American Express and High Status: Establishment of Status Association and Its Psychological Utility On Their Costumers

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INTRODUCTION

As young entrepreneurs reading this paper, one might be searching for Houdini to achieve everlasting wealth. Even though living the American Dream by quickly building an empire entices the most, continuing to read this paper will disappoint you on short-cuts to success. Rather it will broaden your horizons to better understand consumer behaviour and the significance of marketing by pondering their antecedents and psychological implications. More specifically, this paper will analyse how American Express ingeniously associated itself with high status and how this association works as a psychological utility.

With the advancement of science and technology, the world has become unceasingly globalized and become hyper-materialistic since the Industrial Revolution. We got addicted to consumption and our reality revolved around its implementations (Wattanasuwan, 2005). As one of the most adaptable species on this planet, we adapted our existence towards the drastic change we went through as a society. Within this change, our values, beliefs, and behaviours changed in a manner that capitalism became a deep-rooted notion and influencing factor in our lives. As the influence became more and more prevalent with globalization, our means to interact with ourselves and others changed through symbolic representations and group affinities. Businesses that build the foundation of this influence conscious or unconsciously became a means of representation, an extension to self and society. According to O'Cass (2002, p.67), the importance of brands became more important as they started to create individual identity, sense of achievement, and uniqueness for people using their products and services. This led us to conceptualize our beings with materials and services, use its utility as an extension of self and locate us in society (Elliot, 1997).

As this paper will analyse how the high-status association of a brand could function as a psychological utility and how could that brand affinity might explain some deep-rooted intellectual phenomenon, it will aim to provide a broader understanding of consumer behaviour and its psychological antecedents. For its case implementation, American Express will be the subject matter due to Centurion cards duality which can be considered as a luxury product and its functionality as a service to acquire the luxury goods with its product nature.

American Express (AmEx) is a multinational corporation that began its journey around the 1850s in New York. They started as the providers of traveller's cheques and charge cards in their early years and evolved into a global superstar in finance services. According to Forbes rankings in 2017, ''American Express was the 23rd most valuable brand in the world (and highest within financial services), estimating the brand to be worth US$24.5 Billion''(Rankingthebrands, 2017). Flashback to 1958, the greatness began when the company claimed to be the second credit card provider in the United States. Being an early player in the game issue the advantage to set the standard and establish a position with intended notions. From day one, AmEx intended to provide a premium service for its customers and put satisfaction as a priority. Their clear vision about placing themselves within the market of high socio-economic demography catered and attracted high spenders due to the advantages it provided, and the company became synonymous with the high class.

BODY

American Express and High-Status Association

While the economic dynamics changed rapidly due to markets needs and other factors, several companies stuck to their roots and immune themselves to the fluctuations that they have undergone through the last century. American Express hasn't deviated from its vision per se, and managed to stay in its lanes throughout the years. The company uses its unorthodox "spend-centric" business model for its credit cards to attract premium

spenders which merit transaction value versus transaction volume (Forbes, 2014). For a comparative example, Visa processes 60 billion transactions every year with more than 2 billion cards in use, while AmEx processes 6 billion transactions with little over then 100 million cards (Forbes, 2014). This alone shows the value difference of each transaction and the significance of the premium spender's reach.

The model focuses on providing rewards and services after the spending takes place compared to their competitors which incentivizes rewards before spending happens. Thus, it leads to attraction to a specific demography that is willing to spend more and cash it into rewards later. From this route, AmEx was able to target top of pyramid customers with expected high transaction values and rewarded affluent cardholders with lucrative reward points (Forbes, 2014). For instance, the rewarding system goes as follows; upon collecting rewards and loyalty points through “spend-centrism”, cardholders are presented with opportunities to use their points on hotels, concierge services, “fine-dine” restaurants, and airport lounges (American Express Rewards, 2021). The mentioned rewards are designed to incentivize more spending by their nature which plays a functional role in the “spend-centric’’ model.

Given the nature of targeted customer spend reach, American Express has high-class dynamics that interconnects the company, its members and their consuming behaviour on a luxury triad. Status is the shared beliefs about a person's social value-based characteristics such as their resources, competence, and relative respect (Sedikides and Guinote, 2018). While one of the defining characteristics of status is derived from a person’s resources (Sedikidesand Guinote, 2018), social stratification refers to the social sphere’s categorization of its members based on socioeconomic factors like wealth, income, and occupation (Saunders, 1990). This stratification is imperative when understanding the consuming behaviours of people who are placed in the high-status tier due to their socioeconomic power. As a determinants factor within this sociological framework, “luxury draws on social stratification and is considered the exclusive privilege of the elite, who use it

as a sign of distinction and an affirmation of their status" (Han et al, 2010) For example, discounts in "fine-dine" Michelin restaurants, 5-star hotels, airport lounges, and a full-service concierge (American Express Rewards, 2021), can be associated with luxury due their premium and top of the class scaling. They are all very costly rewards with more money required to be paid in order to attain rewards.

According to Heine (2012)," Luxury brands are associated with consumer perceptions of a high level of price, quality, aesthetics, rarity, extraordinariness, and a high degree of non-functional associations". As to check Heine's criteria's, American Express posits the following characteristics where there is a substantial amount of required monthly fee which competitors have not (Forbes,2014), AmEx ranks highest in overall customer satisfaction (American Express,2021**),** there are 1 AmEx cards for 6 Masters Card (Forbes,2014**)**, and advantages cantered around hospitality, mainly luxury hospitality which provides a limited range of rewards.

Since status consumption derives its essence from attaining a status goal, luxury brands and services are one of the ways of displaying such a signal (Han et al, 2010). In the case of American Express, the company became the provider service to attaining those goals which could be explained by "people acquired luxury goods and services with using their American Express cards.

While American Express could be accepted as a luxury brand within itself, it could be argued that it mediates the transaction when acquiring luxury items. For example, cardholders use their AmEx cards due to its product nature when buying sports cars or diamonds per se because the brand issues the holders a very high spending limit. This in return might increases the cardholder's luxury association of products with the service AmEx provides. This is a particularly interesting point because AmEx takes a dual responsibility in the mentioned notions where both functions as a luxury product and the luxury provider as a utility. Consequently, it strengthens the brand's high-status association.

Luxury, High Status, and Emotions

According to Hagtvedt and Patrick (2009), luxury companies produce high-quality items, place a strong emphasis on pleasure, and make emotional links with customers. The mentioned connection and centrality is imperative in luxury spending because it gives an extra incentive to act on the behaviour as the sense of hedonism becomes even more pleasurable and prevalent.

According to the study (Banker et al, 2021), credit card usage stimulates the region in the brain that regulates the rewards system that involves pleasure and rewards. Beyond the luxury spending's influence on emotionality and pleasure, doubling the sensation from solely by credit card usage doubles the AmEx pleasure cloud. Furthermore, since the brand embraced a "spend-centric" business model that encourages spending, it further increases the experience of such emotion.

All the rewards revolve around the feel-good notions of nice restaurants, hotel beaches, luxury airport lounges, and concierges around the globe (American Express Rewards, 2021). The emphasis on traveling might make cardholders feel privileged. Since the sense of flying and exploration, exposure to new and novel stimuli might increase the pleasure and feel-good notions might lead people to spend more due to their affective state. Erevelles (1992) labels "effect which serves as a chief motivator of behaviour as well as providing a richer comprehension of experiential aspects of consumption and cognitive processes". It shows that how meticulous designing of branding and marketing creates a cohesive notion within and how it interacts with their consumer's emotions. Furthermore, the same emotions could have an impact on a more layered impact where luxury products may satisfy consumers' personal style or provide personal fulfillment, resulting from a positive effect such as pleasure (Amatulli et al. 2015). When American Express launched its "Members Have Its Privileges" slogan, they encapsulated the pleasure-infused feel-good notion to the fullest. The idea and framework behind the slogan might be to implement the pleasure derived from being a cardholder. It could be argued that being privileged brings

pleasure due to a sense of freedom and ability to spend. As their advertisements and campaigns consisted of this slogan included satisfied costumers all around the world with excellent customer service, costumers depicted as pleasured for being a cardholder and spend their money with a feel-good notion regardless.

Speaking of emotions, the slogan “Members Have Its Privileges” might also be satisfying a primitive and innate emotional need, namely the *need to belong.* According to Baumeister and Leary (1995*), the need to belong* is a fundamental emotional need to be part and accepted by a group which could be conceptualized by the need to give and receive attention to and from others. While the slogan signifies a sense of belonging to the larger American Express family, being a member might partially satisfy that emotional need. Furthermore, it could be hypothesized that the sense of affinity and collectivism that AmEx provides might increase the pleasure around the brand and affect further consumer behaviours.

The sociality of human nature is a multi-layered sphere with interconnected ideas and notions. As the need to belong conceptualization refers to the need to give and receive attention (Baumeister and Leary, 1995), upon receiving attention from others, one should signal cues and characteristics about oneself while using the AmEx Credit cards in social settings. Thus, it creates a cycle of signaling messages back and forth within our case, American Express’s cardholders' sense of belongingness bolsters the representation of high social status.

Psychological Utility of High Status

From a macro perspective, humans are complex intelligent animals living in social hives which hierarchy is an integrated construct in their existence. The placement in the hierarchy determined by social status makes up their living conditions and has various impacts on their perception of self and others. Social status is defined as the representation of one’s rank in a hierarchy which reflects the degree of respect and admiration received by

others (Dubois and Ordabayeva, 2015, p.336). This concept also could be linked to Maslow's *Hierarchy of Needs* because it depicts status as one of the innate motivators of the human psyche. According to Maslow (1943), self-*esteem* is the psychological layer aimed to explain a human's fundamental need and desire to earn status and prestige for the sense of completion and satisfaction. From a materialistic point of view, it could be argued that our heightened consumerism increased the importance and affirmation of materialistic possession and placed a higher value on the possession of certain products and services. "For the consumer, status is essentially the concept of possessions defining success, and the notion of ``having made it'' in society" (Langer,1997). These notions could be implemented to being an American Express cardholder which possession signals the perceived achievement in a materialistic society. The widespread belief of "having-made" stems from certain products and services associated with high status due to the value and achievement message it communicates. Thus, being an American Express cardholder might satisfy Maslow's *self-esteem* layer by signaling and commanding status. According to CNBC (2021), the AmEx Platinum card was depicted as the most premium card in the market, while AmEx Gold placed the 6th and various others in the list. Consequently, possessing the most premium credit cards in the market signifies cues about one's economical wealth which translates into perceived status in a materialistic society that values possession of things.

Given the importance of status in people's social lives as it pertains to some existential nuances, it plays a central role in consumption and economy as we discussed. According to Goldsmith et al. (1996, p.309), an important motivating factor that influences many consumer behaviours is the desire to gain status or social prestige by consumption. This notion finds its place in literature after Thorstein Veblen's all-encompassing theory on leisure class expenditure was coined. According to Veblen (1899), "conspicuous consumption" refers to the spending behaviour that aims to explain the acquiring luxury goods and services in order to attain or maintain social status while displaying one's economic power. In our case, American Express could be both accepted as a luxury good

and functions as a service provider for acquiring luxury with its high-status association, it fundamentally signals class about the cardholders. As Veblen states (1899), conspicuous consumption refers to the desire to enhance one's position in the hierarchy which can be successful through cue one's wealth.

According to Belk (1978), acquisition, possession, and consumption are pursuits to form an impression and manage identities. From this micro perspective, the concept of self and the tendency to manage one's identities plays a crucial role in consumer behaviour. Congruent with this statement, non-verbal communication achieves satisfaction of self-expression through consumption (Belk,1982). While our minds subtly form who we are, how we should behave and be perceived, we choose symbols that represent the subtilty. As symbolic self-completion theory contends (Wicklund and Gollwitzer, 1981), in order to signal identity, individuals look for identity-relevant possessions. This implies that we use symbols and non-verbal cues to communicate notions about ourselves which in return places us in the social hierarchy. As the association of American Express with high status is established in the previous sections, consumers signal their wealth with brand affinity and card possession. According to Bansanko (1995), considering ownership of certain expensive products and services stems from how they symbolize their achievement and evidence of their wealth. When the perceived value of a product/service matches one's desire to signal a message to convey a piece of information about self, consumerism, and branding become an extension of self, a way of depicting identity.

IMPLICATIONS

With heightened materialism and consumerism, means to convey messages about one's identity, status or rank become more generalized and accessible. If we can take the industrial revolution as the source to this dynamical shift in our society, the depiction of self within the provided framework was very limited before that milestone. While most often gold, silver, and grand architecture signified one's status for millenniums, the mobilization within classes were near impossible. It could be argued that monarchical structure we lived by over

the centuries made our species frigid to move around within status parameters. The collectivism behind it made people responsible for their ties. While there were limited high status/class people due to harsher stratification, there were very limited means to show such dominance in society.

As capitalism became more deep-rooted in our lives, our individualized tendencies heightened as it functioned as a fuel to the system. With the emergence of business all around the world, consumerism became our religion. The emergence of modern business and the evolvement of entrepreneurism changed the status dynamics and increased mobility within classes. As business-like American Express emerged through the years that tapped people's inner psychological, and existential notions, the branding enabled people to express themselves like never before. The visibility and accessibility of high-status products and services became more prevalent compared to before which lead stratification to become more normalized.

The point here is, that this form of expression is very new, and we are constantly adapting ourselves to its implementations. As consumerism became more infused with our lives, business and organization became even more complicated with their nature. Thus, as an entrepreneur, it is imperative to consider how marketing and branding should be based and influenced by people's perception of a brand, their emotions, psychological tendencies. This congruence will ultimately increase relatedness, strengthen brand loyalty and overall customer satisfaction. While we are evolving as a species, the system that we created evolves with us based on our needs and how we want to shape them. Thus, it is important to calculate behaviour, emotions, culture, and economy while trying to understand marketing and how positioning might increase efficiency, productivity, and profitability.

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