


# Chapter 6

# Impact of Artificial Intelligence on Luxury Consumer Behavior and Experience

**Guruprasanna G. Hegde**

*Dayananda Sagar College of Engineering, Yellapur, India*

**K.S. Ganesha**

 <https://orcid.org/0000-0001-8181-2411>

*Dayananda Sagar College of Engineering, India*

## **ABSTRACT**

*The luxury industry is undergoing a profound transformation driven by Artificial Intelligence (AI), which is redefining consumer expectations, brand interactions, and value creation. This chapter examines the impact of AI on luxury consumer behaviour and experience by integrating theoretical insights with illustrative case studies from global luxury brands. The study begins by introducing the growing role of AI in the luxury sector and outlining its significance for personalization, exclusivity, and consumer engagement. The conceptual background explores key frameworks that link AI-driven innovations such as recommendation systems, chatbots, virtual try-ons, and predictive analytics with shifts in consumer attitudes, purchase intentions, and loyalty. Selected case studies highlight how leading luxury brands leverage AI to strengthen brand equity while navigating challenges of authenticity and data ethics. The analysis discusses the dual dimensions of AI adoption: the benefits of enhanced personalization, efficiency, and predictive value, as well as the challenges of over-automation.*

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## **1. INTRODUCTION**

The luxury industry has long been defined by its emphasis on exclusivity, personalization, and exceptional customer experiences. However, in the last decade, the rapid evolution of digital technologies particularly Artificial Intelligence (AI) has begun to transform how luxury brands engage with their customers. AI is no longer confined to operational efficiency or data processing; it has emerged as a strategic tool that reshapes consumer behavior, redefines brand–customer interactions, and elevates the meaning of luxury in the digital age.

In the luxury market, customers seek not only superior products but also highly curated and emotionally engaging experiences. AI enables brands to deliver on these expectations by offering hyper-personalized recommendations, predictive insights into consumer preferences, immersive virtual experiences, and AI-powered customer service through chatbots and virtual assistants. This convergence of advanced technology with traditional luxury values creates both opportunities and obstacles: while it enhances exclusivity and engagement, it also raises concerns around authenticity, human touch, and data privacy.

The academic and managerial relevance of this study lies in understanding how AI influences luxury consumer behavior and experience, both conceptually and in practice. For scholars, it provides insights into evolving theories of consumer psychology, technology adoption, and experiential marketing in high-end markets. For practitioners, it offers actionable implications for sustaining brand equity while embracing digital transformation. By analyzing conceptual foundations and real-world case studies, this paper seeks to explore the benefits, limitations, and future trajectory of AI in shaping luxury consumer dynamics.

Thus, the introduction of AI into the luxury sector is not merely a technological shift it represents a paradigm change in how exclusivity, personalization, and brand value are perceived and delivered. This paper sets the stage for a deeper exploration of AI's role in redefining luxury experiences, offering both academic and practical contributions to the discourse.

## **2. CONCEPTUAL BACKGROUND OF STUDY**

The luxury industry has historically been characterized by exclusivity, craftsmanship, heritage, and symbolic value creation (Kapferer & Bastien, 2012). Unlike mass-market consumption, luxury purchases are driven not only by functional utility but also by social signaling, emotional satisfaction, and self-expression (Han, Nunes, & Drèze, 2010). Consumers in the luxury market expect curated, personalized, and memorable experiences that enhance their sense of uniqueness and status. With

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