

**Louvain School of Management  
and Vytautas Magnus University**

# How the Sustainability Efforts of a Luxury Fashion Brand Affects Consumer Behavior in Young Adults, Primarily Gen Z and Millennials

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## Introduction

### 1. Context and Problem Definition

The fashion industry plays a big part of the world's economy, because it has caused a rising demand in more products which are made available by the cheaper prices, and in turn leading to negative effects on the environment, and society.

Although the extent of the fashion industry's negative impact on the environment cannot be precisely quantified, it is still considered major (Pucker, *The Myth of Sustainable Fashion*, 2022). However, other than the environmental impact, the fashion industry also has dramatic implications on society. According to Schmidt & Vocke (2021), the fashion and textile production industry accounts for roughly 430 million people worldwide, mostly in China and Bangladesh, whom "despite international legislation setting standards for the protection of worker's rights" still face human rights violations frequently.

According to Amed, et al. (2021), consumers are actively seeking to be more informed on the entirety of the supply chain, including where the materials are coming from, and how the workers are treated. This, accompanied by the pressures from governments, NGOs and the UN, and the growing pace of climate change, are leading to companies attempting to become more sustainable with their actions and rehabilitating their supply chains to become more sustainable.

Sustainability has been a popular topic raised by NGOs, businesses, and the UN through multiple channels leading to consumers becoming more aware of their carbon footprint and their effects on the world. This topic has been become more popular within the fashion industry, as the demand by consumers for sustainability in the fashion industry has been on the rise in the past couple of years. This popularity in demand is seen through the trend of consumers prioritizing the sustainability of a product before making a purchase (Cernansky, 2021).

Each stage of the life cycle of clothes has its own consequences on the environment, from the raw material production, through all the steps till exporting the ready-made garments and selling them to customers (Schmidt & Vocke, 2021). To tackle these consequences, some of the attempts that companies have begun to implement sustainability are creating "digital passports" for products, that allow consumers to track the supply chain process from beginning to end as

well as to support sustainable disposal methods, such as recycling and reselling (Amed, et al., 2021).

## **2. Research Question**

This research master's thesis aims at how the sustainability of a luxury fashion brand affects consumer behavior in young adults, primarily Gen Z and Millennials.

This topic is being introduced due to the lack of research conducted on the relationship between the two subjects, and the increasing importance of this issue because of the 2020 pandemic, the growing pace of climate change and its effects, and the change in the world's perspective.

Therefore, the main question this study aims to answer is do consumers care about the sustainability efforts of luxury fashion brands? Some of the sub-questions that have been characterized to help answer the main questions:

- I. What are the steps that luxury fashion brands are taking to adopt sustainability within their practices?
- II. How much do these luxury fashion customers prioritize the sustainability actions of a luxury fashion brand?
- III. How are these customers of luxury fashion brands adopting sustainability from their end?
- IV. What kind of behavior do these luxury fashion customers reveal, when offered alternatives to their favorite brands?
- V. How can luxury fashion brands utilize consumer behavior towards sustainability to build better relationships with the growing customer base?

## **3. Research Methodology**

To answer the above-mentioned questions and appraise them, this research paper will be dissected into two parts:

In the first part, relevant scientific, academic, and business literature have been reviewed and analyzed from multiple sources including scholarly journals, public and private organizations, the United Nations, and web reports to support the claims of this paper and build hypotheses that will be proven true or false in the second section of the study.

In the second part of this research paper is an empirical study, which will be conducted using both qualitative and quantitative research methods. This paper utilizes both methods of research due to the nature of the topic being studied-consumer behavior. First, an online survey was distributed to a sample size of 200 respondents, and in turn, 7 in-depth interviews were constructed and conducted according to the results of the survey aiming to get a deeper understanding of the behavior of young consumers (age 18 to 35) towards sustainability and luxury fashion products, based on the demographic variables such as age, annual net income, and gender. The online survey was analyzed using both statistical nonparametric tests with SPSS, and a descriptive analysis to delve deeper into the demographic variable's relationship with consumer behavior and answers. Meanwhile, the in-depth interviews were analyzed using a descriptive analysis to either prove the information collected from the survey to be true or false.

#### **4. Structure**

This study will begin with a literature review that define luxury fashion and the growth in demand for this industry in recent year, then it will discuss the impact of the fashion industry and the luxury fashion industry on the environment and societies, followed by the sustainability movement and when it began, and then explain what sustainable fashion is. After that, the study will cover the topic of Luxury Fashion Consumers where the current consumers of luxury fashion are introduced, and the future consumers are described. Following those descriptions, the study tackles what steps the luxury fashion industry is and should be taking to become more sustainable, supported by academic sources and expert platforms. And the chapter ends with the risks the luxury fashion industry would face if they do not take the path of sustainability.

Then, data is collected through the primary research conducted and mentioned in the research methodology, to gain insight on customers that choose sustainable methods of obtaining luxury items, and sustainable methods of disposing of their products. And finally, the research questions are addressed by combining the literature review and practical analysis to form a conclusion of the main findings of this research, summarizing the implications, limitations and scope, and suggestions for further research.

## **5. Practical and Scientific Relevance**

This research paper provides insight into the underlying behavior of young customers, which are growing, if not already a very strong segment of the luxury fashion market. This behavior can be analyzed to cater to the wants and needs of this consumer base for brands to develop their relationships, as in an ever-evolving world where consumer demands are growing, companies and brands must keep up with their clients' wishes. However, this thesis is primarily targeting scholars and academics in the field of marketing and consumer behavior to delve further into the topic and investigate this subject on a bigger sample first, and from the industry's perspective so that it can become of more practical relevance and value.

## Part 1- Literature Review

Ever since the 1970s, the fashion industry has encompassed both the “apparel industry”, referring to the mass production of ordinary clothes, and the “fashion industry”, which historically was referred to high fashion and luxury clothing (Steele, n.d.). Later, in the 1990s, the fashion industry’s accountability towards social responsibility, or lack thereof, led to backlash from the community (Kozlowski, Bardecki, & Searcy, 2012, as cited in Hethorn & Ulasewicz, 2008).

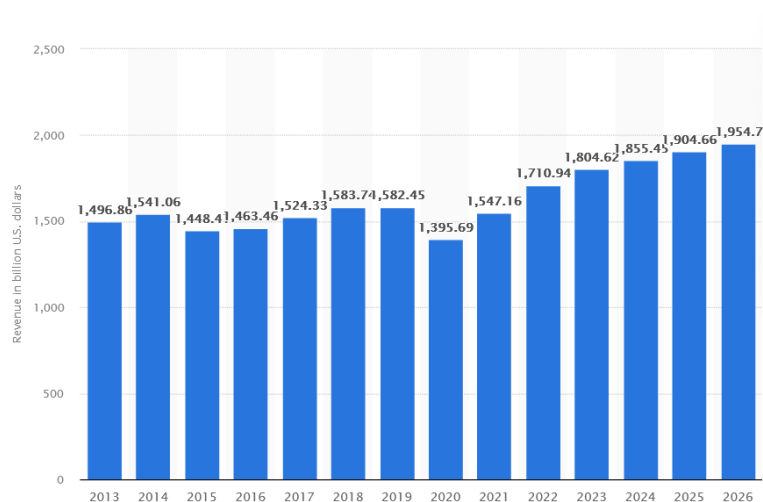


Figure 1\_ Revenue of the apparel market worldwide from 2013 to 2026 (Statista, 2022)

Concerns about the future of the planet grew in the 2010s leading to new alternatives for “ownership” emerging and creating a market for second-hand fashion (Jacobs, 2019). However, these growing markets are driven by the need for more sustainable alternatives, and in turn this has driven companies to succumb to the demands for sustainable and ethical fashion, which raised the number of B-corps<sup>1</sup> in the fashion and apparel sector to nearly 200 in 2018, versus only the 7 back in 2010 (Amed, et al., The Influence of ‘Woke’ Consumers on Fashion, 2019). It has also brought back the restoration of fashion products, and companies such as Patagonia have established an “in-house-repair-and-resale” model where they encourage their customers to bring back the products that require repairs, and they fix them for them, or by buying back their own products and reselling them at a discounted price, so that they reduce the outcome of the

<sup>1</sup> B Corporation is a private certification of for-profit companies of their "social and environmental performance."

products ending up in landfills (Amed, et al., *The End of Ownership for Fashion Products?*, 2019).

Although the concept of reusing clothes has always existed in the world, Waxman (2018) claims that thrift stores, and the market of second-hand fashion only emerged by the 1920s, and even then, it was for a niche market. But now, in the 21<sup>st</sup> century, the concept of “vintage” clothing and second-hand fashion has reemerged and become marketed as a “sustainable” mode of fashion consumption. Companies were birthed because of this new demand such as “The Real Real”, “Vestiaire Collective” targeting the sale of second-hand luxury fashion, and “Vinted” for regular apparel, and rental services such as “Rent the Runway”, which caters providing clothing with a longer life cycle, which leads to reducing fashion consumption (Lee and Chow, 2020, as cited by Arrigo, 2022) are also holding a grip on a significant part of the customer base, by providing access to products without ownership (Jacobs, 2019). Especially since consumers nowadays are displaying an interest in shifting from the traditional concepts of ownerships (Amed, et al., *The End of Ownership for Fashion Products?*, 2019). And so, according to Lee and Chow (2020), the online fashion rental market has exponentially expanded in multiple countries (as cited by Arrigo, 2022). With this in mind, because of the high fragmentation of the market due to the presence of many un-organized producers that are providing non-branded and low-cost products, well-known players have sought out partnerships (Gonzalez-Rodriguez, 2021). For example, in August 2020, Selfridges, a chain of high-end department stores that sell luxury fashion, collaborated with HURR, an online fashion rental marketplace, to offer a variety of luxury fashion items for rent to attract younger consumers that prioritize environmental awareness and emphasize on the importance of sustainability within the brand’s values (Selfridges, 2020). Eventually this led to the creation of “Selfridges Rental”, a platform within the company, powered by HURR, to provide rental options for consumers as part of their Project Earth initiative (Selfridges, 2021). This example is one of many, the online rental fashion market was valued at 1,013M U.S.D in 2017, with an expectation to reach 1,856M U.S.D in 2023 (according to Allied Market Research, 2019, as cited by (Arrigo, 2022)), because it had seen a growth in sales of the second hand luxury market, and the general second-hand market, as the global second-hand apparel market had grown to be worth 17.41B U.S.D according to Kestenbaum (2017) and was forecasted to increase by approximately 11% to become 31.09B U.S.D in 2021, as cited by (Hu, Henninger, Boardman, & Ryding, 2019). However, according to

Statista research expert, the worldwide revenue of the rental apparel market would steadily increase between the years 2021 and 2026 and is forecasted to reach approximately 7.5B U.S.D by 2026 (Smith, 2022) as the Covid-19 pandemic had caused a drawback in the industry. Nevertheless, according to Reuters (2019), although the U.S garment rental market represented less than 1% of the total clothing market in 2018, it grew 24% versus 5% of the overall clothing market growth (as cited by (Arrigo, 2022))

With Covid-19's lockdowns during March of 2020, the industry took another hit with the disruption of supply chains and the declining consumer spending, and so companies were more focused on survival and in turn, sustainability is at a risk of being neglected once again (De Palma & Ricchetti, 2020). The damage that the fashion industry took, trickled down to the supply chain causing more disruption. Companies began canceling completed orders from suppliers and in turn the canceling payments, which led to around 1 million workers laid off, 58% of factories shutting down, and 80% of the layoffs being denied compensation for their work (Webb, 2020).

## **6. Luxury Fashion**

What is luxury? The term luxury has been used over the years, however to each author their own descriptions of what luxury truly is. According to Kemp (1998) as cited by Makkar & Yap (2018), in economic standards, "luxury goods are defined as those demand increases as income rises". Other researchers have defined luxury as the opposite of necessity (Vigneron & Johnson, 1999, as cited by Makkar & Yap, 2018). However, the question of what the attributes of a luxury product are remains unanswered. According to Cabigiosu (2020)'s citation of Danziger (2005), luxury became a term associated with expensive and high-quality services and products during the 20<sup>th</sup> century and is used to "flaunt elegance and sumptuousness". And other researchers such as Heine (2010) and Franco, Hussain & McColl (2020) claimed that luxury products who have comparable tangible functions as other products, but with significantly higher prices because of its personality being built around strong symbolic beliefs that humanize the brand and its products. More recently, Cabigiosu (2020) associated luxury with the experience brands offer to their clients. Indeed, this experience includes a mix of multiple components, such as creativity and innovation, tradition and history, exceptional quality accompanied with higher prices, exclusive communication and selective distribution, the imaginary and storytelling. Luxury

fashion brands are especially known for their mixes of product attributes, creativity, and the brand image.

However, although most harmful effects on the environment and society are usually associated with fast fashion brands, luxury fashion brands are not exempt from the responsibility (Kaupke, 2021).

And so, with the growing awareness about environmental matters and the growing demand for sustainability in product production and use, luxury fashion companies are responding positively by prioritizing and implementing sustainability along with digitalization for their future strategies (Faccioli & Sheehan, 2021). The luxury industry's efforts have paved a path for the industry as we see an increase in the number of "sustainable" luxury products and a familiarization of the concepts of ethical fashion (production methods, working conditions, and fair trade), circular fashion (recycling, upcycling, and thrifting), slow fashion (sharing, and renting), and conscious fashion (eco-friendly and green fashion) within the fashion industry.

The Covid-19 pandemic gave almost all industries a challenge, but especially the fashion industry with a drop of approximately 23% in the value of the industry in 2020 compared to 2019 (Consultancy.eu, 2021). Indeed, many consultancy firms assumed that the market would be able to recover around 50% of profits lost in 2020, whilst remaining below 2019 levels (D'Arpizio, Levato, Prete, Gault, & De Montgolfier, 2021). This drop in the value of the industry is linked to the fall in demand for luxury goods as consumer's changed their purchasing

After its worst dip in history, the **personal luxury goods market** experienced a **V-shaped rebound in 2021**

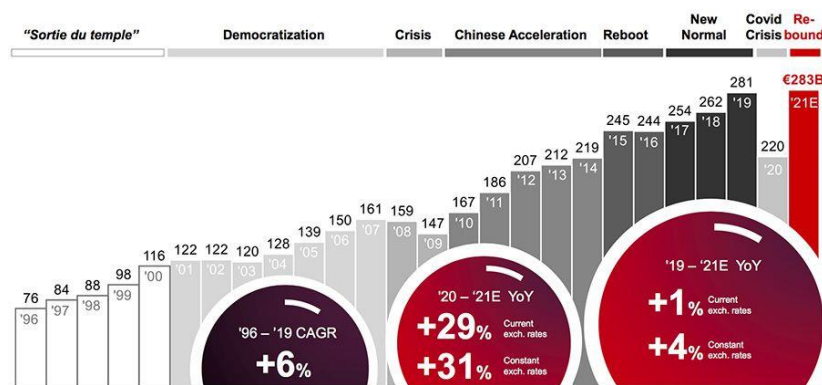


Figure 2\_The Personal Luxury Goods Industry Value (Consultancy.eu,2021)

behaviors, stores had to close under lockdown restrictions, and the drastic reduction of international travel (Dijon von Monteton, 2021).

These assumptions led authors to predict that the industry would need “years to recover to its pre-pandemic level” and to consequently be shocked when the industry was able to rebound those losses back up to €283 billion within six months (Consultancy.eu, 2021).

How did the industry manage to rebound so quickly when all experts expected it to take years to recover? Kizilaslan (2022) at TRT World attempts to find the answer. Their report conducts a study on the customers of Prada Group, one of the world’s most prestigious luxury brands, which had reported vigorous growth driven by sales in 2021 despite the ongoing disturbance caused by the Covid-19 pandemic. One customer interviewed claims that her purchasing habits have not been affected by the pandemic as she claims she would “buy this bag anyway, with or without covid” while purchasing a small Prada bag for more than a thousand dollars, she follows it up by claiming that the pandemic’s restrictions on their ability to shop in store has left the consumers “longing for them” (Kizilaslan , 2022).

The Covid-19 pandemic however has caused an emergence in the online presence and digitalization in all aspects of life. In the luxury industry, online sales almost doubled from 12% in 2019 to 23% in 2020, where online sales made €49 billion in 2020 compared to the €33 billion in 2019 (D'Arpizio, Levato, Prete, Gault, & De Montgolfier, 2021). Based on this data, we can forecast that online will become the leading channel for luxury product purchases by 2025, causing a drastic transformation in the industry.

Back in 2019, EY released a report about the 11 growth drivers fueling the evolution of the luxury goods industry, some relatable drivers that we can observe being implemented nowadays are:

- i. *Digital media is the main communication tool with consumers.* Shifting from traditional media, the luxury fashion industry is looking at immediate ways of communicating with consumers and ways of placing consumers and the community at the center. Research suggests that more than 60% of purchases are influenced by digital, and 70% of consumers connect with their favorite brands through social media.

- ii. *Store formats are impacting capex.* EY recognized a decrease in average capex due to the decrease of store traffic and sales at luxury brand stores, and in turn suggested that companies move towards omnichannel strategies in the future, where client interaction is of great impact and can improve brand-customer relationships.
- iii. *Luxury requires a “haute couture” digital approach.* Digitalization has become the answer to survival of brands. Digital distribution channels allow brands to expand their customer base by reaching clients online in locations the brand has no stores. Brands can also improve their customer relations as the younger generation-the current and upcoming customer base- is dominating social media and the digital world.
- iv. *Sustainability matters in the fashion industry.* With the increase in awareness around the environmental impact of the fashion industry, investors are displaying a growing interest in non-financial information from the company, including their sustainability reports and CSR activities to assess possible investment opportunities or possible risks. Stock exchanges are also progressively using ESG indicators.

Similarly, in 2020 Bain and Company partners D’Arpizio and Levato estimated that the Covid-19 pandemic had accelerated 5 key trends in the luxury fashion industry:

- a. **The shift towards local purchases** is a trend that is expected to continue post-pandemic even with the reopening of borders.
- b. **The rise of Gen Z** which was the most resilient generation during the pandemic and are expected to be the main ignition behind the rebound.
- c. **The dominance of the digital**, which was observed during 2020, when online sales “skyrocketed at a pace equivalent to 5 years” and is estimated to make up one third of total market value by 2025.
- d. **The revolving nature of stores**, such that retail networks are becoming more customer centered.
- e. **The changing role of brands** to becoming more accessible by changing from “producers” to “broadcasters”

Also, Prada’s 2021 annual report describes the growing share of younger generations in the industry, as well as digital sales and local consumers (Prada Group, 2021).

### 6.1. Growth in the luxury fashion industry linked to growth of population and middle class:

Back during the beginning of the 19<sup>th</sup> century, the number of the population was exceeded for the first time in history, and ever since then the growth in the population has been accelerating (Van Bavel, 2013). With this growth we observe a rise in the middle class, and in turn the number of fashion consumers (Dombrowski, 2017). Moreover, the global fashion industry is estimated to grow by almost 1.5 trillion euros each year (Fontana & Miranda, 2016). According to the report “Changing Fashion” published by the environmental non-governmental organization the WWF, the global clothing consumption had doubled in 2014, compared to its size in 2000 (Dombrowski, 2017). According to McKinsey & Company authors, generation Z and millennials are the main shoppers at luxury fashion brands (Zerbi, Iwatani, Berjaoui, & Berg, 2021). As these consumers are becoming more financially stable, working in their first or second jobs, they spend their money as they see fit (Depino, 2019).

### 6.2. The impact of the fashion & luxury fashion industry on the environment & society:

The fashion industry is estimated to be responsible for about 20% of global clean water pollution, and 10% of global carbon emissions- which is more than that of international flights and maritime shipping combined (European Parliament, 2022b). Other sources claim that the fashion industry accounts for around a fifth of the 300 million tons of plastic that are globally produced yearly (Dottle & Gu, 2022). The production of one cotton t-shirt is estimated to use 2,700 liters of fresh water, an equivalent to the drinking needs of one person over the period of 2.5 years (European Parliament, 2022b).

Furthermore, surveys conducted by researchers prove that almost half of the clothes in a person’s wardrobe in the UK are never worn, and around a fifth of those owned by US consumers are unworn (Ro, 2020).

Moreover, due to the high demand of products and the attempts at maintaining low costs, supply chain operations are often outsourced to underdeveloped countries where marginalized communities are often underpaid (barely meeting the basic needs of the workers), work in unsafe environments (Global Fashion Agenda, 2021) for long hours and even forced sometimes (Common Objective, 2019). “Remake, a non-profit declared that around 75 million people work in the fashion industry, to make the clothes, and around 80% of those people are young women, whom in Bangladesh for example, make about 96 U.S. dollars per month under a government

that suggests they need 3.5 times that amount to live “a decent life with basic facilities” (Drew & Reichart, 2019).

In these underdeveloped countries, some companies in the industry have taken advantage of the lack of enforcement, or lack of existence, of the laws and in turn there had been reports of child labor being enforced in the supply chains of companies, either directly in owned estates, or indirectly under suppliers that companies work with (Common Objective, 2019). A report by the U.S. Department of Labor in 2018 found evidence of forced and child labor in the fashion industry, primarily in underdeveloped countries such as Argentina, Bangladesh, Brazil, China, Indonesia, Philippines, Turkey, Vietnam, etc... (Drew & Reichart, 2019).

However, although the luxury fashion industry’s higher prices had protected it from negative media and consumer attention about their social and environmental responsibility in the past according to O’Flaherty (2017) as cited by (Karaosman, Perry, Brun, & Morales-Alonso, 2020), the luxury fashion industry has faced criticism regarding its impact of the environment, by causing pollution through its manufacturing processes and its destruction of unsold product as a marketing tactic, and society, by exploiting their employees, especially those working in factories in underdeveloped and developing countries according to BBC News (2018) and Kerr and Landry (2017) as cited by (Franco, Hussain, & McColl, 2020).

For example, Towers, Perry, & Chen (2013) find that the transparency and auditing of CSR management conducted on the processes of a Scottish cashmere garment manufacturer are less than those processes found in “mid-market” garment manufacturers and retailers. And Wang and Snell (2013) had explored the labor abuse in China at Gucci’s manufacturers.

## **7. The Sustainability Movement**

According to Cardonna (2014), the first recorded usage of the word “sustainability” in the Oxford dictionary was in 1965 by an economics dictionary as an adjective, using the phrase “sustainable growth”, it later entered English in the early 1970s as a noun, but before that there was no use of the word “sustainability” in academia. However ever since 1980, we can notice an outburst in the use of the term for scientific purposes.

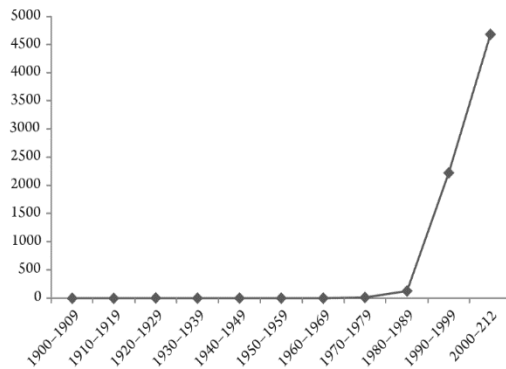


Figure 3\_Books with the word "sustainable" or "sustainability" in the title. 1900-2012 (Caradonna, 2014)

In the recent years, most definitions for sustainability emphasize on “humans must live harmoniously with the natural world if they- or we- hope to persist, adapt, and thrive indefinitely on the Earth” (Caradonna, 2014). And in 1987, sustainability was defined as “meeting the needs of the present without compromising the ability of future generations to meet their own needs” by the UN. Later, by the 1990s, the term had become common with policy enthusiasts, but not universally (Caradonna, 2014). In 2015, the UN has developed 17 SDGs (shown in figure 8, appendix 1), “as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity” (The United Nations, n.d.). For the sake of this research paper, we will be using the United Nations Brundtland Commission’s 1987 definition of sustainability which is described as “meeting the needs of the present without compromising the ability of future generations to meet their own needs” (The United Nations, b) with a focus on the 3 pillars of sustainability: economic sustainability, social sustainability, and environmental sustainability (Khan, 1995).

## 8. Sustainable Fashion (SF)

Sustainable Fashion is defined as fashion items that have undergone their processes in a manner that would be perceived as sustainable, including-but not limited to, environmental, social, recyclable, and cruelty-free practices through each of the processes they underwent (Mukendi, Davies, Glozer, & McDonagh, 2020).

According to De Palma & Ricchetti (2020), fashion brands have been building on sustainability and are enhancing their commitments towards environmental sustainability, specifically in their efforts to eliminate the hazardous chemicals and reducing CO2 emissions. Although driven by the pressuring need to change our ways and tools, the growing consumer demands and pressures

for sustainable alternatives plays a role. Granskog, Lobis, & Magnus (2020) claim that the change for sustainability driven by the younger generations will be interlinked with brand loyalty in the fashion industry and claim that there will be growth in different types of sustainable fashion, from the products themselves and their materials, to the different business models revolving around sustainability.

Meanwhile, Pucker (2022) argues that sustainability has become a myth in the fashion industry and a trend to jump on, he reasons that “less unsustainable is not sustainable” and that brands claiming to be sustainable are the ones opposing and lobbying against regulatory proposals that deliver the same end. And Kent & Deeley (2022) argue based on a BoF analysis of 30 of the industry’s biggest players found, when committing to a “net zero” goal, only half of the major brands (both luxury and apparel) have laid out definite, time-bound targets to cut Scope 3 emissions.

More specifically, studies show that despite the higher prices of luxury fashion, the environmental impact of the industry is on the same level as that of fast fashion companies (Bruce, 2021). Jean-Christophe Babin, the CEO of Bulgari explains to Business of fashion that although a brand’s quality and social status are still important to nowadays consumers, the expectations of being “generous at CSR” are just as much significant and companies that don’t pay attention to sustainability are “virtually out of the game” (BOF Studio, 2021a). Which is why although big brand names like Chanel and Rolex have a bad reputation due to their complex and global supply chains, others such as Gucci have earned certificates and labels for reducing their cumulative production impacts by approximately 39% and their greenhouse emissions by 37% by 2021 (Bruce, 2021). As a matter of fact, Tutty (2016) discusses how according to a luxury market analyst, the marketplace’s biggest goals and focus is on sustainability, with the hope that it can improve the reputation and products’ values of brands, as cited in (Lo & Ha-Brookshire, 2018).

Most recently in 2018 however, fashion stakeholders supported by the UN, worked on identifying methods of moving the textile, clothing and fashion industry towards a full commitment to climate change. Through their meetings, they created the Fashion Industry Charter for Climate Action which works towards driving the fashion industry to net-zero GHG emissions, no later than 2050 and includes 13 clear & compulsory (except for exceptions)

principles and targets<sup>2</sup> (The United Nations for Climate Change, n.d.). The Fashion Industry Charter for Climate Action consists of 8 working groups, led by co-chairs from Signatory Brands and Supporting Organizations, each handling their own purpose and scope, with the general purpose of “identifying and amplifying the best practices, strengthening existing efforts, identifying and addressing gaps, facilitating and strengthening collaboration among relevant stakeholders, joining resources, and sharing tools and knowledge to enable the sector to achieve its climate target” (The United Nations for Climate Change, n.d.). Within the founding signatories for the Fashion Industry Charter for Climate Action are luxury fashion brands such as, Burberry Limited, Guess, Hugo Boss AG, Kering Group, and Stella McCartney (The United Nations, 2018). The charter grew to include some of the biggest brands in luxury fashion, such as Chanel, Farfetch, Hermes International, LVMH, and The Reformation, and the main goal is to adopt as many of the fashion industry companies, to partner and work together towards addressing climate change (The United Nations for Climate Change, n.d.). And in an effort to move the industry, the signatories of the charter are requesting that governments provide political support through laws, regulations and opportunities to partner with the fashion industry as a whole and accelerate the road to tackling climate change, with limiting average global temperature rise to 1.5 degree Celsius as a beginning goal (The United Nations, 2019).

The working groups of the Fashion Industry Charter for Climate Action include Decarbonization and GHG Emission Reductions, Raw Materials, Manufacturing/Energy, Policy Engagement, Financial Tools, Promoting Broader Climate Action, and Brand/Retailer Owned or Operated Emissions (The United Nations for Climate Change, n.d.).

## **9. The Role of Luxury Fashion Consumers**

### **9.1. Current Consumers:**

Mintel, a market research firm, provided data suggesting that Gen Z<sup>3</sup> is out-consuming its preceding generations with fashion, the data indicates that “64% of British 16-to-19 year-olds admit to buying clothes they have never worn, compared with the 44% of all adults surveyed”, however the data also suggests that “70% of 16-to-19-year-olds agree that sustainability is an important factor when purchasing” (Kale, 2021). And Statista reported that in 2017, 32% of

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<sup>2</sup> See in Fashion Charter for Climate Action Appendix 1

<sup>3</sup> See Table 1 and 2 in Appendix 1

global luxury personal goods sales were driven by millennials and Gen Z consumers, with a forecast of that number to increase to 45% by 2025 (Sabanoglu, Generation Y and Z share of global personal luxury good sales in 2017 and 2025, 2021a). Whilst Cabigiosu (2020) claimed that that millennials and Gen Z contributed to 100% luxury fashion market growth in 2019. And this can be linked to what senior partner at McKinsey, Aimee Kim, explains to BoF Studio that younger luxury consumers are financially independent, confident in technology and their ability to find and process the information required to make their own purchasing decisions nowadays. She follows this by how younger consumers are willing to pay premium prices, however they are growingly seeking out information about sustainability before making any of their purchases (BOF Studio, 2021a). Another study conducted by Statista on affluent and high net worth individuals in Europe, resulted in acknowledging that more than half of luxury fashion shoppers aged between 18 and 39 had made multiple luxury fashion purchases in the third quarter of 2021, which was slightly higher than consumers aged 40 and above<sup>4</sup> (Sabanoglu, Luxury designer fashion purchasing frequency by age in Europe Q3 2021, 2021b).

This opens the topic to debate between academics and others as to the stance of Gen Z on sustainable fashion, in a world where fast fashion and overconsumption has become cultural. While some writer such as FashionUnited, Forbes and McKinsey & Co. argue that Gen Z is driven by sustainability and are holding companies accountable, other writers such as the Guardian and Business of Fashion claim that Gen Z is still highly influenced by the need to consume and have different outfits, they argue that buying new clothes and selling the older ones are not a sustainable model, however Dr. Patsy Perry, reader in fashion marketing at Manchester Metropolitan University brings up the obvious, but usually overlooked argument that consumer shopping habits are the driver of sustainability-or lack of (Kale, 2021).

*“We can’t shop our way to sustainability, we have to slow down our consumption. The whole idea of buying stuff, wearing it once and sticking it on eBay or Depop – that needs slowing right down” Dr. Perry (Kale, 2021).*

However, this applies to fast fashion. Would young consumers have the same attitude towards luxury fashion brands? One study showed that Italian millennial consumers have better sustainable consumer habits than Italian gen Z consumers, however gen Z consumers were more slow fashion-oriented than millennials; and that although millennials were more inclined towards

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<sup>4</sup> See Figure 2 in Appendix 1

luxury fashion purchases, they likely considered it fast fashion (Pencarelli, Taha, Škerhánková, Valentiny, & Fedorko, 2019). Gen Z, however, has different views on sustainability than that of millennials. The latter had a greener focus, meanwhile Gen Z is holding companies accountable for their social impact as well, we can see this difference highlighted through the emergence of viral social initiatives such as the #metoo, #blacklivesmatter, and #timesup (Amed, et al., The Influence of ‘Woke’ Consumers on Fashion, 2019)

BOF Studio claims that Gen Z spending is becoming a critical growth factor for the luxury sector, as insight indicates that it will account to approximately 40% of the global personal luxury goods market by 2035 (BOF Studio, 2021b).

But younger consumers are primarily concerned with the social and environmental issues associated with their purchases and shopping habits, and in turn are prioritizing brands that back their beliefs and values while avoiding those that don’t (Amed, et al., The Influence of ‘Woke’ Consumers on Fashion, 2019). BoF and McKinsey’s State of Fashion Report 2021 claims that 9 out of 10 gen Z consumers believe that transparency is key when it comes to brands’ stances on environmental and social issues (BOF Studio, 2021b).

One study conducted concluded that two of the 5 clusters they researched which were the heavily and extremely prioritizing of ethical consumption, are-or should be, the main target of luxury fashion brands, as they represent 29% and 15% of luxury consumers in that study and have the highest purchasing power. (Vanhamme, Lindgreen, & Sarial-Abi, 2021). Meanwhile, another study suggests that if an ethical luxury fashion market were to exist, it would be far smaller than the current market as consumers don’t prioritize ethics in their purchasing decisions, however, they also claim that many consumers had never considered the ethical implications of their purchases and that they will begin considering them in future purchase decisions (Davies, Lee, & Ahonkhai, 2012)

## 9.2.Future Consumers:

Another study sheds light on the upcoming customer base of the luxury fashion industry, Gen Alpha. Although Gen Alpha are still very young, the study by Faccioli & Sheehan (2021) argues that they will have large spending power. Gen Alpha includes those born in 2010 and onwards (McCrindle & Fell, 2020), making the eldest 12 in 2022, and are usually the children of millennials or the younger siblings of Gen Z. This is the generation that, it is important to note-

when born into allowing circumstances- was born into a **fully** immersed digital world and will be exposed to luxury brands from a very young age because of social media, through their peers, and through the habits of their parents-the millennials. Gen Alphas are expected to have the following characteristics:

- *They are global.* Gen Alpha lives in a globalized world, and so their behavior will be influenced by it.
- *They are digital.* Growing up in a world where digital and reality have merged, generation alpha will be the most digitally literate generation so far, using all the digital tools confidently.
- *They are social.* Social media is engrained in their life, they depend on influencers' opinions about everything, and they are constantly trying to create new tools to communicate with each other and express themselves on new platforms. Where we see independence and detachment from stereotypes in Gen Z, Gen Alpha is expected to bring back influencers' opinions in their purchasing choices.
- *They are sustainable.* Being born into a time of drastic climate change, and to parents that are millennials-trying to choose the most sustainable consumption methods- Gen Alpha is likely to have greater awareness of sustainability.

## **10. What are the steps that luxury fashion brands should do to become more sustainable?**

Amidst the rise in sustainability demands by consumers & regulatory requirements within the fashion industry, the luxury fashion industry is no exception. And so, luxury goods companies are placing sustainability goals for the future, prioritizing the minimization of their carbon footprint.

### **10.1. Innovating Material Using Technology:**

According to Faccioli and Sheehan (2021) luxury fashion is aiming to integrate technology to develop sustainable and innovative raw material for their products, also known as biomaterials. Biomaterials have long been used in multiple industries, the fashion industry uses the term to refer to materials that are “biological in origin and circular by design” according to Fashion for Good, a platform for sustainable innovation. Hence, companies are collaborating with start-ups specializing in biotech to help them find solutions. For example, Chanel invested in “Evolved by

Nature”, a Boston-based start-up that develops sustainable silk, derived from silkworm cocoons that are sustainably farmed, to use in fabrics, cosmetics, and medical products (Bhasin, Kim; Bloomberg, 2019). Similarly, in 2021, Hermès announced an exclusive partnership with California start-up “MycoWorks”, a biotech company that created a new material called “Sylvania<sup>5</sup>” to replace the calfskin leather initially used in the luxury house’s classic bag, the 1997 Victorian travel bag, which has since been reworked (Faccioli & Sheehan, 2021).

### 10.2. Upcycling:

Another step suggested by experts in the field was the upcycling of materials and movement towards a circular economy. The boom in the second-hand market has drawn attention to the importance of circularity, and we can see many luxury designer collections upcycling their materials (Kaupke, 2021). For example, the Spanish luxury fashion brand “Loewe” has launched their “The Surplus Project” in March of 2021 where they repurposed their resources, they cut the excess of their most iconic leather and used it to create their “Woven Basket Bag” which first appeared in their SS15<sup>6</sup> collection. Chloé’s newest artistic director Gabriela Hearst has also become an icon in the luxury fashion industry known for her innovative ideas for sustainability. She launched the “new-look” Edith bags which are made from 50 vintage Edith bags which were “upcycled and refreshed with surplus AW21 fabrics” (Bala, 2021). New York-based label, “Altuzarra” has also introduced the “re-Crafted” program for their SS21 collection as a step of their commitment to sustainability where they re-spun the fabrics that were left from the previous season and archival collections to create unique pieces (Kaupke, 2021). Similarly, Prada introduced their “Re-Nylon” collection in 2020 which is crafted from “a regenerated nylon created through the recycling and purification of plastic collected from the oceans, finishing nets, landfills, and textile fiber waste globally” driven by ECONYL<sup>®</sup> which is also used by Gucci’s “Off the Grid” collection. On their website, they describe the process that the material goes through, including de-polymerization and purification to transform them into new polymers and then threads which can then be mended and made into nylon fabric. Virgil Abloh’s SS21 for Louis Vuitton men’s LV trainers are made from upcycled leather reused from previous LV trainer collections (Bala, 2021). Fendi debuted its entirely recycled PVC basket bag during its

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<sup>5</sup> Biotech material made by combining agricultural waste and mycelium to form a sheet that can be tanned like leather

<sup>6</sup> Spring/Summer 2015

SS20 collection in celebration of Earth Day as an “ethically-minded throwback” to the designer-Silvia Venturini Fendi’s childhood memories of the beach in the 80’s (Kaupke, 2021). Dior’s creative director, Maria Grazia Churri is also conscious of her sustainability responsibility which was evident in the SS20 runway collection of Dior which was made from eco-friendly fabrics and processes (Portee, 2021).

*“The Dior brand is a couture brand, and it is our goal to create pieces that are timeless and sustainable. Fashion is something that speaks about the future through innovation, and we must find the balance between all these elements and the only way to find the balance is to speak with people who have more knowledge in areas that we don’t.” Maria said to Forbes (Portee, 2021)*

### 10.3.Human Rights Initiatives:

Kaupke (2021) also claimed that human rights initiatives were vital to sustainable progression of the luxury fashion industry. Chloé is one luxury brand that has shown such progress, where creative director Gabriela Hearst introduced the world’s first fair-trade verified luxury bag collection in April of 2021 after signing a partnership with the World Fair Trade Organization, with goals of having at least 20% of their ready-to-wear collection comprising of fair-trade products. The bags are hand-woven by Kenyan women and made of environmentally friendly fibers, including fair trade paper, and produced in collaboration with “Mifuko”- a company empowering Kenyan artists through fair pay instead of depending on unpredictable sites farming as a source of income (Kaupke, 2021).

Other experts claim that companies that own their factories are expected to be sustainable from their “get-go”. For example, Hermès launched a new environmentally friendly leather workshop in Saint-Vincent-de-Paul, on the outskirts of Bordeaux, in September of 2021, in collaboration with Patrick Arotcharen- a green-minded architect, to be as environmentally respectful as possible (Thomas, 2022).

### 10.4.Closed-loop Supply Chains:

With the growing demand the fashion industry is facing to become more sustainable, many authors and experts in the field have been arguing on where to begin the journey to sustainability. It is well-known in the industry that every step in the supply chain, from resourcing the raw material till the disposal of the product by the consumer, is harmful to the environment and society. And although many brands have increased their transparency when it

comes to their carbon footprint, that transparency decreases the further you investigate the supply chain, which is where the bulk of the emissions occur (Fashion Revolution, 2021). In this section, we will be discussing a concept raised by many and is called “closed loop supply chains”.

Up until recently, the traditional supply chain model has been the open loop supply chain, simply because it is the fastest and easiest supply chain to operate and meet consumer demands (Stanton, n.d.). However, this supply chain method is often described as “take-make-use-dispose” and has led society to the mindset that products should have short life cycles (Steinberg & Rodysill, 2021). And so, a new supply chain method is being introduced to steer the process towards a more sustainable practice, the “closed loop supply chain” or the “circular supply chain”. This new supply chain is driven by “circular economy” a concept that has recently become more popular and is defined as:

*“a model of production and consumption, which involves sharing, leasing, reusing, repairing, refurbishing, and recycling existing materials and products for as long as possible.”* (European Parliament, 2022a)

In other words, it is the attempt to extend the life cycle of a product while reducing waste to a minimum. With regards to the fashion industry, Camille Tagle from FABSCRAP, a fabric recycling nonprofit based in New York claims that most brands run on an open loop supply chain and in turn create waste, regardless of whether the brand is fast fashion, contemporary, or even luxury (Stanton, n.d.).

Many initiatives have appeared with the attempt to advocate for circular economy and closed loop supply chains. “Close the Loop” is an online platform that has been established by Flanders DC and Circular Flanders in Belgium as a guide for entrepreneurs and companies to stay away from linear systems that lead to waste, and to embrace more circular approaches that focus on long-lasting products whilst avoiding waste (Close The Loop, 2022). Within the guide are principles of working in a sustainable way, whilst challenging the different players to take the whole life cycle of the product into consideration. These principles include focus on topics such as resources, production, retail, design, get to work, consumption, and end of life (Close the Loop, 2022). The guide offers tips and tricks of which all the actors in the lifecycle of a fashion product can learn from regarding the nature of circular economy, examples of circular design, resourcing, and manufacturing. These topics also provides information on the consumer’s

responsibility with consumption practices, as well as end-of-life practices to achieve a circular and closed-loop supply chain that has minimal to no impact on the environment.

- Resources: where they introduce the subtopics: “Low impact materials”, “Choose recycled or recyclable fibers”, “Reuse and redesign waste”, “Learn from nature”, and “Think through every aspect of the product”. Within these subtopics, the guide encourages companies and designers to either use raw materials that has low environmental impact such as hemp and bamboo, reusing old materials by recycling their products, seeking out “new-old” materials which are surplus of other industries, and biomimicry<sup>7</sup> methods that provide environmentally friendly options and solutions. They also provide insight of thinking of end of life while still in the resourcing step to make the recycling process at the end simple and of low impact to achieve circularity (Close the Loop, 2022).
- Design: another topic that entails multiple subtopics such as: “Design to last”, “Design for rebirth”, “Design to minimize waste”, “Design to reduce the need for rapid consumption”, and “Design with new technologies in mind”. These subtopics focus on the design process where the designer and company are directed towards caring about the quality of their product through timeless designs, keeping a “Cradle-to-Cradle<sup>8</sup>” approach in mind, using storytelling to create emotional attachments, and taking advantage of technological advancements and the opportunities they provide (Close the Loop, 2022).
- Production: which includes the subtopics “Mind your environment”, “Try new technologies”, “Produce locally, matching supply and demand”, “Avoid waste and surplus”, and “Go for long life and durability”. Although this point focuses on the production stage of a fashion product’s lifecycle, it stresses once again on the main point of circularity while advocating for minimal to zero waste and environmental impact. This section provides information on the harm caused through the production process, while offering access to information about alternative materials that require less energy to produce (Close the Loop, 2022).

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<sup>7</sup> A scientific term used to describe the imitation of nature

<sup>8</sup> a biomimetic approach to the design of products and systems that models human industry on nature's processes, where materials are viewed as nutrients circulating in healthy, safe metabolisms

- Retail: comprising of “Keep your textiles in the loop”, “Rethink the definition of ownership”, “Go for a more service-oriented business”, “A second life at the online marketplace”, and “Think about the impact of your marketing” as subtopics targeting retailers and focusing on different methods of elongating the lifespan of a product through reselling, renting, donating, and recycling. This section also focuses on factors that retailers use in their marketing that have an impact, such as hangers and tags (Close the Loop, 2022).
- Get to Work: shedding light on subtopics such as “Explore the vocabulary of sustainability”, “Start with your quick wins”, “Draw up an action plan with the planner”, “Get the entire company involved” and “Move transparency and communication to the top of your list” which are all elements that a company should internally implement within its values and mindset to eventually achieve a strong CSR strategy that includes transparent reporting and solid partnerships (Close the Loop, 2022).
- Consumption: a topic dedicated to helping consumers through subtopics such as “Plan your wardrobe”, “Take good care of your clothes”, “Need some variation? Swap, rent, or buy second-hand”, “Learn some basic skills”, and “When worn out: bring back”, in an effort to switch consumer mindset by providing them with tools, tips and tricks that they can use to be more aware of their purchasing habits and the role they play in sustaining the environmental impact of the industry (Close the Loop, 2022).
- End of Life: which describes how clothes have many possibilities even after the consumer deems them no longer useful for them, but unfortunately, most often they end up either burned or in landfills. And so, the subtopics tackled in this topic are “Biodegrade organic textile”, “Create new life through redesign and upcycling”, “Recycle textile”, “Organize collection and take back systems”, and “Prolong life through reuse” to offer these products a second life in someone else’s life (Close the Loop, 2022).

## 11. Risks the Luxury Fashion Industry Faces Nowadays

Sustainability is the initiative that the fashion industry cannot escape, be it fast fashion or luxury fashion. Gen Z and millennials have become consumers with purchasing power, and the stakes for companies are high. According to one survey, “Gen Z are placing greater importance on the social and environmental impact of their purchases than previous generations”, where over 70% of them try to shop ethically, and out of those, 57% prioritize the environmental impact of their purchases (Jacobs, 2019).

Because the luxury fashion industry has been accused of social injustices such as paying extremely low wages, accepting dangerous working conditions, and gender inequality (Franco, Hussain, & McColl, 2020). The industry is trying to keep up by establishing initiatives and working on rebranding and including sustainability in their values. Brands have begun incorporating sustainability values (social and environmental) in their products and services and sustainability goals in their company mission. Regarding this, Franco, Hussain, & McColl (2020), the UNFCC (2018), and other initiatives argue that change should be established within the entire industry rather than only on a business-to-business basis.

However, some companies have entered controversial territories and risked backlash and being perceived as hypocritical (Amed, et al., The Influence of ‘Woke’ Consumers on Fashion, 2019). For example, in 2018 Primark had released a Pride-themed t-shirts line, but the products were produced in Turkey, a country where LGBTQ+ equality is ranked third worst in Europe. Consumers nowadays can easily spot the authenticity of brands when it comes to sustainability values. However, despite the risks associated with controversial stances on sustainability, some brands- specifically luxury brands, are willing to participate in controversy to express their values and beliefs, in an authentic way, to attract younger consumer groups (Amed, et al., The Influence of ‘Woke’ Consumers on Fashion, 2019).

According to Franco, Hussain, & McColl (2020), the luxury fashion industry faces challenges in 3 different sectors: social, environmental, and economic.

Regarding social challenges, two levels are focused on, the protection of employees and their well-being (a firm-oriented approach). As in ensuring a good quality of life for the employees through appropriate wages, proper working conditions, and gender equality. It is important to note that the protection of employees is not limited to the corporate employees, but to all the

employees impacted by the supply chain of the organization, and protecting the well-being of the society (a market-oriented approach)

With respect to the environmental challenges, two major challenges face the luxury fashion industry. It is important to note that the luxury fashion industry depends on unique and rare raw materials that provide it with competitive advantage, and so the first environmental challenge that luxury fashion companies face is preserving the depleting natural resources that they use in production. And second, the need to identify or create sustainable alternatives for their current raw materials using innovation.

As cited in Mathews (2018) by Franco, Hussain, & McColl (2020), the greatest economic challenge facing the luxury fashion industry is engaging in the circular economy, by finding methods to create and produce without polluting and keeping sustainability at heart, from the beginning of the production process (providing raw materials) till the end of the product life (means of sustainable disposal).

## Part 2- Empirical Study

Before discussing the analysis of primary data, it is important to note that both the survey and the interviews conducted allowed the respondents the freedom of defining luxury fashion, as within the theory there were many depictions of what luxury is, whether it's traditional luxury or new luxury.

### 12. Analysis of Quantitative Data

To understand the effect of the sustainability of a luxury fashion brand on consumers, an online survey was conducted and distributed through multiple online channels. It is important to define the segment of consumers that this study is conducted on. The sample of the survey was 200 respondents, and to focus on younger consumers, i.e., the ones that have recently entered the work market, or those that have not been working for a long time and often belong to the low-income or middle-income category. The survey was conducted online, targeting people mostly between the ages of 18 and 35, consequently they represented approximately 87% of the sample size. Since the study will be focused on understanding their behavior towards luxury fashion, and how sustainability plays a factor in their purchasing behavior, the first step of analyzing the data was segmenting the demographic information we collected, which included gender, age, occupation, and annual net income. Around 53% of respondents were female, 42% were male, and 2% were nonbinary. 28.71% of the respondents stated their age between 18 and 22, 44.55% were between the age of 23 and 27, and 13.86% were between the ages of 27 and 35. With respect to occupation, the biggest two categories noticed were students, that represented approximately 56% and full-time employees, which represented 30% of the respondents. And the last demographic measure was annual net income, which indicated that approximately 53% of the respondents earned less than 12,000 U.S.D., 24% earned between 12,000 and 24,000 U.S.D., 17% earned between 24,001 and 50,000 U.S.D., and only 6% earned more than 50,000 U.S.D., which is why we will only take into consideration the first 3 categories of income mentioned. This data reflects that the target audience for the survey was achieved (Find figures in Appendix).

The survey used a simple routing method<sup>9</sup>, which started with asking the respondents if they owned luxury fashion. This question, according to whether the respondent answered yes or no, opened a series of other questions. The sample corresponded of 56.22% of respondents that own luxury fashion, and 43.78% that do not. Accordingly, the survey opened more detailed questions regarding their consumption of luxury fashion to the respondents that answered yes.

### 12.1. Statistical Results: Survey

Due to the nature of the study, statistical tests were conducted on questions that had polar results. To test the significance of the different variables in the survey, non-parametric tests were mostly used since the type of variables studied were either ordinal, nominal, or binary. These tests were conducted using SPSS, and it is important to note that all nonparametric tests are conducted with a confidence interval of 95%. However, because the sample size consisted of only 200 respondents, we were only able to conduct 4 nonparametric tests:

2 Significance tests, which assess if there is a difference in distribution between variables:

*T1: The distribution of how many owned items of luxury fashion is the same across all categories of occupation.*

*T2: The distribution of the probability of conducting research on a luxury fashion brand before shopping there is the same across the income results of the respondents.*

2 Gamma tests, which measure the levels of association between the variables:

*T3: The relationship between the income of the respondent and how important the sustainability efforts of a luxury fashion brand are.*

*T4: The association between the income of the respondent and how likely they are to continue to purchase from a luxury fashion brand if the respondent finds out the brand is unsustainable.*

#### **12.1.1. Analysis of Test 1: The distribution of how many owned items of luxury fashion is the same across all categories of occupation:**

The test conducted for this statement was the Independent Samples: Kruskal-Wallis test. The test was conducted to measure how the distribution of the number of luxury fashion products a person owns differs across the category of their occupation. However, this test resulted in a

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<sup>9</sup> Routing (also known as skip-logic or branching) allows you to direct a respondent through your survey based on the answers that they give.

significance of 0.067, which is greater than the standard significance of 0.05, indicating that the number of owned luxury fashion items by the respondents was the same across all categories of occupation.

Hypothesis Test Summary			
	Null Hypothesis	Test	Sig. <sup>a,b</sup>
1	The distribution of incomeordinal is the same across categories of Do you conduct research on a luxury fashion brand before shopping there?.	Independent-Samples Mann-Whitney U Test	.025

Hypothesis Test Summary	
	Decision
1	Reject the null hypothesis.

a. The significance level is .050.

b. Asymptotic significance is displayed.

*Figure 4\_Analysis of Test 1: The distribution of how many luxury fashion items owned differs across all categories of occupation.*

**12.1.2. Analysis of Test 2: : The distribution of if a person conducts research on a luxury fashion brand before shopping there is the same across their income results:**

The Independent Samples: Mann-Whitney U test was applied for this statement. It was meant to measure how the distribution of if a person conducts research on a luxury fashion brand before shopping there differs across the income of that person. Consequently, this test resulted in a significance of 0.025, a value lower than the standard significance of 0.05, which means that a person conducting research on a luxury fashion brand before purchasing differs across the category of income they fall under.

Hypothesis Test Summary		
	Null Hypothesis	Test
1	The distribution of ownitemordinal is the same across categories of What is your occupation?.	Independent-Samples Kruskal-Wallis Test
		Sig. <sup>a,b</sup>
		.067

Hypothesis Test Summary	
	Decision
1	Retain the null hypothesis.

- a. The significance level is .050.  
b. Asymptotic significance is displayed.

Figure 5 Analysis of Test 2: The distribution of if a person conducts research on a luxury fashion brand before shopping there is the same across their income results.

### 12.1.3. Analysis of Test 3: The association between the income of the respondent and how important the sustainability efforts of a luxury fashion brand are:

For this statement, we conducted the Goodman-Kruskal Gamma test to study the association between the income of respondents and how important the sustainability efforts of a luxury fashion brand are for them. Based on the gamma value resulting from this test, which was 0.545 for an approximate significance of 0.014, we observe the existence of a moderate to large

Symmetric Measures					
		Value	Asymptotic Standard Error <sup>a</sup>	Approximate T <sup>b</sup>	Approximate Significance
Ordinal by Ordinal	Gamma	.545	.198	2.457	.014
N of Valid Cases		31			

- a. Not assuming the null hypothesis.  
b. Using the asymptotic standard error assuming the null hypothesis.

Figure 6 Analysis of Test 3: The association between the income of the respondent and how important the sustainability efforts of a luxury fashion brand are.

positive association between the two variables.

### 12.1.4. Analysis of Test 4: The association between the income of the respondent and how likely they are to continue to purchase from a luxury fashion brand if the respondent finds out the brand is unsustainable:

Here again, we conduct the Goodman-Kruskal Gamma test to study the association between the income of respondents and how likely they are to continue to purchase from a brand once they find out the brand is unsustainable. This test resulted in a gamma value of 0.374 for an

approximate significance of less than 0.001 which indicates that there seems to be a low to moderate association between these two variables.

		Symmetric Measures			
		Value	Asymptotic Standard Error <sup>a</sup>	Approximate T <sup>b</sup>	Approximate Significance
Ordinal by Ordinal	Gamma	.374	.079	4.383	<.001
N of Valid Cases		200			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

*Figure 7\_Analysis of Test 4: The association between the income of the respondent and how likely they are to continue to purchase from a luxury fashion brand if the respondent finds out the brand is unsustainable.*

### 12.2.Descriptive Results: Survey

Before we analyze the survey, it is important to note that the term sustainability used in the survey was communicated to be referring “to both the environmental (as in pollution, the effect on natural resources, etc...) and social (as in adequate pay, workers' rights, child labor, etc...) aspects”. The descriptive analysis of the survey will be distributed on 3 demographics: (1) Age, (2) Income, and (3) Occupation, and occasionally gender, when we see differences that need to be discussed. The questions asked in the survey were based on understanding who the respondents are and what their purchasing behavior towards luxury fashion and sustainability is. For the sake of this study, we will differentiate between luxury fashion customers and non-luxury fashion customers, which as mentioned before was possible due to the use of the routing method.

To introduce the numbers, out of the 200 respondents that answered the survey, 56% answered yes to owning luxury fashion products, and 44% answered no (Please Refer to Appendix 2 Figure). The analysis of consumer behavior will be focused primarily on the segment of respondents that answered “Yes”, as they are the most important segment, and followingly we will delve into questions that were common in the survey to delve into understanding this audience’s behavior.

The survey opened a list of corresponding questions to the respondents that had answered “Yes” to the introductory question in the survey “**Do you own luxury fashion products**”, to further understand what kind of customer the respondent is. The data reveals<sup>10</sup> that 49% of respondents

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<sup>10</sup> See Figure 1 in Appendix 2

between the age of 18 and 22, 62% of those between the ages of 23 and 27, and 61% of those between the ages of 27 and 35 answered yes. Looking at occupation<sup>11</sup>, we can see that approximately 77% of full-time employees and 44% of students own luxury fashion products, as for the category of annual net income<sup>12</sup>, 40% of respondents earning less than 12,000 U.S.D., 60.42% of respondents earning between 12,000 and 24,000 U.S.D., and 91% of respondents earning between 24,001 and 50,000 U.S.D. own luxury fashion products. This indicates that as stated in the theoretical research by Sabanoglu (2021a, 2021b), Cabigiosu (2020), and BoF Studio (2021a, 2021b).

After distinguishing who the luxury customers are, the survey proceeds to look deeper into the purchasing behavior of these customers.

### *12.2.1. Luxury Fashion Consumers Questions:*

The first question for this segment of the sample is “**How many luxury products do you own?**”. In order to analyze this question on a more demographic aspect, we disaggregated the data by demographic criteria to reveal that in terms of age<sup>13</sup>, where approximately 71% of consumers between 18-22 own between 1 and 3 luxury fashion products, making them the largest age group within that category, 29% and 29.4% of respondents aged 23-27 and 27-35 respectively own 4-7 products, 20% of respondents aged 23-27 own 8-10 products and 16.4% of that same age group owns more than 10 products of luxury fashion items. In terms of occupation<sup>14</sup>, most full time employees own between 1-3 products and 4-7 products, where they represent 39% and 30% respectively, meanwhile 53% of students (that own luxury products) own 1-3 products. As for the income variable<sup>15</sup>, 60% of luxury customer respondents that earn less than 12,000 U.S.D., 48% of luxury customer respondents that earn between 12,000 and 24,000 U.S.D., and 32% of luxury customer respondents that earn between 24,001 and 50,000 U.S.D. own 1-3 luxury fashion products. Meanwhile, 21% of those that earn less than 12,000 U.S.D., 34% of those that earn between 12,000 and 24,000 U.S.D., and 29% of those that earn between 24,001 and 50,000 U.S.D. own 4-7 luxury fashion products. These numbers are interesting, as they reflect that although the respondents are relatively young with what would be

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<sup>11</sup> See Figure 2 in Appendix 2

<sup>12</sup> See Figure 3 in Appendix 2

<sup>13</sup> See Table 1 in Appendix 2

<sup>14</sup> See Table 2 in Appendix 2

<sup>15</sup> See Table 3 in Appendix 2

described as low to middle income wages, they represent a strong customer base for luxury fashion brands- especially those between the ages of 23 and 27. When it comes to gender<sup>16</sup> however, we notice that men represent a bigger portion if compared to women when it comes to owning less items, where 47% vs. 41% and 31% vs. 26% of them own 1-3 and 4-7 luxury fashion products respectively, meanwhile women represent a bigger portion when compared to men with respect to owning more items, representing 20% vs. 10% and 13% vs. 12% of the 8-10 and more than 10 categories.

Similarly, when asked “**How much of your annual net income do you spend on luxury fashion products?**”, the age range<sup>17</sup> variable indicated that 54% of luxury customer respondents between the ages of 18 and 22, 35% of those between the ages of 23 and 27, and 47% of those between the ages of 27 and 35 answer “less than 5%”, meanwhile, 38% of those between the ages of 23 and 27 answered “5 to 10%” compared to 14% and 18% of ages 18 to 22 and 27 to 35 respectively. And only 18% of those between the ages of 23 and 27 spend “11 to 20%” of their annual income on luxury fashion goods when compared to 29% and 24% of those between the ages of 18 to 22 and 27 to 35 respectively. This implies that those aged 23-27 are a very strong customer base for luxury fashion brands. When analyzed by occupation<sup>18</sup>, 35% of full-time employees that own luxury fashion products, respond that they spend 11-20% of their annual net income of luxury fashion products, compared to 6% of those students. Meanwhile 61% of luxury customer students answer that they spend less than 5% of their annual net income on luxury fashion products compared to 24% of those full-time employees. At the same time, 35% of luxury customer employees and 24% of students answer “5 to 10%” to this question. This data shows that full-time employees are more likely to spend more money on their purchases than students, however students should still be considered as this sample represents positive numbers. Likewise, the data analyzing the income<sup>19</sup> variable shows that 62% of luxury customer respondents that earn less than 12,000 U.S.D. and 45% of those respondents earning between 12,000 and 24,000 U.S.D answer that they spend “less than 5%” of their annual income on luxury fashion products, meanwhile 39% of those earning between 24,001 and 50,000 U.S.D., 38% of those earning between 12,000 and 24,000 U.S.D., and 24% of those earning less than

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<sup>16</sup> See Table 4 in Appendix 2

<sup>17</sup> See Figure 4 in Appendix 2

<sup>18</sup> See Figure 5 in Appendix 2

<sup>19</sup> See Table 5 in Appendix 2

12,000 U.S.D. answered that they spend “5 to 10%”. And consequently, 39% of those earning between 24,001 and 50,000 U.S.D. answered that they spend “11-20%” compared to 17% and 5% of those earning 12,000 to 24,000 and less than 12,000 U.S.D. These results support the results of the analysis of “occupation” on this question, as full-time employees are more likely to earn more than students. When comparing the variable of gender on this data set, we observe that 35% of luxury customer male respondents when compared to 26% of those female respondents answered that they spend “5 to 10%”, meanwhile 49% of luxury customer female respondents compared to 29% of male respondents spend “less than 5%”. This could be an indication that men are more likely to spend more of their annual net income on luxury fashion items.

Afterwards, customers are asked to “**pick the criteria they take into consideration when purchasing a luxury fashion product**”, subsequently when measured by occupation<sup>20</sup>: 48% of luxury customer full-time employee respondents and 29% of those student respondents, when measured by age range<sup>21</sup>: 52% of those respondents between the age of 23 and 27 compared to 23% and 19% of those between the ages of 27 and 35, and 18 and 22 respectively, and 35% and 32% of those earning 12,000 to 24,000 and 24,001 and 50,000 U.S.D. respectively when analyzing the annual net income<sup>22</sup> of respondents chose sustainability efforts as a criteria. There is not a gap between the gender variable, so we will not analyze it. Thus, we suggest that the higher the income of an individual, the more likely they are to consider sustainability within the criteria of purchasing luxury fashion.

The preceding questions were to gain insight on our respondents and what kind of consumers they are with respect to luxury fashion brands. Followingly, we delve into their sustainability habits. The next question that the respondents encounter in the survey asks them “**How do you dispose of your luxury fashion products?**” and provides a list of options. When compared across the age range<sup>23</sup> variable, we witness a trend among luxury customer respondents that belong to the age range between 23 and 27. Within this group of respondents, 43% answer that they upcycle, 44% answer that they recycle, 60% answer that they resell, and 91% answer that

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<sup>20</sup> See Figure 6 in Appendix 2

<sup>21</sup> See Table 6 in Appendix 2

<sup>22</sup> See Table 7 in Appendix 2

<sup>23</sup> See Table 8 in Appendix 2

they rent out their products. Meanwhile, 33% of those in the age range 18 to 22 recycle, only 14% upcycle, 16% resell, 0% rent their products afterward, and just 14% of those between the ages of 27 and 35 upcycle, 9% rent out, and 17% resell. However, we also observe that 53% of that age group still throws out the products when they want to dispose of the product in contrast to the 29% of age group 18 to 22 and 12% of age group 27 to 35. So, we can tell that the age group 23 to 27 are the most active in sustainability when it comes to end of life of products, but at the same time they are also the most wasteful. When analyzing the data based on occupation<sup>24</sup>, we notice that full-time employees are more likely to resell and rent out, where 55% of the rent out and 50% resell their products, meanwhile students are more likely to donate their products or throw them out, whereas 51% of them donate and 59% just throw out their products. When we analyze how income<sup>25</sup> affects their choices however, we notice that there is no pattern when it comes to income, except that people that earn more (those with annual net income of 12,000 to 24,000 U.S.D.) are more likely to throw out their products as 59% of them chose that option. When examining the gender<sup>26</sup> factor, however, we notice that 80% of men in comparison to 20% of women, chose the “other” option and when asked to specify almost all of them wrote a variation of “keeping the product”.

### *12.2.2. Common Questions:*

In this section we will analyze 3 main questions that indicate the behavior pattern that this audience falls under. The first question is “**Do you conduct research on a luxury fashion brand before shopping there?**”, the purpose of this question is to understand how careful the target audience is when choosing the luxury fashion brand. Is this audience aware of the behavior of this brand, or do they not care to know? The analysis of the results on the age group<sup>27</sup> indicated that the highest percentage of respondents that answered “yes” were those that belonged to the age range 23 to 27, where 60% of respondents said yes, followed by respondents from the age group of 27 to 35, where 50% answered yes, and lastly, respondents belonging to the age range between 18 and 22, where 44% answered yes. In this case, it’s difficult to pinpoint the reason why they vary, however it sheds light on that young people are indeed paying attention to the behavior of the luxury fashion brands they want to purchase from. As for

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<sup>24</sup> See Figure 7 in Appendix 2

<sup>25</sup> See Figure 8 in Appendix 2

<sup>26</sup> See Figure 9 in Appendix 2

<sup>27</sup> See Figure 10 in Appendix 2

occupation<sup>28</sup>, we see that 63% of full-time employees and 47% of students in this sample, conduct research on luxury fashion brands before purchasing from them. Meanwhile, when observing this data set across the different income ranges<sup>29</sup>, we notice a trend: the higher the income, the more likely the respondent will conduct research on the brand before purchasing from them. 49% and 48% of respondents that earn less than 12,000 U.S.D. and between 12,000 and 24,000 U.S.D. respectively in annual net income answered yes, in comparison to the 74% of respondents that earn between 24,001 and 50,000 U.S.D.

The next question's intention was to gain insight on how the target audience views the luxury fashion industry, a Likert-scale question "**How would you rate the environmental and social impact of the luxury fashion industry?**<sup>30</sup>" where the answers varied between "a little harmful, but not the most harmful in the fashion industry" to "One of the most harmful industries". The answers to this question were similar across all demographic variables, regardless of age, occupation, income, and even gender, the bulk of the respondents answered that the industry is "harmful, as bad as other players in the fashion industry". This result indicates that the target audience is aware of the impact of the industry, even if it were to a certain extent.

The final question of the survey caters to understanding the likelihood of future behavior of the target audience. "**How likely are you to purchase from or continue purchasing from a luxury fashion brand if you discover they are unsustainable and/or unethical?**<sup>31</sup>" is another Likert-scale question that varies from "Always" where purchasing behavior would not change, to "Never" where the respondent claims they would boycott the brand. To discern the data better, the answers were differentiated between people that own luxury fashion products and people that do not. Out of the people that do own luxury fashion products, approximately 33% answered "sometimes" indicating that they would buy less and try to find better brands, meanwhile 42% of respondents that don't own luxury products said that they would never buy from that brand, even if they were likely to beforehand.

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<sup>28</sup> See Figure 11 in Appendix 2

<sup>29</sup> See Table 9 in Appendix 2

<sup>30</sup> See Exhibit 1 in Appendix 2

<sup>31</sup> See Exhibit 2 in Appendix 2

### 12.3. Analysis of Qualitative Data

To follow the quantitative data collected, we conducted 8 interviews from a similar target audience that offer more in-depth answers on their behavior. Within these 8 interviews, 87.5% were luxury fashion customers, and 12.5% were not customers, but prospective luxury fashion shoppers. With respect to their demographic information, 50% were males and 50% were females, 37.5% (3 out of the 8) consider themselves to belong to the high-income category, 37.5% (3 out of the 8) consider themselves as middle-income and 25% (2 out of the 8) consider themselves as low-income individuals, 50% were students, and 50% were full-time employees, and all of the individuals fall within the age-range of 23-27.

In this section, we will use descriptive analysis to understand more in-depth how luxury fashion current and prospective customers behave. Due to the nature of this method, the interviews followed a general guideline of question sequence, but there was no one format for all of them, often questions would be added or removed depending on the path the interview took, but regardless, the main objective of the interviews was achieved.

The introductory question to the interview was to **describe what luxury fashion meant** to each interviewee, most of the replies were associated to quality, exclusivity, and a high price tag:

*A luxury brand to me is equal to high level of quality but also a high price tag. I would say it's the equivalent of gold within the fashion industry. (middle-income female as exhibited in interview 8, appendix 3)*

*To me a luxury fashion brand is something that is a unique type of clothes or an outfit like a few people have it. (high-income male as exhibited in interview 3, appendix 3)*

When asked about the **reason the interviewee's buy, or want to buy luxury fashion products**, the most common answers were the quality and exclusivity that are associated with luxury fashion brands. This relates to the introductory question's answers about what luxury fashion meant to this sample:

*Because of the quality of course,(...). (low-income male as exhibited in interview 1, appendix 3)*

*It's because I can afford them, and sometimes there are some items that are released in small amounts that I own so I like to have those exclusive things. (high-income male as exhibited in interview 3, appendix 3)*

*For items that will last me a long time due to their quality (...). (high-income female as exhibited in interview 7, appendix 3)*

*I like the tailored look and the nice fabrics (...) I like to have good quality clothes for practical reasons also (...). (low-income female as exhibited in interview 5, appendix 3)*

Afterwards, the interviewees were asked about their opinion on **whether luxury fashion was sustainable**, most of the interviewees said that although some brands are trying to be sustainable, the overall industry is not, while others pointed out that they've been seeing a movement in the industry towards sustainability, and so they believe it is possible in the future:

*I think that luxury fashion wasn't sustainable, however I see that they are moving towards sustainability, I've read articles about different brands that are working on their supply chains and materials trying to become more eco-friendly. I think we are going towards that direction. (middle-income female, as exhibited in interview 8, appendix 3)*

*I don't think they are related. I don't think luxury fashion brands are even aware of sustainability. For example, I worked at (Lebanese luxury fashion designer brand) and I never saw sustainability efforts. Now I work for (Sustainable fashion NGO) and I can feel the value for sustainability(...)No, you cannot guarantee their sustainability as they are not transparent enough. They also have big stocks of fabrics which leads to fabric waste. (low-income male as exhibited in interview 1, appendix 3)*

When asked about what they think is the **main issue that luxury fashion brands face when they want to become sustainable**, 37.5% said it was because of "greed", or in other words they do not want to lose their high profit margins,

*I think the biggest issue they'll face is losing out on their profit margin (...) I don't think they will be able to increase the prices for sustainability purposes, it will make them look bad. (low-income female as exhibited in interview 5, appendix 3)*

*I think the greatest issue is the greed of these brands and their aim to yield the biggest possible profit they can from their luxury items. (high-income male)*

*That would be because a lot of the materials aren't sourced in an acceptable way. Such as diamonds, or the titanium that they use. I think the major issue would be that they will have to raise their prices.(high-income male as exhibited in interview 3, appendix 3)*

The lack of available sustainable solutions,

*I think the biggest issue they are facing at the moment is finding truly sustainable alternatives to the most polluting textiles such as wool, fur, leather. (high-income female as exhibited in interview 7, appendix 3)*

The lack of light being shed on these brands,

*I think a big issue is that their customer group does not care enough and thus is not pushing them towards change (...) Also, many consumers wrongly believe that the higher price is due to better manufacturing conditions in terms of worker rights and materials*

*used, when in fact the conditions are often the same to cheap fashion brands. (middle-income female, as exhibited in interview 6, appendix 3)*

And 25% discussed the “ideology” of the brands and their image to the public,

*I believe the ideology of the brands and their vision and main values from when they first started were never related to sustainability, and so I believe it's hard for them to care about these issues.(low-income male as exhibited in interview 1, appendix 3)*

*I think they want to move in a sustainable approach but at the same time they don't want to jeopardize the quality and they don't want people's opinions to change of them(...)  
(middle-income female as exhibited in interview 8, appendix 3)*

The interviewees were then asked a theoretical question regarding their purchasing behavior, by giving them the case that “**your favorite brand's competitor has taken the path of sustainability, and is achieving great strides, if you were offered the same quality would you switch brands?**”, which resulted in 75% of the responses had indicated that the target audience is either already a sustainable fashion consumer, or is willing to make the switch and 25% of the responses suggested no change in behavior, and that they would not switch because they care more about the name of the brand and the style of the products.

*No, if the brand that's sustainable is one that I don't like its products, then I will not switch, but if it's between 2 brands that I like then I will switch. (low-income male, as exhibited in interview 1, appendix 3)*

*Yes definitely, it would be showing me that it cares about these issues which would in my opinion be a huge competitive advantage when I see that other brands don't want to take the steps to become more sustainable. (high-income male as exhibited in interview 3, appendix 3)*

*I don't think it's going to affect my purchasing behavior, since I'm purchasing the brand for its name, so even if it became more sustainable and used cheaper material let's say, it's still going to have a pretty good quality since it's not going to risk losing their audience.(high income male as exhibited in interview 4, appendix 3)*

*If I see luxury fashion brands being sustainable, I would be interested (so long as quality matches the same level as before) and more inclined towards it. So long as I still receive the same benefits as before, I would go for luxury fashion brands that are sustainable more than those that are not (middle-income female, as exhibited in interview 8, appendix 3)*

Consequently, interviewees were asked about their **willingness to pay a premium if luxury fashion brands raised their prices upon becoming sustainable**, and 37.5% responded that they would refuse to purchase the product for a premium, claiming that it should be the job of brands to be sustainable, especially when they luxury fashion brands with high profile,

meanwhile 62.5% of respondents claimed that sustainability is either already important for them which encourages them to save up for the product or to directly pay it if they are capable:

*Sustainable products should be cheaper, no? Regardless, I am not willing to pay extra for that product, because the bulk of the cost is because of the brand name, not in the cost of the product. And so, they should be sustainable because they can, but not at the expense of customers.(high-income male as exhibited in interview 2, appendix 3)*

*No. Absolutely not. The items are already overpriced, and the industry knows this. They cannot justify raising the prices anymore. I would rather buy the item elsewhere. (low-income female as exhibited in interview 5, appendix 3)*

*I think that luxury fashion at the moment has extremely high margins because the price is used as signaling of prestige while the manufacturing costs are rather low. As such, I would not be willing to pay a premium because I think the luxury brands are in a good position to change to more sustainability and it is their social responsibility to sacrifice profits. (middle-income female as exhibited in interview 6, appendix 3)*

*I think when we talk about luxury, we are looking for something different or something that has its own unique value, so having this product being sustainable will encourage me to pay premium even more now especially that being sustainable might become a trend in the coming future.(high-income male as exhibited in interview 4, appendix 3)*

*I am willing to pay a premium for products are sustainable, the sustainability factor makes it more worthwhile. I see sustainability as the way forward and towards the future and so, if it comes with a premium cost, I am willing to pay it.(middle-income female as exhibited in interview 8, appendix 3)*

*If I have the money, then I will not look at the price. If I can afford it, then I will buy it. Even if I must save up for it. (low-income male as exhibited in interview 1, appendix 3)*

### **13. Findings & Recommendations**

Within this study, we were able to discover some aspects of this target audience's behavior in relation to sustainability and luxury fashion, across the different demographic data. And due to the limitations mentioned in the introduction, some recommendations were also derived from the findings:

- Consumers belonging to the age group of 18 to 35, are in fact customers of the luxury fashion industry, especially those between the ages of 23 and 27.
- Young consumers who are working full time jobs are willing to spend a lot of their money on luxury fashion products.
- A considerable number of young consumers are interested in sustainability and consider it a highly weighted criteria when purchasing luxury fashion brands.

- According to the results of the survey question “how do you dispose of your luxury fashion products” targeted towards the luxury fashion customers segment of the survey respondents, we notice a contradiction in the segment of young adults, where although they show significant interest and action taken towards sustainable means of disposing products at their end of life, such as recycling, upcycling, reselling, and renting, they also show substantial amounts of action towards “throwing out” their products, which is inherently wasteful and harmful to the environment and so, these findings open the door to other authors and scholars to conduct a study about the disposal behavior of young consumers, we can see that there is a contradiction that would be nice to research and understand the reasoning behind.
- Another question from the survey, targeted towards all respondents is “Do you conduct research on a luxury fashion brand before shopping there?”. In this question’s results we see a relationship between the occupation of respondents and their answer, which initiates the discussion: Is this because full-time employees have more control over their finances so they can pick and choose?
- When the survey sample was asked to rate the sustainable performance of the luxury fashion industry, significant numbers on all demographic variables proved that the respondents were aware of how harmful the industry is, so young people are aware of the impact that the luxury fashion industry has on the environment and society.
- According to the in-depth interviews conducted, we can see that young consumers are more-often than not willing to switch from brands they are loyal to, if other brands provide them with similar quality and style, but through a sustainable path, even if it were for a premium price.

#### **14. Limitations and Scope**

This research paper discusses a specific segment of luxury fashion consumers, Gen Z and millennials, and because those born into Gen Z have not completely become financially stable the topic has yet to be introduced into the literature and scientific field. The reader is asked to take into account that this study is relatively new and although the habits of Gen Z have somewhat become established, it is constantly subject to change and evolution. This further encourages the reader to follow-up on this research topic and check for constant developments in the subject. Similarly, sustainability is an everchanging subject that is constantly developing with

new findings and new technologies, so it is important for the reader to note that the information provided in this document is limited to the current resources available and the discoveries in the subject to date. And so, because of these two points, it is strongly encouraged for future researchers to further develop this research topic with respect to Gen Z and Millennials consumer behavior with respect to sustainability, regardless of the industry.

This research paper aims at understanding the underlying behavior of consumers towards sustainability when making decisions about luxury fashion brands. And although this topic is partially covered, due to the lack of resources and time, a more in-depth analysis of consumer behavior according to country of residence could develop this paper even further, as well as in-depth studies conducted along with luxury fashion brands could help develop the industry and provide insight with regards to the direction it should take when it comes to sustainability.

## Conclusion

The number of young customers within the luxury fashion market is growing, and with it the expectations for sustainability. And in turn, this research paper's purpose was to understand how the sustainability of a luxury fashion brand can affect consumer behavior in young luxury fashion customers, specifically those described as Gen Z and Millennials. In order to understand and analyze this topic, the main research subject was divided into 5 main research questions as described in the introduction.

By analyzing the existing literature and scientific findings of previous authors about luxury fashion, sustainability, consumer behavior, and the behavior of young consumers, and with the customer behavior analysis that was collected through the qualitative and quantitative research methodology conducted, it was possible to answer 4 of the 5 main questions:

R1: What are the steps that luxury fashion brands are taking to adopt sustainability within their practices? With the help of the theory of many scholars and innovative sustainable fashion platforms, we were able to distinguish multiple tools and actions that luxury fashion brands are taking and can take to embrace the path of sustainability and minimize their impact on both environmental and societal elements.

R2: How much do these luxury fashion customers prioritize the sustainability actions of a luxury fashion brand? Proven through both theoretical and practical research, we were able to deduct that a considerable amount of luxury fashion customers that are Gen Z and Millennials, care about sustainability "moderately to extremely high".

R3: How are these customers of luxury fashion brands adopting sustainability from their end? This question was contradictory in the literature, as many different authors argued about the stance of the younger generation on sustainability, and through practical research we also faced a contradiction when it came to the disposal of the products, which is why more research could be done to gain more insight on the subject, however through the practical and theoretical research we observe that the younger generations are taking initiative and embracing the opportunities that allow them to be more sustainable from their ends.

R4: What kind of behavior do these luxury fashion customers reveal, when offered alternatives to their favorite luxury fashion brands? The qualitative in-depth interviews conducted had

targeted loyal luxury fashion brand customers and described a case mentioned in the qualitative analysis section of the paper that proved that young customers are likely to switch to sustainable brands, given that their quality and style needs are met.

R5: How can brands utilize consumer behavior towards sustainability to build better relationships with the growing customer base? Due to the limitations presented in the introduction, this research study was not able to answer this research question.

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## Appendix 1- Secondary Data



Figure 8-The 17 SDGs (United Nations, 2015)

Authors	Date Delimitations of the Millennial Generation
Howe and Strauss (1991)	Young born between 1982 and 2004
Smola and Sutton (2002), Sullivan and Heitmeyer (2008), Yeaton (2008)	Individuals born between 1979 and 1994
Crampton and Hodge (2009)	Individuals born between 1980 and 1999
Time magazine (2013)	Individuals born between 1980 and 2000
The New-York Times (2015)	Young born between 1981 and 1997

Table 1 \_Date Delimitations of Millennials According to Different Authors (Moreno, 2016)

Source	Gen Z Age Range
Pew Research	from 1997 onward is part of a new generation
The Guardian	Gen Z, a term used to refer to people born between 1997 and 2012
Beresford Research	Born between 1997 – 2012
KASASA	born between 1997 and 2012

Table 2 \_Date Ranges of Gen Z-ers According to Different Authors

## Fashion Industry Charter for Climate Action:

### Recognizing that:

- the Paris Agreement represents a global response to the scientific consensus that human activity is causing global average temperatures to rise at unprecedented rates;
- the Paris Agreement, in enhancing the implementation of the United Nations Framework Convention on Climate Change (UNFCCC), brings together Parties under a common framework to aim to hold the increase in the global average temperature to 1.5°C above pre-industrial levels, as recommended by the IPCC<sup>32</sup>;
- the goals agreed in the Paris Agreement translate to achieving net-zero GHG Emissions in the second half of the twenty-first century. The fashion industry, as a major global player, needs to take an active part in contributing to the realization of these goals;
- climate action under the Paris Agreement requires commitment, ingenuity, and finance engagement by policymakers, the private sector and finance community;
- delivering on the climate agenda also contributes to the broader Sustainable Development Goals;
- current solutions and business models will not be sufficient to deliver on the current climate agenda. Fashion industry needs to embrace a deeper, more systemic change and scale low-carbon solutions;
- the fashion industry stakeholders have a role to play in reducing climate emissions resulting from their operations, with an awareness that the majority of climate impact within the industry lies in manufacturing of products and materials;
- all companies, within fashion, retail and textile global value chain, regardless of size and geography, have opportunities to take actions that will result in a measurable reduction in greenhouse gas (GHG) emissions;

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<sup>32</sup> Paris Agreement, Article 2

- actions that reduce GHG emissions are consistent with, among other things, expanding economic opportunity, using resources more efficiently, driving economic competitiveness and innovation, and strengthening resilience;
- responding to climate change requires action on both mitigation and adaptation, with special regards to those that are most vulnerable.

My company commits to:

1. Support the ambition of the Paris Agreement in limiting global temperature rise to 1.5 degrees Celsius above pre-industrial levels by selecting one of the two options (a or b):
  - a. Setting SBTi<sup>33</sup> approved science-based emissions reduction targets on scope 1, 2 and 3 within 24 months, in line with the latest criteria and recommendations of the SBTi; and commit to achieving net zero emissions no later than 2050;

OR

- b. Setting at least 50 per cent absolute aggregate GHG emission reductions in scope 1, 2 and 3 of the Greenhouse Gas Protocol Corporate Standard, by 2030 against a baseline of no earlier than 2019 and commit to achieving net zero emissions no later than 2050;
2. Quantify, track and publicly report our GHG emissions on annual bases via CDP, consistent with standards and best practices of measurement and transparency;
3. Within 12 months submit relevant reduction pathway plans for the selected 2030 goal under commitment 1, as well as plans for goals 4-13, and provide updates every 3 years thereafter;

To support delivery of these targets my company commits to:

4. Ambitiously pursue energy efficiency across its own operations and value chain, for scope 1, 2 and 3 emissions;
5. Secure 100% of electricity from renewable sources with minimal other environmental or social impacts, for owned and operated (scope 2) emissions by 2030;
6. Source 100% of priority materials that are both preferred and low climate impact by 2030, ensuring that these do not negatively affect other sustainable development goals.

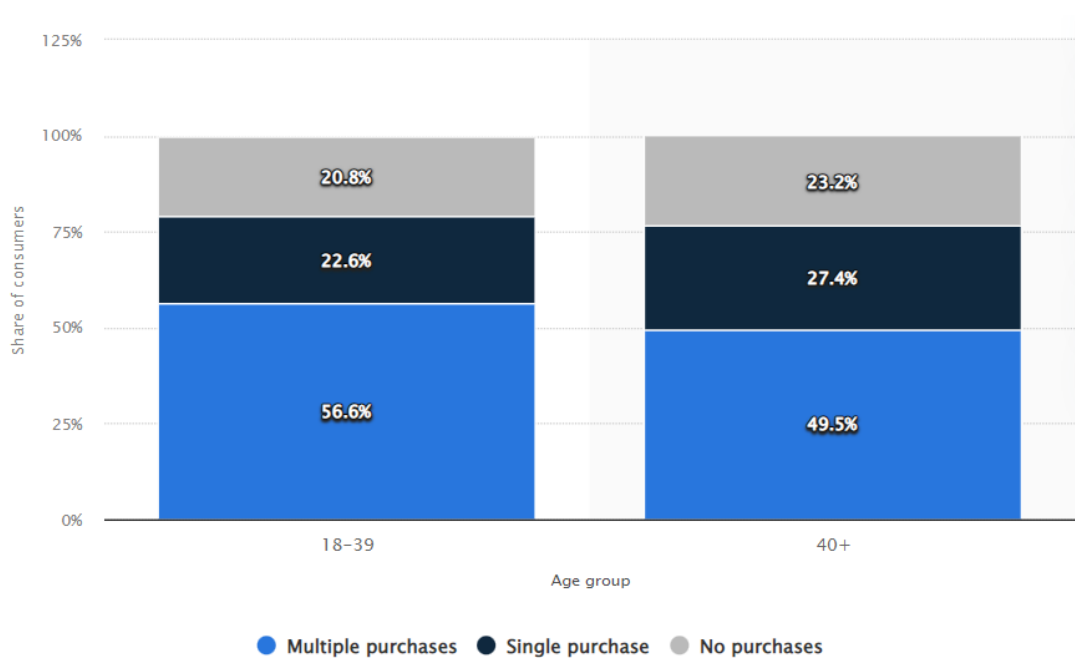
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<sup>33</sup> Science Based Targets Initiative

This includes pursuing materials that are closed loop recycled, deforestation free and conversion free in their origins, apply regenerative practices, and that relevant verification and impact measurement mechanisms have been applied;

7. Creating engagement and incentive mechanisms for all relevant supplier sites (Tier 1 and 2 sites for brands and immediate sub-suppliers for producers) to implement approved science based aligned targets by the end of 2025 (as outlined above commitment 1. a), or to adopt a 50% absolute target by 2030 and net zero by 2050 (as outlined above in commitment 1.b);
8. Phasing out coal from owned and supplier sites (Tier 1 and Tier 2 for brands and immediate sub-suppliers for producers) as soon as possible and latest by 2030, including no new coal power by January 2023 at the latest, and creating engagement and incentive mechanisms for all relevant suppliers to support phase-out;
9. Commit to developing and implementing a company climate policy advocacy plan for net-zero emissions, aligning with collectively developed Fashion Charter policy recommendations including calling on governments to develop ambitious strategies that chart a clear path to achieving interim 2030 targets and net-zero emissions by 2050 at the very latest, and identifying relevant policy levers to support low carbon technologies and uptake of renewable energy;
10. Actively engage in building dialogue with financial institutions to share specific industry funding needs for delivery on shared Charter activities and increase understanding of investment needs and available funding sources for the industry transition;
11. Work with logistic service providers to transition to zero emission air, sea and road logistics for own and contracted transportation – including selecting logistics partners with transparent emissions data and goals to achieve zero emissions solutions, and reconfiguring company logistics plans for optimal GHG impact;
12. Align consumer and industry communication efforts to a 1.5-degree or SBTi compatible pathway, as set out by the Paris Agreement Goals, as well as a more just and equitable future;
13. Actively support the UN Climate Change secretariat and other Charter signatories in efforts to deliver shared Charter goals and manage the tracking and recognition of progress of the commitments outlined in the Fashion Industry Charter for Climate Action.

*Where delivery of commitments (4-13) is demonstrably not possible due to technical limitations (e.g. for example that renewable energy is not available to privately purchase in your geography) for the specific signatory circumstances, UN Climate will review these circumstances and may approve that signatories instead demonstrate active contribution to Charter efforts to eliminate the relevant barriers. This process will be outlined in a separate document.*



*Figure 2-The Distribution of Respondents by Age Group*

### Appendix 2- Primary Data- Survey

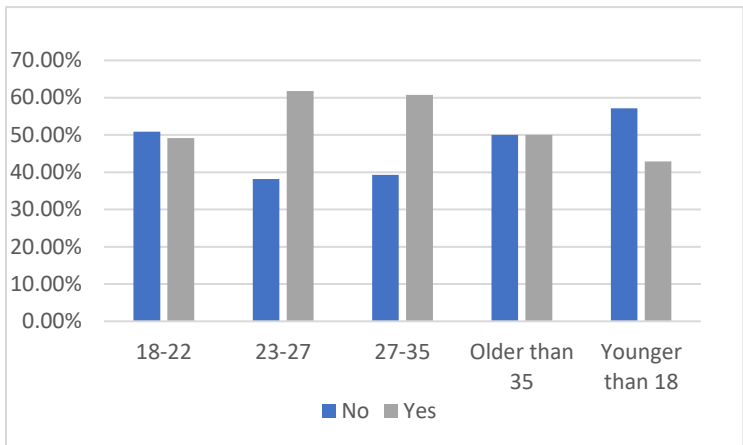


Figure 1-Distribution of Fashion Luxury Ownership per Age Group

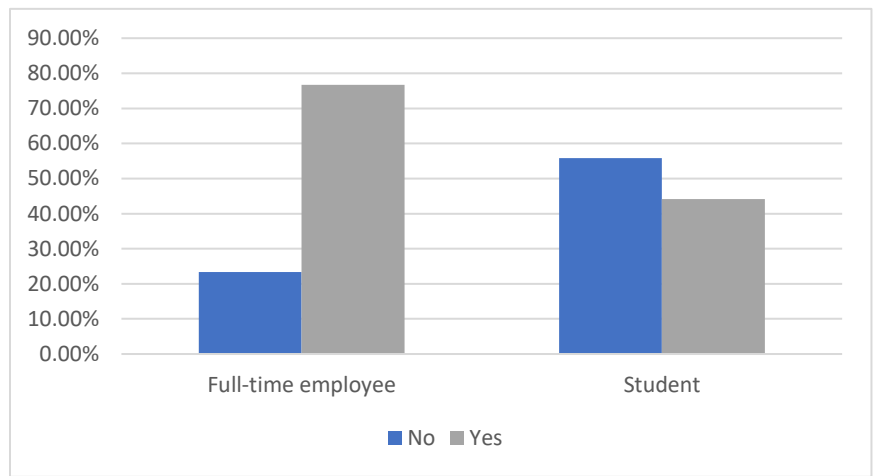


Figure 10-Distribution of Fashion Luxury Ownership Per Occupation

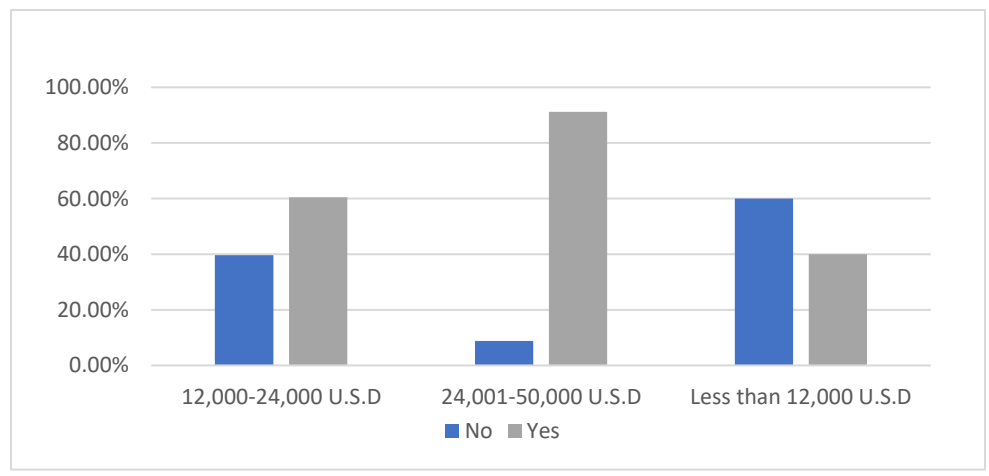


Figure 9-The distribution of Luxury Fashion Product Ownership vs Net Annual Income

How Many Luxury Products do you Own	18-22	23-27	27-35
1-3	71.43%	34.55%	41.18%
4-7	17.86%	29.09%	29.41%
8-10	3.57%	20.00%	17.65%
More than 10	7.14%	16.36%	11.76%

Table 1\_ "How Many Luxury Products do you Own?" per Age Group

How Many Luxury Products do you Own	12,000-24,000 U.S.D	24,001-50,000 U.S.D	Less than 12,000 U.S.D	More than 50,000 U.S.D
1-3	48.28%	32.26%	59.52%	0.00%
4-7	34.48%	38.71%	21.43%	10.00%
8-10	10.34%	16.13%	11.90%	40.00%
More than 10	6.90%	12.90%	7.14%	50.00%

Table 2\_ "How Many Luxury Products do you Own?" per Net Annual Salary

How Many Luxury Products do you Own	Student	Full-time employee
1-3	53.06%	39.13%
4-7	24.49%	30.43%
8-10	12.24%	17.39%
More than 10	10.20%	13.04%

Table 3\_ "How Many Luxury Products do you Own?" vs Occupation

How Many Luxury Products do you Own	Female	Male
1-3	40.98%	47.06%
4-7	26.23%	31.37%
8-10	19.67%	9.80%
More than 10	13.11%	11.76%

Table 4\_ "How Many Luxury Products do you Own?" vs Gender

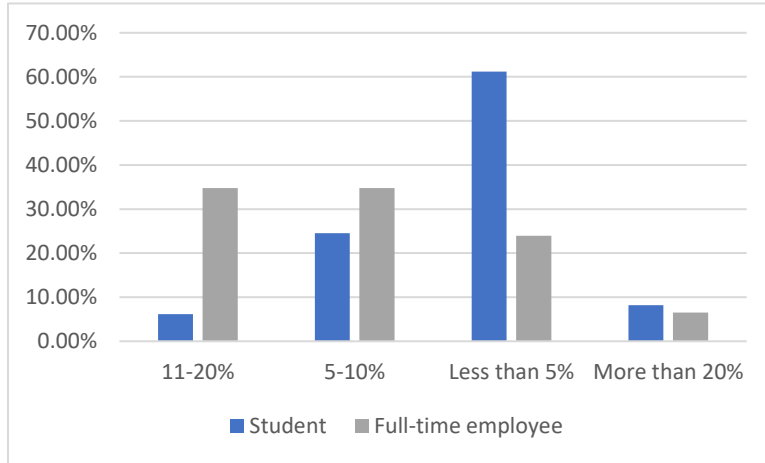


Figure 11-How much of your Annual Net Income do you spend on Fashion luxury products per Occupation

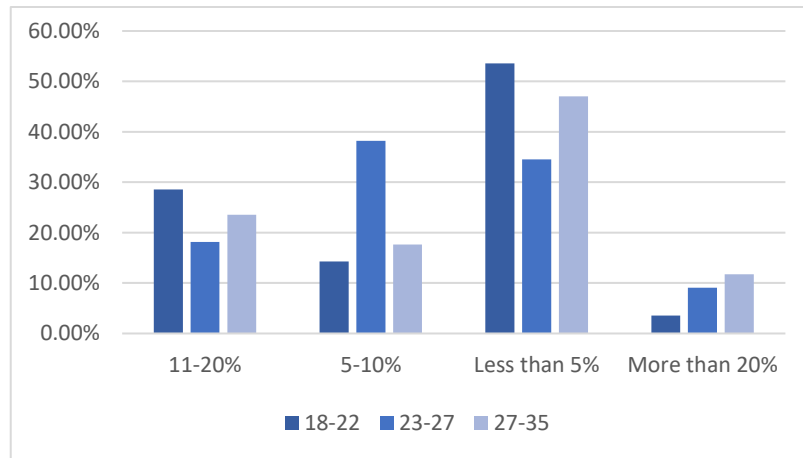


Figure 12-How much of your Annual Net Income do you spend on luxury fashion products per Age Group

How much of your annual income do you spend on luxury fashion brands?	12,000-24,000 U.S.D	24,001-50,000 U.S.D	Less than 12,000 U.S.D
11-20%	17.24%	38.71%	4.76%
5-10%	37.93%	38.71%	23.81%
Less than 5%	44.83%	16.13%	61.90%
More than 20%	0.00%	6.45%	9.52%

Table 5\_ "How much of your annual income do you spend on luxury fashion brands?" vs annual net income

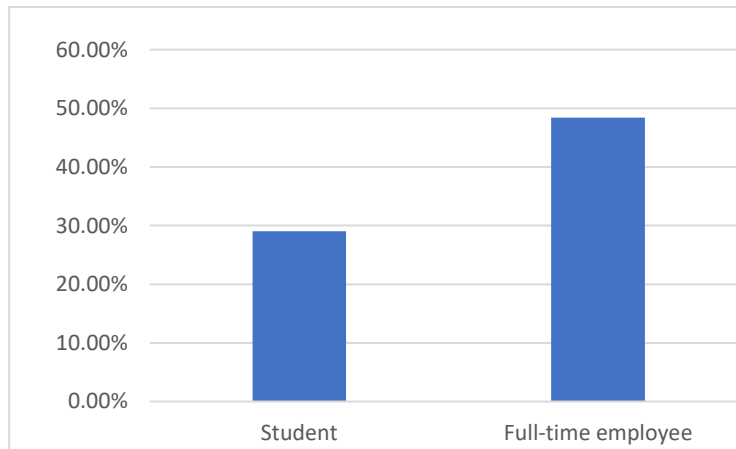


Figure 13-Occupation of Respondents asked "pick the criteria they take into consideration when purchasing a luxury fashion product"

Age Range	What are your criteria to choosing the luxury fashion brands? /Sustainability efforts
18-22	19.35%
23-27	51.61%

Table 6\_\_Respondents that pick "Sustainability efforts" as criteria they consider when purchasing luxury fashion products vs Age Range

Annual Net Income	What are your criteria to choosing the luxury fashion brands? /Sustainability efforts
12,000-24,000 U.S.D	35.48%
24,001-50,000 U.S.D	32.26%
Less than 12,000 U.S.D	19.35%

Table 7\_\_Respondents that pick "Sustainability efforts" as criteria they consider when purchasing luxury fashion products vs Annual net income

How do you dispose of your luxury fashion products?	18-22	23-27	27-35
Sum of Upcycle (reuse the material in such a way as to create a new product.)	14.29%	42.86%	14.29%
Sum of Recycle (turning old fashion items into reusable material by returning them to the brand for example)	33.33%	44.44%	0.00%
Sum of Rent out	0.00%	90.91%	9.09%
Sum of Resell	15.52%	60.34%	17.24%

Table 8\_"How do you dispose of your luxury fashion products?" vs Age range

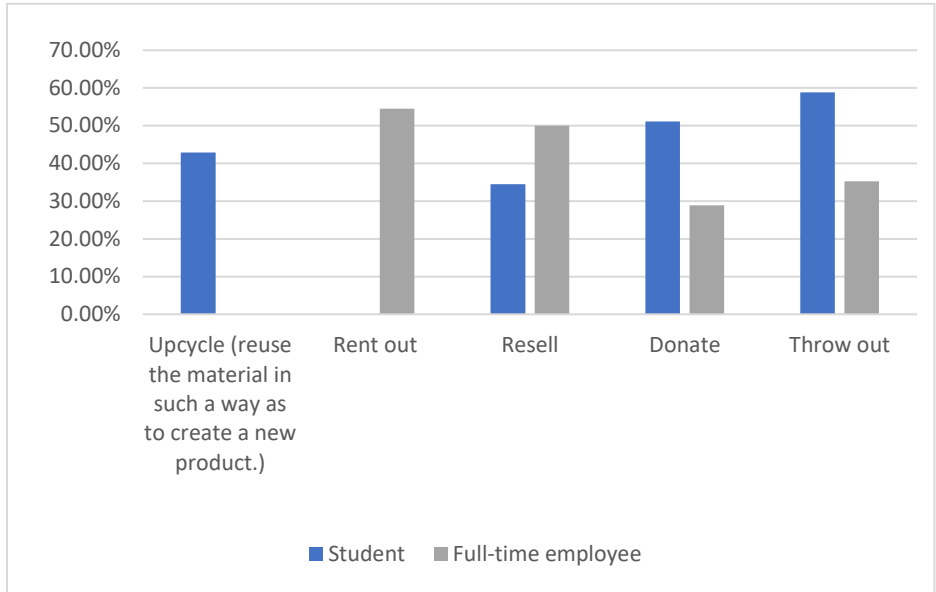


Figure 15-How do you dispose of your luxury fashion products?" vs Occupation

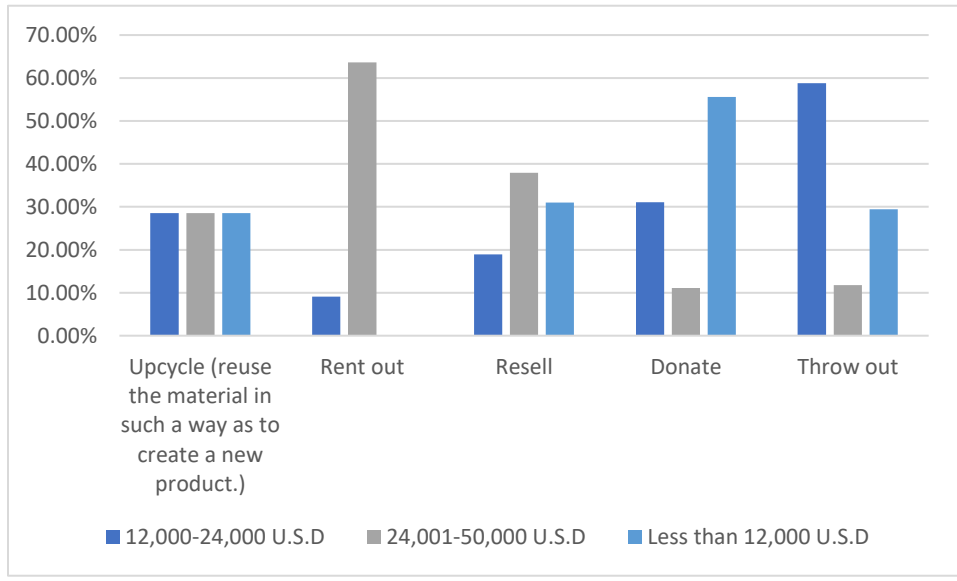


Figure 14-How do you dispose of your luxury fashion products?" vs Income

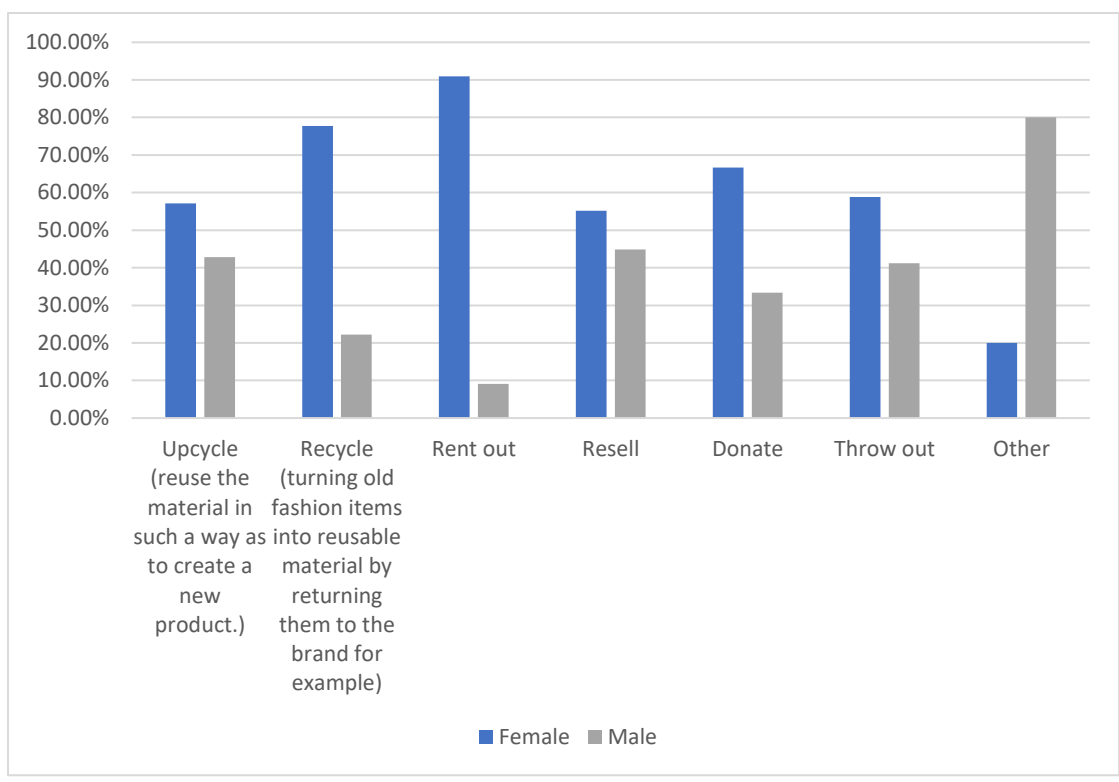


Figure 16-How do you dispose of your luxury fashion products?" vs Gender

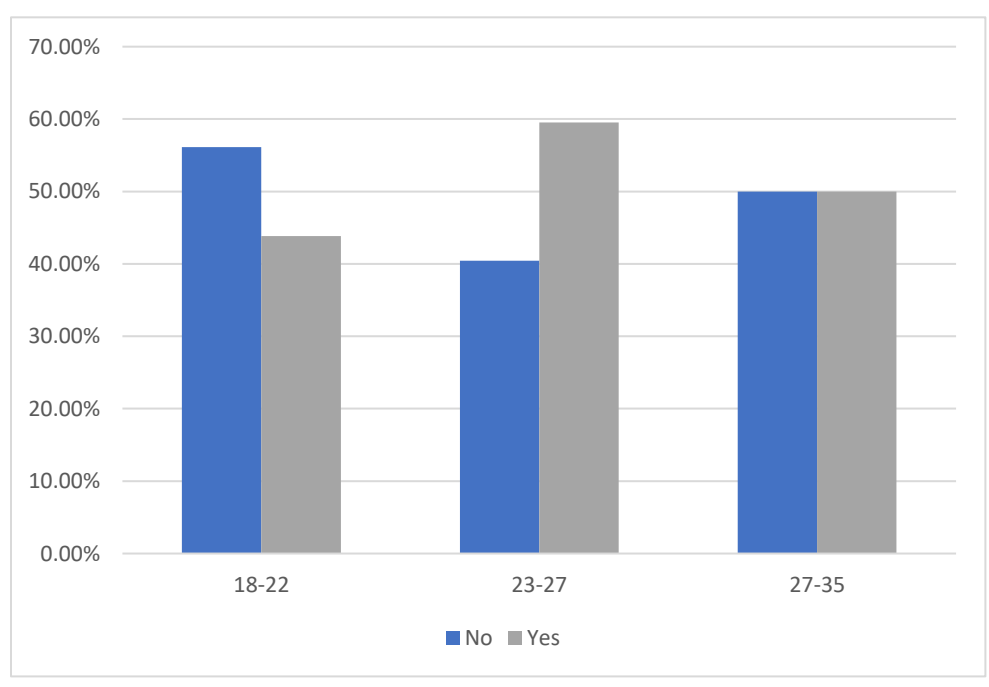


Figure 10-Do you conduct research on a luxury fashion brand before shopping there? vs Age Group

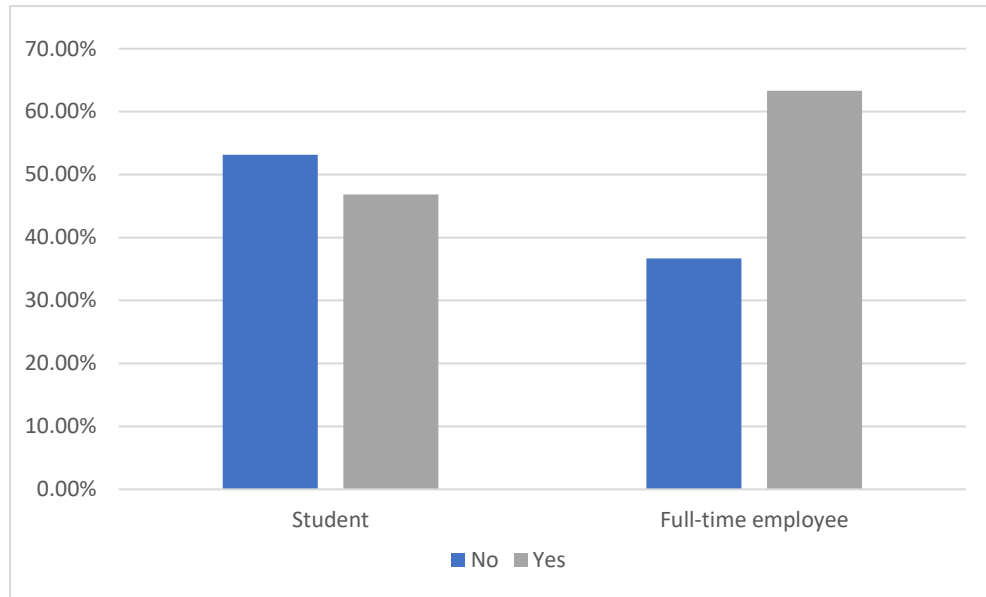
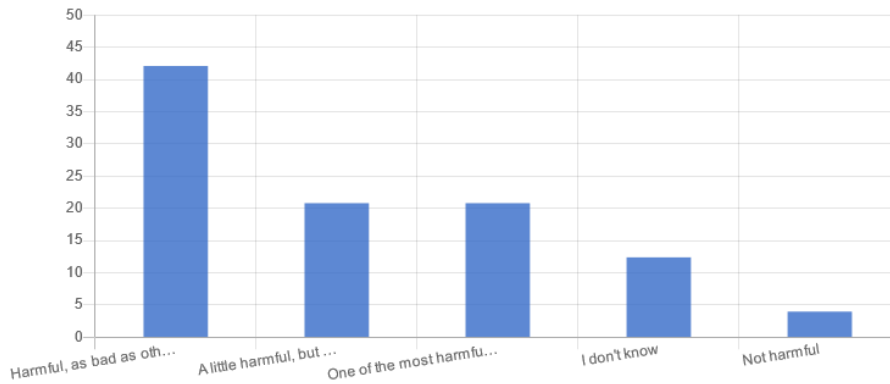


Figure 11- Do you conduct research on a luxury fashion brand before shopping there? Vs Occupation

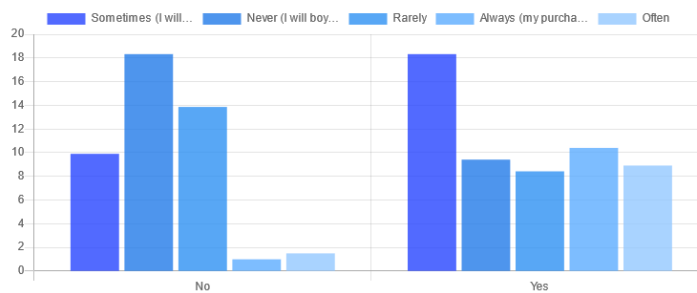
Do you conduct research on a luxury fashion brand before shopping there?	12,000-24,000 U.S.D	24,001-50,000 U.S.D	Less than 12,000 U.S.D
No	52.08%	26.47%	51.43%
Yes	47.92%	73.53%	48.57%

Table 9\_ "Do you conduct research on a luxury fashion brand before shopping there?" vs Annual Net Income



Value	Frequency	Percentage
Harmful, as bad as other players in the fashion industry but not as harmful as other industries	85	42.08
A little harmful, but not the most harmful in the fashion industry	42	20.79
One of the most harmful industries	42	20.79
I don't know	25	12.38
Not harmful	8	3.96

Exhibit 1-How would you rate the environmental and social impact of the luxury fashion industry



	No	Yes
Sometimes (I will buy less and try to find better brands)	9.9	18.32
Never (I will boycott all their products)	18.32	9.41
Rarely	13.86	8.42
Always (my purchasing behavior will not change, and I will continue supporting these brands)	0.99	10.4
Often	1.49	8.91

Exhibit 2- How likely are you to purchase from or continue purchasing from a luxury fashion brand if you discover they are unsustainable and/or unethical?"

### **Appendix 3- Primary Data- Interviews:**

#### **1. Interview 1 with a Low-income, Male Luxury Fashion Buyer:**

Interviewer: Could you explain what a luxury fashion brand means to you?

Interviewee: I would say it's mainly high-end products that you buy to feel good and that you can show off

Interviewer: What attributes do you associate with luxury fashion?

Interviewee: The way it's made. It should be crafted by high skilled people and the fabrics should be of high quality

Interviewer: Do you own luxury fashion items?

Interviewee: Yes, items like small leather goods such as wallets and cross-body bags

Interviewer: Why do you shop luxury fashion?

Interviewee: Because of the quality of course, but I'm a normal person so I won't wear the items to work, I would wear it when I go to specific events with wealthy people to fit in and social status. I wouldn't wear something that costs the equivalent of two of my salaries to work for example.

Interviewer: Do you think luxury fashion is sustainable? Explain please

Interviewee: I don't think they are related. I don't think luxury fashion brands are even aware of sustainability. For example, I worked at (Lebanese luxury fashion designer brand) and I never saw sustainability efforts. Now I work for (Sustainable fashion NGO) and I can feel the value for sustainability. Because big brands are not meant to be aware even though they make a lot of money. However, I believe that because some brands are European (French example given), they have their own regulations.

Interviewer: But they manufacture in third world countries regardless

Interviewee: Yes, in terms of social issues I can understand, for example (French brand example) does some of its embroidery work in India, and so we would never know if a 13-year-old child is doing it.

Interviewer: So, do you think luxury fashion brands are sustainable?

Interviewee: No, you cannot guarantee their sustainability as they are not transparent enough. They also have big stocks of fabrics which leads to fabric waste.

Interviewer: What in your opinion is the greatest issue that the luxury fashion industry faces in its efforts to becoming sustainable?

Interviewee: I believe the ideology of the brands and their vision and main values from when they first started were never related to sustainability, and so I believe it's hard for them to care about these issues.

Interviewer: What about the pre-existing brands that are changing their visions and directing them towards sustainability by placing sustainability within their core values? Do you think there can be any issues that stand in their way?

Interviewee: Yes, time. I believe to change a system it takes a lot of effort and time; it cannot happen instantaneously. They need to start recruiting people that actually care about sustainability.

Interviewer: How do you see the industry of luxury fashion becoming more sustainable? Is it already moving that way or is it lagging?

Interviewee: Half-half. They are still not 100% familiar with how they should be sustainable .

Interviewer: You show a lot of interest in sustainability, does that mean that you consider a luxury fashion brand's sustainability effort before making a purchase? If you know a brand has a bad sustainability reputation, do you still purchase and turn a blind eye?

Interviewee: Sometimes I turn a blind eye if I really want the product. Depending on the brand specifically, if it's a brand whose style and design I really like then I will turn a blind eye to their sustainability reputation.

Interviewer: If you notice a luxury fashion brand you would not previously buy from becoming sustainable, while the brands you do like and buy from are not. Would you switch brands?

Interviewee: No, if the brand that's sustainable is one that I don't like its products, then I will not switch, but if it's between 2 brands that I like then I will switch.

Interviewer: Would you be willing to pay a premium if the brand you like became sustainable and raised their prices?

Interviewee: If I have the money, then I will not look at the price. If I can afford it, then I will buy it. Even if I must save up for it.

Interviewer: How does that affect your purchasing behavior?

Interviewee: The first thing I always ask myself before making a purchase is do I want to wear this. Will I wear this? I will not buy something just because it is sustainable when it does not suit my style.

Interviewer: Could you list from most important to least important what factors you take into consideration when making a luxury fashion purchase?

Interviewee: The style and design (would I wear this or not?), then the brand quality, then sustainability, and lastly the price

## **2. Interview 2 with a High-income, Male Luxury Fashion Buyer:**

Interviewer: Could you explain what a luxury fashion brand means to you?

Interviewee: In my opinion, a luxury fashion brand is defined by the consistency in the quality and the raw materials used in it as they signal a status, and it means getting what is best.

Interviewer: What attributes do you associate with luxury fashion?

Interviewee: Somehow perfect customer service quality and being unique and different from others.

Interviewer: Do you own luxury fashion items?

Interviewee: Yes, mainly watches and ready-to-wear clothing

Interviewer: Why do you shop luxury fashion?

Interviewee: The quality and design mainly for clothing, and quality and consistency when it comes to watches.

Interviewer: Do you think luxury fashion is sustainable?

Interviewee: The process of raw materials and transportation cost and carbon footprint

Interviewer: Could you expand on that?

Interviewee: Most of the luxury brand pick and choose the best parts or best raw materials to go into their final project or product and these parts may be from different countries which need some aviation or sea shipping which increase the carbon footprint, so I don't think so

Interviewer: Did you know many brands manufacture in third world countries? What's your opinion on that?

Interviewee: I think it's just a business structure to gain additional marginal profit, they don't have to pay high wages and so they have greater profits.

Interviewer: How do you see the industry of luxury fashion becoming more sustainable? Is it already moving that way or is it lagging?

Interviewee: I don't know enough, and I don't have a clear image regarding this.

Interviewer: Okay, if you were told that the industry is lagging in sustainability or that they are actively not participating in sustainable efforts. How would this affect your purchasing behavior?

Interviewee: It would have a clear effect on my purchasing behavior to be honest. there are many industries that should be more sustainable, far more than the luxury fashion industry.

Interviewer: If a brand you like for example is lagging in terms of sustainability, meanwhile another brand (that you would not usually opt for) of the same sector (luxury fashion) is making great strides to become more sustainable, how would you act?

Interviewee: If these sustainable efforts have some significant effect on the planet and it's creating a trend, I will consider switching if I receive a product that matches my style and quality.

Interviewer: As a consumer, do you think that the efforts that luxury fashion brands are putting into sustainability makes a difference in the way you view luxury fashion?

Interviewee: It would not downgrade my view of the brand, but rather enhance it. Especially in terms of environmental awareness for example, if they can market their product in an

environmental frame and say that they are more sustainable so we should shop from them, it would attract a lot of attention.

Interviewer: Would you be willing to pay a premium if the brand you like became sustainable and raised their prices?

Interviewee: Sustainable products should be cheaper, no? Regardless, I am not willing to pay extra for that product, because the bulk of the cost is because of the brand name, not in the cost of the product. And so, they should be sustainable because they can, but not at the expense of customers.

Interviewer: Could you list from most important to least important what factors you take into consideration when making a luxury fashion purchase?

Interviewee: The most important the thing is design/style, then the quality, then the brand name, and finally the customer service

Interviewer: Now that you've gained some knowledge about sustainability, will your purchasing behavior change?

Interviewee: No, it will remain the same until I see a trend in the whole industry.

### **3. Interview 3 with a High-income, Male Luxury Fashion Buyer:**

Interviewer: Could you explain what a luxury fashion brand means to you?

Interviewee: To me a luxury fashion brand is something that is a unique type of clothes or an outfit like a few people have it

Interviewer: What attributes do you associate with luxury fashion?

Interviewee: It's associated with exclusivity and being able to live a high-end lifestyle

Interviewer: Do you own luxury fashion items?

Interviewee: Yes, mainly watches.

Interviewer: Why do you shop luxury fashion?

Interviewee: It's because I can afford them, and sometimes there are some items that are released in small amounts that I own so I like to have those exclusive things.

Interviewer: Do you think luxury fashion is sustainable?

Interviewee: Since I work in waste management, I noticed that a lot of companies (luxury fashion and in general) are going to more sustainable ways. That was regarding the environmental factor about social you mean like stands against certain type of actions or people?

Interviewer: The social factor covers people issues such as the working conditions, wages, discrimination, child labor, etc....

Interviewee: Not all the brands, no. So, for example (Big luxury watches company) does not release their products in bulk. It takes them time to craft each watch by an artisan. And so, they don't have to waste so much or throw out since each watch is made specifically to order, that's why they have a waiting list.

Interviewer: In your opinion, what is the greatest issue that the luxury fashion industry faces in its efforts to become more sustainable? So, if for example (Big luxury watches company) was environmentally sustainable, they are still unsustainable in the sourcing of their raw material.

Interviewee: That would be because a lot of the materials aren't sourced in an acceptable way. Such as diamonds, or the titanium that they use. I think the major issue would be that they will have to raise their prices.

Interviewer: How do you see the industry of luxury fashion becoming more sustainable? Is it already moving that way or is it lagging?

Interviewee: It's still lagging, many companies still use leather from endangered animals a lot of the sweatshops are still working under super harsh conditions.

Interviewer: And why do you think these brands are not doing anything?

Interviewee: Mostly because there is still not a lot of light shed on the topic, and the industry hasn't faced enough pressures yet.

Interviewer: Okay, does knowing that brands are aware of the issues and choose to turn a blind eye affect your purchasing behavior?

Interviewee: Not really.

Interviewer: As a consumer, do you think that the efforts that luxury fashion brands are putting into sustainability makes a difference in the way you view luxury fashion?

Interviewee: Yes definitely, it would be showing me that it cares about these issues which would in my opinion be a huge competitive advantage when I see that other brands don't want to take the steps to become more sustainable.

Interviewer: Would you consider yourself a loyal customer of (Big luxury watches company mentioned before)?

Interviewee: Yes

Interviewer: If a competitor of this brand that has the same quality and exclusiveness were to choose a sustainable path, would you be willing to switch brands?

Interviewee: Yes

Interviewer: Would you be willing to pay a premium if the brand you like became sustainable and raised their prices?

Interviewee: Yes

Interviewer: Could you list from most important to least important what factors you take into consideration when making a luxury fashion purchase?

Interviewee: Primarily exclusivity, then size availability, and lastly the price

Interviewer: Now that you've gained some knowledge about sustainability, will it be a factor to consider when making a purchase?

Interviewee: Yes, I am about to google some companies that are actually sustainable so that I can help smaller companies that actually want to make a change.

#### **4. Interview 4 with a High income, Male Luxury Fashion Buyer:**

Interviewer: Could you explain what a luxury fashion brand means to you?

Interviewee: A luxury fashion brand is a brand that represents high quality and differentiation from other products in terms of uniqueness.

Interviewer: What attributes/ features do you associate with luxury fashion brands?

Interviewee: I would say the attributes associated are probably credibility, style (though not always), and partly the showoff side.

Interviewer: Do you own luxury fashion items?

Interviewee: Yes, I mainly own luxury shoes and some watches

Interviewer: Why do you shop luxury fashion?

Interviewee: When shopping for luxury fashion you guarantee that you're getting what you paid for in terms of quality/ uniqueness / and sometimes ROI ( return on investment). For example, some of the shoes I bought have quadrupled in price since the day I got them, and I could sell them as well if in good condition.

Interviewer: Do you think luxury fashion is sustainable?(sustainable includes environmental and social factors) Explain please

Interviewee: I think that recently a lot of brands are using recycled material in different aspects of fashion however there will always be a huge part that is not sustainable environmentally and socially.

Interviewer: What in your opinion is the greatest issue that the luxury fashion industry faces in its efforts to becoming sustainable?

Interviewee: I think the greatest issue is the greed of these brands and their aim to yield the biggest possible profit they can from their luxury items.

Interviewer: How do you see the industry of luxury fashion becoming more sustainable? Is it already moving forward or is it lagging?

Interviewee: I think if they stop focusing solely on profit and aim to produce good quality items while using more recycled items like (Big fashion brand) is doing in some of its shoes, it would be a great start.

Interviewer: How does that affect your purchasing behavior? Explain please

Interviewee: I don't think it's going to affect my purchasing behavior, since I'm purchasing the brand for its name, so even if it became more sustainable and used cheaper material let's say, it's still going to have a pretty good quality since it's not going to risk losing their audience.

Interviewer: As a luxury fashion consumer, are you willing to pay a premium for the products to be sustainable?

Interviewee: I think when we talk about luxury, we are looking for something different or something that has its own unique value, so having this product being sustainable will encourage me to pay premium even more now especially that being sustainable might become a trend in the coming future.

Interviewer: Could you list from most important to least important what factors you take into consideration when making a luxury fashion purchase?

Interviewee: For me, rarity comes first, then the quality, after that I would say the potential return on my investment, and lastly the style/design

Interviewer: Will your behavior towards luxury fashion brands change after this interview? Explain why please.

Interviewee: I don't think it's going to affect my behavior since my purchases are usually collectibles and rare items, hence being sustainable or not won't change my view towards these products.

##### **5. Interview 5 with a Low-Income Female Luxury Fashion Buyer:**

Interviewer: Could you explain what a luxury fashion brand means to you?

Interviewee: To me, any luxury brand is inaccessible to the general public. You must have to have a certain amount of income to access these types of brands. I am attracted to luxury fashion brands as they have a certain look and comfort to them. Indeed, luxury items do tend to be in more noble fabrics and are detailed in certain ways. There's a certain amount of craftsmanship and creativity that goes into designing luxury items. Also, a big point of luxury brands that I love is that they last longer. I have a luxury brand handbag, and I have been wearing non-stop for 4 years now. Luxury fashion is a type of club.

Interviewer: Do you own luxury fashion items?

Interviewee: Yes, I have a couple. I own luxury brands' makeup, I have a couple of pieces of clothing, some pairs of shoes and 2 handbags.

Interviewer: Why do you shop luxury fashion?

Interviewee: I like the tailored look and nice fabrics. I also like certain styles of fashion brands which I can't find elsewhere. I like to have good quality clothes for practical reasons also. For example, I own a coat made out of wool and it truly keeps me warm in the winter times.

Interviewer: Do you think luxury fashion is sustainable? Explain please.

Interviewee: In most cases, it is not. The working conditions are usually terrible. The origin of the materials is bad and made in terrible conditions also. And the prices are too high. The companies are very opaque on these types of practices and lack transparency when it comes to sustainability. And this is just for an exclusivity purpose.

Interviewer: What in your opinion is the greatest issue that the luxury fashion industry faces in its efforts to becoming sustainable?

Interviewee: I think the biggest issue they'll face is losing out on their profit margin. Indeed, on the road to sustainability, suppliers will have to change, and production prices will go up. Luxury brands can barely justify the prices today... I don't think they will be able to increase the prices for sustainability purposes, it will make them look bad. They will also have to integrate more transparency which will affect the exclusive image of the brands. Finally, I think the biggest environmental challenges will be water and waste.

Interviewer: How do you see the industry of luxury fashion becoming more sustainable? Is it already moving that way or is it lacking behind?

Interviewee: The fashion industry will face a lot of challenges as new up-and-coming brands are more sustainable and this will create competitiveness. The luxury fashion brands need to watch their water footprint and they also need to be responsible for end-of-life products. Currently, I feel that luxury fashion brands are only doing the strict amount of effort that is required of them by law. They need to do more, and, in this sense, they are lacking behind.

Interviewer: How does that affect your purchasing behavior?

Interviewee: First of all, I usually buy brand new luxurious clothing items from sustainable and transparent brands (there are a lot of Nordic country brands and Belgian brands that are 100% sustainable). Secondly, I buy a lot a luxury items second hand. I don't condone unsustainable behavior from luxury brands especially as they are not a first necessity.

Interviewer: As a consumer, do you think that the efforts that luxury fashion brands are putting into sustainability makes a difference in the way you view luxury fashion?

Interviewee: Well... I will still think it's overpriced and unreasonable. But if you have the money and it is not harming anyone, then why not? I love fashion and the creativity behind it and these designers should be recognized for their creativity. What they shouldn't be recognized for is their unsustainable practices. So yes. If luxury fashion brands were irreproachable on their sustainability practices, I would reconsider them.

Interviewer: As a luxury fashion consumer, are you willing to pay a premium for the products to be sustainable?

Interviewee: No. Absolutely not. The items are already overpriced, and the industry knows this. They cannot justify raising the prices anymore. I would rather buy the item elsewhere.

Interviewer: Could you list from most important to least important what factors you take into consideration when making a luxury fashion purchase?

Interviewee: The image and reputation of the brand, for example I wouldn't wear an Abercrombie jumper if you paid me, then the design/style of a product, then the fabric whether it's easily washable or not and how durable the fabric is, the price, the sustainable practices of the brand, and the client services provided

#### **6. Interview 6 with a Middle-Income Female Luxury Fashion Shopper:**

Interviewer: Could you explain what a luxury fashion brand means to you?

Interviewee: A luxury brand for me is aimed at customers of the middle and high-income class. The product prices start at around 150 Euro per piece.

Interviewer: Do you own luxury fashion items?

Interviewee: Yes, I own clothing, shoes, and handbags from Tommy Hilfiger, Guess and Michael Kors.

Interviewer: Why do you shop luxury fashion?

Interviewee: I shop luxury fashion when the design appeals me but also due to the signaling of more long-lasting quality which would be more sustainable for me than buying a new item regularly. Also, well-known brands are a status symbol for me.

Interviewer: Do you think luxury fashion is sustainable? Explain please

Interviewee: No, I do not think luxury fashion is sustainable because there are many journalistic investigations published in the media that talk about unsustainable working conditions. Further, most luxury brands have a business model of fast fashion leading to extreme high waste production and pollution due to chemicals in the production.

Interviewer: What in your opinion is the greatest issue that the luxury fashion industry faces in its efforts to becoming sustainable?

Interviewee: I think a big issue is that their customer group does not care enough and thus is not pushing them towards change. Many consumers are still not aware of the huge negative impact on the environment by luxury fashion brands. Also, many consumers wrongly believe that the higher price is due to better manufacturing conditions in terms of worker rights and materials used, when in fact the conditions are often the same to cheap fashion brands.

Interviewer: How do you see the industry of luxury fashion becoming more sustainable? Is it already moving that way or is it lagging?

Interviewee: From my point of view, it is lagging, and the movement is not fast enough. I know that most brands have incorporated some sort of CSR strategy and report on their externalities. However, I do not know any luxury fashion brand that is already marketing their whole brand image as a sustainable brand. Thus, I think it is not incorporated in their core values but rather superficial and most likely green washing.

Interviewer: How does that affect your purchasing behavior?

Interviewee: I reduced the purchase of luxury brands tremendously when I became more aware of greenwashing about 3 years ago. I would like to buy luxury fashion only second hand.

However, the accessibility is reduced since I am living in a rather small town, and I do not know a good place to shop luxury fashion online.

Interviewer: As a consumer, do you think that the efforts that luxury fashion brands are putting into sustainability makes a difference in the way you view luxury fashion?

Interviewee: At the moment, I do not think so. If I would perceive a real change of the business model, for example to a product service system where a luxury brand includes maintenance and repair of the clothes into their business model and actively encourages less consumption, I would have a better perception of that brand then.

Interviewer: As a luxury fashion consumer, are you willing to pay a premium for the products to be sustainable?

Interviewee: I think that luxury fashion at the moment has extremely high margins because the price is used as signaling of prestige while the manufacturing costs are rather low. As such, I would not be willing to pay a premium because I think the luxury brands are in a good position to change to more sustainability and it is their social responsibility to sacrifice profits.

Interviewer: Could you list from most important to least important what factors you take into consideration when making a luxury fashion purchase?

Interviewee: Price, then the quality of the product and their endurance, and last the design

### **7. Interview 7 with a High-Income Female Luxury Fashion Shopper**

Interviewer: Could you explain what a luxury fashion brand means to you?

Interviewee: In the way I consume luxury, I believe luxury fashion is the guarantee that you are purchasing a durable, good quality product, as well as good service.

Interviewer: Do you own luxury fashion items?

Interviewee: Yes, I own different types of products from luxury fashion brands.

Interviewer: Why do you shop luxury fashion?

Interviewee: For items that will last me a long time due to their high quality and mostly brands I admire as a fashion student myself

Interviewer: Do you think luxury fashion is sustainable? Explain please

Interviewee: It depends. In terms of durability, if the item bought is a luxury item of quality, then that qualifies into sustainability. Every luxury item I have gotten I have worn for years after

purchase. It also works for brands that use the high profit margin to benefit their working force, but that's not the case for every brand. On the other hand, I believe leather and animal products in general (leather bags, exotic leather) are as far from sustainability as you can get.

Interviewer: What in your opinion is the greatest issue that the luxury fashion industry faces in its efforts to becoming sustainable?

Interviewee: I think the biggest issue they are facing at the moment is finding truly sustainable alternatives to the most polluting textiles such as wool, fur, leather.

Interviewer: How do you see the industry of luxury fashion becoming more sustainable? Is it already moving that way or is it lacking behind?

Interviewee: Some brands have started developing alternatives, especially to leather, such as Stella McCartney who has started using mushroom leather. Some luxury brands have also stopped using fur in the last year or two. But there is probably still a long way to go, as people still view things such as up-cycling and Zara's "JOIN LIFE" as sustainable options, when they're really not, and are both forms of greenwashing.

Interviewer: How does that affect your purchasing behavior?

Interviewee: I try my best to limit my purchases to thrifting, sewing myself, local ethical brands and some luxury wear.

Interviewer: As a consumer, do you think that the efforts that luxury fashion brands are putting into sustainability makes a difference in the way you view luxury fashion?

Interviewee: The brand who's doing this better than all the other ones is Stella McCartney.

Interviewer: As a luxury fashion consumer, are you willing to pay a premium for the products to be sustainable?

Interviewee: Probably, yes.

Interviewer: Could you list from most important to least important what factors you take into consideration when making a luxury fashion purchase?

Interviewee: The most important thing to me when I'm shopping luxury fashion is style, then the price, after that the ethicality and sustainability efforts of luxury fashion brands, and also how comfortable the products are.

### **8. Interview 8 with a Middle-Income Female future luxury fashion buyer**

Interviewer: Could you explain what a luxury fashion brand means to you?

Interviewee: A luxury brand to me is equal to high level of quality but also a high price tag. I would say it's the equivalent of gold within the fashion industry

Interviewer: Do you own luxury fashion items?

Interviewee: No, I do not own any luxury fashion items, I've been wanting to save up to get something but if I were to get a product it would be "THE" piece that would complete my wardrobe and would match many of my already owned items. I would love to shop luxury honestly, but I am not financially capable of being a customer of luxury fashion brands yet. However, I do visit many of the luxury stores to see the products, I check their websites online so that I'm always aware of what new products they have, that way when I am in a financial place where I can splurge on an item and treat myself, I would know what product I want.

Interviewer: Why would you want to buy a luxury fashion item?

Interviewee: Because of the quality they offer, and because I would want a product that's exclusive.

Interviewer: Do you think luxury fashion is sustainable? Explain please

Interviewee: I think that luxury fashion wasn't sustainable, however I see that they are moving towards sustainability, I've read articles about different brands that are working on their supply chains and materials trying to become more eco-friendly. I think we are going towards that direction.

Interviewer: What in your opinion is the greatest issue that the luxury fashion industry faces in its efforts to becoming sustainable?

Interviewee: I think they want to move in a sustainable approach but at the same time they don't want to jeopardize the quality and they don't want people's opinions to change of them. So, for example if a brand switches to vegan leather, I think they don't want people to view the brand differently or that their quality is downgrading.

Interviewer: How does that affect your purchasing behavior?

Interviewee: For me personally, I lean more towards brands that have sustainable approaches, because I think sustainable fashion is very interesting and very important and so brands that are sustainable attract me naturally, however I do know some people that don't want to see these brands moving in that direction and I think that's (consumer behavior) the main issue that stands in their way.

Interviewer: As a consumer, do you think that the efforts that luxury fashion brands are putting into sustainability makes a difference in the way you view luxury fashion?

Interviewee: If I see luxury fashion brands being sustainable, I would be interested (so long as quality matches the same level as before) and more inclined towards it. So long as I still receive the same benefits as before, I would go for luxury fashion brands that are sustainable more than those that are not

Interviewer: As someone who wants to buy luxury fashion products, would you be willing to pay a premium for the products to be sustainable?

Interviewee: I am willing to pay a premium for products are sustainable, the sustainability factor makes it more worthwhile. I see sustainability as the way forward and towards the future and so, if it comes with a premium cost, I am willing to pay it.

Interviewer: Could you list from most important to least important what factors you take into consideration when making a luxury fashion purchase?

Interviewee: The price of a product, the quality of the materials and whether the brand uses sustainable materials, I would say exclusivity as well, because I wouldn't want the same bag everyone else is wearing even if it were a luxury fashion brand, and also the style/design of the product.