

SUSTAINABILITY AND LUXURY FASHION: GENERATION Z'S PERSPECTIVE

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ABSTRACT

Introduction

The luxury fashion market has been growing globally since 2020 and revenues are estimated to increase at a CAGR- compound annual growth rate- of 3,8% from 2018 to 2028 (Statista, 2023). Generation Y and Z have been increasingly buying luxury goods and care the most about sustainable luxury fashion (Mohr et al., 2022; Pencarelli et al., 2020; Ranfagni & Ozuem, 2022). However, there are different points of view around the concept of sustainable luxury and authors have been studying their compatibility/ incompatibility (Pencarelli et al., 2020; Ranfagni & Ozuem, 2022).

The goal of this study is to shed light on sustainable luxury fashion by examining the Generation Z's perception of sustainable luxury and behavior towards luxury fashion. Additionally, implications for theory and for practice on how to improve the interplay between sustainability and luxury fashion for Generation Z, leveraging on technology, are also provided.

Theoretical Development

Several definitions and dimensions of luxury are presented in literature. For example, De Barnier et al. (2012), combining different existing scales, identify elitism, creativity, uniqueness, distinction, refinement, reputation, hedonism and power as luxury main dimensions, while Pencarelli et al. (2020) suggest nine dimensions to define luxury: supreme quality linked to a sophisticated look, high price, scarcity and uniqueness, strong aesthetic appeal, hedonism associated with an experience that provides pleasure, ancestral heritage and long history, superfluousness or uselessness to survival, exclusivity and a unique and strong positioned brand image. In literature, two main topics emerge concerning Generation Z and luxury. These topics are sustainability and technology. On the one hand, adapting a sustainable approach in the business model is a way to gain a competitive advantage (Vanhamme et al., 2023). On the other hand, new technologies like gamification, Augmented Reality, Virtual Reality and digital fashion are being explored by luxury brands to catch young consumers' attention and to offer memorable shopping experiences (Deloitte, 2021). In fact, AR-enabled experiences can act as important triggers of a luxury product purchase (Nawres et al., 2024) and can also help to promote consumer trust in the luxury product (Nawres et al., 2024).

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Research Design

This study employs a qualitative approach. Twenty in-depth interviews were conducted, and participants are Generation Z luxury fashion consumers in Luxembourg. To define the research sample, individuals who matched the described profile were identified and a snowball effect was also employed. NVivo was used to analyze the data.

Results and Conclusions

Several themes emerge from the interviews. Firstly, the sub-themes dimensions of luxury, levels of luxury fashion brands and motivations to buy luxury fashion are associated with the main topic luxury fashion. Secondly, related with sustainability in luxury fashion, we identify the sub-themes dimensions of sustainability, compatibility between sustainability and luxury, behavioral intentions towards sustainable luxury fashion, brand trust and, finally, identifiability of a sustainable luxury fashion brand. Thirdly, different sub-themes emerge around the topic of consumption behaviors concerning sustainability and luxury fashion- different ways of consumption, lifespan of luxury fashion and motivations for and against ethical consumption of luxury fashion. Finally, the topic of how the brand perception changes after Generation Z consumers know that a luxury fashion brand is sustainable is also explored and different emotions and consumption behaviors come up associated with the theme.

From the interviews we can conclude that elitism, quality, hedonism, and strong aesthetics are important luxury dimensions for the interviewees. Self-directed pleasure comes out as the most important motivation to buy luxury fashion products. Although interviewees state that sustainability is relevant for them- highlighting the importance of respecting animals, society, and the environment- when it comes to luxury fashion's sustainability, it doesn't seem to be a major criterion due the occasional type of purchase. Participants perceive sustainability and luxury as compatible. However, luxury fashion brands need to reinforce their efforts to overcome the mistrust and the skepticism that seem to exist around the topic. Interviewees reinforce the role of quality in luxury fashion goods to ensure a longer product lifespan and state that they try to preserve their luxury goods as much as possible so that they can last longer. These product features allow them to resell their luxury fashion products in case they consider that they no longer have use. These aspects of consumer behavior are compatible with an ethical consumption which underlines opportunities for luxury brands. Moreover, the main reason to buy secondhand seems to be the lower price compared with buying new. However, quality risks are perceived as a threat, representing monetary risks. Finally, the main motivations stated for an ethical consumption are the importance given to the topic and the perceived high quality of luxury goods and the main motivations against an ethical consumption are skepticism and indifference.

This study has implications for both theory and practice. Concerning theoretical implications, findings point out to the role of preservation as an important dimension of luxury for Generation Z consumers, reflecting the care and protection of consumers towards luxury products. This dimension of luxury hasn't been deeply explored in literature. Therefore, a quantitative study could be developed to explore the importance of this dimension among Generation Z consumers. Moreover, practicality also emerges as an important product attribute when buying luxury fashion products. Future research could also focus on this aspect to understand the extent to which this characteristic is relevant for young consumers. Concerning sustainability, the perceived high quality of luxury fashion

products is associated with sustainability. Additionally, consumers desire to pamper themselves and the occasional characteristic of luxury purchases also come out as a possible barrier to engage in sustainable luxury fashion consumption. Future studies could focus on this topic to deeply understand the relationship between the concepts.

The study results highlight opportunities, as well as Generation Z's barriers to the consumption of sustainable luxury fashion products. Technology can help managers to take advantage of opportunities and overcome the identified barriers. For example, Augmented Reality and Virtual Reality can be used to show relevant product characteristics, namely, practicality that seems important for Generation Z luxury fashion consumers. Moreover, transparency is identified as an important motivation for consuming sustainable luxury fashion products and interviewees state they would like to have more information about how the product is produced and the materials used. Technology and, specifically, Artificial Intelligence can play an important role to increase transparency throughout the product lifecycle, which will have a positive impact in brand trust.

Keywords: Sustainability, Luxury fashion, Generation Z.

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