

COLUMNS

Luxury Unfiltered: The mind-bending psychology that drives high-end purchases

September 25, 2024

*Daniel Langer is the founder and CEO of consulting firm quit.*

By **Daniel Langer**

Coming back from a series of luxury masterclasses, I can confirm that one of the most fascinating questions is the “why” behind luxury purchases.

In other words, why do people pay significant premiums to purchase luxury goods? Luxury has long been associated with status and exclusivity, but my decade-long academic research reveals a far more nuanced and fascinating psychological landscape.

The reason why I started my career in luxury through my doctoral thesis was that I was not convinced that status could explain the multiples in pricepoints versus entry-level and even premium products.

Luxury’s hidden superpower

“Status” is a concept that is too abstract. It means many things to many people.

If I tell a brand, “It’s all about status,” then it’s not actionable; good luck creating any meaningful strategy. I suspected early on that this catchall is masking the true reasons people buy.

There is also an implicit judgment when we attribute status as the main driver of luxury purchases. Hence, relying on status to explain luxury purchases is often misleading.

In the worst case, which I have seen many times, it leads to the application of entirely wrong strategies.

The allure of luxury extends well beyond mere social signaling, tapping into deep human desires and aspirations that profoundly impact our self-perception and behavior. When people think of luxury purchases, I often get associations with images of fancy sports cars, complicated timepieces, haute couture, fine spirits or sparkling diamonds.

While all these categories may be expressions of luxury, they are not defining it. The true power of luxury lies not in the objects themselves but in the anticipation of a multidimensional positive perception shift that is promised through the brand’s stories.

Firstly, it’s about the brand, and, secondly, about the connection between brand and the person.

Luxury is deeply personal and emotional. Sometimes I would go as far as stating that luxury is pure emotion. So how can brands unlock the emotional power?

psychology 101

As already indicated, the anticipated perception shift encompasses a range of psychological dimensions that go far beyond the traditional notion of status-seeking. One key dimension that I could identify in my quantitative research is attractiveness.

Luxury brands make us feel more attractive, both to ourselves and others. This includes the physical appearance.

In studies, I could show that the perception of the same person in a luxury setting tends to be significantly more attractive than the same image of a person photoshopped into a non-luxury setting, for example, when a person is in a Bentley versus the same person being in a Volkswagen. Additionally, the attractiveness projects an aura of sophistication and refinement that can boost confidence in social and professional settings.

Another fascinating aspect is perceived expertise. Owning luxury brands can position the person as a connoisseur, elevating the perceived knowledge and expertise.

When I discussed this recently during a luxury masterclass with a client, one participant agreed and said that she always dresses up for an important meeting and uses her best watch and jewelry, boosting her confidence, and she always feels that she gets increased respect and credibility among peers and colleagues. It's backed by data: luxury gives people the aura of expertise.

Perhaps most intriguingly, luxury can create a sense of protection and empowerment. Luxury brands make people feel more secure and capable, inspiring them to take on new challenges and push boundaries. This psychological armor can be a powerful motivator, driving personal and professional growth.

Luxury also serves as a gateway to new experiences. Whether it's a first-class flight to an exotic destination or a meal at a Michelin-starred restaurant, luxury purchases often come with the promise of new and enriching encounters that expand our horizons and create lasting memories.

Underpinning all of these dimensions is the boost to self-esteem that luxury provides.

By aligning ourselves with brands and products that embody excellence and refinement, we often experience an uplift in how we view ourselves. This enhanced self-perception can have ripple effects across various aspects of our lives, from our relationships to our career aspirations.

SUB

For luxury brands, understanding these psychological nuances is not just academically interesting. Instead, it's a strategic imperative because it helps to unlock the power of the brand.

In countless strategy meetings with luxury brands, I often see that even very senior and experienced managers often underestimate the need to tap into the human psychology behind luxury purchases. Fundamentally, it's not the product people are paying premiums for.

Premiums are paid as a result of the psychological effects the brand story has on the person. We pay for this anticipated perception shift.

So, in its essence, it's about us, and when brands don't understand that and fail to inspire and create an emotional connection, they will fail in the marketplace.

This deeper understanding allows for more targeted and effective marketing and client experience strategies that resonate on a profound emotional level. Consider, for example, how a luxury car brand might leverage this knowledge.

Instead of simply speaking in an abstract and interchangeable way about performance specs or status symbolism, they need to give people clarity about what they really sell and which emotion they want to evoke. Most brand stories today are too product-focused and lack a client-centric view.

Slogans like "The best or nothing" significantly miss the mark. It's too abstract and does not give clients any guidance on what to expect emotionally.

The implications of this research extend beyond marketing. Product development, client experience, social media messaging, sales ceremonies and even corporate social responsibility initiatives can all be enhanced by a deeper understanding of luxury's psychological implications.

Brands that successfully integrate these insights into their DNA and brand storytelling will find themselves with a powerful competitive advantage in an increasingly crowded luxury marketplace.

As we look to the future, the luxury landscape is changing faster than ever before. Emerging technologies, new client groups like Generation Z, changing social norms and expectations, and shifting global demographics will all play a role in shaping how luxury is perceived.

Brands that stay attuned to the underlying psychological drivers of luxury purchases will be best positioned to navigate these changes and create significant desirability.

The psychology of luxury is a rich and complex field, offering endless opportunities for exploration and innovation. For brands, it represents a superpower a key to unlocking deeper, more meaningful connections with their audiences.

The future belongs to brands who can connect emotionally with clients and inspire them. Are you ready?

Luxury Unfiltered is a weekly column by *Daniel Langer*. He is the CEO of *quit*, a global luxury strategy and brand activation firm. He is recognized as a global top-five luxury key opinion leader. He serves as an executive professor of luxury strategy and pricing at Pepperdine University in Malibu and as a professor of luxury at New York University, New York. Mr. Langer has authored best-selling books on luxury management in English and Chinese, and is a respected global keynote speaker.

Mr. Langer conducts masterclass management training on various luxury topics around the world. As a luxury expert featured on Bloomberg TV, Financial Times, The New York Times, Forbes, The Economist and others, Mr. Langer holds an MBA and a Ph.D. in luxury management, and has received education from Harvard Business School. Follow him on [LinkedIn](#) and [Instagram](#).

© 2024 Reliance Relocation Services, Inc. All rights reserved.

Luxury Daily is published each business day. Thank you for reading us. Your [feedback](#) is welcome.