



## Chapter 2

# Globalization and Luxury Brands: How Consumer Behavior Differs in Emerging vs. Established Markets

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### ABSTRACT

*The luxury industry has changed in established and emerging markets due to the globalization of luxury brands. While rising luxury businesses combine tradition with contemporary and embrace digital channels for reach, established luxury brands draw on their rich history and innovate to stay current. Due to the mix of cultures brought about by globalization, luxury businesses now need to strike a balance between cultural sensitivity and global appeal. Luxury firms are being forced to adopt ethical business methods to meet the growing demands of consumers worldwide for sustainability. Luxury brands need to adapt to this changing environment, stay culturally sensitive, and embrace sustainability if they want to succeed in the international world of luxury consumers. This chapter focuses on the determinants influencing consumer behavior towards the existing and established brands in the backdrop of globalization.*

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## **INTRODUCTION**

In luxury goods, the convergence of globalization and consumer behavior has been a subject of profound interest and scrutiny. The evolution of consumer preferences and purchasing patterns within emerging markets, juxtaposed with those entrenched in established markets, has significantly redefined the landscape for luxury brands worldwide. This paradigmatic shift has sparked a compelling narrative, delving into the interplay between globalization's expansive reach and the nuanced intricacies of divergent consumer behaviors. Globalization has fostered a dynamic environment wherein the allure of luxury transcends geographical boundaries. Due to the rising competitiveness among businesses globally due to market globalization, international branding strategies are receiving more attention (Nor Amira Mohd Ali, 2023). Traditional supports of affluence and richness in established markets find themselves in a kaleidoscope of change as recent markets emerge as newfound epicenters of aspiration and consumption. This transformative trend, driven by economic growth, changing demographics, and cultural shifts, has delineated stark contrasts in how consumers in these distinct market segments perceive, desire, and engage with luxury brands.

In emerging markets, a burgeoning economy and a growing middle class drive an escalating demand for luxury items fueled by status and social mobility aspirations. In contrast, established markets steeped in luxury heritage prioritize sophistication and exclusivity in consumer behaviors. This chapter delves into the divergent consumer behaviors between emerging and established markets within the luxury brand landscape. It explores socio-economic factors, cultural influences, and market dynamics to uncover how globalization reshapes luxury brands and molds distinctive consumer patterns.

The present study addresses the gaps by answering the following research questions:

**RQ1:** How do the evolving dynamics of luxury sectors in emerging markets differ from the stable dynamics observed in established markets?

**RQ2:** How does globalization impact luxury consumption behaviors and brand perceptions across gloss markets?

**RQ3:** To what extent does globalization reshape the appeal and desirability of luxury brands, altering perceptions and preferences across diverse global markets?

## **1. GLOBALIZATION IN THE CONTEXT OF LUXURY BRANDS**

Globalization significantly impacts luxury brands, entwining economic, social, cultural, and technological forces across borders. It expands its reach to diverse

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