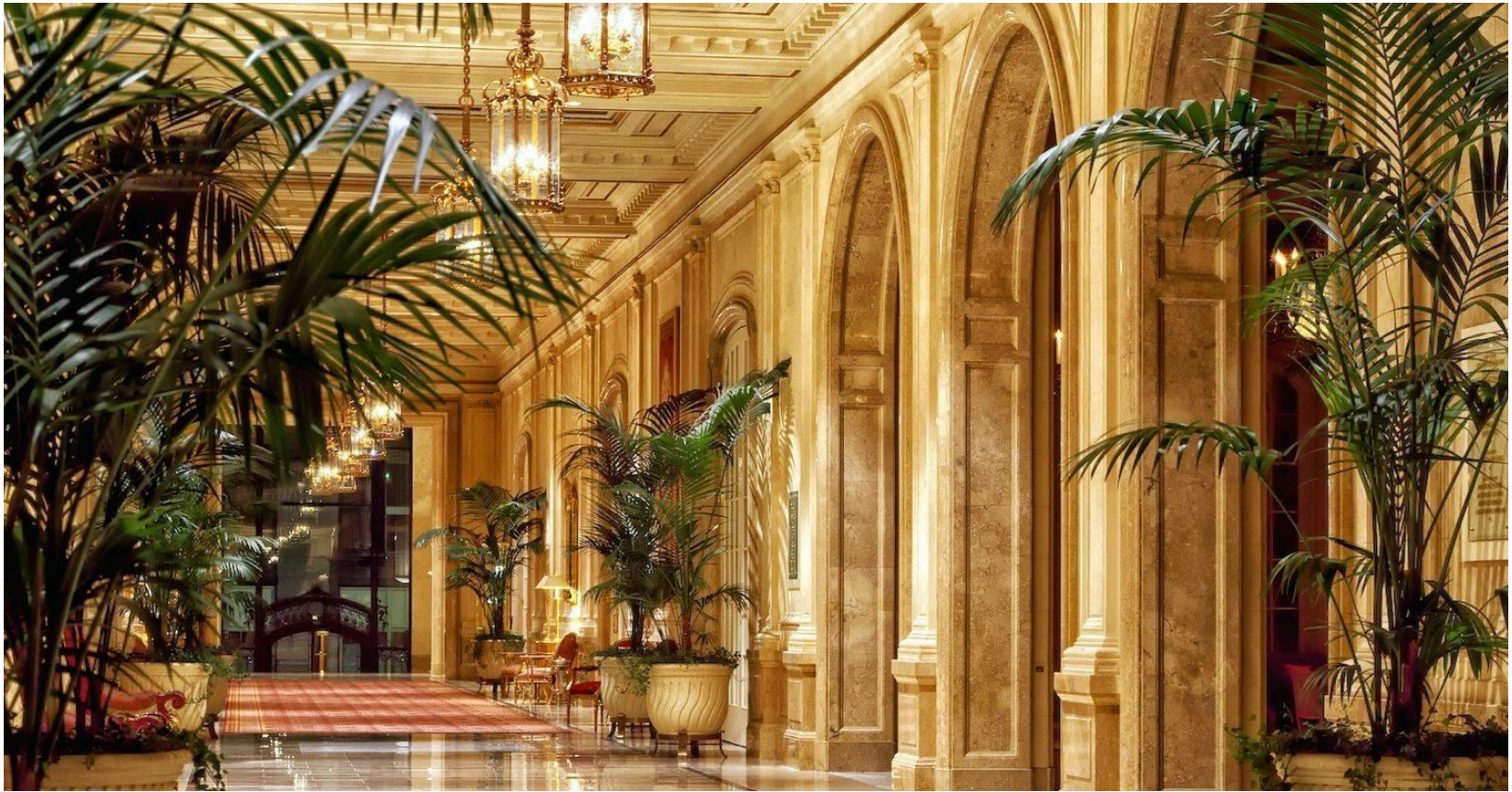




Luxury Update 2025:

A Changing Tide: Consumer Sentiment Towards Luxury Goods





An Ostentatious Demonstration of Wealth

“ Many [interviewees] advocate for a more discerning approach to consumption, prioritising quality, craftsmanship, and personal values over brand names and perceived status. This suggests a potential evolution in the definition of luxury, with a greater emphasis on experiences, sustainability, and personal fulfilment . ”

Carlos Mosca, CEO and Head of Reputation Management NorthStar

Executive Summary

Between May and November 2024, NorthStar Consulting conducted a comprehensive study to explore the evolving landscape of luxury consumption. We engaged 700 consumers, industry stakeholders, and experts using mixed methods, including content analysis and Natural Language Processing (NLP), to identify sentiment clusters. These findings were cross-validated through rigorous coding comparison to ensure accuracy.

The study revealed **mixed consumer sentiment** toward luxury goods. While some respondents still associate luxury with superior quality and craftsmanship, a significant number expressed scepticism. Common concerns included inflated prices, declining quality, and the overemphasis on status symbols. Many participants advocated for a shift in priorities, emphasizing quality, craftsmanship, and personal values over brand prestige.

This emerging trend points to a broader redefinition of luxury. Consumers are placing greater importance on experiences, sustainability, and personal fulfilment, moving away from traditional notions of conspicuous consumption.

Our research provides nuanced insights into these shifting perceptions, offering valuable data to guide strategic decision-making for luxury brands. By understanding these evolving preferences, businesses can better align with the changing priorities of the modern luxury consumer.

A Mixed View of Luxury: Diverging Levels of Sentiment

Price Inflation vs Quality Decline

While some users still find value in luxury goods for their quality, craftsmanship, and design there is a growing awareness and criticism of the inflated prices, declining quality, and focus on status symbols in the modern luxury market. Many users advocate for a more discerning approach to consumption, prioritising quality, craftsmanship, and personal values over brand names and perceived status.

An analysis of luxury and high-end goods consumers, identified price inflation, declining quality, and conspicuous consumption as major trends. A great majority of those surveyed observe a disconnect between the rising prices of luxury goods and their actual quality, particularly in established brands. Some argue that some very specific and widely known brands are increasing prices despite a perceived decline in the quality of their products, suggesting a focus on profit maximisation and brand image over craftsmanship.

Consumers frequently criticise the disconnect between rising prices and quality. One individual cited a threefold price increase for men's bespoke shoes, questioning, "Is this price justified by a similar increase in quality?"

Many of those interviewed acknowledge that **it's often possible to find similar quality and craftsmanship from lesser-known brands or artisans** at a fraction of the price. These individuals advocate for careful research and consideration of alternative options before investing in luxury goods.

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Does this price reflect a similar increase in quality?

Consumer, Interview number: NS090

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Status Symbols & Marketing-Driven Value

Consumer sources frequently highlight that many buyers of luxury goods are motivated by the desire to project wealth and social status rather than a genuine appreciation for quality or craftsmanship. This focus on status symbols and conspicuous consumption is seen as a key driver of inflated prices in the luxury market.

Luxury goods are increasingly viewed as status symbols rather than products of genuine value. As one consumer noted, "Luxury brands target the upper middle class who want to project wealth." Others observed that many buyers "go into debt just to show off their wealth with branded clothing".

Alongside these ideas, there is also a widespread belief that the luxury market relies heavily on marketing to create a perceived value that may not be reflected in the actual product. This perceived value is often associated with brand prestige, exclusivity, and image, leading some to argue that **marketing and advertising persuade people into believing that luxury goods are by definition superior.**

The role of marketing in inflating perceived value has drawn scepticism. One user observed, "People are kind of tricked by luxury brands' marketing into believing these goods are superior, and social media and credit cards exacerbate this dynamic, enabling consumers to maintain appearances of wealth without financial sustainability".

Generational perceptions

While not explicit, there was enough sentiment indicating that a shift in consumer values is taking place. In particular, younger generations, such as **Millennials and Gen Z, are less impressed by traditional status symbols and more interested in ethical sourcing, sustainability, and unique experiences.**

Adding to this is the idea luxury is too homogenised and lacks inspiration and innovation. Repeated designs and an overreliance on logos have fuelled consumer disillusionment. One user lamented, "Luxury fashion has become about logos, not

quality or uniqueness. Prices keep climbing, but designs often feel repetitive or uninspired."

Within the luxury market, there is a **growing preference for "quiet luxury" emphasising understated elegance, high-quality materials, and timeless design** over conspicuous consumption. As one user described, **quiet luxury represents "high-quality clothing without the loudness of branding."**

Younger generations, particularly Gen Z, prioritise sustainability, ethical sourcing, and individuality.

These consumers seek brands that align with their values, favouring meaningful experiences and authenticity over traditional luxury markers.

Additionally, a significant portion of consumers now explore lesser-known brands or skilled artisans for comparable quality at lower prices. "The real luxury brands are the ones you've never heard of," noted one user, highlighting the value of independent creators.

The Point of Diminishing Returns?

The concept of diminishing returns resonates strongly among luxury consumers. As prices rise, the incremental benefits of luxury goods diminish, particularly regarding quality, design, and brand prestige.

One consumer illustrated this concept: "If you spend \$20 on shoes, you get shoes. At \$100, you get better shoes. At \$500, you're paying for a brand name." This reflects the perception that **beyond a certain price, the additional value of luxury goods is minimal.**

This principle extends to design and aesthetics. While unique designs may justify a premium, consumers find it harder to accept exorbitant costs for products that prioritise branding over originality. Similarly, brand prestige becomes less compelling when quality or exclusivity is compromised.

Traditional Justifications for Luxury Pricing

Historically, luxury brands have relied on several pillars to justify their premium prices. These include superior materials, exceptional craftsmanship, unique designs, brand prestige, and unparalleled customer experiences.

Luxury brands emphasise high-quality materials to ensure durability and longevity. One consumer noted, "The 'luxury part' of a suit is in the fabrics used and that tailor's brand," underscoring the central role of materials in the luxury value proposition.

Design is another key differentiator. Luxury products often showcase unique aesthetics, with some consumers acknowledging, "Some handbag designs can't be topped." Brand prestige and exclusivity also play a significant role, as one user remarked, "People want logos and prints to signal to others they can afford Hermès," highlighting the importance of social signalling.

Viral Content & Challenging Trends

Social media and online forums have become powerful platforms for consumers to share their experiences regarding luxury buying and spending. By leveraging the flexibility of forums, groups, and boards, users can engage with others about their experiences, perceptions, and overall sentiment regarding the luxury market.

Among the platforms most used to discuss luxury are Reddit, X (formerly Twitter), and TikTok. On these platforms, discussions, hashtags, and even challenges have a better chance of forming robust discussions with hundreds of replies and users interacting with content. Often, a simple discussion becomes a lively debate that supports or challenges traditional views of luxury spending.

These discussions frequently take place in the comments section, following hashtags and user reviews, making it unpredictable where they will occur and how much engagement they will generate. In other instances, discussions are targeted and intentionally seek responses from those who engage with a post or repost.

The shifting sentiment and discussions on social media platforms like TikTok, X, and Reddit play a crucial role in shaping new ideas and influencing trends in the luxury

market. These platforms provide a space for consumers to voice their opinions, share experiences, and challenge traditional notions of luxury spending.

Viral content, hashtags, and user-generated reviews often spark lively debates that question the value, quality, and ethics of high-end goods. This flow of information allows for a more transparent and informed consumer base, driving trends such as sustainable luxury, quiet luxury, and ethical fashion. As younger generations prioritize sustainability, ethical sourcing, and unique experiences, their active engagement on social media helps redefine what luxury means today.

Conclusion

The luxury market is at a pivotal moment, facing eroding trust in traditional justifications, growing consumer scepticism, and shifting cultural values. To remain relevant and competitive, luxury brands must take decisive actions. Embracing quiet luxury by shifting focus from conspicuous consumption to understated elegance is essential. Investing in high-quality materials and timeless designs that emphasize craftsmanship over branding will resonate with consumers who value sophistication and subtlety. Prioritizing sustainability and ethical practices is crucial to align with the values of younger generations. By adopting sustainable and ethical production methods and highlighting these practices in marketing campaigns, brands can attract socially conscious consumers and build trust through transparency in sourcing and manufacturing processes.

Reinvesting in exceptional materials and traditional techniques to restore consumer trust is vital. Implementing rigorous quality control measures ensures that every product meets high standards of craftsmanship and durability. To avoid homogenization, luxury brands should introduce unique and innovative designs, collaborating with independent artisans and lesser-known brands to offer exclusive, limited-edition products that stand out in the market. Leveraging data analytics to understand consumer preferences and tailoring products and marketing strategies accordingly will help brands stay attuned to evolving consumer sentiments. Enhancing digital platforms to provide seamless online shopping experiences and offering personalized services, such as virtual consultations and customized products, will cater to individual consumer needs.

Providing unparalleled customer service, both online and offline, is essential. Investing in comprehensive after-sales care and loyalty programs will reinforce customer relationships and encourage repeat purchases. Launching educational campaigns to inform consumers about the value of quality and craftsmanship and highlighting the long-term benefits of investing in luxury goods over cheaper alternatives will further strengthen consumer trust. By adopting these strategies, luxury brands can build deeper connections with consumers, maintain their prestige, and secure their place in an increasingly discerning market. Addressing these demands will ensure that luxury brands not only survive but thrive in the evolving landscape.

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Luxury brands target the upper middle class who want to project wealth.

Not worth it for the rest of us now.

-Consumer, Interview number: NS698

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