RESEARCH ARTICLE

Saving money or losing face? An international study on social stigmatization in discount stores

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Abstract

Social stigmatization is detrimental to its victims, leaving them devalued and discriminated against by society. Can social stigmatization of marginalized low-income social groups also influence non-stigmatized high-status consumers? If so, does the individual's cultural value of power distance (PD) moderate this relationship? Previous consumer research on social stigmatization has neglected these questions. In a discount-store context, we analyze the moderating effect of an individual's cultural value of PD on the link between the social stigmatization of low-income customers and the customer loyalty of higher-income customers. In an international scenario-based experimental study, we collected data in the United Kingdom, Germany, China, and Russia, resulting in a sample size of 1675 consumers. The empirical findings, which are based on structural equation modeling with latent variables, show the positive direct and negative indirect relationship between the social stigmatization of low-income customers and the customer loyalty of higher-income customers. The results of a multi-group causal analysis indicate that an individual's cultural value of PD strongly influences the strength of this relationship. These findings demonstrate that social stigmatization has stronger effects on individuals with a high level of PD.

KEYWORDS
customer loyalty, discount stores, power distance, social identity threat, social stigmatization

1 | INTRODUCTION

Social stigmatization is a complex social process that puts its target at risk of losing status and social rejection by other individuals (Link & Phelan, 2001). More precisely, social stigmatization occurs when a person possesses a characteristic that conveys a social identity that is devalued in a particular social context or when the individual belongs to a marginalized group (Major & O'Brien, 2005). However, membership in a marginalized group is not required to be a target of stigmatization, as the transmissible nature of stigma can expose an individual who is merely near a stigmatized group or associated with

stigmatized individuals to the threat of social stigmatization (Argo & Main, 2008; Ellemers et al., 2002; Hebl & Mannix, 2003).

Prior studies focusing on social groups such as racial minorities (Eijberts & Roggeband, 2016; Meuleman et al., 2019), sexual minorities (Mays & Cochran, 2001), or overweight people (Decker et al., 2018; Hunger et al., 2015) have shown that social stigmatization has a strong effect on individual behavior and well-being. Prior work in psychology has also investigated adverse outcomes of social stigmatization, such as low self-esteem (Blodorn et al., 2016; Leary et al., 1995), damaged physical or mental health (Hatzenbuehler et al., 2009; Hunger & Major, 2015), and reduced opportunities for

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academic and financial success (Derks et al., 2006; Inzlicht & Ben-Zeev, 2000; Sekaquaptewa & Thompson, 2003) among marginalized social groups. However, the literature has not addressed the question whether social stigmatization of marginalized social groups can also affect non-stigmatized high-status individuals. Our study addresses this study gap.

While social stigmatization can be an important driver of consumer behavior (Mirabito et al., 2016; Wooten & Rank-Christman, 2019), marketing research on this phenomenon remains rather scarce with the focus on specific topics. So far, qualitative observational studies have investigated stigma management of social minorities (Adkins & Ozanne, 2005; Crockett, 2017; Henry & Caldwell, 2006; Kates, 2002; Kozinets, 2001), and several quantitative studies have analyzed the social stigmatization of discount use and coupon redemption (Argo & Main, 2008; Ashworth et al., 2005; Brumbaugh & Rosa, 2009; Tepper, 1994).

In a low-price context, a relatively small field of consumer research on social stigmatization reveals the social stigmatization of coupon redemption (Argo & Main, 2008; Ashworth et al., 2005; Brumbaugh & Rosa, 2009). These studies show that consumers tend to feel ashamed and embarrassed when redeeming coupons to save money. For example, coupon redemption can create a negative impression that the individual is being "cheap" or "stingy" (Ashworth et al., 2005). Similarly, when one consumer is redeeming a coupon, another consumer located nearby can also experience stigmatization as being poor and "cheap" (Argo & Main, 2008). These studies identify an interesting phenomenon: chasing lower prices can make an individual subject to social stigmatization. However, the focus of these studies is limited to coupon redemption, and generalizability of the findings to the low-price context is questionable.

A full understanding of the process of social stigmatization must include recognition of its cultural aspect (Crocker, 1999; Major & O'Brien, 2005). Research in psychology provides evidence for cultural differences in individuals' tendency to stigmatize others and to react to social stigmatization (Shin et al., 2013; Yang et al., 2013). However, in a marketing context, social stigmatization has not previously been examined internationally.

Our study addresses this second research gap by showing that the effect of stigmatization of discount stores' low-income clientele on higher-income consumers' emotional and behavioral responses depends on the latter's cultural value of power distance (PD). This cultural orientation explains an individual's attitude toward power disparities and acceptance of unequal distribution of power and status in society (Hofstede, 1980). As we base our predictions on social dominance theory, we use PD as a proxy for social dominance orientation (SDO), or the extent to which an individual desires unequal relations among social groups (Pratto et al., 2006). Psychology research has established that high-SDO individuals show more support for hierarchy-enhancing cultural beliefs (Pratto et al., 2006) and tend to endorse power disparity (Fischer et al., 2012). In the same vein, high-PD individuals tend to accept inequality of power and perceive it as legitimate (Hofstede, 1980). The presence and endorsement of social hierarchies and power disparities in society are

necessary conditions for social stigmatization to occur and affect individuals (Fiske, 1993; Link & Phelan, 2001; Major & O'Brien, 2005). Therefore, we predict that individuals with a high PD level will be more affected by social stigmatization—a prediction supported by the tendency of high-PD cultures to accept social inequality and be more sensitive to its negative consequences (Hofstede et al., 2010; Oyserman, 2006).

As the theoretical foundation for our study, we employ two theories prominent to psychology research. The first is social identity theory, which posits that individuals view themselves and form their self-image on the basis of their membership in various social groups (Turner & Tajfel, 1986). This theory supports the notion of social groups formed on individuals' income level and social status, which is the focus of our study. The second is social dominance theory, which postulates that people tend to establish group-based social hierarchies in society and maintain unequal distribution of power (Sidanius & Pratto, 1999). We employ social dominance theory in our study to explain the process of social stigmatization and the role of an individual's cultural value of PD in this process.

This study makes three contributions to psychology and marketing research and practice. First, the increasing inequality in power between the rich and poor has made social stigmatization of low-income individuals a prominent issue (Hamilton, 2012). Not only does stigmatization traumatize its direct victims, but it can also negatively influence non-stigmatized individuals located nearby (Hebl & Mannix, 2003). Our study exposes this social dynamic. Second, the magnitude of stigmatization's effect on consumers' behavior likely varies with cultural beliefs and orientations (Link & Phelan, 2014; Major & O'Brien, 2005). As the cultural aspect is a critical part of the phenomenon of social stigmatization, our study analyzes how the effect of stigmatization varies with an individual's cultural value of PD. Third, although discount stores primarily target low-status customers, they also strive to attract higher-status groups (Herstein & Vilnai-Yavetz, 2007). Our research focuses on the social interaction between different income groups in a discount-store context.

2 | THEORETICAL BACKGROUND

We anchor our study in social identity theory and social dominance theory. In essence, these theories aim to explain human behavior and decision-making in the context of interactions between social groups and hierarchies, thus offering a sound foundation for this investigation.

2.1 | Social identity theory and social identity threat

Social identity theory offers a framework for explaining the relationship between the self-concept and a group as well as intergroup processes (Bergami & Bagozzi, 2000; Livingstone & Haslam, 2008). The primary assumption of this theory is that identity

encompasses two levels: *personal identity* (i.e., the identity related to an individual's sense of self) and *social identity* (i.e., the various aspects of the self-concept that originate from social groups to which a person belongs). That is, people define themselves not only by their own unique individual characteristics but also by the collective characteristics of the groups to which they belong (Brewer, 1991; Turner & Tajfel, 1986). They also distinguish between their membership groups (i.e., in-groups) and distinct social groups to which they do not belong (i.e., out-groups). People are motivated to establish favorable social identities because these result in positive self-worth (Tajfel, 1974). Therefore, people tend to evaluate their in-groups' worth by continually comparing them with out-groups (Festinger, 1954; Turner & Tajfel, 1986).

An essential element of the social identity approach is self-categorization theory (Turner & Reynolds, 2012). This theory assumes that individuals try to simplify information acquired from the social world by categorizing people into various groups (e.g., gender, nationality, social status, occupation). Individuals perceive themselves as belonging to multiple social groups or categories (Tajfel, 1974; Turner & Tajfel, 1986). According to self-categorization theory, an individual's behavior can be driven by his or her social groups, depending on the salience of group membership in a particular situation (Turner & Reynolds, 2012). Salience refers to the importance of a social category (e.g., age, gender, and social status) in a specific situation and can function as a cue reminding an individual of his or her social group membership. To influence an individual's behavior, group membership must be salient (Trepte & Loy, 2017). In this case, the individual will respond to a particular situation in a way that is consistent with one of his or her social identities (Turner & Tajfel, 1986).

The central assumption of social identity theory is that people strive for a positive self-image and try to accomplish this by joining more favorable social groups and avoiding association with marginalized groups (Brewer, 1991; Tajfel, 1982). This assumption is reflected in two psychological principles of the theory (Trepte & Loy, 2017; Turner & Tajfel, 1986). First, to ensure membership in a favorable group, individuals engage in social comparison by assessing their in-group against a relevant out-group (Buunk & Mussweiler, 2001; Festinger, 1954). Second, individuals tend to evaluate their in-groups more favorably than out-groups, a tendency called "positive distinctiveness" (Appiah et al., 2013; Bettencourt et al., 2001). A basic premise of positive distinctiveness is an individual's motivation to amplify the differences between in-groups and out-groups, resulting in intergroup discrimination (Trepte & Loy, 2017). Individuals tend to avoid any relation to dissociative out-groups owing to the fear of losing "face," which refers to a favorable self-image and social position (Hwang, 1987).

Social identity is a fundamental and powerful driver of consumer behavior (Berger & Heath, 2008; Escalas & Bettman, 2005; White & Dahl, 2007). In situations in which social identity is salient, individuals view the world through the lens of identity-consistent paradigms (Turner & Tajfel, 1986). For example, when high social status is salient, an individual with high socioeconomic status who

especially values his or her membership in a high-status social group will try to emphasize and maintain this membership (Scheepers & Ellemers, 2005). Here, the consumer is motivated to behave in accordance with his or her social identity while avoiding inconsistent behavioral patterns.

To define, emphasize, and communicate their social identities, consumers make corresponding consumption choices (Berger & Heath, 2008; White et al., 2012). For example, in the context of social status salience, individuals with higher socioeconomic status tend to engage in the consumption of luxuries and avoid low-priced brands to maintain face or a positive social identity (Li et al., 2015; Wilcox et al., 2009; Zhan & He, 2012).

When the need for high status and a positive social identity is not met, social identity threat arises (Ellemers et al., 2002; Scheepers & Ellemers, 2005). Engaging in consumer behavior that is inconsistent with one's social identity and associated with a negatively evaluated out-group can result in a fear of losing face (Bian & Forsythe, 2012; Ho, 1976). For example, people are exposed to social identity threats if their consumption choices coincide with choices of dissociative social out-groups (Berger & Heath, 2008). Psychology research has repeatedly demonstrated that individuals are motivated to maintain positive self-worth (i.e., keeping "face") by avoiding association with dissociative out-groups (Branscombe & Wann, 1994). This dissociative effect is also well established in consumer behavior literature (Berger & Heath, 2008; White & Argo, 2009; White et al., 2012).

Threats to social identity are often viewed as threats to the group's value and status (Ellemers et al., 2002). However, social identity threat can also arise when an individual is the target of a negative social evaluation that is related to a particularly important aspect of identity. One manifestation of negative social evaluation that can threaten an individual's social identity is social stigmatization (Major & O'Brien, 2005). As social stigmatization is closely related to the concepts of power and social hierarchies (Link & Phelan, 2014), we also discuss stigmatization from the perspective of social dominance theory, which we use as additional theoretical background to investigate the effects of social stigmatization.

2.2 | Social stigmatization, social dominance theory, and power distance

Social stigmatization occurs when a person has (or is believed to have) some trait or characteristic that causes him or her to be devalued in the eyes of others (Major & O'Brien, 2005). Stigmatizing attributes may be linked not only to devalued personal characteristics but also to membership in some social groups (e.g., sexual minorities, racial minorities, and low social status groups).

Social stigmatization is transmissible—a stigma imposed on one individual can negatively affect another person located nearby or associated with the stigmatized person (Argo & Main, 2008; Hebl & Mannix, 2003). This transmissible nature implies that even if an individual is not a member of a stigmatized group but is associated

with it in a particular social context, he or she can be subject to stigmatization (Ellemers et al., 2002).

Social dominance theory casts light on the social processes that produce and maintain devaluation and discrimination as elements of social stigmatization at multiple levels (Pratto et al., 2000; Sidanius & Pratto, 1999). Independent of a society's regime, its shared beliefs, or its socioeconomic environment, people tend to organize into group-based social hierarchies with unequal distribution of social status and power. Social dominance theory attempts to explain how a group-based social hierarchy is formed and maintained in a society (Sidanius & Pratto, 1999). According to the theory, a group-based social hierarchy results from discrimination against lower social groups across individual, group, and institutional levels. Consensually shared cultural and social ideologies and beliefs serve to maintain discrimination across these levels in favor of dominant social groups over low-status groups (Pratto et al., 2006).

The theory also postulates that an important factor that leads to the discrimination of low-status social groups is an individual's SDO (Pratto et al., 1994). As noted previously, SDO captures individuals' desires for group-based dominance and endorsement of power inequality, regardless of their position in the social hierarchy (Pratto et al., 2006). Individuals with a high level of SDO believe in conceptual ideas of hierarchical disparities reinforced by individual, group, and institutional discrimination (Sidanius & Pratto, 1999). Thus, a high level of SDO relates strongly to cultural elitism, in which an elite social class is superior to working-class people (Pratto et al., 1994). A strong positive correlation between national-level mean SDO scores and nation-wide cultural orientations to a social hierarchy (i.e., PD beliefs) has been established at the country level (Fischer et al., 2012). Therefore, in the context of culture, SDO resonates with a cultural dimension such as PD (Hofstede, 1980; Oyserman, 2006; see Appendix A).

Shared cultural beliefs are essential for social stigmatization to occur (Crocker, 1999; Major & O'Brien, 2005). Some cultures apply

moral and intellectual reasoning for group-based inequality, devaluation, and discrimination (Pratto et al., 2006) and thus are more inclined to avoid association with lower social classes (Hwang, 1987). Cultures with high levels of PD emphasize the importance of face, which denotes favorable social position, good reputation, and self-image (Hofstede, 2001; Hwang, 1987). High-PD cultures originated from feudal societies in which an individual's position in a social hierarchy was reflected in the concept of face. In such cultures, loss of face may lead to devastating social consequences, and as a result, people in high-PD cultures are constantly under strong social pressure to meet social expectations (Hu, 1944). High-PD cultures share and accept ideologies promoting group inequality and legitimize hierarchies and extensive social stratification (Hofstede et al., 2010). Therefore, we employ the construct PD as a proxy for SDO and base our predictions on social dominance theory.

3 | CONCEPTUAL DEVELOPMENT AND HYPOTHESES

Figure 1 represents the conceptual framework of our study. Below we operationalize the constructs comprising our conceptual framework and develop hypotheses on the relationships between them.

3.1 | Definition of key constructs

Social stigmatization is an independent variable in this study. It influences consumer behavioral outcomes, specifically customer loyalty, in our conceptual framework. Drawing from previous work investigating social stigmatization (Link & Phelan, 2001; Tepper, 1994), we define and analyze this variable as a two-dimensional construct comprising *devaluation* (i.e., downward placement in a status hierarchy) and *discrimination* (i.e., verbal or nonverbal expression of disrespect).
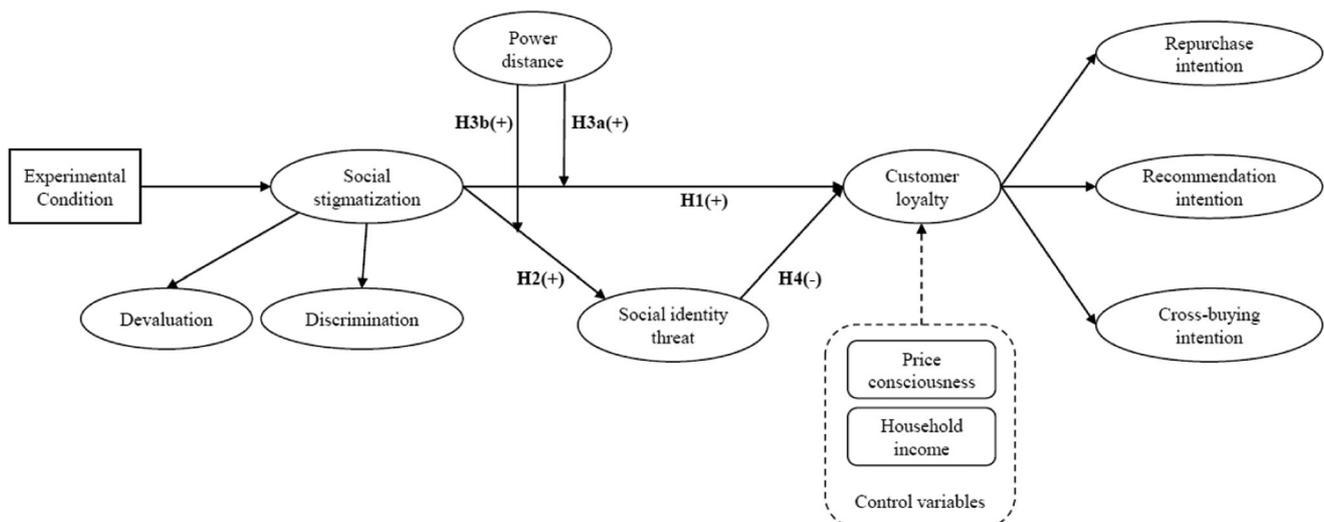

FIGURE 1 Conceptual framework and hypothesized relationships

Customer loyalty, the dependent variable, is a multifaceted construct that has undergone substantial revision and redirection in measurement (Dick & Basu, 1994; Jacoby & Chestnut, 1978). In our study, this construct has three dimensions: *repeat purchase intention* (i.e., subjective estimates of the likelihood of future purchases in the same store; MacKenzie et al., 1986), *positive word-of-mouth (WOM) intention* (i.e., intention to informally communicate pleasant experiences about goods or services as well as a desire to recommend a product or service to others; Anderson, 1998), and *cross-buying intention* (i.e., intention to buy additional products or services from the same company; Ngobo, 2004). We combine these dimensions in the second-order construct of customer loyalty.

We conceptualize *social identity threat* as a mediator of the relationship between social stigmatization and customer loyalty. In line with prior research, we define social identity threat as a psychological state experienced when a person feels at risk of being judged through negative evaluation of his or her social identity (Major & O'Brien, 2005; Steele et al., 2002). In our study, respondents identify with middle- or higher-income social groups, and we make their social status salient with the help of the experimental scenario. Therefore, an individual's social identity, which derives from membership in higher-status social groups, is threatened when his or her peers associate him or her with stigmatized low-income customers of a discount store.

Finally, drawing on social dominance theory, we conceptualize an individual's PD level as a proxy for SDO and use it as a moderating variable in our conceptual framework. Of the six cultural dimensions (Hofstede, 1980), PD is the most relevant to our study's context because it explains power disparities in society and individuals' attitudes toward them. Individuals with high PD levels recognize the importance of power and social status and are likely to accept a power hierarchy and even discrimination based on race, gender, or social class (Sharma, 2010). High-PD people also tend to endorse the belief about power disparity, independently of their position in a social hierarchy (Kim & Zhang, 2014). We operationalize PD level as the degree to which an individual expects and accepts that power is distributed unequally (Hofstede, 1980).

Importantly, our focus on the individual instead of the national level of PD orientation follows best practices in cross-cultural research (Sharma, 2010; Taras et al., 2009). The rationale is that all citizens of a country cannot share identical or similar cultural characteristics (Bond, 2002; Hofstede, 1991; Oyserman, Heather, et al., 2002; Sharma, 2010), and thus accounting for individual differences is important. Indeed, scholars argue that only a limited part of the overall variation in cultural orientation resides between countries, with more than 80% residing within countries (Kirkman et al., 2017; Taras et al., 2016). Moreover, nation-level constructs of cultural values may not fully represent the variation in cultural values of a country's citizens (Bond, 2002; Hofstede, 1991). Most countries have mixed representations of worldviews. For example, in Japan or Korea, some individuals share rather individualist and egalitarian worldviews, which is contradictory to predictions based on Hofstede's cultural orientations of high collectivism and high PD in these countries (Oyserman, Kemmelmeier, et al., 2002).

Literature on consumer behavior in the low-price context shows that customers' price attitudes strongly influence their behavior (Ailawadi et al., 2001; Alford & Biswas, 2002; Bailey, 2008). To represent an individual's attitude toward low prices, we employ *price consciousness* as a control variable. Researchers have identified this construct as an important driver of consumer behavior, especially in a low-price context (Kukar-Kinney et al., 2007; Palazón & Delgado, 2009). We define price consciousness as the degree to which a customer focuses predominantly on paying low prices (Lichtenstein et al., 1993). Therefore, we expect that a higher level of price consciousness will increase loyalty to discount stores, while the effects of social stigmatization and social identity threat will remain significant.

In addition, we control for the effect of *household income* on customer loyalty to a discount store. In the context of utilitarian consumption, consumers with a low-income level are more price-sensitive and consequently more responsive to low-price stores than consumers with higher incomes (Jones et al., 1994; Lichtenstein et al., 1993; Wakefield & Inman, 2003). Indeed, prior research shows that individuals with lower incomes are more likely to patronize low-price stores and to respond more favorably to retailers implementing low-pricing strategies (Bailey, 2008). Because low-income customers have tighter budget constraints than high-income customers, they tend to avoid overspending (Homburg et al., 2010) and therefore would be more likely to develop loyalty to a discount store offering low prices. Although we focus on average and above-average income groups, household income still varies in the sample. We expect that customer loyalty to a discount store will decrease with an increase in household income, while the effects of social stigmatization and social identity threat will remain significant.

3.2 | Hypotheses development

3.2.1 | Effect of social stigmatization on customer loyalty

Social stigmatization has been shown to influence the consumer behavior of its targets (Mirabito et al., 2016). Due to the devastating nature of this social phenomenon, one could expect that individuals would try to avoid socially stigmatized consumption practices. However, consumer research on social stigmatization of marginalized minorities in the shopping context provides somewhat counterintuitive findings. This stream of research argues that stigmatized consumers may engage in stigmatized consumption as a strategy for resisting mainstream norms and managing stigmas (Adkins & Ozanne, 2005; Crockett, 2017; Henry & Caldwell, 2006; Kates, 2002; Kozinets, 2001). For example, middle-class African Americans, who even in the 21st century are still targets of social stigmatization, often apply the so-called destigmatizing strategy, using black culture as a source of high status (Crockett, 2017). In the same vein, gay men, who are historically a stigmatized social group, tend to express their individuality with consumption practices of homosexual

subcultures (Kates, 2002). Several studies of stigmatized minorities support these findings regarding the oppositional character of subcultural consumption, in which individuals engage in stigmatized consumption practices as a means of resisting social norms—for example, bikers (Schouten & McAlexander, 1995) and *Star Trek* fans (Kozinets, 2001).

Even though limited, consumer research on social stigmatization demonstrates that consumers can still choose consumption practices associated with stigmatized groups. For example, consumers of "indie" music and fashion, which are stigmatized as elements of the "hipster" culture, forge demythologizing symbolic boundaries between their consumer identities and the hipster icon. In doing so, they are inclined to choose the stigmatized product despite the prevailing stigmatizing myths (Arsel & Thompson, 2011). In the same vein, a practice that was historically stigmatized in society—veiling among Turkish women—became an attractive choice for middle-class women and then transformed into an acceptable consumption choice for many despite the social stigmatization (Sandikci & Ger, 2010). The process when the socially stigmatized practice becomes socially accepted is referred to as *de-stigmatization* and can lead to an unexpected change in consumer behavior. We apply these findings to high-status non-stigmatized consumers in the following way. We suggest that while higher-income individuals are aware of social stigmatization of discount stores' low-income clientele, they will still shop at these stores because doing so has become a common consumption practice (Arsel & Thompson, 2011; Sandikci & Ger, 2010).

Based on the above-discussed studies' findings, we expect that the social stigmatization of discount stores' low-income clientele might even trigger higher-income customers' loyalty to these stores. Furthermore, keeping in mind the effect of social stigma on marginalized social groups and the process of de-stigmatization of some consumption practices, we suggest the following hypothesis:

H1: *Social stigmatization of discount stores' low-income clientele increases higher-income customers' intentions to repurchase, spread positive WOM, and cross-buy at a discount store as elements of customer store loyalty.*

3.2.2 | Effect of social stigmatization on social identity threat

Social psychology literature on social stigmatization shows that the influence of stigma on its victims is mediated by their understanding of how other individuals view and evaluate them (Crocker & Major, 1989; Crocker et al., 1998; Major & O'Brien, 2005). More precisely, the social identity derived from membership in or association with a marginalized social group can be threatened by other individuals' negative evaluation of this group (Steele et al., 2002; Turner & Tajfel, 1986). Social stigmatization affects its victims directly in the forms of devaluation and discrimination and indirectly through a threat to personal or social identity. Identity threat occurs when a stigma-related situation is potentially detrimental to one's

social identity derived from group membership, which is especially relevant for an individual (Major & O'Brien, 2005). Notably, social identity can only then be threatened when it becomes salient in a specific situation (e.g., an in-group member is questioning an individual's social group membership).

Prior psychology research on social stigmatization shows that stigmatization can threaten the victim's social identity. These studies focus on weight (Decker et al., 2018; Hunger et al., 2015; Major et al., 2014), gender (Metaxa-Kakavouli et al., 2018; Stout & Dasgupta, 2011), and race (Eijberts & Roggeband, 2016; Meuleman et al., 2019). With the focus on social stigmatization as a source of social identity threat, psychology research has established that a stigmatized individual experiences stress and uncertainty as to whether stigmatization occurs because of his or her personal or social identity (Crocker et al., 1998). According to Steele et al. (2002), situational cues that signal low or marginalized status of one's social group can lead to social identity threat. Possessing a consensually devalued or marginalized social identity (i.e., being socially stigmatized) increases a person's exposure and vulnerability to situations, threatening his or her social identity.

However, given social stigmatization's transmissibility (Argo & Main, 2008; Ellemers et al., 2002), even an individual who is not stigmatized directly but only associated with a stigmatized group can find his or her social identity threatened. Thus, we develop our second hypothesis:

H2: *Social stigmatization of discount stores' low-income clientele leads to social identity threat of higher-income customers of discount stores.*

3.3 | Moderating role of power distance in the stigmatization process

Although inequality and a hierarchical structure exist within any society, cultures differ in the extent to which they accept inequality, particularly in their PD level (Hofstede, 1980). As prior research has shown (Hofstede et al., 2010; Oyserman, 2006), in contrast with low-PD cultures, high-PD cultures tend to accept and appreciate the unequal distribution of power, wealth, and prestige in society. When measured at the individual level, this cultural dimension shares several features with the central construct in social dominance theory—namely, SDO (Pratto et al., 1994). An individual's PD level is a measure of his or her belief in and desire to maintain social and economic hierarchies (King et al., 2010).

As a process, social stigmatization depends on various types of power—social, economic, and political. Power is an essential prerequisite for social stigmatization (Link & Phelan, 2001; Major & O'Brien, 2005). Importantly, however, an individual's level of PD is independent of power: the social status of an individual does not determine his or her PD beliefs (Oyserman, 2006; Zhang et al., 2010).

Furthermore, the degree to which power disparities are accepted in a social interaction largely defines the effects of social stigmatization on individuals and their behavior (Hebl &

Dovidio, 2005). Related literature has shown that in cultures with a higher level of PD, social stigmatization is more likely to have stronger effects on an individual's behavior as well as on the well-being of society (Oyserman, 2006; Pratto et al., 2000; Shaffer et al., 2000). Therefore, we expect an individual's level of PD orientation to mitigate or accelerate the effects of social stigmatization on his or her emotional (i.e., social identity threat) and behavioral (i.e., customer loyalty) responses. Thus:

H3a: *Social stigmatization of discount stores' clientele affects customer loyalty more strongly if an individual has a high rather than low level of PD orientation.*

H3b: *Social stigmatization of discount stores' clientele threatens a consumer's social identity more strongly if he or she has a high rather than low level of PD orientation.*

3.4 | Effect of social identity threat on customer loyalty

People are motivated to preserve positive self-worth, which can be accomplished by either imitating auspicious social groups' consumption choices (Berger & Heath, 2007; Escalas & Bettman, 2003; McFerran et al., 2010) or avoiding dissociative groups' consumption choices (Berger & Heath, 2008; White & Dahl, 2007; White & Argo, 2009). Consumer behavior research has established that if individuals' social identity is threatened (i.e., they are associated with a dissociative out-group), they will respond by avoiding products or brands that are associated with the threatening aspect of social identity (Berger & Heath, 2007, 2008; White & Dahl, 2006; White & Argo, 2009). By diverging from members of a dissociative out-group in consumption choices, individuals avoid signaling undesired characteristics (Berger & Heath, 2007; Brough et al., 2016; Escalas & Bettman, 2005; White et al., 2012).

These findings align with psychology research suggesting that individuals are motivated to avoid associating with marginal groups to maintain positive self-worth (Branscombe & Wann, 1994; Doosje et al., 1995). Prior consumer behavior literature has closely examined the effects of social identity threat on consumer choices (Berger & Heath, 2008; Brough et al., 2016; Gill & Lei, 2018; White & Argo, 2009) and attitudes toward brands (Escalas & Bettman, 2005). For example, people avoid products associated with an out-group to avoid signaling undesired identities (Berger & Heath, 2008) and tend to diverge from dissociative out-groups to avoid social identity threat. Similarly, consumers can alter their product preferences and choice behaviors to circumvent social identity threat, avoiding products associated with the threatening aspect of identity (White & Argo, 2009). In support of these findings and broadening the research on social identity threat and consumer behavior, Gill and Lei (2018) develop a theoretical framework covering consumers' negative responses to products threatening their social identity.

Although none of these studies focus on the low-price context, we can transfer their common finding to our study: consumers tend to avoid products and brands that lead to social identity threat. Intuitively, therefore, in the context of our study, social identity threat will decrease customer loyalty. However, to replicate the existing findings, we test the following:

H4: *Social identity threat experienced by a higher-income customer in a discount store decreases his or her intentions to repurchase, spread positive WOM, and cross-buy at a discount store as elements of customer store loyalty.*

4 | METHODOLOGY

4.1 | Pretest

Before conducting the main experiment, we ran a pretest to ensure the effectiveness of the context priming of social stigmatization of low-status customers of a discount store (Stanovich & West, 1983). Participants in the lab experiment were 150 international students enrolled in a master's program at a large European university who were asked to carefully read a scenario and imagine themselves in a described situation. The priming (n = 75) and neutral (n = 75) scenarios were equally distributed among participants.

Both scenarios describe a shopping situation in a discount store. In the priming scenario, participants encounter low-status individuals. We expect context priming to work when they read information that these customers are "poorly dressed homeless people who are noisy and appear to be drunk" and that they heard a lot of "awkward stories that happened at this discount store because of such customers" (see Appendix B). In the neutral scenario, no low-status individuals appear in the shopping situation. We anticipated that participants who read the priming scenario would report a higher level of social stigmatization, measured as devaluation and discrimination. Furthermore, in both scenarios, we made group membership salient. According to the described situation, after leaving the discount store, participants meet a friend who makes a comment about people who shop at the discount store.

After reading a scenario, participants filled out questionnaires that included newly developed and established scales for measuring the central constructs of the study—social stigmatization, customer loyalty, and social identity threat. We dropped some items on the basis of this pretest. The original scales had four to five items measuring a construct. We ran a confirmatory factor analysis (CFA) to check the indicator reliabilities of each item and eliminated items with indicator reliabilities below the required threshold of 0.4 (Bagozzi & Yi, 1988). The scales used in the pretest appear in Appendix C.

Consistent with our expectations, the t-test results showed that participants in the priming condition reported a higher level of social stigmatization ($M_{treatment}$ = 4.26, SD = 1.59) than those in the neutral group ($M_{control}$ = 3.96, SD = 1.58), and this difference was significant (p < 0.001). This result allowed us to conclude that the priming was effective and that we could use both scenarios for the actual

experiment. In addition, we assessed the realism of the scenario on a 7-point Likert scale ($M = 5.3$, $SD = 1.07$) using two items: "I can easily imagine myself being in the described situation" and "The described situation is likely to occur in real life."

4.2 | Main study

4.2.1 | Sample characteristics

We report below how we determined our sample size, all experimental conditions, all ad hoc data exclusions, and all measures in the study for the sake of transparency (Simmons et al., 2012). The data was collected via an international online consumer panel in the United Kingdom, Germany, China, and Russia to achieve generalizability of the results and high within-sample variance on the key construct PD. The sample size was predetermined based on Nunnally's (1967) recommendations, who claims that sample size should be considered in light of the number of items in a questionnaire (which in our case is $N_{items} = 42$). A widely accepted rule of thumb is 10 observations per item in setting a lower threshold of an adequate sample size (Nunnally, 1967), which would result in 420 necessary observations. Since the data collection was planned in four countries, we aimed for this number of respondents in each country, and the final sample size before outliers' elimination comprised 1768 respondents.

In our experimental study, there were two conditions: a priming condition (in which a negative image of low-income individuals was primed) and a neutral condition. As a result of random sampling, 903 respondents received a priming scenario, and 865 respondents received a neutral scenario. Both scenarios and the final questionnaire were translated into German, Russian, and Chinese and checked for accuracy with back-translation. After reading the scenario, respondents filled out a questionnaire measuring 14 variables (for the experimental conditions, see Appendix B; for the complete questionnaire, see Appendix D).

Furthermore, as the population of interest comprises individuals with average or above-average incomes, respondents with demographics signaling low socioeconomic status (those who reported *unemployment status* and *household income* lower than average before the study) were not admitted to the experiment. Each respondent received a financial incentive of €5 for participating in the 15-min-long study. Respondents read the scenarios followed by the questionnaire, in which we also included factual manipulation checks (i.e., objective questions about a scenario's content with correct answers) of the experimental condition (i.e., "*There were homeless people in the store*" vs. "*There were no homeless people in the store*"). From the results of factual manipulation checks, we identified 34 respondents in the priming group (3% of the control group sample) and 21 respondents in the neutral condition (2% of the priming group sample) who did not answer the factual manipulation check question correctly. We defined respondents who failed the factual manipulation checks as nonlegitimate observations and removed them from the sample following the best experimental research practice (Kane & Barabas, 2019; Turner, 2007).

Before data analysis, multivariate outliers (i.e., observations with an atypical pattern across several variables; Leys et al., 2019) were identified with the help of leverage- versus residual-squared plots. Multivariate outliers are essential to detect before performing structural equation modeling (SEM) since they can easily jeopardize fit indices (Kline, 2016). In the sample of 1768 observations, 38 multivariate outliers were detected (2% of the sample) and removed from the sample. When these observations were retained in the sample, the model fit was significantly poorer. There were no missing data. Table 1 provides the descriptive statistics of the final sample.

4.3 | Measures

We measured all constructs in our study with multi-item 7-point Likert scales. To assess measurement validity, we ran CFAs. Table 2 shows the results. As we analyzed the independent and dependent variables as multidimensional constructs, we provide more details on establishing the multidimensionality of the scales.

TABLE 1 Sample composition

	The United Kingdom (n = 426)	Germany (n = 428)	China (n = 412)	Russia (n = 409)
Gender				
Female	52%	49%	52%	51%
Male	48%	51%	48%	49%
Age				
18–24	1%	2%	4%	6%
25–34	5%	14%	42%	31%
35–44	11%	20%	20%	31%
45–54	19%	26%	6%	20%
55–64	23%	21%	3%	10%
65 and over	40%	17%	26%	2%
Education level				
Technical training	21%	36%	4%	19%
High school graduate	44%	35%	11%	18%
Bachelor's degree or higher	35%	29%	85%	63%
Household monthly income				
Average	65%	57%	48%	25%
Above average	35%	41%	52%	65%
Individual PD level				
High	36%	31%	54%	48%
Low	64%	69%	46%	52%

TABLE 2 Scales measuring central constructs

	M	SD	IR	CR	AVE	CA
Social stigmatization						
Discrimination (based on Tepper, 1994):				0.94	0.85	0.94
1. People may be less respectful of customers shopping in discount stores.	3.87	1.65	0.80			
2. People may look down on customers shopping in discount stores.	3.96	1.72	0.88			
3. People may show a lack of respect for customers shopping in discount stores.	3.82	1.71	0.86			
Devaluation (based on Tepper, 1994):				0.95	0.86	0.95
4. People might think that customers of discount stores have less money to spend than average customers do.	4.34	1.65	0.75			
5. People might view customers of discount stores as less wealthy.	4.43	1.67	0.92			
6. People might think that customers of discount stores are financially not as well off as other customers.	4.39	1.67	0.89			
Social identity threat (newly developed scale):				0.93	0.82	0.93
1. The fact that my friend saw me with bags from this discount store undermined my identity.	2.99	1.72	0.82			
2. My personality was challenged when my friend saw me holding bags from this discount store.	3.00	1.77	0.84			
3. The fact that my friend saw me with bags from this discount store threatened the way I feel about myself.	2.69	1.73	0.79			
Customer loyalty						
Repurchase intention (based on Pavlou & Fygenson, 2006):				0.93	0.82	0.93
1. If I need low-priced products, I would choose the same discount store again.	5.44	1.42	0.80			
2. It is very likely that I will purchase products in this discount store in the future.	5.38	1.42	0.79			
3. I intend to purchase products in this discount store the next time I need low-priced products.	5.44	1.39	0.86			
Cross-buying intention (based on Swinyard, 1993):				0.93	0.82	0.93
4. I would buy more groceries in this discount store.	5.11	1.45	0.74			
5. I would buy other items than groceries in this discount store.	5.06	1.46	0.90			
6. I would purchase additional products in this discount store.	5.00	1.47	0.83			
Intention to recommend (based on Blodgett et al., 1997):				0.95	0.87	0.95
7. I would recommend my friends to purchase groceries in this discount store.	4.85	1.57	0.90			
8. I would advocate shopping in this discount store when talking to my friends about grocery stores.	4.87	1.58	0.87			
9. I would make sure to tell my friends to shop in this discount store.	4.60	1.67	0.83			
Power distance level (by Sharma, 2010):				0.88	0.71	0.88
1. It is difficult for me to refuse a request if someone senior asks me.	4.01	1.57	0.61			
2. I tend to follow orders from authority figures without asking any questions.	3.74	1.63	0.76			
3. I find it hard to disagree with authority figures.	3.72	1.62	0.77			

Note: All items were assessed on a 7-point Likert scale (1 = "strongly disagree," 7 = "strongly agree").

4.3.1 | Social stigmatization

We followed the conceptualization of social stigmatization as a multidimensional construct reflecting devaluation and discrimination (Link & Phelan, 2001; Tepper, 1994). Drawing on labeling theory, Tepper (1994) operationalizes stigmatization directed at elderly consumers as a two-dimensional construct reflecting devaluation and discrimination. From the qualitative interviews with elderly consumers, the author developed scales for measuring each of these dimensions from the perspective of store employees, other customers in the store, and other people in the customer's shopping party. We focused on the perspective of other customers and adapted the items to the context of our study. An established guideline for modification of the established scale's items is that changing the subject (i.e., elderly consumers in the study of Tepper (1994)) of a statement, provided that the statement still relates to the same domain (i.e., in our case, social stigmatization), is generally acceptable (Robinson, 2018). For instance, we modified the item measuring

discrimination "*Store employees may act less respectful toward the user of this discount*" to "*People may be less respectful of customers shopping in discount stores.*" Another example of the item's modification is the item measuring devaluation "*If someone uses this discount, other customers may be less likely to view them as youthful*" was modified to "*People might view customers of discount stores as less wealthy.*" To verify the applicability of the modified scales to our study, we checked their psychometric properties, such as reliability and validity, with the help of CFA (see results in Table 2).

We conducted construct validation through specification and testing of CFA models (MacCallum & Austin, 2000). In the pretest study, we measured *devaluation* with six items and *discrimination* with five items (see Appendix C). With the help of CFA, we evaluated the model for discrimination measured by six items and devaluation measured by five items. Drawing on the values of instrument reliability (IR), we refined the scales, leaving only the items that achieved IR above 0.4 (Bagozzi & Yi, 1988). As a result, *devaluation* and *discrimination* were each measured by three items in the main study.

After collecting the data in the main study, we validated the scale measuring *social stigmatization* with our international sample of 1675 consumers. We ran a model with devaluation and discrimination and measured each variable with three items. Table 2 shows that all indicator reliabilities were above the required threshold of 0.4 (Bagozzi & Yi, 1988), with the lowest at 0.75. The scale achieved an adequate level of reliability as measured by Cronbach's α. Composite reliability (CR) and average variance extracted (AVE) were above the recommended threshold (Hu & Bentler, 1999). To further clarify the dimensionality of the scale, we compared our model with an alternative one-factor model in which all items loaded on one factor. Akaike's information criterion (AIC) is lower for the two-factor model ($AIC_{difference} = 2793.192$), indicating its superiority (Homburg, 1991). We also conducted exploratory factor analysis with varimax rotation to establish the dimensionality of the scale. The results revealed two factors with an eigenvalue higher than 1. Thus, dimensionality of the scale was confirmed, and social stigmatization was measured by the two subscales "devaluation" and "discrimination."

4.3.2 | Customer loyalty

We used a multidimensional scale to measure customer loyalty. As mentioned previously, we operationalize customer loyalty as a second-order reflective construct comprising implies an intention to repurchase (RI), intention to shop more (ISM), and intention to recommend (WOM). We adapted the scale from Pavlou and Fygenson (2006) to measure RI, adapted the ISM scale from Swinyard (1993), and used the scale for WOM from Blodgett et al. (1997). Following the best research practice, we adapted the existing scales and used them in our study context while retaining their original face and content validity (Robinson, 2018). The scales for measuring RI, ISM, and WOM were modified by adding the context-related subject "discount store" to each statement. Furthermore, we conducted CFA for each of the scales to check their validity in the context of our study. Table 2 shows the CFA results, which

confirm validity and internal reliability of the adapted scales. To confirm the dimensionality of the customer loyalty scale, we compared the three-factor model with a one-factor model, in which all items measuring RI, ISM, and WOM loaded on one factor. This comparison showed that a three-factor model had a much better goodness-of-fit and a lower AIC ($AIC_{difference} = 3423.661$).

Table 3 shows correlations and descriptive statistics of the independent, mediating, and grouping variables. The square root of the AVE for each construct exceeds the correlation with the other constructs, meeting the criterion of Fornell and Larcker (1981) and supporting discriminant validity of the customer loyalty construct.

4.3.3 | Social identity threat

To measure the mediating variable *social identity threat*, we developed the scale based on the definitions of the construct in line with Major and O'Brien (2005) and Steele et al. (2002). According to their operationalizations, social identity threat is a type of psychological stress an individual experiences when his or her group membership is considered devalued or marginalized by others. Even if an individual does not belong to a marginalized group but is associated with it, social identity is threatened (Branscombe & Wann, 1994). It is also well established in psychology research that social identity threat is accompanied by psychic costs (Steele et al., 2002) and feelings of confusion regarding one's self-view (Crocker & Major, 1989). Since no suitable scale to measure social identity threat exists in consumer behavior research, we developed the scale, drawing on well-established principles (Hinkin, 1998; Kline, 2000).

First, based on the above-discussed definitions and premises of social identity threat, we generated five preliminary theory-driven items reflecting the concept of social identity threat in the context of our study. Since the presence of an in-group member is an important condition for social identity threat to occur (Steele et al., 2002), we include "*my friend saw me*" in each item. Further, we included an aspect that is signaling association with a low-status group (Branscombe & Wann, 1994), which is "*bags from this discount store*". Finally, confusion regarding one's self-view and psychic costs (Crocker & Major, 1989) are reflected in such elements of the items as "*undermined my identity*", "*my personality was challenged*", "*threatened the way I feel about myself*", and "*made me feel unworthy*".

Second, these items were evaluated by researchers for clarity of expressions. As a third step, the items were incorporated in a questionnaire used in the pre-test with 150 participants. After collecting the data, we ran CFA and EFA to check the factor structure within the items and preliminary psychometric properties (Robinson, 2018). Based on CFA results, we retained three out of five items with the highest IR (as recommended by Hu & Bentler 1999). As a final step, we included the refined scale in the main study questionnaire, and based on CFA results, we assessed construct validity and internal reliability (see Table 2). The results demonstrate that the developed scale is valid and reliable and can be applied cross-culturally (all the items were back-translated and carefully assessed by German, Russian, and Chinese native speakers).

	M	SD	CR	AVE	CA	1	2	3	4	5
1. Devaluation	4.41	1.59	0.95	0.86	0.94	(0.93)				
2. Discrimination	3.87	1.63	0.94	0.85	0.95	0.68***	(0.92)			
3. Social identity threat	2.89	1.63	0.93	0.82	0.93	0.39***	0.46***	(0.91)		
4. Power distance	3.77	1.47	0.88	0.71	0.88	0.22***	0.24***	0.45***	(0.84)	
5. Customer loyalty	5.08	1.27	0.95	0.70	0.95	0.07	0.09	−0.12***	0.10***	(0.84)

TABLE 3 Descriptive statistics and correlations

Note: CA, Cronbach's alpha. The square roots of the AVEs are on the diagonal.

*$p < 0.05$.

**$p < 0.01$.

***$p < 0.001$.

5 | ANALYSIS

Having operationalized our latent constructs and run CFAs on each, we proceeded with path analysis. First, we tested the direct relationships (H1 and H2). We relied on SEM using maximum likelihood estimation to conduct a three-path analysis to test the hypotheses on the relationships between social stigmatization, social identity threat, and customer loyalty. We also included a categorical variable indicating the absence or presence of a priming condition (0 = neutral condition, 1 = priming condition) in the model and directed a path from this variable to the "true" independent variable *social stigmatization* (Aiken et al., 1994; Bagozzi, 1977; MacCallum & Austin, 2000).

Second, we analyzed the impact of the moderator variable (i.e., PD) on the relationships between stigmatization and social identity threat and customer loyalty. We ran multi-group SEM, which helps determine whether the phenomena of interest produce different results when the same measurement model is run on multiple samples. We deemed this method appropriate for our study because we consider relationships between second-order latent constructs (Arnold, 1982; Dimitrov, 2006; Myers et al., 2000). We performed a median split of the sample using the value of the moderator variable PD. That is, in multi-group SEM we compared two subsamples, one with a high PD level and one with a low PD level.

6 | RESULTS

6.1 | Initial model testing

Table 4 reports the results of the general model. We achieved good model fit with the observed data (TLI = 0.977; CFI = 0.973; RMSEA = 0.055; SRMR = 0.048). The parameter estimates are significant and support the relationships represented in the model (see Figure 1). The effect of the categorical independent variable (denoting the priming or neutral condition) on the latent independent variable social stigmatization was significant ($\gamma = 0.145$, $p < 0.01$), suggesting a significant difference between the treatment and control groups. We tested H1 and H2 using SEM with an examination of the structural coefficients summarized in Table 4.

6.1.1 | Direct effect of social stigmatization on customer loyalty

In H1, we proposed that the direct effect of social stigmatization on customer loyalty was positive. As Table 4 shows, this relationship was positive and significant ($\gamma = 0.103$, $p < 0.01$), so the hypothesized effect was supported.

6.1.2 | Direct effect of social stigmatization on social identity threat

In H2, we proposed that social stigmatization of buying in discount stores would have a significant, positive effect on social identity threat. We assessed this relationship by examining the structural coefficients and found that it was significant ($\gamma = 0.542$, $p < 0.01$). Thus, H2 is supported.

We examined the total and indirect effects of social stigmatization on customer loyalty through social identity threat. Although the indirect effect is significantly negative ($\gamma = -0.099$, $p < 0.001$), the total effect is positive but not statistically significant ($\gamma = 0.040$, $p = 0.888$). An explanation of this result is that the direct and indirect effects are in opposite directions and therefore cancel each other out (MacKinnon et al., 2000).

6.1.3 | Direct effect of social identity threat on customer loyalty

In H4, we proposed that social identity threat would have a significant, negative effect on customer loyalty. By examining the structural coefficients, we assessed this relationship and found that it was significant ($\gamma = -0.183$, $p < 0.01$). Thus, H4 is supported.

6.1.4 | Effect of control variables

To account for respondents' sensitivity to low prices, we employed price consciousness as a control variable and expected it to increase their loyalty to a low-price store. Indeed, as Table 5 shows, price consciousness significantly increases customer loyalty to a discount

TABLE 4 Estimated structural relations coefficients (general sample)

	Coefficient	Total effect	Indirect effect	95% CI lower	95% CI upper
Priming dummy > stigmatization	0.145***			0.081	0.185
Stigmatization > customer loyalty (H1)	0.103***			0.034	0.172
Stigmatization > social identity threat (H2)	0.542***			0.499	0.584
Social identity threat > customer loyalty	−0.183***			−0.247	−0.118
Stigmatization > social identity threat > customer loyalty		0.004 (n.s.)	−0.099***	−0.128	−0.058

Note: Standardized coefficients are reported.

Abbreviations: CI, confidence interval; n.s., not significant.

*p < 0.05.

**p < 0.01.

***p < 0.001.

store ($\gamma = 0.517$, $p < 0.001$). After including price consciousness in the model, we still find strong positive direct effects discussed above.

We also controlled for the effect of household income on customer loyalty to a discount store. We expected a reverse relationship between the level of household income and loyalty to a low-price store. As Table 5 shows, income level indeed has a negative effect on customer loyalty ($\gamma = -0.06$, $p < 0.05$), and the hypothesized relationships remain statistically significant.

6.2 | Power distance moderator effects

In finding support for the main hypothesized relationships, the next step was to analyze the suggested moderator effects. After establishing measurement invariance, we compared the relationships between constructs across the low- and high-PD groups. Testing for cross-group invariance involved comparing two nested models: (1) a baseline model in which no constraints were specified and (2) a second model in which paths of interest were constrained to be invariant between the groups. Comparison of nested models employed a robust nested chi-square test.

The model with all parameters freely estimated in the two groups fit the data well (CFI = 0.97, SRMR = 0.07), according to the criteria suggested by Hu & Bentler, 1999, and the overall X^2 was significant. The fit of the partial invariance model with three path coefficients constrained to be equal across groups was significantly poorer, and the resulting X^2 difference was significant ($\Delta\chi^2(3) = 22.92$, $p < 0.001$).

TABLE 5 Estimated coefficients in models with and without control variables (CVs)

	General sample	Low PD	High PD
CV: Price consciousness			
Stigmatization > customer loyalty	0.074**	0.038 (n.s.)	0.133**
Social identity threat > customer loyalty	−0.203***	−0.211***	−0.208***
Stigmatization > social identity threat	0.540***	0.435***	0.643***
Price consciousness > customer loyalty	0.517***	0.477***	0.541***
CV: Household income			
Stigmatization > customer loyalty	0.096**	0.064 (n.s.)	0.150**
Social identity threat > customer loyalty	−0.145***	−0.278***	−0.132*
Stigmatization > social identity threat	0.528***	0.413***	0.634***
Household income > customer loyalty	−0.060*	−0.84**	−0.009 (n.s.)
No control variables			
Stigmatization > customer loyalty	0.103***	0.001 (n.s.)	0.159**
Social identity threat > customer loyalty	−0.183***	−0.238**	−0.121***
Stigmatization > social identity threat	0.542***	0.432***	0.654***
Stigmatization > social identity threat > customer loyalty	−0.099***	−0.103***	−0.079*

Abbreviation: PD, power distance.

*p < 0.05.

**p < 0.01.

***p < 0.001.

These findings suggest that the low- and high-PD groups differ in terms of the relationships between social stigmatization, customer loyalty, and social identity threat. Specifically, in the high-PD group, social stigmatization had a significant, positive direct effect on customer loyalty ($\gamma = 0.16$, $p < 0.01$). However, the results showed no significant association between social stigmatization and customer loyalty in the low-PD group. Thus, H3a is supported. Furthermore, the effect of social stigmatization on social identity threat was stronger in the high-PD group ($\gamma = 0.65$, $p < 0.001$) than in the low-PD group ($\gamma = 0.43$, $p < 0.001$). Thus, H3b is also supported. The relationships remained significant after we controlled for price consciousness and household income (see Table 5).

6.3 | Post hoc analysis: Mediation test

To assess the effect of the psychological mechanism underlying social stigmatization (i.e., social identity threat) in low- and high-PD groups, we conducted a post hoc mediation analysis. To test for mediation, we fit one model via SEM, in which the direct and indirect paths are fit simultaneously to estimate each effect while statistically controlling for the other (Iacobucci et al., 2007). As Figures 2 and 3 show, the path coefficients between social stigmatization and social identity threat and between social identity threat and customer loyalty are significant. Thus, we conclude that mediation occurs in both groups (Baron & David, 1986).

SEM provides unbiased estimates of mediation, and the bias-corrected bootstrap method provides the most accurate confidence intervals (CIs) and performs best in testing for mediation (Cheung & Lau, 2008). Therefore, we estimated indirect effects for the mediation model using 95% bias-corrected CIs obtained from bootstrapping with 5000 iterations (Preacher et al., 2007).

The results show significant indirect effects in both groups. In the low-PD group, the indirect effect of social stigmatization on customer loyalty through social identity threat was $\gamma = -0.10$ ($p < 0.001$) with 95% CI (−0.14 to −0.06), whereas in the high-PD group, the size of the indirect effect was $\gamma = -0.08$ ($p < 0.05$) with 95% CI (−0.12 to −0.01). However, we found no significant differences between the indirect effects in the two groups. We isolated

each path in the indirect effect model, which resulted in no significant change in chi-square: $\Delta\chi2$ (Δdf) = 0.72 (2). Therefore, although the indirect effects of social identity threat are significant in both groups, there is no significant difference in these effects between groups. That is, when social identity is threatened, social stigmatization negatively influences customer loyalty, independently of an individual's PD level.

7 | FOLLOW-UP QUALITATIVE STUDY

To validate the counterintuitive finding of the positive effect of social stigmatization on customer loyalty to discount stores in the high-PD group, we conducted a follow-up qualitative study that relied on short interviews with customers of discount stores in Russia ($n = 10$) and Germany ($n = 10$). The prerequisite for the sample composition was that respondents belong to a high social class. We determined the social class of the interviewees using Warner's Index of Status Characteristics (ISC; Warner & Lunt, 1941). The respondents were recruited at the entrance to the discount store *Pyaterochka* in Russia and *Lidl* in Germany. The sample of customers in Russia comprised five men and five women (average age = 47 years), and the sample of customers in Germany comprised four women and six men (average age = 54 years). Respondents were from an upper-middle social class (ISC score: 25–37) and a lower-upper social class (ISC score: 18–24; Lantos, 2015).

Respondents were informed of the general purpose of the study (i.e., to analyze consumer behavior in discount stores) and assured anonymity. Interviews were conducted in front of the discount store as free conversations lasting from 10 to 15 min. The structured interview format had three parts: (1) questions to determine an individual's socioeconomic status and opinion about power disparity, (2) questions about an individual's shopping experience in a discount store and his or her opinion about the typical clientele of a discount store, and (3) questions about an individual's shopping behavior, including questions about occasions for which he or she would or would not shop at a discount store. Deductive coding of the qualitative data involved a search for words and expressions that captured a similar interpretation and could be assigned a shared code.
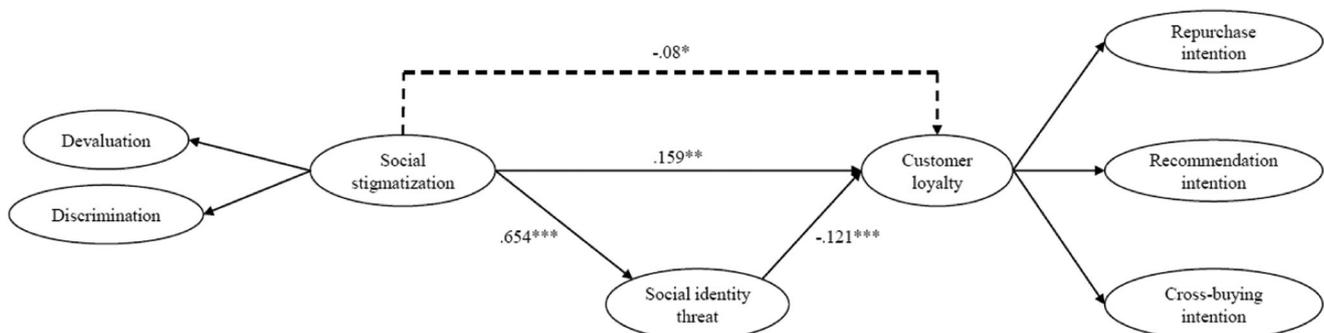

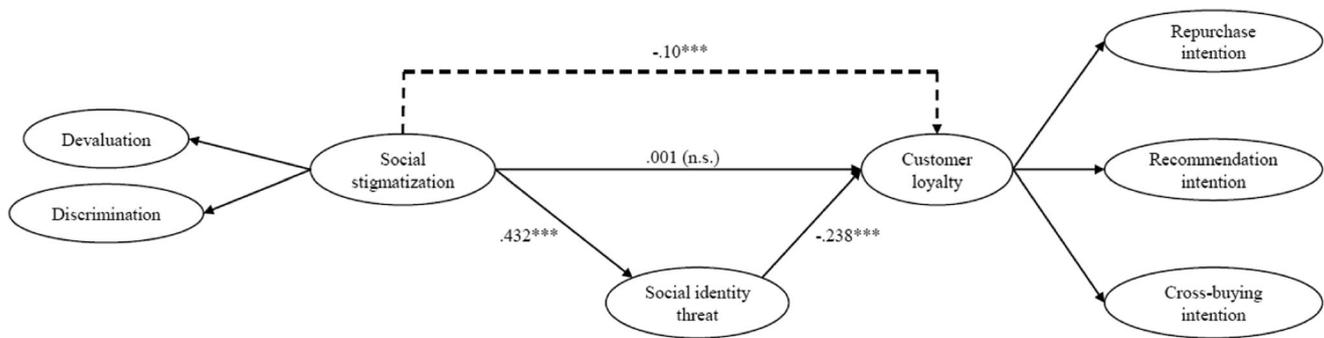**FIGURE 2** Mediation model for high power distance group

FIGURE 3 Mediation model for low power distance group

To analyze the answers, we applied a thematic analysis in which two of the researchers analyzed the answers independently and then together searched for common patterns across the data set to identify themes related to research questions (Braun & Clarke, 2012). We analyzed transcriptions of the recorded interviews for content according to three themes: (1) a social aspect of the shopping experience (i.e., stigmatization of low-status customers), (2) reasons for choosing a store (i.e., customer loyalty), and (3) feelings experienced when members of an individual's social groups observe shopping behavior (i.e., social identity threat).

The results of the interviews confirmed the findings of our quantitative study. In Russia, the respondents revealed a tendency to stigmatize low-income customers of discount stores. They stated that when they shopped in a discount store, they sometimes felt irritated by "those unemployed alcoholics who go there to buy their cheap [alcohol]"—one of the responses reflecting social stigmatization of low-status customers. In addition, some respondents mentioned that they "would never buy products here for meeting with friends or colleagues" and "it is not common in my circle of people" (see Appendix E). These answers resonate with our previous finding that individuals experience social identity threat when their peers associate them with low-status individuals. A common answer to the question about choosing a discount store again was: "Why not? If I need to buy something quickly, I will come back to this store. I do not care what people say about it." From this answer, we conclude that high-status customers will develop loyalty to a discount store, despite the social stigmatization of low-status customers. Another pattern identified for the theme of customer loyalty is that some respondents confirmed that in the past, they were more reluctant to buy groceries in discount stores. "Times are changing, and these stores get more inviting. No one cares where you do shopping, nowadays"—this expression can be interpreted as proof of de-stigmatization of buying in discount stores, despite the social stigmatization of their low-status clientele.

By contrast, in Germany, we identified no content related to a stigmatizing aspect of discount stores. The German customers did not mention a feeling of "embarrassment" or "irritation" due to shopping in a discount store. They also described a discount store's clientele as diverse. However, the German respondents indicated that they would be unlikely to buy groceries for a special occasion

(e.g., dinner with friends, family, or colleagues) in a discount store. Thus, the results of the interviews in Germany corroborated our finding that in a low-PD group, social stigmatization of low-status individuals does not seem to impact consumer behavior of high-status individuals. However, in a social context in which an individual's shopping choice is apparent to members of his or her social groups, social identity threat can arise and will serve as a mediator of a relationship between social stigmatization and consumer behavior.

8 | DISCUSSION

This study proposes and tests an integrated framework rooted in social identity theory and social dominance theory. The suggested framework explains the effect of social stigmatization of low-status customers on non-stigmatized high-status customers, moderated by an individual's cultural value of PD. The results of our study show that social stigmatization of low-income social groups leads to social identity threat experienced by higher-income customers at discount stores, which in turn decreases their customer loyalty. That is, social identity threat is the mediating mechanism through which social stigmatization decreases a non-stigmatized customer's loyalty to a discount store. This result implies that non-stigmatized high-status customers are indirectly negatively affected by social stigmatization of low-status customers, with whom they share a shopping environment if social identity threat is apparent. To the best of our knowledge, this study is the first to demonstrate that social stigmatization can threaten social identity of an individual, who is not its initial target.

However, given that one's social identity is not threatened by devaluation or condemnation of an in-group member, the direct effect of social stigmatization on one's consumer behavior was shown to be positive. This result means that when a non-stigmatized consumer's favorable group membership and social identity are not threatened, his or her loyalty to low-price stores can even be triggered by the stigmatization of low-status customers in these stores. With the help of the qualitative follow-up study, we shed light on this finding. The results of 20 semi-structured interviews show that one of the reasons for the positive effect of social stigmatization is the so-called phenomenon of de-stigmatization, which denotes the

transition of a socially stigmatized practice into a socially accepted one. Future studies should investigate further the direct effect of social stigmatization on consumer behavior by drawing on our study's findings. Furthermore, given the positive direct effect of social stigmatization demonstrated by our study, future research could search for possible mediators that might produce a positive indirect path (e.g., empathy, moral identity).

An important finding of our study is that an individual's cultural value of PD has a positive moderating effect on the social stigmatization's effect on customer loyalty and social identity threat. That is, the effects of social stigmatization were significantly stronger among individuals with a high level of PD. Thus, in accordance with social dominance theory, high-PD individuals are more sensitive to social stigmatization than individuals with low levels of PD. We validated this finding with the help of qualitative interviews, which we conducted with high-status customers of discount stores in Russia (mostly individuals with relatively high levels of PD) and Germany (predominantly low-PD individuals).

This study addresses two major neglected areas of research on social stigmatization. First, previous research has largely disregarded the issue of the effect of social stigmatization of social minorities on the non-stigmatized population. Research to date has focused on consumer stigmatization related to old age (Tepper, 1994), certain subculture groups (Henry & Caldwell, 2006; Kozinets, 2001), race (Crockett, 2017), and low literacy levels (Adkins & Ozanne, 2005). However, whereas these studies unpack the consumption practices of historically stigmatized minorities, our study broadens this study by focusing on high-status non-stigmatized social groups. That is, we show that social stigmatization of low-status customers can also affect consumer behavior of high-status non-stigmatized customers.

Second, although psychology literature has extensively investigated the link between social stigmatization and individuals' affective and behavioral responses (Blodorn et al., 2016; Derks et al., 2006; Inzlicht & Ben-Zeev, 2000; Leary et al., 1995; Sekaquaptewa & Thompson, 2003), research has not examined moderator effects on this relationship. In view of the importance of a cultural aspect of social stigmatization (Crocker, 1999; Major & O'Brien, 2005), the lack of research on culture's moderating role in the stigmatization–response link is surprising. Against this background, we analyzed the moderating impact of an individual's cultural value of PD. Employing multi-group SEM, we found significant differences between low- and high-PD groups with regard to the stigmatization–response link. More specifically, we show that the direct effect of social stigmatization of low-income customers on a higher-income customer's loyalty to a store is significantly stronger when the latter has a high level of PD.

Our online experimental study relies on a large international sample of 1675 respondents across four countries, the results of which we validate with a follow-up qualitative study comprising 20 interviews. We develop the conceptual framework using two theories popular in psychology and marketing research: social identity theory and social dominance theory. By doing so, we demonstrate the prevalence of social stigmatization in a discount-store environment and reconcile two phenomena central to both psychology and marketing research: social identity and social hierarchies.

8.1 | Research contributions

Our findings broaden the understanding of social stigmatization as a complex social phenomenon. We find that the effect of social stigmatization of discount stores' low-income customers on higher-income customers' loyalty to the store unfolds in two distinct ways. First, we find that social stigmatization of low-income clientele has a positive direct effect on customer loyalty of higher-income customers. This finding broadens existing consumer research by empirically showing that this negative social phenomenon can positively trigger consumer behavior. To validate these findings, we conducted 20 interviews with higher-income customers of discount stores in Russia and Germany, the results of which provide additional support for our findings. This counterintuitive outcome highlights the need for further investigation of social stigmatization and its influence on consumer behavior of the non-stigmatized individuals, not only through the lens of its negative effects.

Second, the results of the mediation analysis show that the indirect effect of social stigmatization on customer loyalty is reversed. That is, in light of social identity threat, an individual's customer loyalty to a discount store, in which the low-income clientele is stigmatized, decreases. This decrease in loyalty occurs because of the fear of losing membership in a salient high-status social group or, in other words, losing face (Li et al., 2015; Wilcox et al., 2009; Zhan & He, 2012). Individuals are motivated to avoid any relationship with out-groups (as well as cues related to them) not because they dislike the groups but because of the fear of losing a self-image that is based on approved social attributes and membership in accepted groups (Goffman, 1955). This finding emphasizes the importance of a deeper investigation of the underlying psychological processes that can explain the effects of social stigmatization on consumer behavior.

An important contribution of our study is that, on the macro level, we identify the prevalence of social stigmatization of discount stores' low-income clientele. In the context of consumer behavior, we show that this negative social phenomenon can threaten higher-income customers of discount stores. The findings of our study also contribute to research outside the domain of social stigmatization, including literature in psychology on social identity threat and in marketing on social dominance. Through these contributions, we advance the understanding of social identity theory and social dominance theory.

First, drawing on social identity theory, we show that even a historically non-stigmatized individual (i.e., a member of a high-status group) can experience social identity threat caused by stigmatization of marginal groups. Stigmatization is possible in situations when a high-status individual is at risk of being associated with marginal out-groups and when the social status is questioned by his or her peers. Future research could expand on this finding by focusing on consumers whose social identities are threatened indirectly.

Second, drawing on social dominance theory, we show that, regardless of their position in a social hierarchy, any individual can be influenced by social stigmatization. Furthermore, the individual level of PD (used in our study as a proxy for SDO) intensifies the effect of social stigmatization on individuals, independently of their position in the social hierarchy. Further research could build on these insights by investigating how individual PD beliefs vary with social status. In addition, studies could focus on the effects of social stigmatization of poverty on both low- and high-income consumers.

The findings of our study uncover new avenues for research on how social stigmatization of social minorities influences non-stigmatized high-status individuals and their consumer behavior. In light of recent events related to racial discrimination, investigation of these social dynamics is especially important. Future studies could examine the psychological processes behind the social interaction between stigmatized social minorities and the non-stigmatized population.

Our findings also emphasize the importance of the cultural aspect of social stigmatization. Future research could extend this study by investigating cross-cultural differences in stereotypes about low-status individuals that prevail in a society (e.g., low-status people are lazy or have alcohol addiction). In addition, future research might apply other cultural dimensions to the cross-cultural research on social stigmatization in a consumption context.

A final contribution of our study is the developed and validated scale for measuring social identity threat. We operationalized and measured this construct through an extensive literature review. We refined the items of the scale in a pretest and validated them in the main study. Furthermore, we established measurement invariance across four countries. Therefore, this scale is reliable and can be used in future cross-cultural studies.

8.2 | Managerial implications

Our results have managerial implications. The context of our study is discount stores, which initially targeted low-income customers but, today, also attract higher-income groups (Herstein & Vilnai-Yavetz, 2007). Therefore, understanding the social interaction between different income groups (i.e., stigmatized vs. non-stigmatized groups) is relevant for companies that target customers from different social classes. Our finding that social stigmatization can indirectly decrease customer loyalty through social identity threat may motivate marketing managers to apply various marketing tools to help customers protect their identity related to social status. Whether designing a new communication strategy, rebuilding a store layout, or updating product assortments, marketing managers should add social stigmatization as a new but relevant element to their marketing strategy.

To help high-status customers keep face, discount stores could apply marketing tools across both merchandising and promotional dimensions. While some marketing instruments can protect high-status customers' social identities, others can change their perceptions of a "stressor" (i.e., low-status customers). From the merchandising perspective, to protect high-status customers' social identities, managers of discount stores could implement environmental techniques, such as a spacious store layout and ambient music. Both instruments can decrease customers' stress experienced in a shopping environment (Baker et al., 2002). Another strategy is to introduce more expensive organic products or "gourmet" product lines on separate shelves.

Discount stores could also implement promotional strategies that emphasize the popularity of low-price stores among high-status individuals. For example, the concept of a "smart consumer" can be accentuated in advertising campaigns. Furthermore, marketing communication strategies can be built around topics of sustainability, corporate social responsibility, and charitable activities of the brand. Consumer research has established that cause-related marketing helps activate individuals' moral identity, which in turn improves their attitudes toward out-group brands (Choi & Winterich, 2013; Winterich et al., 2009). Therefore, by supporting a charitable organization fighting poverty or hunger, discounters may trigger moral identity in high-status customers, improving their perceptions of low-status social groups. This marketing tool is especially important in countries where individuals have high-PD beliefs and therefore are more sensitive to social stigmatization.

The results of our study also show that the magnitude of stigmatization's effect on consumers' behavior varies with cultural orientation. This knowledge is vital for discount stores operating internationally or planning to enter new markets. With every new market entry, marketing managers have a chance to re-invent a discount store's brand, as was done by Aldi's repositioning as a new, exciting shopping experience in China, and managers should be ready to understand and reduce social identity threat of various customer groups. Our findings indicate that especially high-PD individuals require comprehensive marketing efforts to mitigate the negative effects of social stigmatization. Marketing managers of discount stores operating in high-PD countries should be aware of the prevailing social stigmatization and its negative effects on consumers' social identity.

8.3 | Limitations

Within the scope of the present study, the cultural value of PD is the only cultural dimension employed to explain the effect of social stigmatization on consumer behavior. Even though theoretically justified, the focus on one cultural dimension can be considered a limitation of the present study. However, we hope our study inspires psychology and marketing researchers to focus more on the cultural aspect of social stigmatization and analyze the role of other cultural dimensions in the process of social stigmatization.

In our study, we also refer to the construct of face, which is especially relevant to the process of social stigmatization (Yang & Kleinman, 2008). This multifaceted social phenomenon, which evolved and gained importance in Asian cultures (Hwang, 1987; Hofstede, 2010), denotes not only social power and status

(Hwang, 1987) but also reciprocity, obligation (Yang & Kleinman, 2008), and moral status (Hu, 1944). We operationalized face as a favorable social status but recognize that we did not measure it explicitly and analyzed only a single aspect of this construct. Future consumer behavior studies focusing on social stigmatization can address this limitation. In addition, to check the consistency of our findings, future studies could examine the role of product category. Consumer research has shown that the nature of a product—whether it is a utilitarian product or a status symbol—has different effects on consumer behavior (Dhar & Wertenbroch, 2000; Okada, 2005). Therefore, future studies could replicate our study by applying a different product category.

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DATA AVAILABILITY STATEMENT

The authors invited 1768 respondents from online consumer panels from four countries—the United Kingdom, Germany, Russia, and China—to participate in the experiment via the online survey platform. Using leverage-versus-residual-squared plots, the authors identified 93 outliers and removed them from the sample, leaving a final sample size of 1675 respondents.

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APPENDIX A: Summary of different operationalizations of power distance and social dominance orientation

Power distance	Social dominance orientation
"Power Distance is related to how much an individual is inclined to accept the unequal distribution of power and status within society." (Kirkman et al., 2009)	"SDO captures the extent of an individual's desire for unequal and dominant/subordinate relations among salient social groups, regardless of whether this implies ingroup domination or subordination." (Pratto et al., 2006, p. 281)
"Power distance refers to the extent to which **hierarchy and extensive social stratification are legitimized**. In a high power-distance culture, higher-status individuals are more prone to exercise power as a means of maintaining or enhancing their positions, while lower-status individuals are less inclined to challenge power and status discrepancies." (Lawler, 1996, p. 319)	"High-SDO individuals show more support for **hierarchy-enhancing legitimizing myths** (ideologies that provide moral and intellectual justification of the hierarchy)." (Pratto et al., 2006, p.281)
"Power distance involves the extent to which a society accepts and views as inevitable or functional human **inequality in power, wealth, and prestige**" (Hofstede, 1980). "It is the extent to which people accept and expect that power is distributed unequally." (Hofstede, 2001, p. 83)	High-SDO individuals favor **unequal allocation of resources**: more resources are allocated to the in-group than to the out-group, even if such resource allocation is costly for the in-group. (based on Sidanius et al., 1994)
"Power distance highlights the extent to which individual differences are **related directly to inequalities in power**, wealth, or prestige, and the extent to which these inequalities are seen as legitimate or illegitimate." (Oyserman, 2006, p. 353).	"SDO can be viewed as a general preference for group-based hierarchy that predicts prejudice. SDO is **influenced by** socialization and existing **power relations**." (Fischer et al., 2012, p. 439)
"The central difference between high- and low-PD cultures lies not in an actual power disparity per se but rather in people's **positive attitudes toward power disparity**." (Zhang et al., 2010, p. 945)	"People with high levels of SDO tend to make **decisions that reinforce the dominance hierarchy**." (Pratto et al., 2006, p. 286, based on Kemmelmeier, 2005)
"Low PD cultures minimize the inequalities among individuals in terms of social status, privileges and status symbols; high PD cultures emphasize prestige, wealth, and power and are more **likely to accept** a power hierarchy, tight control, and even **discrimination** based on age, gender, social class, education level, or job positions." (Sharma, 2010, p. 790)	"Individuals with high SDO believe in conceptual **ideas** of hierarchical disparities **supported by** individual, group, and organizational **discriminatory practices**." (Sidanius & Pratto, 1999)
"People from high power-distance belief cultures such as Japan, regardless of their position in the social hierarchy, tend to endorse the belief about power disparity. In general, people in high power-distance belief cultures are more likely to believe in inequality and are more accustomed to accommodating it than those in low power-distance belief cultures. Accordingly, high power-distance belief cultures facilitate a norm that **everyone should have a defined place within the social order**." (Kim & Zhang, 2014, pp. 15–16)	"Individuals high in SDO justify their discriminatory actions by supporting a wide variety of legitimizing myths that have in common the notion that dominant and subordinate **groups deserve their relative positions** of superiority and inferiority in the social hierarchy." (Pratto et al., 2006, p. 281)
"The central difference between high and low PDB lies **neither in the actual power disparity** a person experiences **nor in the degree of power a person has**, but rather in people's attitudes toward power disparity." (Gao et al., 2016, p. 266)	"SDO is a generalized orientation towards and desire for unequal and dominant/subordinate relations among salient social groups, **regardless of whether this implies ingroup domination or subordination**." (Pratto et al., 2006, p. 282).

APPENDIX B: Experimental Scenarios

Priming scenario

Today, you organize a barbeque party and have to do grocery shopping. There are a couple of stores in your neighborhood. Usually, as most of your friends do, you shop in mid-priced grocery stores. However, today you decide to go to a discount store with prices much lower than in mid-priced grocery stores.

You enter the store. **Suddenly, among other customers, you see poorly dressed homeless people who are noisy and appear to be drunk. You are not surprised to see them here behaving this way. You remember that your friends told you some awkward stories that happened at this discount store because of such customers.**

As you expected, prices are low at this store. You buy everything you need for the upcoming party. After you put your purchase in store-branded shopping bags, you leave the store.

On your way home, you run into a good friend who sees you holding the branded shopping bags from the discount store. After a warm greeting, you invite your friend to the party. You have a short conversation and your friend seems to be surprised: *"I would not have thought that you shop at this store. I always felt the people there to be quite strange."* After chatting for another couple of minutes, you go home to get everything ready for the party.

Control scenario

Today, you organize a barbeque party and have to go grocery shopping. There are a couple of stores in your

neighborhood. Usually, as most of your friends do, you shop in mid-priced grocery stores. However, today you decide to go to a discount store with prices much lower than in mid-priced grocery stores.

You enter the store. As you expected, prices are low at this store. You buy everything you need for the upcoming party. After you put your purchase in store-branded shopping bags, you leave the store.

On your way home, you run into a good friend who sees you holding the branded shopping bags from the discount store. After a warm greeting, you invite your friend to the party. You have a short conversation and your friend seems to be surprised: "*I would not have thought that you shop at this store.*" After chatting for another couple of minutes, you go home to get everything ready for the party.

APPENDIX C: Initial scales used in the pretest

(Items used in the actual experiment appear in bold)

Repurchase Intention (adapted from Pavlou & Fygenson, 2006):

1. **If I need cheap products, I would choose the same discount store again**.
2. I would possibly come back to this store again.
3. **It is very likely that I will purchase products in this discount store in the future**.
4. I intend to continue purchasing products in this store occasionally.
5. **I intend to purchase products in this discount store the next time I need low-priced products**.

Word-of-Mouth Intentions (adapted from Blodgett et al., 1997):

1. **I would recommend my friends to purchase groceries in this discount store**.
2. **I would advocate shopping in this discount store when talking to my friends about grocery stores**.
3. I would tell my friends that this choice is a good place for grocery shopping.
4. **I would make sure to tell my friends to shop in this discount store**.

Intention to Shop More (adapted from Swinyard, 1993):

1. **I would buy more groceries in this discount store**.
2. **I would buy other items than groceries in this discount store**.
3. I would spend more time shopping in this store.
4. **I would purchase additional products in this discount store**.

Discrimination (adapted from Tepper, 1994):

1. **People may be less respectful of customers shopping in discount stores**.
2. People may become amused when observing customers shopping in discount stores.
3. People may talk down to customers shopping in discount stores.

4. **People may show a lack of respect for customers shopping in discount stores**.
5. **People may look down on customers shopping in discount stores**.

Devaluation (adapted from Tepper, 1994):

1. People typically think that customers shopping in discount stores are poor.
2. **People might think that customers of discount stores are financially not as well off as other customers**.
3. People may think that more attractive customers would be less likely to do shopping in discount stores.
4. People may view customers shopping in discount stores as a "second-class citizen."
5. **People might think that customers of discount stores have less money to spend than average customers do**.
6. **People might view customers of discount stores as less wealthy**.

Social Identity Threat (newly developed scale based on the definition of the construct):

1. **The fact that my friend saw me with bags from this discount store undermined my identity**.
2. I feel that I should have avoided meeting a friend after shopping in a discount store.
3. The fact that my friend saw me with bags from a discount store made me feel unworthy.
4. **My personality was challenged when my friend saw me holding bags from this discount store**.
5. **The fact that my friend saw me with bags from this discount store threatened the way I feel about myself**.

Power Distance (adapted from Sharma, 2010):

1. **It is difficult for me to refuse a request if someone senior asks me**.
2. I think it is fair that some groups of people are simply not the equals of others.
3. **I tend to follow orders from authority figures without asking any questions**.
4. I find it hard to disagree with authority figures.

Status-Oriented Consumption (adapted from Flynn & Eastman, 1996):

1. **Just as some of my friends, I would buy a product just because it has status**.
2. **I am interested in new products with status, just as my friends do**.
3. Like some of my friends, I would pay more for a product if it had status.
4. The status of a product is very important for me.
5. **A product is more valuable to me if it has some snob and luxury appeal**.

APPENDIX D: Questionnaire

Repurchase Intention

1. If I need cheap products, I would choose the same discount store again.
2. It is very likely that I will purchase products in this discount store in the future.
3. I intend to purchase products in this discount store the next time I need low-priced products.

Word-of-Mouth Intentions

1. I would recommend my friends to purchase groceries in this discount store.
2. I would advocate shopping in this discount store when talking to my friends about grocery stores.
3. I would advocate shopping in this discount store when talking to my friends about grocery stores.

Intention to Shop More

1. I would buy more groceries in this discount store.
2. I would buy other items than groceries in this discount store.
3. I would purchase additional products in this discount store.

Discrimination

1. People may be less respectful of customers shopping in discount stores.
2. People may show a lack of respect for customers shopping in discount stores.
3. People may look down on customers shopping in discount stores.

Devaluation

1. People might think that customers of discount stores are financially not as well off as other customers.
2. People might think that customers of discount stores have less money to spend than average customers do.
3. People might view customers of discount stores as less wealthy.

Social Identity Threat

1. The fact that my friend saw me with bags from this discount store undermined my identity.
2. My personality was challenged when my friend saw me holding bags from this discount store.
3. The fact that my friend saw me with bags from this discount store threatened the way I feel about myself.

Manipulation Check

1. There were homeless people in the store.

2. There were no homeless people in the store.

Power Distance

1. It is difficult for me to refuse a request if someone senior asks me.
2. I tend to follow orders from authority figures without asking any questions.
3. I find it hard to disagree with authority figures.

Collectivism

1. Individuals should sacrifice self-interest for the group.
2. Individuals should stick with the group even through difficulties.
3. Group welfare is more important than individual rewards.

Status-Oriented Consumption

1. Just as some of my friends, I would buy a product just because it has status.
2. I am interested in new products with status, just as my friends do.
3. A product is more valuable to me if it has some snob and luxury appeal.

Customer–Store Association

1. I associate this discount store with low-income individuals.
2. This discount store reflects its customers' social status.
3. Customers in this discount store fit well into the store's environment.

Public Self-Consciousness

1. I am concerned about how I present myself to others.
2. I usually worry about making a good impression.
3. I am concerned about what other people think of me.

Individual Self-esteem

1. In general, I am satisfied with myself.
2. I feel that I have a number of good qualities.
3. I am able to do things as well as most other people.
4. I feel that I am a person of worth.

Price Consciousness

1. I am willing to go the extra mile to find lower prices.
2. The money saved by finding low prices is usually worth the time and effort.
3. I would shop at more than one store to find low prices.
4. The time it takes to find low prices is usually worth the effort.

Prestige Sensitivity

1. Buying a high-priced brand makes me feel good about myself.
2. Buying the most expensive brand of a product makes me feel special.

3. I enjoy the prestige of buying a high-priced brand.

4. I think others make judgments about me based on the brands I buy.

Age

1. 18–24
2. 25–34
3. 35–44
4. 45–54
5. 55–64
6. 65 and over

Scenario Realism

1. The presented scenario was realistic.
2. I would well imagine being in the situation described in the scenario.

Demographics

Sex

1. Female
2. Male
3. Other

Education

1. Technical training
2. High school graduate
3. Bachelor's degree or higher

APPENDIX E: Quotes from Qualitative Interviews

Quotes from conversations with customers of a discount store "*Pyaterochka*" in Moscow, Russia:

Respondent	Social stigmatization	Customer loyalty	Social identity threat
R1	"Did I ever have an unpleasant shopping experience here? Happens sometimes, when I encounter those unemployed alcoholics who come here to buy their cheap vodka."	"The assortment of products is O.K. If I need something basic like pasta or cereals, I would shop here. It's around the corner of my house. I don't care what people would say."	"Well, it's fine to buy some products here for a regular dinner. But you don't want to buy groceries here for a dinner with friends. It's inappropriate."
R2	"Mostly poor people shop here. Sometimes it can be quite unpleasant to be around them. But, as you can see, people with higher income can also come over for a quick purchase."	"Of course, I would shop here again, the quality is fine, price is great. Why should I pay more?"	"I won't brag to my friends what an amazing bargain I found in this store or whatever. I don't want them to think that I am trying to save money on food."
R3	"You can see that there are a lot of pensioners and unemployed people here. Those who barely meet their ends meet. No wonder they shop here!"	"I buy groceries here from time to time. And I couldn't care less what someone would think of me. I have income high enough to shop wherever I want."	"I doubt that, for example, my colleagues shop here. It is not common among people who have such high salaries as we do."
R4	"I had a couple of situations where I wished I could have avoided those 'working-class heroes' in this store. Their behavior was outrageous!"	"This is a basic store with a rich assortment of products for really low prices. Why not to shop here sometimes?"	"If you're having a party with friends or a meeting with colleagues, you won't put a cheap bottle of wine on a table, right?"
R5	"The typical clientele of this discounter is a low social class. You know, all these lazy loafers who spend their last money for alcohol. Obviously, it's not the nicest encounter."	"Even though my family is not a target audience, we still shop here sometimes. Times are changing, you know. These stores are getting more inviting and pleasant."	"If my boss would see my car parked in front of this store? Then I'll have to tell him that I had an emergency stop [laughing]."
R6	"The target audience here are pensioners, students, and other low-income folks."	"I am doing grocery shopping here only for a standard product basket. Why not?"	"I would definitely feel embarrassed if my colleagues or friends would see me shopping here. But it's an unlikely scenario."
R7	"My wife says that if you go to this store in the morning, you can meet all local alcoholics there. Good that I am a rare visitor here [laughing]."	"I was shopping here quickly because we ran out of milk. Usually, I don't go to such supermarkets. However, my wife does. She is a real deal-hunter."	"We definitely don't buy groceries here if we throw a party and invite all our friends. This would be really embarrassing if some of them would figure out that we save money on food."
R8	"This store is designed for lower social classes, and I would be happy to avoid shopping here."	"This is the closest grocery store to our home, so we come over sometimes for a quick shopping. But only for really basic stuff."	"I don't know whether my colleagues are shopping in this discounter – and even if this is the case, none of them would reveal it."

(Continues)

Respondent	Social stigmatization	Customer loyalty	Social identity threat
R9	"I meet pretty weird people here all the time. Usually, those low-status folks. But of course, there are also people from higher social strata here. Those who don't want to pay more."	"Why shouldn't I buy here? Times are over when it is embarrassing to save money on basic things. I am even proud that I can choose where to shop."	"When it is about some social context, then of course I want to offer my guests only the best products. I won't shop cheap in this discounter for special occasions."
R10	"I cannot really say who is the typical clientele here. There are people like me, there are students, pensioners, and those poor alcoholics."	"I am buying here some groceries in case of emergency – like now, we simply ran out of sault, so I had to go [laughing]."	"If I invite friends for dinner or bring some sweets for my colleagues, I would go for more expensive grocery store – my people are sophisticated foodies."

Quotes from conversations with customers of a discount store "Lidl" in Mannheim, Germany:

Respondent	Social stigmatization	Customer loyalty	Social identity threat
R1	"In these discount stores, you have typically a higher percentage of ethnicities different from German."	"This shop offers even more products than for my basic needs – so I am well covered."	"I would never buy a cheap alternative to a branded product such as Coca-Cola – for me, it is important that I can buy the branded product here. Especially when I have guests over, I want to serve them well."
R2	"Price-conscious customers purchase here, whether rich or poor."	"I know exactly which products to buy here, I visit up to three different grocery chains per week."	"Despite good quality, I still distinguish where to buy it with regard to the occasion I want to consume it: a bottle of wine for a dinner with friends I would not buy here."
R3	"I would say here shop rather ordinary folks, and foreigners - like Turkish, Middle-East families."	"I prefer this grocery chain over others - yes, one could say that I am somewhat a loyal customer."	"My friends rather don't shop here; I am an exception. Sometimes I wonder why they spend so much for their products, but I keep this for myself – they don't know that I shop here."
R4	"Rather blue-collar people shop here during lunch, the up-scale grocery store near my office has completely different customers."	"This store is the closest to the place I live."	"At work, my colleagues and I go to the grocery shop for a lunch break, not the discounter next to it. And probably no one would suggest going there."
R5	"Price – but also quality-conscious customers come here."	"I am happy with the assortment here and don't try out other discount stores."	"I would feel like I have to justify my purchase if I would offer my friends or colleagues cookies bought in this store."
R6	"You see here many students and foreign families shopping."	"I am a fan of Lidl, especially with its new app for coupons."	"So what? My friends know that I buy here, but my teenage kids want to have certain products from grocery stores, they feel ashamed."
R7	"Everyone buys here by now, but rather price-conscious people."	"I do my weekly shopping at Lidl, happy with the price/value."	"I would feel a bit embarrassed being seen with this full cart, it is not that I want to come across as a bargain-hunter."
R8	"Depends on what you buy here: you have food in cans but also delicate and expensive products - and so there are different people in the same store."	"Lidl has better quality of vegetables that other grocery chains, I know what I can buy here."	"I tell my friends that I buy here only because I have to. If I want to have a pleasant shopping experience and inspiration, I go to more expensive grocery stores – especially on weekends."
R9	"Rather lower social class [is shopping here] – because it is way cheaper, but many products are of same quality as the ones in pricey markets."	"I occasionally recommend their promoted electronic products to friends - it's a bargain!"	"I have no problem buying in discount stores, but I would have to explain to my friends why I decided to buy beer here for our party."
R10	"Low-income people buy here as well as high-income people, I cannot really tell who is who."	"We don't want to pay more for the same quality, that's why we buy here."	"We buy here products for self-consumption, for hosted get-togethers we rather go to a more expensive grocery store."