

# Chapter 8

## Effective Marketing and Consumer Behavior Tactics for High-End Products: The Consumer of Luxury

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### ABSTRACT

*Over the past few decades, the consumption of luxury products has become an increasingly visible phenomenon across all levels of Indonesian society. This article examines the dynamics of luxury consumption, particularly how experience and culture play an important role in shaping consumer behavior in Indonesia. The study is based on literature analysis, phenomenon observation, and in-depth interviews with consumers from various socio-economic backgrounds. Luxury consumers in Indonesia not only purchase products to fulfill basic needs, but also to gain social recognition and demonstrate status. Luxury products are seen as a symbol of prestige that gives the owner a certain social identity. This phenomenon is further reinforced by Indonesia's rapid economic development, the growth of the middle class, and the globalization of consumerist culture. This article identifies three main factors that influence luxury consumption in Indonesia: social status, global cultural influences and personal experience.*

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## 1. DEFINITION OF LUXURY GOODS AND THEIR CHARACTERISTICS

Luxury goods are products or services that have a high value and are usually identified with superior quality, rarity, exclusivity and high prices. These items often include a range of products such as clothing, handbags, jewelry, watches, vehicles, and even exclusive services such as luxury vacations or special personal experiences. Luxury goods are not just functional products; they represent symbols of social status, elegance and prestige. In society, luxury goods are generally perceived as objects that can increase prestige, provide pride, and demonstrate the economic security of the owner (Kauppinen-Räsänen et al., 2020; Rodrigues et al., 2022).

Luxury goods are products or services that have exclusive characteristics, superior quality, premium prices, and tend to be consumed by people with middle to upper economic levels. Luxury goods not only fulfill functional needs but also provide symbolic value, prestige, and social status for the wearer (Coste-Manière et al., 2023; Hennings et al., 2020). According to Kapferer and Laurent (2022), luxury goods have five main dimensions: exceptional quality, premium price, rarity and uniqueness, aesthetics and multi-sensory experience, and historical heritage and authenticity. These dimensions shape consumers' perceived value of luxury goods and influence their purchase decisions. The study by Shao et al. (2021) shows that motivations for luxury consumption vary from self-expression, social conformity, to the pursuit of hedonic pleasure.

In an economic context, luxury goods have a high-income elasticity, meaning that demand for them increases faster than income increases. Wang and Griskevicius (2023) identified that luxury consumption is also influenced by cultural factors, where collectivist or individualist values in society shape preferences and perceptions towards luxury. The digital age has significantly changed the landscape of the luxury goods industry. Kim and Lee (2021) highlight the digital transformation in luxury marketing, where prestigious brands must balance traditional exclusivity with an online presence that reaches a new generation of consumers. A key challenge in this industry is maintaining an aura of exclusivity while adapting to the expectations of modern consumers who want transparency, sustainability, and a seamless digital experience.

Economically, the luxury goods sector has impressive resilience to economic fluctuations. Research by Hoffman and Coste-Manière (2020) shows that despite facing global shocks such as the COVID-19 pandemic, the luxury goods industry was able to recover faster than other retail sectors, demonstrating a unique resilience in the face of economic crisis. One of the main characteristics of luxury goods is their very high quality. Luxury products are usually made with the finest materials and go through a careful and detailed manufacturing process. For example, products

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