

“The effect of self-congruity and perceived sustainable actions in luxury branding”

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Abstract

Introduction: The global luxury market, valued at US\$252 billion in 2020, is poised for a 5.40% CAGR growth from 2022 to 2027, despite challenges and a COVID-19-induced sales dip. Luxury brands are re-evaluating strategies, with a focus on digitalization and sustainability for a promising future. Examples like Stella McCartney's use of vegan leather and Hermes' mycelium-based travel bag showcase sustainability in luxury fashion. Environmental concerns, including textile pollution, and social aspects, such as fair wages in countries like Bangladesh, highlight the need for sustainable practices. Recognizing this, current research is exploring the alignment of luxury brands' sustainable actions with United Nations sustainable development goals and consumers' willingness to pay more for sustainable luxury. This study addresses this gap by examining customer perceptions, self-identification, and the factors influencing their willingness to pay a premium for sustainable luxury.

Literature: The concept of sustainability, defined by the United Nations as meeting the present needs without compromising the ability of future generations to meet their own needs, encompasses three dimensions: environmental, social, and economic pillars, often referred to as the Triple Bottom Line (Balderjahn et al., 2018). In the luxury context, despite the perceived opposition between luxury and sustainability, you can find that these two concepts do actually have a few things in common: they promote durability and are rare to find (Amatulli et al., 2021). Generation Z, a discerning consumer group, favors sustainable brands, leading to a decline in the consumption of non-sustainable products (Amatulli et al., 2021; Bain & Company, n.d.). The consumption of sustainable luxury fashion products is driven by the reinforcement and enhancement of the self-concept through these goods (Loroz, 2004), emphasizing the potential impact of sustainable initiatives on consumer behaviors. The theory of self-congruity, rooted in the comparison of a brand's image with a consumer's self-concept, serves as a crucial framework in understanding consumer behavior across various industries (Sirgy, 2018; Roy & Rabbanee, 2015). The dimensions of self-congruity - actual-self, ideal-self and social-self - contribute to this theory, illustrating the intricate relationship between a consumer's self-perception and their choice of brands (Sirgy, 1985). Building on this foundation, the hypothesis posits that perceived sustainable actions positively influence self-congruity, aligning consumers' sustainable values with brands that embrace sustainability (Auger et al., 2008; Sirgy, 1982). Moreover, the subsequent hypotheses highlight the cascading effect of self-congruity on brand-related attitudes and trust, emphasizing the importance of aligning a brand with an individual's self-identity to foster positive consumer attitudes and encourage sustainable, responsible choices (H1, H2, H3). The interconnectedness between sustainability, self-congruity, and social norms is further underscored, with social norms serving as a guiding force in shaping both sustainable practices and self-congruity (H6). Together, these theories provide a comprehensive understanding of the intricate dynamics shaping sustainably conscious consumer behavior.

Methodology: The methodology involves an analysis of 21 luxury fashion brands, relying on the Brand Finance Luxury & Premium 50 report of 2022. Each brand's website was scrutinized based on environmental, social, and economic sustainable actions, with a specific focus on aligning with the United Nations' 17 sustainable development goals. A survey of 460 US consumers was conducted to test six hypotheses.

Findings: The study reveals a significant connection between sustainability, consumer self-congruity, and economic decisions. It emphasizes the importance of aligning sustainability initiatives with consumers' self-identity to promote responsible choices (H1). The study confirms that self-congruity positively influences brand attitude and trust (H2), while empirical evidence supports sustainability's role in building trustful relationships (H3). Additionally, the findings highlight the economic impact of positive brand perceptions, showing a correlation between favorable attitudes, trust, and a willingness to pay more (H4). The study also confirms that consumers are willing to pay more for products associated with sustainability (H5). These insights provide valuable guidance for luxury brands, suggesting that prioritizing social sustainability initiatives strategically can meet the preferences of sustainably conscious consumers and justify premium pricing.

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