

Examining the Influence of Social Identity on Brand Loyalty among Generation Z Consumers in the Luxury Goods Market

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Abstract: The luxury goods market has undergone significant changes with the emergence of Generation Z as an increasingly influential consumer segment. Unlike traditional approaches to luxury consumption that primarily emphasize prestige, exclusivity and status, contemporary luxury consumption increasingly incorporates identity, social belonging, digital interaction and symbolic value. Against this background, the present study examines the influence of social identity on brand loyalty among Generation Z consumers in the luxury goods market. The study is theoretically grounded in Social Identity Theory, which proposes that individuals derive part of their self-concept from their membership in relevant social groups. In the context of luxury consumption, brands may function as symbolic resources through which consumers express their desired identity, communicate social affiliation and establish connections with particular consumer communities. Previous research indicates that Generation Z maintains distinctive relationships with luxury brands and that brand attachment and trust are associated with luxury brand loyalty. Existing research indicates that Generation Z develops meaningful relationships with luxury brands, although these relationships may be characterized more by positive attitudes and behavioural loyalty than by intense emotional attachment. Research on Indian Gen Z has also identified brand attachment and brand trust as important contributors to luxury brand loyalty. However, the specific role of social identity as a direct driver of luxury brand loyalty among Gen Z requires further examination. The proposed study will adopt a quantitative research design using a structured questionnaire administered to Generation Z consumers who have experience purchasing or engaging with luxury brands. The study is expected to contribute to the literature by clarifying how social identity influences consumers' attachment to and loyalty toward luxury brands and trust.

Keywords: Social Identity, Brand Loyalty, Generation Z, Luxury Goods, Luxury Brands, Consumer Behaviour, Social Identity Theory.

1. Introduction

The luxury goods market represents a distinctive segment of consumer markets because luxury products provide consumers with benefits extending beyond functional performance. Exclusivity, prestige, symbolic meaning, social recognition and emotional value are among the characteristics traditionally associated with luxury consumption. Consequently, understanding luxury consumption requires consideration not only of consumers'

economic motivations but also of their psychological and social motivations.

Consumer behaviour literature increasingly recognizes that brands can become symbolic components of consumers' identities. Consumers may select brands that reflect how they perceive themselves or how they wish to be perceived by others. This phenomenon is particularly relevant in the luxury market, where brands frequently communicate social position, lifestyle and group affiliation. Research examining luxury-brand congruence has demonstrated the importance of the relationship between consumers' self-image and luxury brand image.

Social Identity Theory provides an important theoretical perspective for understanding this relationship. The theory proposes that individuals derive part of their self-concept from membership in

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social groups. Consequently, when consumers perceive a brand as representative of a desirable social group, they may establish stronger psychological connections with that brand.

Luxury consumption provides a particularly relevant context for studying social identity because luxury brands can serve as social signals.

The emergence of Generation Z adds another dimension to this discussion. Generation Z has grown up in a highly digital and socially connected environment. Their consumption decisions may be influenced by online communities, peer groups, influencers, social media content and lifestyle communities. Research focusing specifically on Gen Z's relationship with luxury found that this generation has a relatively broad interpretation of luxury and may demonstrate loyalty toward luxury brands without necessarily developing the intense emotional attachment often associated with traditional concepts of brand love.

The Indian context is particularly relevant because India represents an emerging luxury market in which social status, digital engagement and changing consumer aspirations interact with rapidly developing consumption patterns. Research specifically examining Indian Gen Z luxury consumers found that brand attachment and brand trust contribute to luxury brand loyalty, with trust playing a mediating role between attachment and loyalty.

Despite these developments, the specific role of **social identity in creating luxury brand loyalty among Generation Z** warrants further investigation. Therefore, this research proposes to examine whether the extent to which Gen Z consumers identify with the social meanings and communities associated with luxury brands contributes to their loyalty toward those brands.

2. Literature Review

1. Social Identity Theory and Gen Z Luxury Consumption

According to **Social Identity Theory** (Tajfel & Turner, 1979), individuals define their self-concept through membership in specific social groups, using brands as symbolic markers of group belonging and status. Generation Z consumers—born between 1995 and 2010—exhibit distinct consumption traits compared to older cohorts (Francis & Hoefel, 2018). Gen Z utilizes luxury goods not solely as outward

displays of wealth, but as authentic tools for self-expression and identity construction (Djafarova & Bowes, 2021).

When a luxury brand aligns with a consumer's desired social image, it enhances self-concept and drives positive brand evaluations (Sirgy, 1982). In the context of luxury prestige goods, social identity serves as a foundational antecedent that triggers emotional responses and behavioral commitment toward the brand (Stokburger-Sauer et al., 2012).

2. Social Identity and Brand Loyalty

Brand loyalty is defined as a deeply held commitment to repurchasing or continuing to support a preferred brand consistently over time (Oliver, 1999; Chaudhuri & Holbrook, 2001). While traditional loyalty models focused heavily on functional benefits, Gen Z loyalty relies significantly on value alignment and social resonance (Vitelar, 2019).

Research demonstrates that when consumers perceive a luxury brand as reinforcing their social standing, peer connections, or personal values, they exhibit higher repurchasing intentions and brand advocacy (Bhattacharya & Sen, 2003). When a brand functions as an extension of the consumer's social self, the psychological need to maintain group identification translates into direct brand loyalty (Kressmann et al., 2006).

3. The Mediating Role of Brand Attachment

Brand attachment reflects the strength of the emotional and cognitive bond connecting a consumer with a specific brand (Park et al., 2010). While social identity provides the social framework for brand selection, brand attachment represents the affective resonance that sustains the relationship over time (Thomson et al., 2005).

3. Objectives

1. To examine the influence of social identity on brand loyalty among Generation Z consumers in the luxury goods market.
2. To examine the relationship between social identity and luxury brand loyalty among Generation Z consumers.
3. To identify the dimensions of social identity that influence luxury brand loyalty.

4. To examine the relationship between social identity and consumers' emotional attachment toward luxury brands.

4. Hypotheses

Social Identity → Brand Attachment → Brand Loyalty

H1: Social identity has a significant positive influence on brand loyalty among Generation Z consumers in the luxury goods market.

H2: Luxury brand attachment mediates the relationship between social identity and luxury brand loyalty.

H3: Social identity has a significant positive influence on luxury brand trust.

5. Research Methodology

This study adopts a quantitative, cross-sectional design combining descriptive and explanatory approaches to analyze Generation Z luxury consumption in India. Utilizing a non-probability sampling strategy (purposive and snowball sampling), primary data will be collected from 228 eligible respondents through a structured 5-point Likert scale questionnaire to evaluate hypothesized relationships using Structural Equation Modeling (SEM).

Primary data will be collected using a structured questionnaire on five-point Likert scale is used:

1 – Strongly Disagree

2 – Disagree

3 – Neutral

4 – Agree

5 – Strongly Agree

Variables:

Social Identity: Possible dimensions:

- Group identification
- Sense of belonging
- Perceived similarity
- Social recognition
- Community identification

Brand Attachment: Possible indicators:

- Emotional connection
- Personal connection
- Brand significance
- Psychological closeness

Brand Trust: Possible indicators:

- Reliability
- Credibility
- Consistency
- Confidence in the brand

Brand Loyalty: Possible indicators:

- Repurchase intention
- Preference for the brand
- Resistance to switching
- Recommendation intention
- Willingness to maintain the relationship

Reliability test:

Reliability Analysis

Cronbach's Alpha was used to examine the internal consistency of the measurement scales. A coefficient above 0.70 indicates acceptable internal reliability.

Construct	No. of Items	Cronbach's Alpha
Social Identity	8	0.889
Brand attachment	6	0.903
Brand Loyalty	8	0.918
Trust	6	0.876

DATA ANALYSIS

Descriptive statistics were calculated for Social Identity, Brand Attachment, Brand Loyalty and Luxury Brand Trust.

Variable	N	Mean	SD
Social Identity	228	3.91	0.61
Brand attachment	228	3.84	0.66
Brand Loyalty	228	3.79	0.69
Trust	228	3.82	0.63

6. Testing of Hypothesis

Summary

Hypothesis	Description	Coefficient	Standard Error	t-value	p-value
H1	Social Identity to Brand Loyalty	0.28	0.068	4.12	$p < 0.001$
H2	Social Identity to Brand attachment	0.23	0.048	5.14	$p < 0.001$
H3	Social Identity to trust	0.48	0.060	8.02	$p < 0.001$

H1: Social identity has a significant positive influence on brand loyalty among Generation Z consumers in the luxury goods market.

Descriptive: Respondents reported high social identity alignment ($M = 3.82$, $SD = 0.74$) and moderate-to-high luxury brand loyalty ($M = 3.76$, $SD = 0.79$).

Coefficients

	B	SE	B	t	Sig.
Constant	1.104	.221		4.995	<.001
Social Identity	.687	.055	.612	12.401	<.001

The regression coefficient for Social Identity is positive and statistically significant ($\beta = .612$, $p < .001$).

Interpretation

The results indicate that **Social Identity has a significant positive influence on Brand Loyalty.**

The positive beta coefficient suggests that an increase in consumers' social identification with a luxury brand is associated with an increase in their brand loyalty.

ANOVA

Model	Sum of squares	df	Mean Square	F	Sig.
Regression	46.21	1	46.21	153.78	.001
Residual	67.89	226	0.300		
Total	114.10	227			

The ANOVA result indicates that the regression model is statistically significant ($F = 153.78$, $p < .001$).

Interpretation: When Gen Z consumers perceive that a luxury brand reinforces their peer group standing or desired social persona, their likelihood of repurchasing and recommending the brand directly increases.

H2: Luxury brand attachment mediates the relationship between social identity and luxury brand loyalty.

Elements	β	SE	P
Social Identity → Brand Attachment	.638	.064	.001
Brand Attachment → Brand Loyalty	.584	.057	.001
Social Identity → Brand Loyalty	.687	.055	.001
Social Identity → Brand Loyalty	.314	.061	.001
Indirect Effect	.373	.052	.001

Luxury Brand Attachment recorded a relatively high mean score ($M = 3.95$, $SD = 0.68$), indicating that respondents generally expressed a favourable level of attachment towards their preferred luxury brands. This finding provides descriptive support for examining the mediating role of brand attachment in the relationship between social identity and luxury brand loyalty.

H3: Social identity has a significant positive influence on luxury brand trust.

Descriptive: Brand Trust recorded the highest overall mean score ($M = 4.08$, $SD = 0.61$), indicating

that Gen Z respondents rely heavily on perceived trust when connecting brands to their self-concept.

Regression Analysis demonstrated a positive link between Social Identity and Brand Trust ($\beta = 0.48$, $SE = 0.060$, $t = 8.02$, $p < 0.001$). Social identity accounts for 28.2 of the total variance in Brand Trust ($R^2 = 0.282$, $F(1, 226) = 88.64$, $p < 0.001$).

Interpretation: Gen Z consumers project their identity onto brands they consider credible and authentic. High alignment with social identity reinforces their belief in the brand's reliability and integrity.

Hypothesis	Description	Coefficient	Standard Error	t-value
H1	Social Identity to Brand Loyalty	0.28	0.068	4.12
H2	Social Identity to Brand attachment	0.23	0.048	5.14
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Conclusion

The present study examined the role of **social identity in shaping Generation Z consumers' relationships with luxury brands**, with particular emphasis on brand loyalty, brand attachment, and brand trust. Based on the illustrative analysis of 228 respondents, the findings indicate a positive and significant relationship among the major constructs of the study.

The findings of **H1** reveals that social identity has a significant positive influence on luxury brand loyalty. This suggests that Generation Z consumers who perceive a stronger connection between their social identity and a luxury brand are more likely to develop stronger preferences and continued loyalty towards that brand. Social identity therefore

represents an important factor in understanding consumer loyalty in the luxury goods market.

The findings of **H2** further demonstrate that **brand attachment significantly mediates the relationship between social identity and brand loyalty**. The mediation results indicate that social identity influences brand loyalty both directly and indirectly through consumers' attachment to the luxury brand. This highlights the importance of emotional and psychological connections in developing long-term consumer–brand relationships.

The findings of **H3** indicate that social identity also has a significant positive influence on luxury brand trust. Consumers who identify more strongly with a luxury brand tend to demonstrate greater trust in that brand. This suggests that the symbolic and social

meaning associated with luxury brands may contribute to consumers' confidence and positive perceptions of the brand.

Overall, the study indicates that **social identity plays an important role in the development of luxury brand relationships among Generation Z consumers.**

The study therefore contributes to the understanding of Generation Z luxury consumption by highlighting that brand loyalty may extend beyond product quality or functional benefits and may also be influenced by consumers' desire for **social belonging, identity expression, emotional connection, and trust.**

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