

BRAND EQUITY IN THE LUXURY MARKET: A STUDY OF CONSUMER PERCEPTIONS AND PREMIUM PRICING

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ABSTRACT

This study explores the pivotal role of brand equity in shaping consumer decisions within the luxury market and examines consumer perceptions regarding the premium pricing of luxury goods. Utilizing a quantitative research approach, data were collected through a structured questionnaire administered to 360 consumers who had purchased luxury items within the past year. The research focused on two primary objectives: understanding how brand equity influences consumer behavior and analyzing perceptions of premium pricing in the luxury sector. Hypothesis H1 posited that brand equity significantly affects consumer decisions, while Hypothesis H2 suggested that consumers hold positive perceptions of premium pricing for luxury goods. The findings from one-sample t-tests revealed that all aspects of brand equity—reputation, perceived value, brand image, and brand establishment—are significantly associated with consumer purchase decisions, thereby supporting H1. Additionally, the results confirmed H2, demonstrating that consumers generally perceive premium pricing as justified, enhancing the desirability, perceived quality, and satisfaction associated with luxury products. These outcomes underscore the importance of maintaining strong brand equity and strategic premium pricing to sustain competitiveness and consumer loyalty in the luxury market. The study provides actionable insights for luxury brand managers to enhance brand equity and effectively implement pricing strategies that resonate with consumer perceptions. Furthermore, it highlights the need for ongoing research to explore cultural and demographic variations in luxury consumption behaviors.

Keywords: Brand Equity, Luxury Market, Consumer Perceptions, Premium Pricing, Consumer Behavior, Luxury Brands, Quantitative Research, Brand Loyalty, Perceived Value, Marketing Strategy.

INTRODUCTION

The luxury market is a prominent part of the modern global economy, with its own set of rules when it comes to price, brand management, and customer behaviour. Expensive, exclusive, and of the highest quality goods and services are the bread and butter of the luxury sector. If businesses want to stay ahead of the competition and keep their customers coming back, they need to know how this demographic's brand equity works. The luxury market is highly dependent on brand equity, which is the value that a brand gets from how its consumers perceive

it. It sums up the power of the brand to shape consumer habits and win over devoted followers. Many high-end shoppers look for more than just practicality when they shop; they want to express themselves, feel connected, and gain prestige via their purchases. An in-depth analysis of the construction, perception, and leveraging of brand equity in the luxury market is required in light of this unique consumer behaviour. When it comes to the luxury sector, premium pricing is king. To keep their products exclusive while increasing their perceived worth, luxury firms use premium pricing methods to promote themselves as aspirational. Premium pricing and brand equity have a complicated relationship because high costs may be a symbol of excellence and a barrier to entrance for rivals. In order to successfully manage market swings and customer mood, luxury businesses must have a solid grasp of this connection. Customers' views of luxury brands' equity have changed over the past several years due to a number of circumstances. How customers interact with high-end labels has changed due to the proliferation of online advertising and social media. Brands may convey their history, values, and identity through online platforms, and customers can voice their thoughts and experiences with the brand in real time. Brand managers face new possibilities and threats as a result of the democratisation of luxury branding. They need to adjust their tactics to appeal to consumers who are tech aware. Customers' tastes and demographics have also changed as a result of the luxury market's globalisation. Affluent customers have flocked to emerging nations, fuelling demand for luxury products. In order to stay true to their global character, brands must adapt to different cultures and local tastes. Because of this intricacy, studying customer opinions and how they affect brand equity is crucial. In the luxury market, there is a complex interplay between premium price, customer views of the brand, and brand equity. The article will explore how customer views towards luxury companies are influenced by psychological and societal variables. Furthermore, the study will look at how these impressions impact consumer actions and devotion to the brand, which in turn affects the equity of the brand. In order to get a feel for different customer viewpoints, this study will use a mixed-methods strategy, mixing quantitative surveys with qualitative interviews. The research aims to find out how people feel about luxury brands and what makes them valuable by looking at data from different demographic groups. All things considered, studying brand equity and customer impressions in the premium market is no ordinary task. To keep up with the ever-changing industry, organisations need to be nimble and use customer behaviour data to guide their plans. This study intends to offer important ideas for luxury companies who want to improve their market positioning and engage with consumers on a deeper level by studying the relationship between brand equity and premium pricing. To sum up, the luxury market is a complicated and ever-changing area where premium pricing, customer perceptions, and brand equity all come together. Understanding the ever-changing expectations of consumers and the elements that contribute to brand loyalty is crucial for luxury businesses in their quest to stay relevant and appealing. With the goal of shedding light on strategic decision-making in this dynamic industry, this research intends to add to the current corpus of information on luxury branding and consumer behaviour. In order to help companies face the future with confidence, this research delves into the intricacies of brand equity in the luxury market.

Factors That Drive It

Exploring the psychological and sociological aspects that influence purchase decisions is essential to comprehending customer views in the luxury market. A strong need for exclusivity is a key motivator. Because their wares are out of reach for the average consumer, luxury goods are frequently seen as status symbols. Luxury goods are more appealing due to their scarcity since

they provide buyers a chance to stand out and show the world that they are special. Limited manufacturing or restricted distribution channels make luxury items even more rare, which increases their attractiveness and justifies the premium cost. The focus on high-quality materials and expert workmanship is another important aspect. Customers that spend a lot of money on goods have high standards for things like design, construction, and materials. The perceived worth of brands may be increased when they show a dedication to quality and careful attention to detail. Perceptions of quality are frequently reinforced by the history and legacy of a high-end brand. Products with a well-established brand with a reputation for quality tend to command a premium price from consumers. An other important factor in influencing customer opinions is the level of emotional investment. By delivering captivating tales, exemplifying particular lifestyles, or connecting with particular beliefs, luxury brands frequently elicit powerful emotional reactions. Customers may be more devoted to the brand and even prepared to pay a premium if they have an emotional connection to it. If a high-end watch brand represents classic style and unwavering success, for example, people who aspire to those things may be more willing to shell out the extra cash for the goods. Luxury items have a strong symbolic value that impacts customer behaviour. One way that people show off their riches, social position, and identity is through the luxury goods they own. Owning high-end products may lead to more attention and appreciation from others, which brings us to the foundation of symbolic consumption: social dynamics. Luxury brands are often linked to social prestige, which might make customers willing to pay a premium for them. They believe the perceived social advantages are more important than the financial expenses. Customer service and the whole brand experience also play a role in shaping how consumers see a company. When shopping with a luxury brand, you can expect first-rate service from start to finish, ensuring a pleasant experience from start to finish. One way to make people feel valued and appreciated is through personalised services, special events, and messages. Customers are more likely to stay loyal despite the high costs because of this improved customer experience, which further solidifies the brand's premium stance. There is no denying that premium price is a key motivator. People frequently associate high costs with exclusivity and excellence in the luxury sector. By indicating that it is a high-end, investment-worthy product, premium pricing can boost its perceived value. Consumers may be led to assume that more costly items provide better advantages due to this price-value relationship. Consequently, some buyers may think more highly of more expensive luxury items and be willing to pay a premium for them. In the luxury sector, cultural factors can impact how consumers perceive products. Consumption of luxury goods is strongly associated with societal expectations and standards in some societies. Consumers may feel pressured to buy luxury products in communities where flaunting one's riches is seen as a badge of honour, for instance. The cultural values of a consumer group can have an impact on their taste in luxury goods, which in turn affects their perception and appreciation of premium prices.

The luxury market is experiencing new dynamics due to technological improvements and digital media. How customers engage with high-end labels has evolved because to the proliferation of easily accessible information and social media. Brands may expand their audience while preserving their distinct image through digital storytelling and an online presence. In a digital world that values openness and accessibility, though, maintaining the aura of mystery and distinction around the brand becomes more difficult. By fusing classic luxury principles with contemporary interaction tactics, brands that master this terrain may improve customer perceptions. The importance of personal values and ethical issues to luxury buyers is growing. Perceptions and choices to buy can be impacted by factors including sustainability,

CSR, and ethical sourcing. People may be prepared to shell out more cash for high-end items if they feel good about how they help the world and the products they purchase reflect that. In addition to growing their customer base among those who care about social issues, brands that show they support these principles can boost their brand equity. To sum up, the luxury market is characterised by premium price and customer perceptions, both of which are complex and interconnected. Considerations of ethics, cultural influences, technology integration, emotional involvement, symbolic significance, excellent customer experience, and exclusivity are crucial. Luxury brands use premium pricing to represent these aspects and reinforce their intended image. A luxury company's ability to command a premium, build loyal customers, and increase brand equity depends on its mastery of and approach to five key performance indicators.

REVIEW OF LITERATURE

Using the cultural idea of face saving, Siu et al. (2016) investigated how brand equity affects the emotional attitudes of Chinese consumers towards luxury goods and their readiness to pay premium prices. The study indicated that customers' emotional responses and willingness to pay higher costs for luxury items are favourably impacted by strong brand equity, according to a field survey of 248 luxury consumers across three Chinese cities. People who place a premium on appearances are much more likely to shell out more cash for a product, even if they don't really like for the brand. It appears that in the Chinese luxury market, buying habits are heavily influenced by the need for social acceptability and the need to keep one's face pristine, which in turn affects how people perceive the value of a brand. Based on the results, luxury firms need to adjust their marketing to appeal to customers who are looking to gain social status and approval by creating renowned value. Luxury marketers may improve their brand equity and successfully justify premium pricing by knowing these cultural distinctions and how they are perceived by Chinese consumers.

In order to have a better grasp of how real-life owners perceive luxury products, Bachmann et al. (2019) proposed the idea of Owner-Based Luxury Value (OBLV). Research examining 452 luxury brand owners (including those of Cartier, Louis Vuitton, and Prada) found that OBLV is a strong predictor of attitude outcomes including brand loyalty, attachment, community behaviour, and engagement. Additionally, it was discovered that knowledge of fake goods mitigated the impact of luxury value on these sentiments. Findings from this study highlight the significance of ownership experience in developing luxury brand value. The study provides valuable insights for luxury firms looking to boost consumer connections and loyalty by examining how owning a premium product enhances perceived value. Since counterfeit knowledge has the potential to damage brand equity and impact premium pricing plans, it is imperative that it be addressed. The insights offered are helpful for managers of luxury brands who want to build their brands' equity by connecting with customers on a more personal level and stressing how exclusive their products are, which is why they charge more.

Kowalczyk and Mitchell (2022) looked at the causes of people buying luxury brands by looking at how factors like consumer education, peer pressure, and ease of access impact people's opinions of the brands' worth and their buying habits. The study surveyed 475 people in the US and discovered that these characteristics significantly affect people's judgements of personal value, their intentions to behave, and whether or not they are prepared to pay a premium for anything. According to the study's findings, customers' impressions and purchases are greatly affected by their familiarity with luxury goods, which is shaped by their social circles and the ease with which they may acquire such things. These results add to the existing literature by

highlighting the importance of luxury companies controlling the amount of information customers have about them and the impression they give off, all while preserving the exclusivity that is fundamental to their brand value. Luxury businesses may improve customer perceptions, build brand equity, and execute premium pricing strategies well by combining accessibility with the appeal of exclusivity.

Brand usage and attribute prototypicality may impact customer views of luxury brands, according to Romaniuk and Huang (2020). This study also looked at non-luxury companies. The study confirmed these characteristics when it came to luxury brands, using data from American and Chinese high-income consumers in several luxury product categories such as watches, jewellery, and clothing. According to the study's findings, the magnitude of a luxury brand's client base and the prominence of its features are the two most important factors influencing consumer reactions to those attributes. This indicates that, because of higher customer perceptions of premium qualities, well-established luxury brands with recognisable attributes often have better brand equity. Real positioning differences, as opposed to those attributable to market share, may be identified by luxury brands with the use of benchmarking and precise estimation of brand scores on premium traits. With this knowledge in hand, we can better match our tactics with customer views in the luxury sector and work to increase brand equity by highlighting unique qualities that warrant a premium price.

As a means of investigating whether or not millennials make a distinction between high-end and low-end cheap luxury goods, Mundel et al. (2017) undertook an exploratory research on the topic. According to the research, people have identical standards for both types of products, but they describe them differently; inexpensive luxury is perceived as a way to boost one's self-esteem. Crucially, the study established price points, showing the range of prices people are ready to spend for reasonably priced pleasures. Even in the more affordable luxury sector, customers' expectations of quality and the need to improve their public image contribute to the value of brands, as this study shows. With this knowledge in hand, luxury firms may plan to provide items that live up to customers' expectations while still charging premium prices befitting the affordable luxury market. This strategy enables luxury firms to broaden their customer base without watering down the exclusivity and distinction that consumers associate with their products.

Doss and Robinson (2013) compared the opinions of young female customers on luxury brands with those of their counterfeit equivalents, therefore expanding the empirical understanding of consumer perceptions of premium brands. In order to gauge opinions on the five aspects of brand luxury, they polled 215 female college students using the Brand Luxury Index (BLI) scale. Perceptions of the authentic premium brand were far higher than those of the knockoff, according to the research. Furthermore, those who had just bought a high-end purse had a more inflated view of luxury than those who had bought knockoffs. Based on these results, it seems that young customers are more prepared to pay a premium for genuine luxury goods after being exposed to them. The research emphasises the danger of overexposure and market saturation, which may dilute brands and damage their equity in the premium market. Luxury companies may better manage price and exclusivity tactics to justify premium pricing and retain strong consumer impressions by understanding these dynamics.

The intricacy of value perception in the luxury business was explored by Hennigs et al. (2015), who looked at how individual views impact luxury consumption. They looked at the causes and effects of how people perceive the value of luxury in an exploratory research that used Partial Least Squares (PLS) route modelling. Consumers' demand for luxury brands is

influenced by several dimensions of value, according to the research. These dimensions include financial, functional, individual, and societal considerations. In addition, behavioural variables including purchase intention, readiness to suggest, and willingness to pay premium pricing were strongly associated to these individual value evaluations. Brand equity in the luxury market is better understood according to this study, which shows that consumers base their spending on luxury goods not just on product features but also on their own personal and societal ideals. Luxury companies may increase their brand equity and provide a rationale for premium pricing by catering to these many value aspects and meeting the complex demands of their customers.

In order to address the difficulties luxury companies encounter in juggling the expansion of their markets with the danger of becoming oversaturated, Hennigs et al. (2013) zeroed attention on the factors that influence consumers' perceptions of these brands and how they impact their strength. Financial, functional, and social factors all have a role in shaping customers' impressions, which they theoretically and experimentally investigated. Critical aspects of brand equity, including cognitive, emotional, and conative components, are impacted by these characteristics, according to the study. According to the study's findings, premium pricing tactics rely heavily on consumers' subjective evaluations of a brand's quality and value. To increase their brand equity, luxury firms should study what makes people think a certain way about their products. These ties in with the subject at hand because it sheds light on the intricate ways in which customers' opinions impact the value of luxury brands and, by extension, the viability of premium pricing.

The impact of social media marketing on luxury brand equity and customer behaviour was investigated by Godey et al. (2016). The study used a structural equation model to analyse data from 845 social media followers from China, France, India, and Italy who are associated with luxury labels such as Burberry, Dior, Gucci, Hermès, and Louis Vuitton. Brand equity, which includes brand recognition and brand image, is positively impacted by social media marketing campaigns that are marked by engaging content, user engagement, trendiness, personalisation, and word of mouth, according to the results. Furthermore, these endeavours impact customer actions including brand preference, price premium willingness, and loyalty. This research is relevant to the issue because it shows how digital marketing campaigns may improve the luxury market's brand equity by changing the way consumers perceive the brand. With the right social media strategy, luxury businesses can solidify their premium positioning and make a case for charging premium prices. This is because when customers have more positive associations with a brand, they are more likely to see it as valuable and willing to pay more for it.

Using a sample of 8,376 consumers from seven countries and 21 different categories of luxury items, Kapferer and Laurent (2016) investigated what consumers think to be the minimum price threshold for a product to be called a luxury item. While many participants in the survey cited relatively low price points as the point at which they consider a product to be luxurious, the study found that consumers' views on this topic varied widely. There appears to be a great deal of individual variation in the degree to which customers associate high prices with luxury. A person's luxury pricing borders were affected by factors including their level of financial resources and how immersed they were in luxury. From targeting the "happy few" to expanding their customer base, luxury firms may take a variety of approaches to growth, according to the study's authors. This research adds to the existing body of knowledge by showing how premium price perceptions impact luxury brand equity. Luxury businesses may improve their brand equity

and tackle the problems of being exclusive in an expanding market by understanding how different consumer segments perceive their products and pricing strategies.

Consumer perceptions, cultural influences, ownership experiences, and obstacles like counterfeit goods and market saturation are some of the many facets of luxury brand equity that the examined literature sheds light on. Consumers' propensity to pay a premium is influenced by cultural factors and their level of counterfeit knowledge, as shown in studies conducted by Siu et al. (2016) and Doss and Robinson (2013). Bachmann et al. (2019) and Hennigs et al. (2015, 2013) investigate the personal, societal, and practical aspects of how people perceive the value of luxury goods, and how these relate to consumers' intents to buy and loyalty to certain brands. There is a lack of study that combines these distinct aspects to fully comprehend how premium pricing tactics in the luxury industry are influenced and justified by customer views across different regions. This study fills a need in the literature by investigating the relationship between premium pricing and customer perceptions on a worldwide scale. It does so by providing a comprehensive analysis that takes into account cultural subtleties, digital influences, and changing consumer behaviours.

OBJECTIVES OF THE RESEARCH

1. To understand the role of brand equity in shaping consumer decisions in the luxury market.
2. To analyse the perception of the consumers regarding premium pricing of luxuries.

Hypotheses

H₁: *Brand Equity plays an important role in shaping consumer decisions in the luxury market.*

H₂: *Consumers have a positive perception regarding premium pricing of luxuries.*

RESEARCH METHODOLOGY

In this study, a quantitative research method was employed to examine consumer perceptions of brand equity in the luxury market and their willingness to pay premium prices. Data were collected through a structured questionnaire distributed to a sample of 360 consumers who had purchased luxury goods within the past year. The questionnaire consisted of Likert-scale items designed to measure various aspects of brand equity, including brand awareness, perceived quality, and brand loyalty. To analyze the data, descriptive statistics were calculated to summarize the central tendencies and variability of the responses. A one-sample t-test was conducted to determine if the mean scores of the perceptions significantly differed from the neutral midpoint of the scale, indicating a general positive or negative perception among consumers. This approach provided a systematic way to quantify consumer attitudes and offered insights into how brand equity influences premium pricing in the luxury market.

Data Analysis

Table 1 IMPORTANCE OF BRAND EQUITY										
Firmly Disagree		Disagree		Neutral		Agree		Firmly Agree		
Count	Row N %	Count	Row N %	Count	Row N %	Count	Row N %	Count	Row N %	

A luxury brand's reputation significantly influences my purchase decisions.	19	5.3%	23	6.4%	27	7.5%	119	33.1%	172	47.8%
I prefer to buy luxury products from brands with strong brand equity.	50	13.9%	50	13.9%	47	13.1%	128	35.6%	85	23.6%
The perceived value of a luxury brand affects my decision to purchase its products.	23	6.4%	51	14.2%	42	11.7%	138	38.3%	106	29.4%
I consider brand image an important factor when choosing luxury items.	54	15.0%	41	11.4%	10	2.8%	136	37.8%	119	33.1%
A well-established luxury brand is more appealing to me than lesser-known brands.	63	17.5%	18	5.0%	34	9.4%	115	31.9%	130	36.1%

The analysis of Table 1 reveals comprehensive insights into the pivotal role of brand equity in influencing consumer decisions within the luxury market. For the statement "A luxury brand's reputation significantly influences my purchase decisions," an overwhelming majority of 80.9% of respondents either agreed or firmly agreed, underscoring that a strong brand reputation is a critical driver in luxury purchasing behavior. This significant agreement highlights the necessity for luxury brands to cultivate and maintain a robust reputation to effectively sway consumer choices. Conversely, the presence of a smaller percentage of disagreement or neutrality suggests that while reputation is highly influential, there remains a segment of consumers who may prioritize other factors over reputation when selecting luxury products. Moving to the statement "I prefer to buy luxury products from brands with strong brand equity," 59.2% of respondents expressed agreement or firm agreement, indicating a clear preference for brands with established brand equity. This preference reinforces the idea that strong brand equity fosters consumer trust and loyalty, making such brands more attractive in the competitive luxury landscape. However, the 13.9% disagreement indicates that a notable minority of consumers might base their decisions on personal preferences or other attributes rather than solely on brand equity. The statement "The perceived value of a luxury brand affects my decision to purchase its products" garnered an impressive 67.7% agreement, reflecting that perceived value is a substantial determinant in consumer purchasing decisions. This high level of agreement suggests that consumers are highly attuned to the value proposition offered by luxury brands, encompassing quality, exclusivity, and the overall brand experience, which in turn justifies their willingness to pay premium prices. In the case of "I consider brand image an important factor when choosing luxury items," 70.9% of respondents agreed or firmly agreed, highlighting that brand image plays a crucial role in shaping consumer preferences and decisions. A strong brand image conveys prestige and desirability, which are essential elements in the luxury market, thereby enhancing brand equity. The minimal disagreement observed indicates that while brand image is predominantly important, some consumers may prioritize other factors such as personal taste or functionality. Lastly, the statement "A well-established luxury brand is more appealing to me than lesser-known brands" received 68.0% agreement, demonstrating that brand establishment and recognition significantly enhance the appeal of luxury brands. This substantial majority suggests that consumers associate well-established brands with reliability, heritage, and consistent quality, making them more desirable compared to lesser-known brands. The lower percentages of disagreement reflect that although most consumers value brand establishment, a

small portion remains open to exploring lesser-known brands based on innovation, uniqueness, or personal recommendations. Overall, the data from Table 1 collectively affirm that brand equity, encompassing reputation, perceived value, brand image, and brand establishment, plays a fundamental role in shaping consumer decisions and justifying premium pricing in the luxury market. The high levels of agreement across all statements highlight the critical importance of these aspects of brand equity, emphasizing that luxury brands must strategically manage and enhance their brand equity to maintain competitiveness, appeal, and consumer loyalty in an increasingly saturated and discerning market.

Table 2 PERCEPTIONS OF THE CONSUMERS										
	Firmly Disagree		Disagree		Neutral		Agree		Firmly Agree	
	Count	Row N %	Count	Row N %	Count	Row N %	Count	Row N %	Count	Row N %
I believe that premium pricing of luxury goods is justified.	60	16.7%	30	8.3%	25	6.9%	137	38.1%	108	30.0%
Higher prices make luxury products more desirable to me.	34	9.4%	35	9.7%	47	13.1%	116	32.2%	128	35.6%
I perceive luxury items with premium prices as being of higher quality.	9	2.5%	38	10.6%	49	13.6%	146	40.6%	118	32.8%
Paying more for luxury brands enhances my satisfaction with the product.	28	7.8%	33	9.2%	24	6.7%	155	43.1%	120	33.3%
I have a positive view of the expensive pricing of luxury goods.	14	3.9%	38	10.6%	54	15.0%	135	37.5%	119	33.1%

The analysis of Table 2 offers a comprehensive understanding of consumers' perceptions regarding the premium pricing of luxury goods, directly addressing Hypothesis H2, which posits that consumers hold a positive perception of premium pricing in the luxury market. For the statement "I believe that premium pricing of luxury goods is justified," an overwhelming majority of respondents either agreed (38.1%) or firmly agreed (30.0%), totaling 68.1%, indicating that a significant portion of consumers perceive the high prices of luxury goods as warranted, likely due to the perceived value, exclusivity, and superior quality these products embody. This strong endorsement underscores the effectiveness of premium pricing as a strategy to convey luxury and justify higher costs. In contrast, a smaller segment of respondents expressed disagreement or neutrality, suggesting that while the majority support premium pricing, there remains a notable minority who may question its justification, potentially due to personal financial constraints or differing value priorities. Moving to the statement "Higher prices make luxury products more desirable to me," 32.2% of respondents agreed and 35.6% firmly agreed, amounting to 67.8%, which reinforces the notion that elevated prices enhance the desirability of luxury goods among consumers. This perception aligns with traditional luxury marketing strategies that leverage higher prices to signal exclusivity and superior quality, thereby increasing the allure of luxury items. However, the presence of 34 respondents (9.4%) who disagreed and another 35 respondents (9.7%) who firmly disagreed indicates that a portion of consumers do not associate higher prices with increased desirability, possibly due to budgetary limitations or alternative factors influencing their purchasing decisions. The statement "I

perceive luxury items with premium prices as being of higher quality" received substantial support, with 40.6% agreeing and 32.8% firmly agreeing, totaling 73.4%, which suggests that consumers strongly associate higher prices with superior quality. This high level of agreement implies that premium pricing effectively conveys quality, reinforcing the perception that more expensive luxury items offer greater benefits and craftsmanship. Only 47 respondents (13.6%) expressed neutrality or disagreement, highlighting that while the association between price and quality is largely positive, there are still some consumers who do not hold this belief unequivocally. Regarding the statement "Paying more for luxury brands enhances my satisfaction with the product," an impressive 43.1% agreed and 33.3% firmly agreed, amounting to 76.4% overall agreement. This indicates that a significant majority of consumers believe that higher spending on luxury brands leads to greater satisfaction, which could be attributed to enhanced features, better craftsmanship, and the prestige associated with expensive products. The responses show that consumers derive additional satisfaction from investing more in luxury items, validating the premium pricing model not only as a reflection of quality but also as a means to amplify consumer satisfaction and perceived value. The relatively lower percentages of disagreement (7.8% firmly disagree and 9.2% disagree) suggest that while most consumers value the satisfaction derived from premium pricing, a small fraction may not find increased spending directly correlates with enhanced satisfaction. Lastly, the statement "I have a positive view of the expensive pricing of luxury goods" garnered 37.5% agreement and 33.1% firm agreement, totaling 70.6% in support. This strong positive response reflects a favorable attitude towards the high pricing of luxury goods, indicating that consumers view expensive pricing as a legitimate aspect of luxury brands that contributes to their overall appeal and prestige. The presence of 14 respondents (3.9%) firmly disagreeing and 38 respondents (10.6%) disagreeing reveals that while the majority uphold a positive view of premium pricing, there are still some consumers who may perceive expensive pricing as excessive or unjustified, possibly influenced by personal financial considerations or differing value assessments. Overall, the data from Table 2 robustly support Hypothesis H2, demonstrating that consumers largely maintain positive perceptions of premium pricing in the luxury market. The high levels of agreement across all five statements indicate that premium pricing is not only seen as justified but also enhances desirability, perceived quality, satisfaction, and overall positive views of luxury goods. These findings affirm the effectiveness of premium pricing as a strategic tool for luxury brands to reinforce brand equity and appeal to discerning consumers who associate higher prices with superior value and exclusivity. However, the presence of a minority of dissenting opinions also suggests that luxury brands must continue to balance their pricing strategies to cater to a diverse consumer base, ensuring that premium pricing remains a viable and respected component of their market positioning.

H₁: *Brand Equity plays an important role in shaping consumer decisions in the luxury market.*

Table 3 ONE-SAMPLE TEST						
	TV=3					
	t	df	Sig.	Diff.	95% CI	
					L	U
A luxury brand's reputation significantly influences my purchase decisions.	18.777	359	.000	1.11667	.9997	1.2336
I prefer to buy luxury products from brands with strong brand equity.	5.765	359	.000	.41111	.2709	.5513

The perceived value of a luxury brand affects my decision to purchase its products.	11.003	359	.000	.70278	.5772	.8284
I consider brand image an important factor when choosing luxury items.	8.325	359	.000	.62500	.4774	.7726
A well-established luxury brand is more appealing to me than lesser-known brands.	8.385	359	.000	.64167	.4912	.7922

The results presented in Table 3 offer compelling evidence supporting Hypothesis H1, which posits that brand equity plays a significant role in shaping consumer decisions within the luxury market. Each of the five statements tested through the one-sample t-test demonstrated a statistically significant difference from the neutral midpoint (TV=3) of the Likert scale, as indicated by p-values of .000 for all statements, thereby firmly rejecting the null hypothesis of no effect. Specifically, the statement "A luxury brand's reputation significantly influences my purchase decisions" yielded a t-value of 18.777 with a mean difference of 1.11667, and a 95% confidence interval ranging from .9997 to 1.2336, which clearly shows that consumers overwhelmingly agree that a brand's reputation is a critical determinant in their purchasing behavior. Similarly, "I prefer to buy luxury products from brands with strong brand equity" reported a t-value of 5.765 and a mean difference of .41111, with the confidence interval between .2709 and .5513, indicating strong agreement that robust brand equity enhances consumer preference for luxury brands. The statement "The perceived value of a luxury brand affects my decision to purchase its products" showed a t-value of 11.003 and a mean difference of .70278, with a confidence interval from .5772 to .8284, further reinforcing that perceived value is a significant factor influencing purchasing decisions. Additionally, "I consider brand image an important factor when choosing luxury items" achieved a t-value of 8.325 and a mean difference of .62500, with the confidence interval spanning .4774 to .7726, underscoring the importance of brand image in consumer choice within the luxury sector. Lastly, the statement "A well-established luxury brand is more appealing to me than lesser-known brands" recorded a t-value of 8.385 and a mean difference of .64167, with a confidence interval from .4912 to .7922, highlighting that consumers tend to favor established luxury brands over lesser-known ones, thereby enhancing brand equity. Collectively, these findings demonstrate that all facets of brand equity—reputation, perceived value, brand image, and brand establishment—are significantly and positively associated with consumer decisions in the luxury market. The substantial mean differences and high t-values across all statements indicate that consumers do not view these brand equity components as neutral but rather as pivotal elements that drive their luxury purchasing behavior. This robust statistical evidence not only validates the importance of brand equity in influencing consumer decisions but also underscores the necessity for luxury brands to strategically manage and enhance their brand equity to sustain and grow their market presence. By maintaining a strong reputation, enhancing perceived value, cultivating a compelling brand image, and establishing themselves as well-known entities, luxury brands can effectively influence consumer preferences and justify their premium pricing strategies, thereby reinforcing their position in an increasingly competitive and discerning market.

H₂: *Consumers have a positive perception regarding premium pricing of luxuries.*

Table 4
TWO-SAMPLE TEST

	TV=3					
	t	df	Sig.	Diff	95% CI	
I believe that premium pricing of luxury goods is justified.	7.531	359	.000	.56389	.4166	.7111
Higher prices make luxury products more desirable to me.	10.985	359	.000	.74722	.6135	.8810
I perceive luxury items with premium prices as being of higher quality.	16.343	359	.000	.90556	.7966	1.0145
Paying more for luxury brands enhances my satisfaction with the product.	13.402	359	.000	.85000	.7253	.9747
I have a positive view of the expensive pricing of luxury goods.	14.562	359	.000	.85278	.7376	.9679

The analysis of Table 4 provides robust support for Hypothesis H2, which asserts that consumers have a positive perception regarding the premium pricing of luxury goods. Each of the five statements tested through the one-sample t-test yielded statistically significant results, with p-values of .000, indicating that the mean differences from the neutral midpoint (TV=3) are not due to chance. Specifically, the statement "I believe that premium pricing of luxury goods is justified" exhibited a t-value of 7.531 and a mean difference of .56389, with a 95% confidence interval ranging from .4166 to .7111. This substantial difference underscores that a significant majority of consumers agree that the high prices of luxury goods are warranted, likely due to the perceived value, exclusivity, and superior quality these products offer. Similarly, the statement "Higher prices make luxury products more desirable to me" demonstrated an even higher t-value of 10.985 and a mean difference of .74722, with the confidence interval spanning .6135 to .8810, reinforcing the notion that elevated prices enhance the desirability of luxury items among consumers. This aligns with traditional luxury marketing strategies that leverage premium pricing to signal exclusivity and superior craftsmanship, thereby increasing the allure of luxury products. The statement "I perceive luxury items with premium prices as being of higher quality" showed an exceptionally high t-value of 16.343 and a mean difference of .90556, with the confidence interval from .7966 to 1.0145, indicating a strong association between high pricing and perceived quality. This suggests that consumers overwhelmingly believe that more expensive luxury items inherently possess greater quality, which justifies their willingness to pay premium prices. Additionally, the statement "Paying more for luxury brands enhances my satisfaction with the product" reported a t-value of 13.402 and a mean difference of .85000, with a confidence interval ranging from .7253 to .9747. This high level of significance highlights that consumers derive greater satisfaction from investing more in luxury brands, likely due to enhanced features, better craftsmanship, and the prestige associated with expensive products. Lastly, the statement "I have a positive view of the expensive pricing of luxury goods" yielded a t-value of 14.562 and a mean difference of .85278, with a confidence interval from .7376 to .9679, further affirming that consumers hold a favorable attitude towards the high pricing of luxury goods. This positive perception is crucial for luxury brands as it validates their premium pricing strategies, enabling them to maintain brand equity and justify higher costs. Collectively, the significant t-values and positive mean differences across all statements in Table 4 strongly support Hypothesis H2, demonstrating that consumers not only accept but also positively perceive premium pricing as a legitimate and desirable aspect of luxury goods. These findings indicate that premium pricing effectively communicates the value, quality, and exclusivity of luxury brands, thereby enhancing consumer satisfaction and reinforcing the overall brand equity. Consequently, luxury brands can confidently employ premium pricing strategies, knowing that these prices are perceived positively by consumers and contribute to their desire and satisfaction.

with luxury products. This comprehensive positive perception of premium pricing plays a critical role in sustaining the attractiveness and competitiveness of luxury brands in an increasingly discerning and saturated market.

FINDINGS

The analysis of Table 3 provides robust support for Hypothesis H1, which posits that brand equity plays a significant role in shaping consumer decisions within the luxury market. Each of the five statements tested through the one-sample t-test demonstrated a statistically significant difference from the neutral midpoint ($TV=3$) of the Likert scale, with p-values of .000 for all statements, thereby firmly rejecting the null hypothesis of no effect. Specifically, the statement "A luxury brand's reputation significantly influences my purchase decisions" yielded a t-value of 18.777 with a mean difference of 1.11667, and a 95% confidence interval ranging from .9997 to 1.2336. This substantial difference underscores that an overwhelming majority of consumers agree that a brand's reputation is a critical determinant in their purchasing behavior, highlighting the paramount importance of maintaining a strong and positive reputation for luxury brands to effectively influence consumer choices. Similarly, the statement "I prefer to buy luxury products from brands with strong brand equity" reported a t-value of 5.765 and a mean difference of .41111, with the confidence interval between .2709 and .5513, indicating strong agreement that robust brand equity enhances consumer preference for luxury brands. This preference reinforces the notion that strong brand equity fosters consumer trust and loyalty, thereby making these brands more attractive in the competitive luxury market. The statement "The perceived value of a luxury brand affects my decision to purchase its products" showed a t-value of 11.003 and a mean difference of .70278, with a confidence interval from .5772 to .8284, further reinforcing that perceived value is a significant factor influencing purchasing decisions. This strong positive response indicates that consumers are highly attuned to the value proposition offered by luxury brands, where perceived value encompasses quality, exclusivity, and the overall brand experience. Additionally, "I consider brand image an important factor when choosing luxury items" achieved a t-value of 8.325 and a mean difference of .62500, with the confidence interval spanning .4774 to .7726, underscoring the critical role of brand image in consumer decision-making processes within the luxury sector. A well-established brand image conveys prestige and desirability, essential elements that enhance brand equity. Lastly, the statement "A well-established luxury brand is more appealing to me than lesser-known brands" recorded a t-value of 8.385 and a mean difference of .64167, with a confidence interval from .4912 to .7922, highlighting that consumers tend to favor established luxury brands over lesser-known ones, thereby enhancing brand equity. Collectively, these findings demonstrate that all facets of brand equity—reputation, perceived value, brand image, and brand establishment—are significantly and positively associated with consumer decisions in the luxury market. The substantial mean differences and high t-values across all statements indicate that consumers do not view these brand equity components as neutral but rather as pivotal elements that drive their luxury purchasing behavior. This robust statistical evidence not only validates the importance of brand equity in influencing consumer decisions but also underscores the necessity for luxury brands to strategically manage and enhance their brand equity to sustain and grow their market presence. By maintaining a strong reputation, enhancing perceived value, cultivating a compelling brand image, and establishing themselves as well-known entities, luxury brands can effectively influence consumer preferences and justify their premium pricing strategies, thereby reinforcing their position in an increasingly competitive and discerning market.

The analysis of Table 4 further substantiates Hypothesis H2, which asserts that consumers have a positive perception regarding the premium pricing of luxury goods. Each of the five statements examined through the one-sample t-test revealed statistically significant differences from the neutral midpoint ($TV=3$), with p-values of .000 across all statements, thus conclusively rejecting the null hypothesis of no effect. For the statement "I believe that premium pricing of luxury goods is justified," the study reported a t-value of 7.531 and a mean difference of .56389, with a 95% confidence interval ranging from .4166 to .7111, indicating that a significant majority of consumers perceive the high prices of luxury goods as warranted. This strong endorsement underscores the effectiveness of premium pricing as a strategy to convey luxury and justify higher costs. Similarly, the statement "Higher prices make luxury products more desirable to me" demonstrated an even higher t-value of 10.985 and a mean difference of .74722, with the confidence interval spanning .6135 to .8810, reinforcing the notion that elevated prices enhance the desirability of luxury items among consumers. This perception aligns with traditional luxury marketing strategies that leverage higher prices to signal exclusivity and superior craftsmanship, thereby increasing the allure of luxury products. The statement "I perceive luxury items with premium prices as being of higher quality" showed an exceptionally high t-value of 16.343 and a mean difference of .90556, with a confidence interval from .7966 to 1.0145, indicating a strong association between high pricing and perceived quality. This suggests that consumers overwhelmingly believe that more expensive luxury items inherently possess greater quality, which justifies their willingness to pay premium prices. Furthermore, the statement "Paying more for luxury brands enhances my satisfaction with the product" reported a t-value of 13.402 and a mean difference of .85000, with a confidence interval ranging from .7253 to .9747, highlighting that a significant majority of consumers derive greater satisfaction from investing more in luxury brands, likely due to enhanced features, better craftsmanship, and the prestige associated with expensive products. Lastly, the statement "I have a positive view of the expensive pricing of luxury goods" yielded a t-value of 14.562 and a mean difference of .85278, with a confidence interval from .7376 to .9679, further affirming that consumers hold a favorable attitude towards the high pricing of luxury goods. This positive perception is crucial for luxury brands as it validates their premium pricing strategies, enabling them to maintain brand equity and justify higher costs. Collectively, the significant t-values and positive mean differences across all statements in Table 4 strongly support Hypothesis H2, demonstrating that consumers not only accept but also positively perceive premium pricing as a legitimate and desirable aspect of luxury goods. These findings indicate that premium pricing effectively communicates the value, quality, and exclusivity of luxury brands, thereby enhancing consumer satisfaction and reinforcing the overall brand equity. However, the presence of a minority of dissenting opinions also suggests that luxury brands must continue to balance their pricing strategies to cater to a diverse consumer base, ensuring that premium pricing remains a viable and respected component of their market positioning. Overall, the data from Table 4 robustly support the assertion that consumers maintain positive perceptions of premium pricing in the luxury market, highlighting the critical role of premium pricing in sustaining the attractiveness and competitiveness of luxury brands in an increasingly discerning and saturated marketplace.

CONCLUSION

This study has thoroughly examined the intricate relationship between brand equity and premium pricing within the luxury market, highlighting how consumer perceptions significantly influence purchasing decisions and the willingness to pay premium prices. The findings robustly

support both hypotheses: brand equity plays a crucial role in shaping consumer decisions in the luxury market, and consumers generally hold positive perceptions regarding the premium pricing of luxury goods. The data from the one-sample t-tests demonstrated that elements of brand equity—such as a brand's reputation, perceived value, brand image, and brand establishment—are overwhelmingly influential in consumer decision-making processes. Consumers not only recognize the superior quality and exclusivity associated with well-established luxury brands but also associate higher prices with enhanced desirability and satisfaction. These conclusions affirm that brand equity is a fundamental pillar for luxury brands, enabling them to justify their premium pricing strategies and maintain a competitive edge in a saturated market. Moreover, the positive correlation between premium pricing and consumer satisfaction underscores the effectiveness of high pricing as a strategy to reinforce brand prestige and consumer loyalty. This comprehensive understanding of how brand equity and premium pricing interact to shape consumer behavior provides valuable insights into the dynamics of the luxury market.

The implications of this study are multifaceted, offering significant insights for both luxury brand managers and academic researchers. For luxury brand managers, the findings emphasize the importance of cultivating and maintaining strong brand equity to influence consumer perceptions and justify premium pricing. Strategies should focus on enhancing brand reputation through consistent quality, heritage storytelling, and exceptional customer experiences. Additionally, leveraging digital marketing and social media efforts, as highlighted in the literature, can further strengthen brand equity by increasing brand awareness and fostering emotional connections with consumers. The positive perceptions of premium pricing suggest that luxury brands can confidently implement high pricing strategies, knowing that consumers associate higher prices with greater quality and exclusivity. However, managers must also be mindful of market saturation and the potential dilution of brand equity through overexposure. Balancing exclusivity with accessibility, perhaps by introducing sub-brands or limited editions, can help maintain the allure of luxury brands while expanding their market reach. From an academic perspective, this study contributes to the existing body of knowledge by integrating various dimensions of brand equity and their impact on consumer behavior within a culturally diverse context. It underscores the need for further research into how different cultural and demographic factors influence the perception of brand equity and premium pricing, thereby enriching the theoretical frameworks surrounding luxury brand management.

Despite the comprehensive nature of this study, several avenues for future research remain unexplored, presenting opportunities to deepen the understanding of brand equity and premium pricing in the luxury market. Future studies could adopt a longitudinal approach to examine how brand equity and consumer perceptions evolve over time, particularly in response to changing market dynamics and consumer trends. Additionally, expanding the demographic and geographic scope beyond young Chinese and American consumers to include a more diverse population could enhance the generalizability of the findings and uncover cultural nuances in luxury consumption. Investigating the role of emerging technologies, such as artificial intelligence and virtual reality, in shaping brand equity and consumer experiences within the luxury market could also provide valuable insights. Furthermore, exploring the interplay between sustainability and brand equity in the context of luxury brands would address the growing consumer demand for ethical and sustainable luxury products. Research could also delve into the impact of counterfeit goods on brand equity and premium pricing, examining strategies that luxury brands can employ to combat counterfeiting and protect their brand integrity. Lastly, qualitative studies that incorporate in-depth interviews and focus groups could complement the

quantitative findings, offering richer, more nuanced perspectives on consumer motivations and perceptions. By addressing these areas, future research can build on the foundations established by this study, contributing to a more comprehensive and dynamic understanding of the factors that drive brand equity and justify premium pricing in the luxury market.

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