium markalı ürünler, Gösterişi tüketim, Marka değeri, Satın alma niyeti

Introduction

Although the world is facing the danger of economic recession, the demand for expensive brand products is increasing (The Economist, 2023). The concepts of premium product, prestige brand or massprestige are used to describe brands that cost consumers more than their counterparts. This category can include some luxury products, but can also include high-priced, high-quality, well-designed and even sustainable products with good-performance and global brand perception (Vigneron & Johnson, 1999; Dall'Imo Riley et al., 2015; Kim et al., 2021; Lim et al., 2023). In the study conducted by Nielsen in 2016 on the features of premium products, older consumers described these features as high quality-material and content, while younger ones described them as design and superior customer service (NIQ, 2016). Consumers' spending on fast-moving consumer goods is increasing due to factors affecting the economy such as financial crises and epidemics around the world. However, interestingly, the markets of premium branded products are also growing along with fast-moving consumer goods. For example, in 2022, the size of the prestigious perfume and cosmetic product market in the world was 12 billion dollars in the USA with the largest market share, while it was 224 million dollars in Türkiye, which ranked 29th on the list (Statista Research Developmet, 2023). Despite a decline during the Covid-19 period, market growth continues to rise.

When a company, product or service perceived as status, quality or exceptional value by costumers, it labeled as premium brand (Yu et al. 2022). As the number of premium brands increases, consumer interest in premium branded products is increasing. Premium brand generally refers to high-priced-quality products. Prestigious product brands are more common in product categories such as mobile phones, clothing, automobiles, cosmetics and household appliances. These products are often confused with luxury products. Premium products are more available than luxury. However, consumers' purchasing motivations can be explained in similar terms (Leibenstein, 1950; Vigneron & Johnson, 1999).

These terms are Bandwagon, Snob and Veblen effect. The Bandwagon effect (also called the herd effect) occurs when consumer demand increases while other people purchase the same type of goods/services. The Snob effect is the reduced desire to purchase goods that are desired by the majority of society. This means that consumers who see themselves as unique and different tend to purchase goods that are considered undesirable (or unaffordable) by the masses (Stępień, 2018). In relation to the Veblen effect, which refers to status-oriented spending, the Bandwagon effect and Snob effect are driven by symbolic and high-status motives in the expensive product category, while the Snob effect is based on individuality, uniqueness and exclusivity (Tsai et al., 2013).

In the literature, it is mentioned that consumer behavior generally changes during economic crises. Marangoz & Uluyol (2010), Urbonavicius & Pikturiniene (2010), Voinea & Filip (2011), Jasiulewicz (2012) and Kosicka-Gębska & Gębski (2013) discussed consumer behavior during economic crises. These studies generally reveal that consumers plan to cut back on spending and overcome the uncertainty of the crisis by saving. In other words, consumers turn to a simpler demand structure during economic crisis. However, there are also studies in the literature indicating that consumers behave differently in premium branded products. Mark et al. (2016) and Ho & Murphy (2020) pointed out that the demand for premium brands increases during economic recession because consumers cannot give up hedonic consumption and they turn to other products with more affordable prices in premium brands.

The research aim is to domanstrate the effect of conspicuous consumption and brand equity on the purchasing intention of premium branded products. In scope of this aim, a empirical research was designed. Research scales adapted from literature. Data are collected by online questionnaire.

This study extend knowledge about premium branding. It is contributed to the literature by addressing brand equity and conspicuous consumption together. The following section provides theoretical concepts for measures.

Subsequently, the empirical results of the research, its comparison with the literature, the limitations of the research and suggestions for future studies are presented.

Literature

Consumer Behavior During Economic Instability

The concept of consumer has gained importance with the modern marketing approach and has gradually increased its importance during the transition to the postmodern marketing approach. When evaluated in this context, it is possible to say that the consumer has become the focal point of businesses in terms of marketing activities (Yürük, 2010).

Economic crises cause many changes in consumer behavior. Most consumers behave differently during economic crises. These behaviors can be defined as more economical and more responsible (Voinea & Filip, 2011). Consumer personality traits such as risk aversion, value consciousness and materialism are significantly affected during the economic crisis (Ang, 2001; Urbonavicius & Pikturniene, 2010). Thrift, defined as a unidimensional consumer lifestyle trait characterized by the extent to which consumers are constrained in acquiring affordable goods and services and using these goods and services prudently to achieve long-term goals, is a trait common to a relatively small number of consumers during periods of economic prosperity. However, when this feature is evaluated during economic crises, it is seen that it becomes a common purchasing premise (Lastovicka et al., 1999; Urbonavicius & Pikturniene, 2010; Suárez et al., 2020). There are various reasons for thrift during the economic crisis. These reasons can be listed as budget constraints, feeling of guilt about luxury spending during the economic crisis, difficulties in loan repayments, increased bargaining power of consumers and pent-up demand (Urbonavicius & Pikturniene, 2010). Individuals' spending and saving tendencies change during periods of economic crisis. Moreover, it is seen that these behaviors are interrelated. Individuals' perception of uncertainty

increases during periods of economic crisis. Therefore, individuals tend to save by reducing their consumption (Marangoz & Uluyol, 2010). The possible effects of the economic crisis presented through the media have an important role in changing individuals' consumption behavior. In this context, consumers reflect the real decrease in their income due to the economic crisis to their consumption expenditures, including food (Kosicka-Gębska & Gębski, 2013). During periods of economic crisis, consumers change their purchasing patterns and reduce their demands to a simple level. In other words, they turn to more ordinary products or prefer replica products instead of designer products. They even reduce their purchases of organic food products as they are expensive. In times of economic crisis, individuals change their consumer behavior and prioritize recycling and second-hand purchasing (Jasiulewicz, 2012).

In addition to the negative social and psychological effects of the Covid 19 process on individuals (Saladino et al., 2020), it has also had negative effects on the global economy. It was known by everyone that consumption should be effectively encouraged in order to eliminate these negative economic effects. (Zhang et al., 2023). It is possible to say that during the Covid 19 period, many people in the world engaged in panic buying behavior because they felt vulnerable to the disease, and in this context, the anxiety caused by the disease caused this behavior (Omar et al., 2021). In their study, Koç & Armut (2022) examined the change in consumer behavior by considering the Covid 19 epidemic process from an economic perspective. In this study, consumers generally turn to online shopping and their baskets of goods and services change in online shopping.

During economic recessions, individuals do not want to give up the premium brands they use. In this case, consumers prefer to switch to another product category of these brands that may be more affordable. In other words, these preferences of consumers cause premium brand products to be preferred more during economic crises. Here, hedonic consumption motives of individuals come to the fore (Mark et al., 2016; Ho & Murphy, 2020).

Premium Brand Perception

The satisfaction or exciting effect of the product has a lot to do with what it means to the consumer. Product symbolism is the emotions and meanings experienced by consumers regarding purchasing and using a product (O’Cass & Frost, 2002). Brand associations that consumers acquire through their experiences add symbolic value to the product. Products with symbolic value gain market position as status brands. Status brands have a well-defined target customer profile. However, if the brand is distinctively unique and its focus is on a specific market segment, it is compatible with fewer consumer profiles (Wolter et al., 2016). Premium brands provide similar experiences to status brands. Premium brands are more prestigious, upper class or luxurious than ordinary brands in a certain category. They can also appeal to a wider range of consumers. A premium brand is a “new luxury” brand with a social image that appeals to middle segment consumers who are willing to pay reasonably higher prices (Yu et al., 2022).

Positive opinions of the consumers are important for improving their relationship with the brand because no matter how prestigious, luxurious, perfectionist or innovative the brand is, if it does not create admiration in consumers, their interest decreases (Kim et al., 2021). Factors affecting premium brand perception can be listed as product design, product category, price and perceived quality. Product design is one of the factors that are effective in creating a strong brand image by the consumer. When consumers encounter an unfamiliar brand, they evaluate the brand image with visual clues. For example, when a brand uses dark colors and straight-vertical lines on its labels, it is perceived as more luxurious (Yu et al., 2022). Product design, which includes functionality, symbolism and aesthetic elements in a compact way, positively affects the attitude towards the brand (Homburg et al., 2015). In premium brand perception, the product category differs in terms of showing off to reference groups (Dall’Olmo Riley et al., 2015). Whether the brand is luxurious, cheap or premium becomes important depending on the product categories. For example, while being luxury or cheap is a striking factor

among automobile brands, it does not make much difference whether it is premium or luxurious in clothing brands (Dall’Olmo Riley et al., 2015). This is because the automobile is more visible and a status symbol.

Conspicuous Consumption

Conspicuous consumption is generally defined as purchases made by consumers to emphasize wealth, social cohesion and individuality. It is often the acquisition of status as an indicator of social class. A consumer cannot achieve status with a showy, extraordinary purchase. However, after the consumer has the qualifications to obtain any status (education, being selected, being appointed, inheritance), he/she can obtain the status through conspicuous consumption (Hamilton & Tilman, 1983). Conspicuous consumption was first defined by Veblen (1899), Keasbey (1903) and Rae (1905) (Uzgoren & Guney, 2012). Veblen (1899) stated that conspicuous consumption includes high-priced status products and is used to show the difference between social classes.

There are theories in the literature that offer different perspectives to understand conspicuous consumption. Bindra et al. (2022) listed the main theories regarding conspicuous consumption in their literature review. According to the authors, these are optimal distinctiveness theory, attribution theory, signaling theory, psychological response theory (PRT) and leisure class theory. Optimal distinctiveness theory states that each individual seeks a fit between his/her uniqueness and social class (Brewer, 2003). Attribution theory explains people's behavioral patterns based on cause and effect relationships (Kelley & Michela, 1980). Signaling theory explains how individuals gather information and use cues to obtain benefits (Bindra et al., 2022). Psychological response theory explains that individuals make decisions based on free will and when this situation is removed, they are motivated to regain their free will (Torrance, 1968). Leisure theory explains that individuals acquire assets as a sign of social class and that the unproductive leisure time they spend with these assets is an upper-class action (Veblen, 1899). On the other hand, terms such as prestige brands

(Vigneron & Johnson, 1999), status brands (O’Cass & Frost, 2002), luxury brands (Tsai et al., 2013) are used for conspicuous consumption in the literature. Leibenstein (1950) stated that this consumption, which he categorized as non-functional products, was caused by three different effects, Veblen effect, Snob effect, Bandwagon effect. The Snob effect is the decrease in demand for a consumer good due to the consumption of the same good by others. The Veblen effect is when the demand for a consumer good increase because that good has a higher price rather than a lower price. The Bandwagon effect is the increase in demand for a good because others consume the same good (Leibenstein, 1950).

The first term used by Leibenstein (1950) to explain conspicuous consumption is the Veblen effect. In the Veblen effect, the price and demand of the product move in the same direction (Chenavaz & Eynan, 2021). It is a form of conspicuous consumption when consumers purchase goods that are functionally similar to each other but for which they are willing to pay a higher price. Veblen stated that conspicuous consumption has a psychological origin and it is a connection between the status system and culture (Dolfsma, 2000). In the modern consumer society, this connection is explained by the connection between popular brand preference and culture. High-priced branded products that appeal to a small number of customers represent conspicuous consumption. Popular brands create a Veblen effect in the reference groups of target consumers through advertising, enabling the brand name to get ahead of its competitors (Pepall & Reiff, 2016). Brands with the Veblen effect is so popular that their prices are determined by consumers. In other words, the prices of these products are demand-based rather than supply-based (Bagwell & Bernheim, 1996). On the other hand, there are also negative benefits that the consumers have to endure in conspicuous consumption. The consumer is also exposed to non-financial expenses, such as purchasing a new coat before the old one wears out, spending not only money but also effort to throw a party, and incurring the cost of searching for the product to purchase a quality

product. Spending on such negative benefits is no different from wasting money (Malakhov, 2012).

The Snob effect, like the Veblen effect, is a term related to luxury consumption. What distinguishes the Snob from the Veblen effect is that consumers want to feel different from others by owning a product (Leibenstein, 1950). As in Veblen consumption, the Snob consumer may also want to own high-priced products. However, if the mass demand for a product is high despite the high price, the desire of Snob consumers to purchase will decrease (Uzgoren & Guney, 2012). In other words, the rarity of the product is important for Snob consumers. Therefore, unlike normal consumers, Snob consumers are more selective. Consumers can use the Snob effect to organize their relationships with close friends. Conspicuous consumption products that are not suitable for daily use, such as an expensive bag, can create both Snob effect and Bandwagon effect (Kuwashima, 2016). The same product can be purchased for two different purposes, such as showing close friends that they have a product that they do not have and using what wealthy people use.

The Bandwagon effect is associated with the terms uniqueness, need for learning, materialism, self-concept and consumer sensitivity to normative influence (Bindra et al., 2022). It is also known as the majority effect (Henshel & Johnston, 1987). It refers to the tendency of individuals to prefer what the majority chooses. For example, while a fashionable garment is preferred by the majority for a certain period of time, it becomes unwearable after a while because it is considered out of fashion. However, the Bandwagon effect should be evaluated according to the circumstances of each purchase or choice. Because, there is a lot of factors affecting individuals’ purchase. Some of the factors that affect the Bandwagon effect are heuristics, groupthink, desire to be right, a need to be included (Cherry, 2023). Heuristics means solving problems on one’s own by learning from past experiences (Cambridge Dictionary, 2024). The Bandwagon effect occurs when individuals do same thing what he/she sees from everyone to make their choices easier (Cherry, 2023). Groupthink is the pressure to continue doing what everyone does, in order to stay their comfort zone

(Levitan & Verhulst, 2016). Another factor is individuals' desire to be on the winning side and be acceptable by the social group (Mallinson & Hatemi, 2018). Finally, consumers may adopt the decision of the majority due to fear of social isolation (Schmitt-Beck, 2015). These factors may speed up or slow down the individual's decision-making, depending on the opinion of the majority.

When consumers cannot make a decision about a product, they may trust that what the majority purchases is the right one. For example, a product sold in a developed country can gain more customers and gain prestige as its sales increase (Stępień, 2018). However, a product that may be considered prestigious for consumers in developed countries may be perceived as luxury for consumers in a developing country (Stępień, 2018). For a developing country, lower sales volumes may bring more profitable Snob customers to the product because while Snob consumers prefer rare and high-priced luxury products, Bandwagon consumers purchase mass prestigious products with accessible prices (Stępień, 2018). In addition, middle-income consumers feel the Bandwagon effect more because owning a luxury product that will enable them to move to a higher class and be accepted by the majority seems attractive to middle-income consumers (Saruchera & Mthombeni, 2023).

Brand Equity

Methods that use subjective evaluations such as brand image, memorability, loyalty, perceived quality are called consumer-based brand equity or brand equity (Christodoulides & Chernatony, 2009). Measuring brand equity is more difficult than financial-based brand equity because it is subjective and it cannot be determined exactly which elements are effective. In the literature, brand equity dimensions are explained with sub-dimensions such as positive brand image, quality, awareness, reputation, brand assets and differentiation (Farquhar, 1989; Doyle, 1990; Aaker, 1991; Kapferer, 1994). Keller (1993) defined brand equity as consumers' understanding of the brand and distinguishing it from others as a result of marketing activities. Keller argued that brand

equity has two general components, brand image and brand awareness. Brand image is the perception of brand associations in the consumer's mind. Brand awareness is related to an easy and memorable brand name. Godey et al. (2016) practically demonstrated that brand image and brand awareness, which are sub-dimensions of brand equity, are effective in creating strong brand equity. In addition, Godey et al. (2016) found that brand equity has positive effects on brand preference, intention to pay premium price and loyalty. In addition, the authors found positive effects of brand equity on brand preference, intention to pay premium price and loyalty. Furthermore, Yoo et al. (2000) found that brand loyalty, perceived quality and brand awareness were positively and significantly related to the level of brand equity. Similarly, Jara & Cliquet (2012) reported with their research findings that two main components, retail brand awareness and perceived quality, explain consumer-based brand equity in retailers. As a result, while the antecedents of brand equity are dimensions such as quality, awareness and image, its successors are the intention to pay premium prices and preferability.

Perceived value is the consumers' assessment about utility of the product versus cost of it (Zeithaml, 1988). Alongside, product design consists of style, function, ergonomics and the perception created by all of these together (Noble & Kumar, 2008). Design value offers both emotional and functional design benefits to consumers (Noble & Kumar, 2008; Kotler, 2012). According to a survey, consumers are willing to pay an extra \$204 for a laptop just because of a better design (Kotler & Keller 2012). There are many studies that support this view and show the relationship between brand equity and perceived design value (Keller, 1993; Mishra, 2016; Meng & Bari, 2019). For these reasons, the following hypothesis was developed.

H1: Perceived design value positively affect brand equity.

Brand Prestige

Brand preference can be seen as a reflection of consumer personality. Consumers see brands as a way to improve themselves. Prestige is the motivation for self-improvement for consumers (Wolter et al., 2016). Brand prestige is valued by consumers to show others that they are self-actualized individuals. While a prestigious brand makes the consumer shine brighter, like a spotlight, a disreputable brand without prestige causes the consumer to be exposed to a situation such as being disgraced (Wolter et al., 2016). Prestige is also a means of communicating the consumer's well-being to others. Brand prestige is effective in creating perceptions such as stimulating, great, majestic, aesthetic and magnificent, which give people strong emotions (Kim et al., 2021). Therefore, brands that are prestigious enough to be used in public spaces in daily life are more remarkable because designs that are eye-catching but cannot be used in public spaces will lose their meaning (Yu et al., 2022).

The conspicuously consume is seen to be determined by consumers' subjective benefits. Perception of prestige can be considered as one of the subjective benefits. If a prestigious brand satisfies subjective benefits such as aesthetic, it determines brand selection (Vigneron & Johnson, 1999). In addition, consumers perceive key brand associations such as positive relationships, brand image, self-image brand image congruency, and brand feelings in the process of status and conspicuous consumption (O'cass & Frost, 2002). Even if the symbolic value of the brand is seen by consumers, if other subjective desires (brand feelings, e.g.) are missing, conspicuous consumption will not be positively affected (O'cass & Frost, 2002). In the literature, there are various studies showing the relationship between prestige and conspicuous consumption (Acikalin et al, 2009; Kim & Jang, 2014; Tor Kadioğlu & Yağcı, 2021; Lai et al. 2022). Therefore, this hypothesis was developed.

H2: Brand prestige positively affect conspicuous consumption.

Intention to Pay Premium Price

Premium price is defined as the relatively higher price of a product or brand compared to other products in the same category. Premium price may be due to the content of the product (such as quality, customer service) or the symbolic value of the brand. The perception of a prestigious brand makes consumers happy, which leads them to make financial sacrifices (Mansoor & Paul, 2022). In other words, when consumers value the brand highly, they reflect this financially.

H3: Conspicuous consumption positively affect intention to pay high prices for premium brand.

Brand equity positively affects the intention to pay premium prices (Arvidsson, 2006; Bougenvile & Ruswanti, 2017). High brand equity is a symbol of trust in the brand (Erdem & Swait, 1998; Spry et al. 2011). Consumers give high value to brands for products that they are sure that they will not experience situations such as low perceived quality, incompatible image, or financial risk after purchasing them. Trust in the brand creates price elasticity in consumers (Erdem et al., 2002). Consumers' low price elasticity indicates that they may have the intention to pay premium prices.

H4: Brand equity positively affect intention to pay high prices for premium brand.

Method

The purpose of this study is to examine the effect of brand equity and conspicuous consumption on the intention to pay high prices for premium branded products. In addition, the study investigated the effect of perceived design on brand equity and the effect of brand prestige on conspicuous consumption. The scales used in the study were obtained from various sources in the literature. The scales were taken from the original source, translated from English to Turkish. Perceived design value (Aesthetic, Functional, Symbolic: 8 items) was taken from the scale developed by Homburg et al. (2015). Brand Prestige (3 items) was taken from the scale used by Ahearne et al. (2005). Brand Equity (4 items) was taken from the scale used by Yoo et al. (2000). Premium price (4 items) was taken from the scale

used by Netemeyer et al. (2004). The Snob (3 items) and the Bandwagon Effect (3 items) was taken from the scale developed by Kastanakis (2010). A seven-point Likert type scale was used. In the study, data were collected by the researchers themselves using an online survey. The main population of the research is those over the age of 18 in Türkiye. Snowball sampling method was used to select the sample. Snowball sampling was preferred to ensure participants from all professional groups. At first, a survey form was sent to participants from different professional groups. Participants were then asked to provide references for their colleagues to participate in the study. In this way, the process continued until a sufficient number of participants from each sector was reached in the research. The research conducted within the scope of this study was examined by the Bayburt University Ethics Committee and it was decided that there was no ethical objection, number 271, on 20.09.2023.

Research Model

The research model is shown below.

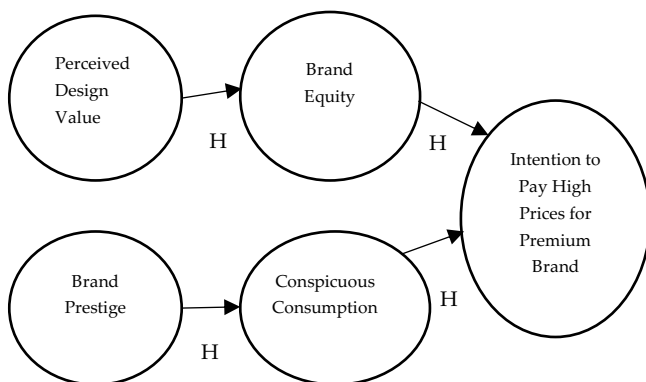


Figure 1. Research Model

Research Findings

Descriptive Statistics

Data were collected from 426 participants in the study. It was aimed to reach the general population with participants with an average age of 35 and from various education levels and professional groups. The question about age was

asked open-ended and then categorized. The table below shows demographic data of the participants.

Table 1. Sociodemographic Characteristics of Participants at Baseline

Baseline characteristic	n	%	Baseline characteristic	n	%
Marital Status			Gender		
Single	284	66,7	Female	270	63.4
Married	142	33.3	Male	156	36.6
Highest Education Level			Age		
Primary School	5	1.2	17-25	37	8.7
High School	29	6.8	26-34	176	41.3
University	243	57	35-38	104	24.4
Master	81	19	39-68	109	25.6
Doctorate	68	16	Employment		
Income (TL)			Not employment	33	7.74
0-9999	22	5.1	Academic	90	21.1
10000-15000	53	12.4	Student	23	5.39
15001-25000	90	21.1	Teacher	49	11.5
25001-35000	137	32.2	Public Sector	28	6.57
35001-50000	110	25.8	Business Owner	16	3.75
50001-100000	11	2.6	Private Sector	182	42.7
100000>	1	0.2	Retired	5	1.17

Note: N = 426. Participants were on average 35.1 years old (SD = 8.2).

As seen in the table above, 66% of the participants are single and 57% are university graduates. More than half of the participants (57%) earn between 25000 and 50000 TL, which can be defined as middle income in Türkiye. 65% of the participants are young people between the ages of 26-38, and 42% work in the private sector.

Table 2 shows premium brands and product categories. Participants were asked about their most preferred premium brand products with an open-ended question. The obtained answers were categorized.

Table 2. Most Expressed Premium Brands and Product Categories By Participants

Brand name	n	Category	n
Apple	110	Smart Phone	119
Volvo	8	Clothing	118
Zara	7	Organic Health Products	73
Mercedes	6	Automobile	61
Samsung	26	Vacation-travel	30
Nike	7		
Mavi	8		
Audi	8		
Adidas	8		

As seen in the table above, the most preferred premium brand by the participants is Apple. The premium product category most preferred by the participants is smartphones.

Discriminant Validity

Correlation, composite reliability (CR), average variance extracted (AVE) and square root of AVE were calculated to test the structural validity of the model. The table below shows the findings of the structural validity analysis.

CR values of the structural model are above the recommended value of 0.70 (Hair & Alamer, 2022; Fornell & Larcker, 1981), and AVE values are above the recommended value of 0.50 (Fornell & Larcker, 1981).

Table 3. Means, Standard Deviations, and One-Way Analyses of Variance in Premium Brands

Variable	CR	AVE	M	SD	1	2	3	4	5
1 Perceived Design Value	0.886	0.612	5.2312	1.24630	0.782				
2 Premium Price	0.918	0.788	3.8443	1.85851	0.385**	0.887			
3 Brand Equity	0.896	0.684	4.6312	1.78536	0.418**	0.584**	0.827		
4 Brand Prestige	0.903	0.757	5.3521	1.44282	0.488**	0.426**	0.483**	0.870	
5 Conspicuous Consumption	0.904	0.614	3.0227	1.63704	0.287**	0.532**	0.408**	0.345**	0.783

Note: * $p < 0.05$, ** $p < 0.01$.

As a result of the analyzes carried out to test the structural validity of the research model, it is seen that validity is achieved.

In addition, the correlation values are significantly correlated among all dimensions and the square roots of AVE are higher than the correlation values.

Table 4. Results From a Factor Analysis of Premium Brands Questionnaire

Item	EFA					CFA	
	1	2	3	4	5	Std. β	t-val.
Factor 1: Conspicuous Consumption ($\alpha=0.901$)	Total Variance Explained: 37.471						
Snob2: I prefer to purchase premium products with such limited production that their users are truly exclusive and unique.	0.859	0.244	0.371	0.280	0.442	0.907	28.971
Snob1: I prefer to purchase premium products that are hard to find and that only a few people can afford.	0.856	0.222	0.387	0.298	0.486	0.913	
Snob3: I prefer to purchase premium products that have just been launched and are currently only known and valued by a small circle of people.	0.838	0.225	0.373	0.337	0.427	0.863	26.061
Bandwagon1: I prefer to purchase premium products that people I admire and value are already using.	0.754	0.138	0.328	0.274	0.368	0.670	16.477
Bandwagon2: I like to have the same things that famous people have.	0.733	0.120	0.285	0.247	0.420	0.623	14.801
Bandwagon3: I intend to purchase a premium product that everyone will approve of, which is very popular and very trendy at the moment.	0.636	0.225	0.303	0.305	0.445	0.537	12.133
Factor 2: Perceived Design Value ($\alpha=0.877$)	Total Variance Explained: 12.720						
Aesthetics2: Premium Product has good appearance.	0.170	0.905	0.235	0.366	0.276	0.911	23.536
Aesthetics3: Premium Product looks attractive.	0.211	0.845	0.245	0.432	0.272	0.883	22.554
Aesthetics1: Premium Product is visually appealing.	0.189	0.804	0.260	0.388	0.261	0.833	
Function1: Premium Product is likely to perform well/capable of doing its job.	0.125	0.710	0.400	0.384	0.284	0.645	14.471
Function2: Premium Product is functional.	0.193	0.612	0.440	0.350	0.310	0.537	11.543
Symbolic1: Premium Product will help me create a distinctive image.	0.450	0.581	0.436	0.446	0.391	0.571	12.423
Factor 3: Brand Equity ($\alpha=0.898$)	Total Variance Explained: 7.714						
Equity2: I prefer to purchase brand A even if there is another brand with the same features as brand A.	0.380	0.317	0.909	0.430	0.527	0.905	18.555
Equity1: It makes sense to purchase brand A instead of another brand even if it is the same.	0.380	0.308	0.833	0.475	0.499	0.846	17.398
Equity3: I would prefer to purchase brand A even if there is another brand that is as good as brand A.	0.430	0.288	0.827	0.350	0.522	0.837	17.200
Equity4: If another brand is not different from brand A in any way, it seems smarter to purchase brand A.	0.268	0.386	0.730	0.451	0.456	0.735	
Factor 4: Premium Price ($\alpha=0.915$)	Total Variance Explained: 5.433						
Price3: I am willing to pay much more for brand A than I pay for other brands.	0.334	0.421	0.480	0.900	0.371	0.934	29.628
Price2: I am willing to pay a higher price for brand A than for other brands.	0.335	0.466	0.413	0.894	0.353	0.907	
Price4: I am willing to pay 50% more for brand A than others	0.306	0.426	0.447	0.814	0.425	0.815	22.913
Factor 5: Brand Prestige ($\alpha=0.901$)	Total Variance Explained: 4.048						
Prestige2: People I care about have VERY positive opinions about brand A.	0.506	0.345	0.568	0.422	0.949	0.908	21.977
Prestige3: People I care about believe that brand A has a GOOD reputation.	0.467	0.372	0.617	0.413	0.890	0.895	21.682
Prestige1: People I care about believe that brand A is a reputable brand.	0.539	0.271	0.463	0.342	0.820	0.813	

Note: $N = 426$. EFA: The extraction method was principal axis factoring with an oblique (Promax with Kaiser Normalization) rotation. KMO: 0.896, Bartlett's Test of Sphericity: Chi-Square: 6801.84, $df = 231$, sig: 0.000. CFA: $\chi^2 = 526.3$, $df = 196$, $p = 0.000$, $\chi^2/df = 2.685$, GFI: 0.900, CFI: 0.952, RMSEA: 0.063, RMR: 0.281, NFI: 0.926, IFI: 0.953.

Factor Analysis

Explanatory and confirmatory factor analyses were conducted to test the factor validity of the research model. Since the factors discussed were brought together for the first time and adapted from English to Turkish, explanatory factor analysis was applied. Then, confirmatory factor analysis was applied to test the validity of the factors. Finally, reliability was analyzed with the Cronbach Alpha test. The Table 4 shows the findings of factor and reliability analyses.

As a result of the exploratory factor analysis, a five-factor structure emerged as initially designed. One variable each from the dimensions of intention to pay high prices for the premium

Hypothesis Testing with Structural Equation Modeling

Structural equation modeling was applied using the AMOS program to test the research model. Structural equation modeling fit values are close to the recommended values.

Perceived design value has a significant positive effect on brand equity ($\beta = 0.350^{***}$, $t = 7.367$). Brand equity has a significant positive effect on the intention to pay high prices for premium brands. Brand prestige has a significant positive effect on conspicuous consumption. Conspicuous consumption has a significant positive effect on the intention to pay high prices for premium brand.

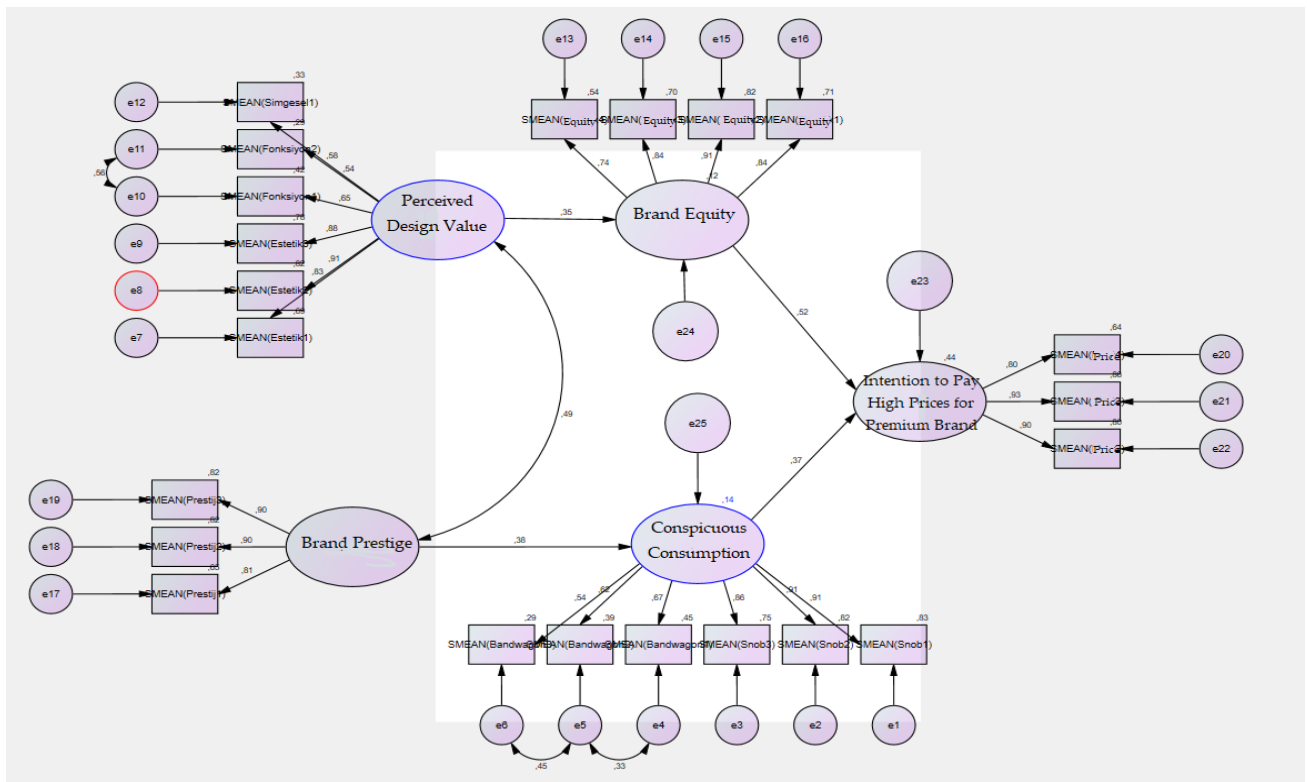


Figure 2. The structural equation model

product and perceived design value was excluded from the analysis as their factor loadings were below 0.50. In confirmatory factor analysis, the standardized regression weights of all factors were above 0.50. The compatibility values of the confirmatory factor analysis were close to or above the recommended values.

According to the analysis findings, all hypotheses (H1, H2, H3, H4) were accepted. In addition, VIF and tolerance values were checked to check whether there was a multicollinearity problem. VIF and tolerance values were found to be within the recommended values.

Table 5. Structural Equation Model Coefficients and Hypothesis Acceptance/Rejection Statuses

Hypothesis	Path Coefficients β	q-Value	Hypothesis Confirmed
H1: Perceived design value positively affects brand equity.	0.114	0.000	YES
H2: Brand Prestige positively affects conspicuous consumption.	0.379	0.000	YES
H3: Conspicuous consumption positively affects the intention to pay high prices for premium brands.	0.369	0.000	YES
H4: Brand equity positively affects the intention to pay a high price for a premium brand.	0.523	0.000	YES

Note: ** $p < 0.000$, $Cmin/df$: 3.211, p : 0.000 RMR: 0.527, GFI: 0.877, CFI: 0.936

ANOVA Analysis

One-way ANOVA analysis was used to test whether the variables used in the study varied between groups. With ANOVA analysis, it was examined whether all dependent and independent variables differed according to education and income. Since there were no distinguishing differences in other demographic variables, analyzes were not included. In the analyses, no difference was found according to the income of the participants. There was a difference in the participants' intention to pay premium price according to their education level. The table below shows the results of the ANOVA analysis.

Table 6. Means, Standard Deviations, and One-Way Analyses of Variance in Education Levels

Scale	High school		University		Master's Degree		Doctorate		F	$\eta^2(\text{eta}^2)$
	M	SD	M	SD	M	SD	M	SD		
Intention to pay premium price	3.28	1.79	3.76	1.91	3.62	1.80	4.65	1.55	4.436**	0.038

Note: ** $p < 0.002$

According to the results of ANOVA analysis, a significant difference was found between doctorate graduates and high school and university graduates. Doctorate graduates have higher averages for the premium payment intention variable compared to the others.

Conclusion and Discussion

This study shows the effect of brand equity and conspicuous consumption on the intention to pay high prices for premium branded products. Premium brands create brand knowledge, likability, love, and attachment grounded in prestige and build strong brand equity (Paul, 2019). Stronger brand equity contributes to increased brand preference, willingness to pay higher prices and customer loyalty (Aaker, 1991). Brand equity is the effect of the brand's associations on the consumer's impressions. For example, quality, design, taste, etc. are distinctively pleasant. Symbolic meaning, on the other hand, is the psychological impact of the brand on the consumer with its intangible features. For example, it is distinctive in the emotions it evokes in the consumer, such as prestige, uniqueness, mass relevance, etc. In this study, symbolic meaning was investigated specifically in the context of conspicuous consumption. It was revealed that conspicuous consumption was affected by the perception of the brand as prestigious. Brand equity, on the other hand, was found to be affected by the high value perception of the brand's design.

When the demographic findings of the participants were examined, it was determined that the participants were at the beginning of middle age, university graduates and from the middle income group. According to demographic findings, the research sample is the representative of the potential customer mass of premium branded products.

The scales used in the study were compiled from the literature and brought together, and then the research model was created. Tests were conducted to ensure the validity and reliability of the research model. Structural model results show that there is a strong relationship between brand equity, conspicuous consumption and intention to pay high prices for premium branded products.

There is a significant and positive direct relationship between brand equity and intention to pay high prices for premium branded products. This result is in line with similar studies in the literature (Ailawadi et al., 2003; Huang & Sarıgöllu, 2014; Abdullah et al., 2018). The interpretation of the finding is that high brand equity reduces consumers' sensitivity to the price. Consumers are willing to pay more for premium branded products to which they attach high value. For example, a consumer's preference for a premium branded phone or automobile that is priced higher than its counterparts with similar features indicates brand equity. Consumers are willing to pay more in exchange for more functional benefits. Design is an important factor that adds value to the brand in products that are mostly standardized with their content and usage. This result is compatible with studies in the literature (Mishra, 2016; Meng & Bari, 2019).

There is a significant and positive relationship between conspicuous consumption and the intention to pay high prices for premium branded products. This result is in line with other studies in the literature (Amaldoss & Jain, 2005; Lee & Mori, 2016). Conspicuous consumption refers to purchases made for indicating wealth and status. The only way for consumers to achieve these two goals is to purchase high-priced products. In line with the research finding, the increase in prices due to the increase in conspicuous consumption is explained by the relationship between the individual and society. Consumers organize their relations with society through the products they purchase. They prefer prestigious products or brands in order to positively affect the society or the environment in which they live. This result is similar to the studies in the literature (Acikalin et al., 2009).

Finally, it was examined whether there was a change in the intention to pay high prices for premium branded products according to individual-specific conditions such as education level and income. According to the results of the study, a significant difference was found between doctorate graduates and high school and university graduates. It was determined that doctorate graduates had higher averages for the

premium payment intention variable compared to the others. It is thought that this result is due to the fact that doctorate graduates have the highest status among the participants in the study. For example, it is estimated that if there was a sample that did not have doctorate graduates but was predominantly senior executives, the average of this group would be higher. As a result, those seeking high status are willing to pay more, and this group consists of people with a certain level of occupation, income or education.

The study offers a unique value to the literature by addressing brand equity and conspicuous consumption together. Both factors explain the high price of the product. There is no study in the literature that deals with the direct relationship between these two factors and price together. In addition, conducting this study during the economic recession period brings this study to the forefront in terms of both theoretical and practical contribution. The relationship between conspicuous consumption and price in economic recession is frequently mentioned in the literature. This study has managerial implications for pricing premium branded products with high brand equity in economic recession. This study is limited to brand equity and conspicuous consumption in the pricing of premium branded products. Future studies may examine the pricing of premium branded products under other factors such as brand engagement.

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