



# Analysis of Luxury Goods Marketing Strategies Based on Consumer Psychology

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## Abstract

This study examines the current state and consumer behaviors of the luxury goods market in China, emphasizing the impact of consumer psychology on decision-making. The objective is to explore effective marketing strategies for luxury goods that integrate insights from consumer psychology to meet the unique characteristics and expectations of Chinese consumers, identifying gaps in existing practices and proposing innovative approaches. The methodology includes a review of existing literature on luxury marketing and consumer psychology, focusing on factors such as emotional attachment, self-identity, and social status. The results indicate that luxury brands effectively evoke strong emotional responses, leading to high brand loyalty among Chinese consumers. The study identifies key psychological factors, including the pursuit of social status, the importance of 'face', and the reinforcement of personal identity, which luxury brands leverage to appeal to consumers. The conclusion suggests that effective luxury marketing strategies must incorporate a profound understanding of consumer psychology, emphasizing personalization, exclusivity, and emotional engagement. It recommends adopting innovative marketing techniques that integrate digital and sensory marketing to enhance the consumer experience and sustain brand loyalty in the evolving luxury market landscape.

## Keywords

Luxury markets, marketing strategy, consumers, consumer psychology, industry development

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## 1. Introduction

At present, as the world's second-largest economy, China has demonstrated remarkable vitality at the center of global trade (Tian, Liao, & Wang, 2015), leaving the international community astounded (Tapkir et al., 2021). In particular, Chinese purchasing power in the luxury goods sector has been steadily increasing year by year (S. H. Lee, Yun, Lee, Jung, & Lee, 2021). Since the implementation of the Reform and Opening-Up policy, China's process of opening to the world has deepened, and international trade exchanges have become more frequent (Hines, 2019). This has contributed to a continuous rise in China's per capita GDP, leading to shifts in the consumption patterns across different social classes. In the luxury goods market, there is a widespread sense of curiosity among consumers, which has driven people to gain a deeper understanding of luxury products. Against this backdrop, luxury brands are compelled to rethink their traditional approaches and adjust their strategies in order to seek potential avenues for growth.

## 2. Literature Review

In recent years, the study of luxury marketing strategies has attracted significant scholarly attention, especially concerning the psychological aspects of consumer behavior. Numerous researchers have explored how consumers perceive, evaluate, and engage with luxury products, with a focus on emotional attachment, self-identity, and social status. Luxury goods are typically regarded as products that offer high quality, uniqueness, and symbolic value, and this concept has evolved over time (Carr, D'Odorico, Laio, & Ridolfi, 2013; Yiridoe, Bonti-Ankomah, & Martin, 2005). Tu et al. proposed a model identifying five key factors that influence consumer perceptions of luxury: conspicuousness, uniqueness, quality, hedonism, and the extended self (Tu, Hsu, & Creativani, 2022). These factors have been shown to significantly impact how consumers assess luxury brands, particularly concerning social comparison and status signaling. Several studies underscore that luxury consumption is not merely driven by functional needs but also by psychological motivations, such as self-expression and the desire for social recognition (Hines, 2019). Consumers purchase luxury products not only to signal wealth or status but also to affirm their self-identity and enhance their social standing. For instance, Sicuro suggests that luxury consumption can be viewed as a form of conspicuous consumption, where individuals use luxury goods to project a certain image or align themselves with specific social groups (Sicuro, 2019).

Consumer psychology plays a crucial role in luxury marketing, influencing how consumers perceive brand value and make purchase decisions. Yim et al. argue that luxury brands are particularly effective in evoking strong emotional responses from consumers, which often leads to heightened brand loyalty (Yim, Sauer, Williams, Lee, & Macrury, 2014). Emotional attachment to luxury brands frequently arises from the symbolic meanings consumers attribute to these products, such as a sense of accomplishment or social belonging (K. Lee, Khan, & Mirchandani, 2013). Diefenbach found that luxury consumption is closely tied to psychological motivations such as the need for status and self-esteem (Diefenbach, 2018). Consumers are often willing to pay premium prices for luxury goods because these products fulfill deeper emotional and psychological needs. This aligns with self-congruity theory, which posits that consumers are more likely to purchase products that match their self-concept. Luxury brands, in particular, provide consumers with the opportunity to express their ideal self-image and achieve personal fulfillment (Chen et al., 2021).

The rapid growth of China's luxury market offers a unique context for examining these dynamics. China's luxury consumption has expanded significantly in recent decades, driven by rising incomes and a growing middle class (Prettner & Schaefer, 2021). Studies have highlighted differences between Chinese and Western luxury consumers. For example, Zakaria et al. found that Chinese consumers are more likely to engage in luxury consumption for social status and prestige compared to their Western counterparts, who may prioritize personal satisfaction and emotional fulfillment (Zakaria, Wan-Ismail, & Abdul-Talib, 2021). Additionally, the concept of "face" (or "mianzi") in Chinese culture plays a significant role in shaping luxury consumption behaviors (Halwani, 2021). Chinese consumers often purchase luxury goods not just for personal use but to demonstrate their social standing and gain respect from peers. The deeply ingrained cultural importance of "face" encourages individuals to maintain their social image through material goods, making luxury brands a powerful tool for social signaling.

Despite the progress in luxury marketing research, several gaps remain. First, there is a need for more cross-cultural studies to examine how different cultural contexts shape luxury consumption behaviors. Second, the digital transformation of luxury marketing, including the rise of e-commerce and social media, presents new challenges and opportunities for brands. Dash and Chakraborty have explored the impact of digital marketing strategies on luxury brand perception, but further research is needed to understand how online platforms can be used to maintain the exclusivity and prestige traditionally associated with luxury brands (Dash & Chakraborty, 2021). Finally, sustainability has become an increasingly important factor in consumer decision-making, even in the luxury sector (Li, Zhang, Liu, & Johnson, 2013; Zhong & Mitra, 2020). Building on the identified gaps in luxury marketing research, this study examines the unique characteristics of the Chinese luxury goods market, emphasizing consumer psychology's role in decision-making. While previous research has explored cross-cultural consumption behaviors, limited work has specifically addressed the Chinese context, where cultural values such as social status and "face" (mianzi) significantly influence luxury consumption. This paper contributes to the literature by analyzing these cultural factors and their impact on consumer preferences, filling a gap in cross-cultural luxury marketing research.

## 3. Analysis of the Current State of the Luxury Goods Market

### 3.1 Diversity of Luxury Brands

At present, several well-known luxury brands can be broadly categorized. The first is Louis Vuitton, whose primary target customers are tourist consumers (Velasco, 2021). However, the brand has also expanded into other sectors, including fashion, footwear, leather goods, jewelry, watches, media, and even fine wines (Tams, Biehl, & Eliseev, 2021).

The second example is Hermès, whose main target market is China. Hermès primarily offers products such as bags, clothing, scarves, perfumes, enamel, accessories, and home goods. The third brand is Gucci, whose main clientele comprises high-society consumers (Mogensen, 2022). Gucci's product offerings include fashion, leather goods, footwear, watches, ties, scarves, perfumes, home goods, and even pet accessories (Armitage & Roberts, 2019). Lastly, there is Chanel, whose key customer base is women. Chanel specializes in clothing, jewelry, accessories, cosmetics, and perfumes. These examples highlight some of the most recognizable and popular luxury brands in the current market, all of which enjoy significant customer loyalty and admiration. From their diverse product lines, it is evident that these brands have continually expanded their offerings in response to consumer demand. As a result, the luxury goods market has evolved into one with a wide variety of products. Over time, luxury goods have become increasingly diversified, reflecting the ever-expanding range of consumer needs.

### 3.2 High Demand for Luxury Goods

Taking China's luxury goods market as an example, the demand for luxury items far exceeds initial expectations. Moreover, this demand is expected to continue growing in the foreseeable future (Bilro, Loureiro, & dos Santos, 2022). On a global scale, China's contribution to the overall personal luxury goods consumption market is substantial, outperforming other countries and regions (Ramchandani & Coste-Maniere, 2012). This growth can be attributed to the rapid development of the Chinese economy and the significant improvement in living standards. As China's economic progress continues at a steady pace, the demand for luxury goods is expected to rise even further (Sun, Wang, Cheng, Li, & Chen, 2017). Thus, the luxury goods market in China has considerable growth potential, driven by both economic development and increasing consumer purchasing power. The market size and market share of China's luxury goods in 2018-2022 are shown specifically in Figure 1 (The data are derived from PwC analysis).

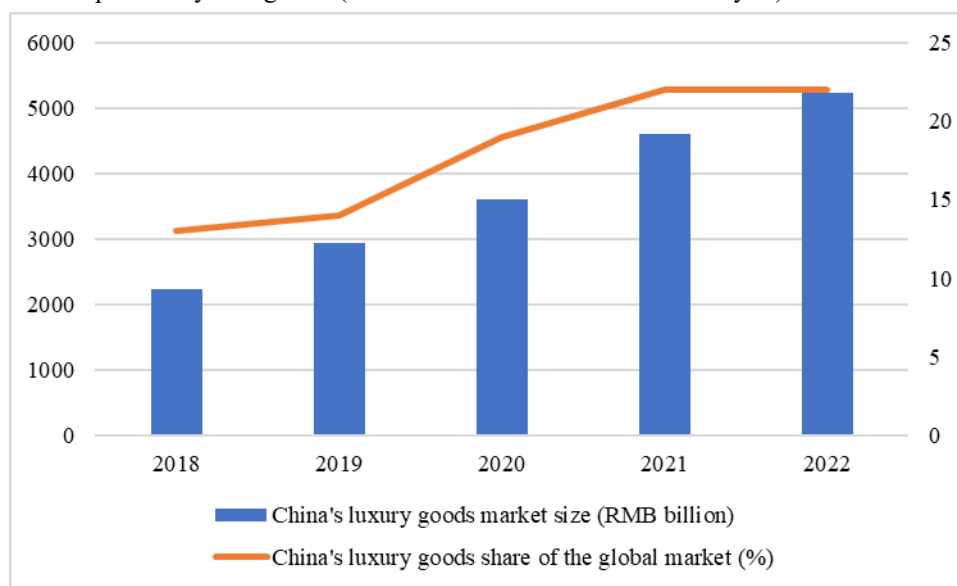


Figure 1. China's Luxury Goods Market Size and Market Share.

Specifically, as shown in Table 1, sales were particularly high in most of the core cities, indicating a gradual increase in demand for luxury goods in China, especially in economically developed urban areas.

Table 1. Luxury goods consumption in top 50 cities in China during 2021-2022 (Unit (RMB billion))

Ranking	City	Luxury Consumption 2022 (Million Yuan)	Luxury Consumption 2021 (Million Yuan)
1	Shanghai	520	650
2	Beijing	518	624
3	Sanya	381	515
4	Hangzhou	265	253

Table 1 Continued

5	Nanjing	248	243
6	Chengdu	219	246
7	Ningbo	181	164
8	Chongqing	166	186
9	Guangzhou	168	204
10	Changsha	127	141
11	Shenzhen	131	163
12	Zhengzhou	139	146
13	Suzhou	99	94
14	Wuhan	110	116
15	Tianjin	83	103
16	Xiamen	76	74
17	Kunming	86	88
18	Fuzhou	87	89
19	Foshan	74	73
20	Haikou	47	64
21	Quanzhou	71	68
22	Xi'an	62	60
23	Wuxi	82	91
24	Hefei	76	89
25	Taizhou	72	73
26	Guiyang	63	57
27	Qingdao	69	85
28	Dalian	74	93
29	Nantong	63	68
30	Jiaxing	63	74
31	Nanchang	51	54
32	Jinan	65	84
33	Taiyuan	56	61
34	Shenyang	62	79
35	Dongguan	59	66
36	Nanning	51	59
37	Shijiazhuang	62	67
38	Wenzhou	46	57
39	Shaoxing	42	40
40	Harbin	54	62

Table 1 Continued

41	Luoyang	52	49
42	Xuzhou	59	65
43	Tangshan	47	53
44	Changzhou	43	45
45	Zhuhai	42	46
46	Jinhua	36	44
47	Changchun	42	54
48	Yangzhou	36	38
49	Jining	32	25
50	Yantai	32	25

Note: The data are derived from PwC analysis.

### 3.3 Significant Market Potential

In terms of the potential of China's luxury goods market, the sales of luxury goods in mainland China account for a large proportion of the global luxury consumption market. This demonstrates the immense demand among Chinese consumers for luxury products, a trend that is expected to continue (Wang, Parsons, & Zhang, 2010). It is clear that luxury goods have become an integral part of the lives of many Chinese people, reflecting their growing affinity for such products. Given the vast pool of potential customers and the untapped market, it is evident that the luxury goods market will exhibit even greater potential in the future (Zhang et al., 2022). The changes in market share of luxury goods in major regions of the world during the period 2019-2022 are specifically shown in Figure 2.

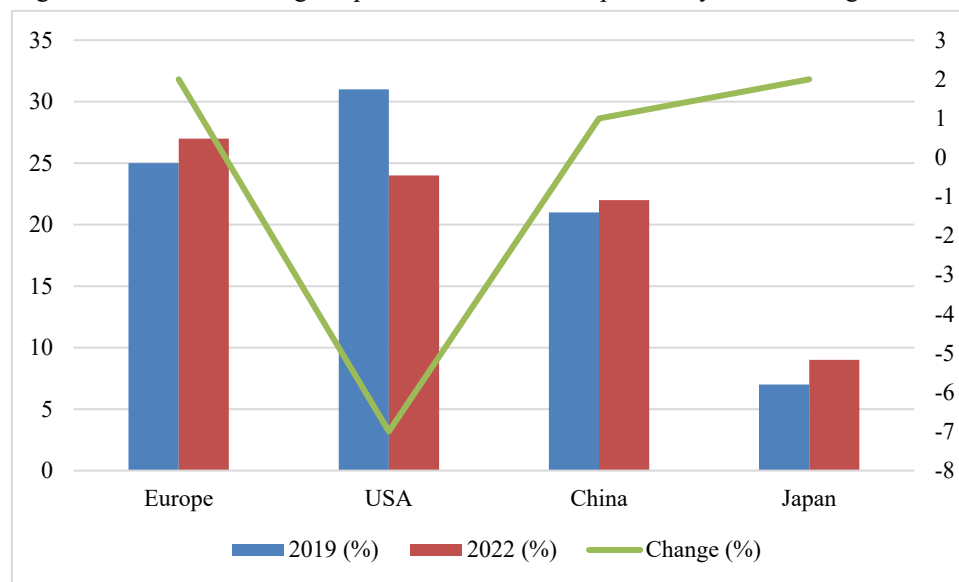


Figure 2. Luxury Goods Market Share and change by Key Regions in 2019 and 2022.

## 4. SWOT Analysis of the Luxury Brand Marketing Environment

Many Chinese consumers are willing to pay for the sake of appearances, earning China the title of the world's largest purchaser of luxury goods. In recent years, spending in the luxury goods market has declined (Puiu, 2021). White-collar consumers, while reluctant to bear the cost of expensive purchases, still desire products adorned with prominent luxury logos. The rise and popularity of these luxury products not only demonstrate the diversification of consumer demands but also highlight the continuous refinement and optimization of the market structure. Currently, despite the expanding

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luxury market in China, compared to developed countries or regions such as the United States and the European Union, the domestic luxury brand market in China remains underdeveloped, with both opportunities and challenges coexisting in its growth environment.

Conducting a SWOT analysis of a luxury brand's marketing environment is critical for several reasons: firstly, it allows for a comprehensive assessment of a luxury brand's internal strengths and weaknesses in the Chinese market, which is essential for capitalizing on core competencies and addressing any operational deficiencies; secondly, it helps to identify external opportunities that a luxury brand can capitalize on, such as China's growing consumer base and wealth; and lastly, it aids in strategic planning that helps brands adapt their marketing strategies to China's changing economic landscape and consumer trends. We hope to support the decision-making process by providing a structured framework for assessing the growth potential and sustainability of the highly competitive luxury industry.

## **4.1 Strengths**

### **4.1.1 Strong Consumer Purchasing Power**

In China, certain segments of luxury consumers possess both the financial means and the aesthetic appreciation for fashion, pursuing a high-quality lifestyle and the expression of social status. They are willing to pay a relatively higher but manageable price for individuality, comfort, and style, making them the backbone of China's luxury consumption. Whether during luxury discount seasons, through overseas luxury purchases, or via direct overseas consumption, these consumers are actively involved. In terms of demographics, luxury consumers are predominantly female, and these women often control a significant portion of household purchasing decisions. In addition, there is a cultural shift where luxury is increasingly seen as a means of self-reward and self-expression rather than solely a status symbol. This shift broadens the appeal of luxury goods beyond traditional consumers to include those seeking unique and authentic experiences or products that reflect their personal values and lifestyles. This evolving consumer mindset, coupled with significant purchasing power, underpins the strength of the luxury market in China and indicates robust potential for future growth.

### **4.1.2 Price Advantage**

China's policy to curb extravagant government spending and the nation's unfavorable economic conditions have affected the purchasing plans and intentions of high-end consumers. Furthermore, repeated exposés of counterfeit luxury goods have further eroded consumer confidence. The now mainstream value of frugality is steadily gaining ground. "Affordable luxury" represents a category of fashionable goods that falls between traditional luxury brands and everyday consumer products. These items boast prestigious origins while offering accessible prices, making the pursuit of high-quality, lower-cost products no longer out of reach for consumers. This category perfectly aligns with the shift in China's consumption patterns from gift-giving to self-purchasing.

### **4.1.3 Moderate Design Changes**

Among luxury consumers, those aged 25-40 are the most active. This group is characterized by its youth, access to a wide range of information channels, and high levels of brand awareness and trend consciousness. They seek to express their personal style and self-awareness through the products they wear and use, and they possess a unique understanding of luxury. These products combine the "DNA" and design features of luxury brands with a strong sense of uniqueness, while also catering to the youthful and ever-changing preferences of consumers. The degree of design change is moderate—just right to maintain appeal.

## **4.2 Weaknesses**

### **4.2.1 Lack of Pioneers in E-commerce Channels**

With the advent of the e-commerce era, international luxury brands have shown an increasing willingness to move online. However, their long-standing habit of tightly controlling their distribution channels, coupled with concerns about price differences between online and offline channels, means that big brands prefer to set up their own e-commerce platforms. Luxury brands have not historically excelled in developing their own e-commerce operations. While e-commerce represents a new business model and a clear trend for the future, for many luxury brands, it remains unclear whether online channels will ultimately prove more beneficial or harmful. In today's rapidly growing e-commerce market, luxury brands remain hesitant to fully commit to the digital space, leaving the market lacking a clear pioneer in the sector.

### **4.2.2 Fickle Customer loyalty**

While long-standing purchasing habits and emotionally resonant marketing strategies have historically built a steady

following, today's luxury consumers—particularly those aged 25-40—are increasingly discerning and selective. These consumers, with their heightened awareness of trends and personal expression, prioritize uniqueness and alignment with their individual values. As a result, traditional approaches that rely solely on ingrained habits or emotional appeals are no longer sufficient to maintain long-term loyalty. Moderate and thoughtful design changes have become essential to addressing this shift. By preserving the core "DNA" of a brand while introducing innovative elements that cater to evolving tastes, brands can remain relevant without alienating loyal consumers. Brands that fail to balance this careful mix of heritage and modernity risk losing consumers to more dynamic or personalized competitors. In an era of "cognitive" consumers, who carefully evaluate purchases based on personal alignment and perceived value, innovation—both in design and in broader consumer engagement—must be continuous and meaningful to secure lasting loyalty.

#### **4.2.3 Unsustainable Brand Development**

Luxury brands have long attracted consumers through the promise of exclusivity and superior quality. However, this reliance on superficial updates and traditional marketing strategies is becoming increasingly unsustainable in the face of evolving consumer expectations. Many second- and third-tier brands have successfully utilized innovative marketing and packaging tactics to position themselves as high-end competitors. Yet, these strategies often obscure a lack of substantial differentiation and authenticity, leading to market saturation. As consumers become more discerning, they are seeking products that provide genuine value and reflect their personal beliefs and lifestyle choices. This shift highlights a critical challenge within the luxury sector: the need for brands to address deeper societal issues and engage meaningfully with their audiences. Brands that continue to prioritize only short-term gains risk alienating consumers who demand greater transparency and accountability.

### **4.3 Opportunities**

#### **4.3.1 Diversified Channels for Brand Communication**

Luxury brands do not typically engage in aggressive commercial advertising or, in some cases, any form of traditional advertising at all. Instead, they often start by establishing fashion-oriented social media accounts, where they share fashion consumption insights and luxury brand information to build a readership. These brands then leverage iconic products to attract like-minded consumers. Through experiential marketing, consumers share their experiences within their social circles, creating a network of brand supporters. This form of communication is more challenging for brand value but, once successful, can far surpass the impact of traditional advertisements. By releasing brand concepts and other information, brands can identify and connect with their ideal consumer groups. For instance, Moonsa focuses primarily on online communication, reducing costly offline promotion due to pricing pressures. This approach—blending "Internet + luxury"—is a highly relevant and effective way to promote brands in the modern era.

#### **4.3.2 Consumers Are Becoming More Rational, Shifting from Logos to Personalization**

Some attribute the decline in sales of a small portion of luxury brands in China to the surge in overseas spending during trips abroad or to Hong Kong, as well as to the Chinese government's restrictions on extravagant public spending and exchange rate fluctuations. While these factors certainly play a role, the primary reason lies in the growing maturity of consumers. After gaining a deeper understanding of brands and themselves, consumers are increasingly rejecting big-name luxury brands and transitioning into more discerning "cognitive" consumers. They now selectively purchase luxury items that truly align with their personal style and integrate these purchases into their lifestyle. The most successful aspect of luxury goods is the psychological effect they create in consumers: providing not only status and satisfaction with a high-quality lifestyle but doing so without imposing a financial burden on this consumer group. More importantly, this shift presents a significant opportunity for both luxury brands and emerging market entrants. As consumers increasingly prioritize alignment with personal identity over mere brand prestige, companies that can offer products embodying both individuality and lifestyle integration—without imposing undue financial strain—will be poised to capture this evolving segment. The psychological appeal of luxury, therefore, is no longer tied solely to status but to a deeper, more sustainable sense of self-actualization, which brands can strategically leverage for long-term growth.

### **4.4 Threats**

#### **4.4.1 The Threat of Counterfeit Brands**

Counterfeit products have long been a major headache for global luxury brands in the Chinese market, and the rise of e-commerce has further fueled the growth and proliferation of these knockoff brands. For the affordable luxury market, this threat is equally present. As sales volumes increase, the presence of counterfeit goods inevitably grows. Luxury brands have not monopolized the distribution channels across all cities, both large and small. When consumers face

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limited access to legitimate purchasing channels, they may turn to unofficial sources. Accidentally purchasing counterfeit goods can severely damage the reputation of luxury brands that have long prided themselves on quality. This challenge could potentially lead to a chaotic market battle for these brands.

#### **4.4.2 Risks of Rapid Store Expansion**

Fashion trends often go hand-in-hand with investment trends. Some savvy retailers, quick to grasp consumer appetites, rapidly open new stores, leading to swift growth in sales. However, for luxury brands, a significant risk lies in maintaining brand image while expanding. Expansion includes various factors such as product range, store environment, marketing, brand communication, and customer service, all of which require time and careful preparation. Rapid expansion may increase operational risks for brands and dilute their brand image, ultimately having a negative impact.

### **5. Exploration of Consumer Psychological Factors**

#### **5.1 Value Factors**

The value discussed here pertains to the perceived value of luxury goods, which is primarily reflected in their price. From the perspective of consumer purchasing psychology, most consumers are drawn to luxury products because they perceive intrinsic value, particularly in terms of rarity. The luxury goods market capitalizes on consumers' value perceptions, especially the idea of social comparison and status, to promote their products. In this sense, luxury brands emphasize exclusivity and scarcity in their marketing, reinforcing the notion that their products are not only expensive but also limited in availability. Scholars suggest that consumers are attracted to luxury goods because they believe these products offer greater value compared to similar items. This perception of value, primarily driven by brand prestige, is one of the key reasons why the luxury market has continued to thrive. In other words, even when products serve similar functions, the value added by a luxury brand's reputation significantly enhances their appeal and purchasing power.

#### **5.2 Normative Factors**

Normative psychological factors refer to the shared moral and behavioral norms that people follow within a society. Regarding the luxury market, luxury brands did not initially have a significant presence in China. However, with the gradual opening of the Chinese market in recent years, foreign luxury brands have had the opportunity to enter and expand within China. This process mirrors the development of luxury markets in other countries, which also grew in parallel with economic progress. Normative factors play a crucial role in this expansion, as luxury goods gradually become symbols of social status through word-of-mouth and societal acceptance. For example, the belief that only capable and successful individuals can afford luxury items has become ingrained in consumer psychology, driving the pursuit of luxury goods as a marker of success. As this normative thinking takes hold, the demand for luxury goods increases, as people strive to align themselves with the values and status associated with these products.

#### **5.3 Habitual Factors**

Habitual factors are formed over long periods of time and become ingrained behaviors that are difficult to change. For the luxury goods market, the promotion of high-end, sophisticated brand messages, combined with an unwavering commitment to these values over time, has helped establish a loyal consumer base. This consumer base tends to make purchasing decisions based on long-standing habits. In other words, some consumers continue to choose a particular luxury brand or the luxury goods market in general due to their long-term purchasing habits. Once established, these habits are difficult to break, leading to repeat purchases and long-term brand loyalty. This habitual behavior is one of the reasons why certain luxury brands have maintained a steady following over the years.

#### **5.4 Emotional Factors**

Emotional factors refer to the impact of consumers' emotional responses to a brand's philosophy or marketing techniques, which further influence their purchasing decisions in the luxury market. Emotion, as a psychological reaction to external stimuli, plays a significant role in the consumer decision-making process. In the luxury market, this specifically refers to the psychological and behavioral responses that consumers exhibit as a result of luxury brands' emotional marketing strategies. These strategies, which may include brand storytelling, association with aspirational lifestyles, or emotional appeal through advertisements, create strong emotional connections with consumers. As a result, consumers are more likely to choose products that resonate with their emotions, thereby increasing brand attachment and loyalty.

#### **5.5 Identity Factors**

Every individual in society possesses a unique identity, and these identity characteristics often influence consumer psy-



chology. For luxury market consumers, their desire for a more distinct and elevated social identity is often a key motivator. Luxury brands capitalize on this by appealing to consumers' desire to differentiate themselves and achieve higher social status. High-end marketing strategies that emphasize exclusivity, prestige, and uniqueness appeal to these psychological needs, prompting consumers to make purchases that align with their identity aspirations. Luxury consumers, in particular, are willing to pay premium prices to access goods that signify higher social standing and unique identity, and this, in turn, attracts more potential customers who seek similar aspirations. By playing into these identity-driven desires, luxury brands are able to maintain a strong demand for their products.

## **6. Reflections on Luxury Marketing Strategies**

### **6.1 From the Perspective of the Retailer**

First, defining the “luxury” experience. Many luxury brands, due to their high prices, aim to entice consumers by redefining the concept of “luxury” within their brand philosophy. They infuse the notion of luxury with new elements, crafting a fresh and unique concept. In particular, some retailers emphasize that “luxury” and “experience” are inseparable and should be considered as one cohesive unit. They further position luxury as a necessary life “experience,” encouraging consumers to focus on how luxury integrates into everyday living. From this perspective, retailers approach consumer lifestyles as a way to create a sense of alignment between their products and consumers' personal experiences. By embedding luxury into daily life, they foster a sense of consumer identification with the brand, prompting customers to “buy into” this notion of luxury as an essential part of life.

Second, extending into the social realm. As previously mentioned, retailers often rely on consumers' tendency toward social comparison to promote luxury goods. By leveraging this psychological trait, they target consumer identity and status, increasing advertising efforts to gradually infiltrate upper-class social circles. Once luxury consumption gains traction within these elite groups, it begins to trickle down to the middle class. Here, individuals follow the “unspoken rules” of social circles, where the ownership of luxury goods becomes a symbol of belonging and status. As a result, the luxury market expands its reach through social platforms, effectively tapping into different social strata and guiding consumers toward high-end consumption patterns. By aligning luxury goods with social prestige and status, luxury brands create a market where consumers from various levels of society aspire to own these products, reinforcing the demand for high-priced, exclusive items.

### **6.2 From the Perspective of the Consumer**

First, selective purchasing. In an increasingly saturated luxury market, consumers are faced with numerous choices due to the variety of marketing strategies employed by different brands. This gives consumers significant decision-making power, allowing them to critically evaluate luxury products across factors such as value, personal experience, and psychological satisfaction. Consumers are no longer passive receivers of brand messages; instead, they engage in active comparison and thoughtful selection, choosing products that best align with their unique preferences and lifestyles. From the consumer's perspective, this selective purchasing behavior demands a shift toward greater self-awareness and informed decision-making. To make the most of the vast options available, consumers should focus on identifying which brands truly reflect their personal values and long-term needs, rather than being swayed by short-term trends or superficial marketing tactics. By cultivating a deeper understanding of their own priorities—whether it be sustainability, craftsmanship, or emotional connection—consumers can make more fulfilling and intentional luxury purchases that align with their lifestyles, leading to greater satisfaction and long-term value from their investments.

The luxury market has traditionally relied on in-store, immediate sales, often avoiding mass e-commerce platforms to maintain exclusivity and prestige. This approach, however, adds significant complexity to the purchasing process for consumers. To acquire desired luxury goods, consumers might need to travel abroad or rely on intermediaries like personal shoppers or purchasing agents, making the experience time-consuming and intricate. This complexity not only raises the bar for access but also strengthens the exclusive image of luxury brands. From the consumer's perspective, navigating these complex purchasing behaviors requires a more strategic approach. To streamline the process and enhance convenience, consumers should increasingly leverage digital tools such as brand-specific online platforms, exclusive virtual shopping experiences, or official e-commerce collaborations that luxury brands are gradually adopting. By staying attuned to both in-store and emerging digital opportunities, consumers can reduce the time and effort involved in purchasing while still enjoying the exclusivity that defines the luxury experience. In essence, consumers can embrace a hybrid approach—balancing the prestige of in-store purchases with the convenience of digital innovations—to optimize their luxury shopping journey.

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### 6.3 Application of the Difference Threshold

On the one hand, the difference threshold is a marketing technique that emphasizes contrast. It stimulates consumer desire by presenting stimuli that trigger interest and encourage the purchase of luxury goods. In the luxury market, the difference threshold can be defined as the smallest detectable change in a marketing stimulus that consumers can perceive, which is enough to capture their attention or even alter their behavior. It's important to highlight two basic forms of stimulus variation: the first is the change in the same stimulus over time, and the second is the unprecedented difference between similar stimuli. In the context of luxury goods marketing, this principle can be applied both to specific brands and to the entire luxury market. Visually, luxury brands can enhance the "difference threshold" by changing product packaging, colors, or visual elements in ads. For example, a slight change in the design of a limited-edition handbag might be enough to catch a consumer's eye and spark interest in buying it.

On the other hand, as an effective marketing tool, the difference threshold focuses on horizontal and vertical comparisons. A horizontal comparison involves comparing products with others in the same category. To stand out in such comparisons, luxury brands must innovate and create a distinct edge—this refers to product differentiation through unique, innovative approaches to marketing. Vertical comparisons, on the other hand, pertain to the product itself. Here, consumers must feel that the product has evolved or improved. This can be achieved by adjusting the price, altering packaging, or refreshing design language, all of which help emphasize the vertical difference and make the product stand out in the consumer's eyes. In terms of sound, brands can use background music or sound effects in ads to create a sense of difference. For instance, a new luxury perfume ad might use unique and immersive music to stand out from similar products, making it more memorable to consumers.

### 6.4 Application of the Sensory Threshold

On the one hand, sensory marketing primarily targets the senses: sight, hearing, smell, taste, and touch. In the case of sight, luxury marketing often emphasizes elements such as advertisement design, store décor, product packaging, and brand logos. For hearing, marketers use atmospheric background music or product attributes communicated through audio means. Smell marketing is particularly effective in evoking emotional responses and creating unique experiential moments for consumers. Taste, however, does not play a significant role in luxury goods marketing and is not typically considered a primary strategy. Finally, touch is one of the most crucial sensory marketing tactics, especially in the luxury sector, where in-person, tactile experiences—such as feeling the fabric of a product or the texture of packaging—play a key role in enhancing the consumer's overall perception of the brand.

On the other hand, sensory thresholds are employed to create sensory stimulation that triggers consumer interest and drives purchase intent. This form of sensory marketing, when applied effectively, can significantly influence consumer psychology. Sensory threshold marketing revolves around the idea of reaching a sensory "limit," or threshold, where a stimulus becomes strong enough to capture the consumer's attention. In luxury marketing, brands can use sensory stimuli to attract consumers' focus and ignite their desire to purchase. The ultimate goal is to use these sensory strategies to engage consumers and stimulate them to take action.

### 6.5 Application in the Context of the Pandemic

On the one hand, the pandemic presents a major challenge for the luxury market, which traditionally relies heavily on in-person sales. However, this challenge can also be seen as an opportunity. The rise of e-commerce during the pandemic has forced industries to adapt, yet the luxury market, which has been reluctant to embrace digital sales channels, found itself at a disadvantage when the pandemic hit. Thus, seizing the opportunity to integrate more closely with e-commerce platforms is now an effective way for luxury brands to mitigate the impacts of the pandemic.

On the other hand, in light of the pandemic, luxury brands must shift their marketing strategies to adapt to the new environment. In the past, luxury brands relied heavily on tactile marketing—emphasizing in-person experiences where consumers could touch and feel products. However, in the current context of social distancing and limited physical interactions, luxury marketing must pivot towards a greater reliance on visual and auditory strategies. By focusing on online platforms and utilizing digital media to engage consumers through sight and sound, luxury brands can maximize their marketing efforts and remain competitive in a post-pandemic world.

## 7. Conclusions and Policy Implications

### 7.1 Conclusions

In summary, the analysis of luxury marketing strategies based on consumer psychology must align with the broader

socio-economic context and respond to societal development trends. To remain competitive, luxury brands must transition from traditional marketing approaches to strategies that are more in tune with current consumer behaviors and preferences. This requires a deep understanding of consumer psychology, which involves observing and analyzing consumers' purchasing habits and predicting the psychological factors that drive their decision-making processes.

## 7.2 Implications

First, the application of the difference threshold in luxury marketing highlights the importance of creating distinct contrasts, both horizontally—against competitors—and vertically—within the brand's own product line. By offering consumers a perception of uniqueness and innovation, luxury brands can effectively stimulate consumer interest and reinforce their sense of exclusivity.

Second, sensory marketing plays a crucial role in influencing consumer perception through visual, auditory, olfactory, and tactile stimuli. The strategic use of these sensory elements allows luxury brands to evoke emotional responses, enhance the consumer experience, and strengthen brand loyalty. Understanding the limits of sensory thresholds, and how to push those boundaries without overwhelming the consumer, is key to successful sensory marketing.

Third, luxury brands must adapt their marketing strategies by combining traditional elements of exclusivity with modern digital and sensory techniques. By closely monitoring consumer behavior and understanding the underlying psychological factors influencing purchasing decisions, luxury brands can continue to thrive in a dynamic and competitive market. Effective luxury marketing now requires a multifaceted approach that blends innovation, consumer psychology, and a keen awareness of the shifting global landscape.

Fourth, understanding consumer psychological factors—such as the desire for status, identity affirmation, and emotional connection with brands—remains vital to crafting effective luxury marketing strategies. These psychological drivers motivate consumers to invest in luxury goods, and brands that successfully tap into these factors can maintain a loyal customer base and attract new clientele.

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