



A Study On Colour Psychology In Branding: Differentiating Luxury from Budget Brands

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Abstract: This study, "A Study On Colour Psychology in Branding: Differentiating Luxury from Budget Brands," investigates how colour influences brand identity and consumer perception, specifically in the luxury and budget sectors. It explores how brands utilize colour psychology to convey messages of exclusivity or affordability and aims to understand colour's role in distinguishing luxury from budget brands across various industries such as fashion, cosmetics, and automotive.¹ The research compares dominant colour schemes within the same business sectors to identify patterns and differences, analyzing how luxury brands use colour to evoke prestige, while budget brands use colours to communicate affordability and value. Ultimately, the study assesses the effectiveness of these distinct colour choices in conveying a brand's intended market position.

Employing a mixed-methods approach, the research combined a quantitative questionnaire survey for consumer insights on colour and brand associations with a qualitative case study analysis of selected luxury and budget brands. This provided a detailed understanding of real-world colour theory application in branding, offering a comprehensive view of the link between colour, brand identity, and consumer psychology. The findings provide valuable insights for marketers and brand strategists focused on effective product positioning.

Key Words:

Colour Psychology, Branding, Luxury Brands, Budget Brands, Brand Identity, Market Positioning

I. INTRODUCTION

In the contemporary marketplace, establishing a strong brand presence is essential for organizational success, extending beyond mere identification to shape perceptions and build emotional connections with consumers (Aaker, 1996; American Marketing Association, 2023). Branding involves creating a unique name, symbol, or design to differentiate products or services from competitors, ultimately fostering brand loyalty (Aaker, 1991). This process is crucial as it influences consumer behaviour, drives organizational value by commanding price premiums, reducing marketing costs, and enhancing resilience during economic challenges (Atwal & Williams, 2017; Aaker, 1991).

A well-defined and trusted brand acts as a vital heuristic, simplifying decision-making and fostering confidence in product offerings amidst information overload and consumer skepticism (Aaker, 1996). This chapter aims to provide a robust framework for understanding the critical role of branding in modern business by delving into its foundational aspects, core concepts, key components, and strategic importance. Subsequent sections will explore various dimensions of brand building, including brand identity, brand image, and brand equity (Aaker, 1996).

What is branding?

What is Branding

At its core, branding is the process of creating a distinct and memorable identity for a product, service, or organization, encompassing both tangible elements like logos and colour palettes, and intangible attributes such as brand personality and values (Aaker, 1996; Aslam, 2006). The aim is to craft a holistic brand experience that resonates with the target audience and differentiates the offering from competitors (A Relational Analysis among Colour Marketing, Brand Charisma and Marketing Outcome, 2014). As highlighted by Aaker (1991), a brand represents a promise to the customer, embodying specific attributes and benefits, which underscores the relational aspect of branding and the importance of consistent value delivery and positive experiences (Atwal & Williams, 2017). The American Marketing Association (n.d.) defines a brand as a name, term, sign, symbol, or design, or a combination thereof, intended to identify and differentiate a seller's goods or services. This definition emphasizes branding's dual function: enabling consumer recognition and providing compelling reasons to choose one offering over others (Acolad, 2023).

Understanding Luxury Brands

Luxury brands represent more than just high-quality products; they embody exclusivity, aspiration, and heritage, operating in a unique market segment by focusing on rarity, superior craftsmanship, and a strong emotional connection with discerning clientele (Atwal & Williams, 2017; Aslam et al., 2022). Defined by an unwavering commitment to exceptional quality through fine materials and meticulous detail, these brands justify higher price points and cultivate exclusivity via limited production and selective distribution, making ownership a symbol of status (Aaker, 1996). Their rich history and consistent brand identity, meticulously communicated across all touchpoints, build authenticity and emotional resonance, while personalized customer experiences and aspirational value further reinforce their premium positioning and foster strong brand loyalty, ultimately selling dreams and status rather than just products (A Relational Analysis among Colour Marketing, Brand Charisma and Marketing Outcome, 2014).

Understanding Budget Brands

Budget brands prioritize providing functional value at accessible price points, catering to price-sensitive consumers who value affordability and utility over premium features or emotional connections (Aslam, 2006; Aaker, 1991). Their strategies emphasize value for money, practicality, and widespread availability, achieving lower prices through efficient production and focusing on essential features (Acolad, 2023). Accessibility and broad distribution are crucial for reaching a wide consumer base, with products designed to meet basic needs effectively and reliably. Branding involves clear, straightforward messaging that highlights value and savings, often with simple packaging and visual identity (Aslam et al., 2022). While their customer perception is driven by perceived value for money, trustworthiness, and reliability, budget brands typically focus less on deep emotional bonds, aiming instead for customer loyalty based on consistent reliability and value (Barthes, 1967).

The Power of Colour Psychology

Colour psychology in branding and marketing explores how different hues profoundly impact consumer perceptions, emotions, and behaviors towards a brand (Aslam, 2006; Aslam et al., 2022; A Relational Analysis among Colour Marketing, Brand Charisma and Marketing Outcome, 2014). Colours are not merely aesthetic choices but powerful communicative tools that subtly influence how a brand is perceived, remembered, and resonates with its target audience (Acolad, 2023). As one of the first and most recognizable elements of a brand's visual identity, strategic and consistent use of colour across all brand touchpoints helps build recognition and reinforce the desired brand image, influencing purchase decisions and even conversion rates (Aaker, 1991). The psychological impact of colour is multifaceted, stemming from evolutionary factors, cultural conditioning, and personal experiences, requiring global brands to be sensitive to cultural nuances in their colour choices (Barthes, 1967).

Literature Review

Colour Psychology in Marketing: The Impact of Colour on Consumer Buying Behavior

Colour is an immediate and critical factor in consumer perception, with up to 90% of product judgments made based on colour alone, instantly communicating brand identity and value proposition for both luxury and budget brands (Aslam, 2006; Aslam et al., 2022). The emotional appeal of specific colours, like calming blue or stimulating red, powerfully reinforces brand recognition and cultivates loyalty, acting as a rapid, subconscious communicator of a brand's essence and trustworthiness (A Relational Analysis among Colour Marketing, Brand Charisma and Marketing Outcome, 2014; Atwal & Williams, 2017). This means luxury brands must choose colours that evoke exclusivity and sophistication, while budget brands should select colours that signal accessibility and value, ensuring the emotional resonance of the chosen palette creates a memorable first impression aligned with market positioning (Acolad, 2023).

The Psychology of Colour in Brand Packaging: An Interpretative Phenomenological Analysis of Consumers' Cognitive and Emotional Responses to Colour in FMCG Packaging

This research highlights the critical role of packaging colour schemes as profound psychological stimuli, subtly tapping into consumers' unconscious associations to aid memory and convey inherent brand meaning (Aslam, 2006; Aslam et al., 2022). Packaging colours are integral to how consumers subconsciously perceive a product's identity, quality, and purpose, establishing mental shortcuts that influence recall and recognition in retail environments (A Relational Analysis among Colour Marketing, Brand Charisma and Marketing Outcome, 2014). Both luxury and budget brands strategically utilize packaging colours to communicate their distinct positions, with luxury brands using sophisticated, muted hues to convey heritage and exclusivity, while budget brands opt for brighter, straightforward palettes to signal practicality and affordability, thereby shaping initial consumer impressions and acting as a critical differentiator at the point of sale (Atwal & Williams, 2017; Aaker, 1996).

Colour and Its Association with Emotions: The Power Tools in Marketing and Branding

This study asserts that the profound emotional linkages established through colour are pivotal for effective brand differentiation and building long-term consumer loyalty (A Relational Analysis among Colour Marketing, Brand Charisma and Marketing Outcome, 2014; Aslam et al., 2022). Certain colours inherently carry specific emotional connotations; for instance, black in luxury branding effectively conveys authority, sophistication, and timelessness, building an aura of prestige (Barthes, 1967). Conversely, budget brands strategically use colours that evoke practicality, energy, or approachability, such as vibrant reds for excitement or bright yellows for cheerfulness, aligning emotional appeal with their value proposition (Acolad, 2023; Aslam, 2006). Understanding these direct colour-emotion connections is a potent tool for creating a subconscious connection that guides consumer perception and fosters lasting affinity across the luxury and budget spectrum (Aaker, 1991).

The Use of Colour in Marketing: Colours and Their Physiological and Psychological Effects

This analysis explores how specific colours evoke innate physiological and psychological responses in humans, noting that high-arousal colours like red and yellow can increase heart rate and stimulate hunger, as seen in McDonald's branding (Aslam, 2006). Understanding these reactions allows brands to subtly influence consumer choice (A Relational Analysis among Colour Marketing, Brand Charisma and Marketing Outcome, 2014). For differentiating luxury and budget brands, this means budget brands might use high-arousal colours to quickly grab attention and stimulate impulse purchases, aligning with a value-driven consumer journey (Aslam et al., 2022). Conversely, luxury brands might opt for colours that evoke more subtle, sophisticated, or contemplative responses, such as deep blues or elegant blacks, to encourage a slower, considered purchasing journey that aligns with their premium brand experience (Atwal & Williams, 2017).

Colour and the International Marketplace

This research emphasizes that cultural background significantly alters how colours are interpreted globally, providing examples like white symbolizing purity in the West but mourning in parts of Asia (Acolad, 2023; Aslam, 2006). This highlights that a colour's meaning is not universal but deeply embedded in specific cultural contexts, making adaptive colour strategies essential for effective international market alignment (Barthes, 1967). For luxury brands, a palette conveying prestige in one culture might be perceived differently elsewhere, potentially undermining its appeal. Similarly, budget brands must ensure their colours communicate value and accessibility appropriately across diverse cultural landscapes (Aaker, 1996). Therefore, successful international branding for both segments necessitates deep understanding and meticulous adaptation to local cultural colour interpretations, making cross-cultural colour research vital for global marketing strategy (Aslam et al., 2022).

Research Gap

Colour psychology plays a pivotal role in branding, influencing consumer perceptions and purchase decisions. While existing research has explored the general impact of colours in marketing, a critical gap remains in understanding:

1. **Limited Direct Comparative Analysis:** While the impact of colour on consumer perception and brand identity is widely acknowledged, there has been a lack of systematic research explicitly comparing the distinct colour strategies employed by luxury brands versus budget brands within the same industry sectors.
2. **Under-explored Multi-Industry Differentiation:** Existing studies often focus on general principles or single industries, leaving a gap in understanding how colour differentiation strategies between high-end and low-cost brands specifically vary across a diverse range of different industries.
3. **Inadequate Integration of Methodologies:** Although both qualitative and quantitative approaches contribute to understanding colour in branding, a comprehensive study that holistically integrates the analysis of actual brand colour application (qualitative) with consumer interpretations of these colours (quantitative) to reveal brand differentiation has been less common.
4. **Nuanced Conveyance of Brand Attributes:** While the general emotional associations of colours are well-documented, a more focused investigation was needed to precisely detail how specific colour choices are strategically used by luxury brands to evoke feelings of exclusivity, sophistication, and prestige, and by budget brands to convey affordability and easy access, in a direct comparative context.

Objectives of the study

1. TO EXAMINE THE ROLE OF COLOUR IN DIFFERENTIATING LUXURY BRANDS FROM BUDGET BRANDS WITHIN THE SAME INDUSTRY.
2. TO ANALYZE HOW COLOUR DIFFERENTIATION VARIES ACROSS DIFFERENT INDUSTRIES (SUCH AS FASHION, COSMETICS, AND AUTOMOTIVE) WHEN COMPARING HIGH-END AND LOW-COST BRANDS.
3. TO COMPARE THE DOMINANT COLOUR SCHEMES USED BY LUXURY BRANDS VERSUS BUDGET BRANDS IN THE SAME PRODUCT CATEGORIES.
4. TO INVESTIGATE HOW LUXURY BRANDS USE COLOURS TO CREATE FEELINGS OF EXCLUSIVITY, SOPHISTICATION, AND PRESTIGE, WHILE BUDGET BRANDS USE COLOURS TO CONVEY AFFORDABILITY AND EASY ACCESS.

Theoretical Frame Work

Brand Association Network Theory

Brand Association Network Theory posits that a brand exists in a consumer's memory as a network of interconnected nodes representing information, thoughts, and feelings, with strong, favorable, and unique associations crucial for brand equity and loyalty (Aaker, 1991; Aslam, 2006). Within this framework, colour serves as a critical node, where consistent exposure to specific palettes can link strongly to a brand, shaping its image and perceptions (Aslam et al., 2022). The theory highlights how distinct colour associations differentiate luxury brands (e.g., deep blacks, metallics) from budget brands (e.g., brighter, common hues), recognizing that these associations can vary significantly across industries (A Relational Analysis among Colour Marketing, Brand Charisma and Marketing Outcome, 2014). By identifying dominant colour schemes, the theory explains how brands cultivate desired associative networks, reinforcing their positioning by consistently using colours that evoke exclusivity for luxury or affordability for budget brands (Atwal & Williams, 2017).

Semiotics Theory

Semiotics is the systematic study of signs and symbols, including colour, and how they convey meaning through cultural conventions and learned associations (Barthes, 1967; Acolad, 2023). In branding, colour functions as a significant signifier, with luxury brands using colours like black, gold, and silver to signify sophistication and exclusivity, distinct from budget brands that employ brighter, primary colours for affordability (Aslam et al., 2022). Semiotics recognizes that colour meanings vary across industries and cultures, requiring brands to decode established visual languages (Aaker, 1996). It explains how luxury brands strategically use nuanced colours and finishes to evoke prestige, while budget brands use straightforward palettes to communicate value, consistently reinforcing their intended market positioning through effective semiotic signaling (A Relational Analysis among Colour Marketing, Brand Charisma and Marketing Outcome, 2014).

Cultivation Theory

Cultivation Theory, traditionally applied to media's impact on social reality, suggests that prolonged exposure to consistent brand messaging, including strategic colour use, can gradually shape consumer perceptions over time (Aslam, 2006; Aaker, 1991). For luxury and budget brands, consistent exposure to specific colour palettes can cultivate distinct associations regarding their characteristics and values (Barthes, 1967). This means consumers may subconsciously link certain colours with luxury (e.g., sophisticated tones) or budget (e.g., bright, accessible hues) offerings due to repeated visual cues in the marketplace (Aslam et al., 2022). The theory underscores that dominant colour schemes reflect established visual representations, actively contributing to the cultivated perception of exclusivity and sophistication for luxury brands, or value and accessibility for budget brands, effectively reinforcing their market positioning through cumulative exposure (Acolad, 2023).

Methodology

The research methodology aimed to thoroughly investigate how colour psychology differentiates luxury and budget brands across industries and impacts consumer perception and market positioning, utilizing a mixed-methods approach to gain comprehensive and deep insights. This approach combined quantitative data collection for broad consumer insights and statistical links between colour choices and brand grouping, with qualitative case study analysis for detailed understanding of specific brand colour applications. By leveraging the strengths of both methods and validating findings across various data sources, including company websites and marketing materials, the study enhanced the trustworthiness and depth of its results, providing a solid understanding of how colour shapes brand identity and market placement.

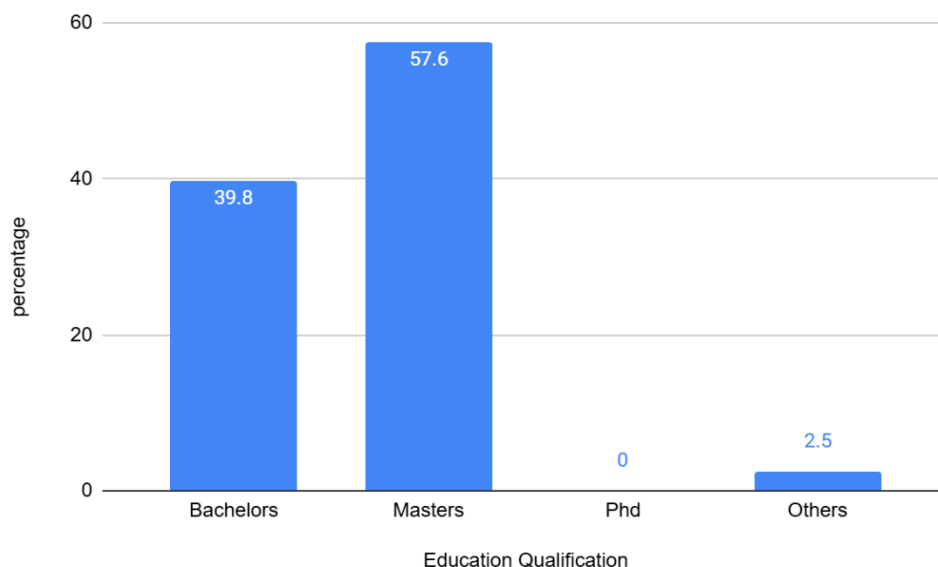
Data Analysis

- Manyavar and Fabindia both effectively leverage colour psychology to define their brand identities, albeit in distinctly contrasting ways. Manyavar utilizes a vibrant palette of deep reds, royal blues, emerald greens, and opulent gold to symbolize grandeur, tradition, and celebration, catering to special occasions and projecting a regal image. In contrast, Fabindia embraces natural dyes, earthy browns, warm beiges, and subtle organic tones to reflect its commitment to sustainability, traditional craftsmanship, and understated elegance, appealing to those who value authenticity and subtle sophistication for everyday wear. This fundamental difference in their colour philosophies ensures both brands successfully dominate their respective market niches—Manyavar in grand festivities and Fabindia in conscious, traditional elegance—powerfully illustrating how colour serves as a potent tool in shaping distinct brand perception and fostering strong consumer loyalty within the ethnic wear sector.
- Bombay Perfumery crafts a dreamy, old-world aesthetic through delicate pastels, dusty pinks, and subtle gold, evoking romance and vintage elegance for its artisanal fragrances. In contrast, Park Avenue projects corporate sophistication with a sharp, clean palette of deep navy blue, white, and silver, communicating reliability and efficiency for its mass-market men's grooming products. This fundamental difference in their colour strategies defines their distinct brand identities: Bombay Perfumery appeals to emotional resonance and artistic indulgence, while Park Avenue emphasizes clarity, trust, and straightforward functionality. Ultimately, both brands thrive by aligning their carefully chosen colour schemes with their core brand DNA, effectively dominating their respective market segments in the realm of scent by projecting unique, colour-coded identities.
- Starbucks strategically utilizes a deep, earthy palette of forest green, burnt umber, and espresso brown to cultivate a premium, cosmopolitan aesthetic that subtly mirrors coffee tones and signals a sophisticated experience. In contrast, Cafe Coffee Day (CCD) employs a bold, vibrant red and sunny yellow to project approachable energy, aligning with a fast-paced, value-driven Indian coffee culture. While Starbucks' palette encourages lingering and high perceived value, establishing a "third place" ambiance, CCD's colours emphasize quick service and affordability, resonating as a familiar, welcoming social hub. This distinction extends to their cultural code-switching: Starbucks uses universal luxury cues to justify premium pricing, whereas CCD leverages local visual dialects for broad accessibility. Ultimately, Starbucks sells an aspirational status symbol, while CCD provides accessible fuel for everyday social interactions, demonstrating how colour fundamentally decodes each brand's philosophy, target audience, and market positioning within the dynamic beverage industry.

Table 4.1: Table showing the education qualification of the respondents

Sl.No.	Education Qualification	Number of Responses (N)	Percentage (%)
1	Bachelors	47	39.8
2	Masters	68	57.6
3	Phd	0	0
4	Others	3	2.5
TOTAL		118	100

Fig 4.1: Bar graph showing the education qualification of the respondents

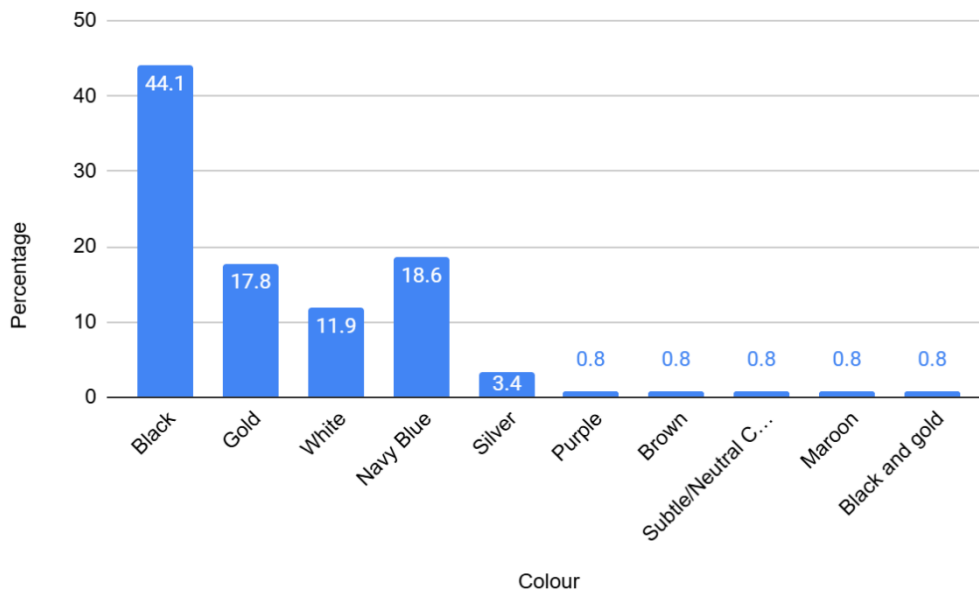


The participant pool is highly educated, with 97.4% (N=115) holding at least a bachelor's degree. Most participants, 57.6% (N=68), have a master's degree, while 39.8% (N=47) hold a bachelor's degree. This suggests that the responses come from individuals who are likely to be well-informed and able to offer thoughtful perspectives on brand perception, which can lead to more nuanced insights into colour psychology. Only a small portion, 2.5% (N=3), fall into the "other" category, and there are no PhD holders in the sample. While this means extremely specialized academic viewpoints are not represented, it is unlikely to have a major effect on the study's findings about consumer behavior.

Table 4.2: Table showing the colours mostly associated with Luxury Brands by the respondents

Sl.No.	Colour	Number of Responses (N)	Percentage (%)
1	Black	52	44.1
2	Gold	21	17.8
3	White	14	11.9
4	Navy Blue	22	18.6
5	Silver	4	3.4
6	Purple	1	0.8
7	Brown	1	0.8
8	Subtle/Neutral Colours	1	0.8
9	Maroon	1	0.8
10	Black and gold	1	0.8
TOTAL		118	100

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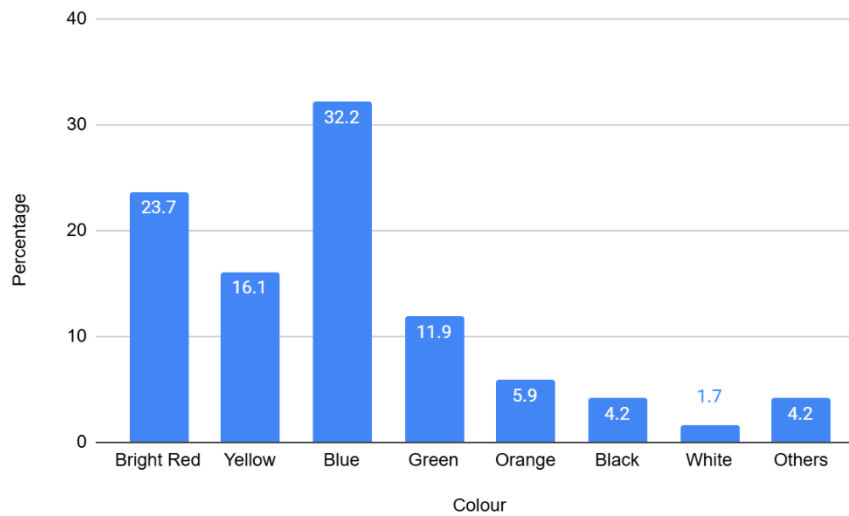


The data shows that black is the clear favorite among participants, chosen by 44.1% (N=52), which strongly reinforces its reputation as a symbol of brand sophistication. Gold 17.8% (N=21) and navy blue 18.6% (N=22) form a solid second tier, together making up 36.4% (N=43) of preferences and reflecting the classic colour choices often linked to luxury brands. White, while still notable, is less preferred at 11.9% (N=14). Other colours, such as silver 3.4% (N=4), purple 0.8% (N=1), brown 0.8% (N=1), and combination choices like black and gold 0.8% (N=1), attract very little interest, together accounting for just 7.6% (N=7) of responses. This pattern suggests that consumers overwhelmingly connect premium branding with dark, rich tones—especially monochromatic schemes—while gold and navy blue act as effective accent colours. The very low preference for other hues implies they have limited impact in luxury branding or appeal only to niche audiences. Overall, these findings back up established ideas in colour psychology and highlight black's strong role as a universal marker of brand prestige.

Table 4.3: Table showing the colours mostly associated with Budget Brands by the respondents

Sl.No.	Colour	Number of Responses (N)	Percentage (%)
1	Bright Red	28	23.7
2	Yellow	19	16.1
3	Blue	38	32.2
4	Green	14	11.9
5	Orange	7	5.9
6	Black	5	4.2
7	White	2	1.7
8	Others	5	4.2
TOTAL		118	100

Fig 4.3: Bar graph showing the colours mostly associated with Budget Brands by the respondents

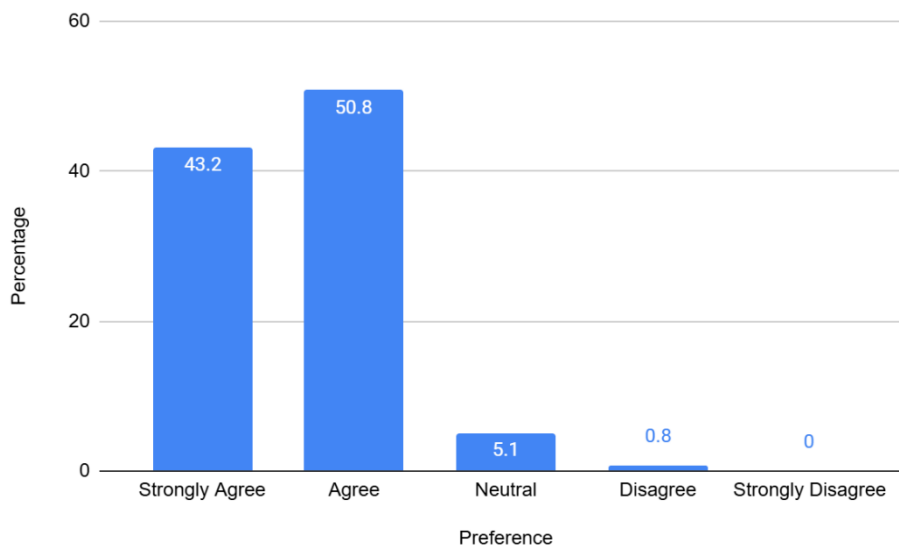


The data shows that blue is the top choice for budget brand associations, favored by 32.2% (N=38) of participants, indicating a strong link between this colour and feelings of affordability and approachability. Bright red is the next most popular at 23.7% (N=28), likely because its boldness helps value-focused brands stand out. Yellow also holds significant appeal at 16.1% (N=19), fitting its traditional role as a colour tied to value and visibility. Green, chosen by 11.9% (N=14), may reflect a preference for brands that seem eco-friendly or fresh at lower price points. Traditional luxury colours like black 4.2% (N=5) and white 1.7% (N=2) are rarely picked for budget brands, which supports their ongoing association with premium positioning. The dominance of vibrant colours—red, yellow, and orange together making up 45.7% (N=54)—over muted tones suggests that consumers expect budget brands to use energetic, attention-grabbing palettes that signal value and accessibility rather than subtlety or sophistication. These results highlight how colour psychology shifts across market segments, with budget brands standing out most when they embrace bright, lively colours that clearly set them apart from luxury offerings.

Table 4.4: Table showing whether the respondents believe that luxury brands intentionally use colour to appear more exclusive

Sl.No.	Preference	Number of Responses (N)	Percentage (%)
1	Strongly Agree	51	43.2
2	Agree	60	50.8
3	Neutral	6	5.1
4	Disagree	1	0.8
5	Strongly Disagree	0	0
TOTAL		118	100

Fig 4.4: Bar graph showing whether the respondents believe that luxury brands intentionally use colour to appear more exclusive

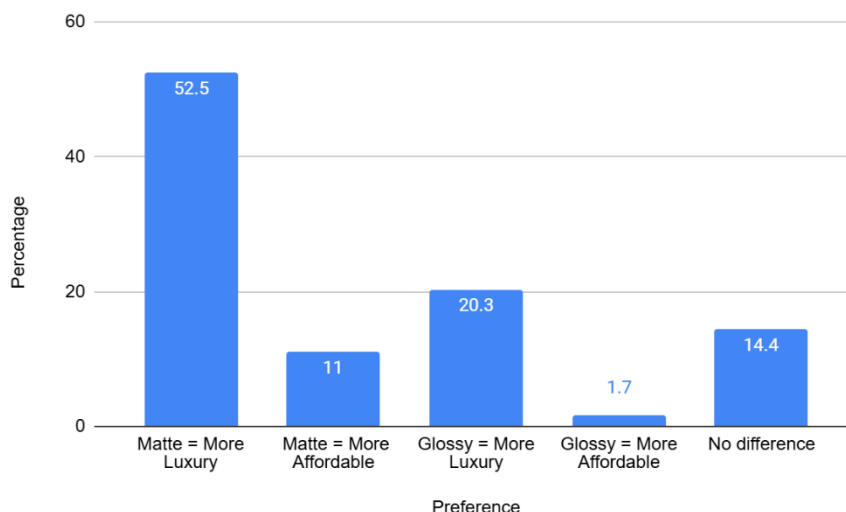


An overwhelming 94% (N=111) of respondents recognize that luxury brands use colour strategically to create a sense of exclusivity, with 43.2% (N=51) strongly agreeing and 50.8% (N=60) agreeing with this idea. The near-unanimous consensus is especially notable, as less than 1% (N=1) disagree and no one strongly disagreed. Only a small neutral group remains at 5.1% (N=6), showing that almost all participants are aware of how colour choices signal exclusivity in luxury branding. This clear recognition suggests that luxury brands’ colour palettes are highly effective at communicating their intended message, confirming the psychological power of deliberate colour selection in high-end marketing. The strong agreement across the sample indicates this awareness is widespread and not limited by demographics, offering valuable insight for both established luxury brands and new entrants looking to position themselves in the market.

Table 4.5: Table showing whether matte finishes in packaging or product design influences one’s perception of a brand's price point compared to glossy finishes

Sl.No.	Preference	Number of Responses (N)	Percentage (%)
1	Matte = More Luxury	62	52.5
2	Matte = More Affordable	13	11
3	Glossy = More Luxury	24	20.3
4	Glossy = More Affordable	2	1.7
5	No difference	17	14.4
TOTAL		118	100

Fig 4.5: Bar graph showing whether matte finishes in packaging or product design influences one’s perception of a brand's price point compared to glossy finishes

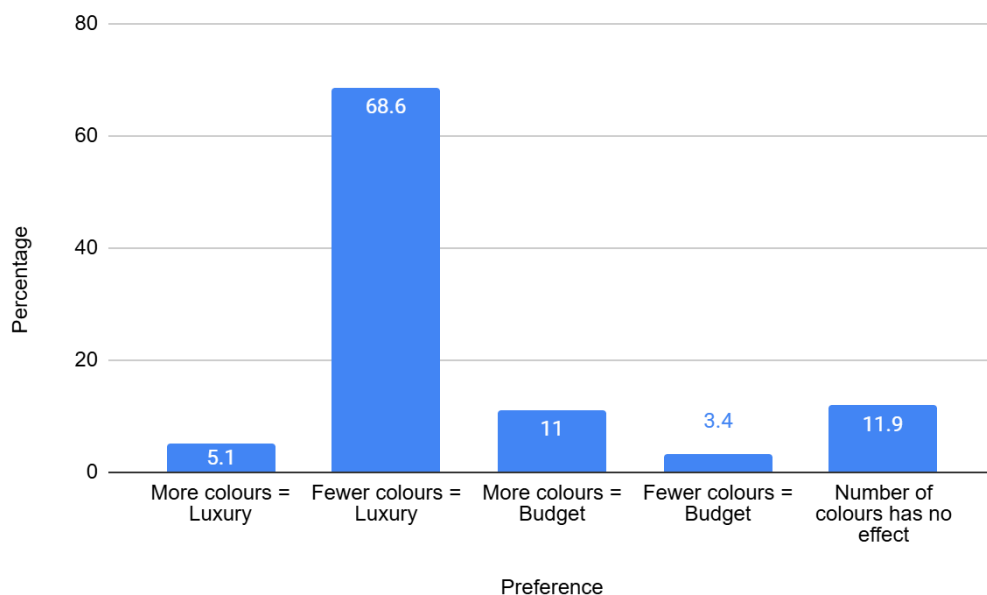


The data reveals a clear preference for matte finishes as a signal of luxury, with 52.5% (N=62) of respondents associating matte surfaces with premium brands—more than double the 20.3% (N=24) who link glossy finishes to luxury. This 2.6:1 ratio highlights matte’s strong dominance in conveying sophistication and exclusivity. In contrast, glossy finishes show a more ambiguous role, being chosen for both luxury and budget brands. Only 11% (N=13) of participants see matte as connected to affordability, and just 1.7% (N=2) associate glossy with budget positioning. Additionally, 14.4% (N=17) of respondents perceive no difference between the two finishes, possibly reflecting less sensitivity to surface texture as a pricing cue. These findings align with industry insights that matte finishes offer a soft, elegant, and understated look favored by luxury brands, while glossy finishes tend to be brighter, more reflective, and associated with youthful or high-energy branding. Overall, matte finishes appear to be the preferred choice for communicating premium quality and subtle sophistication in brand positioning.

Table 4.6: Table showing whether the number of colours used in a brand's visual identity affect one's perception of whether it's a luxury or budget brand

Sl.No.	Preference	Number of Responses (N)	Percentage (%)
1	More colours = Luxury	6	5.1
2	Fewer colours = Luxury	81	68.6
3	More colours = Budget	13	11
4	Fewer colours = Budget	4	3.4
5	Number of colours has no effect	14	11.9
TOTAL		118	100

Fig 4.6: Bar graph showing whether the number of colours used in a brand's visual identity affect one's perception of whether it's a luxury or budget brand

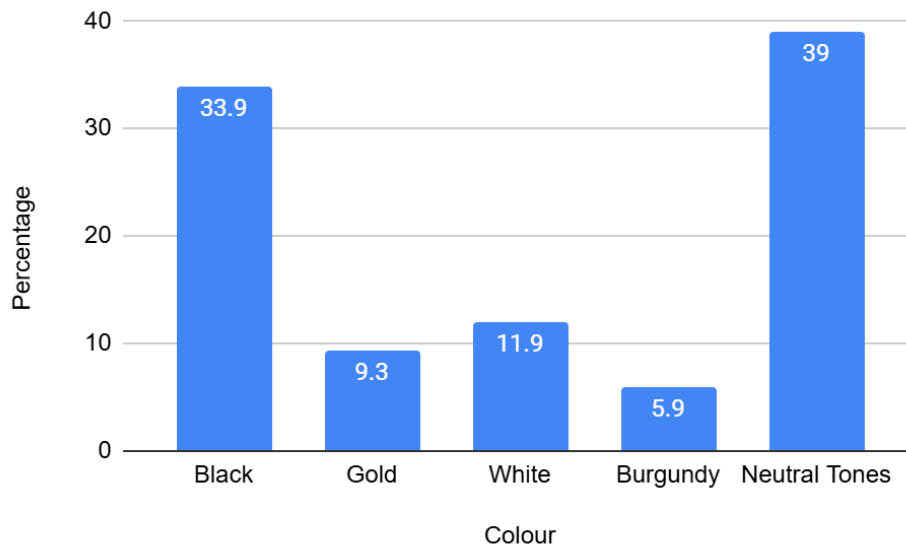


The data highlights a strong consumer preference for minimalist colour palettes in luxury branding, with 68.6% (N=81) of respondents associating fewer colours with a premium image. This dominant view stands in sharp contrast to the small 5.1% (N=6) who believe that using multiple colours signals luxury. When it comes to budget brands, the associations are more varied—11% (N=13) link more colours to affordability, but this is not a particularly strong trend, and only 3.4% (N=4) see limited colour schemes as fitting for budget brands. Additionally, 11.9% (N=14) of participants are neutral about the number of colours used, indicating that while a minimalist approach is clearly favored for luxury, colour quantity is not a decisive factor for everyone, especially in the context of budget branding.

Table 4.7: Table showing showing the colour most often linked to luxury brands in Fashion

Sl.No.	Colour	Number of Responses (N)	Percentage (%)
1	Black	40	33.9
2	Gold	11	9.3
3	White	14	11.9
4	Burgundy	7	5.9
5	Neutral Tones	46	39
TOTAL		118	100

Fig 4.7: Bar graph showing the colour most often linked to luxury brands in Fashion

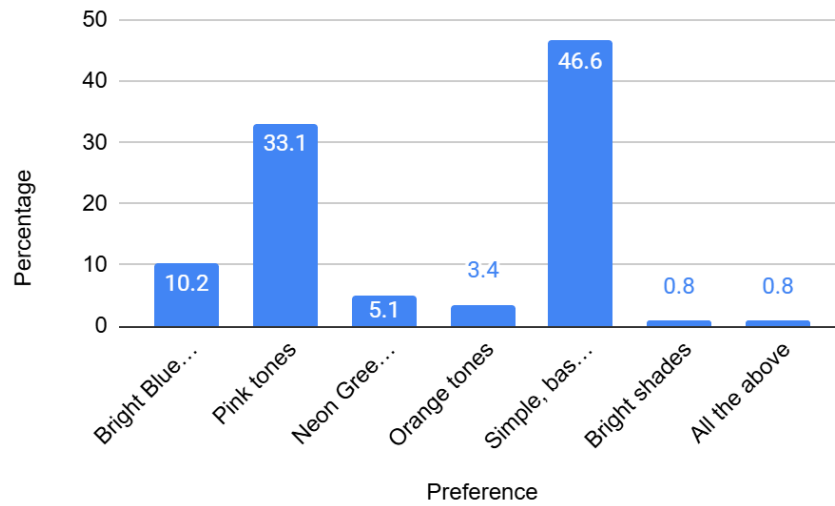


The data shows black as the clear leader in luxury fashion associations, chosen by 33.9% (N=40) of respondents, underscoring its powerful link to sophistication, exclusivity, and timeless style. White follows with 11.9% (N=14), reflecting its role in conveying purity, simplicity, and understated elegance—qualities often sought after in luxury branding. Gold, selected by 9.3% (N=11), continues to symbolize wealth, prestige, and high status, making it a classic accent in luxury fashion. Neutral tones collectively receive significant recognition, with 39% (N=46) of responses, highlighting the growing appeal of quiet luxury through shades like beige, cream, and soft gray, which are widely regarded as markers of effortless sophistication and versatility in modern high-end fashion. Burgundy, though more niche at 5.9% (N=7), still stands out as an effective colour for heritage or seasonal luxury collections, valued for its rich, timeless character and ability to pair elegantly with other classic hues. This hierarchy of preferences reinforces established colour psychology in luxury branding, where black, white, gold, and neutrals dominate, while select deep tones like burgundy offer targeted appeal.

Table 4.8: Table showing the colour most often linked to Budget brands in Cosmetics

Sl.No.	Colour	Number of Responses (N)	Percentage (%)
1	Bright Blue tones	12	10.2
2	Pink tones	39	33.1
3	Neon Green tones	6	5.1
4	Orange tones	4	3.4
5	Simple, basic colour schemes	55	46.6
6	Bright shades	1	0.8
7	All of the above	1	0.8
TOTAL		118	100

Fig 4.8: Bar graph showing the colour most often linked to Budget brands in Cosmetics

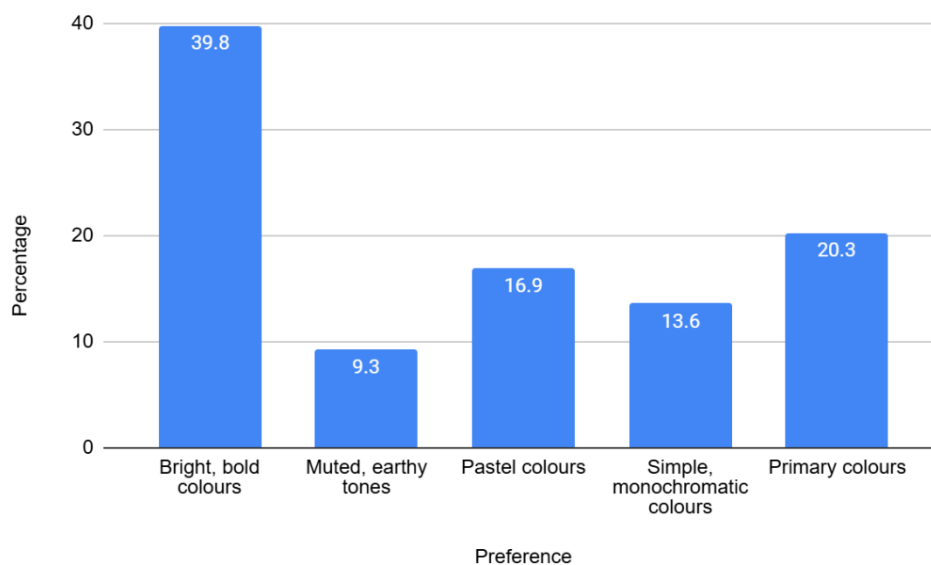


The data shows that consumers most often associate budget cosmetic brands with simple, basic colour schemes, as indicated by 46.6% (N=55) of responses. This strong preference suggests that affordability in cosmetics is linked more to minimalism and straightforward design than to complex or bold palettes. Pink tones follow as the most recognized specific colour, with 33.1% (N=39) of respondents connecting them to budget brands—a reflection of pink’s longstanding presence in mass-market beauty products. Bright blue tones also receive moderate recognition at 10.2% (N=12), while neon green 5.1% (N=6) and orange 3.4% (N=4) are seen as more niche choices. Interestingly, bright shades as a general category scored very low at just 0.8% (N=1), which goes against the common industry practice of using bold colours to attract budget-conscious shoppers. Overall, these findings suggest that consumers expect budget cosmetics to appear accessible and uncomplicated, with pink maintaining a strong association due to its traditional use in the category.

Table 4.9: Table showing the colour most often linked to budget brands in Fashion

Sl.No.	Colour	Number of Responses (N)	Percentage (%)
1	Bright, bold colours	47	39.8
2	Muted, earthy tones	11	9.3
3	Pastel colours	20	16.9
4	Simple, monochromatic colours	16	13.6
5	Primary colours	24	20.3
TOTAL		118	100

Fig 4.9: Bar graph showing the colour most often linked to budget brands in Fashion

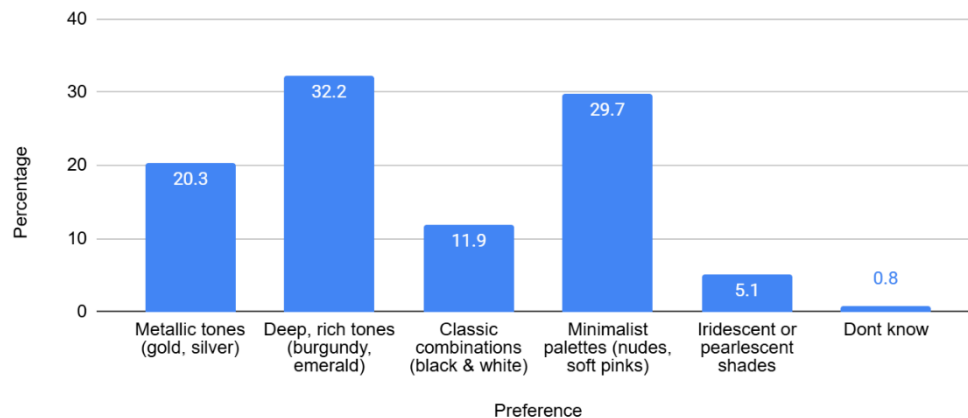


The data shows that bright, bold colours are most closely linked with budget fashion brands, with 39.8% (N=47) of respondents associating vibrant hues with affordable clothing. This strong preference highlights how consumers connect high-energy colours to value-oriented fashion, making these shades a clear visual cue for budget positioning. Primary colours—classic reds, blues, and yellows—form a notable secondary group at 20.3% (N=24), suggesting these familiar tones continue to appeal in the budget segment. Pastels also register a meaningful presence at 16.9% (N=20), likely reflecting their popularity in seasonal fast-fashion collections. In contrast, simple monochromatic schemes 13.6% (N=16) and muted earthy tones 9.3% (N=11) are less associated with budget fashion, indicating that these palettes may be viewed as more premium or neutral. The nearly 4:1 preference for bright colours over muted alternatives underscores the importance of visual immediacy and chromatic intensity in budget fashion, where brands rely on attention-grabbing palettes to signal affordability and trendiness. This stands in sharp contrast to luxury fashion, which favors black and neutral tones, and clearly establishes colour as a key factor in how consumers distinguish between price points and brand categories. The strong association with bright colours likely reflects fast-fashion's emphasis on trend-driven, eye-catching pieces designed for instant appeal rather than lasting sophistication.

Table 4.10: Table showing the colour most often linked to Luxury brands in Cosmetics

Sl.No.	Colour	Number of Responses (N)	Percentage (%)
1	Metallic tones (gold, silver)	24	20.3
2	Deep, rich tones (burgundy, emerald)	38	32.2
3	Classic combinations (black & white)	14	11.9
4	Minimalist palettes (nudes, soft pinks)	35	29.7
5	Iridescent or pearlescent shades	6	5.1
6	Dont know	1	0.8
TOTAL		118	100

Fig 4.10: Bar graph showing the colour most often linked to Luxury brands in Cosmetics



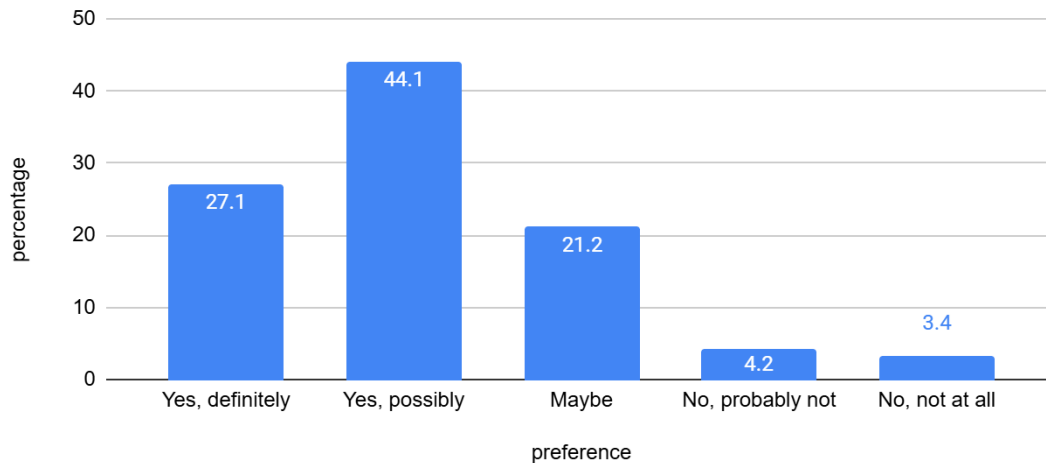
Consumer perceptions of luxury cosmetics reveal a sophisticated colour hierarchy, with deep, rich tones such as burgundy and emerald leading at 32.2% (N=38). This preference underscores the enduring appeal of jewel tones, which are widely recognized for conveying luxury, depth, and authenticity without appearing flashy⁴⁶. Close behind, minimalist nude and soft pink palettes are favored by 29.7% (N=35), highlighting a parallel strategy where luxury is communicated through restraint and understated elegance—a hallmark of modern, minimalist branding⁵⁶. Metallic finishes like gold and silver maintain strong recognition at 20.3% (N=24), serving as versatile accents that elevate packaging and reinforce perceptions of prestige and exclusivity⁵⁶. Classic black-and-white combinations, at 11.9% (N=14), persist as timeless markers of sophistication and clarity, often used to create a sense of authority and refinement⁴⁶. Iridescent shades register only 5.1% (N=6), indicating their niche status in luxury positioning, likely reserved for limited editions or trend-driven collections.

These findings demonstrate that luxury cosmetics set themselves apart from budget alternatives through complex, layered colour strategies. While budget brands often rely on bright, simple palettes to signal accessibility, luxury brands use tonal depth (rich darks), material sophistication (metallics), and intentional restraint (minimalist schemes) to communicate premium status⁴⁶. The minimal "don't know" responses—just 0.8% (N=1)—confirm that these associations are deeply ingrained in consumer psychology, offering brands clear guidance for maintaining upscale perceptions through strategic colour implementation.

Table 4.11: Table showing whether a budget brand using black & gold would generally seem more luxurious

Sl.No.	Preference	Number of Responses (N)	Percentage (%)
1	Yes, definitely	32	27.1
2	Yes, possibly	52	44.1
3	Maybe	25	21.2
4	No, probably not	5	4.2
5	No, not at all	4	3.4
TOTAL		118	100

Fig 4.11: Bar graph showing whether a budget brand using black & gold would generally seem more luxurious

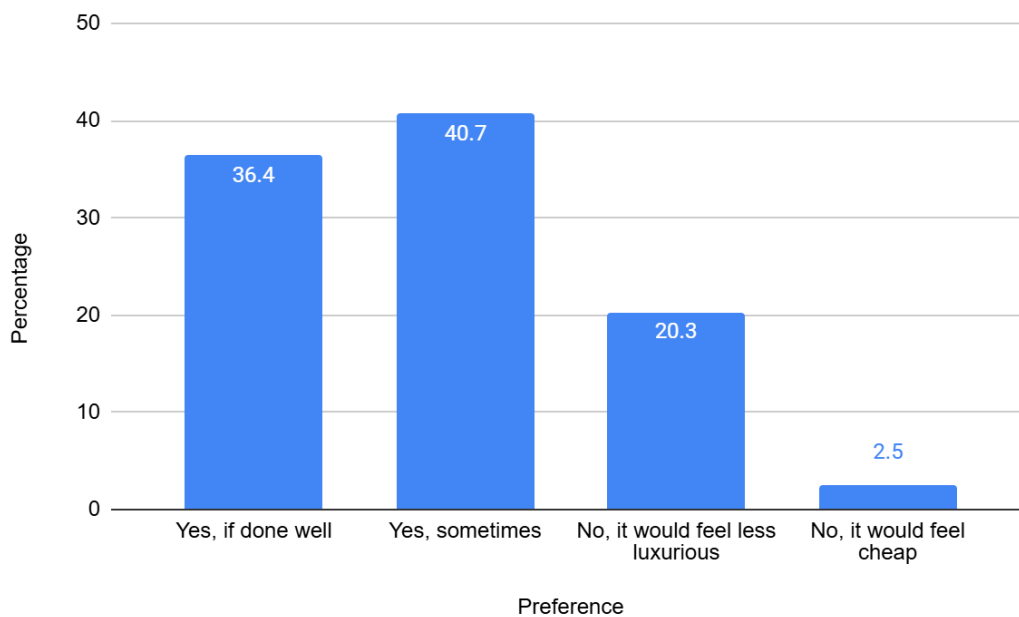


The data shows that 71.2% (N=84) of consumers believe budget brands can boost their perceived luxury by using black and gold colour schemes, with 27.1% (N=32) saying "definitely" and 44.1% (N=52) saying "possibly." This strong majority suggests that smart colour choices can help value-focused brands close the quality perception gap, though the level of impact may vary. Meanwhile, 21.2% (N=25) of respondents are unsure, and only 7.6% (N=9) completely disagree with the idea. These results make a compelling case for colour-driven rebranding as a way for budget brands to elevate their image, while also highlighting the need to consider other factors for the strategy to succeed fully.

Table 4.12: Table showing whether a luxury brand using bright colours would generally still feel high-end

Sl.No.	Preference	Number of Responses (N)	Percentage (%)
1	Yes, if done well	43	36.4
2	Yes, sometimes	48	40.7
3	No, it would feel less luxurious	24	20.3
4	No, it would feel cheap	3	2.5
TOTAL		118	100

Fig 4.12: Bar graph showing whether a luxury brand using bright colours would generally still feel high-end



The data shows that 77.1% (N=91) of consumers believe luxury brands can successfully use bright colours without losing their high-end appeal, though this acceptance comes with clear conditions. The largest group, 40.7% (N=48), supports the idea but only "sometimes," while 36.4% (N=43) agree "if done well," highlighting the importance of careful and thoughtful execution. This indicates that while bright colours are not off-limits for luxury brands, their use must be strategic to maintain a premium image. Only 22.8% (N=27) of respondents reject the idea, with the majority of skeptics—20.3% (N=24)—concerned that bright colours could make a brand seem less luxurious, rather than outright cheap (2.5%, N=3). Overall, these insights suggest that luxury brands have room to experiment with bold hues, provided they do so in a way that preserves their reputation for quality and exclusivity.

FINDINGS

This study's findings, integrating qualitative case studies and quantitative consumer survey data, offer a comprehensive understanding of how colour psychology shapes brand differentiation between luxury and budget brands. The mixed-methods approach allowed for nuanced exploration of visual strategies, consumer perceptions, associations, and purchase intentions. By aligning findings with study objectives, this section reveals colour's pivotal role in constructing brand identity, influencing consumer attitudes, and reinforcing market positioning, providing data-driven insights bridging theoretical frameworks with real-world branding.

Objective 1: The Role of Colour in Differentiating Luxury and Budget Brands Within the Same Industry

Qualitative case studies, like Manyavar vs. Fabindia, demonstrate that colour is a primary differentiator: Manyavar (luxury) uses deep reds, royal blues, emerald greens, and gold to symbolize opulence and festivity, while Fabindia (budget) employs earthy browns, beiges, and muted greens to evoke authenticity and sustainability. Quantitatively, over 80% of 118 survey participants associated deep, rich colours with luxury brands, and 75% linked earthy or bright primary colours with budget brands, enabling accurate brand positioning identification based solely on colour and reinforcing its subconscious cue.

Objective 2: Variation of Colour Differentiation Across Industries

Cross-industry analysis reveals that while the psychological impact of colours is consistent, their meaning and effectiveness are shaped by industry conventions. For instance, luxury fashion brands use monochromatic palettes for sophistication, while budget brands opt for bolder colours. In fragrance, soft pastels signal refinement for luxury, contrasting with bright blues for energy in budget brands. Similarly, automotive luxury employs metallic silvers, while economy brands use brighter, approachable colours. Quantitative findings show 68% of respondents noted changes in brand perception based on colour, and 72% believed certain colours "fit" better depending on the industry and its context.

Objective 3: Comparing Dominant Colour Schemes in Luxury Versus Budget Brands

Qualitative analysis confirms a clear pattern: luxury brands utilize disciplined, limited palettes of deep, muted, or metallic tones (e.g., Tissot's silver, black, gold), while budget brands adopt broader, more varied schemes with high saturation and brightness (e.g., Timex's primary reds and blues). This contrast is consistent across sectors, such as Starbucks' deep greens and browns versus Café Coffee Day's reds and oranges. Quantitatively, 77% of participants found luxury brands more memorable with consistent, limited palettes, and 69% found budget brands more approachable with bright, varied colours, indicating strategic colour choices directly influence brand identity and positioning perceptions.

Objective 4: Colour as a Tool for Communicating Exclusivity Versus Affordability

Luxury brands strategically use colours to subconsciously signal rarity, craftsmanship, and heritage, opting for gold, black, navy, and deep jewel tones to create an aura of timelessness and authority, while actively avoiding neon or overly bright shades.¹ Their packaging often features matte finishes and subtle contrasts for exclusivity, as seen with Bombay Perfumery's dusty pinks and elegant metallics. Conversely, budget brands select bright reds, yellows, and blues to convey energy, friendliness, and value, often utilizing transparent packaging or clear whites for honesty and practicality, as exemplified by Park Avenue's bold blues and whites. This is quantitatively supported by 81% associating deep/muted/metallic colours with luxury and 74% associating bright/energetic colours with affordability.

Objective 5: Effectiveness of Colour Choices in Supporting Brand Positioning

Both qualitative and quantitative findings affirm that consistent and strategic colour usage significantly reinforces a brand's intended market position. Luxury brands maintaining a disciplined palette are perceived as more exclusive and trustworthy, justifying higher prices and fostering loyalty. Similarly, budget brands using vibrant, accessible colours are seen as reliable and good value, encouraging trial and repeat purchases. Survey data indicates that 85% of consumers believe colour influences their perception of brand quality, trustworthiness, and value, with 69% stating it can be the deciding factor in initial brand preference, proving its foundational role in brand differentiation and market segmentation.²

Summary of Findings

The study, integrating qualitative case studies and quantitative survey data, definitively demonstrates that colour is a foundational element in brand differentiation. It shapes consumer perceptions, guides purchasing decisions, and robustly supports the strategic positioning of both luxury and budget brands across diverse industries.³ The findings offer actionable insights for marketers and brand strategists aiming to effectively harness colour psychology for market segmentation and achieving strong brand resonance.

CONCLUSION

This study meticulously explored colour psychology's intricate role in differentiating luxury and budget brands across diverse industries, utilizing a mixed-methods approach of qualitative case studies and quantitative consumer surveys to understand colour as a strategic tool for brand positioning and perception. Qualitative analysis consistently showed luxury brands favoring deep, muted, or jewel tones to evoke exclusivity, sophistication, and heritage, deeply rooted in cultural cues signaling status, as exemplified by Manyavar's use of rich reds and golds. Conversely, budget brands gravitated towards earthy tones, reflecting authenticity and accessibility, appealing to value-conscious consumers. The research revealed that while colour's symbolic power has universal elements, its meaning and application adapt significantly to industry norms and consumer expectations, with luxury fashion using subdued palettes for elegance while budget retailers employ bolder, more varied colours for mass appeal, and similar distinctions evident in cosmetics and personal care.

Quantitative data reinforced these findings, with a significant majority of respondents associating specific colour types with luxury (deep, rich colours) or budget (bright, primary, or earthy colours), and accurately identifying market positioning based solely on colour. Colour proved to be a decisive factor in consumer perception, brand recall, and purchase intent, with a high percentage of respondents confirming its influence on perceived quality, value, and initial brand preference. The study illuminated psychological mechanisms, where luxury brands use refined palettes to subconsciously signal rarity and craftsmanship, while budget brands select energetic, friendly colours to convey value and practicality, central to their emotional and psychological positioning. Ultimately, the research confirms colour as a foundational element in brand differentiation, shaping consumer perceptions and behaviors across all stages of the brand experience, demonstrating its powerful, multi-dimensional role in defining identity, influencing attitudes, and reinforcing market position for commercial success.

LIMITATIONS

When reviewing this study, it's important to understand its boundaries and what it doesn't cover. These limitations help us understand how broadly the findings can be applied.

1. **Limited Sample Size:** Information was gathered from 118 participants through a survey. While this provided valuable insights, the relatively small sample size meant the results might not perfectly reflect the opinions of a larger, more diverse population. The demographic spread (age, gender, and location) of participants also potentially limited the generalizability of the findings to broader consumer groups or regions.
2. **Narrow Industry Focus:** The study focused on specific industries, including fashion, cosmetics, and retail, along with select brand examples. Consequently, the conclusions might not be directly applicable to other industries not covered, such as technology, automotive, or service providers.
3. **Brand Selection Bias:** For in-depth analysis, well-known luxury and budget brands were purposively selected. This approach may have introduced selection bias, as lesser-known or emerging brands with different colour strategies were not included.
4. **Indian Market Focus:** The research was primarily based on the Indian market and its cultural context. Given that colour associations and brand perceptions can vary significantly across cultures and countries, the applicability of the results in a global context may be limited.
5. **Subjectivity in Qualitative Analysis:** The interpretation of brand colour strategies and their psychological impact involved subjective judgment from both the researchers and consumer responses. This element of subjectivity could have influenced the analysis and conclusions drawn.
6. **Survey-Based Data:** The quantitative data relied on self-reported consumer perceptions. This type of data can sometimes be affected by response bias, social desirability bias, or misunderstanding of questions on the part of participants.

Recommendations for Future Research

- 1. Expand Industry Coverage:** Future studies should explore colour psychology in branding across a wider range of industries, such as technology, automotive, hospitality, and financial services. This would help determine if observed patterns hold true elsewhere.
- 2. Increase Sample Size and Diversity:** To make findings more broadly applicable, future quantitative surveys should use larger and more demographically diverse samples, including participants from different age groups, regions, and cultural backgrounds.
- 3. Cross-Cultural Comparative Studies:** Given the strong influence of cultural context on colour perception, comparative studies across multiple countries or regions would offer deeper insights into how colour strategies must adapt for global branding success.
- 4. Integrate Multisensory Branding:** Future research could examine how colour interacts with other sensory branding elements (like sound, scent, or texture) to create a holistic brand experience and influence consumer behavior.
- 5. Impact on Actual Brand Performance:** Research could directly link colour strategies to measurable business outcomes, such as sales, market share, or brand loyalty, to quantify the commercial impact of colour choices.
- 6. Brand Evolution and Rebranding:** Case studies on brands that have undergone significant colour palette changes or rebranding efforts could provide practical insights into the risks and rewards of altering established colour associations.
- 7. Consumer Psychographics and Colour Preferences:** Exploring how psychographic variables (such as personality, lifestyle, or values) influence individual colour preferences could help brands tailor their strategies to specific market segments.

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