ISSN No:-2456-2165 https://doi.org/10.38124/ijisrt/26aug1394

The Growth of Micro-Luxuries: Why Consumers Choose Affordable Indulgences Under Financial Constraint

Bhavi Jain[1]

[1]Rajmata Krishna Kumari Girls' Public School

Publication Date: 2026/09/10

Abstract: Why do consumers continue to buy premium coffee, matcha, prestige skincare, fine fragrance, and collectibles while reducing spending elsewhere? This paper develops a conceptual account of such purchases as *micro-luxuries*: nonessential, premium-positioned goods whose absolute price remains low enough to fit within an ordinary discretionary budget. An integrative review of work on the lipstick effect, hedonic and compensatory consumption, the extended self, consumer ritual, scarcity, and social influence identifies four linked sources of value: affect regulation, identity construction, ritualized control, and digitally amplified social meaning. Affordability acts as a gateway rather than the principal benefit; it converts otherwise inaccessible luxury meanings into a purchase that can be mentally framed as a small reward. The paper therefore rejects the simple claim that micro-luxury consumption is either fully rational or merely frivolous. Its welfare consequences depend on frequency, substitution, financial fit, and whether the product creates enduring ritual or only repeated mood repair. A framework and six propositions are offered to guide empirical tests. The analysis also suggests that brands can build durable loyalty through credible quality, sensory experience, and repeatable rituals, but risk consumer backlash when manufactured scarcity, status pressure, or misleading "self-care" narratives overwhelm functional value.

Keywords: *Micro-Luxury; Affordable Luxury; Hedonic Consumption; Compensatory Consumption; Consumer Ritual; Social Media; Emotional Branding.*

How to Cite: Bhavi Jain (2026) The Growth of Micro-Luxuries: Why Consumers Choose Affordable Indulgences Under Financial Constraint. *International Journal of Innovative Science and Research Technology*, 11(8), 3326-3331. https://doi.org/10.38124/ijisrt/26aug1394

I. INTRODUCTION

Luxury is increasingly encountered in ordinary routines. A carefully prepared matcha, a small bottle of designer fragrance, a prestige serum, or a limited collectible can carry meanings once associated primarily with handbags, jewelry, and travel. These goods do not eliminate financial constraint. They make a narrow experience of refinement, novelty, or status accessible within it. This apparent contradiction motivates the paper's research question:

Why do financially constrained consumers preserve or initiate spending on small premium indulgences, and under what conditions does that spending create value rather than financial or psychological harm?

The question matters for two reasons. First, standard household-budget logic predicts that nonessential purchases should be among the first expenses cut when disposable income falls. Yet consumption is not governed by functional utility alone. People also use goods to regulate emotion, enact identity, structure time, and communicate belonging. Second, the contemporary media environment makes these symbolic functions unusually visible. Product-review videos, "get ready with me" routines, shelf displays, and unboxings transform private use into content that can be copied, evaluated, and monetized. Survey evidence illustrates the reach of this environment: 62% of U.S. adult TikTok users reported using the platform for product reviews or recommendations, with the proportion rising to 74% among users aged 18–29 [9].

This paper makes three contributions. It first defines micro-luxury more precisely than the loose category of a "small treat." It then integrates six literatures into a mechanism-based model of demand. Finally, it separates purchase incidence from consumer welfare: a purchase can be understandable and emotionally useful without necessarily being sustainable. The resulting framework treats micro-luxury as a form of *constrained premiumization*—a strategy through which consumers acquire concentrated symbolic and sensory value at a manageable transaction price.

II. DEFINING THE MICRO-LUXURY

A micro-luxury is defined here by four jointly necessary properties. It is (1) discretionary rather than necessary; (2) priced at a meaningful premium over a functional substitute;

ISSN No:-2456-2165 https://doi.org/10.38124/ijisrt/26aug1394

(3) low enough in absolute price to be purchased without the financing or long saving horizon associated with conventional luxury; and (4) capable of delivering sensory, symbolic, ritual, or social benefits beyond its basic function. Thus, not every inexpensive pleasure is a micro-luxury, and not every small luxury-branded object qualifies. A costly coffee becomes a micro-luxury when its preparation, setting, brand, or display creates valued experience beyond caffeine. A sample-size perfume may qualify even though it is physically small; a discounted commodity detergent generally does not.

The definition is intentionally relational. "Affordable" depends on income, local prices, household obligations, and purchase frequency. The same item can be trivial for one consumer and financially consequential for another. Moreover, a low ticket price can conceal a high cumulative cost. If a purchase of price p occurs f times per period, its budget burden is:

$$B = \frac{pf}{D}, \tag{1}$$

Where D is discretionary income in that period. Micro-luxury is therefore a claim about the accessibility of a transaction, not proof that repeated consumption is affordable.

The category overlaps with, but differs from, "new luxury," mass prestige, and entry-level luxury. Trading-up research describes premium goods available to a broad middle market [13]. Micro-luxury narrows the focus to small-scale and often repeatable purchases whose value is concentrated in an episode, object, or ritual. This includes consumables such as beverages and cosmetics as well as durable collectibles. The distinction matters because repeatability changes both the commercial model and the welfare risk.

III. METHOD: INTEGRATIVE CONCEPTUAL REVIEW

The study uses an integrative conceptual review rather than presenting new survey, interview, or sales data. The uploaded research brief supplied five phenomena to explain: psychological comfort, justifiable price, social-media influence, identity expression, and ritual. To examine those mechanisms, the review connects foundational and contemporary work in consumer psychology and marketing on hedonic value, recessionary substitution, compensatory choice, brand–self relations, ritual, scarcity, and influencer persuasion. Sources were included when they offered a theoretical mechanism or empirical finding capable of explaining one or more of the five phenomena. The synthesis is organized by mechanism rather than product category, because coffee, fragrance, skincare, and collectibles differ functionally but may solve similar psychological problems.

This approach supports theory building and testable propositions, but it does not estimate the size of a micro-luxury market or establish that every category grows during every downturn. The label itself is not yet standardized in the academic literature. Accordingly, claims below concern predicted consumer responses and boundary conditions, not universal market laws.

IV. THEORETICAL FOUNDATIONS

➤ *The Lipstick Effect: Substitution, Not Immunity*

The "lipstick effect" proposes that economic threat can redirect rather than erase discretionary demand. Hill et al. found that recession cues could increase women's desire for attractivenessenhancing products while decreasing desire for many other goods [5]. The important implication is not that all cosmetics or small luxuries inevitably grow in recessions. Rather, consumers may substitute a lower-cost product that preserves a desired psychological outcome when a larger purchase becomes infeasible.

The mechanism requires care. The original account emphasizes mate attraction, whereas microluxuries span genders, ages, motives, and categories. A broader interpretation is therefore needed: financial constraint raises the relative appeal of goods that deliver a dense bundle of pleasure and symbolic meaning per transaction. A 10*beveragecannotreplacethedurabilityofa*1,000 accessory, but it can briefly reproduce anticipation, service, aesthetic display, and self-reward. This is *psychological substitution*, not functional equivalence.

➤ *Hedonic Value and Affect Regulation*

Hedonic consumption concerns the multisensory, imaginative, and emotional aspects of product use [6]. This perspective explains why judging a premium beverage solely by ingredients, or a fragrance solely by volume, understates what the consumer buys. Texture, scent, packaging, anticipation, expertise, and place can be part of the product's experienced value. A useful representation is:

$$V_i = F_i + H_i + I_i + R_i + S_i - P_i - C_i, \tag{2}$$

Where perceived value V_i comprises functional value F_i, hedonic value H_i, identity value I_i, ritual value R_i, and social value S_i, less monetary price P_i and opportunity or self-control cost C_i. The equation is a conceptual decomposition, not an estimated utility function.

Purchasing can also restore a sense of agency after sadness or loss of control. Experimental work indicates that making choices can reduce residual sadness by restoring perceived control [10]. This helps explain why a small discretionary choice may feel disproportionately comforting during uncertainty. Yet mood repair is not synonymous with well-being. The benefit may be short, adaptation may reduce pleasure, and repeated reliance on purchasing can increase C_i through guilt, clutter, or budget stress.

➤ *Compensation and the Justifiable Price*

Compensatory consumer behavior occurs when people respond to a discrepancy between their actual and desired self by acquiring, using, or displaying goods that symbolically address the gap [8]. Powerlessness, for example, can increase

ISSN No:-2456-2165 https://doi.org/10.38124/ijisrt/26aug1394

acquisition of status-related products [12]. Micro-luxuries offer a particularly accessible route because their absolute price lowers the threshold for action.

Consumers rarely evaluate this price in isolation. Mental accounting assigns expenditures to informal categories such as “daily coffee,” “self-care,” or “reward,” altering how painful or permissible the purchase feels [14]. A $30 fragrance decant may be compared with a full bottle rather than with buying nothing; a premium drink may be compared with a restaurant outing. Such comparisons make the expenditure easier to justify. They can be sensible forms of substitution, but they can also obscure cumulative burden under Equation 1.

➢ *Identity, the Extended Self, and Brand Meaning*

Possessions help people construct and communicate identity; in Belk’s classic formulation, they can become part of the extended self [1]. Brands intensify this process by attaching cultural meanings to otherwise similar objects. Consumers use those meanings to connect actual, ideal, and social selves, while reference groups shape which brand associations appear desirable [4].

Micro-luxuries are efficient identity tokens. They are affordable enough to experiment with, visible enough to signal taste, and differentiated enough to support narratives such as wellness, connoisseurship, minimalism, or playful individuality. Matcha can signify disciplined wellness; a niche scent can signify discernment; a collectible can signal membership in a fan community. The object need not persuade a large audience. Identity value may arise simply because its owner experiences the choice as self-congruent.

This account also reveals a boundary condition. When a product’s meaning is borrowed mainly from external approval, the benefit is vulnerable to trend decay and unfavorable comparison. Self-congruence should produce more durable satisfaction than conspicuousness alone.

➢ *Ritualized Control*

Consumer rituals are patterned, repeated sequences involving artifacts, scripts, roles, and audiences [11]. Grinding beans, whisking matcha, applying a serum in a fixed order, or selecting a daily fragrance turns an ordinary product into a structured event. Repetition makes the product a cue for transition: work begins after the coffee; rest begins with the skincare routine. Ritual therefore increases value without requiring a different formula or material.

Ritual is especially relevant under uncertainty because it creates a bounded domain in which actions and outcomes feel predictable. It also extends value beyond the instant of purchase: anticipation precedes the ritual, sensory use occupies time, and memory follows it. Micro-luxuries embedded in stable routines should consequently retain value better than novelty purchases whose reward is exhausted at unboxing.

➢ *Social Media, Scarcity, and Accelerated Meaning*

Social platforms reduce the distance between discovery, social proof, and purchase. Influencer effectiveness depends not only on audience size but also on credibility, perceived similarity, and the fit between endorser and product [3, 2]. Recommendation content also teaches consumers how to use and display an item. A product becomes a routine, aesthetic, vocabulary, and community before it arrives.

Collectibles add scarcity and uncertainty to this system. Scarcity can increase perceived value, although its effect depends on what the scarcity implies about demand, quality, or exclusivity [7]. Limited releases and blind-box formats combine scarcity with variable reward and social comparison. These features can create community and play, but they can also shift value from use to acquisition itself. Digital visibility thus acts as an amplifier: it strengthens identity and discovery when content is credible, and magnifies fear of missing out when scarcity and trend velocity dominate.

V. AN INTEGRATED FRAMEWORK

Figure 1 summarizes the proposed process. Economic pressure narrows feasible choices and increases negative affect, while digital exposure supplies product meanings and social proof. Low absolute price and a favorable comparison point make purchase possible. The consumer then anticipates one or more benefits—mood repair, identity enactment, ritualized control, and social connection. Outcomes feed back into repetition: durable use value encourages loyalty, whereas adaptation or disappointment may prompt either discontinuance or another novelty purchase.

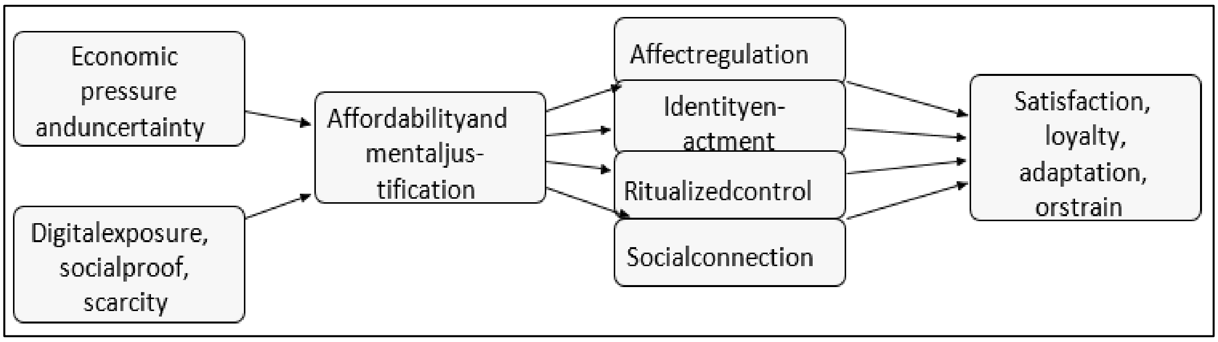

Fig 1 Conceptual Model of Micro-Luxury Purchase and Outcomes.

ISSN No:-2456-2165 https://doi.org/10.38124/ijisrt/26aug1394

➢ *The Synthesis Yields Six Propositions:*

- Proposition 1: Constrained substitution. Economic pressure will increase preference for a micro-luxury over a conventional luxury when both promise a similar symbolic or hedonic outcome, while decreasing discretionary spending overall.
- Proposition 2: Affective concentration. The effect of stress on micro-luxury purchase will be mediated by anticipated affect regulation and moderated by the consumer's available discretionary income.
- Proposition 3: Justification. Purchase likelihood will increase when the micro-luxury is framed against a more expensive reference product or assigned to a permissible mental account such as self-care or a reward.
- Proposition 4: Identity durability. Self-congruence will predict post-purchase satisfaction and retention more strongly than status visibility alone.
- Proposition 5: Ritual persistence. Products incorporated into repeated, personally meaningful rituals will show slower hedonic adaptation and greater repurchase intention than products valued primarily for acquisition or unboxing.
- Proposition 6: Digital amplification. Social-media exposure will strengthen purchase intent through perceived credibility and community fit; scarcity pressure will instead predict urgency, regret, and financially misaligned repetition.

Table 1 Mechanisms, Examples, and Welfare Boundary Conditions.

Mechanism	Consumer benefit	Illustrative expression	Boundary condition
Affect regulation	Brief pleasure and relief	Specialty drink after a difficult day	Relief is temporary or becomes the default coping strategy
Identity enactment	Self-congruence and distinction	Niche scent or wellness-coded matcha	Choice is driven mainly by comparison or approval
Ritualized control	Predictability and structure	Morning preparation or evening skincare	Routine becomes costly, rigid, or product-dependent
Social connection	Community, discovery, shared expertise	Reviews, collections, and unboxings	Sponsorship is unclear or trend pressure dominates
Scarcity/novelty	Anticipation and play	Limited edition or blind-box collectible	Fear of missing out, duplication, or speculative resale
Price justification	Access to premium meanings	Travel-size fragrance versus full bottle	Small transactions accumulate unnoticed

VI. DISCUSSION

The framework resolves the apparent conflict between budgeting and indulgence. Consumers are not choosing between "emotion" and "reason" in a simple sense. They are optimizing across several kinds of value with incomplete information, shifting reference points, and limited self-control. A small premium purchase can be rational when it replaces a more expensive outing, supports a valued routine, and fits the budget. The same purchase can be counterproductive when its low price masks high frequency or when it is used to repair distress that the resulting expense then worsens.

This distinction also clarifies the meaning of functional value. Emotional and symbolic benefits are real components of consumer value, not errors merely because they are difficult to quantify. Nevertheless, marketers can inflate those benefits through vague wellness claims, artificial scarcity, or paid endorsement. An analytically defensible position therefore recognizes psychological utility while asking how long it lasts, what it displaces, and whether it depends on escalating consumption.

➢ *Managerial Implications*

Brands seeking durable micro-luxury demand should design the entire use episode, not only attach prestige language to a commodity. Four practices follow. First, substantiate the premium through quality that consumers can perceive: sensory performance, reliable formulation, skilled service, or thoughtful design. Second, provide accessible entry formats without hiding unit price or steering consumers toward wasteful collection. Third, support repeatable rituals through instruction, refill systems, and coherent product architecture. Fourth, treat social proof as a trust relationship: disclose sponsorship, match creators to products credibly, and resist false scarcity.

The framework further predicts two routes to loyalty. *Meaning-based loyalty* arises when quality, ritual, and identity fit remain useful after a trend fades. *Stimulation-based repetition* arises when novelty and urgency require constant launches. The former is more defensible strategically and ethically because it creates a reason to use the product, not merely to acquire the next one.

➢ *Consumer and Policy Implications*

For consumers, the relevant question is not whether a treat is "deserved" but whether its total pattern fits their goals. Equation 1 suggests a simple audit: calculate monthly rather than transaction-level cost, identify what the purchase replaces, and distinguish pleasure from urgency. Waiting periods and category budgets preserve room for deliberate indulgence while reducing the force of scarcity cues.

For regulators and platforms, micro-luxury marketing raises familiar issues in an intensified form: clear sponsorship disclosure, truthful performance and wellness claims,

ISSN No:-2456-2165 https://doi.org/10.38124/ijisrt/26aug1394

transparent odds for randomized collectibles, and safeguards for marketing directed at minors. Low unit prices should not exempt a practice from scrutiny when design encourages high-frequency or opaque spending.

VII. RESEARCH AGENDA

Future work should first test whether micro-luxury is empirically distinct from ordinary impulse buying and mass prestige. A preregistered survey could measure the five value components in Equation 2, financial strain, purchase frequency, and product category. Latent-class analysis could then identify ritual, identity, social, and mood-repair segments rather than assuming a single consumer type.

Second, experiments should manipulate economic threat, absolute price, reference product, and social visibility in a factorial design. The key outcome is not just purchase intention but substitution: does the micro-luxury replace a costlier indulgence, a cheaper functional product, saving, or nothing? Longitudinal diary studies could track mood before purchase, immediate relief, use frequency, and regret over several weeks. Such a design would distinguish durable ritual value from rapid hedonic adaptation.

Third, platform and category differences deserve attention. Consumables invite routine repurchase; collectibles invite completion motives and scarcity; fragrance and skincare combine private sensory experience with public identity. Cross-cultural research should also examine whether individualism, gift norms, and local meanings of luxury change the balance among identity and social value. Finally, sales data matched to local economic indicators could test the aggregate version of the lipstick effect without inferring market growth from isolated viral products.

VIII. LIMITATIONS

This paper is a conceptual synthesis and has four principal limitations. First, it supplies no original consumer or market data, so the propositions remain to be tested. Second, the reviewed mechanisms originate in different theoretical traditions and are not guaranteed to operate simultaneously. Third, micro-luxury is context-dependent: income, culture, category, and frequency alter whether a purchase is genuinely affordable. Fourth, prominent online examples may exaggerate demand because algorithms favor visually distinctive and emotionally engaging products. Claims about a broad market "growth" should therefore be evaluated with category-level sales and household-panel data.

IX. CONCLUSION

Micro-luxuries persist under financial constraint because they compress several forms of value into an accessible transaction. They can soothe negative affect, materialize an identity, anchor a ritual, and create social connection. Low absolute price makes these outcomes reachable and easy to justify, while social media makes their meanings visible and rapidly reproducible. None of this makes the purchases inherently wise or wasteful. Their value depends on what they replace, how often they recur, whether use outlasts novelty, and whether the total cost fits the consumer's resources. The strongest brands will therefore sell neither function alone nor emotion without substance. They will join credible quality to meaningful, transparent experiences that remain valuable after the unboxing ends.

REFERENCES

[1]. R. W. Belk, "Possessions and the extended self," *Journal of Consumer Research*, vol. 15, no. 2, pp. 139–168, 1988.

[2]. M. De Veirman, V. Cauberghe, and L. Hudders, "Marketing through Instagram influencers: The impact of number of followers and product divergence on brand attitude," *International Journal of Advertising*, vol. 36, no. 5, pp. 798–828, 2017.

[3]. E. Djafarova and C. Rushworth, "Exploring the credibility of online celebrities' Instagram profiles in influencing the purchase decisions of young female users," *Computers in Human Behavior*, vol. 68, pp. 1–7, 2017.

[4]. J. E. Escalas and J. R. Bettman, "Self-construal, reference groups, and brand meaning," *Journal of Consumer Research*, vol. 32, no. 3, pp. 378–389, 2005.

[5]. S. E. Hill, C. D. Rodeheffer, V. Griskevicius, K. Durante, and A. E. White, "Boosting beauty in an economic decline: Mating, spending, and the lipstick effect," *Journal of Personality and Social Psychology*, vol. 103, no. 2, pp. 275–291, 2012.

[6]. E. C. Hirschman and M. B. Holbrook, "Hedonic consumption: Emerging concepts, methods and propositions," *Journal of Marketing*, vol. 46, no. 3, pp. 92–101, 1982.

[7]. M. Lynn, "Scarcity effects on value: A quantitative review of the commodity theory literature," *Psychology & Marketing*, vol. 8, no. 1, pp. 43–57, 1991.

[8]. N. Mandel, D. D. Rucker, J. Levav, and A. D. Galinsky, "The compensatory consumer behavior model: How self-discrepancies drive consumer behavior," *Journal of Consumer Psychology*, vol. 27, no. 1, pp. 133–146, 2017.

[9]. Pew Research Center, "A majority of U.S. TikTok users are there for reviews and recommendations," Nov. 21, 2024. [Online]. Available: https://www.pewresearch.org/short-reads/2024/11/21/ a-majority-of-us-tiktok-users-are-there-for-reviews-and-recommendations/

[10]. S. I. Rick, B. Pereira, and K. A. Burson, "The benefits of retail therapy: Making purchase decisions reduces residual sadness," *Journal of Consumer Research*, vol. 40, no. 6, pp. 1113–1122, 2014.

[11]. D. W. Rook, "The ritual dimension of consumer behavior," *Journal of Consumer Research*, vol. 12, no. 3, pp. 251–264, 1985.

[12]. D. D. Rucker and A. D. Galinsky, "Desire to acquire: Powerlessness and compensatory consumption," *Journal of Consumer Research*, vol. 35, no. 2, pp. 257–267, 2008.

ISSN No:-2456-2165 https://doi.org/10.38124/ijisrt/26aug1394

[13]. M. J. Silverstein and N. Fiske, "Luxury for the masses," *Harvard Business Review*, vol. 81, no. 4, pp. 48–57, 2003.
[14]. R. Thaler, "Mental accounting and consumer choice," *Marketing Science*, vol. 4, no. 3, pp. 199– 214, 1985.