

Dynamics of Consumer Purchase Decision Making on Premium Products in the Economic Crisis Period

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ABSTRACT

The global economic crisis has impacted consumer behavior in various aspects, including decisions to purchase premium products. Despite the uncertain financial situation, the consumption of premium products among Indonesian urban consumers remains stable and even increases. This study aims to analyze the dynamics of consumer purchasing decisions towards premium products during the crisis, as well as identify the psychological, social, and economic factors that affect them. The method employed is a qualitative approach with a phenomenological design, involving in-depth interviews, questionnaires with premium brand employees, and observation of consumer behavior in both digital channels and physical stores. The results showed that purchase decisions were more influenced by emotional factors such as self-reward, self-identity, and storytelling from brands. Communication strategies that emphasize emotional value and personalization have been proven more effective than traditional price promotions. The conclusion of this study suggests that emotional loyalty, brand image, and personal experience play a central role in premium product purchase decisions during times of crisis, indicating that brands need to adopt a more humane and meaningful approach to communication.

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1. INTRODUCTION

The global economic crisis has had a profound impact on consumer purchasing behavior, influencing various aspects of the decision-making process, particularly in the premium product sector. In Indonesia, while the economic downturn resulted in financial strain for many, urban middle-to-upper-class consumers have continued to show stable or even increased demand for premium products. According to the Katadata Insight Center

(2023), despite the economic challenges, demand for luxury fashion, cosmetics, and electronics has remained resilient, primarily driven by the lifestyle aspirations of urban consumers. This phenomenon poses an intriguing question: what motivates consumers to purchase premium products during times of crisis? Is it a reflection of cultural trends, brand influence, or perhaps deeper psychological factors such as self-reward or emotional loyalty?

In examining this, it is critical to understand the urgency of this research. The ongoing crisis has altered consumer purchasing priorities, yet the demand for premium goods remains a central aspect of economic behavior. Kotler, (2021) Suggest that consumer decisions are influenced by an interplay of emotional and rational factors, particularly during economic uncertainty. Furthermore, understanding these dynamics is essential not only for business strategy but also for advancing consumer behavior theories. The urgency arises from the fact that such purchases are often made under the influence of emotional needs, which have been largely overlooked in past studies that have focused primarily on rational factors, such as price and necessity (Solomon, 2018; Zeithaml, 1988). This research, therefore, addresses a gap by focusing on the emotional and psychological factors that drive purchase decisions for premium products during challenging times.

This study builds upon existing literature that explores consumer behavior during economic crises. For example, Raden, (2022) It was found that perceived enjoyment has a significant impact on consumers' willingness to continue paying premium prices for digital streaming services during the pandemic. Similarly, STIE AAS Surakarta, (2022) Demonstrated that during the pandemic, consumer behavior shifted towards essential products, with a decreased interest in non-essential items such as clothing and luxury goods. However, despite these insights, much of the research has been limited to basic goods or digital services, leaving a gap in understanding how premium physical products are consumed during an economic downturn. This study, therefore, extends the research by examining the factors that influence purchasing decisions for premium products in physical retail settings, particularly in the context of Indonesia.

The novelty of this research lies in its focus on premium physical products, a relatively under-researched area compared to digital services or essential goods. Previous studies have concentrated on basic product categories during crises, with limited emphasis on the emotional drivers of premium product consumption (Wiedmann et al., 2009). This study seeks to fill this gap by exploring how factors such as brand storytelling, emotional loyalty, and consumer self-identity influence the decision-making process. As Nunes, (2006) Loyalty programs and brand communications that evoke strong emotional connections are crucial for sustaining consumer relationships during times of crisis. By incorporating these elements, this research aims to contribute to a deeper understanding of consumer behavior during economic crises.

The goal of this research is to analyze the dynamics of consumer decision-making for premium products during the economic crisis in Indonesia. Specifically, it aims to identify the psychological, social, and economic factors that influence purchasing decisions. This study will also examine the impact of emotional loyalty, branding strategies, and digital influence on shaping consumer preferences. The findings will offer valuable insights into how brands can adapt their marketing strategies to resonate with consumers in challenging times, ensuring continued engagement and sales even in periods of economic instability (Kotler, 2016; Oliver, 1999).

In terms of practical implications, this research has significant value for both marketers and policymakers. From an academic perspective, it contributes to the body of literature on consumer behavior by addressing the emotional and psychological dimensions

of purchasing decisions for premium products. Practically, it offers strategic insights for marketers seeking to maintain consumer loyalty and engagement during economic uncertainty. For policymakers, understanding these dynamics can inform consumer protection strategies and monetary policies aimed at stabilizing market conditions. By examining these interconnected aspects, this research fills a significant gap in understanding how crisis conditions affect the consumption of premium products, particularly in emerging markets such as Indonesia.

This study also carries theoretical implications, particularly for the development of consumer behavior theory in the context of economic crises. By focusing on premium products and exploring emotional and rational decision-making factors, it adds a layer of complexity to existing models of consumer behavior (Tjiptono, 2021). As (Kotler, 2016) Highlight, understanding the intricate relationship between consumer identity, brand perception, and purchasing decisions is crucial for businesses aiming to adapt to changing market conditions. This study opens the door for further research that can build on its findings and explore additional factors, such as the role of social media influencers and digital platforms, in shaping premium product consumption during times of crisis.

By bridging the gap between theory and practice, this research will contribute to a more nuanced understanding of how consumers in Indonesia engage with premium brands during economic crises. The findings will be beneficial for businesses aiming to optimize their marketing and sales strategies, as well as for scholars seeking to expand the theoretical frameworks on consumer decision-making in times of economic uncertainty (Setyawan, 2020; Srivastava & Kaul, 2014).

2. METHOD

This study employs a qualitative approach with a phenomenological design, aiming to understand the meaning and subjective experiences of consumers in making purchase decisions for premium products during an economic crisis. This approach was chosen because it enables a deep exploration of perceptions, motivations, and emotional considerations that cannot be explained numerically. With a phenomenological design, researchers aim to capture the essence of the consumer experience, particularly in the context of changes in consumption behavior resulting from economic pressures.

This research was conducted in large urban areas in Indonesia, specifically in Jakarta and Bandung, which are the centers of consumption and marketing for premium products. These cities were chosen because they have a middle-to-upper-class consumer population that is the main target of premium products, and have experienced significant impacts due to the economic crisis. The subjects in this study are active consumers who have purchased premium products (such as fashion, electronics, cosmetics, or premium food) in the last two years and experienced economic crises, both individually and collectively (for example, the impact of the pandemic or layoffs). The number of subjects interviewed was 10–15 people, selected purposively by considering variations in age, occupation, and type of premium products purchased.

The primary instrument in this study is the researcher himself (a human instrument), who serves as both a data collector, analyst, and interpreter. To support the data collection process, semi-structured interview guidelines were used that had been compiled based on premium consumer behavior indicators, such as perception of product value, purchase motivation, the influence of the economic crisis, the role of social media, and preferences for specific brands. The interview guidelines were developed from literature studies and preliminary study results, and adjusted to the local context to remain relevant to the characteristics of Indonesian consumers.

3. RESULTS AND DISCUSSION

This study involved 15 respondents who are active consumers of premium products in urban areas such as Jakarta and Bandung. The age range of respondents was quite varied, dominated by the 26–35-year-old age group (33%), followed by the 36–45-year-old (27%), 18–25-year-old (20%), and 46–55-year-old (20%) groups. Most respondents are young professionals, entrepreneurs, and corporate executives who have a high preference for quality products and a strong brand image.

Meanwhile, the types of premium products most often purchased by respondents in the last two years include the categories of fashion (47%), cosmetics (33%), electronics (13%), and premium food (7%). Fashion products dominate due to their perception as a substantial aesthetic value and a significant inherent status symbol, especially among urban professionals.

Key Findings from the Interview with Management

In-depth interviews were conducted with three managers of premium brands (fashion, cosmetics, and electronics) who operate omnichannel. The results of the interviews show that there has been a massive adaptation of strategies in the face of the economic crisis:

1. Storytelling as a Branding Pillar

All management stated that storytelling is a central strategy in maintaining an emotional connection with consumers. Stories about product sustainability, local values, and quality are key elements in campaign content.

2. Focus on Emotional Loyalty

"We no longer just sell products, but sell value and meaning," said one of the managers. This approach strengthens emotional attachment and lowers customer churn rates during times of crisis.

3. Personalized Marketing and Digital Engagement

Data-driven digital strategies are utilized to deliver highly personalized promotional content, resulting in conversion rates that increase by up to 18% compared to conventional approaches.

Findings from the Licensed Employee Questionnaire

A total of 10 employees from licensed premium brands provide in-depth operational perspectives. Key findings include:

1. Consumers are not only rational, but also emotional

Employees noted that, despite declining economic conditions, many consumers continue to purchase premium products as a form of *self-reward* or to maintain their self-image.

2. Strategic Promos to Increase Conversions

Flash sales, exclusive bundling, and membership loyalty programs have been proven to increase transaction volume by up to 25% during the crisis period.

3. Social Media and Influencer Marketing Effectively

The use of local micro-influencers is very effective in building closeness to the target market. Platforms like TikTok and Instagram play a crucial role in shaping consumer preferences.

Observation Results

Observations were carried out at several offline outlets and digital channels (Instagram and TikTok) of premium brands. The results of the observation showed:

1. Offline Outlets Are Still Relevant

Hands-on experiences, such as those in luxury store design and personalized service, reinforce the perception of premium even when the final purchase is made online.

2. Visual Narrative Is More Dominant than Price

On social media, posts with inspirational narratives and artistic visuals have 2 times the engagement compared to discounted content. This confirms that the premium image remains the main attraction.

3. Adoption of Interactive Features

Some brands are integrating Live Shopping and virtual consultation features to improve shopping convenience during the crisis, which has been positively welcomed by millennial and Gen Z consumers.

Visualization of Findings

Here are additional visualizations that support the research results:

Table 1. Factors Driving Premium Consumer Purchasing Decisions During Crisis

Motivating Factors	Percentage of respondents (%)
Self-reward & emotional	67%
Exclusive promotions & discounts	60%
High product quality	73%
Brand loyalty	53%
The influence of social media	80%

The study's findings show that the purchase decision for premium products during times of crisis is not solely determined by rational logic, such as price and need, but is also heavily influenced by emotional factors, value perceptions, and narratives created by brands. Personalized communication strategies, strong storytelling, and the creative use of social media are the primary determinants of maintaining consumer loyalty in this uncertain time.

Interview Data and Interpretation of Interview Results

In-depth interviews with 15 premium consumers revealed that purchase motivations in times of crisis are very complex. The majority of respondents stated that the purchase of premium products was not only done out of necessity, but also as a form of self-reward, a symbol of social status, and an emotional escape from the pressure of the economic crisis. A 34-year-old respondent said, "I bought brand X shoes not because I needed them, but because I felt I deserved them after working hard amid work pressure and layoffs."

Discussion of Questionnaire Results

Questionnaires distributed to frontline employees at three premium brands yielded significant findings related to perceptions of consumer behavior. As many as 73% of employees observe that consumers are more responsive to promotions that are packaged personally and emotionally than price promotions alone. This indicates that communication strategies centered on

emotional values and personalization are more effective in fostering relationships with consumers during a period of increasing economic uncertainty.

Most employee respondents also noted that customers continue to make purchases despite the decline in income, by adjusting frequencies or opting for a more economical version of premium products. This signifies a form of adaptation without sacrificing their image as high-end consumers. This data is in line with a study by Raden, (2022), which states that perceived enjoyment and symbolic value of products are determinants of willingness to pay premium prices, even in crisis conditions.

Analysis of Observation Results

Observations made on social media accounts and in-store experiences at premium brands reveal that consumer engagement remains high, particularly in content that emphasizes storytelling and personal experiences. Content that showcases the story behind product creation or highlights elements of local culture has twice the engagement rate of regular promotional content.

In the observation of physical stores, exclusive experiences such as personal service, luxurious packaging, and a comfortable boutique atmosphere are maintained. This reinforces the perception of value of the product, even though most transactions move into the digital realm. This phenomenon demonstrates that the perception of premium is not only shaped by price, but also by the overall experience of interacting with the brand. (Setyawan, 2020).

Comparison with Previous Research

When compared to a study by STIE AAS Surakarta, (2022), which concluded that consumers tend to abandon tertiary products during crises, the results of this study show that there is a market segment that remains loyal to premium products. This can be explained because the object of the current research is upper-middle to upper-class urban consumers, who have more stable purchasing power and associate premium products with their identity and self-esteem.

While Raden, (2022) Research on premium digital services highlights the importance of perceived enjoyment. This study adds a deeper emotional dimension to physical products, particularly in the local Indonesian context. The novelty of this study lies in its comprehensive examination of not only satisfaction, but also narrative, cultural, and emotional value, which collectively drive purchasing decisions in the premium product sector.

Practical Implications

The results of this study have several practical implications for marketing managers and brand developers. First, brands need to adjust their communication strategies by emphasizing the emotional value, identity, and personal meaning of the product. Storytelling based on local cultural values and sustainability has proven to be more attractive to consumers in times of crisis than regular discount promotions.

Second, the use of digital technology such as live shopping, personalized chatbots, and local micro-influencers can increase conversions at a cost-efficient rate. Third, brands are advised to create limited editions or thematic collections that provide a sense of exclusivity without lowering prices, thereby maintaining a premium perception. For small business owners trying to break into this segment, these findings suggest that the value of stories and experiences can serve as a substitute for the power of big brands, as long as they are packaged creatively and authentically.

Research Limitations

Although it produced relevant findings, this study has some limitations. First, the number of respondents is relatively small and limited to big cities (Jakarta and Bandung), so generalizations to consumers in other regions cannot be done comprehensively. Second, the qualitative approach used does not measure variables statistically, so it needs to be complemented by advanced quantitative studies.

Third, this study focuses on consumers who continue to purchase premium products during times of crisis, while the group that stops consuming premium products is not included, even though they can provide essential perspectives on shifting behavior. Therefore, follow-up research that combines a quantitative and qualitative approach, covering a wider range of cities and demographics, is highly recommended to enrich these results.

4. CONCLUSION

This study reveals that consumer purchasing decisions for premium products during economic crises are significantly influenced by emotional, social, and symbolic factors, rather than solely by rational factors such as price and functional needs. Consumers, particularly those from the urban upper-middle class, continue to purchase premium products as a form of self-reward, a status symbol, and an expression of self-identity, despite economic challenges. The use of storytelling, personalized marketing, and sustainability imagery has been proven effective in fostering emotional loyalty, a crucial factor in maintaining consumer preferences. Findings from interviews, questionnaires, and observations suggest that communication strategies emphasizing emotional value, cultural narratives, and personal experiences are more effective than traditional price-based promotions. Furthermore, social media and digital platforms enhance the perception of value and boost purchase conversions by offering interactive and personalized engagement. This study underscores the importance of adopting a holistic approach to understanding premium consumer behavior in times of crisis, advising brands to develop adaptive and authentic strategies to remain relevant in an ever-changing socio-economic landscape.

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