

THE PSYCHOLOGY OF

BRANDING

LUXURY

Why customers splurge on
expensive products

Nick Kolenda



Luxury Branding: Why Customers Splurge on Expensive Products

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THEORY



Luxury Brands Must Signal Higher Status

Owning a luxury watch can shape how people perceive you, boosting your self-esteem.

Luxury brands are high-quality products that only few people can acquire, often because they're expensive or exclusive. This exclusivity, in turn, communicates status and wealth.

If you analyze this process, you'll see three conditions that are necessary for people to buy a luxury brand:

1. Brand must signal higher status

What *is* higher status? It can vary.

Ironically, upper class people often buy low-class products (e.g., ripped jeans, lobster mac and cheese) to distinguish themselves from middle-class people:

Because emulating lows is costly and risky for middles, doing so provides an alternative way for highs to distinguish themselves. (Bellezza & Berger, 2020, p. 5)

2. Customers must desire higher status

Luxury brands need customers who care about their public status.

But it also depends on mindset. For example, viewing art reduces desire for luxury brands because it shifts focus away from the self. In one study, people viewed photographs of plants. If the photos were labeled as art, participants were less likely to buy luxury products in a later task (Wang, Xu, & Zhang, 2023).

Your visual branding can still be artsy, though. Customers don't believe branding is art:

When art becomes part of a commercial product, the purpose is not solely to appreciate art per se...the elevated mental state of self-



transcendence is unlikely to occur (Wang, Xu, & Zhang, 2023, p. 793).

3. Ownership needs to be visible

Luxury products should be easy to identify. That's why luxury products can be ugly (Cesareo, Townsend, & Pavlov, 2022). Ugly products are more distinctive, so they signal ownership more effectively.

Bellezza, S., & Berger, J. (2020). Trickle-round signals: when low status is mixed with high. *Journal of Consumer Research*, 47(1), 100-127.

Cesareo, L., Townsend, C., & Pavlov, E. (2022). Hideous but worth it: Distinctive ugliness as a signal of luxury. *Journal of the Academy of Marketing Science*, 1-22.

Wang, Y., Xu, A. J., & Zhang, Y. (2023). L'Art Pour l'Art: Experiencing Art Reduces the Desire for Luxury Goods. *Journal of Consumer Research*, 49(5), 786-810.



BRAND PERSONALITY



Isolate Luxury Brands From Everyday Folks

Mainstream customers weaken the exclusivity of a luxury brand.

Customers buy luxury brands to become the social elite. If *anybody* can acquire these products, this ubiquity tarnishes the brand.

Push Models Further Away



Luxury ads perform better when the model is located further away from the product (Chu, Chang, & Lee, 2021).

Perhaps it's also helpful to orient the model's gaze away:



Your product should be so exclusive that people aren't worthy enough to look at it.



Use Headless Mannequins



Mannequins aren't the social elite. Use headless mannequins for a product display, rather than a symbolic customer.

Restrict the Number of Visible Customers



Unlike typical products, luxury brands are less appealing if more people own them.

Therefore, be careful with social proof. In one study, a luxury watch seemed less appealing after it encouraged customers to tag their photos on Facebook (Park, Im, & Kim, 2020).



Partner With Celebrities

Mainstream customers weaken luxury brands, but celebrities and influencers strengthen them (Pangarkar & Rathee, 2022).

Product placements are effective, too (Rossi, Pantoja, Yoon, & Kim, 2023).

Chu, X. Y., Chang, C. T., & Lee, A. Y. (2021). Values created from far and near: Influence of spatial distance on brand evaluation. *Journal of Marketing*, 85(6), 162-175.

O'Guinn, T. C., Tanner, R. J., & Maeng, A. (2015). Turning to space: Social density, social class, and the value of things in stores. *Journal of Consumer Research*, 42(2), 196-213.

Pangarkar, A., & Rathee, S. (2022). The role of conspicuity: impact of social influencers on purchase decisions of luxury consumers. *International Journal of Advertising*, 1-28.

Park, M., Im, H., & Kim, H. Y. (2020). "You are too friendly!" The negative effects of social media marketing on value perceptions of luxury fashion brands. *Journal of Business Research*, 117, 529-542.

Rossi, P., Pantoja, F., Yoon, S., & Kim, K. (2023). The mind of the beholder: congruence effects in luxury product placements. *International Journal of Advertising*, 42(3), 562-588.





Depict Luxury Products in Far and High Places

Luxury products are more desirable when they are located further away from people.

Luxury brands are aspirational.

If these brands are too attainable, we no longer desire them. Therefore, luxury brands should feel distant from customers.

In one study, customers preferred a luxury backpack when they were standing far away, but they preferred an everyday backpack when they were standing closer (Chu, Chang, & Lee, 2021).

Advertise in Distant Mediums

Selling a luxury watch? Consider advertising in billboards. This fixed distance instills the desired perception.

Plus, viewers need to look up at billboards. Powerful brands are more appealing when they are located up high (Sundar & Noseworthy, 2014).

Zoom Backwards in Videos

Luxury brands are more appealing when videographers move further away from these products (Togawa & Sugitani, 2022).

Angle Luxury Photos Upward

Children visually look up at their parents. From a young age, we associate upward angles with powerful entities.

Even today, tall people are typically stronger and more powerful.

Researchers found that upward angles activate power. Even mundane products, like white rice, look more powerful when the brand photography is positioned with



an upward view (Van Rompay, De Vries, Bontekoe, & Tanja-Dijkstra, 2012).



UPWARD
More luxurious

DOWNWARD

Chu, X. Y., Chang, C. T., & Lee, A. Y. (2021). Values created from far and near: Influence of spatial distance on brand evaluation. *Journal of Marketing*, 85(6), 162-175.

Park, J., & Hadi, R. (2020). Shivering for status: When cold temperatures increase product evaluation. *Journal of Consumer Psychology*, 30(2), 314-328.

Park, M., Im, H., & Kim, H. Y. (2020). "You are too friendly!" The negative effects of social media marketing on value perceptions of luxury fashion brands. *Journal of Business Research*, 117, 529-542.

Sundar, A., & Noseworthy, T. J. (2014). Place the logo high or low? Using conceptual metaphors of power in packaging design. *Journal of Marketing*, 78(5), 138-151.

Togawa, T., & Sugitani, Y. (2022). Looks Far Beyond My Reach: The Zoom Effect in Product Videos Influences Luxury Perception and Purchase Intention. *Journal of Consumer Psychology*, 32(4), 687-698.

Van Rompay, T. J., De Vries, P. W., Bontekoe, F., & Tanja-Dijkstra, K. (2012). Embodied product perception: Effects of verticality cues in advertising and packaging design on consumer impressions... *Psychology & Marketing*, 29(12), 919-928.





Luxury Brands Should Act Cold and Distant

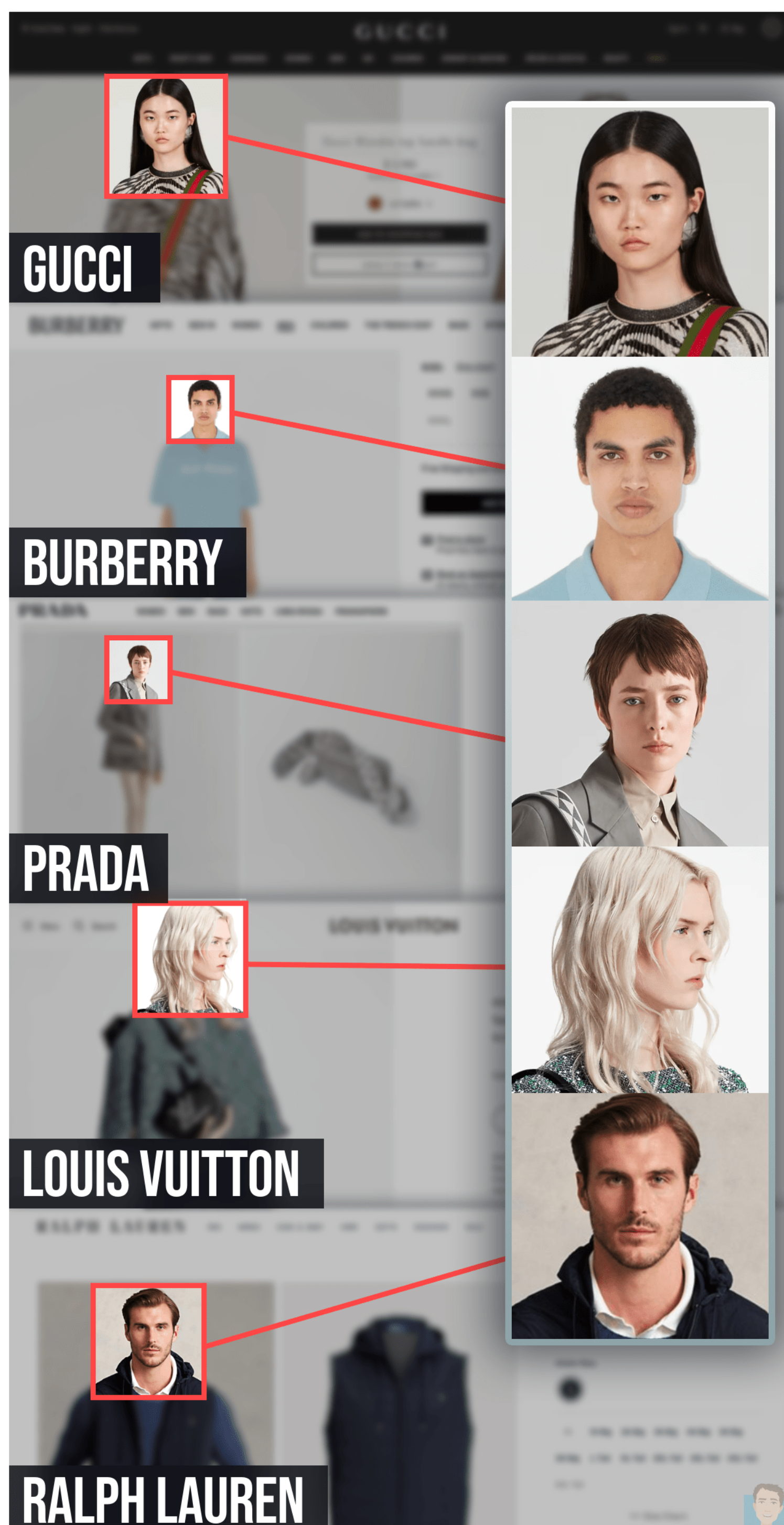
Brands are less luxurious if they're friendly and approachable.

Luxury brands perform better with a hint of arrogance.

If we sense that luxury brands are superior, we desire them more strongly to boost our status and self-worth.

Avoid Smiling in Brand Photography

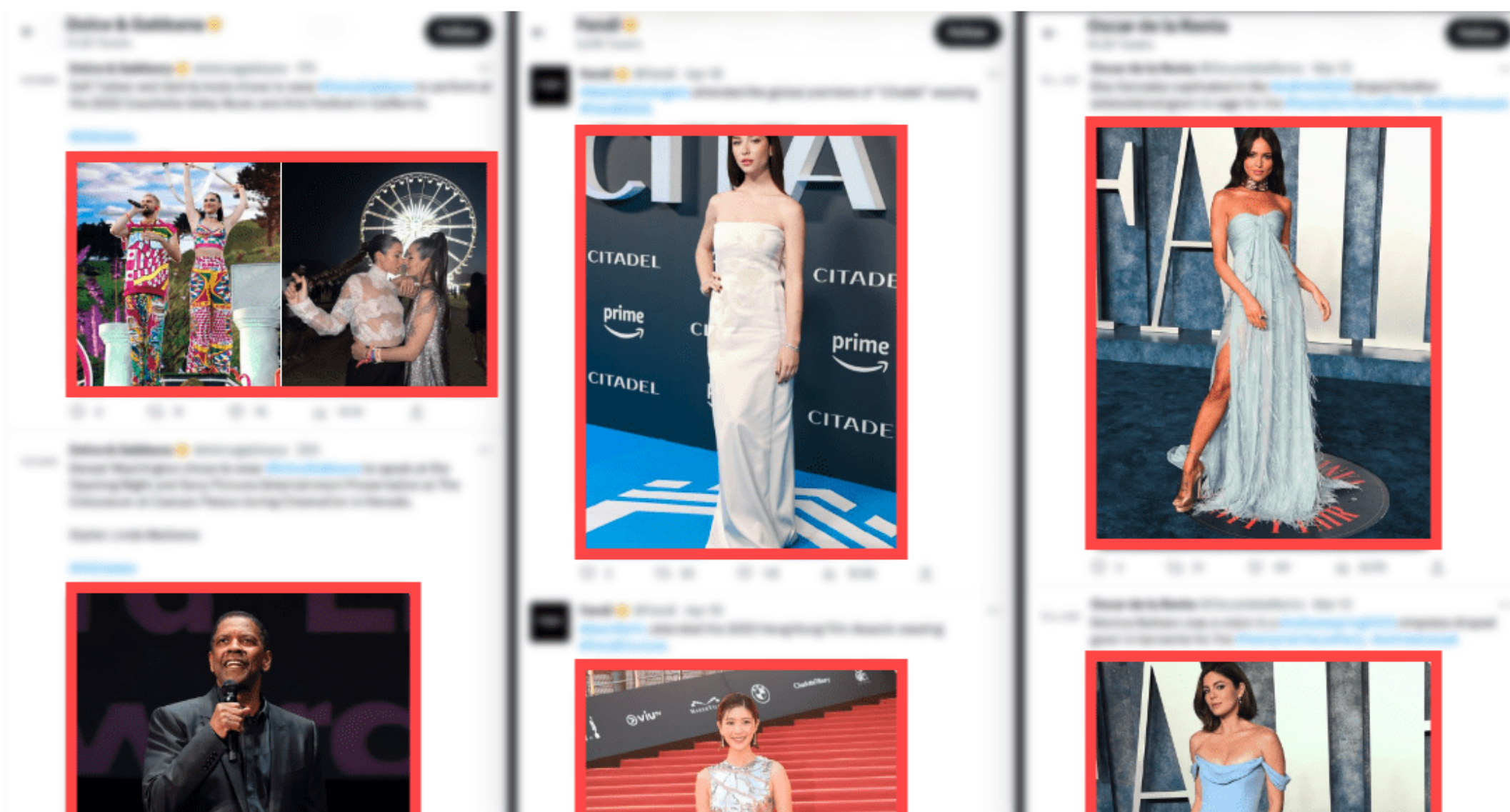
Smiling reduces the appeal of luxury brands (Zhu, Zhou, Wu, & Wang, 2022).



Remain Aloof on Social Media

Luxury brands are more appealing when they ignore comments on social media. Researchers recommend selective engagement (e.g., infrequent replies, only interact with celebrities; Park, Im, & Kim, 2020).

Here are tweets from luxury accounts. Most of them are showing celebrities wearing the brand:



Avoid Emojis or Exclamations

Friendliness backfires for luxury brands (Li & Shin, 2022).

Lower the Temperature in Luxury Stores

We describe unfriendly people as “cold” because social distance is intertwined with physical warmth in our brain (see [The Tangled Mind](#)). Interestingly, customers prefer luxury brands in cold environments because of this neural wiring (Park & Hadi, 2020).



- Chu, X. Y., Chang, C. T., & Lee, A. Y. (2021). Values created from far and near: Influence of spatial distance on brand evaluation. *Journal of Marketing*, 85(6), 162-175.
- Li, Y., & Shin, H. (2022). Should a luxury Brand's Chatbot use emoticons? Impact on brand status. *Journal of Consumer Behaviour*.
- Park, J., & Hadi, R. (2020). Shivering for status: When cold temperatures increase product evaluation. *Journal of Consumer Psychology*, 30(2), 314-328.
- Park, M., Im, H., & Kim, H. Y. (2020). "You are too friendly!" The negative effects of social media marketing on value perceptions of luxury fashion brands. *Journal of Business Research*, 117, 529-542.
- Zhu, H., Zhou, Y., Wu, Y., & Wang, X. (2022). To smile or not to smile: The role of facial expression valence on mundane and luxury products premiumness. *Journal of Retailing and Consumer Services*, 65, 102861.





Enclose Luxury Products in Glass

Products seem inferior when other people have touched them.

Luxury products are more appealing when they are less accessible, such as when customers are standing further away (Chu, Chang, & Lee, 2021).

Enclosures should be effective, too. Obviously not every product in a luxury store can be enshrined in glass, but this approach can boost the appeal of prestigious items.

- » **Prevent Unwanted Touches.** Products seem inferior when other people have touched them (Argo Dahl, & Morales, 2006).
- » **Glass Communicates High Quality.** Food products seem more appealing in glass, rather than plastic (Balzarotti, Maviglia, Biassoni, & Ciceri, 2015). I suspect a similar effect would occur for luxury.
- » **Prevent Contagion From Self-Touch.** Touching can infuse traits. In one study, food seemed more disgusting when it was touching a jar of mayonnaise because the “disgust” transferred (Morales & Fitzsimons, 2007). Perhaps touching luxury products will infuse your low status into these products, making them less desirable.

Argo, J. J., Dahl, D. W., & Morales, A. C. (2006). Consumer contamination: How consumers react to products touched by others. *Journal of Marketing*, 70(2), 81-94.

Balzarotti, S., Maviglia, B., Biassoni, F., & Ciceri, M. R. (2015). Glass vs. plastic: Affective judgments of food packages after visual and haptic exploration. *Procedia Manufacturing*, 3, 2251-2258.

Chu, X. Y., Chang, C. T., & Lee, A. Y. (2021). Values created from far and near: Influence of spatial distance on brand evaluation. *Journal of Marketing*, 85(6), 162-175.

Morales, A. C., & Fitzsimons, G. J. (2007). Product contagion: Changing consumer evaluations through physical contact with “disgusting” products. *Journal of Marketing Research*, 44(2), 272-283.





Describe the Expert Craftsmanship of Luxury Products

Customers buy luxury brands to signal their status, but they also expect high quality products.

Craftsmanship is a strong selling point for luxury brands.

From the Rolex website:

Rolex uses only naturally occurring gemstones of the highest quality, very carefully selected according to strict criteria of purity, clarity and intensity. The master gem-setters at Rolex are hailed for their technique in producing flawless setting and alignment and emphasizing the exquisite brilliance of the precious stones...The 18 kt gold that adorns Rolex watches is created and cast in the Manufacture's own foundry. These exclusive alloys, composed of 75% pure gold and a mix of silver, copper, palladium and indium, are the fruit of long years of research to perfect the process.

Describe Craftsmanship By Humans, Rather Than Tech

Luxury brands seem inferior if they were designed by technology or AI, except for functional products (e.g., automobiles; Xu & Mehta, 2022).

Avoid User-Generated Designs

Some brands acquire designs from users:

Threadless features the user designer's name on the tag inside its T-shirts and even ships every product with a card emphasizing that like-minded others create its designs (Fuchs, Prandelli, Schreier, & Dahl, 2013).

Luxury brands should avoid this strategy because it tarnishes their expertise. Though researchers prevented this drawback by legitimizing user designs,



describing the users as artists, or partnering with celebrity users (Fuchs, Prandelli, Schreier, & Dahl, 2013).

Fuchs, C., Prandelli, E., Schreier, M., & Dahl, D. W. (2013). All that is users might not be gold: How labeling products as user designed backfires in the context of luxury fashion brands. *Journal of Marketing*, 77(5), 75-91.

Xu, L., & Mehta, R. (2022). Technology devalues luxury? Exploring consumer responses to AI-designed luxury products. *Journal of the Academy of Marketing Science*, 1-18.



BRAND IDENTITY



Luxury Brands Should Embrace Minimalism

Embrace empty space on shelves and visual branding.

Research shows that minimalism is effective for luxury brands.

Store Shelves

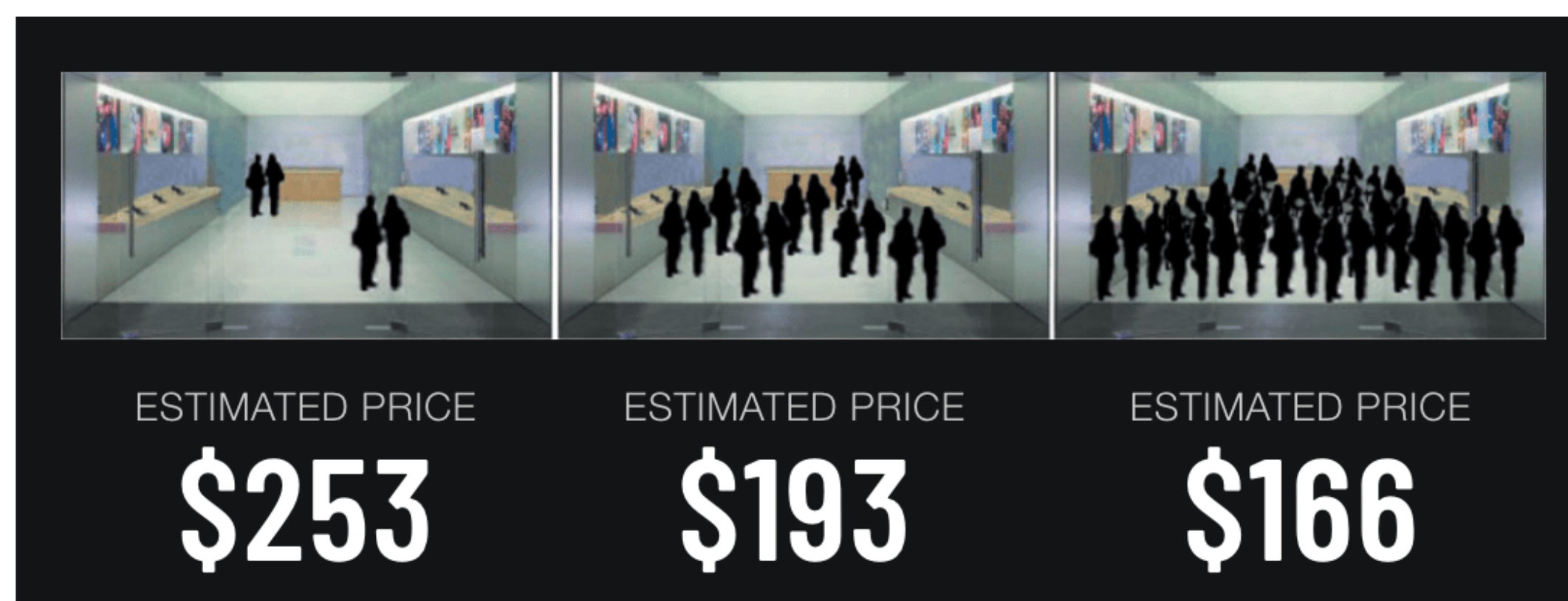
Only show a few products on shelves.

Luxury products are more appealing with limited supply because these products seem more exclusive (Barton, Zlatevska, & Oppewal, 2022).

Plus, products appear more valuable when surrounded by empty space (Sevilla & Townsend, 2016).

In-Store Customers

Crowded stores weaken the exclusivity of luxury brands. In one study, participants believed that shoes were more expensive in less crowded stores (O'Guinn Tanner, & Maeng, 2015).



A follow-up study showed that customers were willing to spend more too.

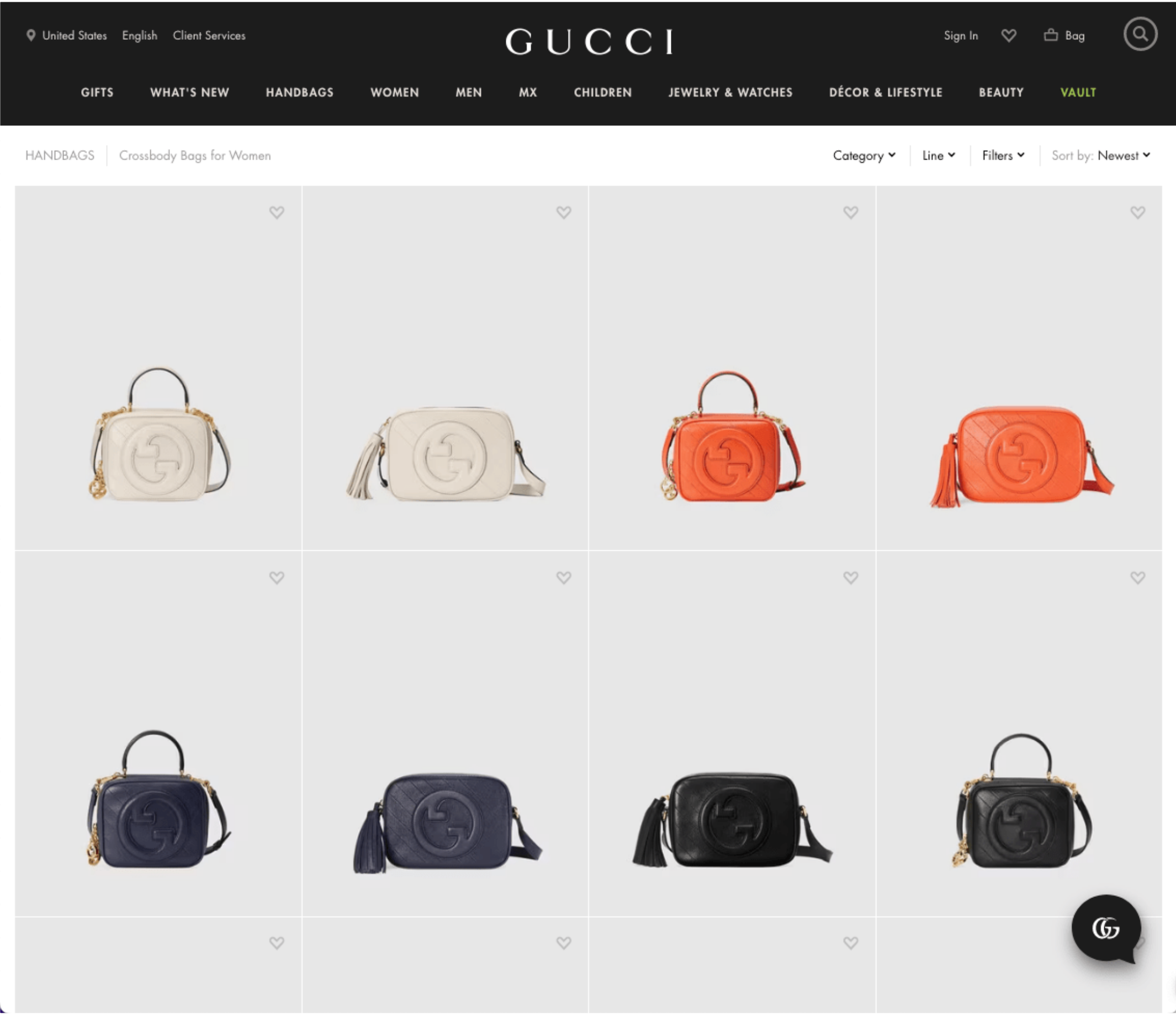
Interestingly, empty space also influences the social class of fellow shoppers. Participants estimated the income levels for stick figures, either spacious or dense. Spacious figures seemed like higher earners:



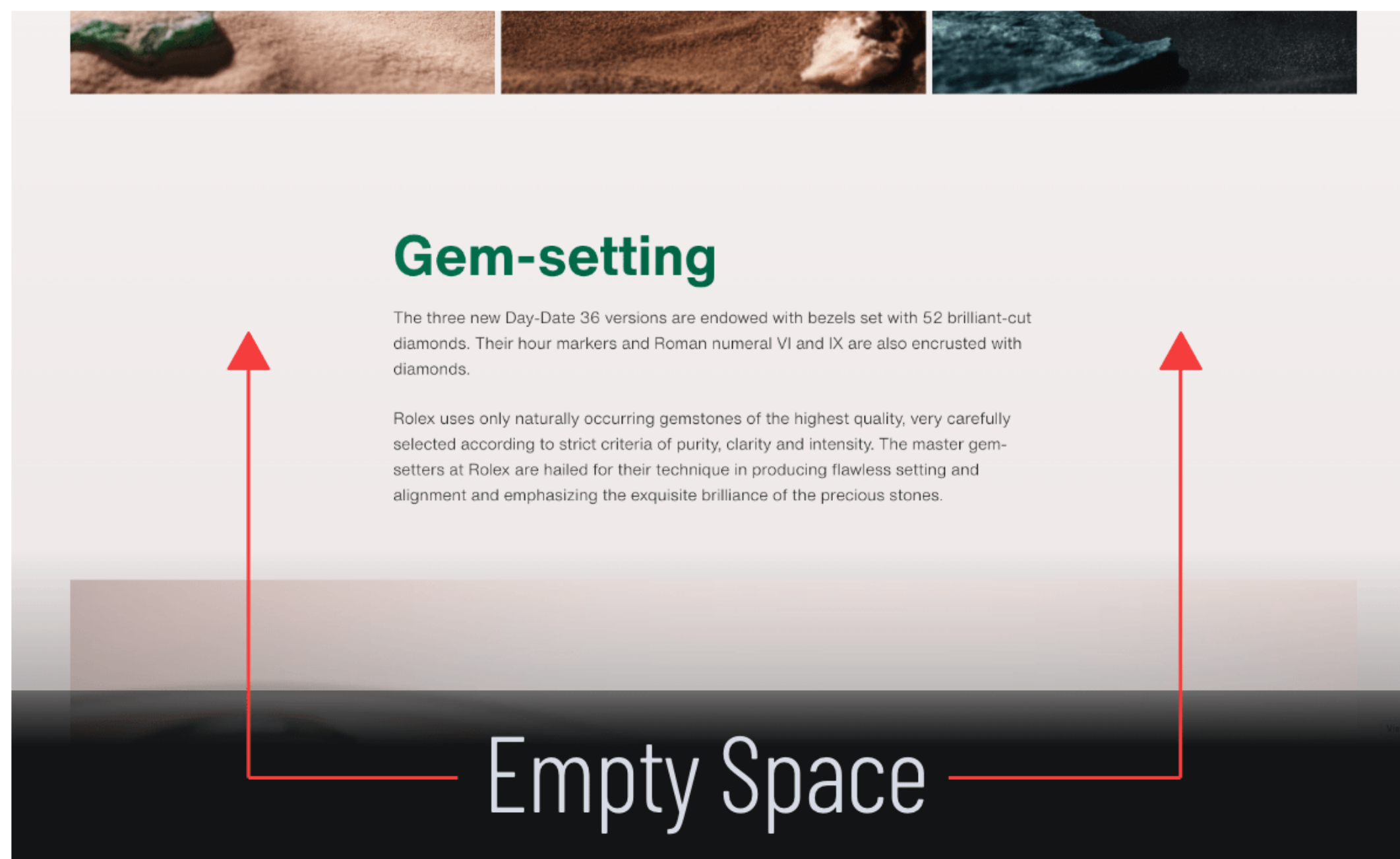


Padding in Interfaces

Luxury brands surround their online products with plenty of padding:



Rolex maintains padding around their copy.



- Barton, B., Zlatevska, N., & Oppewal, H. (2022). Scarcity tactics in marketing: A meta-analysis of product scarcity effects on consumer purchase intentions. *Journal of Retailing*, 98(4), 741-758.
- O'Guinn, T. C., Tanner, R. J., & Maeng, A. (2015). Turning to space: Social density, social class, and the value of things in stores. *Journal of Consumer Research*, 42(2), 196-213.
- Sevilla, J., & Townsend, C. (2016). The space-to-product ratio effect: How interstitial space influences product aesthetic appeal, store perceptions, and product preference. *Journal of Marketing Research*, 53(5), 665-681.





Reduce the Color Saturation of Luxury Brands

If you want something to seem luxurious, use grayscale colors.

We desire luxury products when standing further away because it feels like we can't acquire them (Chu, Chang, & Lee, 2021).

Other research shows that your mental imagery is less colorful when you imagine a distant event (Lee, Fujita, Deng, & Unnava, 2017).

Compare those two findings:

- » People prefer luxury brands with greater distance.
- » Greater distance feels less colorful.

Therefore, shouldn't people should prefer luxury products with less color? Wouldn't these products feel more distant?

Indeed. In one study, a Tiffany watch seemed more luxurious in black-and-white (Wang, Wang, Mu, & Sun, 2022).

Chu, X. Y., Chang, C. T., & Lee, A. Y. (2021). Values created from far and near: Influence of spatial distance on brand evaluation. *Journal of Marketing*, 85(6), 162-175.

Lee, H., Fujita, K., Deng, X., & Unnava, H. R. (2017). The role of temporal distance on the color of future-directed imagery: A construal-level perspective. *Journal of Consumer Research*, 43(5), 707-725.

Wang, Y., Wang, T., Mu, W., & Sun, Y. (2022). What is the glamor of black-and-white? The effect of color design on evaluations of luxury brand ads. *Journal of Consumer Behaviour*, 21(5), 973-986.





Luxury Fonts Are Thin, Spacious, and Uppercase

Just like the stereotype of the upper class, luxury fonts are tall, thin, and beautiful.

Fonts resemble traits from the real-world:



Luxury fonts should resemble the typical perception of upper class people – such as tall, thin, and beautiful. Something will “feel right” about these fonts.

Why spacious? Because products seem more valuable with more space (Sevilla & Townsend, 2016).

Why uppercase? Because brands seem more luxurious with uppercase letters (Yu, Zhou, Wang, & Wang, 2022). Lowercase fonts are too friendly and approachable (Teng, Xie, Liu, Wang, & Foti, 2021).



Sevilla, J., & Townsend, C. (2016). The space-to-product ratio effect: How interstitial space influences product aesthetic appeal, store perceptions, and product preference. *Journal of Marketing Research*, 53(5), 665-681.

Teng, L., Xie, C., Liu, T., Wang, F., & Foti, L. (2021). The effects of uppercase vs. lowercase letters on consumers' perceptions and brand attitudes. *Journal of Business Research*, 136, 164-175.

Yu, Y., Zhou, X., Wang, L., & Wang, Q. (2022). Uppercase premium effect: The role of brand letter case in brand premiumness. *Journal of Retailing*, 98(2), 335-355.



Balm — Balma — Balama

Kron — Karon — Karonia

Dorn — Dorna — Dorana

LOW

LUXURY

HIGH

Choose Longer Names for Luxury Brands

Longer names are less common, so they feel more exclusive.

Most languages follow the *brevity law*: Frequently used words are typically shorter.

Turns out, the reciprocal effect applies to luxury brands: Longer names are less common, so luxury brands with long names seem exclusive (Pathak, Velasco, Petit, & Calvert, 2019).

Researchers generated hypothetical brand names of different lengths:

- » Balm → Balma → Balama
- » Blim → Bolim → Bolima
- » Boond → Boonad → Boonado
- » Kron → Karon → Karonia
- » Loomb → Loomba → Loomaba
- » Molb → Molib → Moliba
- » Nord → Norda → Norada
- » Plit → Palit → Palita
- » Plat → Polat → Polata
- » Rooks → Rookso → Rookoso
- » Soork → Soorko → Sooroko

Participants were more likely to associate longer names with luxury brands, though the effect diminishes after 3-4 syllables.

Pathak, A., Velasco, C., Petit, O., & Calvert, G. A. (2019). Going to great lengths in the pursuit of luxury: How longer brand names can enhance the luxury perception of a brand. *Psychology & Marketing*, 36(10), 951-963.





Depict Luxury Brands in Slow Motion

Slow movements heighten the perceived importance of luxury products.

Luxury products are more appealing in slow motion (Jung & Dubois, 2023).

It happened with a Facebook ad for luxury chocolate. And people were willing to pay higher prices for these slow products.

The researchers agreed that slow motion immerses people into ads, but I see another explanation. If you analyze daily life, you'll notice that slow movements are associated with certain traits:

- » **Caution.** You move important objects slowly and carefully (e.g., baby)
- » **Effort.** You spend more time and effort on important tasks (e.g., proofreading an email to your boss).

Over time, we associate slow movements with importance. Therefore, this effect should stem beyond slow motion in videos.

Use Long Fade Animations

On most luxury websites, hovering over a product triggers slow fading transitions:



Jung, S., & Dubois, D. (2023). When and How Slow Motion Makes Products More Luxurious. Journal of Marketing Research, 0(0). <https://doi.org/10.1177/00222437221146728>



SIGNALING



Luxury Products Can Be Ugly, As Long As They Grab Attention

People buy luxury products to signal their status. They don't need to be beautiful. Just distinctive.

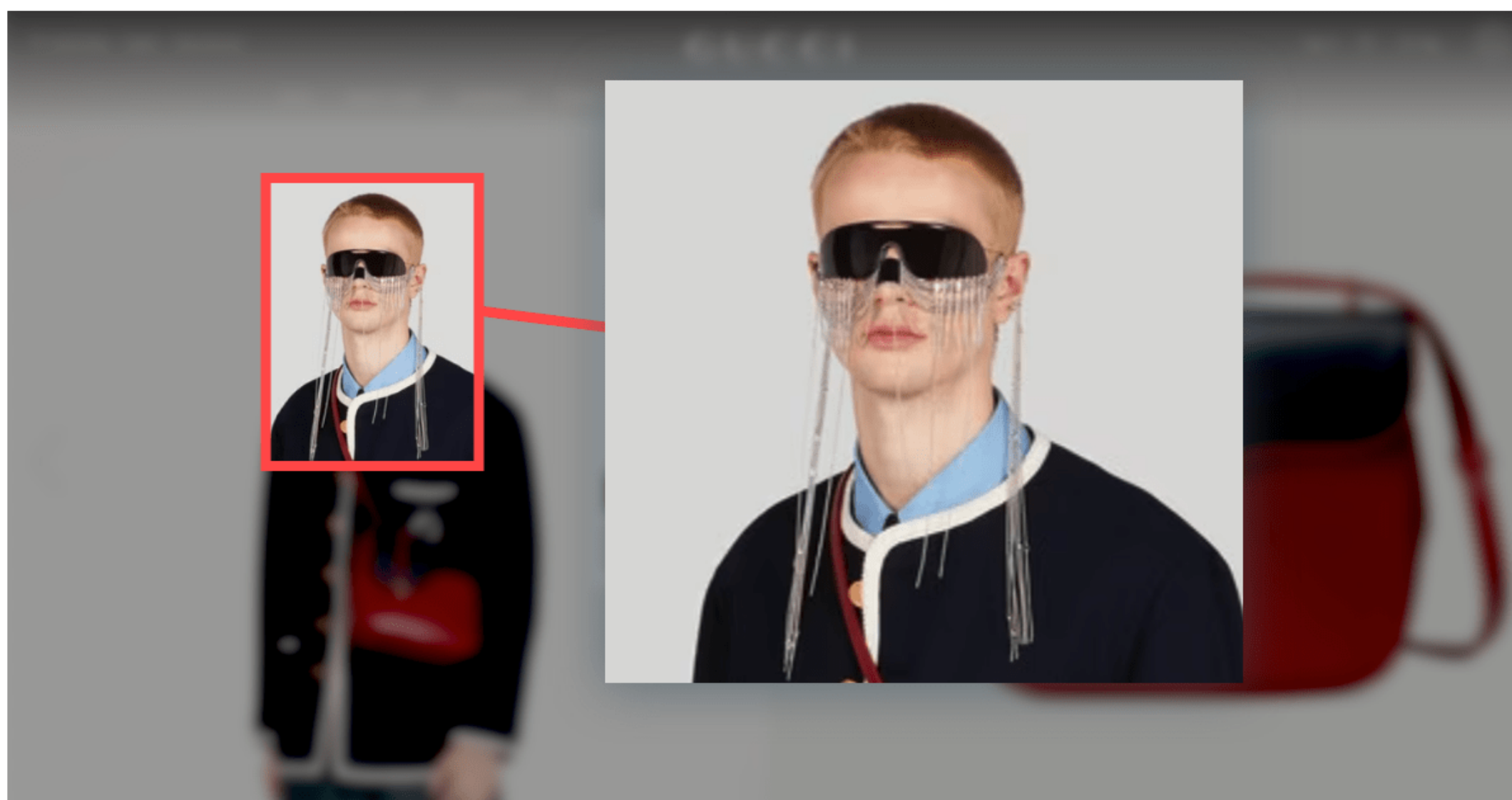
Ironically, luxury products can be ugly.

Noticeable

Ugly products grab more attention, which helps people communicate ownership more effectively (Cesareo, Townsend, & Pavlov, 2022).

Similar effects happen with grotesque imagery (An, Lee, Kim, & Youn, 2020). That's why luxury brands often insert unusual designs.

Like this person on Gucci's site:



That handbag is nearly \$4,000, and it doesn't loudly showcase the Gucci logo. Therefore, Gucci assures customers that other people will notice the handbag by showing a model wearing an extravagant accessory. You can't help but stare at this person. You then blame a portion of this attention on the handbag: *Hmm, I'm staring intensely at this person. This handbag must get a lot of attention.*

Perceived Wealth

Ugly products can seem low-class. And, ironically, low-class products (e.g., ripped jeans, lobster mac and cheese) can seem higher status:



Because emulating lows is costly and risky for middles, doing so provides an alternative way for highs to distinguish themselves. (Bellezza & Berger, 2020, p. 5)

Consider this scribbled shirt for \$1,350 from Balenciaga, which even boasts a “destroyed and dirty effect.”



Who would spend \$1k on a scribbled shirt? People who want to communicate they're wealthy enough to spend \$1k on a scribbled shirt.

Though some brands go too far, like Golden Goose who received backlash for their duct tape sneakers:



People accused them of poverty appropriation (see Bowerman, 2016).

An, D., Lee, C., Kim, J., & Youn, N. (2020). Grotesque imagery enhances the persuasi

Bowerman, M. (2016, August 30). 'Poverty appropriation': Outrage over \$600 duct-tape designer shoes. CNBC. <https://www.cnbc.com/2016/08/30/poverty-appropriation-outrage-over-600-duct-tape-designer-shoes.html>

Cesareo, L., Townsend, C., & Pavlov, E. (2022). Hideous but worth it: Distinctive ugliness as a signal of luxury. *Journal of the Academy of Marketing Science*, 1-22.





Segment Luxury Products With Small and Large Brand Signals

Certain people want small and large logos.

What's the best size for a luxury logo?

Most people want large logos to communicate their ownership (Han, Nunes, & Drèze, 2010).

But there's one exception: Wealthy people who don't care about signaling their status. This segment wants smaller logos so that peers will recognize the brand without a loud signal (Han, Nunes, & Drèze, 2010).

Ultimately, luxury brands should offer products with both versions (small and large) to target these different segments. Your most affluent customers can buy soft signals, while less affluent customers can buy loud signals.

This approach seems to exist in the marketplace. Large logos are correlated with cheaper prices: As the Mercedes star gets 1 centimeter larger on cars, the price of the car drops by \$5,000 (Han, Nunes, & Drèze, 2010).

I noticed a similar trend with Gucci handbags:



Han, Y. J., Nunes, J. C., & Drèze, X. (2010). Signaling status with luxury goods: The role of brand prominence. *Journal of marketing*, 74(4), 15-30.





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