

**DIVERSITY IN LUXURY FASHION ADVERTISING: RELATIONSHIPS  
AMONG BRAND SUSTAINABILITY, BRAND EQUITY AND PURCHASE  
INTENTION**

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**ABSTRACT**

As major luxury fashion brands are embracing diversity in their brand communication strategies, new research questions are concerned with the effectiveness of such communication efforts on consumers' brand evaluations and purchase behaviors. This study investigates the impact of diversity representations in luxury fashion advertisements on perceived brand sustainability, brand equity, and purchase intention. A first experiment, conducted on the advertising of a well-known luxury fashion brand, shows the moderating role of brand trust on the relationship between diversity representations and perceived brand sustainability. Results also indicate that diversity representations influence brand equity and purchase intention through the mediating impact of perceived sustainability. To control for brand name effects, these results are replicated by means of a second experiment conducted on comparable advertisements where the brand name was kept anonymous. Finally, a third experiment is conducted to explore how these relationships might unfold in the context of the Metaverse, where diversity is represented through avatars that embody consumers' self-perceptions. Here, it is shown that the role of perceived sustainability on both brand equity and purchase intention is moderated by consumers' self-congruity, referring to the extent to which the portrayed social sustainability values align with the individual's self-concept. Insights are provided regarding brand strategy management for more effective socially sustainable representations in luxury fashion digital and virtual communication.

**Introduction**

In recent years, fashion brands have increasingly recognized the importance of pursuing sustainable practices to meet emerging ethical standards by supranational institutions, the market, and society in general (Arrigo 2018). Starting from the first conceptualization, which stressed the importance of 'serving the present needs without compromising the ability of future generations to meet their own needs' (Rathee & Milfeld, 2023), the efforts of companies are now oriented towards the pursuit of sustainable development across the three domains of environmental, economic, and social sustainability (Kim et al. 2015). Scholars have pointed out that consumers themselves anticipate companies to transcend financial and economic self-interest and prioritize sustainability and societal well-being (Rathee & Milfeld, 2023). According to a recent report, 70% of consumers are willing to

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pay a premium price and invest in brands that actively promote sustainability goals through their products and services (Kong et al., 2021).

Further survey data on US millennials report that 83% of them prioritize brands that reflect themselves to be sustainable (Twirl, 2023). Luxury fashion brands are answering consumer's call for sustainability. They are transforming their core brand values by undertaking profound transformations in various areas, including production, human resource policies, marketing, and brand communication (Rathee & Milfeld, 2023). Among various brand communication activities, social sustainability is more often expressed in terms of brand adherence to the values of inclusivity and diversity. Models of people with different skin colors, body shapes, and ability/disability are increasingly frequent in advertisements. However, the potential impact of such images on consumers' sustainability perceptions is still an open question. New digital opportunities to represent personal identities in the virtual world, such as that of the Metaverse, raise new challenges for research and brands alike. This study initially seeks to advance current understanding by examining the effect of diversity representation in digital advertising (Web 2.0) on perceived brand sustainability (Kim et al., 2015) and, consequently, on brand equity. Subsequently, we extend our inquiry to test the effect of diversity representation in the Metaverse (Web 3.0) on perceived brand sustainability, self-congruity, brand equity, and purchase intention. By exploring the interplay between brand trust, self-congruity, and perceptions of social sustainability within the context of diverse representations, this study aims to shed light on the intricate dynamics that shape consumer attitudes and behaviors towards sustainable luxury fashion brands in the digital landscape.

## **Background and Conceptual Model**

### **Social sustainability**

Social sustainability is considered one of the three dimensions of sustainability concentrating on brands' impact on society and societal issues (Kim et al., 2015). According to scholars, social sustainability strategies include improving consumers' perceptions, respecting their choices, and offering social support (Kim et al., 2015, Arrigo 2018). Furthermore, it encompasses the brand's ability to serve the needs of diverse customer segments without compromising their individual identities, ethics, and moral practices (Lee et al., 2012). In this regard, luxury fashion brands are undergoing an evolution in the realm of diversity practices. This evolution is appreciated by conscious consumers who prioritize ethical practices and sustainability beyond consideration of age, gender, and ethnicity (Toke, 2023). These consumers expect fashion brands to genuinely represent diversity among customer communities and peers by providing them opportunities to experience their self-identities according to the values and traits associated with the brand (Eisend et al., 2022). In a recent report, more than 60% of consumers in the USA acknowledged that diversity in the advertisements shaped their perception of the brand sustainability, and over 30% are expected to trust the brand that incorporates diversity in their offline and online advertisements (Hemsley et al., 2023). Various luxury fashion brands, including Gucci, Armani, Chanel, and Stella McCartney actively communicate their diversity values and sustainability practices through digital marketing communications to enhance brand evaluations (Kong et al., 2021). For instance, a luxury fashion brand, Stella McCartney, has revolutionized its sustainability strategy to

incorporate diverse values, morality, and ethics of its consumers and earned 14% increase in its sales around the world (Toke, 2023). The brand explicitly communicates its concern for people, the environment, and animals in pursuing sustainability and brand ethos via digital platforms (Web 2.0 and 3.0).

### **Brand Equity, Perceived Sustainability, and Trust**

Research demonstrates the significant role of advertising on digital platforms in shaping consumers' brand perceptions, particularly in terms of brand equity. Scholars have defined the concept of brand equity and regarded it as a collection of brand assets and liabilities that are linked to a brand's name and symbols that contribute/subtract to/from a product or service that is offered to the customers (Washburn & Plank, 2002). Keller (1993) defined brand equity from the customer's perspective, stating that it involves the comprehension of brand image and brand knowledge, ultimately translating into positive customer attitudes, perceptions, emotions, and values. Other scholars are of a similar view that brand equity results from positive brand evaluation (either favorable or strong) by customers. As customers develop positive perceptions of a brand, they are more likely to trust their commitment to social sustainability, transparency, and corporate social responsibility (Kong et al., 2021).

According to Chaudhuri & Holbrook (2001), when consumers form brand trust, they are willing to rely on the "brand's commitments to perform its stated functions". Trust might then be a key determinant of consumers' evaluation of the the brand's sustainability efforts and transparency. This also means that trust also determines if brand sustainability efforts are perceived to be authentic and credible and whether there might exist a positive relationship between brand sustainability and consumer's purchase intentions (Kong et al., 2021). Additionally, the existing literature suggests that sustainable branding results in positive customer attitudes and perceptions thus leading towards enhanced brand equity (Rathee & Milfeld, 2023). To maximize brand equity, fashion brands offer, communicate, and advertise their products/services that best resonate with their diverse customer segments (Ferraro et al., 2023). This involves connecting with customers on shared thoughts, feelings, identities, beliefs, opinions, and images (Washburn & Plank, 2002) while improving their brand sustainability perception (Eisend et al., 2022). Alongside maintaining sustainability as a core business objective (Sherry et al., 2012), brands are increasingly adopting diversity practices in production, advertising, and communications. This strategic approach aims to manage brand equity, foster positive word-of-mouth, enhance brand loyalty and trust, and influence purchase intentions (Eisend et al., 2022). The existing literature emphasizes the significance of sustainability measurement with respect to the brand's economic, environmental, and social aspects and relates it to the customer-brand equity drivers. Perceived brand sustainability is defined as how customers see a brand's commitment to economic, environmental, and social sustainability (diversity) while balancing the three dimensions effectively (Kim et al., 2015). It has the tendency to influence customer equity drivers including brand equity, value equity, and relationship equity. Moreover, existing literature suggests that a higher level of brand trust moderates the relationship between customers' expectations of diversity representation and sustainability perception (Kong et al., 2021). Thus, based on the above considerations, we hypothesize that the representation of diversity in luxury fashion advertising will influence

perceived brand sustainability, with trust moderating this effect. Subsequently, perceived brand sustainability will mediate the relationship between diversity representation and brand equity.

H1: The representation of diversity (group)/non-diversity in luxury fashion advertisements will have a positive/non-positive impact on perceived brand sustainability.

H2: The relationship between diversity and perceived brand sustainability is moderated by brand trust, wherein the impact of diversity representation on perceived brand sustainability varies depending on the level of trust.

H3a: Perceived brand sustainability positively affects brand equity.

H3b: Perceived brand sustainability positively affects purchase intention.

### **Luxury Fashion Brands and Sustainability**

Within the domain of luxury fashion brands, understanding consumer perceptions regarding brand sustainability and diversity-focused advertising holds significant importance due to the distinctiveness of luxury consumption and the expectations associated with it. The research conducted by Jang et al. (2012), Arrigo (2018), and Eisend et al. (2022) emphasizes the necessity of comprehending how consumers interpret efforts made by luxury brands to promote diversity through their digital advertisements. Luxury brands, known for their aspirational and exclusive aura, coped with the challenges of harmonizing traditional luxury notions with contemporary societal values such as diversity and sustainability (Kong et al., 2021). Despite the inherent contrast between luxury and sustainability, consumers often perceive non-luxury brands as less sustainable than luxury brands (Kong et al., 2021). Eisend et al. (2022) highlight the impact of advertising on shaping consumer perceptions of luxury brand identity, indicating that advertisements centered around diversity can profoundly influence how luxury consumers perceive a brand's authenticity and commitment to social responsibility. Additionally, Arya et al. (2023) state that effectively communicating sustainability and diversity initiatives can enhance brand equity, particularly within the luxury sector where consumers actively seek brands that resonate with their personal values and self-image. Consequently, considering the unique context of luxury fashion brands, exploring consumer perceptions of brand sustainability, especially concerning diversity, is imperative for shaping informed brand strategies and maintaining resonance in an ever-evolving consumer landscape.

### **Diversity and brand advertising in the Metaverse**

As brands work towards communicating their sustainability efforts, they switch towards digital platforms to reach a wider customer base. The growing trend towards innovative digital interaction has led brands to move their investments toward immersive digital environments such as the "Metaverse". Metaverse is defined as a "three-dimensional virtual space", inhabited by digital identities (avatars) of real human beings (Arya et al., 2023). Luxury fashion brands such as Gucci and Nike have rapidly shifted towards i-commerce (immersive-commerce) to enhance brand equity and provide their customers with a unique experience (Dwivedi et al., 2023) by offering virtually wearable products for their digital identities (Arya et al., 2023). Avatars provide novel opportunities for consumers' engagement through self-identification and embodiment processes. However, how these processes will take place when the avatar represents diversity is an important research question for brands wishing to enter the Metaverse and promote social

sustainability at the same time. Particularly within the context of fashion brands, consumers are keenly observant of how their preferred brand acknowledges and represents the diversity of their individual selves (Hemsley et al., 2023).

In the context of avatars representing diversity in the metaverse, self-congruity theory remains significant. Defined as “the process of matching (some dimensions of consumers’ self-concept with the image of preferred brand, product, or service” (Sirgy et al., 2000), self-congruity serves as a fundamental concept in brand management (Liu et al., 2020). According to this theory, consumers prefer brands that possess images resembling either the images they aspire for themselves or those that match their existing self-image (Liu et al., 2020). Therefore, in the metaverse, the representation of diverse avatars can influence consumers’ perceptions of self-congruity with brands, ultimately shaping their perceptions of brand sustainability, brand equity, and purchase intentions. Hence,

H4a: The relationship between perceived brand sustainability and brand equity is moderated by self-congruity.

H4b: The relationship between perceived brand sustainability and purchase intention is moderated by self-congruity.

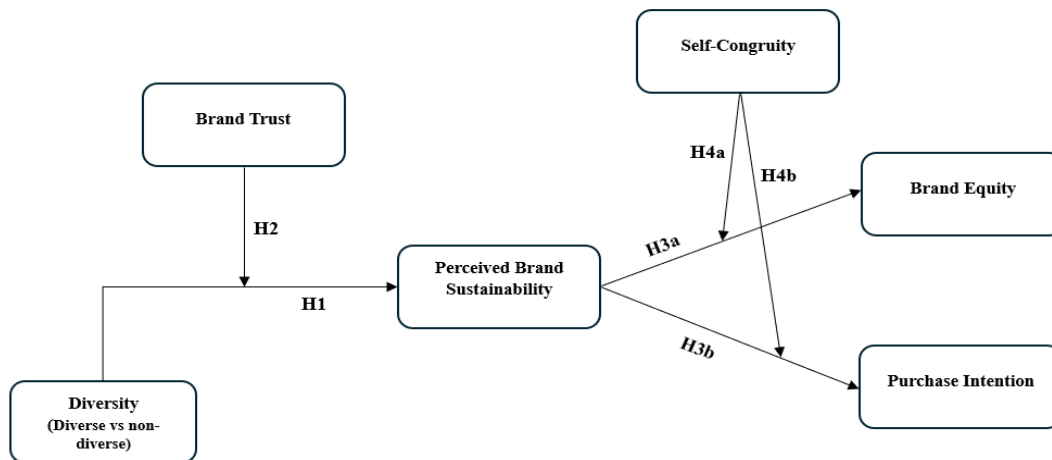


Figure 1: Conceptual Model

## Methodology

**Participants** are recruited through snowballing among students from the University of Milano Bicocca. Recruitment is conducted through university email lists, online platforms, word of mouth, and social media channels. We have collected the data from a total of 535 participants for: study 1 (N= 171; among which 43.5% are between the age of 25-34 years), study 2 (N= 194; among which 54.3% are between the age of 18-24 years), and study 3 (N= 170; among which 53.5% are between the ages of 18-24 years).

## Study 1: Design and Procedure

A 2 (diversity vs non-diversity) X 1 (luxury fashion brand) within the subject's experiment is conducted for this study. Experiment 1 examines the impact of diversity/non-diversity representation in luxury fashion advertisements on perceived brand sustainability with the moderating role of brand trust (H1 and H2). We further explore the impact of diversity/non-diversity representation on brand equity and purchase intention with the mediating role of

perceived brand sustainability (H3a and H3b). Among the 171 individuals participating in this study, 94 were randomly provided with an online structured survey featuring a diverse advertisement image of a luxury fashion brand. In contrast, 77 participants received another online structured survey containing a non-diverse advertisement image. We selected comparable advertisement images for experimental stimulus and controlled for brand name (Versace), number of fashion models, style of communication, and gender of models. Within the online survey, participants were provided with the following instruction: “Please carefully observe this advertising image of the luxury fashion brand "Versace" and respond to the questions below”.

### **Study 2 - Design and Procedure**

To control for the potential effects of brand name, a second experiment, 2 (diversity vs non-diversity) X 1 (anonymous fashion brand) within the subject's is conducted for this study. Experiment 2 aims to test the same hypotheses (H1, H2, H3a, and H3b) as study 1 except for replacing the luxury fashion brand advertising images with an anonymous fashion brand. Among the 194 individuals participating in this study, 102 were randomly provided with an online structured survey featuring a diverse advertisement image of an anonymous brand. In contrast, 92 participants received another online structured survey containing a non-diverse advertisement image. We selected comparable advertisement images for experimental stimulus and controlled for brand name (no brand name), number of fashion models, style of communication, and gender of models. Before survey distribution, participants were randomly assigned some advertising images and asked to rate them based on their perception of diversity/non-diversity. Finally, we incorporated 6 advertising images (3 diverse and 3 non-diverse ad images) as experimental stimuli for this study. Within the online survey, we provided the participants with the following instructions: “Please imagine a fashion brand of your choice and carefully observe this advertising image to respond to the questions below”.

### **Study 3 - Design and Procedure**

Finally, we aim to conduct 2 (avatar diversity vs avatar non-diversity) X 1 (anonymous fashion brand) within the subject's experiment for experiment 3. This study is crucial to investigate how our proposed theoretical model might unfold in the metaverse context by examining self-congruity's moderating role in the relationship between perceived brand sustainability, brand equity, and purchase intention (H4a and H4b). Among the 170 individuals participating in this study, 76 were randomly provided with an online structured survey featuring an anonymous brand's diverse avatar advertisement image. In contrast, 94 participants received another online structured survey containing a non-diverse avatar advertisement image. We selected comparable advertisement images for experimental stimulus and controlled for brand name (no brand name), number of avatars, style of communication, and gender of avatars. Within the online survey, we provided the participants with the following instructions: “Please carefully observe the image below, which features a set of avatars provided by a fashion brand of your choice within the metaverse. Take the time to select your avatar from the options provided and keep it in mind as you consider interacting with the brand. Then, respond to the following questions.”

### **Measurements**

All measurement items used in this study have been adopted from existing literature. The manipulation of the diversity represented in luxury (anonymous) fashion brands' advertisements is checked by one (1) item (How much do you think this advertising image represents diversity? 1= not at all, 7= completely). The measurement items of perceived brand sustainability are adopted from (Kim et al., 2015), a 6-item scale that measures social sustainability with a 7-point Likert scale. Brand trust and purchase intention are adopted from Chaudhuri and Holbrook (2001) with four (7-point scale) and two items (7-point scale) respectively. Additionally, the measurement items for self-congruity are adapted from Sirgy et al.'s (1997) (Shimul & Phau, 2023). Finally, brand equity is measured using a 4-item (7-point scale) (Washburn & Plank, 2002). We are conducting the data analysis as of now.

### **Conclusion**

As brands start to enter immersive commerce, it becomes crucial for them to build strong relationships with their diverse customer segments by embracing flexibility, reflecting diversity, and communicating social sustainability values to enhance brand equity and purchase intention. The study investigates how diversity representation in luxury fashion brand advertisement enhances consumer-brand relationships, increases brand equity and purchase intention through perceived sustainability, and how brand trust and self-congruity moderate this process. These results advance the current understanding of the complex dynamics associated with diversity representations, revealing novel insights for academics and practitioners alike.

**Keywords:** Luxury fashion, Sustainability, Diversity representation, Self-congruity, Brand equity, Purchase intention

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