

Analyse how Factors such as Craftsmanship and Brand Heritage Affect Consumer Spending of Luxury Brands. Evaluate how Tariffs and Global Monetary Policies Impact Consumer Spending, and how does that in Turn Impact National Economies

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Abstract

The research paper has evaluated how various factors, such as craftsmanship and brand heritage, can affect consumer spending on luxury brands. It has analysed the impact of increased tariffs and global monetary policies on consumers who purchase luxury brands, and how national economies are affected by local and global economic activities. The study has delved into understanding all these concepts and has supported the findings with real life examples and analysis of luxury brands.

Keywords: Customs Duties; Increased Tariffs; Foreign Imports; Luxury Brands; Global Monetary Policy; Foreign Goods; International Goods And Companies; Impact Of Global Monetary Policy; Reciprocal Tariff Rate; Price Sensitivity; Consumer Demand; US - China Tariff War; US Recession; High Economies; Developing Countries; Inflation Target; Patek Phillipe; Christian Dior; Hermès; Craftsmanship; Brand Heritage; Insolvency; Inflation Target; Mixed Economy; Market Economy; Command Economy; Haute Couture; The Fashion Pact; Brand Recognition; Market Dynamics; Manufacturers; National Income; GDP; Domestic Sales; Overseas Trade; Geopolitical Uncertainties

Introduction

The Problems Associated with Increasing Tariffs

Customs duties that are applied on merchandise imports are known as tariffs. They can provide a price advantage to locally produced goods over similar goods which are imported from overseas. As a result, they can increase profits and revenues for governments around the world (World Trade Organisation, n.d.). On the other hand, luxury fashion brands have always been dependent on a business model that stresses on brand heritage, craftsmanship and having high markups. They source products and components from low-cost manufacturing countries, such as China, India and Vietnam. In saying that, the problem is highlighted in the escalating U.S. and China tariff war 2025. Consequently, this has revealed the true production costs, which in turn is disrupting the model that is followed by luxury fashion brands (Shushmita, 2025).

During the year April 2025, the Trump administration applied an increased tariff which included a 104% duty on Chinese imports. These increased the prices from 54%, after the increase of the earlier tariffs that were applied too. The prior increases of tariff included a 10% rise in February 2025, which was related to the fentanyl trade. This was followed by another 10% in March 2025, and finally 34% 'reciprocal' tariff that was implied on existing smaller duties. The Fentanyl Trade refers to the illegal distribution of drugs and global trafficking. These are manufactured by an opioid drug called fentanyl and its related chemical precursors and analogues. It is a black market activity. Reciprocal tariff rates are import duties which are applied by a country to correspond, or match the tariff rates that are made effective by another country on its exports (Shushmita, 2025).

The shifting of reciprocal tariff rates between two or more countries may cause customers to think whilst making their products or shopping choices. For instance, it will cause them to rethink their purchasing choices, analysing costs more and they will expect more perceived value from brands. Increase in price of goods which are caused by tariffs will make the consumers become more price sensitive. As a result, they will seek and purchase locally sourced products and items. Therefore, hindering the loyalty towards the luxury brands. Consumers may delay purchases and stop buying high priced items and wait for promotional campaigns. It is important to know that consumers in different regions will face different pricing levels for the same products (Sutar, 2025).

The tariffs have highly increased the cost of goods that are being imported from China. The tariffs are applied to finished products and raw materials, such as leather, textiles and hardware. Thus, this increased production costs of luxury brands in the overseas market. Absorbing tariff costs that are composed of profit margins are a challenge for brands which already have high operational expenses. Overseas manufacturers which operate on thin margins would find it difficult to handle these costs without risking insolvency. This refers to a business which is no longer able to pay its debts. This means it is a company that is unable to repay its creditors as it is not financially stable (Shushmita, 2025).

Additionally, to relocate the production of goods for a country, such as The United States of America, the shifting costs of production for countries, such as Vietnam, India or Bangladesh, is considered as being complicated. This is because the US government has imposed high amounts of tariffs on these nations.

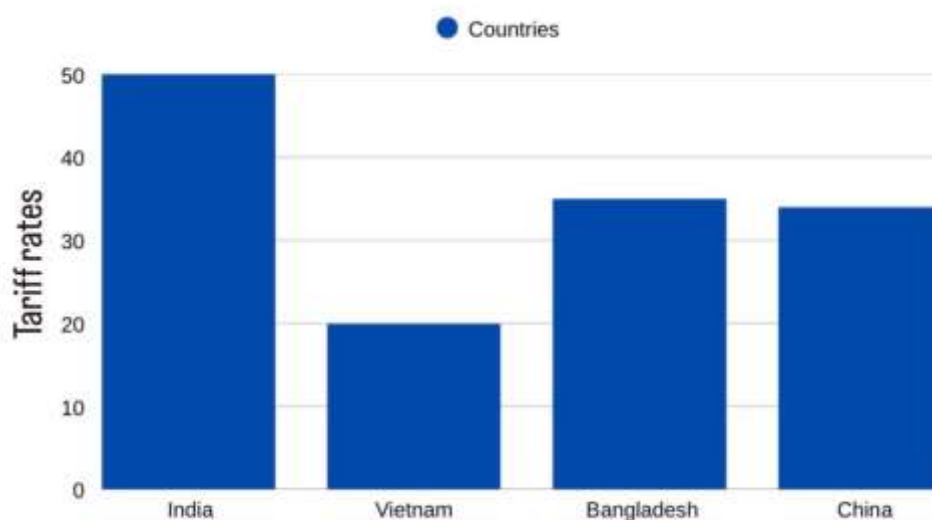


Figure 1: Tariff rates imposed by USA on India, China, Bangladesh and Vietnam in 2025

The amount of tariffs applied on these countries by the Trump administration in 2025 are:

- India with a 50% reciprocal tariff rate. (Ellyatt, 2026).
- The Republic of Vietnam with a 20% reciprocal rate (USTR, 2025).
- From August 2025, Bangladeshi goods carry a 35% tariff rate on import in addition to the existing sector-specific duties. Imported taxes and regulations for specific industries, such as textiles, electronics, or agriculture which are designed to protect domestic manufactures are called Sector-specific duties. (News on air, 2025.)
- 34% tariff rates applied on China on 9 April, 2025.

The Concept of Craftsmanship

Craftsmanship can play a strategic role in high fashion. It is important for a luxury brand to preserve their cultural heritage and enhance its craftsmanship. The demand for high quality craftsmanship has increased over the years. According to studies, it is rising more in modern society. This is particularly in the luxury fashion market. Traditional craft methods can play a strong role in high fashion houses and contemporary fashion design courses. Luxury brands can rely heavily on traditional, hand finished techniques to ensure and maintain exceptional quality, exclusivity and continue to build on brand storytelling. Some examples of traditional or key methods that the brands use include (IED, 2015):

- Intricate hand- the embroidery includes Zardozi or Chikankari. Zardozi embroidery is a traditional technique that is done by using metallic threads, usually gold or silver to create a detailed, exclusive and beautiful pattern on the fabric (The Indian Couture, 2023). Chikankari is a method that involves hand stitching on various textile fibers in a delicate and artistic way. These highly detailed works are done by using simple tools. It creates designs and beautiful patterns on plain or light-coloured fabric (Singh, 2024.)
- Leather saddlery stitching - is a traditional hand stitch method which is also known as saddle stitch. It is performed by using two needles, stitching chisel, pre waxed thread and a considerable amount of personal patience. The process itself requires mastery in craftsmanship (The Leather Chef, n.d.).
- Hand-loom weaving is a loom or instrument which is used for the interlacement of two sets of yarns. It is used to weave clothes without the use of any electricity. It is generally done in pit looms or frame looms that are generally located at the weaver's homes (DAMA Handloom Store, n.d.).

Brand Heritage

The word brand heritage refers to the brand's legacy. These are the values and rules that the brand carries throughout its life. The values are created by the history of the brand and/or the founders or owners of the brand. This concept is actively applied in marketing luxury brands. People use heritage marketing as a marketing strategy that encourages knowing and appreciating the history of the particular brand. Thus, brand heritage campaigns are created to highlight the historical value of the company. It is a part of the brand identity and status. Thus, a heritage brand is in itself a great asset and an excellent way to maintain the market position of luxury products and items (Framework360, n.d.).

Luxury Brands

People describe luxury brands in various ways. For example, people from underserved communities can define them as dreams, and people who are well to-do describe luxury brands as being a part of their lifestyle. According to research, both definitions are correct. Therefore, a luxury brand can be identified

as an expensive product or service which is provided by a particular company that upholds a reputation or heritage of providing high quality and standards. They are not normal goods, they are a dream waiting to be lived. Thus, luxury brands are identified by their high level of quality, exclusivity and high priced tags. Luxury brands can be highlighted by many factors. They are discussed in the literature review section.

The Global Monetary Policy and How it Impacts Consumer Spending on Luxury Brands

The interconnected actions taken by central banks of countries around the globe is known as Global Monetary Policy. It is led by branches and major institutions, such as the Federal Reserve, European Central Bank (ECB) and Bank of Japan. Their aim is to manage the supply of money, handling interest rates and maintaining liquidity. Therefore, the intention of the policy is to achieve price stability, control inflation and support sustainable economic growth in the country. Monetary Policy is used by Central banks to manage economic fluctuations and achieve price stability. This means that the rate of inflation is low and stable (International Monetary Fund, n.d.).

To achieve this, Central banks set explicit inflation targets in countries with high economies, such as the USA, China, Germany and Japan. Today, this includes the developing countries who are taking a step forward in terms of planning inflation targets. The developing countries with these inflation targets include India, South Africa, Brazil and Indonesia;

- The Reserve Bank of India's (RBI) target ranges from 2 - 6% in the recent months (Ministry Of Finance, 2026).
- South Africa uses an inflation target of 3 - 6% (South Africa Reserve Bank, n.d.).
- The Central Bank of Brazil reported a 3% inflation target in 2026 (CEIC, n.d.).
- The Indonesian government set an inflation target for 2025 - 2027 at 2.5% (Bank Indonesia, n.d.).

The Concept of National Economies

A national economy refers to the production, distribution, trade and consumption of goods and services by different agents which are present in the same nation. The main functions are related to the production and consumption of goods and services. A national economy has goals and characteristics that allow it to function properly. Understanding a nation's economy is essential for evaluating the potential of its growth (Study Smarter, n.d.).

There are three major types of economies:

1. Market Economy/ Capitalism
2. Mixed Economy
3. Command Economy/ Socialism/ Communism

Market Economy/ Capitalism

In a market economy, the production and pricing of goods and services are driven by buyers and sellers rather than government control. Interactions between consumers and business determine what is available and at what price. It gives entrepreneurs and businesses the freedom to achieve profits by creating new products, and the freedom to fail if they misread the market (Investopedia, 2025).

Some examples of countries that have a market economy include: the United States of America, Japan and the United Kingdom.

Mixed Economy

A mixed economy refers to a system or an economic structure where private enterprise and government participation play significant roles in allocating resources and deciding prices. It includes both private and government involvement. They help create stability and promote social welfare. In addition, a mixed economy can hold chances leading to inefficiencies and regulatory challenges (Investopedia, 2026). Certain examples of mixed economies are: India, Germany and Sweden.

Command Economy/Socialism

An economic system in which the central government dictates the production levels and pricing for goods and services. Thus, resulting in most industries publicly owned. They have little to no private industries. The government plans to set national economic priorities and limit competition. The only choice made by the consumers is among the commodities that are already produced (Investopedia, 2026). Some examples of command economies are: North Korea and Cuba.

Significance of the Paper

The study discusses factors, such as craftsmanship, brand heritage and luxury brands. It analyses how increased tariffs and changing global monetary policy can negatively impact consumer spending on luxury brands and products. How this, in turn, can impact national economies. The paper analyses certain studies that were conducted on luxury brands, and consumer behaviour on these brands according to income levels. It discusses topics, such as Global Monetary Policy, low income countries and their inflation targets, and the concept of craftsmanship. It is important for the business and financial sectors and governments to understand how economies, consumers and brands work under different circumstances and at different times in an economy.

Aims and Goals of the Study

The paper aims to analyse the possible outcomes of economies, consumer and luxury brands under the times of increased tariff and changing global monetary policy. It aims to understand consumer spending on luxury brands on the basis of ideas, such as brand heritage and craftsmanship.

Literature Review**How Craftsmanship can Influence Consumer Spending of Luxury Brands**

Many buyers seek quality, sustainability and ethical production over latest trends and fashion. This is why understanding the importance of craftsmanship can affect the decision making of the consumers. An emotional connection is fostered between the customer and the product through the use of craftsmanship. The emotional bond is built as luxury items might narrate a story of skills, dedication, tradition and the essence of true craftsmanship (Count Valentine, 2025).

When people purchase a luxury item, they look for functionality and desire a piece of fine art that tells a story. This means a narrative that is deeply connected to the values of skills and traditions. This connection transforms products into cherished possessions with each piece carrying a unique significance of its own that is beyond its material value. People are becoming increasingly aware of the adverse effects of fast fashion. This is a business model of rapidly creating and selling clothing and footwear at affordable prices, by replicating the latest fashion trends through using cheap and fast mass production techniques. This

leads the buyers to seek alternatives that emphasise the quality, sustainability and ethical production of the products. The educated consumers that are aware about the implications of commerce of both societies are shifting their preferences towards luxury fashion brands that prioritise craftsmanship (Count Valentine, 2025).

Three of the World's Most Prestigious and Exclusive French Luxury Fashion Houses: Patek Philippe, Hermès and Christian Dior

Patek Philippe

Patek Philippe is a luxury brand which carries significant weight and prestige in the world of luxury watches. The brand is known and famous for its craftsmanship, innovation and timeless design. It is important to note that the brand's collection of timeless watches are not only of high quality but also have a high value with top prices in the market. This is because the brand carries an extraordinary level of craftsmanship which sets it apart from the other brands in the market (The Luxury Hut, n.d.).

Each timepiece is crafted by artisans who are masters at their work and devote countless hours of perfecting every detail in the piece. Every aspect of the Patek Philippe watch is produced, assembled and hand-finished to achieve perfection and high quality. The watch comes at an obvious cost to the buyer and is considered prestigious in the society (The Luxury Hut, n.d.).

Hermès

Hermès is a French luxury company that was founded in 1837 by Thierry Hermès in Paris, France. The brand is well known for its luxury handbags and goods. Generations after generations, Hermès has followed a dual thread. One is the painstaking work of the craftsman in the brand's workshop, and the other is the lifestyle of its customer. The brand has always remained highly sensitive and attentive to the changing nature and needs of the society and its customers. It carries an enduring spirit of creativity and luxury (Hermès, n.d.).

The price of a Hermès Birkin Bag in the U.S.A rose from 6.3% to 7.9% in January 2026. The increase in the prices of these bags is because of the brand's exclusivity, craftsmanship and rarity (Wat, 2026). The brand's financial results continue to outpace the luxury sector with its high revenues. According to the information provided by Vogue (2025), it stated that the company had revenues up 9% year-on-year. Then, it reached €3.9 billion in the second quarter of 2025. The brand has a resilient client base of high-net-worth-individuals (HNWI) (Shoaib, 2025).

Christian Dior

Dior is a French luxury goods company founded by designer Christian Dior in Paris in 1946. It is also known as 'French haute couture house'. It is a brand with legacy, elegance and luxurious satisfaction. Dior Haute Couture refers to the highest levels of custom made, hand crafted fashion that are produced and sold by the House of Dior. It legally protects the Parisian standards of fashion. The brand pays exceptional attention to pieces created for individual clients with tailor made garments, exclusive materials, meticulous attention to detail and time consuming hand executed techniques.

<i>In millions of euros</i>	2023	2024	Change 2024/2023	
Revenue	86 153	84 683	-2% Reported	+1% Organic
Profit from recurring operations	22 796	19 565	-14%	
Net profit, Group share	6 304	5 208	-17%	
Operating free cash flow	8 101	10 473	+29%	
Net financial debt	10 548	9 058	-14%	
Equity	60 293	66 852	+11%	

Figure 2: Financial highlights of the year 2023 and 2024 of Christian Dior (Dior-finance, 2025).

Christian Dior has achieved a solid performance in 2024 despite an unfavourable global economic environment. The revenue recorded for the year 2024 is €84.7 billion. The company grew +1% on an organic basis. They had an exceptional post covid growth in comparison to the following several years (Dior-finance, 2025).

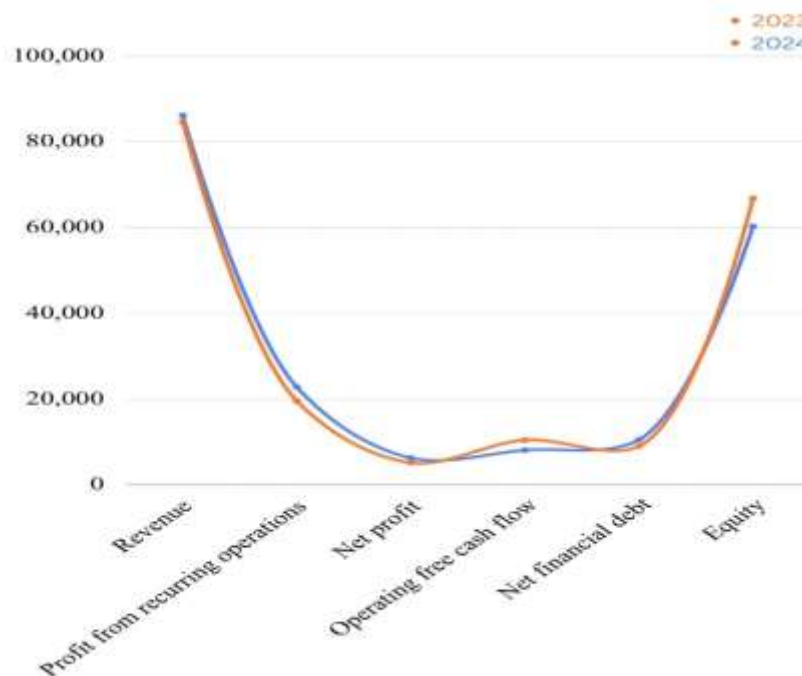


Figure 3: Line chart showing the comparison of 2 financial years of the company (Dior-finance, 2025).

Despite the decrease in revenue, the brand continues to perform in the unfavourable global economic environment. The profit from recurring operations came to an operating margin of 23.1%. While Dior's Haute couture is still being a key profit driver.

Luxury Brands Recognition

A luxury brand can be recognised by the following factors:

- **Premium Quality Level:** The quality of the products which are produced by luxury brands are always of exceptional and high quality. They are the ones that give customers the best features at the best value.
- **High Price Tags:** The products of luxury brands are always finely finished and always tagged as 'expensive' due to its brand value and prestige. High net worth individuals are the ones who can pay these high prices and can afford the luxury products.
- **Detailed Craftsmanship:** The brand never breaks their promise of providing accurate craftsmanship. The products have high tags, as they are made with hours of labour and craftsmanship. It is a skilled and passionate creation of objects, with careful attention to every detail.
- **Brand Heritage:** The Heritage and history of the luxury brand can automatically build trust, authenticity and emotional connections. It acts as a competitive advantage especially in luxury.
- **Haute Couture/ High Fashion:** Luxury brands are the ones creating exclusive and custom fitted clothing which are produced by hand. This is known as haute couture. This refers to high sewing and masterpieces that are made through hand and specialised techniques.

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Understanding Tariffs: the Nature of Price Sensitivity

When the degree of consumer demand for a product or service changes as its price changes, it is known as price sensitivity. The concept is also known as price elasticity of demand. Tariffs can create a sense of price sensitivity and lack of consumer confidence. For instance, the rise of retail prices by 15% on average for goods that were sourced from Asia. This rise caused the consumers to initially demonstrate resilience by absorbing the increased costs. In saying that, it eventually triggered reduced spending particularly on clothing and furniture. In addition, with ongoing economic uncertainty and fears of a U.S. recession, consumers do not want to spend on luxury brands. This includes high-net-worth individuals who determine their shopping decisions by stock market performance. They can pause their purchases due to market volatility (Shushmita, 2025).

Economic Pressures

Economic pressures indicate financial constraints and market forces which include high inflation, limited income tariffs and high interest rates. These pressures are directly linked to the increase in tariff rates, and are responsible for making resources more costly than expected. Brands, such as Prada and Nike, which are part of The Fashion Pact, believe in prioritising management of cost over environmental commitment. Thus, in turn they struggle to meet carbon reduction goals. The Fashion Pact is a CEO-led alliance of over 60 fashion and textile companies which are committed to Science based environmental sustainability goals (Shushmita, 2025).

How Global Monetary Policies Have Affected Consumer Spending of Luxury Brands

The luxury market has experienced a slow down, as it has dealt with persistent macroeconomic factors. This includes high inflation, rising interest rates and supply chain disruptions. This in turn can raise concerns about inflation. Consumers have started cutting back on excessive spending, as people are buying second hand products. For example, in a survey conducted by J.P Morgan Global Research in September

2025, 60% of consumers across the USA and Europe use resale platforms to purchase second-hand goods (J.P Morgan, 2025).

Another research conducted by J.P Morgan Global Research in China, demonstrated that high-net-worth individuals have started becoming more sophisticated. They have started opting for understated styles over wearing and showing logos. Thus, making a shift away from having luxury items. This means that consumers are prioritising experiences and low priced items that carry social and emotional value, such as the labubu dolls and jellycat pulshies. The labubu dolls had become an Instagram sensation as each and every influencer was purchasing it in April 2024. They were introduced by a Chinese company. People started collecting more and more of them in different colours and started hanging them on their handbags and backpacks. The jellycat pulshies are plushies or softtoys which were created by the brand named Jellicat Limited located in London. They come in different sizes, shapes, colours and characters. No matter what age people were, they wanted to purchase it, especially girls. (J.P Morgan, 2025).

Monetary Policy Decision by the European Central Bank

As of March 2026, the government council has stated that current rates are high enough in terms of keeping inflation under control. Changing them could result in a significant increase in inflation. The interest rates are unchanged. The war in The Middle East has made the outlook significantly uncertain by creating upside risks from inflation and downside risks for economic growth. Furthermore, it will have a material impact through higher energy prices. The implication on the medium-term will depend on the duration of the conflict, and how energy prices affect consumer prices and the economy. The economy has demonstrated resilience over recent quarters. However, the Middle East war could affect economic growth and inflation under some scenarios (European Central Bank, 2026).

Luxury Market Resilience

The luxury market has stayed resilient despite the ups and downs in the implementation of tariff and monetary policies. According to Bian & company, the global luxury market proved to be resilient in 2025, with the overall consumer spending at similar levels to last year 2024. Consumers worldwide spending in the luxury market is set to reach €1.44 trillion in 2025. The stability of the overall luxury spending this year makes significant shifts under the surface of the luxury marketplace. It is a persistent and crucial trend among consumers worldwide that they choose 'experiential indulgence' over past trends of conspicuous consumption. This explains that it is important for consumers to choose luxury consumption for fun and pleasure rather than signaling social status and wealth. As a result, shifting towards the concepts of wellness and self reward, including fine dining and luxury automotive. The ultra buyers are continuing to sustain demand for high luxury goods. Whereas, aspirational consumers have pulled back (Levato & D'Arpizio, 2025).

Experiences and emotions have become the true engine to fuel the growth of luxury brands. This is in spite of the fact that the market does not stay immune to macro-economic complexities, resulting in a fragile global balance. The phase ahead of us awaits a quality driven growth field by discipline, ethics and craftsmanship. The further expansion in the luxury market will favour higher impact locations (Levato & D'Arpizio, 2025).

Personal Luxury Goods Market

The luxury market of personal items is faced with macro-economic and geopolitical uncertainties, and is

facing the moment of truth. Geopolitical uncertainty refers to the unpredictability and instability in international relations, often arising from political tensions, conflicts, and changes in power dynamics among nations. Amid this, jewellery is leading in growth with an expansion of 4% to 6%. This is fueled by resilient demand, people's emotional goals and choice of customisable designs. The beauty and skincare market remains stable while on the other hand fragrances remain to hype people up by having AI driven personalization gaining a lot of attention. Furthermore, the market of watches has increased in social influence. It is important to know that the high end pieces with hours of craftsmanship are thriving even though tariffs and pricing fuel the resale market. Overall, accessible luxury fashion is recovering through brands' success in downtrading consumers, reactivating heritage clients and attracting value-conscious Gen-Z shoppers who search for quality over trends (Levato & D'Arpizio, 2025).

The global luxury market in 2025 entered a crucial phase of global reset. This was marketed by contrasting regional markets and shifting consumer dynamics. Spending in China is pivoting towards local, more accessible brands, and experience-driven categories. On the other hand, Europe faces slow tourist inflows which are impacted by a strong Euro and geopolitical tensions. The United States has expanded luxury footprints in Mexico and Brazil due to the rising disposable income and the significant expansion of the global and a population with high-net worth individuals (Levato & D'Arpizio, 2025).

How Tariffs and Global Monetary Policies Impact National Economies

How Tariffs Affect National Economies

Tariffs can affect everything in an economy. This includes prices, manufacturing operations and factors of production cost. A product becomes more expensive when it is imported from one country to another. The import duties add up to the actual cost, making the product more expensive. This leaves manufacturers with no choice other than to handle the costs and/or raise their prices. As a result, a high priced product is sold to the consumers. In this situation, the demand for domestic alternatives can increase. This might sound like positive development. In saying that, the local producers may find it hard to keep up with and match the demand shifts. As a result, leading to shortages and impacting the manufacturing of products. Therefore, the changes can create distortions in the market and affect production. This can ultimately lead to cost inflations. These inflations are caused by supply chains and impact the consumer prices of the goods directly (Kat de Naoum, 2025).

On another note, the US- China trade tensions in 2018 affected the US economy and the global economy. For example, tariffs were applied on imported washing machines. Due to the increase in tariff of the imported washing machines, the cost of the imported washing machine to the local customers became high. As a result, this led to the increase in sales of the local company's washing machines. Customers started moving towards domestic companies that sold washing machines. Thus, increasing the country's domestic sales. Though some people had to wait longer for receiving their orders due to the high demand. These price increases are known as cost pass-through effects. They can contribute to broader consumer price inflation, influence interest rates and influence the decisions made by the federal reserve. The economies of countries affected by this can seek alternative markets. For example, when the domestic price of the washing machine increases, it leads the consumers to suffer. As a result, the economy of the specific country will shift towards another global market for buying the washing machines. This will result in seeking alternative markets. As a consequence, this sometimes disrupts global supply chains. Domestic businesses in affected countries may need to rethink their sourcing and strategies, so they are not expensive nor time consuming (Kat de Naoum, 2025).

Industries shielded from foreign competition can lose their global competitiveness. Therefore, leading to overall slow economic growth. Tariffs will make the foreign investors doubt their decisions of putting money into a country with unpredictable trade policies and high import costs. According to The World Bank, tariff increases had a clear impact on the GDP. It had slowed global GDP growth by 0.3 to 0.5% over 2 years. According to the United Nations Conference on Trade and Development (UNCTAD), the tariff increases on exports from China resulted in trade diversion and benefiting the main economic rivals to China. Consequently, this has altered the market dynamics. A 2025 study from Cornell University found that the United States tariffs on sector specific goods had caused losses of \$85 billion in the USA itself, \$94 billion in China, \$60 billion in Canada and \$14 billion in Mexico (Kat de Naoum, 2025).

This tariff increase has led to an increase in commodity prices in key U.S sectors, such as gas, leather and wages for both skilled and unskilled labour. These findings prove that trade policy can reshape global supply chains, prompt price increases, influence labor markets, and promote manufacturers to reconsider decisions on investment and goods (Kat de Naoum, 2025).

How Global Monetary Policy can Affect National Economies

Monetary is a crucial component of the economy, which is made by central banks to promote a nation's overall performance. It involves the use of strategies to maintain the money supply, controlling interest rates, managing inflation, the goal to achieve economic stability of the country, and enhancing sustainable economic growth. Central banks, such as the Federal Reserve in the United States, the European Central Bank and the Bank of England are primarily responsible for setting and implementing monetary policy. The main objectives of the monetary policy include controlling inflation, managing employment levels and ensuring overall economic stability. Central banks can adjust interest rates to influence borrowing costs for business and consumers. This can affect spending, investment and economic activity. Effective monetary policy could help in smooth economic fluctuations, prevent excessive inflation or deflation, and support growth by drawing a stable financial environment (International Journal of Research and Analytical Reviews, 2018).

Thus, central banks must carefully navigate these dynamics to promote stability and growth. The understanding of the impacts of the monetary policy and carefully applying it by its instruments will support a stable and prosperous economy (International Journal of Research and Analytical Reviews, 2018).

Gaps in Literature

Monetary policies are created by the central bank of a country to regulate the flow of the economy. Each country has different monetary policies and the information about what these policies actually were, when they changed and how they were implemented is something that is challenging to gather from the studies which are part of the current literature. To view every country's central bank's website and review these policies is a time consuming task. There are only a few websites and papers on the internet that do discuss what these policies are. Furthermore, they highlight these concepts during tariff times.

More research papers can evaluate how national economies are affected by monetary policy and how a country thinks while maintaining both of them. If we do not know what these policies are and enough research to understand it, how would we know how these policies affect national economies?

Methodology

Data Collection

The aim of collecting the research papers and conducting a peer-review was to understand and recognise the current literature about luxury brands and the roles that craftsmanship and brand heritage play in increasing the sales of luxury brands. In addition, research papers were selected to identify how economics concepts, such as tariffs and global monetary policies impact consumer spending, and how that can impact national economies around the world. The research paper aims to fill the necessary gaps which are currently existing in the literature.

Sources of the Research Papers

The research papers were selected from websites, such as The Global Banking and Finance Review. In addition, Google and Chrome platforms were used to find the research papers. The keywords which were used to find relevant articles were 'brand heritage', 'craftsmanship', 'consumer behaviour', 'luxury brands' and 'luxury market'.

Inclusion Criteria

The articles were selected after reviewing if the website is credible and reliable. In addition, the names of the authors were checked, and seeing whether the research paper or article was suitable to be used in line with the research question. Another aspect about selecting the studies were the topics of the papers. The topics were reviewed and compared if the topic or concept was included in this research paper.

Exclusion Criteria

The research papers that were not published by reliable websites were excluded. The studies that had no relation to the research question were excluded. Furthermore, papers that did not have a Methods or Methodology section were excluded, as those papers could not be included in this paper's Methodology section for peer-review.

Strengths of Methodology Section

One strength was that the study heavily relied on collecting data that was only from websites which were of the brand itself and/or a verified or reliable publisher. Another strength was that various websites were used to find credible and relevant research papers.

Limitations of the Methodology Section:

The data that has been collected is based on secondary research. Thus, primary research from online and/or offline platforms have not been included. It can be challenging to fully rely on the authenticity of research that is collected and documented by other people.

Here is the information about the research papers.

1. 'Building Brand Equity in Luxury Goods: The Role of Heritage and Craftsmanship' written by Weisman (2025). Published by Global Banking and Finance Review

The findings of the article included the fact that ethical and inclusive initiatives which are rooted in craftsmanship and sustainable ideas can be useful for luxury brands, with emerging values of conscious consumption. By supporting artisans and highlighting transparency in labour practices, brands can

demonstrate their accountability and commitment towards society. The balance in terms of having timeless traditions and progressive activities, luxury brands can take themselves to becoming leaders in the market. Craftsmanship and heritage being the keys in elevating them to success.

The article has highlighted the enduring principles of heritage and craftsmanship that continue to safeguard the authority of luxury brands. These elements are the pillars - they bring exclusivity to luxury goods and elevate the brand story telling with rich historical depth. Bringing the timeless qualities to craftsmanship and mixing them with modern ideas, luxury brands can preserve their crafting future and open possibilities rooted in legacy. These brands continuously redefine what it means to live and breathe in the finest form of elegance. The article's findings and analysis are based on secondary research. The author has not used any official brands' websites. In addition, it has revised statements that were published by different platforms, such as Forbes on digital luxury, McKinsey & company on luxury markets.

A limitation of the article was that it provided examples of brands by only using single statements. For instance, the sentence in the article 'This focus on artisanal excellence ensures that every item embodies the mastery and tradition of the craftsman, from the complex links of a Patek Philippe watch to the hand-stitched seams of a Hermès Birkin.' only has the brand's name and explanation of its methods instead of digging deep and not only mentioning it in one sentence but explaining it further. Another limitation is that the paper did not show or use any real data of luxury brands. Additionally, the article lacked information, such as sharing more practical overviews about real-life brands and highlighting how they did to achieve success. It focused more on theory and findings of websites. Lastly, the article mentions how luxury brands mix legacy and traditions with modern ideas. However, it does not provide any information on practical basis and how brands do that.

2. 'From Price Tags to Heritage: The Psychology Behind Luxury Consumer Behavior' written by Almendral (2023). Published by Almendral on his LinkedIn account

The article has underpinned the psychological factors which can drive luxury consumption. This is supported by examples from renowned luxury brands. For instance, Rolex, Hermes and Gucci. The findings indicated that the price, heritage, exclusivity, personal identity and unique experiences that the brands offer can attract consumers to purchase the products. Therefore, this psychological understanding can guide luxury brands in terms of evolving their advertising and marketing strategies that resonate deeply with their High net-worth individuals (HNWI) consumers.

The article was written on a personal knowledge basis and by using the information that has been provided on different luxury brands websites, such as Rolex, Gucci and Hermes. Therefore, one of the limitations of the article was that there was no primary data that has been used. Furthermore, no quantitative data was provided to prove the claims. The author delivered his claims and evidence in the format of bullets and subpoints. The data is descriptive, and it includes a combination of theory and history. The data is small and short in length. This included having four main points and maximum two sub-points for the sections of the paper. Another limitation was that the article lacked length and the required information about luxury brands. It only had short examples of activities about brands. For instance, how Gucci was able to merge contemporary fashion with distinctive recognisable designs.

3. 'The Role of Heritage in Brand Building Strategies for Consumer Brands' written by Weisman (2025). Published by History Factory

The article concluded that the role of heritage in brand building strategy contains the 3 w's: who you are, where you come from and where you are going. A brand who has achieved the first two and honors is better equipped to get 'where to'. By making heritage a part of a brand's journey, a company can win the

hearts and minds of consumers. Thus, ultimately carrying themselves to new victories. The article is based on secondary data collection. The author has used several headings, such as ‘Consumer Brands and Heritage’ and ‘History versus Heritage’ and provided various information that was connected to the headings and the main topic.

The data identifies and explains the difference between ‘history’ and ‘heritage’. It aims to clear the confusion that can be created between the two terms. An advantage of the paper is that it states how brands can reach the path of victory and successfully conveys its message.

4. ‘Cultural Influences on Luxury Brands Consumption’ written by Prof. Dr. Khatri (2024).

The paper has explored more about the impact of cultural differences on luxury consumption, how different cultural contexts influence consumer behaviour and the strategies of marketing employed by brands. The study has stressed that as globalisation expands, luxury brands must navigate the complexities of diverse consumer expectations which are shaped by cultural norms, values and purchasing behaviours. Furthermore, the research has highlighted key cultural dimensions, examined regional case studies, and provided insights into effective luxury brand marketing strategies that are tailored to specific cultural contexts. The regional case studies included regions like Asia, North America and Europe and how luxury consumption is influenced in these different regions. For example, "Luxury consumption in Asia is heavily influenced by cultural factors such as collectivism and the importance of social status."

The methods of the paper include adopting a mixed method approach: integrating both qualitative and quantitative research methods. The research paper has used survey instruments, sample selection and data analysis for quantitative research and in-depth research, and case studies for qualitative research. Therefore, filling the aspects of both primary and secondary data.

The key findings of the paper include cultural dimensions that can affect luxury brand consumption and findings from regional case studies. Luxury brands are viewed as symbols of personal achievement and status in individualistic cultures, such as the United States and Western Europe. In a collectivist culture, such as many Asian cultures lead consumers to prefer brands that signify social harmony and group affiliation. Whereas cultures with high uncertainty avoidance (for example, Greece and Japan) can tend to favor established luxury brands with a strong reputation and heritage and those with low uncertainty avoidance (for instance, the U.S) are more open to exploring new luxury labels. In cultures with high power distance (for example, many Middle East countries), luxury consumption is heavily based on the basis of social hierarchies and status symbols, with brands reinforcing social standing.

The paper concluded that cultural influences significantly shape luxury brand consumption and brands to adopt their marketing strategies to resonate with diverse consumer bases. Luxury brands can enhance consumer engagement and loyalty by understanding cultural dimensions. The research about the cultural influences on luxury consumption provides valuable insights into how cultural dimensions can shape consumer behaviour and preferences. The paper explored the intricate relationship between culture and luxury consumption and identified key findings that underscore the cultural context in shaping brand perceptions and buying motivations. Additionally, the research stressed on how the cultural dimensions, such as individualism vs collectivism, uncertainty avoidance and power distance, can significantly affect consumer choices. The consumers that are not High- Net worth individuals avoid uncertainty while buying products to save money and effectively use the product.

5. ‘Fashion industry faces uncertainty due to increased tariffs’ written by Heidi Meyers (2025). Published on LinkedIn

The article has indicated how companies are using a ‘watch and wait approach’ for the increased tariffs in

multiple countries. The article indicated that most brands during incensed tariff times use the watch and wait approach to decide what to do. They wait for the process in the future and how the tariffs are in the near future, and choose to decide whether to increase the price of their products or not by waiting and watching the dynamics. In addition, the study refers to the U.S. luxury market and how the prices have risen. The fashion industry has been facing rising costs and unpredictable trade situations. In this, some brands are passing costs onto consumers. In saying that, overall, the sector is in 'wait-and-see' mode, bracing for possible turbulence.

Additionally, the article includes a statement from Vogue business analysis which provided more details about the US market conditions. The price increases which are underlined by handbags in the US are up about 4% year-on-year, with some increases as high as 12%. Hermès raised prices in May to offset 10% tariffs, while others, such as Burberry are holding off for now.

In conclusion, the article indicated that higher prices are expected to hurt sales, even among loyal luxury buyers, as the market feels unstable. Thereby, shoppers may hesitate to spend at the same levels.

Findings and Discussion

The paper has explored topics, such as craftsmanship, heritage and luxury brands. In addition, it has investigated how these factors in turn can affect consumer spending on luxury brands. The study has provided examples of different luxury brands and information about how their sales are affected. This was achieved by collecting data from the brands' websites. The topic of tariffs was explored and investigated to understand the spending of consumers and how luxury brands are interlinked with tariffs and global monetary policies. It can be understood from the research that has been found that consumer spending on luxury brands could heavily rely on the regions that they live in. Therefore, understanding the demands of the consumer according to the region they live in, is what can guide the path of success of luxury brands. This paper acknowledges that each paper or article that has been used had a different method of approach towards the research topic. A common mistake in major articles includes the fact that they are short and focused only on the main topic. Thus, they only provided one line example or brief paragraphs to explain the topic. Focusing more on practical examples rather than only including theory would help to increase people's understanding about luxury brands and how they are impacted by inflation and global monetary policies.

A gap in this research study is that the paper heavily relies on research and data collected from online platforms. It does not include any offline survey or analysis. In saying that, it has still managed to gather the required information. A future trend that can be determined from the paper is researching how brands with fame and wealth along with brilliant craftsmanship in its products will survive every economic storm or wars of tariff.

Conclusion

The paper has found that increasing and decreasing tariffs affect regular customers and the working conditions of several different fields. During the times of increased tariffs, locally produced goods have a price advantage as compared to the similar goods from the overseas market. This as a result provides increased profit and revenues to the local traders. Concepts, such as craftsmanship and heritage, are key factors for a luxury brand.

This paper has analysed three different cases of some of the world's most prestigious brands - Patek Phillippe, Hermes, and Christian Dior. Focusing on the factor of 'craftsmanship of all these 3 brands, the

study has found that each timepiece made is valued on the basis of its history, and sold and attracted by the customers, as they learnt the uniqueness of it. The research paper has identified that a high net-worth individual does not only look at craftsmanship. They will look at and understand the heritage and history of the brand, and the logo that he or she is wearing. People find it fascinating and interesting to wear brands like these with beautiful tales to tell and have extra ordinary experiences to feel. These activities itself contribute to the brand's fame and reach. Products of a luxury brand are a dream waiting to be lived and goods waiting to be purchased. That is what gains the major audience for a brand and its products in the luxury market.

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