

Marketing Strategies of Luxury Brands under the Experience Economy

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Abstract. The Experience Economy has reshaped how luxury brands conceptualize and communicate value, shifting the emphasis from physical product superiority to personalized, immersive experiential interactions. This literature review explores marketing strategies adopted by luxury brands to align with contemporary consumer demands for emotional resonance, aesthetic appreciation, cultural symbolism, and social belonging. Based on Pine and Gilmore's 4E Framework (experience, education, entertainment, aesthetics), this paper systematically evaluates the impact of experiential strategies on consumer loyalty and brand equity through the integration of Schmidt's experiential marketing theory (sensory, affective, cognitive, behavioural, relational) and symbolic consumption theory. Furthermore, digital transformation and the sharing economy have rendered experiential consumption more accessible, thereby redefining exclusivity through participation rather than possession. The paper demonstrates that the application of experiential strategies fulfills customers' emotional, psychological, and social demands, strengthening the bond between consumers and brands and fostering sustainable competitive differentiation.

Keywords: Luxury, Experience Economy, Symbolic Consumption, Brand Strategy

1. Introduction

The global luxury market has undergone a significant transformation that transcends consumers' traditional perceptions of exclusivity and craftsmanship. Historically, luxury brands were delineated by superior material quality, rarity, and artisanal heritage, but now they compete in a marketplace where psychological and experiential value is equally important, if not more important, than functional value. Driven by cultural globalization, digital proliferation, growing affluence among younger consumers, and shifting lifestyle aspirations, luxury consumption is increasingly framed as an experiential journey characterized by emotional, symbolic, and participatory elements. Recent research reveals that Gen Z's luxury consumption behaviour uniquely integrates traditional status-driven motives with modern values such as sustainability, authenticity, and social impact, distinguishing this cohort from other generations [1]. Although earlier research has established a solid theoretical basis for understanding experiential consumption in luxury contexts, many studies examined experiential marketing through separate perspectives, such as sensory stimulation, symbolic meaning, digital engagement, and cultural value, without adequately integrating these viewpoints into a coherent strategic framework. While much of the literature has noticed the

importance of experiential marketing in luxury branding, how luxury brands systematically develop various experiential strategies under physical, digital, and social contexts is still underexplored. This literature review investigates how luxury brands formulate and execute experiential marketing strategies in the context of the experience economy. By analyzing academic literature across luxury branding, consumer psychology, and digital marketing, this review seeks to delineate strategic typologies, theoretical frameworks, and managerial implications that guide the success of luxury brands in an experiential paradigm. The core research question of this paper is: How can luxury brands foster emotional resonance with consumers, enhance brand loyalty, and secure long-term competitive differentiation through experiential marketing strategies amid the backdrop of digitalisation and the sharing economy? Ultimately, this review offers implications for how luxury brands can sustainably embed experience-driven strategies to consolidate long-term brand equity.

2. Background

The experience economy is characterized by the orchestration of memorable and emotionally resonant interactions through which consumers derive personal meaning and satisfaction. Pine and Gilmore's conceptualization elucidates that experiences constitute a distinct economic offering transcending goods and services, thereby requiring brands to deliver emotional and symbolic value [2]. In the context of luxury, the paradigm shift in consumers' preferences has reshaped the luxury landscape, given that luxury goods have traditionally been positioned around tangible prestige, rarity, and material status signaling. However, contemporary luxury consumers increasingly pursue different forms of value such as identity expression, cultural belonging, emotional fulfillment, and personal transformation.

Consumers' experiences encompass multiple stages of interaction, including pre-purchase anticipation, immersive purchase moments, and post-purchase community engagement [3]. Luxury consumers are primarily driven by psychological gratification, encompassing hedonic pleasure, self-enhancement, escapism, and social bonding [4]. Meanwhile, luxury is further conceptualized as a dynamic cultural construct shaped by historical narratives, aesthetic practices, and evolving socio-economic aspirations [5,6]. Therefore, luxury brands must enhance value co-creation through storytelling, co-creation platforms, cultural partnerships, and aesthetic design, in alignment with the prevailing experiential economy paradigm. Consequently, luxury brands are compelled to reconfigure their value creation logic through strategies such as narrative communication, co-creation platforms, cultural collaborations and aesthetic design to address the challenges posed by the experience economy to traditional luxury marketing models.

3. Literature review on luxury brand marketing

3.1. Theoretical framework

New conceptual frameworks call for luxury research beyond traditional product-focused approaches, emphasizing experience-based consumption [7]. Three major theoretical frameworks underpin the theoretical foundation of experiential luxury marketing: Pine and Gilmore's Four Realms of an Experience model (4E experience model), Schmitt's experiential marketing theory, and symbolic consumption theory. Pine and Gilmore delineate experiential engagement into four core domains—Entertainment, Education, Esthetics, and Escapism (4E)—which serve as the cornerstone of experiential value creation [2]. In luxury contexts, entertainment may manifest as immersive brand storytelling, educational experiences can be achieved by attending craftsmanship workshops,

esthetic elements can be shown by architectural store design and brand visual identity systems, and escapism is realized through exclusive transformative experiences such as invitation-only fashion shows and luxury immersive travel programs.

Schmitt extends and enriches the 4E experience model by proposing five experiential modules: Sense, Feel, Think, Act, and Relate [8]. These dimensions empower luxury marketers to deliver multi-dimensional experiential value that activates consumers' multi-sensory perception, evokes emotional resonance, fosters cognitive engagement, inspires aspirational behavioral transformation, and integrates consumers into symbolic brand communities. The integration of these experiential components underpins the cultivation of long-term brand differentiation, as it endows luxury products with emotional and symbolic meanings transcending mere product ownership.

Symbolic consumption theory provides a theoretical lens to elucidate why consumers pursue luxury beyond material attributes. Luxury brand symbols cater to consumers' psychological aspirations for identity construction, cultural expression, and social belonging [4]. The meaning behind luxury consumption is socially constructed within cultural environments, making experiential engagement indispensable for sustaining symbolic prestige [6]. Contemporary luxury research states that luxury consumption is sustained not only through material exclusivity but also through lived experiences that co-construct cultural meanings and symbolic value within specific social contexts [9]. Consequently, experiential marketing functions as both a value co-creation mechanism and a symbolic communication platform construction mechanism for luxury brands.

3.2. Luxury brand evolution: from product dominance to experience-driven marketing

Luxury brands historically utilized high craftsmanship, rarity, and heritage storytelling to underscore the exclusivity and premium pricing of their products. The global expansion of retail and the proliferation of digital commerce have markedly mitigated information asymmetry, thereby shifting consumer perceptions of luxury goods from "scarcity" towards "experiential value". This transformation has compelled luxury brands to redefine the essence of luxury through differentiation strategies anchored in emotional resonance, cultural significance, and experiential depth. In response, luxury firms began manifesting emotional, cultural, and experiential values of their products and services. Luxury ought to be redefined through cultural symbolism, experiential depth, and emotional resonance rather than material scarcity alone [5]. Furthermore, emotional and social value perceptions exert a more significant influence on consumers' purchase intentions and brand loyalty than functional attributes [10]. This paradigmatic shift has incentivized luxury firms to deploy experiential touchpoints that embody cultural refinement and a personalized brand identity.

3.3. The emergence of experiential marketing in luxury brands

Luxury brands began developing their experiential marketing when they realized that traditional advertising channels were inadequate in spreading complex symbolic and emotional meanings associated with luxury and amplifying their brand influence. Luxury firms have integrated experiential concepts into initiatives such as flagship boutiques that showcase brand heritage, sensory-driven store designs, and immersive brand events designed to reinforce brand heritage. Using Gentle Monster as an example, its experiential retail design can be treated as a brand-identity communication system, creating an immersive cultural space and leaving a huge impression for the public [11]. Social media exerted a transformative impact by facilitating experiential communication beyond physical environments [12]. Digital platforms have empowered luxury brands to construct

aspirational lifestyle narratives via cinematic visuals, micro-narratives, influencer partnerships, and behind-the-scenes atelier storytelling.

3.4. Types of experiential marketing strategies in luxury brands

In response to the advancement of experiential marketing theory, luxury brands have developed multi-dimensional experiential marketing strategies. These strategies can be classified into five dimensions: sensory and emotional experiences, personalized and co-created experiences, digital and social media-driven experiences, cultural and collaborative experiences, and sharing- and access-based experiential models.

3.4.1. Sensory and emotional experiences

Sensory marketing cues significantly enhance luxury brand experiences, increasing consumers' emotional attachment and subsequent brand loyalty [13]. Luxury brands employ sensory experience orchestration—encompassing high-quality materials, ambient lighting, curated soundscapes, signature fragrances, and tactile product displays—to immerse consumers in an authentic luxury ambiance. In-store artistic initiatives such as bespoke ateliers, live craftsmanship demonstrations, and curated visual merchandising magnify immersive consumer experience. Sensory stimuli significantly influence affective evaluations and brand recall, facilitating the establishment of emotional bonding and creating memorable associations [3].

3.4.2. Personalized and co-created experiences

A sense of psychological ownership toward luxury brands can be a key mechanism shaping consumer attachment and behavioral intentions, even when consumers do not legally own the product [14]. Personalization constitutes a cornerstone of experiential luxury. Brands offer bespoke tailoring, monogramming, private consultations, and exclusive preview appointments to deliver individualized engagement and a sense of privilege. Co-creation initiatives—including design workshops and collaborative creative projects—empower consumers to participate in the brand's creative process, thereby fostering deeper emotional attachment and psychological ownership. Name personalization, such as Louis Vuitton personalized engraving and Burberry embroidered lettering, is a prevalent form of luxury customization and meaningfully shapes consumers' social perceptions and responses to luxury items [15].

3.4.3. Digital and social media-driven experiences

Phygital is a new form of experiential marketing strategy that enables brands to design sensory, affective, cognitive, behavioral, and relational experiences at scale, extending experiential modules beyond physical touchpoints [16]. Digital transformation has profoundly reshaped the landscape of luxury consumption. Social media delivers experiential value by fostering community interactions, immersive storytelling, and exclusive digital access [12]. Digital experiences encompass virtual try-on features, social commerce livestreams, digital collectible tokens, and immersive augmented or virtual reality experiences. These digital platforms sustain the aspirational positioning of luxury lifestyles while engaging a global audience beyond the boundaries of physical stores.

3.4.4. Cultural and collaborative experiences and sharing and access-based experiential models

Luxury brands are increasingly engaging in collaborations with artists, architects, designers, museums, and cultural institutions to curate culturally enriched experiences. Luxury meaning is culturally co-constructed, and cultural collaborations enhance symbolic legitimacy and intellectual prestige [6]. Brand collaborations such as star collaborations, art exhibitions, and museum sponsorships reinforce luxury's association with creativity, refinement, and cultural exclusivity. Luxury stores, like Louis Vuitton Flagship stores, can be strategically staged as hybrid "art worlds," where artistic presence helps consumers interpret the brand as culturally legitimate rather than purely commercial [17]. Brand-owned art foundations (e.g., Fondazione Prada) can strengthen consumer engagement through arts-based experiences while preserving luxury exclusivity [18]. The sharing economy has reconfigured luxury consumption patterns by introducing temporary access-based models, including rentals, subscriptions, and shared ownership arrangements [19]. While these models democratize access to luxury, they preserve its symbolic significance through curated exclusivity, sustainable narratives, and psychological ownership. Access-based luxury reflects contemporary values of sustainability, self-expression, and experiential learning, rather than material accumulation.

4. Discussion

Experiential strategies foster and strengthen customer loyalty by cultivating affective commitment, self-identification, and long-term psychological attachment. Luxury consumption caters to emotional, hedonic, and social aspirations, thereby positioning experiential engagement as a core driver of satisfaction and attachment [4]. Emotional and social value serve as superior predictors of customer loyalty compared to functional utility [10]. Loyalty is nurtured through consistent omnichannel experience provision, which reinforces brand trust and emotional congruence between consumers and brands. Experiential loyalty is further strengthened when consumers perceive brand identity as integral to their personal value system, thus transforming transactional loyalty into identity-based loyalty. Despite its strategic merits, experiential luxury marketing is confronted with multifaceted challenges encompassing exclusivity management, authenticity preservation, and digital commodification. Excessive digital exposure poses the risk of eroding brand mystique and reducing perceived prestige [12]. Psychological tensions arise when luxury brands must maintain an aspirational positioning while ensuring sufficient accessibility to facilitate experiential participation [20]. Additionally, experiential strategies demand significant resource allocation to creative production, architectural design, digital infrastructure, and curated curation processes, rendering them cost-prohibitive and scalability-challenged.

Notwithstanding these challenges, experiential marketing presents new opportunities for luxury firms to innovate, differentiate, and cultivate sustainable brand equity. Experiential marketing is conceptualized as engaging consumers through holistic experiences, with distinct psychological mechanisms and success factors beyond traditional communications [20]. Digital technology offers avenues for immersive consumer engagements through virtual boutiques, metaverse fashion exhibitions, AI-driven stylist consultations, and blockchain-enabled authentication.

5. Conclusion

As contemporary luxury consumers increasingly pursue experiences that embody identity expression, cultural affiliation, and emotional fulfillment, luxury brands are compelled to implement the holistic integration of multisensory design, digital engagement, cultural collaboration, and personalized participation. Experiential marketing fosters long-term loyalty by forging deep emotional bonds and psychological ownership while reinforcing symbolic capital. However, the existing research on experiential marketing in luxury is mainly focused on conceptual discussion, with limited longitudinal quantitative evidence. Digital and social media platforms evolve so rapidly that there are gaps between theoretical frameworks and practical evidence. Besides, many luxury market studies are mainly Western-centric, with few cross-cultural comparisons among China, the Middle East, or other luxury markets. Future research will address cross-cultural perceptions of experiential value, the long-term effects of digital immersion, and strategic balance between exclusivity and accessibility.

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