



How does sustainable material incorporation by luxury brands affect consumer perceptions and purchasing behavior?

Graduation Project

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Rennes, France

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Valentina Ruiz Segura

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Valentina Ruiz Segura

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Glossary

Luxury: Refers to products, services, or experiences that are characterized by high quality, exclusivity, and a high price point. These items often offer superior craftsmanship, unique designs, and a sense of prestige.

Luxury Consumer: A customer segment that prioritizes and purchases high-end, exclusive, and premium products or services. They value quality, brand prestige, and the status associated with owning luxury items.

Consumer Behavior: The study of how individuals make decisions to spend their available resources (time, money, effort) on consumption-related items, including the processes they use to select, purchase, use, and dispose of products and services.

Purchase Decision: The process by which a consumer evaluates and chooses among various products or services to satisfy a need or desire. This process involves several stages, such as need recognition, information search, evaluation of alternatives, purchase, and post-purchase behavior.

Sustainable Materials: Resources and materials that are produced and sourced in ways that do not deplete natural resources, have a lower environmental impact, and support long-term ecological balance. Examples include organic cotton, recycled plastics, and biodegradable materials.

Gen Z: The generation born roughly between 1997 and 2012. They are known for being digital natives, highly engaged with social media, and value-driven, often prioritizing sustainability, inclusivity, and authenticity in their purchasing decisions.

Millennials: The generation born approximately between 1981 and 1996. They are known for their familiarity with technology, preference for experiences over material goods, and increasing focus on brands that are authentic, socially responsible, and aligned with their values.

Sustainable: Refers to practices and processes that are environmentally friendly and aim to reduce the negative impact on the planet. This often includes using renewable resources, reducing waste, and ensuring long-term ecological balance to meet present needs without compromising future generations.

Resumen

Esta tesis investiga el impacto de las marcas de lujo que incorporan materiales sostenibles en las percepciones y el comportamiento de compra de los consumidores, con especial atención a los consumidores de la Generación Z y la Generación del Milenio relacionados con la industria del lujo. El estudio explora la evolución de la definición de lujo, la mayor importancia de la sostenibilidad tras la COVID-19 y las actitudes y comportamientos específicos de las generaciones más jóvenes hacia el lujo sostenible.

A pesar de los problemas logísticos derivados de la imposibilidad de realizar el estudio en México, se recopilaron datos de 150 encuestados que son consumidores de artículos de lujo o participan en la industria del lujo. El análisis reveló datos significativos sobre las características demográficas, la concienciación, las actitudes y los comportamientos relacionados con la sostenibilidad en el lujo.

Las principales conclusiones indican que la mayoría de los encuestados cree que el uso de materiales sostenibles no es una moda pasajera, lo que refleja un cambio a largo plazo en las expectativas de los consumidores hacia la sostenibilidad. Una parte sustancial de los encuestados está dispuesta a pagar más por productos de lujo fabricados con materiales sostenibles y considera que la sostenibilidad mejora la percepción de las marcas de lujo. Sin embargo, preocupa el posible impacto de los materiales sostenibles en la calidad y asequibilidad de los productos.

El estudio también destaca la importancia de la autenticidad y la transparencia en las iniciativas de sostenibilidad de las marcas de lujo para fomentar la confianza y la fidelidad de los consumidores. Las recomendaciones para las marcas de lujo incluyen integrar la sostenibilidad en las operaciones principales, educar a los consumidores, garantizar la transparencia, adaptar las estrategias de marketing a las generaciones más jóvenes y abordar los retos de implementación para mantener la calidad y la rentabilidad.

Esta investigación contribuye a comprender el lujo sostenible y ofrece ideas prácticas para las marcas de lujo que deseen alinearse con los valores cambiantes de los consumidores e impulsar el crecimiento sostenible. Las futuras líneas de investigación incluyen el examen del impacto a largo plazo de las iniciativas de sostenibilidad en la lealtad a la marca, el análisis de las diferencias regionales en las percepciones de los consumidores y la exploración de las implicaciones económicas de las prácticas sostenibles en el sector del lujo.

Palabras clave. Marcas de lujo, percepción de los consumidores, comportamiento de compra, gen Z, millennials, post-COVID-19, iniciativas de sostenibilidad, concienciación de los consumidores, imagen de marca, responsabilidad social corporativa (RSC), responsabilidad medioambiental, responsabilidad social.

Abstract

This thesis investigates the impact of luxury brands incorporating sustainable materials on consumer perceptions and purchasing behavior, with a particular focus on Gen Z and Millennial consumers involved in the luxury industry. The study explores the evolving definition of luxury, the heightened importance of sustainability post-COVID-19, and the specific attitudes and behaviors of younger generations toward sustainable luxury.

Despite the logistical challenges of not being able to conduct the study in Mexico, data was collected from 150 respondents who are either consumers of luxury goods or involved in the luxury industry. The analysis revealed significant insights into demographic characteristics, awareness, attitudes, and behaviors related to sustainability in luxury.

Key findings indicate that most respondents believe using sustainable materials is not a passing trend, reflecting a long-term shift in consumer expectations toward sustainability. A substantial portion of respondents are willing to pay more for luxury products made with sustainable materials, and they view sustainability as enhancing the perception of luxury brands. However, there are concerns about the potential impact of sustainable materials on product quality and affordability.

The study also highlights the importance of authenticity and transparency in luxury brands' sustainability initiatives to build consumer trust and loyalty. Recommendations for luxury

brands include integrating sustainability into core operations, educating consumers, ensuring transparency, tailoring marketing strategies to younger generations, and addressing implementation challenges to maintain quality and cost-effectiveness.

This research contributes to understanding sustainable luxury and provides actionable insights for luxury brands aiming to align with evolving consumer values and drive sustainable growth. Future research directions include examining the long-term impact of sustainability initiatives on brand loyalty, analyzing regional differences in consumer perceptions, and exploring the economic implications of sustainable practices in the luxury sector.

Keywords. Luxury brands, consumer perceptions, purchasing behavior, gen Z, millennials, post-COVID-19, sustainability initiatives, consumer awareness, brand image, corporate social responsibility (CSR), environmental responsibility, social responsibility.

1. Introduction

1.1. What is the meaning of luxury?

The world of luxury is based on extravagance and luxury, which means excess; this is how we define the actual word “Luxury.” For a long time, luxury has been used to refer to wealth and money; however, modern luxury focuses more on things that money cannot buy, such as the notion of freedom.

Luxury is changing every time, and now, when we talk about luxury, we refer to an industry with accessibility, approachability, and democratization. Nowadays, a high-end product must retain a semblance of desirability while being accessible, and customers are getting the highest quality services, customer care, and design in just one product. High experience is one of the most important things, and this goes beyond the product and has more value for the new customers who are getting into the industry. For this latest generation, luxury is about value; it is more conscious consumer behavior than the previous generations. This is likely because a lack of consideration for consumption has significantly contributed to environmental damage. (*What Is Luxury? - A Guide to the Ever-Changing Market*, n.d.)

1.2. Sustainability after COVID-19

On the other hand, after facing the pandemic of COVID-19 as a worldwide emergency, people have become more conscious about sustainability and how we should change our consumption behavior to help and care for the future of our world. Sustainability has become increasingly critical for organizations to remain relevant and competitive today. They drive the markets to develop sustainable products to attract top talent, reduce costs, and boost profits. 90% of executives believe sustainability is essential, but only 60% of organizations have sustainable strategies. (*Why Sustainability Is Crucial for Corporate Strategy | World Economic Forum, n.d.*)

1.3. Gen Z and Millennials in the world of Sustainable Luxury

Gen Z and millennials paid far more attention to social issues like health and sustainability; this generation has a unique pricing sensitivity, giving more tiers and advantages to luxury opportunities and diversity. Global Inflation has faced additional upward pressures since Russia invaded Ukraine due to supply cuts, added volatility, and rising energy, food, and commodity prices. According to Euromonitor's latest data, global inflation stood just under 8% in 2022 and is set to drop to just under 7% by the end of 2023. (*El Impacto de La Generación Z: 5 Transformaciones En La Moda de Lujo - Euromonitor.Com, n.d.*)

Still, all the consumers and luxury and fashion businesses in both emerging and developed economies continue to feel the squeeze of rising prices. Although pent-up demand accumulated during the pandemic continues to help sustain retail sales growth, consumers can afford fewer luxury and discretionary items due to the rising prices even though Gen Z-ers will continue to process consciousness, which may be a growth barrier to the luxury fashion segments.

1.4. Luxury Market in Mexico

The luxury market in Mexico has been growing, and if we look up the statistics for 2023 and 2024, Mexico's Luxury Goods market size report includes a market forecast to 2029 and a historical overview. The major players in the forecast are Kering, Armani, Hermes, LVMH, and Rolex. This has been projected to register a CAGR of 6.83% during the first forecast period, 2022-2027. (*Mexico Luxury Goods Market Size*, n.d.)

The country has increased the demand for luxury goods, and Mexico continues to be North America's top destination for luxury travel, making it distinct as a major of the market and attractive to consumers. Further, the development of e-commerce has made it simple to get product-related data and prices at any time through Internet sources. This has helped the luxury market in Mexico continue to expand. Mexico, a nation of 130 million people, is a desirable

market due to its economic stability and openness to international trade. (*Mexico Luxury Goods Market Size*, n.d.)

For businesses looking to grow across the Atlantic, Mexico offers lucrative opportunities for luxury brands to flourish in the region's luxury goods market space. Even the pandemic's impact was significant on how consumers see luxury brands. Nowadays, the industry is starting to recover, and that's why Mexico is one of the potential countries where the industry wants to grow. (*Mexico Luxury Goods Market Size*, n.d.)

Nowadays, because the industry of luxury doesn't want to take a step back in the market and wants to keep working, one of the strategies that are developing right now is making new goods with sustainable materials where consumers can have this mix of experience of having a sustainable good but with a luxury experience from a luxury brand. Customers are sensitive to the brand's price, reputation, materials, and background. This research paper will find the answer to the following hypothesis: How does sustainable material incorporation by luxury brands affect consumer perceptions and purchasing behavior?

2. Literature review

2.1. Luxury and Sustainable

The following hypothesis, “Effects of corporate social responsibility on consumer credibility perception and attitude toward luxury brands,” has been analyzed, and it found that prestige and brand image are essential in the luxury industry. Implementing sustainability in its goods and incorporating Corporate Social Responsibility (CSR) is one of the most challenging but, at the same time, the most relevant aspects of growing in the market.

The research study “Effects of Corporate Social Responsibility” investigated the effects of Corporate Social Responsibility activities on consumer perceptions of luxury brands. Six experimental groups were established based on two types of products (rational and emotional) and three forms of CSR: donation, volunteer service, and nonpersonal CSR. Emails were sent to 500 people per experimental group, meaning 3,000 people participated in the survey. (Jin et al., 2017)

This measure ensured homogeneity in the experimental groups regarding gender and age distributions. Each participant was allowed to participate in only one survey. Corporate credibility and brand attitude were measured using a 9-point Likert scale. Corporate credibility was assessed using three factors related to trustworthiness: credibility, confidence, and

satisfaction. The brand attitude was measured using positive feelings, usefulness, benefits, value, satisfaction, and quality toward the brand. (Jin et al., 2017)

In analyzing the data, the researchers used SPSS Win 15.0 for data analysis with a significance level set up at $p < 05$. Factor analysis was performed to verify the validity of scales, and Cronbach's scores were used to assess reliability. As a result of this research study, it was found that the factor of analysis confirmed the validity and reliability of the survey items; the T-test and ANOVA were used to test hypotheses. Results indicated partial support for hypotheses related to the effects of luxury brand CSR on corporate credibility and brand attitude. ANOVA results showed that simple donations and volunteer activities had higher levels of corporate credibility and more positive brand attitude than nonperformance of CSR. (Jin et al., 2017)

This research study provides insights into how two different types of CSR activities influence consumer perceptions of luxury brands, suggesting that certain CSR activities can positively impact corporate credibility and brand attitude. All the information collected helps to follow the investigation for the hypothesis, "How does sustainable material incorporation by luxury brands affect consumer perceptions and purchasing behavior?" to understand what would affect consumer perception now of incorporating social responsibility strategies in a luxury brand.

Following this, other research studies found the hypothesis "Sustainable strategies in the luxury business to increase efficiency in reducing carbon footprint." Louis Vuitton and Chanel are the companies that use carbon footprints in their goods. Because of this, the research examined

environmental performance with the economic results of two luxury brands that are already mentioned. For more context, LVMH's carbon emissions increased steadily from 307,00 tons in 2013 to 385,000 tons in 2016, then decreased to 363,00 tons in 2019. Revenue showed continuous growth, starting at US\$21 billion in 2013 and reaching US\$37 Billion in 2019. (López et al., 2023)

The market share exhibited a slight yearly growth from 16.10% to 10.81% from 2013 to 2016 and higher rates from over 11% to 13.13% from 2017 to 2019. The analysis highlights a breaking point in 2017 where CO2 emissions stagnated while market share increased at a higher rate. LVMH managed to produce more and obtain a larger market share without increasing pollution, indicating efficiency with the 2030 agenda, focusing on reducing energy consumption and optimizing the carbon footprint. (López et al., 2023)

This study found that Chanel's data covers CO2 emissions, revenue, and market share from 2017 to 2019. Chanel's CO2 Emissions ranged from 44,000 to 49,000 tons per year, showing relevant yearly growth. The income from luxury goods sales increased from US\$9.6 billion in 2017 to US\$12.2 billion in 2018, representing significant growth. Chanel pollution increased proportionally with market share. (López et al., 2023)

A matrix comparing market share against CO2 emissions for LVMH and Chanel illustrates a direct and proportional relationship between market share and CO2 emissions. LVMH's efficiency in managing CO2 emissions with increasing market share suggests a breaking point where emissions stagnate. The study discusses the relevance of sustainability

actions aligned with the 2030 Agenda, highlighting the potential for economies of scale in environmental efforts. (López et al., 2023)

The authors contributed to conceptualizing and acquiring. Analyzing. Interpreting data and drafting the manuscript. Overall, this analysis highlights the complex relationship between environmental performance, economic results, and sustainability efforts in the luxury sector, emphasizing the potential for efficiency gains and the need for further research in this area. This literature review helps to understand how sustainability and luxury are related to the hypothesis of how sustainable material incorporation by luxury brands affects consumer perceptions and purchase behavior. (López et al., 2023)

Following luxury and sustainability, the study was researched with the hypothesis “The impact of socioeconomic status on preferences for luxury brands” made with a methodology of 183 US adults recruited online, with an average age of 37 to 42 years old. The participants were randomly assigned to evaluate a sustainable or non-sustainable luxury chocolate brand. The manipulation of sustainable vs. non-sustainable luxury did not influence childhood SES levels. (Kim et al., 2022)

The sustainable luxury manipulation successfully increased perceived sustainability but did not significantly affect perceived luxury. Participants with low childhood SES had more positive attitudes towards the sustainable brand than those with high childhood SES. This pattern was consistent across different socioeconomic statuses. As the last result, there was a significant interaction between childhood SES and the type of luxury that affects perceived brand quality.

Participants with a low childhood SES perceived higher quality in the sustainable luxury brand, while the opposite was true for those with high childhood SES.

This research study provides initial empirical evidence supporting the hypothesis that childhood SES influences attitudes toward sustainable luxury brands. The findings suggest that childhood SES may significantly impact attitudes toward luxury brands more than current SES. The results imply a general wealth effect, where individuals with low childhood SES may have a more positive perception of sustainable luxury brands, possibly due to their association with higher quality. Overall, this study shed light on how childhood SES shapes consumer evaluations of sustainable luxury brands, highlighting the importance of considering socioeconomic background in understanding consumer behavior. (Kim et al., 2022)

For the second study of the study, research the hypothesis “The impact of socioeconomic status on preferences for sustainable luxury brands.” The study investigates how the effects of childhood SES on sustainable consumption might vary depending on whether the consumption setting is luxury or non-luxury. For the second study as a method, they used 404 US adults recruited online. Participants were presented with two hotel options differing in sustainability attributes and luxury level. The measures they used were childhood SES, current SES preferences for sustainable alternatives, and perceptions of hotel sustainability and luxuriousness, which were assessed using validated scales. (Kim et al., 2022)

This study has confirmed the successful manipulation of perceptions of sustainability and luxuriousness. In the luxury condition, childhood SES significantly influenced preferences for

the sustainable option, with individuals with low childhood SES being less likely to prefer the sustainable option. However, neither childhood SES nor current SES significantly influenced the preference for sustainable alternatives in the nonluxury condition. (Kim et al., 2022)

The study provides evidence that childhood SES has a differential impact on sustainable consumption preference depending on the luxury level of the consumption setting and gives valuable information to keep building the information for the hypothesis “How does sustainable material incorporation by luxury brands affect consumer perceptions and purchase behavior?”. Results from a choice setting offer strong empirical evidence for the hypothesis. In summary, study 2 demonstrates how the luxury level of a consumption setting can moderate the relationship between childhood SES and preference for sustainable options, highlighting the importance of considering contextual factors in understanding consumer behavior. (Kim et al., 2022)

2.2. Consumer perception

Moving to another important topic, the hypothesis “Luxurious and responsible? Consumer perceptions efforts by luxury versus mass market brands” is relevant in this study research because they investigate the effects of a brand type (luxury vs mass-market) and corporate social responsibility type (embedded vs peripheral) on consumer attitudes. For the participants, 428 respondents from the USA completed the study on Amazon Mechanical Turk,

with demographic details such as gender, age, and household income collected. Participants were randomly assigned to one of six conditions, manipulating brand and CSR types through scenarios involving a hypothetical show brand called “Riton.” (Vock, 2022)

The results showed a significant main effect for CSR type, indicating that CSR type influenced consumer attitudes. No significant main effect was found for brand type. However, a significant interaction effect was observed between brand type and CSR type; luxury brands without CSR information elicited more favorable attitudes than mass-market brands, and embedded CSR benefited mass-market brands, leading to more favorable attitudes than luxury brands. In the last results, peripheral CSR did not significantly influence attitudes toward either luxury or mass-market brands. (Vock, 2022)

To conclude this research paper with the hypothesis “Luxurious and responsible? Consumer perceptions efforts by luxury versus mass-market brands,” the study research suggests that CSR, particularly embedded CSR, can influence consumer attitudes toward mass-market brands more positively than luxury brands. Peripheral CSR did not significantly affect attitudes toward luxury or mass-market brands. The findings highlight the importance of CSR in shaping consumer perceptions and preferences, particularly in differentiating between luxury and mass-market brands. (Vock, 2022)

The last conclusion and the research study are relevant to this research study because they can analyze how the implementation of CSR in brands applies to consumer perception and

impacts the performance of sales in every brand, whether the brand is luxury or mass-market. (Vock, 2022)

Now, moving to an important topic, especially with the Gen-Z generation, the following hypothesis: “The trends of sustainability in the luxury fashion industry: A Triple-Bottom-Line analysis.” It has been focused on analyzing sustainability trends in the luxury fashion industry over the past three decades. The data was collected from WWD (Women’s Wear Daily) using Factiva, and the data spans 32 years, from January 1, 1989, to February 24, 2020. (Mok et al., 2022)

After the evaluation and analysis, the exploration focused on three key points: the evolution of sustainability over the years, the importance of sustainability in the luxury fashion industry over time, and sentiment analysis. As a result, sustainability is identified as an emerging trend in luxury fashions, with efforts focused on environmental and economic aspects. However, there’s room for improvement in social sustainability. The study contributes to academia by employing topic modeling to analyze sustainability trends and enrich understanding of the triple bottom line (TBL) framework. (Mok et al., 2022)

Luxury fashion retailers are urged to invest more in social sustainability and ethical production processes, leveraging emotional-based marketing and collaborative fashion consumption models. Overall, the study sheds light on sustainability trends in the luxury fashion industry, highlighting areas for improvement. It will help in this study and help in understanding how sustainability is pushing luxury brands to implement it.

2.3. Consumer purchase behavior

The first hypothesis, “Does sustainable consumption behavior influence luxury services purchase intention?” provides information for understanding the impact of sustainable consumption behavior on purchasing luxury services. The study utilized a self-completion questionnaire in three different languages. It measured hedonism, perceived value, high quality, status gratification, perceived social image, purchase intention, self-expression, and attitude toward luxury services. A total of 734 valid responses were obtained. (Brandão & de Miranda, 2022)

The study found significant relationships between several constructs, sustainable consumption behavior, and purchase intention. Also, perceived value, social image, self-expression, and purchase intention were supported. However, the relationship between status-gratification and sustainable consumption behavior was not significant. Understanding customer perceptions is crucial for effective decision-making and purchase intention, particularly in luxury services. (Brandão & de Miranda, 2022)

Luxury is associated with an idealized life, personal pleasures, and social image, while sustainable consumption is linked to modesty and ethics. Marketers also consider consumer perceptions when creating segments and strategies. The relationship between luxury brands and sustainability influences consumer decision-making and purchase intention. Several factors influence purchase intention, including hedonism, perceived value, high quality, status

signification, perceived social image, self-expression, and customer attitude. The study underscores the importance of considering sustainability and customers' perceptions in luxury service marketing strategies and provides valuable insights for both academic practitioners. This study is relevant to this research because it helps this research study to understand how sustainable consumption behavior influences purchase decisions in the luxury industry. (Brandão & de Miranda, 2022)

Secondly, the hypothesis is that “The self-concept in consumer behavior is based on the example of luxury brands.” This research is relevant to this study because it explores the concept of self-concept in consumer behavior, focusing on luxury brands. The self-concept refers to how individuals perceive themselves, encompassing their actual self-image, ideal self-image, social self-image, and ideal social self-image. (Jakob, 2020)

Individuals need to express their self-identity. Three motivations for aspiring to congruency are identified: the pursuit of positive self-esteem, the desire for consistency, and the ambition of self-assortment. Luxury brands are characterized by high quality, emotional benefits, superior service, craftsmanship, the ability to command high prices, and a strong connection with consumers. Products, including luxury brands, are not just functional but also carry symbolic meaning. Consumers use brands to express their self-image and identity, seeking self-enhancement, social acceptance, and uniqueness. (Jakob, 2020)

The conclusion of this research study is relevant to our study because luxury brands play a significant role in fulfilling consumers' need for self-expression, social status, and prestige.

They help individuals align their self-concept with their desired image, enhance self-esteem, and differentiate themselves from others. It emphasizes how luxury brands serve as symbols that allow consumers to communicate and express aspects of their self-concept, contributing to their senses of identity, social status, and satisfaction. (Jakob, 2020)

Third, the following hypothesis is “How does the type of sustainability attribute impact the young generations’ consumer behavior?” The priority of this research was to show that gender can influence sustainable consumer behavior and the results of a study investigating the relationship between sustainability attributes and purchase intention/product attitude, particularly in the context of affordable luxury fashion products. Independent sample t-tests were conducted to compare data on male and female answers separately. It has been found that purchase intention is between genders, particularly regarding products with product-related sustainability attributes. (Heggem et al., n.d.)

Analyses showed significant direct effects for males but not for females, particularly when comparing products with PRSA and the control group regarding purchase intention and personal product attitude. Some differences were also recognized between males and females, but no clear patterns of difference were easily identifiable in the comparison of regression analyses for both genders.(Heggem et al., n.d.)

The study explored the effects of sustainability attributes on purchase intention and product attitude among Generation Z and Millennial consumers of affordable luxury products. Sustainability attributes did not significantly impact purchase intention alone; they were

associated with more positive personal product attitudes. Products with sustainability attributes, especially those with product-related sustainability attributes, were perceived to have higher social value, leading to increased purchase intention among consumers concerned about social status. (Heggem et al., n.d.)

To conclude, the study highlights the relationship between gender, sustainability attributes, purchase intention, and product attitude in the context of affordable luxury fashion products. The general discussion of findings from the thesis highlights several key points regarding the impact of sustainability attributes on the product attitude and purchase intention of millennials and Generation Z consumers, particularly in the affordable luxury goods market. (Heggem et al., n.d.)

The COVID-19 era was relevant for more context on the past and why the consumer is changing his mind. The following hypothesis, “Sustainable luxury purchase behavior in the post-pandemic era: a grounded theory in China,” helps this study better understand why behavior changes. This study's research delves into the factors influencing the consumption of sustainable luxury fashion among consumers, focusing on values and intentions. (Yang et al., 2023)

Most consumers prioritize hedonic values such as quality, uniqueness, and personal preference over economic friendliness when purchasing luxury fashion items. They tend to buy luxury products primarily for their happiness and satisfaction, disregarding environmental concerns. Consumers strongly desire luxury fashion items that differentiate them from others. This “Need for Uniqueness” drives their purchase decision more than sustainability attributes.

On the other hand, we have the era of personalization, and the creation of new designs and products exclusively made for one person. (Yang et al., 2023)

Social factors, such as social identity and the desire for recognition, play a significant role in consumer's luxury fashion purchases. Consumers often buy luxury items to conform to social norms, impress others, or align with a particular social group or status. Quality is an essential consideration for luxury fashion consumers. While some buy luxury items for collection, many prioritize functionality and durability. Superior quality is often associated with luxury brands, influencing consumer's perception of value. (Yang et al., 2023)

Consumers are price-sensitive regarding sustainable luxury goods; they perceive sustainable products as more expensive and expect a high price premium. This is important to consider in our research study because the perception of the price when the product is sustainable means that the price needs to be lower. However, the luxury industry needs to be fixed. However, they are willing to pay more for sustainable products, especially if they perceive them as offering health benefits or if it is aligned with their values. Ultimately, customers are looking for status when purchasing any luxury brand. (Yang et al., 2023)

Consumers strongly prefer products made from natural materials due to perceived health benefits. They are willing to pay a premium for products made from sustainable and natural materials, especially in the post-pandemic era where health considerations are paramount. (Yang et al., 2023)

Consumers actively engage in sustainable consumption as part of their lifestyle, while others are less concerned about sustainability and prioritize other factors such as price and quality. However, sustainable initiatives by luxury brands can attract consumers who identify as sustainable consumers. Sustainable luxury consumers generally pay a 10-20% premium for sustainable luxury products compared to everyday luxury goods. (Yang et al., 2023)

The findings highlight the complex interplay between various values and intentions influencing consumers' decisions to purchase sustainable luxury fashion products. While sustainability is a consideration for some consumers, other factors such as personal preference, social influence, and price sensitivity also play significant roles in shaping consumer behavior in the luxury fashion market. (Yang et al., 2023)

The last important hypothesis for this study is “Sustainable Luxury and Consumer Purchase Intention: A Systematic Literature Review.” This study describes the methodology described in the sustainable luxury and consumer purchase intentions. The study presents an overview of the publications, including the distribution of articles by year and journal. The themes include types of sustainability as a stimulus for luxury, perceived factors influencing consumer purchase intention, and external factors affecting the relationship between sustainable luxury. (Zhao et al., 2023)

The study discusses the impact of the socioeconomic environment, cultural dimensions, and personality and how external factors such as these moderate the relationship between sustainable luxury and consumer purchase intention. The study concludes by summarizing the

findings and providing practical insights for luxury brand managers. It highlights the need for further cross-country comparative analysis and suggests strategies for addressing the sustainability challenge while aligning with consumer expectations. This research has been relevant to the development of this study research, where consumer purchase intention is pertinent to analyzing how sustainable materials are incorporated into luxury products. (Zhao et al., 2023)

3. Methodology

3.1. Proposed Methodology

A quantitative research design will be used to analyze the research question presented in the introductory paragraph of this study, involving a survey questionnaire as the primary data collection tool. The sample for this study will logically be composed of existing millennial and Generation Z Mexican luxury consumers. Existing will be those purchasing personal luxury goods within the last four years. Those who have only purchased luxury fragrances and cosmetics will not be considered the results. The notable change for Generation Z from 1996 to 2015 was to start Generation Z off from 1996 instead of 1995 to avoid data overlap. To get the highest number of responses possible and avoid details getting lost in translation, the survey will be written in Spanish, with an English transcript provided within the final version of the graduating project.

The type of sampling will be convenience sampling due to the difficulty of transporting myself to Mexico to access the population in person. Therefore, the responders will self-administer the survey online via Google Forms or group chats and forums to reach the desired individuals. It will also be posted on relevant social media platforms like Instagram and LinkedIn. A plea will also be made to the responders to share the survey with anyone they feel might be a good fit to answer.

Although the optimal sample size is 73, calculating this result uses a confidence level of 95%, a margin of error of 5%, and a population portion of 5%. The population proportion of individuals interested in luxury goods in Mexico was adopted for this study. This figure represents a conservative estimate, considering the country, emerging market status, income inequality, and the likely penetration of luxury goods compared to a more mature market. While acknowledging the potential for variability in luxury goods interest across different population segments, a 5% proportion provides a solid foundation for sample size calculation while maintaining a cautious approach to avoid overestimation.

The research can be done with 80 to 100 respondents. To avoid social desirability bias, all surveys will be anonymous. I understand that convenience sampling may introduce bias into the sample because participants who respond to the survey may not represent all Mexicans who respond to the study or all Mexican luxury consumers. Nevertheless, the insights gained from this study could still provide valuable information for marketers and others interested in understanding consumer behavior in the luxury industry, especially the Luxury consumers who are Generation Z.

The data to be collected will include both demographic and psychographic variables. The survey questionnaire will consist of closed-ended and open-ended questions measuring participants' attitudes towards artificial leather goods, purchase intention, and perceptions of luxury and sustainability. Although, at this point in the research, it is still necessary to keep

flashing this idea out, an adapted model of the theory of planned behavior will be used as a theoretical lens, aligning with most studies surrounding consumer behavior in sustainability.

Due to studying both Generation Z and Millennials, a comparative analysis may be done to provide value for marketers to know how to target both generations specifically. The collected data will be cleaned up and coded to be examined using SPSS software. It will be analyzed using descriptive and inferential statistics, such as mean, standard deviation, correlation analysis, and multiple regression analysis.

3.2. Implementation of the Methodology

We have created a Google Forms document with the respective surveys to implement the methodology. This survey was divided into four parts. The first part had all the personal information; the questions were related to age, gender, and educational level. The following part was related to sustainable materials and had the following questions: “Do you think that sustainable materials are a passing trend?” “Have you heard about implementing sustainable materials in luxury brand products?” “What factor is the most important when choosing a luxury brand?” “Have you heard of luxury brands implementing initiatives or using sustainable materials? You can select more than one option.” And “Do you consider it important for luxury brands to have social responsibility initiatives?”.

The third part was related to consumer perception and asked the following questions: “If a luxury brand uses sustainable materials, how much do you believe it enhances the perception of this brand in the market?” and “How willing would you be to pay more for a luxury product made with sustainable materials?”. The last part was related to consumer behavior and purchase decisions; we asked questions such as “Have you made purchasing decisions based on the sustainability of a luxury brand?” and “How much do you believe your purchasing intent would increase if luxury brands included more sustainable materials?”.

The methodology implementation was successful, and 150 people in the luxury industry responded to the survey.

4. Analysis

4.1. Analysis

This section provides a detailed analysis of the collected data, focusing on the impact of luxury brand's incorporation of sustainable materials on consumer perceptions and purchase behavior. The analysis concerns demographic insights, attitudes toward sustainability, consumer perception, and purchase behavior.

4.1.1. Demographic Analysis

The demographic analysis provides a foundational understanding of the survey respondents, highlighting key factors such as gender, age, and educational background.

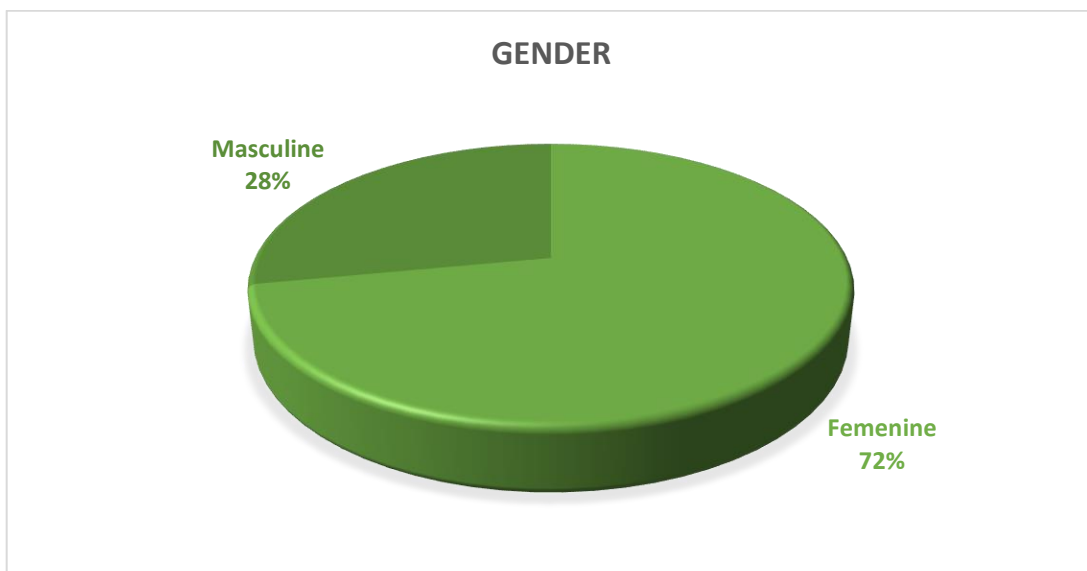
4.1.2. Gender Distribution

Figure 1 represents the gender distribution of the respondents. Out of 150 respondents, 42 were male (28%), and 108 were female (72%). This significant gender imbalance suggests a

higher engagement and interest among female respondents in luxury goods and sustainability initiatives. This might reflect broader trends where women increasingly become key consumers and decision-makers in the luxury market, influencing household purchases and demonstrating a keen interest in sustainable practices.

Figure 1.

Gender



Source: Self-made

4.1.3. Age Distribution

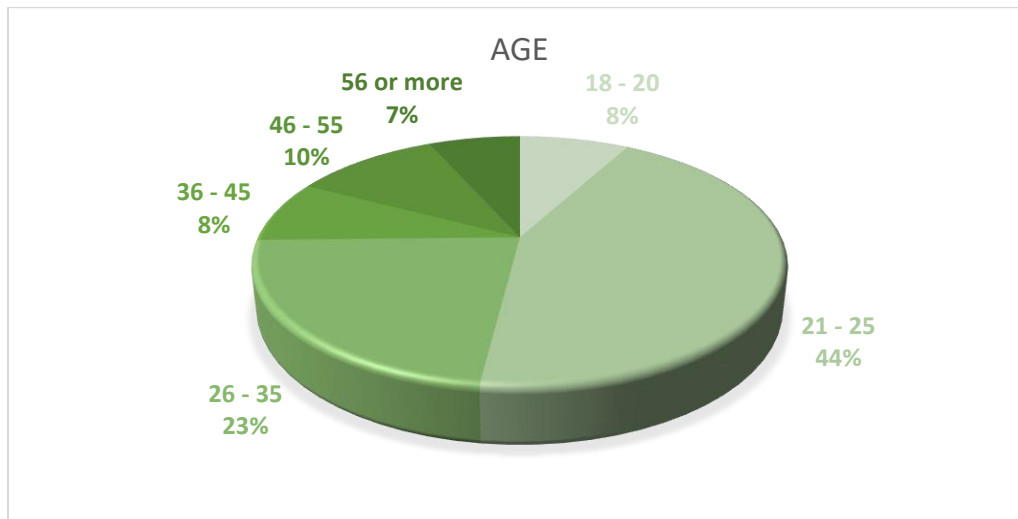
Figure 2 illustrates the age distribution of the respondents. The age groups are distributed as follows:

- 18 to 20 years old: 8%
- 21 to 25 years old: 44%
- 26 to 35 years old: 23%
- 36 to 45 years old: 8%
- 46 to 55 years old: 10%
- 56 years old and above: 7%

A notable 52% of respondents fall into the Gen Z category (18-25 years old), establishing them as the new and influential luxury consumers. This significant representation underscores the importance of understanding and catering to Gen Z's preferences and behaviors in the luxury market. Gen Z consumers are known for their digital savviness and heightened awareness of global issues, including environmental sustainability and social justice, which could influence their purchasing decisions in the luxury sector.

Figure 2.

Age



Source: Self-made

4.1.4. Educational Level

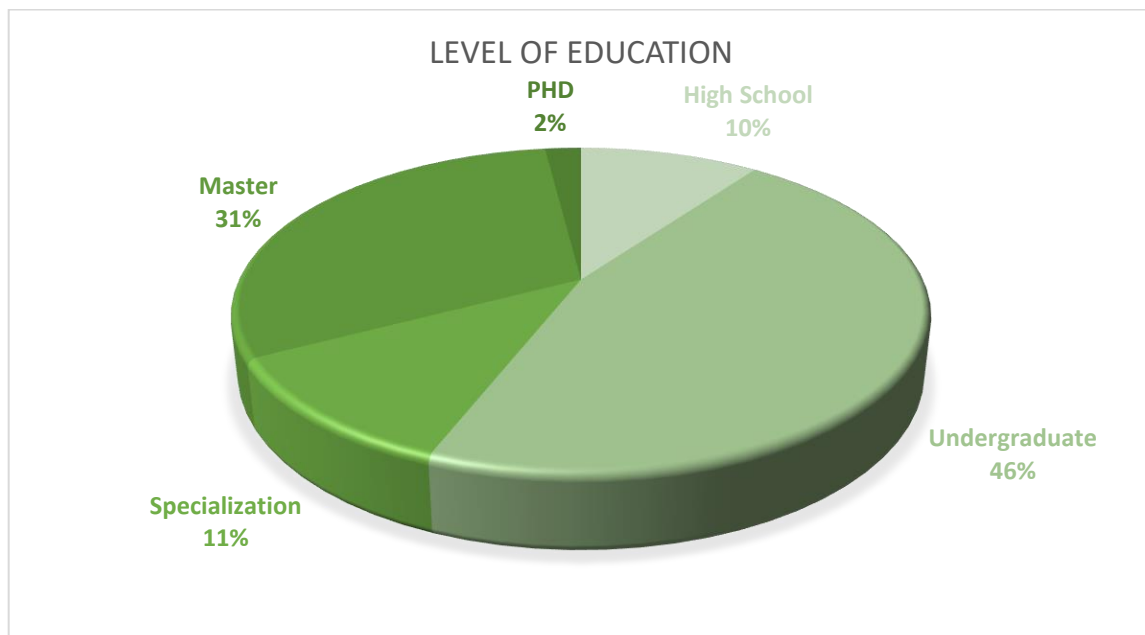
Figure 3 illustrates the education levels of the respondents:

- Undergraduate: 46%
- Master's degree: 315
- Specialization: 11%
- High School: 10%
- PhD: 2%

This distribution indicates that most respondents hold at least an undergraduate degree, with a significant portion purchasing further education at the master's level. The high representation of educated individuals suggests that the sample is likely well-informed and conscious about sustainability issues, which can influence their perceptions and behaviors toward luxury brands incorporating sustainable materials. Educated consumers often have greater access to information about sustainability and are more likely to scrutinize the ethical practices of the brand they support.

Figure 3.

Level of education



Source: Self-made

4.2. Luxury brand and sustainable materials analysis

This section examines respondent's attitudes and awareness regarding sustainable materials in luxury brand products.

4.2.1. *Perception of Sustainable Materials as a Passing Trend*

Figure 4 presents responses to the question, "Do you think using sustainable materials is a passing trend?" The results show:

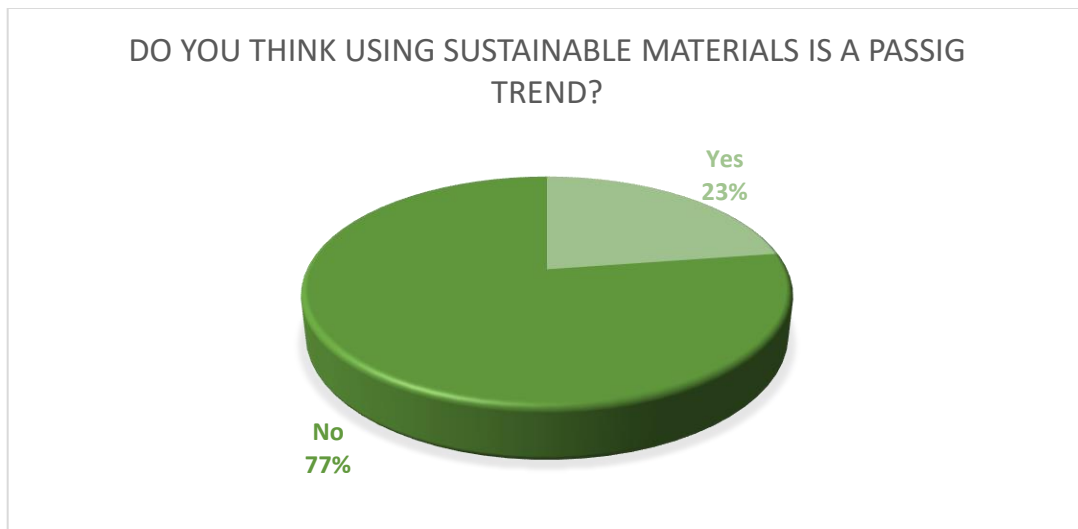
- No: 77%
- Yes: 23%

A significant majority (77%) believe that using sustainable materials is not a passing trend, indicating a long-term shift in the industry practices towards sustainability. This perception aligns with the growing global emphasis on sustainability and environmental responsibility. This trend reflects a broader societal shift towards valuing longevity and environmental stewardship over short-term consumerism, particularly among younger consumer who are more aware of the long-term impacts of their purchasing decisions.

Consumers increasingly prioritize purchasing goods from brands that integrate responsibility goals into their business plans in today's market. This shift in consumer behavior underscores the growing importance of corporate social responsibility. However, the industry faces a significant challenge in implementing these strategies effectively and ensuring they are original and unique. The key lies in attracting and engaging new consumers and clients through innovative and authentic approaches to sustainability and ethical practices.

Figure 4.

Sustainable materials as a trend



Source: Self-made

4.2.2. Awareness of Sustainable Materials Implementation in Luxury Brands

Figure 5 analyzes the responses to the question, “Have you heard about implementing sustainable materials in luxury brand products?” and reveals that a significant majority of respondents (85%) have heard about implementing sustainable materials in luxury brand products. This high awareness reflects the increasing visibility and importance of sustainability initiatives in the luxury market. Consumers are becoming more informed about luxury brands' efforts to incorporate sustainable practices into their products. This awareness likely contributes to the positive perception of these brands and influences consumer behavior and purchasing decisions.

Figure 5.

Implementation of sustainable materials in luxury goods.



Source: Self-made

4.2.3. *Factors Influencing the Choice of Luxury Brands*

Figure 6 highlights the key factors influencing the choice of a luxury brand:

- Quality: 81%
- Design: 4%
- Prestige: 25%
- Sustainability: 17%
- Heritage: 1%
- Legacy: 1%

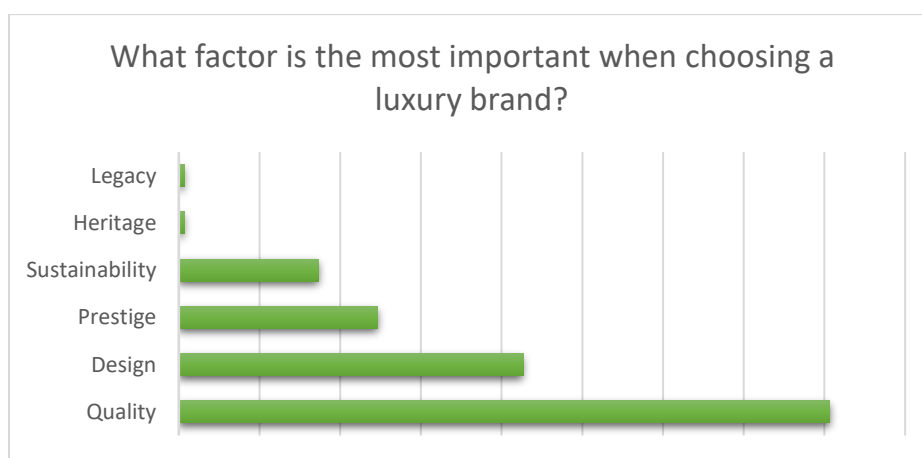
This figure indicates that while quality remains the most important factor for consumers when choosing a luxury brand, sustainability is also a significant consideration. 81% of respondents prioritize the quality of the products, reflecting the traditional value associated with luxury brands. Design is the second most important factor, with 43% of respondents highlighting its significance. Prestige follows with 25%, emphasizing the importance of the brand's status and image in the luxury market. Notably, 17% of respondents highlight sustainability as a key factor in their decision-making process.

This demonstrates a growing trend where consumers are increasingly valuing the environmental and ethical practices of luxury brands. Heritage and legacy are considered less important, with only 1% of respondents considering them crucial. The inclusion of sustainability

as a major factor indicates a shift in consumer expectations and preferences, suggesting that luxury brands need to integrate sustainable practices to remain competitive and appealing to modern consumers.

Figure 6.

An important factor in choosing a luxury brand.



Source: Self-made

4.2.4. Recognition of Luxury Brands with Sustainable Initiatives

Figure 7 analyzes the responses to the question, "Have you heard of any of the following brands implementing initiatives or using sustainable materials?" The data shows:

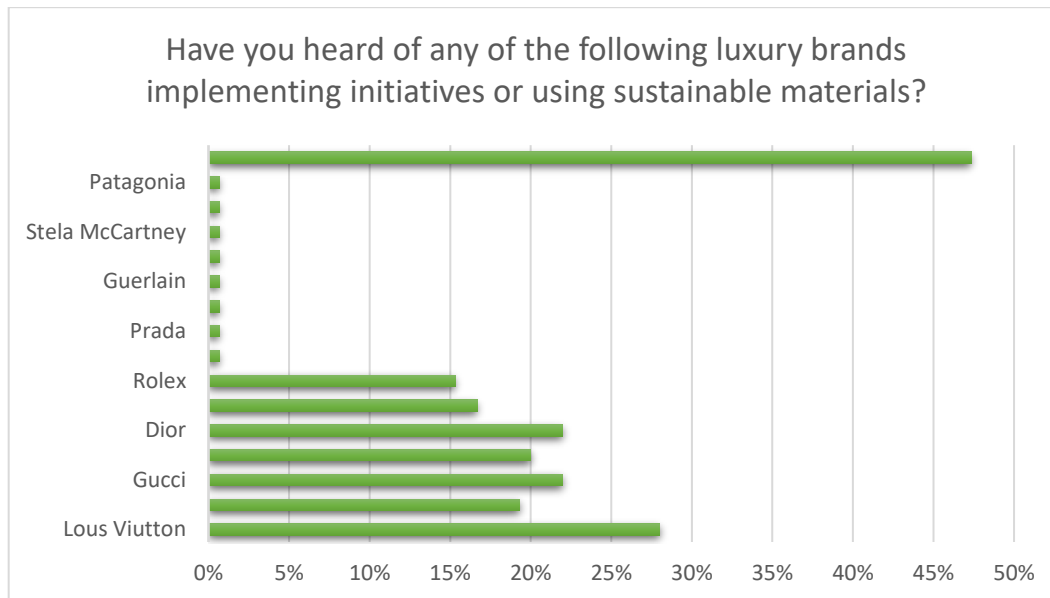
- Louis Vuitton: 28%

- Chanel: 19%
- Hermès: 20%
- Dior: 22%
- Cartier: 17%
- Rolex: 15%
- Other brands (Adidas, Prada, etc): 1%
- None: 47%

This figure indicates that Louis Vuitton (28%) is the most recognized brand for implementing sustainability initiatives, followed by Gucci (22%), Dior (22%), and Hermès (20%). Chanel (19%) and Cartier (17%) also have significant recognition. Interestingly, brands like Adidas, Prada, Coach, Guerlain, Chloe, Stella McCartney, Tom Browne, and Patagonia are much less recognized, with only 1% of respondents acknowledging their sustainability efforts. Notably, 47% of respondents have not heard of any luxury brands implementing sustainable initiatives, highlighting a substantial gap in awareness that luxury brands can address. This gap presents an opportunity for luxury brands to better communicate their sustainability efforts to the public, potentially enhancing their brand's perceptions and consumer engagement.

Figure 7.

Luxury brand that has sustainable initiatives.



Source: Self-made

4.2.5. Importance of Social Responsibility Initiatives

Figure 8 shows responses to the question, “Do you consider it important for luxury brands to have social responsibility initiatives?” The result indicates:

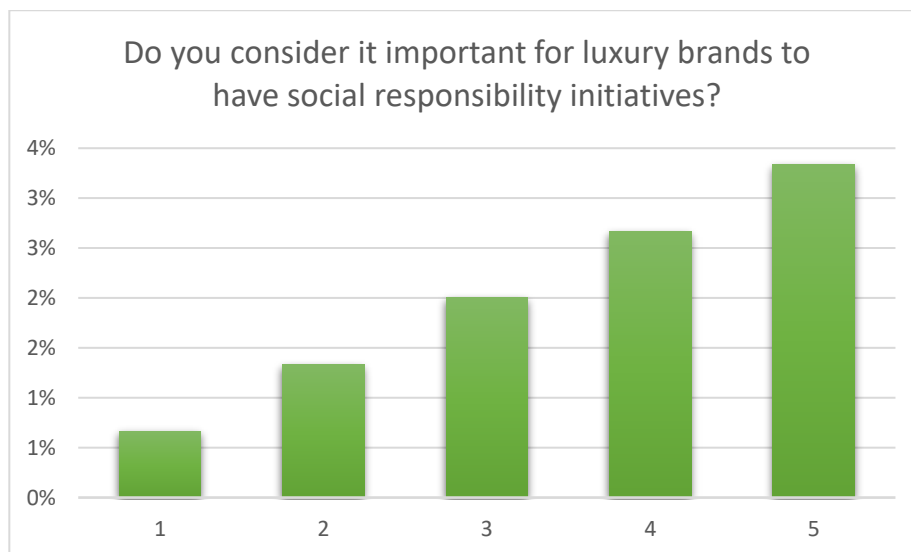
- Not important (1): 1%
- (2): 1%
- (3): 2%
- (4): 3%

- Very important (5): 93%

This figure indicates that most respondents (93%) consider social responsibility initiatives very important when evaluating luxury brands. Only a small fraction of respondents (7%) rated the importance lower than 5, suggesting that including social responsibility initiatives is a critical factor in consumer perceptions and decision-making processes.

Figure 8.

Importance of responsibility initiatives.



Source: Self-made

4.3. Consumer Perception

This section explores how consumers perceive luxury brands that use sustainable materials.

4.3.1. *Willing to Pay More for Sustainable Luxury Products*

Figure 9 analyzes the willingness of respondents to pay more for luxury products made with sustainable materials:

- Not willing (1): 1%
- (2): 1%
- (3): 2%
- (4): 3%
- Very willing (5): 93%

This figure indicates that most respondents (93%) are willing to pay more for luxury products made with sustainable materials. Only a tiny fraction of respondents (7%) indicated less willingness to pay a premium for sustainability. This data highlights the strong consumer preference for sustainability in luxury products, with a high percentage of consumers showing readiness to support and invest in environmentally friendly and ethically produced luxury goods.

This willingness to pay more underscores the importance of integrating sustainable materials and practices into luxury brand strategies to meet consumer expectations and leverage this market opportunity.

Figure 9.

Paying more for a luxury product made with sustainable materials.



Source: Self-made

4.3.2. Enhancement of Brand Perception Through Sustainable Materials

Figure 10 analyzes the perceived enhancement of brand perception if a luxury brand uses sustainable materials:

- Not at all (1): 1%
- (2): 3%
- (3): 15%
- (4): 37%
- Very much (5): 45%

This figure demonstrates that a substantial majority of respondents (82%) believe that using sustainable materials significantly enhances the perception of a luxury brand in the market (responses 4 and 5 combined). Only a small portion of respondents (4%) think sustainability has little to no impact on brand perception (responses one and two combined).

This indicates that consumers value sustainability highly and view it as a positive attribute that can elevate a brand's reputation and attractiveness in the luxury market. The data underscores the importance of luxury brands adopting sustainable practices to meet consumers' demands and enhance their market positioning and brand image.

Figure 10.

Consumer perception of a luxury brand using sustainable materials.



Source: Self-made

4.4. Consumer Behavior and Purchase Decision

This section investigates how sustainability influences consumer behavior and purchase decisions.

4.4.1. Influence of Sustainability on Purchasing Decisions

Figure 11 analyzes the responses to the question, “Have you made purchasing decisions based on the sustainability of a luxury brand?” the result as follows:

- Yes: 27%
- No: 73%

This suggests that while sustainability is an essential factor for some consumers, it may not be a primary driving force behind purchasing decisions for the majority. This highlights an opportunity for luxury brands to better communicate the benefits and impact of their sustainability initiatives to convert more consumers into making purchasing decisions based on these factors. Enhancing awareness and demonstrating the tangible benefits of sustainable practices could potentially increase the number of consumers prioritizing sustainability in their purchase decisions.

Figure 11.

Purchasing decisions based on the sustainability of luxury brands.



Source: Self-made

4.5. Impact of Sustainable Materials on Purchasing Intent

Figure 12 analyzes the responses to the question, “How much do you believe your purchasing intent would increase if luxury brands included more sustainable materials?” The data shows:

- Not at all (1): 9%
- (2): 7%
- (3): 36%

- (4): 35%
- Very much (5): 13%

This figure indicates that most respondents (71%) believe their purchasing intent would increase (responses 3, 4, and 5 combined) if luxury brands included more sustainable materials. Specifically, 35% of respondents selected 4, and 13% selected 5, indicating a strong inclination towards increased purchasing intent with the inclusion of sustainable materials.

However, a notable portion of respondents (16%) indicated that their purchasing intent would not be significantly influenced (Responses 1 and 2 combined). This suggests that while the inclusion of sustainable materials has a substantial positive impact on purchasing intent for many consumers, there is still a segment of the market that may prioritize other sustainability factors.

Figure 12.

Purchasing intention performance with the implementation of sustainable materials.



Source: Self-made

4.6. Additional comments

The last part of the survey was a free space where the respondents left any additional comments related to the previous questions.

4.6.1. Promotion of Sustainable Practices

Responders believe that luxury brands should widely promote sustainable initiatives and suggest that it would be interesting for brands to start investing in sustainable products to benefit the planet.

4.6.2. Perception of Quality

Responders express concern that using sustainable materials might reduce the perceived quality of luxury products. They mention that there is a perception that sustainable materials should make the product more affordable, and they would still prefer traditional materials (e.g., leather over vegan leather) if priced the same.

4.6.3. Consumer Willingness to Pay

Responders note that consumers may not be willing to pay more for sustainability in already expensive luxury products; in Latin countries, only a small percentage of the population can afford luxury items, and sustainability is not a priority for them.

4.6.4. Authenticity and Commitment

Respondents point out that luxury brands are often seen as less committed to societal and environmental causes, and their campaigns might come off as forced, reducing their impact. Respondents also emphasize the need for brands to be more transparent and avoid greenwashing.

4.6.5. Implementation Challenges

Respondent highlights the need to carefully implement sustainable materials to ensure they do not compromise quality or excessively increase costs. Also, they indicate that the luxury industry is inherently more sustainable than fast fashion due to fewer and higher-quality collections.

4.6.6. Social Responsibility

Responders emphasize the importance of social responsibility for large brands and discuss issues related to unethical practices in manufacturing and the financial motivations behind laying sustainability efforts.

4.6.7. Evolving Consumer Attitudes

Respondents note a growing awareness of the importance of sustainability in purchasing decisions. They also mention that economic limitations and living conditions significantly influence sustainability considerations.

4.6.8. Skepticism

Responders' express skepticism about whether luxury brands genuinely implement sustainable practices or if this is just a marketing strategy.

The overall sentiment suggests that while there is an acknowledgment of the importance of sustainability, there are significant concerns regarding quality, cost, authenticity, and luxury brands' actual commitment to these practices.

5. Conclusions and recommendations

5.1. Conclusions

5.1.1. Overview

This research investigated how luxury brands' incorporation of sustainable materials affects consumer perceptions and purchasing behavior, mainly focusing on Gen X and Millennial consumers in the luxury industry. Despite the challenges of being unable to conduct the study in Mexico, the insight gathered from responders who are consumers or involved in the luxury industry provides conclusions.

5.1.2. Demographic Insights

The survey revealed a significant gender imbalance, with 72% of respondents' female, suggesting higher engagement and interest among women in luxury goods and sustainability initiatives. The dominance of Gen Z consumers (52%) underscores their emerging influence in

the luxury market, characterized by their digital savviness and heightened awareness of global issues, including sustainability and social justice.

Additionally, the high level of education among respondents indicates a well-informed and conscious consumer base that scrutinizes the ethical practicality of the brands they support.

5.1.3. Attitudes Toward Sustainability

A significant majority (77%) of respondents believe using sustainable materials is not a passing trend, reflecting a long-term shift in industry practices towards sustainability. This aligns with the broader societal move towards valuing longevity and environmental stewardship over short-term consumerism. Additionally, 85% of respondents are aware of implementing sustainable materials in luxury brands' products, highlighting the increasing visibility and importance of sustainability initiatives in the luxury market.

5.1.4. Consumer Perception

The study found that 93% of respondents are willing to pay more for luxury products made with sustainable materials, underscoring the strong consumer preference for sustainability

in luxury products. Moreover, 82% of respondents believe using sustainable materials significantly enhances the perception of a luxury brand in the market. This indicates that consumers view sustainability as a positive attribute that can elevate a brand's reputation and attractiveness.

5.1.5. Consumer Behavior and Purchase Intent

While 27% of respondents have made purchasing decisions based on a luxury brand's sustainability, a significant majority (73%) have not, suggesting an opportunity for luxury brands to better communicate the benefits of their sustainability initiatives.

Furthermore, 71% of respondents believe their purchasing intent would increase if luxury brands included more sustainable materials, indicating a strong inclination towards sustainability-influenced purchasing decisions.

5.1.6. Additional Insights

The additional comments provided by responders highlight several key themes:

- The promotion of sustainable practices is essential for luxury brands.

- There is concern that sustainable materials might reduce the perceived quality of luxury products.
- Some consumers may not be willing to pay more for sustainability in already expensive luxury products.
- Authenticity and transparency in sustainability initiatives are crucial for gaining consumer trust.
- Implementation of sustainable materials should not compromise quality or excessively increase costs.
- Consumers highly value social responsibility initiatives.
- Evolving consumer attitudes reflect a growing awareness of sustainability, though economic limitations and living conditions significantly influence sustainability considerations.
- Skepticism existed about whether luxury brands genuinely implement sustainable practices or if this is just a marketing strategy.

5.2. Recommendations

Based on the findings, several recommendations can be made to luxury brands seeking to enhance their sustainability efforts and appeal to modern consumers.

5.2.1. Strategic Integration of Sustainability

Luxury brands should integrate sustainable practices into their core operation and product offerings. This involves using sustainable materials, reducing carbon footprints, and adopting circular economy principles. By embedding sustainability into their business models, luxury brands can meet the growing consumer demand for ethical and environmentally friendly products.

5.2.2. Consumer Education and Awareness

Brands need to educate consumers about the benefits and quality of sustainable materials. Concern about the perceived quality and affordability of sustainable products can help shift consumer perceptions and increase their willingness to pay a premium for sustainable luxury goods. Effective communication strategies, such as storytelling and transparent reporting on sustainability initiatives, can enhance consumer understanding and appreciation of sustainable practices.

5.2.3. Transparency and Authenticity

Transparency in sustainability initiatives is crucial. Luxury brands must avoid greenwashing and demonstrate genuine commitment to social and environmental causes. By providing clear and verifiable information about their sustainability practices, brands can build consumer trust and loyalty. Authenticity in communication and actions will help brands differentiate themselves in a competitive market.

5.2.4. Targeted Marketing

Given the significant influence of Gen Z and Millennial consumers, luxury brands should tailor their marketing strategies to address these demographics' specific preferences and values. Highlighting sustainability efforts, ethical sourcing, and social responsibility initiatives can appeal to these socially and environmentally conscious consumers. Utilizing digital platforms and social media can effectively reach and engage these tech-savvy generations.

5.2.5. Levering Social Responsibility

Consumers value social responsibility initiatives, which can significantly impact brand perceptions. Luxury brands should continue to invest in and promote these initiatives, such as community engagement, fair labor practices, and charitable contributions. By aligning their brand values with social causes, luxury brands can enhance their market position and foster deeper connections with consumers.

5.2.6. Addressing Implementation Challenges

Luxury brands must carefully implement sustainable materials to ensure they do not compromise quality or excessively increase costs. Research and development into innovative sustainable materials and processes can help maintain the high standards expected in the luxury market. Collaboration with suppliers and industry partners can also drive advancements in sustainable luxury.

5.2.7. Enhancing Authentic Commitments

Luxury Brands must emphasize their authentic commitment to sustainability. This can be achieved by setting ambitious sustainability goals, regularly reporting processes, and engaging in third-party certifications. Authentic and transparent sustainability efforts will resonate with consumers and enhance brand credibility.

The Incorporation of sustainable materials and practices by luxury brands significantly enhances consumer perception and purchasing behavior. As sustainability becomes increasingly important to modern consumers, especially Gen Z and Millennials, luxury brands must adapt to these changing preferences to remain competitive. By integrating sustainability authentically and transparently, luxury brands can build stronger connections with their consumers, enhance their market positioning, and contribute to a more sustainable future. The insights from this study provide valuable guidance for luxury brands seeking to navigate the evolving landscape of consumer expectations and drive sustainable growth.

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