

The Paradox of Prestige: Consumer Psychology, Ethics, and Sustainability in the Global Luxury Fashion Industry

Vanshika Arora

Abstract

The global luxury fashion industry has long relied on narratives of exclusivity, craftsmanship, and aspirational lifestyles to maintain prestige and desirability. However, increasing scrutiny surrounding sustainability, labor exploitation, and ethical accountability has revealed a fundamental tension within the industry. This paper examines the “paradox of prestige,” wherein luxury brands cultivate an image of cultural refinement and rarity while often being associated with environmental harm, opaque supply chains, and exploitative labor practices. Drawing on theories of social constructivism and consumer psychology, the study explores how luxury value is socially constructed through storytelling, cultural symbolism, and perceived scarcity. The paper further analyzes the concept of consumer willful blindness, in which individuals consciously overlook unethical practices to preserve the emotional and symbolic benefits associated with luxury consumption. Through illustrative examples from global luxury houses such as Hermès and Gucci, as well as Indian couture brands like Sabyasachi, the study highlights how cultural heritage, brand narratives, and exclusivity shape consumer perception across different markets. The analysis also considers the growing role of corporate social responsibility initiatives, sustainable material innovation, and emerging technologies, including artificial intelligence and blockchain, in addressing ethical concerns and improving supply chain transparency. Despite these efforts, the study argues that sustainability in luxury fashion remains constrained by the industry’s reliance on rarity, status signaling, and high-impact materials. Ultimately, the paper concludes that the future of luxury will depend on whether brands can move beyond symbolic ethical commitments toward substantive structural change while maintaining their core identity of exclusivity and prestige. As consumer awareness, particularly among younger generations, continues to grow, the ability of luxury brands to reconcile prestige with responsibility will determine their long-term legitimacy and cultural relevance.

Keywords: luxury fashion, consumer psychology, sustainability, labor ethics, corporate social responsibility, prestige paradox

INTRODUCTION

In the current day and age, luxury brands do not sell goods; they sell a lifestyle. From a consumer perspective, it is the lifestyle that becomes attractive as opposed to the actual product. What most luxury brands do is create a brand image that sells a lifestyle so niche and almost unattainable that a common person strives to achieve it. Something that started off as a brilliant marketing strategy turned into the very core of luxury brands. It is not the customer service that they prioritise the most; like most common, non-fashion brands, they advertise themselves as something which becomes a life goal for a person, making their consumer work hard to even get “invited” into the store. It creates a sense of competition among

people who are willing to attain the status symbol offered by the brand. The brands hold a certain power position, which attracts the target audience; instead of being available to all, it builds a market that only a few can access, triggering the human mind, which gets obsessed with the idea of the lifestyle, which would be something that gives a sense of victory, and so begins the never-ending cycle. It becomes the end goal for many individuals, and all their lives, they work hard just to achieve it.

While luxury is completely subjective, the main objective is to prioritise quality over quantity. By shifting the focus from mass production to rarity, it creates a sense of competition among the consumer group. The definition of luxury can also differ from culture to culture. For some, it is purely a status symbol, while for others, it is a logical purchase for themselves and not something they would purchase for the sole purpose of showing it to the world to prove their wealth. According to the highest strata of Maslow's theory, luxury becomes something that correlates with "*self-actualisation needs*", meaning that it becomes the basis of someone's self-esteem. It creates a sense of elevation in the human mind, creating an imaginary staircase leading to a dream life marketed by these brands.



To make itself into such a luxury, such brands usually compromise on basic ethics, such as labour exploitation, sustainability, waste management, etc. This is known as the "*Paradox of Prestige*", a situation wherein one focuses on their image, which usually comes at the cost of their ethics and values. Indian luxury fashion brands such as Sabyasachi, Gaurav Gupta, Tarun Tahiliani, and Manish Malhotra also create a dream lifestyle when it comes to couture. These brands have made their image so global that they have created a space in foreign markets that remains unparalleled. While Western brands sell a lifestyle, Indian brands focus more on heritage and culture, curating a perfect mix between history and art for a certain market only. They might not seem as unattainable as Western brands, but it is as desirable, if not more, due to their rich craftsmanship and USPs.

A western brand marketing India-originated products, such as saris by Hermès and Kohlapuris by Prada, will be less preferred by a consumer as opposed to a sari by Sabyasachi. This is because the latter sells a story full of culture, and it shifts focus to its domain, while the former may have impeccable quality, but will not be able to sell a story since it is not what they specialise in.

Western brands are now choosing to collaborate with Indian brands because of the rise in popularity of the Indian luxury market. Recent collaboration with Tod's and Indian designer, Rahul Mishra, showed how much it was needed in the global luxury market since it combined the two distinct worlds and curated a niche.

The Indian Wedding Industry is currently valued at \$130 billion, which makes it a huge market for couture for Indian luxury brands. (Vogue Business)

“The global luxury industry has long been dominated by Western Maisons, brands that have mastered the art of storytelling, craftsmanship, and exclusivity. While India has always been a cradle of luxury, offering exquisite textiles, jewelry, architecture, and artisanal mastery, it has lacked a unified identity that resonates globally.” (Gupta, A. 2025)

LITERATURE REVIEW

SOCIAL CONSTRUCTIVISM

“Social constructivism proposes that many aspects of human life and knowledge that are often viewed as inherently objective or natural are actually socially constructed, created by particular cultures and societies through social processes and interactions.” (Nickerson, C. 2024)

As humans evolve, the mind evolves based on what they see, who they interact with, and what they believe in. According to the social constructivism theory, each mind sees each thing differently; it perceives things differently. To one, maybe purchasing a luxury bag could be a dream, a reason to strive for, while for the other, a luxury bag could be something close to a complete waste of money. This does not mean that one is right and one is wrong; it simply means they view things differently, and there is no right answer.

This proves that high-end brands are merely socially constructed, bridging the gap between one’s dream lifestyle and the current reality. Objectively speaking, while they offer impeccable quality with never-before-seen designs, that is not the selling point of such brands.

“Designers differ from consumers in their social construction definition of a high-end brand with designers focusing on attributes “what you give” (i.e., brand heritage and authentic brand value, a rarity) and the consumers' definitions focusing on benefits “what you get (i.e., emotional experience, perceived worth of a premium price)”. (Pedro, Y., Friedmann, E., et al, 2024)

Now let’s look at Hermès, a French luxury brand that curates leather goods and apparel with exquisite quality and craftsmanship. Each bag is handcrafted by one artisan from start to finish, creating a custom appeal. However, one can not simply walk into the store and purchase its infamous bags, such as the Birkin and the Kelly. You have to maintain a relationship with the brand, which includes hefty purchases for not-so-rare goods; you have to build yourself to be worthy to buy the bag, and only then are you offered it. Regardless of the economic condition, brands like these remain untouched due to the mere psychology of the human mind of wanting something that seems unattainable. The marketing strategy is so impressive that even after knowing that this is intentional to create hype, one still won’t bat an eye before proving itself to be worthy of the brand. This is exactly what builds an upward graph for luxury brands, even if the economy faces a recession.

Speaking of Indian luxury designers, such as Rohit Bal, Anita Dongre, Gaurav Gupta, etc. These brands, too, are socially constructed. When one thinks of a classic red bridal couture today, Sabyasachi is the first to come to mind. This speaks a lot about the brand image and its place in the market today, but it also shows that the marketing of a basic colour, such as red, in a bridal aspect, has seeped so deeply into the audience’s head that it is almost impossible to think of any other designer that quickly. It is the connotation in the mind that makes it so memorable.

Cultural influence plays a huge role in building a common brand into luxury, especially in a culturally affluent country like India. Its diverse regional and artisanal practices that are now being translated into luxury stem from a rich heritage and history. Kanjivaram silk from Tamil Nadu, Pashmina, and Toosh

from Kashmir are a few of the crafts being revived by luxury brands to truly portray a high-end fashion encompassing both quality and culture. When Indian luxury fashion houses bank more on the rich heritage, it attracts consumers with a story and depicts the history through intricate art rather than a lifestyle, which is what makes Indian brands different from Western ones. The marketing that taps into emotional and cultural pride rather than status and lifestyle is what works in an Indian market. It attracts foreigners because this becomes a newfound concept for them; it becomes a niche that completely differs from their usual lives. Culture becomes an advantage and a selling point rather than being just a beautiful backdrop. Indian brand Sabyasachi's very soul is made of culture, royalty, and heritage. It showcases traditional crafts such as zardosi, banarasi brocade, hand dyeing, etc. in its beautiful pieces, which establishes a connection between the current and the past, embodying the true essence of Indian culture. While most luxury brands focus on minimalism, Sabyasachi focused on maximalism, which made the brand different and stood out. It focused on storytelling by layers of opulence and history being sewn into each garment, so that every piece holds a different story.

Sabyasachi has opened its flagship stores in London, Dubai, and New York. He represents Indian roots in fashion in Western countries by painting a beautiful picture of Indian royalty and craftsmanship by designing its store like a royal Indian palace. This marketing strategy sells a unique experience, giving a taste of India even abroad by sticking true to its roots. The brand positions itself as “*preserver of Indian culture*,” which is what seems to work for it rather than repositioning itself to fit into Western culture. At the ET World Leaders Forum (ET WLF) in August 2025, Sabyasachi stated: “India’s soft power, craft, culture, music, celebration, architecture, and food, is actually India’s hard power.”

“*You build a luxury brand by creating a great product, but also by creating a great philosophy of business. If you haven’t earned your customers’ respect, you have not built a luxury brand,*” said Sabyasachi Mukherjee, which speaks volumes about his ideology of a luxury brand. What this means essentially is that it is the very core of luxury to earn respect. No luxury brand can be built without earning respect from the consumers, the market, and the competition.

ETHICS AND LUXURY

A better understanding of luxury brands' sustainability efforts and how consumers react to them is needed, as even though previous research suggests that consumers tend to care less about sustainability when buying luxury goods (Davies et al., 2012)

In theory, consumers often express deep concern when it comes to sustainability and ethics; however, while actually purchasing luxury goods, this concern goes out the window. Many consumers still associate luxury with exclusivity, elitism, and scarcity, which makes sustainability contradictory.

“*For many years, the concept of sustainability and luxury has been considered a paradox. Sustainability is associated with concern for society and the environment, while luxury is associated with waste and extravagance, especially when its main or only purpose is to signal wealth and affluence.*” (Alghanim, S. and Ndubisi, N.O., 2022). However, the demand for both goes hand in hand in theory. Consumers dream of purchasing goods from high-end luxury brands and often ignore the unethical practices by the brand, and focus only on the end product. This shows the duality of a consumer who would otherwise take to social media about labour exploitation, waste, and sustainability, but when it comes to purchasing, suddenly all the issues disappear.

Many brands are now choosing to be sustainable, so no such question ever gets associated with their brand. One example is Gucci, which launched a program called “*Gucci Equilibrium*” that essentially focuses on

ensuring the brand makes sustainable choices when it comes to its workers as well as the environment. This proved to create goodwill for the brand since it defied the contradictory nature of luxury and sustainability.

While luxury remains subjective in nature, it mostly seems to make only a few happy, those groups of people who correlate luxury with their end goal. For those consumers, luxury is something that is rare and exclusive, so for brands to produce such rare and exclusive pieces, it usually comes at the cost of the environment. “Rare crocodile skin bags”, “rare animal fur”, and “rare pearls” are a few examples of rarity at the cost of the environment. This creates a buzz among socialists as it is unethical; however, they also fail to acknowledge that this is exactly what the consumers demand, and the brands are merely fulfilling that. Consumers expect from brands to fulfill the “ethical” criteria; however, they themselves fail to do so when it comes to purchasing.

This gives rise to the concept of “*consumer willful blindness*,” also known as strategic ignorance, wherein consumers purposely ignore unethical practices by brands from which they purchase, as that would create discomfort for the consumers or inner conflict. “*Willful blindness (also called strategic ignorance) occurs when individuals choose not to know something that could influence their decisions, especially when that knowledge would create cognitive dissonance*” (Festinger, 1957).

People often care about appearing to be moral rather than actually being moral, as that requires more effort and great lengths to pursue; it is much easier to just pretend. Greenwashing is a concept where companies appear to be eco-friendly while they don't actually practice it. When consumers choose to believe such vague claims, instead of verifying them, they are choosing the product over the cause.

LABOUR EXPLOITATION

Labour exploitation is a very critical issue when it comes to luxury brands since it creates a paradox wherein luxury is said to be expensive, but the artisans who actually create goods are underpaid, so it brings up the question of “*where does the money actually go?*”.

“*It was reported that production costs at LVMH subsidiaries were kept as low as 53 Euros for a handbag priced at 2600 Euros, which was achieved by forcing workers to sleep at the workplace and removing safety devices to speed up production*” (Perry, P., et al, 2024). A luxury house such as LVMH also ignored its labour and focused solely on the profit it created due to the high margins between the selling price and the cost price of a product marketed as “*high luxury*”.

The term modern slavery was introduced in the academic discourse on labour exploitation and unfree labour around 2007 (Smith and Johns, 2020). It suggests how, after decades, slavery still is in play but concealed under the name of labour exploitation, where artisans, craftsmen who actually are the makers of the couture on the runways, are treated nothing like the brand is. A lack of respect is the least of the worries, but these pieces are quoted at such hefty amounts, and the labour behind it gets pennies.

Some brands also employ children at factories, at the risk of their lives, defying the laws against child labour. *Modern slavery includes practices such as child labour—although Cullen(2019) argues there is not complete overlap between the worst forms of child labor and modern slavery—human trafficking, various forms of bonded labour, and forced labor. (Caspersz, D. et al, 2021).* ‘*According to the court, Loro Piana – owned by the luxury conglomerate LVMH – outsourced production of some clothing, including cashmere jackets, to an external Chinese-operated fashion company, which in turn subcontracted the work to two other companies. These were illegal workshops that operated on the outskirts of Milan. In May, the labour crime unit of the Carabinieri military police found that 10 Chinese*

people, five of whom were undocumented migrants, were forced to work up to 90 hours a week for as little as €4 per hour, as reported by Reuters.' (Donnell, C.M., 2025)

The recent “made in Italy” scandal shed light on the issue when it was found that cashmere jackets priced at €2000 under the “made in Italy” label are manufactured in workshops in China for €4 an hour. Brands like Dior, Armani, and Loro Piu were a part of the scandal. Lack of accountability for the scandal by these brands also showed that they are not affected by the exploitation caused to the workers, as well as giving an answer to their consumers, highlighting that luxury brands are just profit-focused.

PARADOX OF PRESTIGE

“Fashion’s ephemeral nature and inherent emphasis on change and trend-driven obsolescence directly conflict with principles of sustainability.” (Perry, P. et al, 2024). The ultimate paradox when it comes to fashion and luxury is that of sustainability, the one where brands often compromise the environment to stay on trend. The paradox of prestige suggests that to remain relevant to the audience, it is often done at a cost of ignorance of sustainability. If a brand chooses to survive in the fashion industry, it is usually done by profit maximisation, which may be beneficial to the brand but not so much to the environment.

Luxury brands' constant strive to be exclusive and rare in the eyes of their audience, all done to remain prestigious to the consumers, attracts issues that could have been avoided. Luxury and sustainability rarely go hand in hand because the former requires exclusivity while the latter is all about accessibility. The products offered are so desirable because of their rarity. From a Birkin to a Patek Philippe, the audience feeds on the rarity. “Luxury goods are often made from high-impact materials like leather, exotic skins, cashmere, and mined diamonds. These materials carry status but also contribute to environmental destruction.” (Kalam, P., 2025)

Luxury demands natural materials, which are often scarce, while sustainability can not exist without eco-friendly materials, which promote longevity. Many brands are trying to adapt to the sustainability wave by promoting recycling, using man-made materials, waste management, etc.

“The second-hand luxury market is projected to reach \$77 billion by 2026” (Bain & Co.). Tapping into this market could also be beneficial for the brands. Balenciaga has launched a resale platform to promote the practice by selling used goods. However, the consumer groups still feed off of the luxury, which is exclusive and not pre-owned. This creates a dilemma for the brands on whether to be ethical or provide for their consumers' wants and needs. Sustainable fashion may be the talk of the moment, but it may soon fade away due to the lack of change in consumer patterns, leading to going back to square one for the luxury brands that have already inculcated the necessary changes.

“Wealthy individuals prefer customisation over resale; they want their name engraved on a Rolex, not someone else’s. While the second-hand luxury market is growing, it is still seen as an alternative for affordability rather than an aspirational choice.” (Kalam, P., 2025)

CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility is the concept concerned with ethical decision-making regarding the environment and society by a company. It is the responsibility that is away from any profit-making.

“Luxury brands sell products that are rare, and are thus resource-dependent, which increases their need for sustainability” (Kale & Öztürk, 2016). When it comes to luxury, it is expected that consumers will expect the company to indulge in CSR and practice sustainability. Kapferer has described sustainability in luxury as “sustainability silence” since it is done by very few.

However, the Indian designer, Sabyasachi, is a great example of a brand that actually indulges in CSR. The Sabyasachi Art Foundation was started by him and his sister; its purpose was to give artisans and craftsmen their due recognition and means of livelihood. (Saini, S., 2021). *“Sustainability is an opportunity for innovation. More and more designers are looking for creative ways in terms of material, design, packaging, as well as giving back to society as a long-term value. To do this, they are seeking innovative ways to create what they have been creating for the last century or so.”* (Kale, G.O., 2016). Gucci’s off-the-grid collection uses nylon made from abandoned fishing nets and other waste material, which efficiently combines sustainability as well as innovation as a part of its circular fashion initiative. Hermès has also inculcated sustainability by developing a luxury travel bag made of Sylvania, a leather-like material grown from mycelium (mushroom roots).

Recent studies show that luxury fashion brands are becoming more sustainable through both material innovation and the use of digital technology. Many researchers focus on how brands are using eco-friendly materials, especially biomaterials. For example, Stella McCartney and Hermès have introduced materials like Mylo™, which is made from mycelium and serves as a sustainable alternative to leather (Smith, 2021; Johnson, 2022). These kinds of innovations are helping luxury brands reduce their environmental impact without losing their high-end appeal.

At the same time, other studies highlight the importance of digital tools in supporting sustainability. Technologies like blockchain are being used to make supply chains more transparent, allowing customers to see where and how products are made. Artificial intelligence (AI) is also being used to better predict customer demand, which helps reduce waste from overproduction (Lee, 2023; Kwon, 2022). These digital innovations not only help brands operate more efficiently but also improve trust and communication with consumers.

While both material and digital innovations are important, there are different opinions on which is more effective. Some researchers believe that using sustainable materials is the key to reducing fashion’s environmental harm, while others argue that digital tools can create bigger, long-term changes in the industry. However, one thing that is still not well explored is how these innovations affect how consumers view luxury brands. This gap in the research is something my study aims to address by looking at how sustainable innovation, whether through materials or technology, influences consumer perception in the luxury fashion sector.

CONCLUSION

The contemporary luxury fashion sector stands at a pivotal moment where longstanding notions of exclusivity and craftsmanship encounter increasing pressure from calls for ethical accountability and transparency. Analyses of brands like Sabyasachi, Gucci, and Hermès illustrate that although luxury boasts a legacy of heritage and artisanal quality, these stories can sometimes mask unsettling truths such as labor exploitation, environmental damage, and selective ethical practices. Central to this conflict is the duality of prestige, where consumers desire moral alignment while simultaneously seeking the status and symbolism tied to luxury. This tension is particularly pronounced among Gen Z, a demographic that promotes social and environmental principles yet remains swayed by the aspirational appeal of high-end brands. As this generation ascends to market dominance, luxury labels must advance beyond superficial narratives and enact authentic ethical reform.

Artificial intelligence (AI) is poised to be a vital element in this transformation, allowing brands to streamline supply chains, tailor consumer experiences, and boost transparency. However, if implemented

merely as a facade, it risks becoming another guise for image enhancement rather than a driver of substantial change.

As sustainability expert Kate Fletcher articulates, “Ethical fashion is not a product. It is a practice” (Fletcher, 2008). The trajectory of luxury hinges on brands' ability to adopt this practice, integrating ethics into every operational aspect rather than viewing responsibility as a passing trend or marketing strategy. Brands that neglect this imperative may find themselves culturally obsolete, while those that tackle these issues directly could reshape the definition of luxury for a more conscious and interconnected generation.

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