

## **Luxury, Country-of-Origin, and Sustainability: Perspectives of Young Consumers**

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### **ABSTRACT**

The research aims to investigate the impact of sustainability on the perception of the Country-of-Origin of luxury products by younger generations of consumers. Through a qualitative methodology, it will be able to understand the role of sustainability in shaping young consumers' perceptions of Country-of-Origin in the luxury industry. From a theoretical perspective, the research will advance the literature on sustainable luxury and Country-of-Origin. The study will provide useful guidelines to luxury brands on how to use their sustainability efforts to increase the Country-of-Origin effect.

**Keywords:** Country-of-Origin, sustainability, luxury, young consumers

### **Introduction**

Millennials (born 1981-1996) and Gen Z (born after 1997) are reshaping the definition of luxury, with their evolving expectations and values (Buckle, 2019). According to GlobalWebIndex, 67% of frequent luxury buyers are aged between 25 and 44, and these age groups represent 30% of global luxury sales (Buckle, 2019). Millennials, often established in their careers, and Gen Z, who are entering adulthood, are driving significant changes in the luxury market with their unique perspectives on what constitutes luxury.

Luxury brands often use the Country-of-Origin (COO) effect as a marketing strategy (Arora et al., 2015). The COO effect plays a big role in shaping consumer perceptions of luxury brands because it can enhance the brand's image by associating it with a country renowned for certain qualities, such as craftsmanship, heritage, or innovation (Vijaranakorn and Shannon, 2017). For example, French and Italian brands often emphasize their origins to highlight luxury, tradition, and quality (Nia and Lynne Zaichkowsky, 2000).

Although most research findings have supported the existence of COO effects, some researchers have also argued that the continuing process of globalization is blurring the

COO issue, making it less relevant for forthcoming generations (Usunier, 2006), or eliminating the effect of country-of-origin on purchase intention (Pecotich and Rosenthal, 2001). Due to factors like multinational production, global branding, and less strict origin labelling rules, young consumers often struggle to identify a product's COO (Usunier, 2006; Pecotich and Rosenthal, 2001).

As research shows, for young demographic, CSR and sustainability initiatives of luxury brands are increasingly meaningful (Atkinson and Kang, 2022; Pencarelli et al., 2019; Ye and Kim, 2024). In response, luxury brands are actively adopting sustainable strategies to better connect with young environmentally conscious consumers (Ye and Kim, 2024). These shifts raise an important question: does the traditional strategy of emphasizing Country-of-Origin (COO) hold the same significance for younger luxury consumers, and how does it interact with their growing emphasis on sustainability?

Based on these premises, this research wants to investigate the impact of sustainability on the perception of the Country-of-Origin of luxury products by younger generations of consumers.

Specifically, we identified two research questions:

*RQ-1: What characteristics do young luxury consumers associate with Country-of-Origin?*

*RQ-2: What is the role of sustainability in Country-of-Origin according to the new generation of luxury consumers?*

## **Theoretical background**

### *Young consumers interest in sustainable luxury*

The emerging new generations are redefining the luxury industry, which is shifting, becoming more sustainable (Ye and Kim, 2024).

These changes are mainly driven by young generations of consumers who are increasingly interested in the sustainability of the luxury goods they buy (Pencarelli et al., 2019). Consumers are increasingly conscious of sustainability when purchasing luxury items, opting for the principle of "shop less, choose wisely" (Lim et al., 2023). Thus, young consumers tend to prefer brands that are known for sustainability (Kong et al., 2021). In 2018, 64 percent of Generation Z respondents stated that they were influenced by sustainability when making luxury good purchases (Statista, 2024).

To respond to this consumer behaviour, luxury brands have started to proactively implement strategies to connect with these sustainable conscious young consumers to generate growth (Ye and Kim, 2024). For example, Gucci has formed a strategic partnership with the Ellen MacArthur Foundation, a nonprofit organization that focuses on circularity. Gucci's approach to circularity is perfectly exemplified by the "Off The Grid" capsule collection, which consists of unisex garments and accessories made from 100 percent recycled, organic and organic materials (Vogue, 2022).

### *Country-of-Origin effect for luxury young consumers*

Country image is accepted as one of the extrinsic cues that affect consumers' evaluation of products (Vijaranakorn and Shannon, 2017). For example, many consumers perceive that products from the developed countries are of higher quality (Usunier, 2006).

Particularly, young consumers prefer fashion clothing brands with Western origins (Vijaranakorn and Shannon, 2017). This phenomenon is called the Country-of-Origin effect.

Consequently, marketers are now adopting an authentically country-centric approach to branding (Aiello et al., 2013) and many luxury brands are employing strong and positive brand-origin cues in their communication to highlight their products' country of origin (Shukla, 2011).

Particularly, luxury brands emphasize the association of their products with the image of the country, characterized by a country's strongly positive reputation for excellence, e.g. Italian fashion products (Nia and Lynne Zaichkowsky, 2000). This happens as luxury brands can benefit from an association with a national identity, such as Italian style, which expresses a unique cultural identity and image (Vijaranakorn and Shannon, 2017).

### **Methodology**

The study will employ a qualitative methodology. We will collect data through a series of semi structured interviews with a sample of young consumers (20-30 years old) with different nationalities. The interviews will address young consumers' perceptions of Country-of-Origin in the luxury sector with a specific focus on the role of sustainability. Then, following the thematic analysis of Braun and Clarke, (2006) we will analyse the data identifying initial codes that will be grouped into potential themes. This exploratory analysis will identify the variables associated to Country-of-Origin by young consumers in the luxury industry and the role assigned to sustainability attributes.

For the moment, we have conducted a series of interviews with a sample of 185 international young luxury consumers to investigate how sustainability in the luxury sector impacts young consumers' perceptions of Made in Italy. To further expand our research on COO, we will also collect data on the impact of Made in France, allowing us to better understand how different origins interact with sustainability in shaping young consumers' views on luxury.

### **Preliminary results**

From the preliminary interviews conducted and the thematic analysis it emerged that young luxury consumers associate different attributes to the concept of Made in Italy. Respondents perceive Made in Italy products characterised by a superior quality due to the high craftsmanship, the respect of traditions and the use of quality raw materials that allow to increase the durability of the product. In addition, respondents perceive luxury Made in Italy products as luxurious due to the presence of multiple internationally well-known Italian luxury brands. In fact, respondents associate values such as prestige, exclusivity, and high brand reputation. This increases the reliability of Made in Italy luxury products enhancing their desirability.

Moreover, young consumers associate sustainable attribute to Made in Italy products and they consider it as a crucial effort to achieve by luxury brands. In particular, they highlight the social dimension of sustainability by emphasising the importance to

guarantee fair pay to workers, gender equality/inclusion, support to communities in need and the implementation of ethical practices.

### **Conclusion and implications**

The study anticipates that young consumers display a great awareness of sustainability when evaluating luxury products labelled as "Made in Italy". Additionally, the preliminary results demonstrate that the "Made-in-Italy" label continue to carry its traditional values such as quality and craftsmanship. Moreover, this value is increased when sustainability efforts are implemented by luxury brands. In the next step, we will see if the same results are obtained for "Made in France" luxury products to understand how different origins interact with sustainability in forming young consumers' views on luxury.

This research could have both theoretical and practical implications. From a theoretical standpoint, the study will advance the literature related to Country-of-Origin in the luxury industry. In particular, the study will contribute to theoretical understanding of COO perception among young generations of luxury consumers. Moreover, it advances the understanding of how the Country-of-Origin effect can interact with sustainable attributes to form consumers' perceptions.

From a managerial point of view, this research could provide useful guidelines to luxury brands on how to use their sustainable efforts to strengthen the Country-of-Origin effect. By strengthening the sustainable efforts together with Country-of-Origin in their communication strategy luxury brands can improve their brand appeal and align with young consumers values.

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