

Are People Willing to Pay More for Their Preferred Brand of Clothing?

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## **Abstract**

This study aimed to see how brand loyalty and celebrities influence people to pay the prices they pay for clothing. Previous research has tested why we pay so much for clothing, with other studies suggesting that it could be brand loyalty or celebrity influence. We hypothesized that the mean willingness to pay brand-loyal customers would be significantly larger than the mean willingness to pay for non-brand-loyal customers for each of the three hoodie brands included in the study. Second, we hypothesize that celebrity influence will have a positive relationship with a person's willingness to pay. Third, we expect there to be a positive relationship between brand loyalty and willingness to pay for the hoodies each customer prefers. Thirty-three teenagers at The Neighborhood Academy were interviewed about three different brands of hoodies. They were asked about their willingness to pay, their brand loyalty, their interest level in the brands, and if they were aware of any celebrities who are endorsed by the brands. We found that celebrity endorsements influence why people pay what they pay for celebrity-associated clothing, but there were no differences in willingness to pay based on brand loyalty. Our data suggests that for teens, celebrities have more influence on what they are willing to pay than the brand itself.

## Introduction

Someone's willingness to buy clothes may depend on their loyalty to the brand. The average teen spends \$2,150 a year on clothes (1). In particular, African American teens are often trendsetters who influence what is popular (2). Business people need to understand how to target this particular group so they can understand how to expand and make their brand successful. Research has looked at how brand loyalty affects people's intentions to buy apparel and other products, such as food, especially when celebrity endorsements are involved (3,4,5). In our study, we had teens take surveys to measure their brand loyalty and then presented them with three different brands of hoodies. Then we interviewed them and asked them how much they would pay for the hoodies, why they would pay the price, and what motivates them to shop from these brands.

Brand loyalty is a customer's consistent choice for one brand over another, which causes them to buy from this brand often (6). Key aspects of brand loyalty are emotional connection, trust, and perceived value (6). In terms of clothes, emotional connection means the customer has similar feelings to the brand, like when Nike posted its BLM commercial, and loyal customers felt a sense of solidarity with Nike. Trust is the foundation of loyalty; a clothing brand would uphold expectations of quality consistent with the brand. This also connects to perceived value; customers feel the price premium is worth it. Without those important things, people may not see a reason to keep purchasing from their brand. Brand loyalty is important because it enhances customer retention, and when the business has that, people start to talk about their brand, and that brings more customers. Brand loyalty doesn't just happen; it's a long process, and a lot of factors go into it, like price/value, customer service, quality of product, and many others (6). With more brand loyalty, the brand can increase its brand equity, also known as the value the brand has to its customers. Successful brands have high equity. All this is to say that brand loyalty is an invaluable asset to any brand, reflecting a deep and complex relationship between a customer and a brand (6). This is important because we are interested in why people spend more on certain brands, and brand loyalty may be a key concept.

How much a customer is willing to pay for their favorite food brands depends on their loyalty. Johnson and Scott studied food brand loyalty among teenagers (3). They questioned high school students about their favorite Honey Buns brands and asked them how much they were willing to pay for them. Then they priced the honeybuns at 3 different prices, one of them being the price that the loyal customers said they would pay. They questioned 126 TNA students. They sold one brand of honey buns at 3 different prices and kept the generic at the same price. He changed the price each time to see which price made the most money. Both hypotheses were supported; when he questioned them in the survey, he asked them which they paid more for, and they picked Krispy Kreme, which sold more. The second hypothesis was supported because the Krispy Kreme honey buns made the most money in the store when it was priced at 1.25, which he got from the survey. Teens will pay more for preferred junk food, and they'll pay the amount they feel is fair when questioned (3). This is important because we are questioning the same type of people but with clothing instead of food. It will be interesting to see if the same thing happens with clothes because they cost more.

To continue going with food, the prices at places depend on how loyal consumers are to the store. Jackson studied whether loyal consumers will stay with their favorite store even if their prices are raised (4). They asked each person about 7 questions about their favorite brands. It was proven that loyal consumers will pay 10.3% more for their favorite brands, unlike non-loyal consumers. Loyal consumers love their brands and are willing to pay more because they love them. The non-loyal consumers won't pay more because they aren't loyal enough to the brands.

One factor that affects a customer's view of a brand is celebrity endorsement (7,5). Celebrity endorsements increase purchase intentions and brand loyalty among Youth. Kethan and Mahesh studied celebrity influences on the youth's purchase intention and brand loyalty (7,5). Two hundred and forty-five people were randomly selected for a random survey. They used a structured questionnaire when asking these questions. They asked people a list of questions about some celebrities. They asked about their attractiveness, credibility, likeability, celebrity trustworthiness, and celebrity credibility (7,5). Attractiveness means they like their looks and their overall personality. Credibility and likeability mean if they are liked or can be easily liked. Celebrity trustworthiness and credibility are if the celebrity is trustworthy and if they can listen to what they are saying about the brand. Once they were asked the questions, they were asked about their purchase intentions and if they would be loyal to the brand because of the celebrity. In this study, the celebrities were professional athletes who endorsed beverages. The hypothesis was supported because they found out that celebrities do increase purchase intentions and increase brand loyalty among youth in the study. Celebrities' impact on people may be bigger than we think. This connects to our project because we studied brand loyalty among youth, just like the people in this project. In our study, one of our clothing articles will be a popular brand with celebrities, so we will see if this increases the loyalty to this brand for students in the survey.

Brand loyalty can influence people's decisions beyond food and can affect what people buy every day, like clothes. Silva et al. studied the role of brand image, customer satisfaction, and brand experience, which are all under brand loyalty, and how these affect purchase intention (7). The brand image describes how customers perceive the brand, while the brand experience is how they feel while interacting with the brand. Customer satisfaction describes how happy they are with the product the brand makes. They did a survey about three different brands of basketball shoes: Nike, Puma, and Adidas. They asked 60 participants about the brands' image, customer satisfaction, and brand experience for each. Once they were done with the survey, they were asked which brand of shoes they wanted to buy. They found that all three factors of brand loyalty were important in the decision to buy these brands, but the brand image was the most impactful (7). Our takeaway is that everything about a brand makes you want to be loyal to it and buy products from it. This is important because I am doing clothes, and they almost did the same thing I wanted to do.

Overall, the research says that brand loyalty positively impacts people's purchase intention and willingness to pay for their preferred brands (6). Our study contributes to the understanding of brand loyalty and willingness to pay because we are studying clothing brands

that have never been studied before, and we are studying an understudied population: teens. In our study, we had teens report their brand loyalty to three brands that sell similar hoodies (Fear of God Essential, Nike, and Hanes). Then we then had them inspect each hoodie and then have them record how much they would pay for each hoodie. After that, we asked them a series of questions about which one they prefer and why and if any celebrities make them want to buy from this brand.

We hypothesize that the mean willingness to pay brand-loyal customers will be significantly higher than the mean willingness to pay for non-brand-loyal customers for each of the three brands. This is because research suggests that brand-loyal people will pay more (3,4). We hypothesize that celebrity influence will have a positive relationship with a person's willingness to pay. This is because research suggests that people will pay more for celebrity-endorsed brands (Kethan and Mahesh). Third, we expect there to be a positive relationship between brand loyalty and willingness to pay for the hoodies each customer prefers (4,5).

## **Materials and Methods:**

A total of 33 high school students from the Neighborhood Academy participated in the study. All participants were African American, males (n=19) and females (n=14), from grades 9-12, between the ages of 14 and 18. All students have a school uniform, so they wouldn't be wearing any of these items throughout the day unless there is a school dress-down.

The participants were given a custom questionnaire to understand the level of someone's brand loyalty and willingness to pay, as well as other important aspects of their purchase decision. First, they were asked to rate the hoodie on a scale of 1-10, 1 being the worst and 10 being the best. This was asked to consider the quality of the hoodie. The second question was "How much are you willing to pay for the hoodie?" This was asked so we could understand how much they think the hoodie is worth. Next, they were asked how interested they were in the hoodie. Meaning, would you be interested in buying the hoodie or wearing it? The fourth question is how loyal are you to the brand on a scale of 1-10, 1 meaning "I never heard of it" and 10 meaning "I'm super loyal and shop here often". Finally, they were asked about the possible influence associated with celebrities on some of the brands.

In this project, they choose between three different hoodies; the first hoodie was a "Hanes Originals Men's Fleece Hoodie Black" that costs \$29.99. This was picked because it isn't a name brand and doesn't have any celebrity ties to it. The next hoodie was a "Fear of God Essentials 1977 Hoodie." It cost \$75.00. This hoodie was selected because it is very popular and many high schoolers from The Neighborhood Academy wear items from this brand. The last hoodie was a Nike NOCTA Hoodie that cost \$121.00. The last hoodie was picked because it is a collaboration with a famous artist, Drake. This is intended to be the celebrity-endorsed option for participants. The Nike brand also was expected to produce a lot of brand loyalty.

		
<b>Hanes Originals Men's Fleece Hoodie Black \$29.99</b>	<b>Fear of God Essentials Essentials 1977 Hoodie 'Iron' \$75.00</b>	<b>Nike NOCTA Hoodie \$121.00</b>

To conduct the study, each participant was approached individually. The participant was invited to look at and feel each hoodie. Then, the questions from the questionnaire are asked verbally one at a time, with each hoodie being treated separately. In the end, the participant was asked which hoodie they would buy if money was not a problem, as well as why they would buy it. The original prices of each hoodie were not revealed or discussed during the interview, but participants were told at the end if they wanted to know.

Differences in willingness to pay in brand-loyal and non-brand-loyal customers are analyzed using a t-test for independent samples. The relationship between celebrity endorsement and willingness to pay was analyzed with a r-test. The relationship for preferred brands was also tested with a r-test. All tests were calculated using vassarstats.net with a 0.05 significance threshold.

## Results

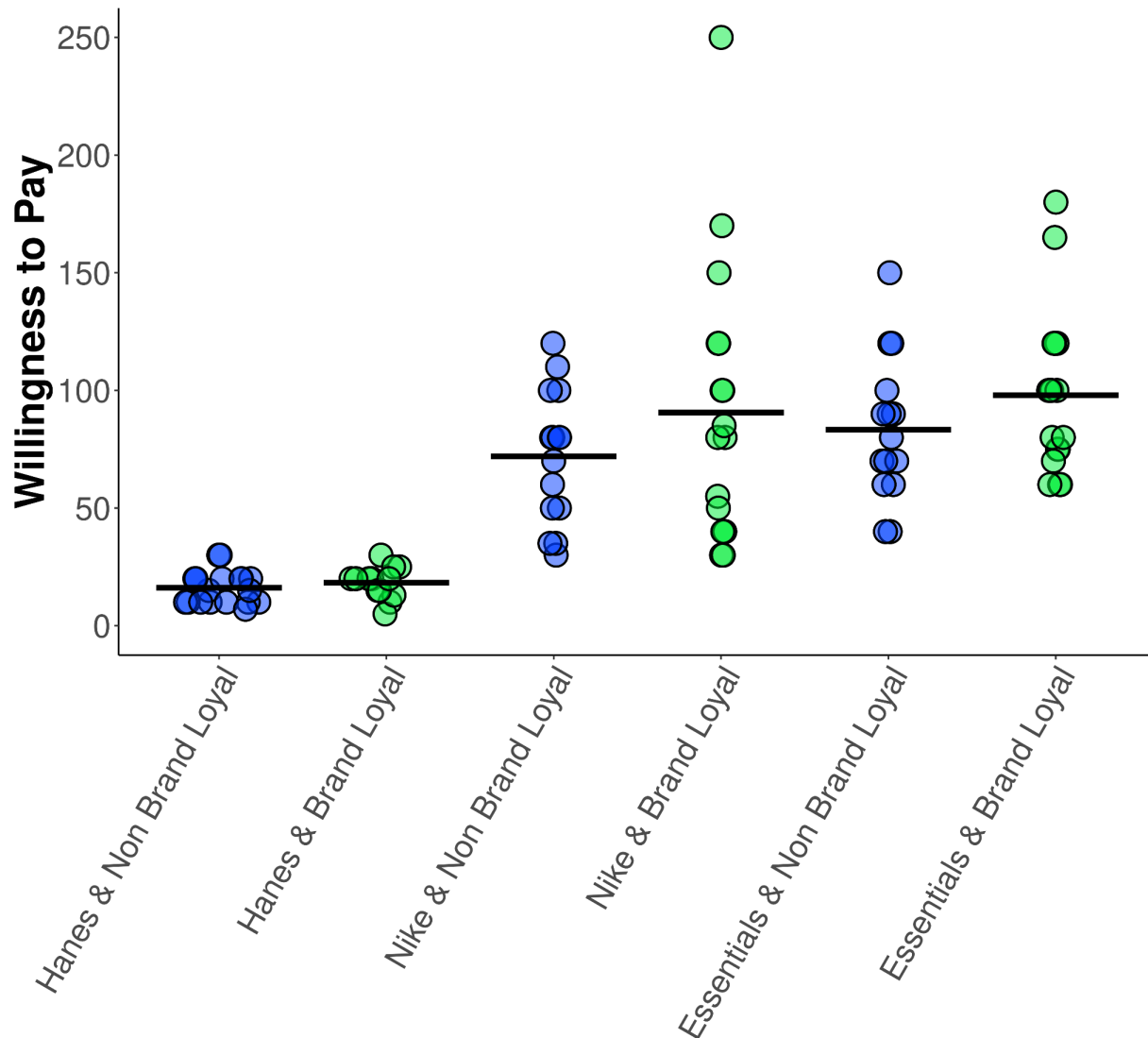
The purpose of this project was to investigate brand loyalty and its effect on the willingness to pay for 3 different hoodies. We did this by showing students three different hoodies and giving them a questionnaire about them. The questionnaire measured the students' willingness to pay, which one they preferred, their brand loyalty, and the influence of a celebrity endorsement. Of the 32 students who did the questionnaire, 0 preferred Hanes, 19 preferred Essentials, and 14 preferred Nike.

The table below describes the willingness to pay, quality, and interest in each of the three hoodies. Students were willing to pay more for Nike and Essentials compared to Hanes ( $F = 51.47, p < 0.0001$ ), while there were no differences between Nike and Essentials. For quality and interest, the same pattern continued. Participants rated the Nike and Essentials hoodies as

better quality ( $F= 56.43$ ,  $p<0.0001$ ) and more interesting ( $F= 56.43$ ,  $p<0.0001$ ) compared to the Hanes hoodies.

<b>Willingness to Pay</b>	Hanes	Nike	Essentials
Mean (SD)	17.0 (6.7)*^	81.9(47.3)*	91.1(33.2)^
F= 51.47, $p<0.0001$			
<b>Quality</b>	Hanes	Nike	Essentials
Mean (SD)	5.1(1.7)*^	8.2(1.3)*	8.6(1.0)^
F= 56.43, $p<0.0001$			
<b>Interest</b>	Hanes	Nike	Essentials
Mean (SD)	3.8(1.9)*^	7.5(1.7)*	8.0(1.8)^
F= 61.78, $p<0.0001$			

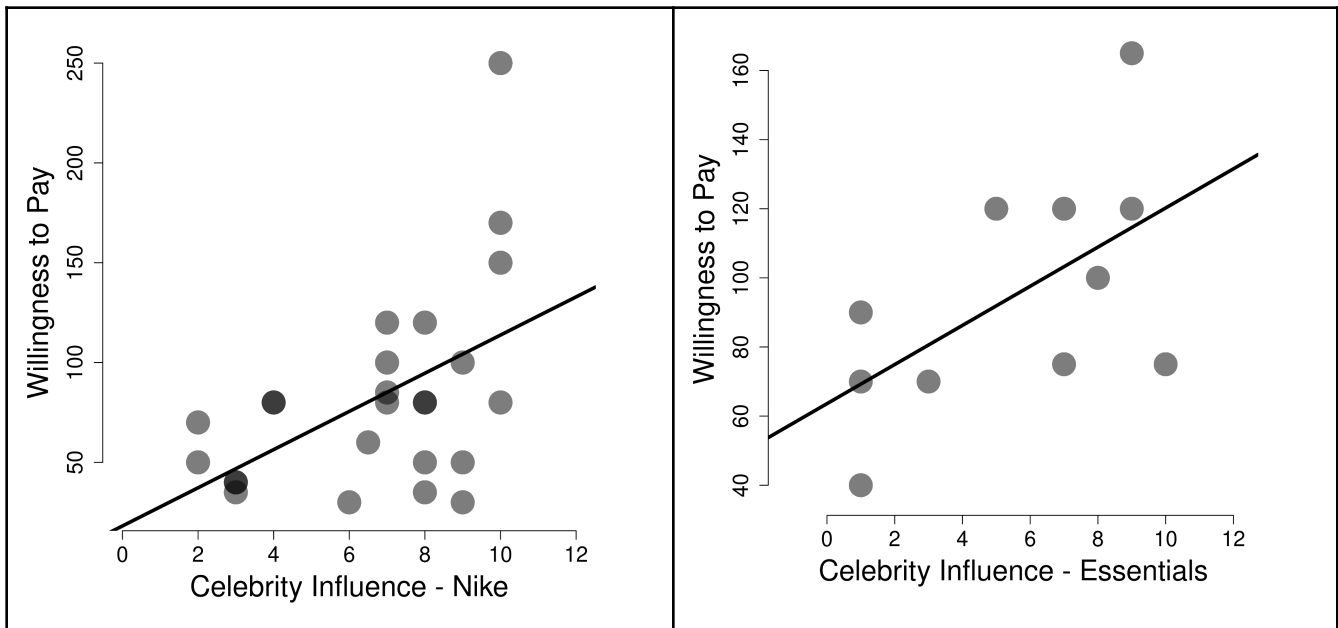
Our first hypothesis is that brand-loyal customers will be willing to pay more than non-brand-loyal customers. To separate participants into loyal and non-loyal groups, we found the median loyalty score for each hoodie and decided that anyone with a median or lower score was not loyal. For Hanes, this was a 3 or lower; for Nike, a 9 or lower, and for Essentials, a 6 or lower. The ratings for loyalty are 1-10. A t-test for independent samples found no difference in willingness to pay for Hanes ( $p=0.19$ ). Non-loyal customers ( $M=18.3$ ) were willing to pay a similar amount to loyal customers (17.0). A t-test for independent samples found no difference in willingness to pay for Nike ( $p=0.13$ ). Non-loyal customers ( $M=90.6$ ) were willing to pay a similar amount to Loyal customers (81.9). A t-test for independent samples found no difference in willingness to pay for Essentials ( $p=0.48$ ). Non-loyal customers ( $M=91.4$ ) were willing to pay a similar amount to loyal customers (91.0). Overall, brand loyalty didn't change how much the participants were willing to pay for any of the brands (Figure 1).



**Figure 1. Brand Loyalty does not increase a person's willingness to pay.** Thirty-two high school students were interviewed about their thoughts on three brands of hoodies: Nike, Essentials, and Hanes. Participants were asked how loyal they were (on a 1-10 scale) and how much they would pay for the brand. T-tests revealed no significant differences for all three brands ( $p < 0.05$ ).

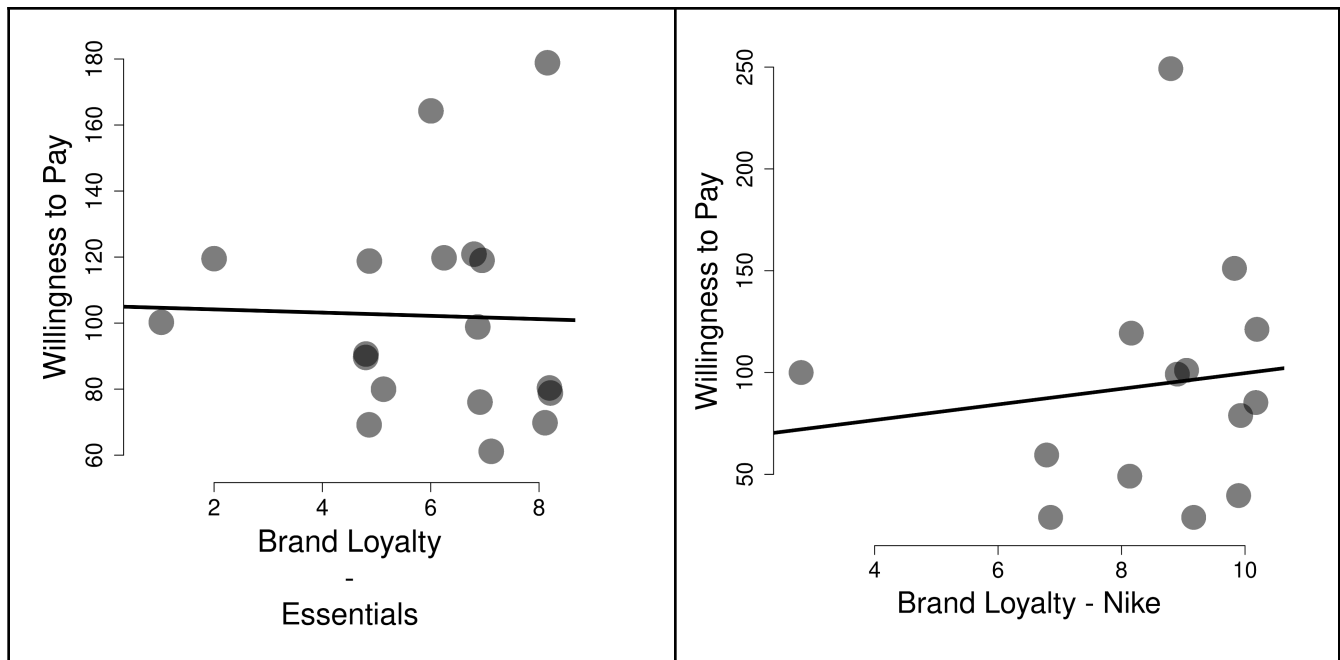
Our second hypothesis was whether celebrities influence people's willingness to pay. To figure this out, I asked the students if they were aware of a celebrity endorsement with the brand, and if they were, I asked them how much the celebrity influenced their perception of the brand. A r-test found a relationship between celebrity influence and willingness to pay for Nike ( $r=0.50, p=0.0053$ ). A r-test also found a relationship between celebrity influence and willingness to pay for Essentials ( $r=0.58, p=0.032$ ). This means that if people are aware of a celebrity endorsement, it positively affects how much they are willing to pay (Figure 2).





**Figure 2. A positive relationship exists between celebrity influence and willingness to pay for Nike and Essentials hoodies.** Twenty-six people were aware of the endorsement for the Nike hoodie and responded on a 1-10 scale how much this celebrity affected their interest in the brand as well as their willingness to pay. An r-test found that celebrity influence positively influences willingness to pay for Nike ( $r=0.050$ ,  $p=0.0053$ , one-tail). An r-test also found a positive relationship for Essentials ( $r=0.58$ ,  $p=0.032$ ).

Our third hypothesis was whether there was a relationship between brand loyalty and willingness to pay for brands people preferred. No one preferred Hanes so there were no calculations there. For Essentials, the r-test found no relationship ( $r=-0.029$ ,  $p=0.45$ ). For Nike, a r-test also found no relationship ( $r=0.13$ ,  $p=0.333$ ). Overall, this means that brand loyalty does not have a relationship with how much people are willing to pay for these 3 popular brands.



**Figure 3. No relationship between brand loyalty and willingness to pay for preferred brands.** Participants reported which brand they preferred and their loyalty and their willingness to pay. No one preferred the Hanes brand. A *r*-test found that both Essential ( $r = -0.029$ ,  $p = 0.45$ ), and Nike ( $r = 0.13$ ,  $p = 0.33$ ) displayed no relationship between willingness to pay and loyalty.

### Discussion.

In this study, we determined whether brand loyalty and celebrity endorsements play a role in a person's willingness to pay for three different brands of hoodies. Our first hypothesis was that brand-loyal customers would be willing to pay more than non-brand-loyal customers. This was not supported because we could not find a relationship between how much brand loyal and non-brand loyal customers were willing to pay (Figure 1). Our second hypothesis was whether celebrities influence people's willingness to pay. This hypothesis was supported because we found a relationship between celebrity influence and willingness to pay for Nike and Essentials, the two brands with celebrity endorsements (Figure 2). Our third hypothesis was whether there was a relationship between brand loyalty and willingness to pay for brands people preferred. This was not supported because brand loyalty does not have a relationship with how much people will pay for their preferred brands (Figure 3).

Our results are consistent with other studies by Kethan and Mahesh (1,5). Kethan found that celebrities' endorsements increase purchase intentions and brand loyalty among youth (5). Our study found that there was a relationship between celebrity influence and teenagers' willingness to pay. These studies help strengthen the claim that celebrity endorsements do increase a customer's willingness to pay for their preferred brands. Additionally, the celebrity that it is should be taken into account. The fact that celebrities mean more than brand loyalty checks out because in today's world, celebrities and influencers have a lot of influence on

everyone. People are on social media platforms all the time, and you see celebrities or influencers and see the view of certain things, and that can change how the viewer thinks because people tend to side with celebrities.

Silva et al. found that brand loyalty can influence people's decisions beyond food and can affect what people buy every day, like clothes (6). We did not find that in our study. The reason for this is that their study was about shoes, specifically basketball shoes, and our study was about hoodies. With shoes, the brand carries a heavier weight (6). Shoes tend to last a lot longer, and this means something to people. For example, Nike Air Jordans have been around for many years, and some people's grandchildren are wearing them, so they just grow up with loyal to that brand. The hoodies we used for our study were newer brands that just became popular recently, so no one would consider themselves brand loyal. Therefore, the people in our study wouldn't pay more because they don't own a new brand that is just becoming popular, and instead might be attracted to a celebrity's endorsement.

Our study had some significant limitations. Our first limitation was that we didn't have a wide array of loyalty numbers; people were either very loyal or not loyal at all. Because we divided the participants into two groups, for some hoodies, the non-loyal group had a high cut-off; for Nike, a 9 or below out of 10 was used as the measure of non-loyalty. Our suggestion for future researchers would be to get people who are in the middle on the loyalty scale, so the results won't come out one-sided, as far as very loyal or not loyal at all. In the future, other teachers should incorporate additional brands because people are more likely to be brand-loyal to the big-name brands, not the ones with a short time frame of popularity.

According to our research, brand loyalty doesn't play a role in people's willingness to pay as we thought. Celebrities play a big role in the clothing industry today. In the future, people should expand the project to more popular brands and try to get a more diverse age bracket. This will make their results a lot better because there will be data from everywhere.

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