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Luxury as a Solace

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Abstract: The history of crises tells a story about luxury consumption being sparked in the eye of adversities. Already in the aftermath of the 14th-century Great Plague, luxury consumption triggered the Renaissance in Europe. In the post-COVID-19 world, economic data underlines the drive toward luxury during stressful periods. This article analyzes the underlying reasons for luxury consumption during personal and economic crises, the specific goods prevalent to be consumed in order to cope with stress, as well as the marketing and societal implications of luxury as a solace. Based on reactive acceptance ideas, finding refuge in the finer details of life can alleviate emotional burdens and/or create a sense of calm. Goods consumed during emotional stress include high-indulgence items that offer emotional connections and a self-care potential, as well as escapism opportunities through economic productivity. The display of luxury goods through jewelry, décor, fragrances but also experiences shared online are luxury moments that may help when life gets tough by granting a confidence boost. Emotional and sensory benefits that can be derived from indulging in high-quality items and experiences are therefore defined as 'luxury as a solace' consumption goods. When luxurious items or experiences are consumed to find comfort, peace, or a sense of well-being—particularly during times of stress or difficulty—revenue can be generated for the individual, the economy, and the state, which can then be reallocated for societal welfare betterment.

Keywords: Behavioral Therapy, Crisis, Despair, Exchange, Innovation, Luxury, Marketing, Solace, Online Social Media Platforms, Reactive Acceptance, Reactive Activism

Introduction

Already during the 14th-century Great Plague, historical evidence suggests that in the eye of suffering, luxury booms (Piper, 2020; Schmelzing, 2020). During the COVID-19 pandemic, first sales dropped but after a swift recovery and change in consumption preferences from experience to ownership, luxury sales for jewelry, arts and accessories but also yachting skyrocketed (Achille & Zipser, 2020; von Monteton, 2022). Especially the highest-end luxury sales and most luxurious brands recovered extraordinarily well, with around 25% sales growth in the 2 years after the pandemic breakout (Deloitte, 2023; von Monteton, 2022Some high-end luxury corporations reported record-breaking sales in the aftermath of the COVID-19 crisis (Chabot, 2022). However, it is important to note that this crisis-induced luxury boom appears to be limited to certain companies and may not be sustainable in the long term (Wong, 2025).

After evidence is presented on the rise of luxury during crises, this article strives to investigate three questions surrounding the captured market phenomenon: First, the underlying reasons for luxury consumption during crises is speculated to stem from a wish to dream away aversities by creating an eccentric mind-capturing consumption experience. Ideas of crises awareness being related to extraordinarily consumption behavior are brought forward in order to make the case of reactive activism being used in marketing during times of crises. Second, the specific goods prevalent to be consumed in order to cope with stress are outlined based on data from the most recent COVID-19 pandemic luxury boom. Third, a generalization of the luxury in times of crises trend is discussed in other cases and general marketing and societal implications of luxury as a solace are outlined.

Luxury is a concept as old as humankind. Luxury insignia exist throughout history in different cultures. Ancient times relics are filled with stories of people trying to set each other apart by living a better life than others through expensive luxury goods. Luxury is a concept that is often measured in relation to others. Even if regimes tried to curb extraordinary consumption—like communism or elite schools with standardized uniforms—luxury remained in relation to each other under tighter constraints.

Already during the 14th-century Great Plague, historical evidence suggests that in the eye of suffering, people turned to luxury. The Renaissance was found to have been funded by taxation of luxury expenses (Piper, 2020; Schmelzing, 2020). The luxury sector is characterized by its emphasis on exclusivity, heritage, and symbolic value rather than mere functional utility, enabling brands to command premium prices and cultivate strong emotional connections with consumers (Kapferer & Bastien, 2012).

Luxury goods serve as markers of social distinction, reinforcing Pierre Bourdieu's (1984) notion of cultural capital, where consumption choices reflect class-based tastes and reinforce social hierarchies. Vigneron and Johnson (2004) identify that consumers perceive luxury based on quality, uniqueness and prestige. Luxury items are oftentimes bought to position oneself via consumption of status signaling goods and identity construction.

Traditionally, the luxury sector has demonstrated resilience through economic crises. For one, luxury goods exhibit supply-demand anomalies. In general, when the price of luxury goods rises, the demand can rise as well, given the improved opportunity to signal status via exhibited purchasing power. For another, luxury goods tend to be countercyclical – meaning the demand strengthens when demand in the overall market weakens. For instance, during the 2008/09 World Financial Recession but also after the COVID-19 pandemic fallout, classic fine art pieces were in high demand as luxury art allows for a relatively crisis-robust value conservation.

In the art market, luxury segments proved resilience during the COVID-19 economic downturn with unprecedented growth (Sotheby's Insights Report, 2023). In light of the lockdowns, the COVID-19 pandemic also pushed digital arts sales and online auctions leading to an increase by 57% over 2022, which continued in the post-pandemic era (Sotheby's Insights Report, 2023; Yieldstreet, 2022). Auction houses and art dealers strengthened digital sales that skyrocketed in 2020 (Statista Research Department, 2024). The 1+ million USD market experienced a 20.8% growth in auction sales in 2022 with the 10-20+ million USD market segment accounting for the strongest growth (Art Basel and UBS, 2024; Sotheby's Insights Report, 2023).

Lastly, art tends not to adhere to the standard depreciation of other goods and services. For example, in art use as a collateral, art is considered different than any other collateral as for the low depreciation compared to cars or real estate that is often used as security. Art consumption is also characterized by inelastic demand among high-net-worth individuals who prioritize self-indulgence and personal reward despite macroeconomic fluctuations (Kapferer & Bastien, 2012).

Luxury Consumption during Crises

Standard neoclassical economic theory suggests that overall consumption declines during economic crises, as consumers adjust their spending in response to uncertainty. In the case of luxury, however, the dynamics are different. Luxury goods appear to be more resilient during periods of economic upheaval. In fact, luxury consumption demonstrated a remarkable ability to adapt and thrive during the economic downturn brought on by the COVID-19 pandemic. Historic evidence suggests that luxury consumption and the respective tax revenue generated by Northern Italian territories in the aftermath of the great plague of the 14th century flourished the Renaissance (Schmelzing, 2020; Piper, 2020). In addition, both the 2008-09 World Financial Recession and the COVID-19 pandemic economic downturns, proved luxury markets not only resilient. But, in some segments, luxury consumption witnessed rapid rebounds or even growth. This phenomenon can be explained through psychological, sociological, and macroeconomic lenses, each illuminating why consumers continue or even intensify luxury spending during crises. These crises can be personal, economic and societal as the following evidence shows.

During the 2008-09 global financial crisis, triggered by the subprime mortgage collapse and banking failures, consumer confidence dropped sharply. Yet luxury brands such as Hermès, Louis Vuitton, and Chanel displayed notable resilience compared to mass consumer brands. While global luxury sales dipped briefly in 2008, they began recovering by late 2009, with Hermès showing sales growth of over 8% despite the broader market contraction (D'Arpizio, Levato, Prete, Del Fabbro & de Montgolfier, 2020). Several factors explain this counterintuitive trend.

First, luxury consumers, particularly at the ultra-high-net-worth level, were less affected by financial downturns. Diversified portfolios and generational wealth allowed to maintain assets better than regular monetary market values, thus keeping up liquidity and consumption patterns. Moreover, the crisis itself drove wealthy consumers towards products that signaled enduring value, heritage and stability in the eye of massive uncertainty. Luxury is partially protected from recessionary cycles due to its clientele's financial insulation and its products' symbolic capital (Kapferer & Bastien, 2012).

Second, the "lipstick effect" described by economists suggests that during economic downturns, consumers may reduce large expenditures but indulge in small luxuries to maintain morale. Originally observed during the Great Depression, the effect was visible in the 2008 crisis, with Estée Lauder's sales of lipstick and premium skincare remaining stable or rising in certain markets. While purchasing a new car or real estate property was postponed, high-end perfumes, designer accessories and smaller leather goods offered accessible forms of luxury, conferring psychological comfort and self-assurance amid fear and austerity.

During the COVID-19 pandemic, a similar pattern was observed. While lipstick itself was actually consumed less, due to home office and lockdowns, luxury consumers were also constraint for travels and restaurant visits, which materialized in luxury car sales, yacht cruises and high-end accessories being top-winning consumer industries.

Psychological proponents

Luxury consumption in the eye of personal, economic and social crises may be explained by various factors. For one, terror management theory explains the realization of the fragility of life to be connected to the wish to consume excessively. Sociological studies have noticed different more excessive consumption patterns of people during critical life events but also in the close proximity of death insignia, such as graveyards or undertaker offerings (Arndt et al. 2004; Ferraro, Shiv, & Bettman 2005).

Terror management theory views consumption as a psychological defense mechanism during times of crises. Terror management theory explains lavish consumption in the shadow of mortality (Greenberg, Pyszczynski & Solomon 1986). When individuals are reminded of their own death—a "mortality salience" trigger—they often turn to culturally meaningful behaviors to help overcome their existential anxiety. Consumerism, especially tied to identity and symbolic value, becomes one such coping mechanism. When mortality is salient, people cling more strongly to symbols of cultural meaning and personal value. Proximity to cemeteries elevate national brand loyalty (Pyszczynski et al. 2005).

Consumption becomes a way to affirm one's cultural worldview or self-worth. Symbolic goods (luxury items, status brands) thereby become psychological defenses. In the eye of one's own mortality, consumers gravitate toward material goods that signal status or permanence. One holds onto legacy, persistence and endurance – all hallmarks of luxury – when times are rough. After mortality salience, participants showed stronger brand loyalty, especially to brands seen as part of their cultural identity, thus favoring national brands rather than blank generics (Heine et al. 2006). In addition, during crises, the self-esteem usually takes a hit, which can be elevated via luxury item purchase and display (Mandel & Heine 1999). As for marketing implications, understanding these dynamics helps marketers, urban designers, and even social psychologists predict consumer behavior in death-related environments during times of crises. The shifts in product preferences from general goods to luxury items would suggest investing in a symbolic goods over utilitarian ones during times of crises. Emotional or spiritual framing of services/products may resonate more when the worldview is contested.

In a similar sense, radical acceptance and reactive activism are ideas that stem from crisis management in psychology. At the core of radical acceptance lies the idea that fast and radical acceptance of crises can help cut negative emotions and suffering. Pain is not turned into suffering. Rationalizing the positive aspects of crises may also help capitalize on the misery that has happened in the past.

These psychological concepts are capturing how people respond to psychological crises in order to cope with distress. Radical acceptance describes the passive psychological responses to distress, uncertainty and existential threat. One adopts a radical acceptance by trying to accept the status quo as simple as possible as a defense mechanism against helplessness and cognitive overload.

First, if pegged to 'turning pain to purpose' action, this kind of behavior may help to move forward with life quicker and continue a productive life and emotional well-being. Second, alignment with norm conformity also drives brand loyalty and buying into long-term stability, which luxury brands represent. In addition, radical acceptance is often tied to giving life a meaning after trauma and sharing the productive parts of misery. For instance, the U.S. entertainment industry often features stars that 'sell' their trauma. Loss of a close relative, hardship through disease or special ability but also traumatizing experiences in the past like bullying, harassment, abuse or rape are often turning points in the career narratives of stars, which are sold to the public in personas (e.g., Lady Gaga), music (Madonna), entertainment industry to name a few productive output opportunities if one is brutally accepting the fact that the past cannot be changed and is meant to be dissected for productive trajectory opportunities. Art dealer Jeffrey Koons has made a whole exhibition to celebrate the endurance and suffering of artists—and thereby accounting for one of the highest paid contemporary artists. Art thereby becomes a way to cope with anxiety. Radical acceptance grants agency over an unchangeable situation and allows for making capitalizing out of the productive parts of dealing with crises efficiently. Reactive acceptance can also be related to consumerism in distraction and getting control over a world that is controllable by predictable purchase acts. General examples from the COVID-19 pandemic era include panic-buying and binge luxury shopping once a new sales channel was found—e.g., certain luxury brands offered virtual shopping opportunities. In Florida drones were tested for delivery.

Consumer culture theory also describes consumption as an identity-expressing moment, which helps reclaim emotionally-laden perceived lost power. Reactive acceptance has also been associated with hegemonic consumption. Luxury consumption during crises is thereby also driven by conspicuous consumption and status competition. As employment and economic security become more precarious, individuals may seek to reinforce their social standing through visible markers of success, especially in collectivist or status-oriented cultures such as China, which emerged as a significant luxury growth engine post-2008. Chinese consumers accelerated their purchases of luxury goods during the recovery phase, reflecting a desire to affirm social mobility despite global turmoil.

During the COVID-19 pandemic lockdowns, digitalization and altered lifestyle routines. Initially, luxury retail experienced first led to sharp declines as boutiques closed worldwide and international travel halted. But then leaders-in-the-field found new products and ways to cater clients, which led to skyrocketing sales as consumers had accumulated funds. Disrupting traditional luxury consumption patterns via digital markets but also offering special products that were more attuned with trends, such as healthy lifestyles, become the best-selling luxury offerings of the pandemic. This so-called "revenge spending" unlocked funds that were held at the consumer from lockdowns. This zest for luxury demonstrated the psychological role of luxury in compensating for lost time and expressing resilience after prolonged deprivation. But also, governmental aid during the 2008/09 World Financial Recession was seen as windfall that was often spent on lavish goods. For example, LVMH reported double-digit growth in sales in mainland China in the second half of 2020, offsetting losses in Europe and the United States.

The pandemic also accelerated digital transformation in luxury retail, enabling consumption even during physical store closures. Brands such as Gucci, Burberry, and Dior rapidly enhanced e-commerce capabilities, digital showrooms, and virtual reality experiences to maintain consumer engagement. This pivot was significant because pre-pandemic, many luxury houses resisted online sales to preserve exclusivity. COVID-19 forced a strategic reconfiguration, making luxury more accessible globally and catering to high-net-worth consumers who preferred private online consultations and direct-to-home delivery during lockdowns.

In closing, crises illustrate the human need to assert control, dignity and beauty in the face of uncertainty. Luxury goods fulfil these psychological and cultural needs by offering perceived permanence in transitory times.

Luxury goods and services flourishing through crises

Throughout the last decade, the nature of luxury consumption evolved to include wellness, home, and comfort-related luxury – a trend that was propelled by the COVID-19 pandemic. With travel, events, and external socialization curtailed, consumers redirected spending towards personal enrichment and home environments. High-end furniture, interior décor, wellness technology and premium loungewear saw surges in demand. For example, sales of luxury sleepwear brands such as Olivia von Halle grew notably during the pandemic. Moreover, luxury car sales rebounded quickly, with brands like Porsche and Ferrari reporting strong orders by late 2020 and 2021. In combination, these observations suggest that affluent consumers continued to channel funds into aspirational purchases, particularly as broader discretionary spending on experiences remained limited.

From a psychological perspective, COVID-19 reinforced the function of luxury as an emotional coping mechanism. In times of existential threat, symbols of beauty, craftsmanship and rarity provided stability and comfort. Furthermore, luxury's role in self-identity construction intensified as remote work reduced opportunities for public display. Consumers engaged in "private luxury consumption," enjoying high-end goods at home for personal satisfaction rather than social signaling alone. Luxury goods—especially timeless items such as Birkin bags or classic Rolex watches—were perceived as stable stores of value in uncertain financial markets.

However, these crisis-induced shifts were not universally beneficial within the luxury sector. Brands with weaker heritage value or those overly reliant on tourism suffered prolonged downturns. The crises underlined that resilience is not evenly distributed. It is contingent on brand equity, strategic agility and consumer perceptions of intrinsic value. Hermès and Chanel thrived due to their timeless positioning, while mid-tier aspirational luxury brands faced greater volatility.

In closing, luxury's symbolic capital becomes amplified during crises. The top-tier consumer segment remains relatively crisis-resistant. Crises catalyze structural shifts within luxury markets: the 2008 recession accelerated China's rise as a luxury market, while COVID-19 drove digitalization and wellness-luxury convergence.

Discussion

Today, luxury is also undergoing transformation with the rise of digital platforms, democratizing access to brand narratives while maintaining controlled scarcity (D'Arpizio et al. 2020). Recent trends indicate a shift towards experiential luxury, where consumers, particularly Millennials and Generation Z, value experiences and sustainability alongside material possessions (Hennigs et al. 2012). This has driven luxury brands to invest in immersive retail experiences, digital storytelling, and sustainable practices, reflecting the moralization of consumption and ethical self-branding (Kapferer & Michaut-Denizeau, 2014). Moreover, technological innovations such as blockchain for product authentication and AI-driven personalization are redefining the luxury value proposition while retaining traditional symbolic capital (Puaschunder, 2023). As sustainability becomes integral to luxury brand strategies, firms are balancing timeless craftsmanship with environmental responsibility to align with evolving consumer expectations of conscientious luxury (Joy et al., 2012). Therefore, the luxury sector today is an intricate interplay of heritage and innovation, exclusivity and accessibility, aesthetic pleasure and ethical responsibility, positioning it as a critical field for studying cultural, technological, and economic transformations in contemporary consumption.

Finally, the implications for the future of luxury consumption are profound. As geopolitical risks, pandemics, and economic crises become more frequent features of the global landscape, luxury brands must internalize the lessons of crisis resilience: Emphasizing heritage, authenticity, craftsmanship and emotional value while embracing digital agility. Understanding that luxury is not merely conspicuous consumption but also a psychological anchor in times of crises will be critical for sustaining growth in volatile times.

In conclusion, far from being frivolous excess, luxury consumption during the 2008-09 recession and the COVID-19 pandemic highlights enduring human desires for stability, identity, and self-affirmation. These crises reinforced that luxury is deeply intertwined with how individuals navigate uncertainty, affirm personal worth and seek beauty amidst adversity—explaining why luxury markets often emerge not weakened, but transformed and reinforced in the wake of global crises.

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