

Sustainable Practices, CSR, and Brand Reputation: Influencing Purchase Intentions in Luxury Green Marketing

Xueqi Zhang*

School of Management, University College London, London, WC1E 6BT, United Kingdom

*Corresponding author: zceihav@ucl.ac.uk

Abstract. The purpose of this study is to examine the integration of sustainable practices and corporate social responsibility initiatives within luxury brands, as well as the impact that these initiatives have on consumer behavior with regard to their purchasing intentions. The study identifies a shift in the luxury branding paradigm away from one that historically placed an emphasis on exclusivity and towards one that is more socially responsible and sustainable. As part of the research methodology, a systematic literature review will be conducted in order to evaluate the relationship between sustainability, corporate social responsibility, and brand reputation. By implementing effective social responsibility programs in addition to actual sustainability initiatives, luxury brands are able to engage consumers more effectively and thereby create stronger relationships with them. Consumer purchase decisions are significantly influenced by the reputation of a brand, which is backed up by sustainable and corporate social responsibility initiatives. Research directions are recommended, emphasising the need for more in-depth sector-specific studies and a better understanding of the relationship between sustainability and brand loyalty over the long term.

Keywords: Sustainable practices, Corporate social responsibility, Brand reputation, Consumer purchase intentions, Green marketing, Socioeconomic needs.

1. Introduction

In the contemporary business landscape, organisations are beginning to recognise that their products and services should address environmental and socioeconomic needs. Developing environmentally sustainable "green" brands has made significant progress in developed countries with high environmental awareness; however, there is an emerging market for brands focusing on socioeconomic CSR benefits, particularly in developing countries. Domestically and internationally, this shift is evident, with luxury brands at the forefront, integrating CSR into their brand values.

The theoretical significance of this study lies in its investigation of the interplay between sustainability, CSR, and brand reputation in the context of luxury brands. A luxury brand has traditionally been associated with wealth. However, modern market dynamics require that luxury brands pivot towards sustainable practices. This study aims to understand how these brands can integrate sustainability into their core ethos. Furthermore, it examines the dynamics of CSR initiatives and how they can enhance a brand's market position. This study provides a comprehensive framework for understanding the psyche of contemporary consumers, especially when it comes to green marketing and how it influences their purchasing decisions.

From a practical perspective, this research provides guidance for luxury brands seeking to implement sustainability measures effectively. It offers actionable insights into the sustainable and CSR initiatives that resonate most with their target audience, ensuring that brands can enhance their image while fostering consumer loyalty and trust. Moreover, the findings equip businesses with the tools to craft impactful green marketing campaigns, positioning themselves as environmentally responsible entities in the market. This research bridges theoretical understanding with actionable strategies, making it invaluable for academia and industry stakeholders.

2. Evolution of Sustainability and CSR in Luxury Brands

Historically characterised by exclusivity, wealth, and timelessness, the luxury industry has shifted in recent years. Key attributes often associated with luxury encompass exclusivity, historical

significance, aesthetic appeal, attractiveness, superior quality, premium pricing, uniqueness, and a strong presence of non-functional elements [1]. As global awareness of environmental and social issues intensifies, luxury brands find themselves at a crossroads, balancing their traditional values with the rising demand for sustainable and responsible practices.

The concept of sustainability, as articulated by the United Nations Brundtland Commission in 1987, emphasises the importance of addressing current needs without compromising the capacity of future generations to fulfil theirs [2]. Luxury brands have indeed been slow to embrace this principle fully, but there is a growing awareness that sustainability and luxury can coexist. It is noteworthy that brands such as Stella McCartney and Gucci have made significant strides in this direction, demonstrating that luxury does not have to come at the expense of the environment [3].

However, a challenge arises when considering consumer perceptions. A study by Janssen et al. highlighted that while consumers generally hold positive attitudes towards CSR initiatives by luxury brands, there needs to be more awareness about these activities [4]. This gap presents both a challenge and an opportunity for luxury brands. On the one hand, they must effectively communicate their sustainable practices without diluting their brand essence. On the other hand, there is potential to enhance brand reputation and drive purchase intentions by leveraging green marketing strategies.

The reputation of luxury brands is one of their unique advantages. They have cemented their position in the market due to their legacy, high quality, and emotional value that they provide consumers. Brand reputation is increasingly influenced by a company's commitment to sustainability and corporate social responsibility, particularly among younger demographics [5].

2.1. Sustainable Practices in Luxury Brands

Sustainability, an emphasis on practices that ensure ecological harmony, has become an integral part of modern businesses, and luxury brands are no exception. As luxury brands integrate sustainability into their brand's essence and meet the expectations of an increasingly conscious consumer base, they face a significant challenge.

The Triple Bottom Line framework, which underscores the balance between social, environmental, and financial dimensions, provides a comprehensive lens to understand this intricate dynamic. This framework suggests that businesses should focus on profits and consider business operations' social and environmental impact [6]. For luxury brands, this means redefining what luxury stands for in the modern age.

Research by Sukia et al. offers insights into the changing consumer landscape. Their findings underscore a significant shift in consumer preferences, with a pronounced inclination towards brands prioritising ethical production and sustainable practices [7]. This shift is not an isolated phenomenon but reflects broader societal changes. As global challenges such as climate change and social inequities become more pronounced, consumers become more conscious of their choices and impact. They seek authenticity and responsibility, not just exclusivity.

Sharma, Singh and Misra explore the nuances of this dynamic, exploring the tangible benefits that luxury brands can accrue through transparency and sustainability communication [8]. They suggest that such transparency can enhance customers' loyalty and trust in a brand and improve the company's financial outcomes. It is essential to recognise that this is a crucial insight, as it indicates that sustainability is not only a moral imperative but also an important business decision. Brands that can effectively communicate their sustainability initiatives can carve out a niche in a crowded market by differentiating their offerings based on their sustainability initiatives.

Undoubtedly, the gap in consumer awareness is one of the most significant issues identified in the literature. In their study, Wiedmann highlight the disconnect between luxury brands and their consumers, noting that while luxury brands increasingly embrace sustainable practices, consumers must also be aware of these initiatives [9]. Several factors can be attributed to the existence of this gap. Brands should communicate more transparently as well as in a more compelling manner. In a digital age, consumers need more information from many sources, making it difficult for brands to cut through the clutter and get their message across.

The consequences of this awareness gap are manifold. Firstly, luxury brands might not be reaping the full benefits of their sustainability initiatives. If consumers are aware of a brand's efforts, they will likely reward the brand with loyalty or premium pricing. Secondly, this gap can lead to scepticism. In an age where the practice of making misleading sustainability claims is prevalent, consumers might become cynical, questioning the authenticity of all sustainability claims, even genuine ones.

In tracing the origins of this problem, it becomes evident that the luxury sector's historical image plays a role. Luxury has traditionally been about exclusivity and opulence, often detached from sustainability concerns. As a result, consumers might not instinctively associate luxury brands with sustainable practices. This historical perception and potential brand communication missteps have culminated in the current awareness gap.

While the luxury industry is making strides in integrating sustainability, significant challenges remain. The sector must continue its genuinely sustainable practice adoption efforts and refine communication strategies to bridge the awareness gap. Only through such a dual approach can luxury brands hope to align with the values of the modern consumer and ensure their continued relevance and success.

2.2. CSR Initiatives in Luxury Brands

Luxury has entered a new phase in its development due to the biting criticism it has received about its environmental impact, along with a new business approach dubbed 'responsible luxury'. Various economic, environmental, and social factors drive many luxury companies today to become more responsible for the environment and society. There is a growing trend among corporations and wealthy individuals to choose luxury products that respect the environment and society. While respecting the environment and culture, this luxury brand keeps quality and originality high to meet consumer needs. Due to this double awareness, the luxury industry has had to adapt business strategies to address environmental and social issues, as well as economic ones; therefore, companies have taken social responsibility into account in their strategic frameworks and value chains [10].

Based on the Stakeholder Theory, which emphasises the importance of catering to all stakeholders within a business, it becomes evident that luxury brands should ensure their CSR strategies align with their brand ethos and address the concerns of their stakeholders. According to a study conducted by D'Arpizio et al., contemporary luxury consumers, particularly the younger generation, are inclined to purchase brands that demonstrate social responsibility [11]. The study indicates that such brands enjoy enhanced loyalty trust and can even command a premium price over their competitors.

For luxury brands, Kapferer and Michaut-Denizeaun identify a nuanced challenge: maintaining their aspirational and exclusive image while championing social causes [12]. Brands must maintain a delicate balance between being socially responsible and maintaining a luxury appeal. A further layer of complexity is added when it comes to the communication of these CSR activities. According to Ateeque, B. and Siddiqui, D.A., luxury brands often need help communicating the authentic purpose of their CSR efforts in an authentic manner [13]. A significant challenge is ensuring genuine communication that aligns with the audience's expectations. When a brand commits a misstep in this area, consumers may doubt its sincerity regarding its commitment to social responsibility.

The lack of an effective CSR strategy and insufficient communication can make a significant segment of luxury consumers feel alienated from the brand. Due to the digital nature of today's world, where perceived discrepancies in CSR can quickly tarnish reputations, perceived differences in CSR can have a long-term detrimental impact on a brand's reputation and financial health in the long run. In the past, the luxury sector focused primarily on opulence and exclusivity, which may have contributed to its challenges today. There may be a conflict between the principles of CSR, which focus on societal welfare and inclusion, and the traditional narrative of luxury. Combined with potential communication pitfalls, this inherent discord underscores luxury brands' current predicament in the field of corporate social responsibility.

Luxury brands have the opportunity to align with modern consumer values through CSR, but it entails several challenges as well. Luxury brands must balance their traditional luxury image and genuine social responsibility to thrive. Effective communication plays a crucial role here.

2.3. Brand Reputation's Influence on Consumer Purchase Intentions

Brand reputation, a multifaceted construct, encapsulates the perceptions and beliefs held by consumers about a company. Businesses invest heavily in social responsibility efforts, including cause-related marketing and fundraising support for minority groups, aiming to foster a positive corporate image [14]. This strategy is driven by the fact that 60% of a consumer's buying decision is shaped by their view of the company, while only 40% is based on their opinion of the products [15]. In the luxury sector, where exclusivity and premium quality are paramount, brand reputation becomes even more critical. A brand's reputation can significantly influence consumer purchase intentions, acting as a heuristic that consumers rely on when purchasing. However, brand reputation parameters are evolving in an era of increasing consumer awareness and demand for transparency.

The social identity theory, as conceptualised by Tajfel and Turner, underscores the profound influence of group affiliations on an individual's self-concept. The theory suggests that individuals are motivated to improve their self-image by positively distinguishing themselves from groups they do not associate with to enhance their self-esteem. As a matter of consumer behaviour, brands are perceived not only as commercial symbols but also as reflections of social groups. An organisation's reputation, particularly in sustainability and corporate social responsibility, is significant to consumers, who align themselves with brands that reflect their values, beliefs, and identities.

The study conducted by Prentice et al. utilises the social identity theory to explore this relationship. The study suggests that a brand's reputation is a beacon for consumers. When consumers identify with a reputable brand, especially one known for sustainability and CSR, it enhances their social identity, leading to greater brand engagement and a higher propensity to purchase [16]. This study harnesses the social identity theory to dissect how brand reputation influences consumer purchase intentions, spotlighting the psychological interplay between a brand's reputation and consumer identity. Such insights are pivotal for understanding how sustainable practices in luxury brands shape consumer behaviour.

Research by Balmer and Greyser underscores the intricate relationship between brand reputation and consumer behavior [17]. Consumers are more likely to become loyal and trusting of brands with a positive reputation, particularly if the brand is reinforced by genuine sustainability and corporate social responsibility initiatives. A luxury brand's ethos and values are fundamental in the luxury market, where consumers invest in a product and the brand.

The benefits of a strong brand reputation are also highlighted by Fombrun and Shanley. The study indicates that companies with solid reputations, particularly in sustainability and corporate social responsibility, can offer premium pricing, gain a larger market share, and maintain greater investor loyalty [18]. This aligns with the findings of Roberts and Dowling who note that brand reputation becomes a critical factor influencing purchase intentions in sectors where product differentiation is minimal [19].

However, a challenge emerges. While luxury brands increasingly recognise the importance of sustainability and CSR in shaping their reputation, there needs to be a potential disconnect in how consumers perceive these initiatives. Research by Carrington et al. suggests that while consumers express a strong preference for ethically produced goods, their actual purchasing behaviour often needs to align with these stated preferences [20]. A significant challenge for luxury brands is the gap between attitudes and behaviours, commonly called the "attitude-behaviour gap". Even though positive reputations significantly impact purchase intentions, other factors, such as price and aesthetics, might determine whether a purchase will be made.

There is no doubt that brand reputation, enhanced by sustainable and CSR initiatives, can substantially impact consumer purchase intentions in the luxury sector. However, brands have to contend with the issue of an attitude-behaviour gap. To address this issue, a brand must engage in

sustainable and corporate social responsibility programs and develop effective communication strategies that resonate with and convince the modern consumer of a brand's authenticity.

3. Suggestions

3.1. Suggestions for Sustainable Practices

Drawing from the challenges identified and insights from the literature, it's evident that luxury brands have a significant opportunity to enhance their sustainable practices. One of the primary recommendations is to ensure transparency in their supply chain. By providing clear information about sourcing materials and ensuring they are ethically obtained and environmentally friendly, brands can build consumer trust. Furthermore, collaboration with environmental NGOs can be beneficial. By partnering with these organisations, brands can tap into a reservoir of expertise to implement genuine sustainable practices. Such partnerships also offer third-party validation of their efforts, further solidifying consumer trust. Lastly, consumer education is paramount. Luxury brands should invest in campaigns that promote their products and educate consumers about the importance of sustainability. They can foster a deeper connection with their audience by explaining how purchasing from sustainable luxury brands can make a tangible difference.

3.2. Suggestions for CSR Initiatives

The literature provides many insights into best practices and successful CSR initiatives within the luxury sector. One of the standout recommendations is the engagement in local community development projects, especially in areas where brands source materials or have significant operations. Such engagements aid the community and resonate well with consumers who value brands that give back. Additionally, stakeholder involvement is crucial. By involving stakeholders, including customers, in the CSR decision-making processes, brands can ensure that their initiatives align with consumer values and expectations. This alignment can lead to increased brand loyalty and advocacy. Furthermore, conducting and publishing regular impact assessments of CSR initiatives can showcase their tangible impact. Demonstrating a commitment to continuous improvement can further enhance a brand's reputation in the eyes of discerning consumers.

3.3. Suggestions for Enhancing Brand Reputation

To strengthen their reputation, luxury brands can adopt several strategies related to sustainability and corporate social responsibility. The power of authentic storytelling cannot be overstated. Brands can build a deeper emotional connection with consumers by sharing their journey towards sustainability and corporate social responsibility and highlighting the challenges they have faced and milestones they have achieved. Another effective strategy is collaboration with influencers and ambassadors who advocate for sustainability and corporate social responsibility. As a result of their endorsement, the brand's message may be amplified, and its reputation may be enhanced among a wider audience. In addition, establishing feedback mechanisms for consumers can be extremely valuable. Providing consumers with the opportunity to provide feedback on a brand's sustainability and corporate social responsibility activities can provide insights for improvement. It further strengthens the brand's reputation by demonstrating that the brand values and respects the opinions of its consumers.

4. Conclusion

A comprehensive study of luxury brands' sustainable practices, corporate social responsibility initiatives, and the influence of brand reputation on consumer purchase intentions revealed a complex landscape. A luxury product has traditionally been associated with opulence and exclusivity, but luxury transforms as consumer values change and global challenges. In light of the study's findings, genuine sustainability efforts need to be undertaken, CSR strategies need to be implemented

effectively, and brand reputation plays a pivotal role in shaping consumer behaviour as a result of the study's findings. Literature has been found to provide a comprehensive understanding of this issue, with theories such as the Triple Bottom Line theory and the Social Identity Theory, providing valuable analytical tools for examining the issue more closely.

Based on extensive literature analysis, these recommendations have profound implications for the luxury industry. Brands can resonate more deeply with modern consumers by improving sustainable practices, refining corporate social responsibility initiatives, and enhancing their brand reputation. When implemented effectively, these strategies can redefine luxury branding, aligning it with contemporary values and ensuring sustained success in a competitive market. Focusing on transparency, stakeholder involvement, authentic storytelling, and continuous feedback mechanisms highlights the future of luxury brands.

Although the study provides a comprehensive overview, its limitations must be acknowledged. Based on existing literature, the luxury industry might need to be accurately captured in real-time. To stay on top of emerging trends and challenges, continuous research is required in the luxury sector due to the dynamic nature of consumer behaviour. There remains to be a gap in understanding the long-term implications of sustainable and CSR initiatives on brand loyalty, especially in the luxury sector. It would be beneficial if future research centred on sector-specific studies, providing granular insights and exploring possible discrepancies between consumer attitudes and purchasing behaviour. As the digital age progresses, it will be increasingly important to understand how technology can shape and communicate luxury brands' sustainability and corporate social responsibility narratives.

References

- [1] Heine K.H. The concept of luxury brands. 2012. Accessed: 01 October 2023. Available at: https://upmarkit.com/sites/default/files/content/20130403_Heine_The_Concept_of_Luxury_Brands.pdf
- [2] United Nations. Sustainability, United Nations. 1987. Accessed: 01 October 2023. Available at: <https://www.un.org/en/academic-impact/sustainability>
- [3] Joy A., Sherry J.F., et al. Fast fashion, sustainability, and the ethical appeal of Luxury Brands. *Fashion Theory*, 2012, 16(3): 273–295.
- [4] Janssen C. et al. The catch-22 of responsible luxury: Effects of luxury product characteristics on consumers' perception of fit with corporate social responsibility. *Journal of Business Ethics*, 2013, 119(1): 45–57.
- [5] Phau I and Prendergast G. Consuming luxury brands: The relevance of the “Rarity Principle”. *Journal of Brand Management*, 2000, 8(2): 122–138.
- [6] Hacking T. and Guthrie P. A framework for clarifying the meaning of triple bottom-line, integrated, and Sustainability Assessment. *Environmental Impact Assessment Review*, 2008, 28(2–3): 73–89.
- [7] Suki Norazah Mohd, Suki Norbayah Mohd and Azman N.S. Impacts of corporate social responsibility on the links between Green Marketing Awareness and consumer purchase intentions. *Procedia Economics and Finance*, 2016, 37, 262–268.
- [8] Sharma A., Singh D. and Misra R. The role of positive anticipated emotions in influencing purchase intentions of battery electric cars in emerging markets. *Journal of International Consumer Marketing*, 2023, 1–19.
- [9] Wiedmann K.P. Consumers' perceptions and evaluations of luxury and luxury brands. *The Oxford Handbook of Luxury Business*, 2021, 286–308.
- [10] Gazzola P., Amelio S. and Pezzetti R. CSR as a driver of corporate reputation: Family firms in the Italian luxury industry. *International Journal of Business Administration*, 2020, 11(6): 21.
- [11] D'Arpizio C. et al. Luxury goods worldwide market study, fall–winter 2017, Bain. 2019. Accessed: 06 October 2023. Available at: <https://www.bain.com/insights/luxury-goods-worldwide-market-study-fall-winter-2017/>
- [12] Kapferer J.N. and Michaut-Denizeau A. Are luxury purchasers really insensitive to sustainable development? *Sustainable Luxury*, 2017, 94–107.

- [13] Ateeque B. and Siddiqui D.A. Luxury with social responsibility in Pakistan: The effect of brand commitment on perceived quality and consumers' attitudes toward luxury products with the mediatory role of Luxury-CSR fit, complemented by luxury product characteristics. *SSRN Electronic Journal*, 2020.
- [14] Esen E. The influence of Corporate Social Responsibility (CSR) activities on building corporate reputation. *International Business, Sustainability and Corporate Social Responsibility*, 2013a, 133–150.
- [15] Smith J. The companies with the best CSR reputations, *Forbes*. 2022, Accessed: 07 October 2023. Available at: <https://www.forbes.com/sites/jacquelynsmith/2013/10/02/the-companies-with-the-best-csr-reputations-2/?sh=1672019b34ff>
- [16] Prentice C. et al. The influence of identity-driven customer engagement on purchase intention. 2019. Accessed: 07 October 2023. Available at: <https://www.sciencedirect.com/science/article/abs/pii/S0969698918308646>
- [17] Balmer J.M.T. and Mukherjee A. Corporate marketing: Insights and integration drawn from corporate branding, corporate identity, corporate communication, corporate reputation and visual identification. *European Journal of Marketing*, 2006, 40(7/8).
- [18] Fombrun C. and Shanley M. What's in a name? reputation building and corporate strategy. *Academy of Management Journal*, 1990a, 33(2): 233–258.
- [19] Roberts P.W. and Dowling G.R. Corporate reputation and sustained superior financial performance. *Strategic Management Journal*, 2002a, 23(12): 1077–1093.
- [20] Carrington M.J., Neville B.A. and Whitwell G.J. Why ethical consumers don't walk their talk: Towards a framework for understanding the gap between the ethical purchase intentions and actual buying behaviour of ethically minded consumers. *Journal of Business Ethics*, 2010a, 97(1): 139–158.