

# **Sustainable Consumer Behavior and Its Impact on the Luxury Industry**

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<p>This thesis is a quantitative research of sustainable consumer behavior and its impact on the luxury industry. The objective of this research is to determine how consumers sustainable consumer behavior affects luxury brands, as well as to find out what luxury brands can do to anticipate, prevent and react to such changing consumer behavior.</p> <p>For decades, the luxury industry has been relatively unaffected by recessions and world crises. However, changes lie ahead, as consumers are becoming more aware of their consumption habits and strive to become more sustainable and climate friendly.</p> <p>The research was conducted with both primary and secondary sources. Data collection was carried out with a survey, which included quantitative questions and the option of qualitative answers. The theoretical framework of the thesis was built on theories regarding the luxury industry, sustainable luxury and consumer behavior. In the thesis, a SWOT analysis was created to suggest possible answers for the future of luxury goods, in relation to sustainable consumer behavior.</p> <p>The conclusion of the research is that although consumers strive to consume less and to do so more sustainably, the luxury industry has not been as affected by sustainability issues, as have other industries. Behind this lies three main factors: 1) consumers consume Luxury products infrequently. This means that they do not consume such products as often as they do other products. 2) Luxury products, in a certain way, can already be considered sustainable, as they are usually made of high-quality materials that last, and can even gain value over time. 3) The consumption of luxury products is based on an individual's feeling of want rather than need, which makes luxury products something the consumer sees rather as a reward, than as a necessity.</p> <p>In conclusion, the theoretical framework and the results of the survey correspond to each other. However, future research could deepen research related to consumer behavior and luxury consumption.</p>	
<b>Keywords</b> Sustainability, luxury industry, consumer behavior	

## Table of content

1	Introduction .....	1
1.1	Background.....	1
1.2	Objectives and limitations .....	2
1.3	Research method.....	3
1.4	Structure of thesis .....	4
2	Luxury industry.....	5
2.1	Levels of luxury .....	5
2.2	Characteristics of luxury.....	7
2.2.1	Heine's code of luxury .....	7
2.2.2	Eight P's of luxury marketing.....	8
2.3	Sustainable luxury industry .....	9
2.4	Limitations and opportunities of sustainable luxury .....	10
2.4.1	Affirmation.....	12
2.4.2	Convergence.....	13
2.4.3	Autonomy.....	13
2.4.4	Personalization .....	13
2.4.5	Symbolization.....	13
2.4.6	Imperialization .....	14
3	Consumer behavior.....	15
3.1	Influences on consumer behavior .....	15
3.1.1	Personal influences.....	16
3.1.2	Social influences .....	17
3.1.3	The unconscious.....	18
3.2	Consumer buying decisions .....	18
3.2.1	Need recognition.....	19
3.2.2	Information search .....	19
3.2.3	Evaluation of alternatives and the purchase.....	20
3.2.4	Post-purchase evaluation of decision.....	20
3.3	Sustainable consumer behavior .....	20
4	Conducting the research .....	22
4.1	Selecting research method .....	22
4.1.1	Questionnaire process .....	22
4.1.2	Collecting data .....	23
4.2	Analyzing results.....	23
4.2.1	General information.....	24
4.2.2	Luxury consumer behavior .....	27

4.2.3 Sustainable consumer behavior .....	29
5 Findings and outcome .....	33
6 SWOT analysis .....	34
7 Conclusion and recommendations .....	36
7.1 Reliability and validity.....	37
7.2 Suggestions for future research .....	37
7.3 Self-evaluation .....	38
References .....	39
Appendix 1. Survey .....	42

# 1 Introduction

Are luxury and sustainability antitheses or do they go hand in hand? This is a question that can be argued in both directions. The luxury industry originally presents craftsmanship and increased value over time, but is it sustainable?

For the last decades, luxury brands have been almost completely unaffected by world crises. While the world has had financial crises, recessions and increasing social inequality, the luxury industry has had a continuous success and growth. But with a change in the consumers' values, mind-set and consumption behavior the luxury industry could now be at higher risk to be affected. The following thesis is a quantitative research with an objective to outline the changed consumer behavior and what effects it has or will have on the luxury industry. Will luxury consumers begin to consume less luxury products, or will the position of the luxury industry remain the same as before? The concerns about sustainability issues are professed by many consumers, but there is still a gap between the concerns and the actual consumption behaviors and decisions. (Arnett 2019; Cervellon et al, 1; Han, Seo & Ko 2016, 1; Kapferer and Michaut 2015, 5)

## 1.1 Background

The climate changes have made consumers more aware and conscious of their consumption habits, as well as more critical towards business transparency and business values. The most concerned generation when it comes to social and environmental sustainability issues are millennials. A study from 2018 show that 87% of millennials believe that industries and companies should address environmental and social issues more. Although the luxury industry has been criticized for having lack of supply-chain transparency and animal exploration, their businesses have continued to bloom with no larger hits. This might be only temporary, since a bigger change in consumers consumption behavior might affect the luxury brands as well. The luxury brands may have to start taking responsibility and react to the opportunities to encourage sustainability in both manufacturing and marketing. (Athwal, Wells, Carrigan & Henninger. 2019, 1-2; Farrell, 2019)

The motivation behind this research is the growing sustainability awareness I have noticed in especially young adults. Many millennials are consuming much less and trying to be more ecological and environmentally friendly due to the climate change. Meanwhile, the luxury industry is blooming as ever before, and it has made me question if the luxury industry is affected by the changed consumer behavior. It also made me question how luxury brands could possibly react to this behavior. These questions awoke my interest in

sustainable luxury and the relation between sustainable behavior and luxury consumption habits.

## **1.2 Objectives and limitations**

The objectives of the research are to find insights in sustainable consumer behavior and if there is an impact on the consumption of luxury brands. In addition, the objective with the research is to reach an understanding in which way and how much a changed consumer behavior affects luxury brands, and what the luxury brands can possibly do to keep their position on the market. Lastly, the research objective is to get an insight in how luxury brands can anticipate, prevent or react to the changes in their consumers' behavior.

The scope of the research is limited to medium-level luxury brands and top-level luxury brands, as the concept of luxury is broad and interpreted in different ways. The research questions of the thesis are the following:

1. What is the impact of more sustainable consumer behavior on luxury brands?
2. How can luxury brands anticipate, prevent and react to a changed consumer behavior?

The research is conducted from the consumers' perspective. The theoretical framework in this thesis will be built on luxury industry and consumer behavior. The luxury industry framework includes Klaus Heine's theory on luxury brands, Miguel Gardetti's and Ana Torre's theory on sustainable luxury and Godart's and Seong's theory on fashion luxury brands. The consumer behavior framework consists of Solomon's et al.'s theory and Fahy's and Jobber's theory on consumer behavior.

The research will be built on primary and secondary sources, and a survey regarding luxury consumer behavior and sustainability will be designed. The context in which the research is carried out is mainly young adults and the sample group in the survey is narrowed down to students contacted through survey forums on Facebook.

The scope of the research is applicable to a specific age group but is not limited to the group only. The age group is individuals age 20 to 40. This group is chosen as young adults and millennials are the most concerned generation regarding sustainability and social issues but also those who often can afford luxury products. Survey responses outside the range will still be considered but the focal emphasis will be on candidates within the

group criteria. All consumer types are not researched since the study includes mainly students and millennials in working age. It is presumed that the survey will be answered by more females than males, and therefore the results of the survey can't be generalized.

For the objective of the thesis the scope of the research is focusing on a specific group of luxury products. These groups are medium-level and top-level brands as defined by Heine (2011, 66.) There is a wide spectrum of various categories within luxury goods, thus in this thesis the focus of the study will be on mainly luxury fashion and leather goods consumption. In the survey, all main categories of luxury goods are considered to be able to establish a pattern and see which category is consumed the most by the respondents.

The research has several limitations. Consumers buying behaviors can have several factors that can't be controlled but can potentially affect spending habits and buying power. Since the survey is shared on several worldwide forums on Facebook the background of the respondents remained unknown. These factors are good to acknowledge as limitations, as they can potentially affect the result drastically, but are variables that should be not requested to answer by the respondents as they are not relevant to the theoretical questions.

### **1.3 Research method**

The method used in this thesis is a quantitative research. The research is based on primary and secondary data and the framework covers concepts from luxury, sustainability and consumer behavior. In the research a survey is designed in order to provide suggested answers to the research questions. The framework consists of general consumer behavior and marketing models that are extended to fit the consumer behavior related to the luxury industry. In addition, theories regarding sustainable consumer behavior and sustainable luxury will be discussed.

While marketing theories of regular goods represent the four p's, price, product, promotion and place, luxury goods have an extensive theory of eight p's. This theory is important to order to understand the characteristics of luxury. Based on the results a SWOT analysis will then be created to identify what strengths, weaknesses, opportunities and threats changed consumer behaviors will have on the luxury industry.

#### **1.4 Structure of thesis**

The structure of the thesis I based on a traditional quantitative thesis method. The thesis consists of a framework of luxury theories and consumer behavior and includes a survey. The data collected from the survey is analyzed to see if there is a connection between sustainable consumption and the consumption of medium and top-level luxury brands.

The structure of the thesis is divided into three sections. The first section introduces the topic of the research and presents the background, the research questions and the motivation behind the topic of the research. The first section also presents the objectives, the scope and the limitations of the research. The second section of the thesis includes the theoretical framework and the empirical part. The theoretical framework is built on theories of luxury industry and consumer behavior, and the empirical part includes a survey where the results are analyzed and discussed. The last and third section of the research concludes with the discussion and analyze of the results, as well as the conclusion of the thesis.



## **2 Luxury industry**

The term luxury industry has many definitions. Luxury is defined by Coco Chanel a necessity that begins when necessity ends. Along the same lines, luxury is defined by Klaus Heine (2011, 41) as something desirable and more than a necessity. Godart and Seong (2014, 14) defines luxury as a desire of powerfulness and high status, and that luxury consumers consume scarce products or services to asset their identity. According to Athwal et al (2019) luxury is synonymous with uniqueness, superior quality and going beyond need.

The luxury industry exhibits craftsmanship and expertise. Although the luxury sector represents a small sector, it is still highly visible around the world as it is present at all airports and in all capital cities. The distinction between luxury and necessity is based on exclusivity and availability of resources. While necessities are possessed by close to everyone, luxury is only available exclusively to a few people and for most on only rare occasions. (Livingston, 2018)

The luxury industry is important for the global economy. Measured in terms of income, the luxury industry has a volume of sales of approximately 740 billion euros. Only within the category of personal luxury, including fashion, leather goods, fragrances and jewelry amounted in 2013 to 217 million euros. (Gardetti, M. & Torres. A. 2015, 1)

### **2.1 Levels of luxury**

According to Heine (2011, 64-65) luxury brands can be defined into four different categories. These categories for luxury brands are entry-level, medium-level, top-level and elite-level.

Entry-level brands are brands that are ranked just above the premium segment and not generally recognized as luxury brands. These brands are for example Mercedes and Hugo Boss. Medium-level luxury brands and they are widely recognized in the luxury segment, but a step behind the forefront luxury. Medium-level luxury brands are for example Moschino and Dolce & Gabbana. Followingly on the pyramid is top-level luxury brands. Top-level luxury brands are established as the leading luxury brands and include Louis Vuitton, Gucci and Cartier. Elite-level luxury brands are niche brands in the top of the top segment. These brands determine the benchmark, the highest exclusivity and best quality within their category. Brands in this category are for example Hermès and Harry Winston. (Heine 2011, 66)

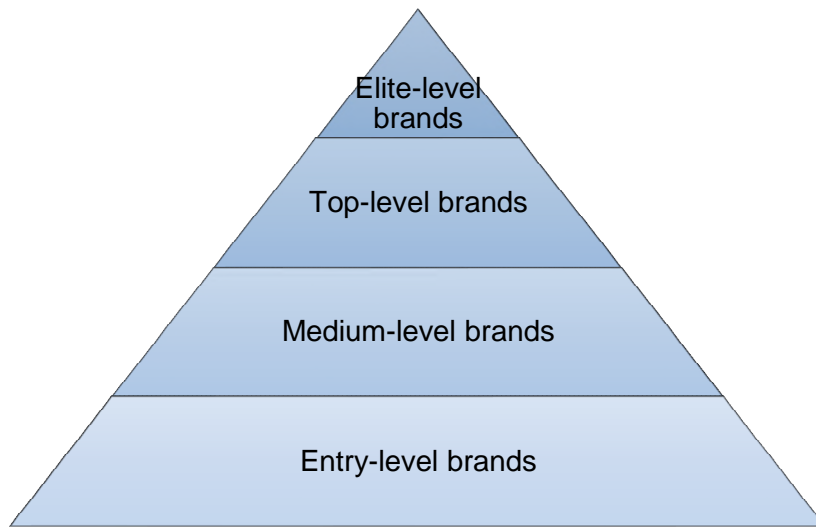


Figure 1. Luxury pyramid of levels of luxury (Heine 2011, 66)

To narrow down focus this thesis will focus on brands in the medium-level and top-level of luxury brand. This is to concentrate on luxury brands that are of high quality and expensive, but not out of reach. According to Rambourg's pyramid, the price range of medium-level luxury brands and top-level luxury brands are between and over two hundred seventy (270) euros to five thousand (5000) euros. (Willet 2015)

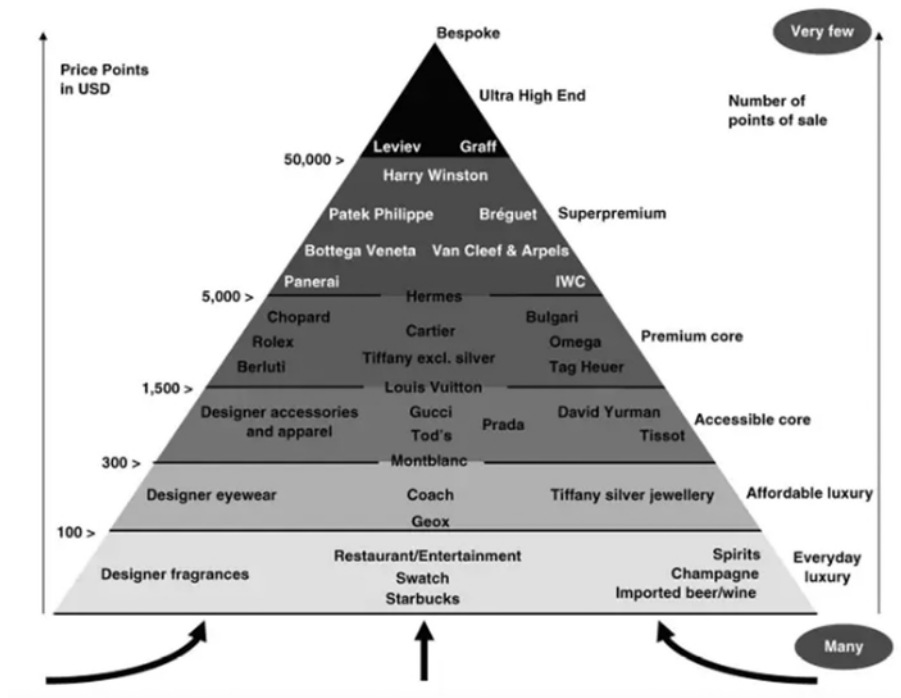


Figure 2. Rambourg's luxury pyramid (Willet 2015)

## **2.2 Characteristics of luxury**

Luxury products have different characteristics that makes them luxurious. Price alone does not indicate that a brand is identified as a luxury brand, but price is an influencing factor. The price in luxury products are considered as an indicator how prestigious a brand is. Heine (2011, 56) explains that the characteristics of luxury products are not independent of each other. In other words, if one luxury dimension of a product is at a high level it means that other luxury dimensions also include high levels. For example, if a luxury product is of very high quality or created of rare materials it will indicate that the product has a high price as well. The characteristics of luxury goods are in this thesis not as relevant as the focus is on consumer behavior but are important to discuss in order to understand what differentiates luxury goods from ordinary goods. (Heine 2012, 56-61)

### **2.2.1 Heine's code of luxury**

Luxury brands have certain characteristics that distinguish them as being luxury. These categorizes can be divided into six characteristics: price, quality, aesthetics, rarity, extraordinary and symbolism. (Heine 2011, 72-80)

The first characteristic is price in Heine's theory is price. The price of a luxury brand offers products that belong to the most expensive selection of that category. Price play an important role in luxury products but increasing the price of a product does not automatically make it a luxury product. As for the second characteristic quality, luxury brands aim to create an everlasting quality in their products that won't be disposed even after long utilization or a defect, but rather something that is repaired and that gains value over time. With quality includes an expertise within the manufacturers and the usage of fine materials with a great construction and function principle. By quality in a luxury product can also refer to including special features in comparison to ordinary products. Lastly, excellent pre- and post-purchase service is seen as a quality component in the purchasing of luxury products. (Heine 2011, 74-75)

The third characteristic is in Heine's theory is aesthetics. Aesthetics explains the appreciation of beauty in luxury brands, and how luxury brands express themselves with elegance. The aesthetics in a luxury product should be not only beautiful to watch but to also feel, smell and hear. The aesthetic product designs are one of the most important strategies for the luxury brands to differentiate themselves from the mass market manufacturers.

The fourth characteristic is rarity. The rarity in luxury products are either a state or a quality of being rare. Rarity can be visible in luxury brands in for example their limited productions in order to keep limited access of their products on the market. The limited productions can be both limited editions but also natural limitations. The natural limitations are by for example using rare natural components in their products, such as noble metals or expensive animal components such as crocodile skin.

Extraordinariness is also a characteristic in a luxury product. Extraordinariness in luxury products often results from a different design or construction principle in comparison to other luxury products within the same category. These are for example a certain extra detail that makes the differentiate from other similar products. In addition to design extraordinariness may also arise from the product history of manufacturing process. The sixth characteristic in Heine's theory is symbolism. The symbolic meaning in luxury products refers to a large extent to human values and lifestyles. The symbolism functions as a power engine for trend changes in the luxury industry. (Heine 2011, 72-80)

### **2.2.2 Eight P's of luxury marketing**

Another theory of luxury marketing is Arora's theory of eight p's in luxury marketing. The eight p's may not be a universal methodology but presents a strong analytical toolbox to audit a luxury brand. The eight p's consists of performance, pedigree, paucity, persona, public figures, placement, public relations and pricing. These eight characteristics are a part of a marketing mix that has an influence on the consumers' buying behavior. (Arora 2013, 1-8)

The first characteristic is performance and it refers to the delivery of a superior experience of a luxury brand at two different levels. First at a product level and second at an experiential level. The product level must satisfy the functional characteristic as well as deliver on practical attributes, with quality or design excellence in for example craftsmanship, precision, high quality, unique design or innovation. On the experiential level the luxury brand must perform with emotional value of the brand for the consumer to buy into, in other words by going beyond what the product represents. For example, Tiffany & Co is a symbol of love and beauty while Rolex is a symbol of heroic achievement. (Arora 2013, 1-8)

Many luxury brands also have a high pedigree and a remarkable history, which has an influence on the consumer besides product performance. The pedigree is mainly built around the founder character of the brand and builds a story and personality to the brand.

The term paucity in Arora's marketing mix is explained similarly to Heine's third code, aesthetics. By paucity means that many brands try to maintain the perception that goods are scarce. There are two different paucities: natural paucity and tactical-driven paucity. Natural paucity is for example platinum, diamonds or goods that require exceptional human expertise and handcrafted high quality. Tactical-driven paucity is more promotional and are for example limited editions or special series of a product or service. The persona of a luxury brand is both connected to the pedigree built around the founder character of a brand, but also through the brand communication and advertising. Within luxury brand advertising, public figures or celebrities have traditionally been employed as a part of the marketing mix. Luxury brands use celebrities to garner attention, credibility and impact. (Arora 2011, 1-8)

The consumer's brand experience related to luxury brands is also connected to the placement of the brand. This includes the choice of store location, the salesperson's representation and to where they want to be associated within marketing. As an example, Rolex associates itself with more than 150 events in sailing, golf, tennis and motorsports rather than sports with a mass following such as ice hockey and football. Also, in the image proliferation plays public relations an enormous role. Lastly, pricing plays a rather big role in the way consumers perceive luxury brands. Thus, it is important for luxury brands to price themselves right as setting a lower price than the consumer expectation and willingness to pay can potentially harm the value of the brand. (Arora 2013,1-8)

### **2.3 Sustainable luxury industry**

Sustainable luxury does not have a clear definition, but one of the most widely accepted definitions of sustainability and sustainable development is the definition proposed by the World Commission on Environment and Development, the WCED. The WCED (1987) defines sustainable development as a development model that allows us to meet our own needs without compromising the ability for future generations to meet their needs. This means that the main objective of this development model is to raise quality of life by focusing on the ecosystem in the long term and to maximize productive potential through appropriate technologies. The term sustainable luxury is defined as the concept of returning to the essence of luxury. The essence of luxury has its traditional focus on thoughtful purchasing, artisanal manufacturing, quality of materials and respect for social and environmental issues. (Gardetti & Torres 2015, 1-4)

Many consumers indicate a growing need for transparency in the manufacturing process of products. In France year 2013, 80% believed that companies do not provide enough information about their products conditions of manufacture. In relation to this, the British luxury brand Burberry was in a precarious situation in July 2018 when big news channels such as New York Times and the BBC spread the news that Burberry destroys and burns unsold products to protect their brand. The main reason of this was explained in relation to paucity, as well avoiding too many discounts on the market. The news backfired on them and two months later Burberry corresponded that they would cease burning stock immediately in effect to preserve their brand. With many of their customers, especially young shoppers becoming more environmentally conscious, the practice Burberry was doing was becoming increasingly damaging to the brand. (Paton 2018; Kapferer & Michaut 2015, 4)

## **2.4 Limitations and opportunities of sustainable luxury**

Unlike commoditized markets luxury can offer a unique experience and opportunity for creating sustainable business environments. This is due to the luxury industry's two central features that are set apart from other market segments or industries. First, luxury is often characterized by craftsmanship that is based on unique skills. This allows luxury to provide rewarding business conditions and high quality. Second, luxury is characterized by its relationship with time and for its value that is inscribed in the long term. This means that it allows luxury brands to offer sustainable business models for high product development and resource management. Many luxury brands are already making ecologically sustainable clothing and accessories, such as Stella McCartney, Ferragamo and Vivienne Westwood. Since luxury brands create a consumer desire through their innovative designs and have an influence on the consumer process, they can become leaders in sustainability and social and environmental questions. (Joy, Sherry, Venkatesh, Wang & Chan 2012, 290; Godart & Seong 2014, 14-15)

Godart and Seong resonates that there are three scenarios that could change the luxury industry towards being more sustainable. One suggested scenario is an institutional change through slow and innovative luxury fashion. Another suggested scenario is to upgrade luxury fashion through regulation. These scenarios would be in the favor of both the producers and the consumers as both would favor products that last longer and that are more environmentally friendly. The third suggested scenario is

to develop an industry-wide regulation to produce less, produce locally and to produce with better techniques. Along the same lines, Godart and Seong suggests concrete solutions for sustainable luxury. These solutions they suggest are to begin using materials with a lower impact on the environment, to start reducing waste in all steps of the production process and to begin increasing the recycling of old materials. (Godart & Seong 2014, 23)

Although there are both scenarios and concrete actions that could make the luxury industry sustainable, the luxury industry has both limitations and opportunities for a sustainable agenda. Godart and Seong has listed the limitation and opportunities of sustainable luxury fashion. The limitations and opportunities presented are divided into six different principles which are affirmation, convergence, autonomy, personalization, symbolism and imperialism. These principles are important in order to tackle the challenges and obstacles of sustainable luxury products. (Godart & Seong 2014, 17-18.)

Table 1. Luxury fashion's limitations and opportunities for sustainability (Godart & Seong 2014, 17-18)

Principle	Limitations	Opportunities
Affirmation	Consumers desire to assert individuality and social affiliation by being "in fashion", which leads to regular changes of clothes and products	Institutionalizing the practice of sustainable fashion by changing consumers' perception of buying sustainable fashion items as something socially acceptable or as an "in fashion" practice
Convergence	Local styles converge with dominant fashion design trends that are formulated, updated and disseminated by big fashion capitals. These dominant designs are not always compatible with local climates	Increasing consumers' preference for purchasing sustainable fashion items (principle 1: affirmation) in order to prompt the convergence of producers around producing sustainable fashion
Autonomy	The fashion industry maintains its autonomy when it comes to the choice of fashion styles and designs. This autonomy makes	Encouraging actors within the fashion industry to develop

	it difficult for third party actors to push the sustainable agenda in the production process	aesthetically appealing designs that are high on the eco-sustainable agenda as well
Personalization	Market audience share their belief in individual fashion designers' creative autonomy. This makes difficult for third party actors to carry out sustainability in the production process	By encouraging designers to use their influence to set a pro-sustainability trend and letting it influence the luxury industry
Symbolization	Luxury brands symbolize as a power engine for trend changes in the fashion industry. This may not go together with sustainability.	Encouraging fashion brands to reshape their existing identity to include a proactive message on environmental issues
Imperialization	Business groups play a major role in the fashion and luxury industry. The size and power can make adoption of changes in favor of sustainability difficult	By using the power of business groups to influence fashion brands and luxury segments via ripple effect to implement and adopt a sustainability agenda

#### 2.4.1 Affirmation

The first principle of sustainable luxury fashion is affirmation. Affirmation is explained as individuals using fashion to assert their identity and to express their individuality and social affiliations. If being “in-fashion” implies to update style and changing clothes regularly, fashion producers and consumers will end up pushing inflated production cycles. These inflated production cycles will make the principle of affirmation a major obstacle in order to achieve sustainability. The issued with inflated production cycles can be solved by advising consumers items that are sustainable are also fashionable and socially accepted. To succeed in advising the consumers it would be required that sustainable fashion is not compromised on the style factor. (Godart & Seong 2014, 18-19)



### **2.4.2 Convergence**

The second principle of fashion is convergence. Fashion is characterized by global trends, where most of the production of style and design are formed in big fashion capitals such as Paris, London, New York and Milan. In these fashion capitals trends are updated regularly that then spread to the rest of the world. However, the designs created in the big capital by the designers are not always compatible with local climates. This is both literally in sense of weather and also figurately in the sense of culture. According to the authors the principle of convergence complements the principle of affirmation. By encouraging consumers to wear local clothing or clothing that are suitable to the right climate, it is easier to develop and encourage to wear sustainable fashion items. (Godart & Seong 2014, 19)

### **2.4.3 Autonomy**

The third principle discussed is the principle of autonomy. In the current luxury fashion industry, the luxury brands have an autonomy where they can freely choose and create their designs and styles. This means that external factors such as policy makers can't affect the choices made when designing new collections. This makes it difficult to present a sustainable agenda into the production process on the luxury fashion industry. However, creativity does not mean it can't be sustainable, and several fashion houses and brands have already been engaged to develop aesthetically appealing designs that are also high on the sustainable agenda. (Godart & Seong 2014, 19-20)

### **2.4.4 Personalization**

The fourth principle is personalization. The limitation with personalization is connected with the autonomy but is more focused on the market audience. With personalization, there is a belief in the market audience that the individual fashion designers possess an absolute autonomy in their choices of creativity. This can be perceived as an obstacle for outsiders to suggest a sustainable agenda for the fashion designers. To make it an opportunity fashion and luxury designers should be encouraged to influence a trend that is pro sustainability (Godart & Seong, 2014, 20)

### **2.4.5 Symbolization**

The fifth principle, symbolization is seen as the power of brands and the importance of meanings in fashion. In other words, luxury brands can be symbolized as a power engine that drives changes in the fashion industry. While such symbolization may not go together

with sustainability, every fashion brand can leverage and reshape its existing symbolic power to include a message that is proactive on environmental issues. By doing this an industry-wide change in the practice of fashion and sustainability could be developed. (Godart & Seong, 2014, 20-21)

#### **2.4.6 Imperialization**

The last principle is imperialization. This principle is about the major role played in business groups in the luxury industry and also about how luxury has come to the core of many other industries such as automobile and high technology. The size and power centrality of these businesses can make it difficult to adopt changes in favor of sustainability but if they do their impact can be very powerful. (Godart & Seong, 2014, 21)

As a conclusion of the limitations and opportunities of sustainable luxury fashion, eco-sustainability does not necessarily mean a threat to the luxury fashion industry. Implementing a new sustainable agenda may require adaption to the existing industry structure, but it does not change the core principles of luxury fashion. (Godart & Seong 2014, 21)

### **3 Consumer behavior**

Consumer behavior is defined by Solomon, Russell-Bennett and Previtte (2013, 31) as the study of the process involved when individuals select, purchase, use or dispose either products, services or experiences to satisfy their needs and desires. The items that are consumed are anything from products to services, and the needs and the desires the consumers need to satisfy are from basic needs such as hunger to needs as love, status or a spiritual fulfillment. Consumer behavior can also be defined as the why and the motivation behind a purchase and as the actions and decision-making process of buyers when they recognize a desire for a product or service. (Rath, Bay, Petrizzi and Gill 2015, 6)

Consumer behavior is a field that involves psychology, economics and sociology to explain the choices consumers make. By including different approaches, such as emotional, cognitive and behavioral, it is easier to understand consumer behaviors. The consumer behaviors can differ very much from each other. This is because all consumers are different and the differentiations can be divided age, gender, family structure, social class and income, race and ethnicity, geography and lifestyle. (Solomon et al. 2013, 2; Solomon et al. 2013, 33)

#### **3.1 Influences on consumer behavior**

The different consumer behaviors can in addition to the differentiations also be influenced by both personal and social influences. Fahy and Jobber (2012, 66-67) divides the personal influences into six categories and the social influences into three categories. The personal influences are divided into information process, motivation and values, beliefs and attitudes, personality, lifestyle and lifecycle. The social influences are divided into culture and subculture, social class and reference groups.

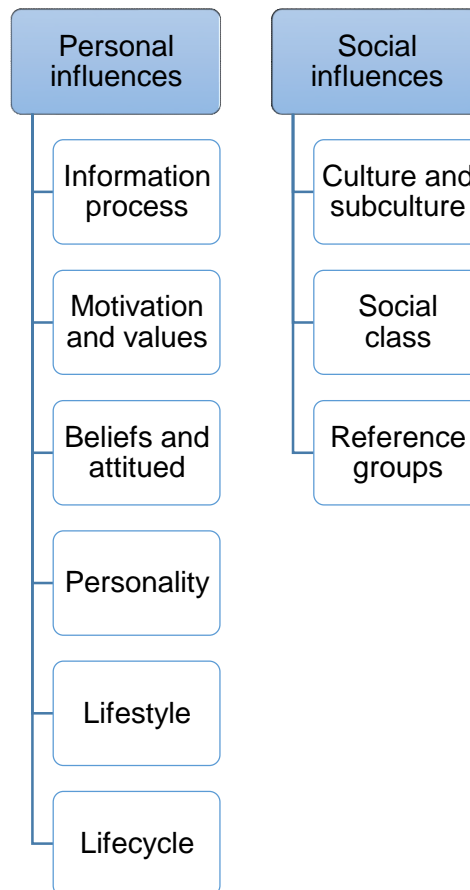


Figure 3. Influences on consumer behavior (Fahy & Jobber 2012, 66-67)

### 3.1.1 Personal influences

Personal influences of the consumer behavior explain the inner factors of an individual that can affect the consumption behavior. The first personal factor influencing the consumer behavior is information process. Information process is the process when a stimulus is received to the consumer and then interpreted and stored in the consumers memory. These information processes can be later retrieved into the memory. The information process functions as a link between external influences and the decision-making process.

Personal influences of an individual's consumption behavior can also be affected by motivation. The motivation explains why a consumer chose a specific product when there is a market full of endless choices. The individual's motivation is linked to Maslow's theory of hierarchy of needs. In Maslow's theory consumers place emphasis on different times and different levels of needs. This means that the same product may satisfy very different needs to different consumers. (Fahy and Jobber 2012, 66-70)

In addition to motivation, a consumer's consumption behavior can also be influenced by beliefs and attitudes. The beliefs are for example beliefs about oneself, the self-concept. The self-concept is a very important element when making consumer decisions. Consumers increasingly use brands to express their identity, their beliefs and their values. As an example, the brand Dove had a great success when releasing a marketing campaign with the focus on real beauty. Their campaign was to show that real beauty is being different and not being perfect as the media has portrayed it. The campaign became very popular as many consumers could relate to the campaign. (Fahy & Jobber 2012, 70)

The personality of an individual may also have a big influence on individual's consumer behavior. The personality can be shortly explained as the inner different psychological characteristics of an individual. These different personalities are relevant for brands and especially in the marketing process of the brands. Many companies therefore build a personality within the brand in order to reach out and to specific consumer groups. Another inner factor affecting the consumer behavior is the individual's lifestyle. The lifestyle refers to a pattern of expressing activities, interests and opinions. Lifestyles have been found to correlate with consumers purchasing behavior, and therefore many companies choose to target specific lifestyle groups. These lifestyle groups can be for example those seeking health, wellness or luxury. The final personal influence in relation to an individual's consuming behavior is the lifecycle. This category refers to different life stages, for example young working adults with no children, the new parents' stage or the empty-nester stage when children move away from home. The different stages play an important role in marketing implications in order to target consumers in the right lifecycle. (Fahy & Jobber 2012, 70-73)

### **3.1.2 Social influences**

The second part of Fahy and Jobber's theory explain the social influences that can affect the consumer behavior. These factors are culture, social class and reference groups. Culture refers to different traditions, taboos, values and attitudes within a society that the individual lives in. Culture can differ much between different countries. For example, in Japan generally the women who control the family finances which means that many investment companies in Japan develops products targeted specifically at Japanese women. (Fahy & Jobber 2012, 74)

Social class is often based on occupation and is an important determinant of consumer behavior. Some countries are more class conscious, such as the UK and India, where

movement between the social classes is difficult. In other countries rising incomes are creating large new middle- and upper-class segments which is driving demand for luxury brands. These countries are for example China and Brazil. (Fahy & Jobber 2012, 74)

The last social influence affecting a consumer's behavior is reference groups. A reference group is a group of people that influences an individual's attitude of behavior. An individual's selection of a product can be strongly influenced by what the individual perceives as acceptable to their reference group, such as family, friends or co-workers. Reference groups influence their members in number of ways such as by providing information, by influencing or by choosing specific products to fit better into the group. (Fahy & Jobber 2012, 75)

### **3.1.3 The unconscious**

In addition to Fahy's and Jobber's theory, the individual's unconscious is another factor that affects the consumer behavior. The individual's unconscious is explained by Freud in his psychoanalytic theory. Although Freud did not focus on consumer behavior his psychoanalytic theory, he has had a big impact on the consumer behavior. According to Freud, humans are not fully able to understand their own motivations as the psychological factors that shape them are largely unconscious. A big part of the unconscious mind is comprised of strong desires and urges. This means that marketing strategies that contain emotional messages appeals to the consumers' feelings and aspirations and are therefore also often more effective than rational marketing messages. (Fahy & Jobber 2012, 72; Bernstein 2018)

## **3.2 Consumer buying decisions**

The reasons behind a consumer purchase decision lays many factors. Factors affecting the buying decision can be for example influences from friends, products recommendations or social media. (Solomon et al. 2013, 2-3)

Vigneron and Johnson states in their study from 1999, that the decision making for luxury products includes a very high involvement in the decision-making process. They explain that luxury consumers make their buying decisions based on a want rather than on a need. Luxury products are infrequently purchased and require a higher level of interest and knowledge and are strongly related to the consumers' self-concept as well.

From a theoretical perspective Fahy's and Jobber's five steps regarding consumers decision-making process are often recognized when discussing consumer behavior. These five steps are need recognition, information search, evaluation of alternatives, purchase and post purchase evaluation of decision. To get a better insight of the different decision-making steps they will next be discussed more in detail. (Fahy and Jobber 2012, 61-62)

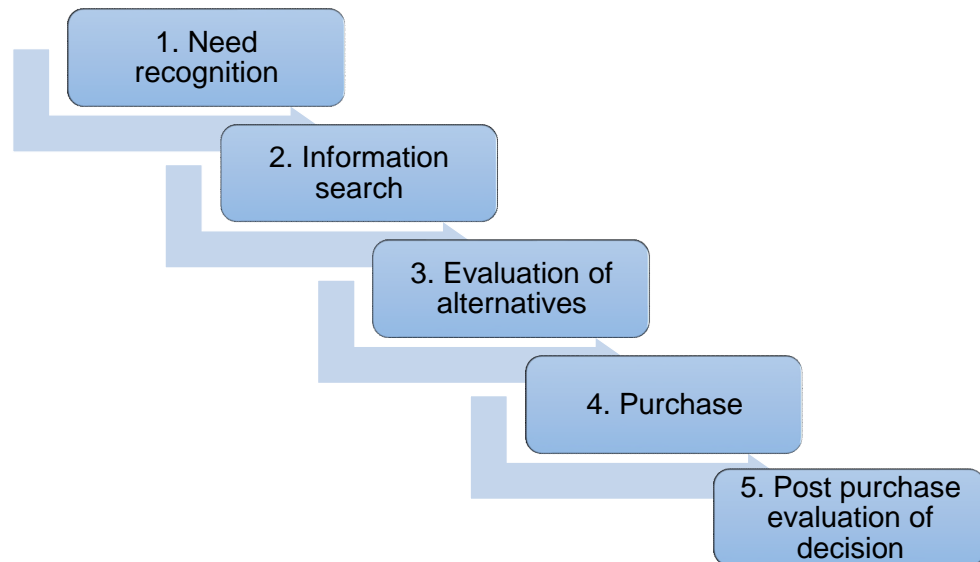


Figure 4. Consumers decision-making process (Fahy and Jobber 2012, 62)

### 3.2.1 Need recognition

The first step, need recognition, may be both predictable and unpredictable. A predictable decision-making process can be for example buying groceries, while an unpredictable can be a car suddenly breaking down. In other situations, a consumer purchasing can be more initiated by emotional needs or by imagination or daydreaming about what an experience might feel like. As an example, purchasing a luxury branded perfume might be more motivated by status or experiential needs than by the basic need of a perfume. (Fahy & Jobber 2012, 61)

### 3.2.2 Information search

The second step of the consumers decision-making is information search. The information search can be both internal and external. The internal information search can be from memory and includes potential solutions and refers to personal experiences. If the consumer does not find a satisfaction solution the external search begins, and this search involves personal sources such as family and friends and also commercial sources such as advertisement and salespersons. (Fahy & Jobber 2012, 62)

### **3.2.3 Evaluation of alternatives and the purchase**

After the information search comes the third step on the decision-making process, which includes evaluation of alternatives and the purchase. In this phase of the decision process the alternatives are narrowed down to then make considerations. In a sense, a list of alternatives is chosen for more careful evaluation. The final decision of purchase involves four factors that affect the decision making, which are self-image, perceived risk, social factors and hedonistic influences. (Fahy & Jobber 2012, 63-64)

### **3.2.4 Post-purchase evaluation of decision**

After a purchase of a product, consumers might experience post-purchase concerns regarding if they made the right decision or not. This is often because after choosing one product it means the rejection of another good or attractive alternative. Some companies such as Toyota and Louis Vuitton seek to reduce the buyer's remorse buying sending a personal letter after purchase. This is to reinforce the wisdom of the consumers decision and to also confirm their quality of their after-sales service. (Fahy & Jobber 2012, 64)

## **3.3 Sustainable consumer behavior**

Sustainable consumer behavior is defined as a behavior that improve social and environmental performance. It defines consumption of goods and services that meet basic needs and qualities of life without jeopardizing the needs of future generations. Sustainable consumption includes living and making decisions to satisfy needs without compromising the environment. What differentiates sustainable consumer behavior from regular consumer behavior is that sustainable consumer behavior has its purpose to provide a high-quality life for a prospective nine billion people, without exhausting Earth's resources. To avoid a global environmental crisis, significant efforts have to be made to make the production and consumption systems more sustainable. (Athwal et al. 2019, 406-407; European Commission, 2012; Trudel 2018, 85)

For the past years, a growing segment of consumers have begun seeking environmentally friendly or ethical products. These products range from organically grown products to products within beauty, paper and also fashion. Fashion and environmental concerns seemed for long to be conflicting concepts, as fashion implies products with a short lifecycle while environmental implies durability and sustainability. Now, a whole industry has grown, and many fashion brands have become green and sustainable. Although many



consumers have begun consuming more sustainably, one of the biggest barriers to sustainable consumer behavior is ignorance. The ignorance can be explained that consumers are not being aware of the negative environmental impacts certain behaviors have, or not being aware how to change consumption behaviors to make positive impacts on the environment. This implies that providing information and education is a first step to encourage sustainable and positive consumption behaviors.

The impact of the sustainable consumer behavior is very likely to make sustainable luxury more common in the future, but not all luxury buyers are positive to the idea. In a study conducted 2013 by Achabou and Dekhili from 2013 the results of showed that all luxury consumers are not positive towards purchasing a luxury product made of recycled cotton. The results of their research showed that the more a consumer consumes luxury, the more the same consumer is also against recycles materials. According to these consumers, recycling means that the product is no longer rare, and it loses its prestige. (Cervellon et al. 2010, 2; White and Habib 2018, 11; Kapferer and Michaut 2015, 6)

## **4 Conducting the research**

In this chapter the design of the research is introduced and analyzed. For the collection of data in the empirical part of the thesis, a survey was designed to get insight in young adults' luxury consumer behavior and sustainability behavior.

### **4.1 Selecting research method**

The research method in the thesis is a quantitative research with data collected from primary and secondary sources. The primary data was collected from a survey. The reason for choosing to design a quantitative survey was because it allowed to collect data in larger amounts with low costs. The sampling method used for the survey was simple random sampling and in total 91 answers were collected. In the survey, mainly young adults and students around the world age 20 to 40 were targeted as the sample group. This group was chosen due to millennials having high concerns in sustainability and environmental questions and also being the generation perhaps the most questioning their consumption behaviors. Answers outside the range were still considered but the focal emphasis was on candidates within the group criteria. All consumer types were not researched as the study was targeted for mainly young adults. It was presumed that the survey was going to be answered by more females than males.

#### **4.1.1 Questionnaire process**

The questionnaire of the research was designed in a platform called Survey Hero. It was designed to be as short as possible as collecting data can be challenging if the survey by the respondents perceived as very long or complex. Therefore, only 10 questions were chosen in order to have as few unfinished answers as possible.

The structure of the questionnaire began by first asking general questions regarding the respondents' background variables. The general questions continued with questions regarding luxury consumption in the four biggest categories, which are fashion and leather goods, cosmetics and perfumes, alcohol and spirits and jewelry and watches. These elements were asked in order to get an overview what luxury products the respondents consume the most. The questionnaire followed with a multiple answer questions regarding factors that would make the respondents consume more luxury products. This question included both suggested answers and the possibility for a qualitative answer. Followingly, the respondents were asked to analyze if their consumption habits have been affected by

the global warming. The respondents were also asked to answer if their luxury consumption habits have been affected by the global warming and if the respondents answered yes to the either question, they were asked to evaluate in which way their consumption behavior has changed.

The objective of the survey was to examine a pattern in how many of the respondents finds an interest in consuming luxury, and what would increase the respondent's likeability to consume luxury. Another objective in the survey was to determine if the consumption behavior has changed and if it has affected luxury consumption as well.

#### **4.1.2 Collecting data**

The primary empirical data was collected through a survey. The survey was designed online on a site called SurveyHero and was published on 11 September 2019 and closed 9 October 2019. In total, 91 finished answers were collected. The survey was shared in multiple online forums and groups on Facebook with a purpose for survey sharing, as well as on a personal page. Over half of the respondents of the survey were from Finland and the other respondents were of 22 other nationalities. For reliability reasons the sample group consisted of as many respondents as possible of different nationalities. Although 91 responses were collected, the amount of data was not enough to make the results reliable and this could potentially affect the validity and reliability of the research.

#### **4.2 Analyzing results**

This selection of the thesis presents the findings from the data collected. The aim of the survey was to provide an easy to answer survey with both ready-made answers but also including an option for qualitative answers. The questions in the survey had a deductive approach, and the survey was kept as short as possible to avoid drop-outs and unfinished answers. In total ten questions were included in the survey, and all but one was marked mandatory to answer. Even though the questions were mandatory, most included an optional answer if the question was not relevant for the respondent or a qualitative answer. In average it three minutes to answer all questions.

The survey was divided into three sections. The first section was regarding general information of the respondents. The second section of the survey was regarding the respondents' luxury consumption habits and factors that would make respondents consume more

luxury. The last section of the survey was regarding the respondents' sustainable consumer behavior and if and how much their habits have been affected by the climate change.

#### 4.2.1 General information

The first section of the survey included general information of the respondent. The questions asked were regarding the respondent's gender, age and nationality. To divide the general information, the survey ended with questions regarding studies and employment. These two questions will be discussed in this section as well.

##### What is your gender?

Number of responses: 91

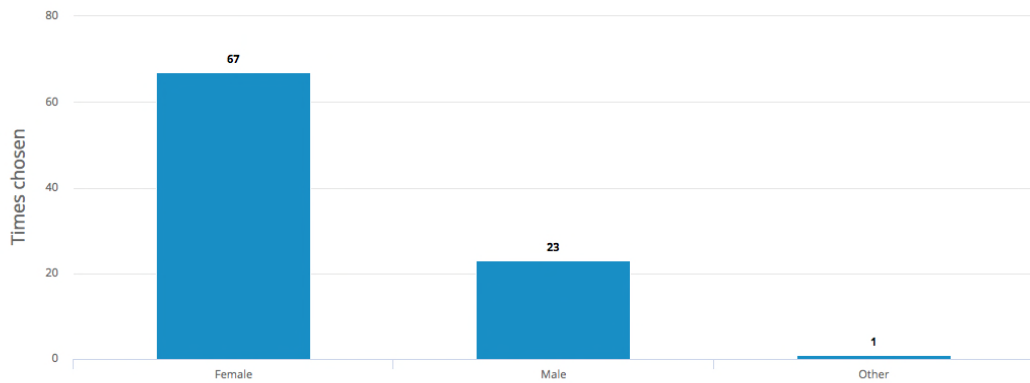


Figure 5. Question 1 – Gender

In the survey 73,6 % of the total respondents were female and 25,3% were male, while 1,1% reported themselves as other. Although the survey did not target a specific gender as it was not relevant in the results, it was important to see the gender differences regarding participation in the survey.

### How old are you?

Number of responses: 91

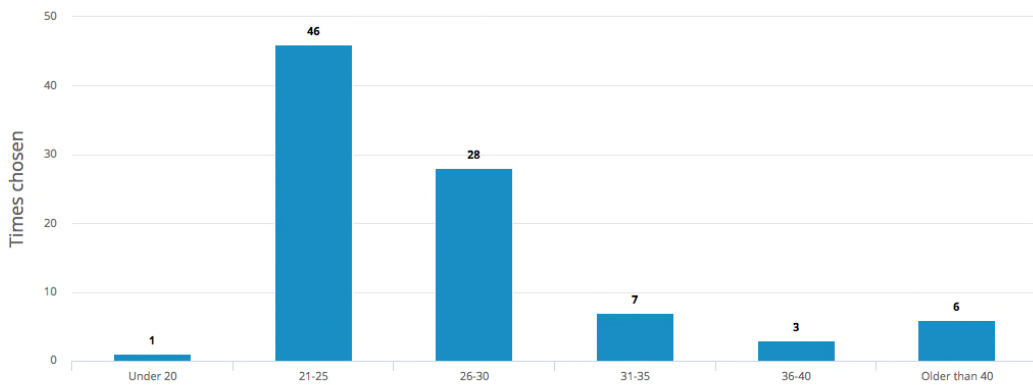


Figure 6. Question 2 – Age

The objective of the thesis was to research mainly the luxury consumption behavior of individuals age 20 to 40. In total, only 7,7% of the respondents were outside the targeted age group in the survey. Dividing the results, 50,5% of the respondents were in the age between the age of 21-25 and 30,8% were age 26-30. In the survey, 7,7% of the respondents were age 31-35 and 3,3% were 36-40.

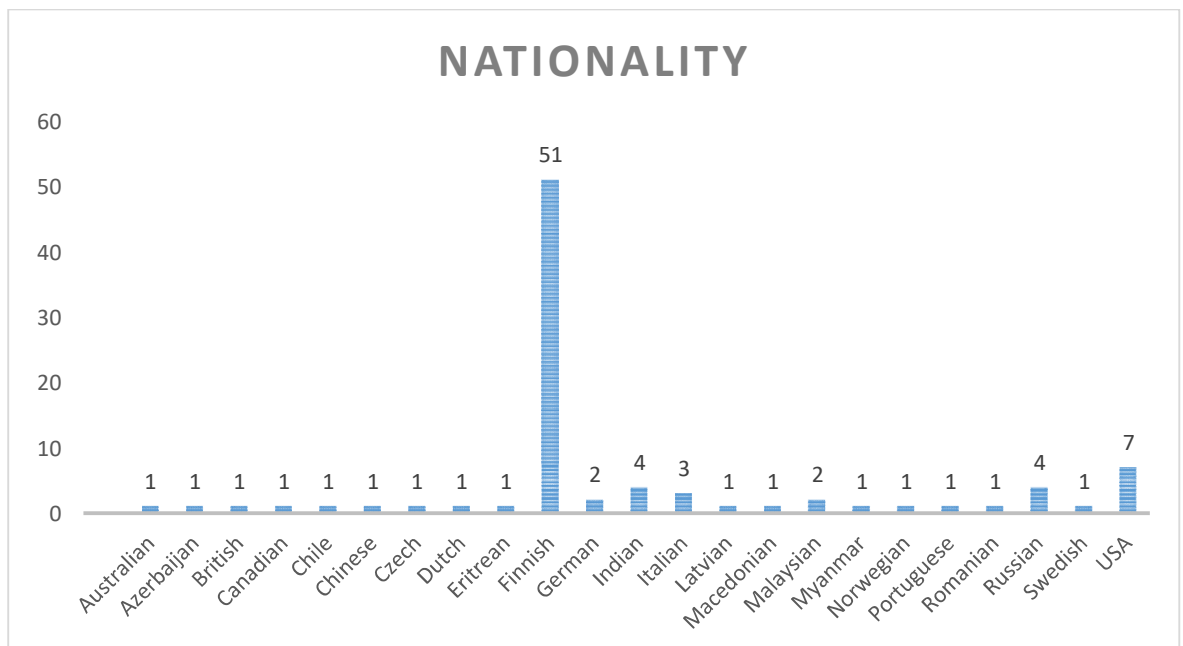


Figure 7. Question 3 – Nationality

The third question in the survey was regarding the respondents' nationality. This question was a qualitative question and therefore the data was transferred into an Excel sheet in order to analyze the results. In total, the participants of the survey were from 23 different

nationalities. The majority of the respondents were from Finland and covered 56% of the data. Second was the USA, with 7,6% of the answers. The rest of the responses were mainly individual answers from the different nationalities. These respondents were from Australia, Azerbaijan, Great Britain, Canada, Chile, China, Czech Republic, the Netherlands, Eritrea, Germany, India, Italy, Latvia, Macedonia, Malaysia, Myanmar, Norway, Portugal, Romania, Russia and Sweden. One of the objectives of the questionnaire was to collect data from as many nationalities as possible around the world, but since there were many individual answers from multiple nationalities the results can't be generalized.

**Are you currently a student?**

Number of responses: 91

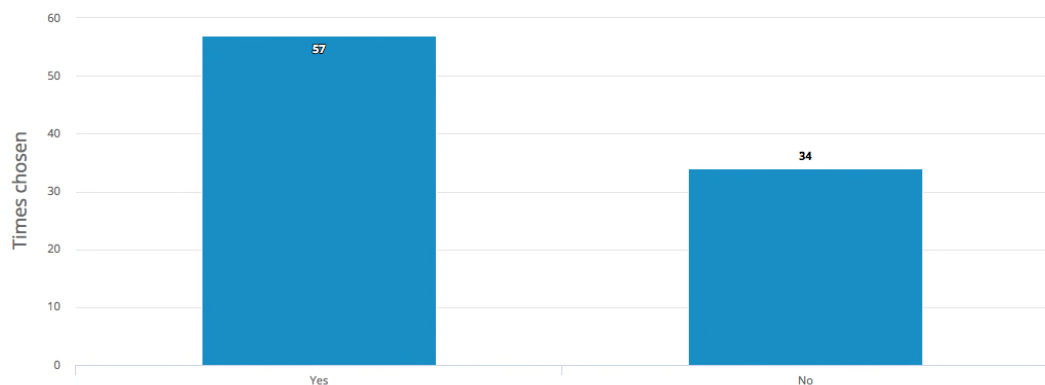


Figure 8. Question 9 – Student

The final questions of the survey will be discussed in this subchapter, as they are part of the general information. The two final questions asked in the survey was regarding studies and employment.

Of 91 respondents, 63% answered that they are students and the remaining 37% answered that they are not students. As the survey was shared on multiple thesis channels, it is natural that more than half of the respondent are students. The targeted group for the survey was mainly students and young adults. As many of the answers were collected from thesis forums, they represent most likely the bigger part of the 63% responding that they are students. The 37% of the respondents answering that they are not students are more likely to be the respondents from Finland.

### Are you currently employed?

Number of responses: 91

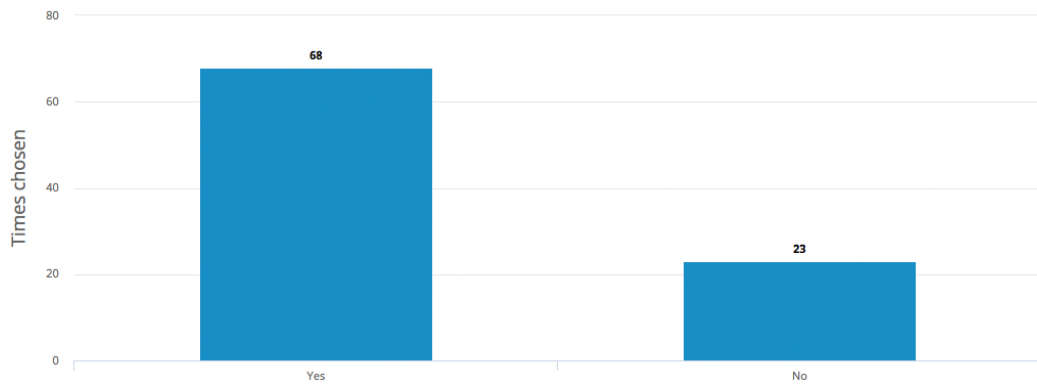


Figure 9. Question 10 – Employment

The tenth and final question asked in the questionnaire was regarding employment. Although social class or income was not asked by the respondents, employment is for many consumers an important component to be able to afford and consume luxury products. Out of the respondents, 75% answered that they are employed and the remaining 25% answered that they are not employed. By analyzing the results, this means that of the respondents many both study at work at the same time.

### 4.2.2 Luxury consumer behavior

The second section of the survey asked the respondents regarding their luxury consumption habits and factors that would increase their luxury consumption.

### How often do you purchase luxury products?

Number of responses: 91

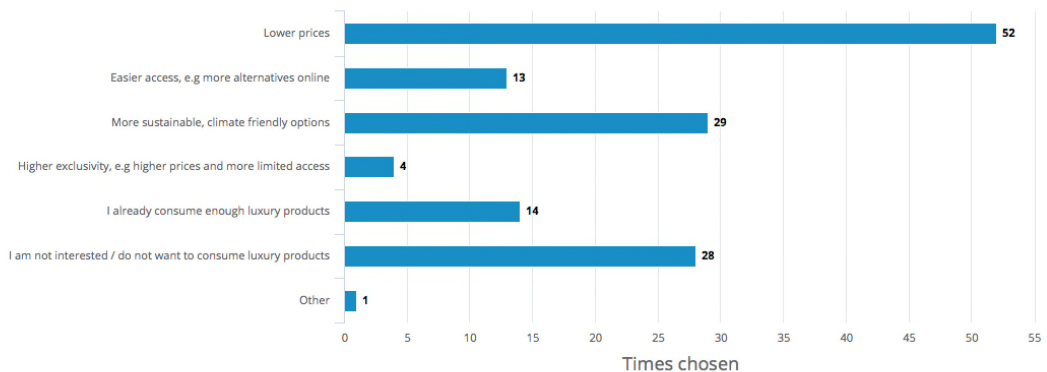


Figure 10. Question 4 – How often are luxury products purchased

The fourth question in the questionnaire combined luxury industry and consumer behavior. The respondents were asked to answer their consumption habits regarding different luxury segments. This question was also asked in order to identify the respondents purchase decision-making process. Although there are only small differences between the categories, the chart shows that wines and spirits are those luxury products that were the most often purchased by the respondents, while watches and jewelry the least. In between was fashion and leather goods and perfumes and cosmetics. The results correlate with the theory of Fahy and Jobber (2012, 63-64) and Vigneron and Johnson (1999, 3) that when purchasing luxury, the purchasing process and purchase decision making is longer than purchasing an ordinary product. Luxury products are infrequently purchased and involve high involvement in the decision-making process. This can be one factor for the respondents purchasing luxury products in average once a year. Another reason can be that the sample group is mainly students and young adults, who are not able to afford luxury that often.

**What would make you consume more luxury products?**

Number of responses: 90



"Other" text answers:

also my fashion and leather goods are from thrift stores

Figure 11. Question 5 – What would make respondents consume more luxury products

The survey was shared on multiple worldwide survey forums on Facebook. This meant that a specific consumer group was not able to be filtered and targeted. Therefore, the knowledge of the respondent's luxury consumption habits needed to be asked. In this question the objective was to see how many of the respondents consume luxury or factors



that would make them consume more luxury products. In this question it was also important to see if there were respondents in the survey who were just not generally interested in luxury.

This question was a multiple answer question, where the respondent could choose multiple options. The question collected in total 141 answers. Of the respondents, 36,9% answered that lower prices would increase their consumption of luxury products. One reason for the high percentage can be that students and young adults seldom are the typical luxury consumers. But as Arora (2013,1-8) states, price is one of the eight p's in the luxury marketing mix that makes a product luxurious. If luxury was not an experience, it would not be seen as a luxury product. In addition, 21,3% answered that they would consume more luxury products if there were more sustainable or climate friendly options available. This high percentage can perhaps be supported by the theory of Società Italiana Marketing (2017) that consuming sustainable luxury gives a smaller feeling of guilt.

Of the respondents, 9,2% answered that they would consume more luxury if there was easier access. This can be identified in Heine's and Arora's codes of luxury of paucity and aesthetics. Many luxury brands limit the access to their products, by for example not selling online. This can be an obstacle for those wanting to consume luxury but not living near cities where they are distributed.

In the survey there were both participants not interested in consuming luxury and those who experienced that they already consume enough luxury. Of the respondents, 19,9% answered that they are not interested in consuming or do not want to consume luxury, while 9,9% of the respondent's experience that they do already consume enough luxury. Finally, 2,8 % of the respondents answered that they would consume more luxury if the prices were higher and the access was more limited.

#### **4.2.3 Sustainable consumer behavior**

The third section of the survey included questions regarding consumption habits in correlation with the climate change. In this section is also asked regarding luxury consumption habits in connection with the climate change.

**Has the global warming affected your consumption habits?**

Number of responses: 91

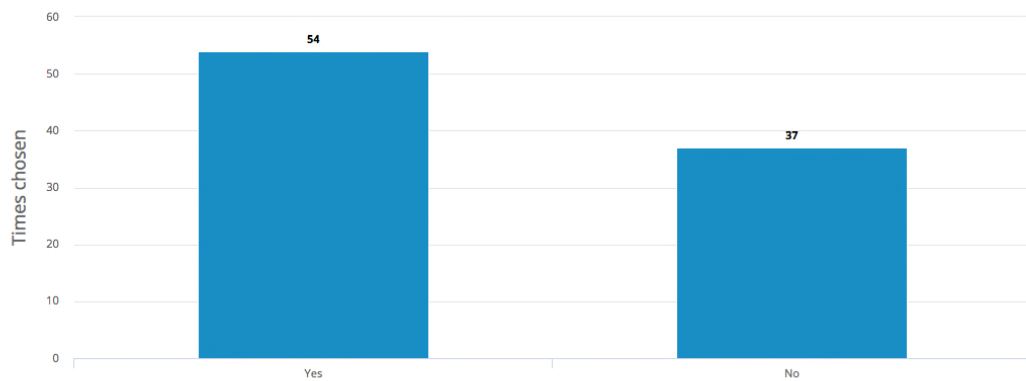


Figure 12. Question 6 – Has consumption habits been affected by global warming

The respondents were asked to consider if their consumption habits have been affected by the global warming. More than half of the respondents, 59,3%, answered that their consumption habits have been affected by the global warming, while 40,7% answered that they have been not. Although more than half of the respondents answered that their consumption behavior has changed, the quite many answered that their consumption habits have not changed. Behind these results might lay several factors. Although the background of the respondents remains unknown, the factors behind the consumer behaviors can be both personal and social as explained by Fahy and Jobber (2012, 66-67). As 23 different nationalities participated in the survey, there can be big cultural differences as well as personal differences affecting and differentiating the results.

**Has the global warming affected your consumption habits on luxury products?**

Number of responses: 91

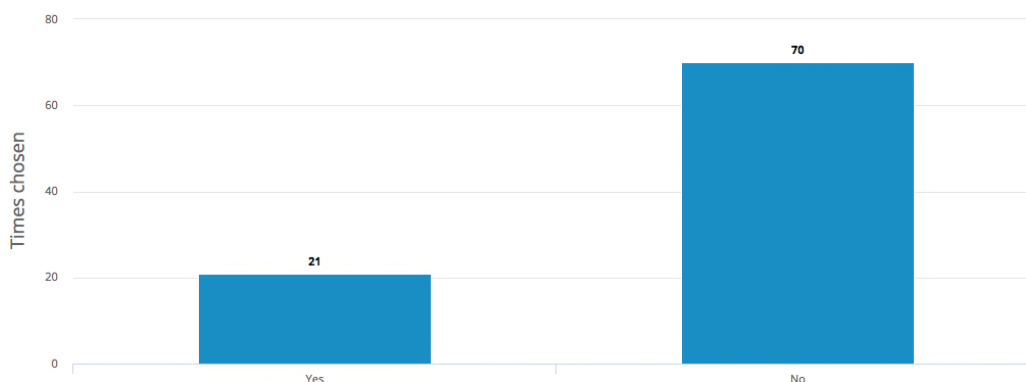
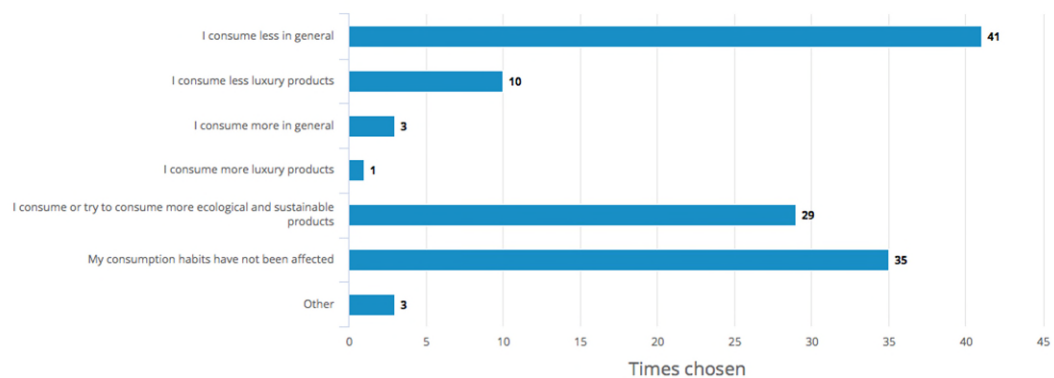


Figure 13. Question 7 – Has luxury consumption habits been affected by global warming

Followingly, the respondents were asked regarding the global warming and if it has had an impact on their luxury consumption habits as well. Although 59,3% of the respondents answered that their consumption habits have been affected by the climate changes in the previous question, only 23% of these respondents answered that the global warming has affected their consumption behavior on luxury products as well. The main reason or influencing factor behind this result can be that around one third of the respondents answered in the previous question in the survey that they are not interested or do not want to consume luxury products. Another reason can correlate with the fact that the average times luxury is consumed by the respondents is once a year in all categories. Since the respondents do not very often consume luxury, they may not also find a reason to change their consumption behavior towards luxury products. This resonation is also supported by the study by Fahy and Jobber (2012, 63-64) and Vigneron and Johnson (1999, 3) that luxury products are purchased more infrequently and with a longer decision-making process. Lastly, a reason might be in correlation with Vigneron and Johnson (1999) theory, that consumers might be ready to change their regular consumption habits, but luxury is beyond necessity and more of a rare reward.

**If yes, in which way has your consumption habits been effected?**

Number of responses: 90



"Other" text answers:

Has not

nothing

Hasn't been affected

Figure 14. Question 8 – In which way has consumption habits been affected

In the survey the respondents were asked to analyze their consumption behavior in relation to the global warming. In this question all respondents were asked to answer, not only those consuming luxury. In the question it was possible for respondent to give multiple answers, which means that some of the respondents may have answered that two or more scenarios fit their consumption habits. In total 122 answers were collected by the respondents. Out of these results 33,6% answered that they consume less in general due to the climate change, but only 8,2% answered that they consume less luxury products as well. Behind this result can be many different factors, as explained in figure 13.

Of all the respondents 31,1% answered that their consumption habits have not been affected by the climate change. Regarding sustainability 23,8% of the respondents answered that they consume or try to consume more sustainable and ecological options. In the survey, only 2,5% answered that their consumption habits have changed towards consuming more in general, and 0,8% of the respondents answered that they consume more luxury products.

## 5 Findings and outcome

Based on the results of the survey many consumers aged 20 to 40 have changed their consumer behavior in relation to the global warming. In the survey, 59,3% answered that their consumption habits have changed in relation to the climate change. Out of these results 33,6% answered that they consume less in general and 23,8% answered that they either consume or try to consume more ecological and sustainable products. In the result of the survey 21,3% of the respondents answered that they would consume more luxury products if there were more sustainable or environmentally friendly options available.

Although many of the respondents of the survey answered that their consumption habits have changed in relation to the climate change, only 23% answered that their luxury consumption habits have been affected. This shows that the luxury industry is not as affected as possibly other industries. The results of the survey also show that many of the participants were not interested in consuming luxury products, which also affects the outcome of the research. In total 91 completed answers were collected in the survey with respondents of 23 different nationalities. The survey was not aimed to target a specific culture, or a group defined by earning, but to target students and young adults from around the world aged 20 to 40. Although the survey supported some of the results in relation to the theoretical framework, the survey did not give versatility in the conclusions as much as the theoretical framework did.

The objective of the thesis was to analyze a changed consumer behavior towards being more sustainable, and if the consumer behavior has an impact or effect on the medium-level and top-level luxury brands. The objective was also to see how the medium-level and top-level luxury brands can react to the sustainability trend to keep their position on the market. As all consumer behavior theories were interrelated, they together built the consumer behavior framework. Theory suggest that consumer behavior regarding the luxury consumption is not in correlation with regular consumer behaviors, as luxury consumers act and purchase as a result of want rather than need.

## 6 SWOT analysis

Based on the results of the theoretical framework and the survey conducted, a SWOT analysis was designed to analyze the future for the luxury industry regarding sustainability and a changed consumer behavior.

Strength	Weakness
<ul style="list-style-type: none"> <li>• Luxury industry has a strong position of the market with a strong authenticity, persona and symbolization, which makes them not as affected as other industries</li> <li>• The empirical part show that although 59,3% perceive changed consumption behavior because of the climate change, only 23% feel that it has affected their consumption of luxury as well</li> </ul>	<ul style="list-style-type: none"> <li>• Not all luxury brands will necessarily respond to a changed consumer behavior</li> <li>• Luxury brands presenting sustainable collections will not necessarily be perceived as “in-fashion” in all countries around the globe</li> <li>• Luxury brands have strong market value and a strong persona, that it is not necessarily easy for them to change their brand values.</li> </ul>
Opportunity	Threat
<ul style="list-style-type: none"> <li>• Luxury brands can become leaders in sustainable and environmental questions and inspire other markets as well</li> <li>• Luxury brand can gain new customers and reach out to younger generations if being more sustainable</li> </ul>	<ul style="list-style-type: none"> <li>• If luxury brands do not respond to a larger change in the consumer behaviors, it might damage their brand and their reputation, as it did for Burberry</li> <li>• Consumers that are not positive towards sustainable luxury can cause damage to the brand as well</li> </ul>

Figure 15. SWOT analysis

The conclusion of the SWOT is that luxury brands are currently not as affected as possibly other industries. This is because the luxury brands have a strong position on the market with strong personas, authenticity and symbolism. This conclusion is suggested as the results of the survey show that although the respondents have changed their consumer behavior in relation to the climate change, only one third of the respondents have changed their consumption behavior in relation to luxury as well.

The weaknesses of the changed consumer behavior are that it will at some point most likely require the luxury brands to adapt to the changes. As stated by Godart and Seong (2014, 17-18) there are six categories of limitations that can also be discussed as weaknesses. These limitations are affirmation, convergence, autonomy, personalization, symbolism and imperialization. A sustainable consumer behavior can be difficult to adapt within luxury brands, as the luxury brands have currently an autonomy in their designs and the brands are built on personas that not necessarily support sustainability. Another weakness is that sustainability and sustainable luxury fashion might not be perceived as in-fashion and trendy around the world. While sustainability might be trendy in certain countries, it might be unpopular in other countries and cultures.

The opportunities for the luxury industries with a sustainable consumer behavior is that the luxury brands have the opportunity to become leaders and pioneers in sustainable and environmental questions. This solution is also supported by Godart and Seong (2014, 17-18), as they explain that the imperialization of luxury brands can easily spread out to different industries as luxury is present in not only fashion and leather goods, but also in industries such as high technique and automobile. The luxury brands can also become the leaders in sustainability by returning to the essence of luxury which is emphasis on artisanal manufacturing, thoughtful purchasing, quality of materials and respect for social and environmental issues. Becoming leaders in sustainability and environmental questions would be beneficial for both the luxury industry and for the climate change. Within a sustainable luxury, the luxury industries could also gain new customer segments and perhaps reach out to younger generations by becoming more sustainable.

If the luxury brands do not respond to a changed consumer behavior, this might be a threat and may backfire on the brands. This happened for example for Burberry when media shared news regarding Burberry burning unsold items to protect paucity and to reduce number of discounts. At the same time, sustainability may also backfire for luxury brands if old loyal consumers are not positive towards sustainable changes within the brand. (Paton 2018)

In conclusion, the SWOT mainly support sustainable luxury, but there is a fine line between being too sustainable versus not being sustainable at all. Either way, the luxury brands might cause damage to their brand or lose loyal customers. It is important that the luxury brand does not change its persona too much in relation to developing sustainability within the brand but keeps the core of the brand to maintain their market value.

## 7 Conclusion and recommendations

The aim of the thesis was to answer the following research questions:

1. What is the impact of more sustainable consumer behavior on luxury brands?
2. How can luxury brands anticipate, prevent and react to a changed consumer behavior?

The answer to the first research questions and the main conclusion of the findings and outcome of the thesis is that the impact of a changed consumer behavior does not have such a big effect of the luxury brands, at least not right now. Although many consumers consume less or more sustainable, there is a difference between ordinary products and luxury products. The reason why luxury brands are not being affected can be divided into three reasons. The first reason why luxury brands are not as affected is that luxury products can in a way already be sustainable. This is because luxury products are created out of high-quality materials that lasts for decades and presents craftsmanship. In addition, almost all luxury goods gain value over time, such as leather goods and alcohol and spirits.

Another reason why the luxury industry is not highly affected is because luxury products are infrequently consumed by consumers. This means that consumers do not purchase luxury products as often as ordinary everyday products, and therefore might not see it as a consumption habit that needs to be changed. The decision-making process of luxury products include high involvement and are less frequently purchased than in comparison to ordinary products. Thirdly, Vigneron and Johnson (1999) explains that consuming luxury is based on an individual's feeling of want rather than a feeling of need. This means that consumers can experience the purchasing process of a luxury product as something more fulfilling and as a reward.

For luxury brands to anticipate, prevent and possibly react to the changed sustainable consumer behavior the luxury brands are suggested to become leaders in sustainability and environmental questions. The luxury brands are also suggested to become the ones to bring forward and spread the importance of sustainability and environmental issues. Some concrete actions are also suggested in the thesis, such as to increase fashion regulations, increase the concept of slow fashion and to produce less, locally and with better techniques.



## **7.1 Reliability and validity**

The survey designed in the thesis was shared on multiple forums on Facebook where respondents voluntarily participated. In the survey the respondents had the option between suggested answers and qualitative answers. To ensure reliability, all parts of the survey including the questions, the answer alternatives and the results are attached and included in the thesis. The data was collected in English and the questionnaire collected 91 completed answers from respondents of 23 different nationalities. Overall, the results of the theoretical framework and the results of the survey were corresponding rather closely to each other. Although the theoretical framework and the survey did partially reach the same conclusion, the survey did not support versatility in the conclusions as much as the theoretical framework did. Still, the similarities in the results makes the outcome somewhat reliable.

The validity of a quantitative research can easily be challenging due to the own interpretation of the data and its analysis. The data of the survey can also be challenging as the background of the respondents are unknown and the participants are of multiple nationalities. These variables are good to acknowledge as limitations, since the results could be widely affected.

## **7.2 Suggestions for future research**

In the future a more in-depth research could be conducted regarding the same topic. It would be beneficial to study the impact of age, culture and income in relation to the changed consumer behavior and luxury consumption. Although data regarding age was collected in the survey, the respondent rate and the respondents of different age was too small from the reliability point of view. The data collected in the survey regarding the respondent's nationality was also too small to make it reliable and to make a cultural comparison.

For a future research it would be beneficial to cooperate with a luxury brand or luxury distributor, such as My Theresa or Net-a-porter. It would also be interesting to study and the different attitudes consumers have towards different brands from a sustainability point of view. For example, it would be interesting to collect data regarding which luxury brands consumers perceive as sustainable and which luxury brands they do not.

### **7.3 Self-evaluation**

The process from finding a thesis topic to finishing writing was challenging but rewarding. The most interesting part of the research process was in my opinion collecting data for the theoretical framework as well as collecting data from the survey conducted. Seeing the respondents' answers in the survey was very interesting to see since they partially supported the theoretical framework and partially my own presumed result, and at the same time was very different from what I had expected.

Regarding time management the thesis was at times challenging to write and to find motivation for. Finding time and motivation while working full time was not always easy but the thesis was finished according to schedule which felt like a positive achievement.

The topic of the thesis was adjusted a little bit after beginning writing the thesis, as the first plan was to write mainly about the different French and Italian luxury brands. Soon I realized that the amount of data available was limited and that the most prestige and well-known luxury brands around the world are from France and Italy. This meant that it would have been more difficult excluding brands from other countries than France and Italy than including all luxury brands as a whole. At times it felt difficult to narrow down the research since there are so many different theories, articles and journals available regarding sustainability and consumer behavior. Overall, I am pleased with the outcome of the thesis and think the thesis process was an educational experience.

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**Appendix 1. Survey**

P1

**Luxury Consumer Behavior Survey**

This survey is created for my Bachelor's Thesis in the degree programme for Multilingual Management Assistants at Haaga-Helia University of Applied Sciences.

All answers in this survey will be kept confidential.

Thank you for helping me graduate!

Johanna Forsén

P2

**What is your gender? \***

Female

Male

Other

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**How old are you? \***

Under 20

21-25

26-30

31-35

36-40

Older than 40

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**What is your nationality? \***

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**How often do you purchase luxury products? \***

Examples of luxury brands in the different categories:

Chanel, Louis Vuitton, Lancome, YSL, Dior, Hennessy, Cartier, Rolex and champagne in general e.g Môt Chandon, Dom Perignon

How often do you buy...

	Once a month or more	A few times per year	Once a year	Less than once a year	Do not buy
Perfumes and cosmetics	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fashion and leather goods	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Wines and spirits	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Watches and jewelry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

---

**What would make you consume more luxury products? \***

You can select multiple options.

- Lower prices
- Easier access, e.g more alternatives online
- More sustainable, climate friendly options
- Higher exclusivity, e.g higher prices and more limited access
- I already consume enough luxury products
- I am not interested / do not want to consume luxury products

Other

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**Has the global warming affected your consumption habits? \***

Yes  No

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**Has the global warming affected your consumption habits on luxury products? \***

Yes  No

---

**If yes, in which way has your consumption habits been affected? \***

You can select multiple options.

I consume less in general

I consume less luxury products

I consume more in general

I consume more luxury products

I consume or try to consume more ecological and sustainable products

My consumption habits have not been affected

other

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**Are you currently a student?**

Yes  No

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**Are you currently employed?**

Yes  No

P3



**Thank you for participating in my survey!**

**Please press finish to submit your answers**