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Circular Identity Formation and Luxury Perception: The Role of High-End Design and Internal HR Culture in Shaping Consumer Acceptance of Pre-Owned Fashion

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Abstract

Purpose This study examines how luxury fashion organizations can develop circular identity formation capabilities that enhance consumer acceptance of pre-owned fashion items. The research investigates the intersection of organizational HR culture transformation and high-end design philosophies in supporting sustainable luxury consumption patterns while maintaining brand prestige and consumer desirability.

Design/methodology/approach Qualitative analysis utilizing organizational learning frameworks and consumer behavior theories. Literature synthesis incorporating case studies from European luxury brands implementing circular business model transformations and consumer education initiatives.

Findings Organizations implementing four-stage circular identity formation frameworks successfully transform consumer perceptions of pre-owned luxury items. Heritage recontextualization, cultural integration, consumer education, and identity co-creation enable sustainable luxury consumption while maintaining brand equity and premium positioning.

Research limitations/implications Limited longitudinal data constrains generalizability. Future research should examine cross-cultural implementation variations and technology integration opportunities in circular luxury fashion.

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Practical implications Provides actionable framework for luxury fashion organizations transitioning to circular business models while preserving brand heritage and consumer engagement.

Originality/value Introduces novel circular identity formation concept linking organizational culture transformation with consumer acceptance of sustainable luxury fashion consumption patterns.

Social Implications Enables environmentally conscious luxury consumption, potentially reducing fashion industry environmental impact while supporting sustainable economic growth and consumer identity expression.

Plain Language Summary Luxury fashion companies can teach consumers to value pre-owned items by changing internal culture and emphasizing craftsmanship over newness.

Keywords: Circular Fashion, Luxury Perception, Consumer Acceptance, High-End Design, Organizational Culture in Fashion

Introduction

The luxury fashion industry stands at a critical juncture where traditional notions of exclusivity and newness increasingly conflict with evolving consumer consciousness around sustainability and circular economy principles. As global fashion consumption accelerates, the industry faces mounting pressure to reconcile its heritage of craftsmanship and prestige with environmental stewardship and social responsibility. The emergence of pre-owned luxury fashion markets represents more than a trend—it signifies a fundamental shift in how consumers construct their identities through fashion choices and how luxury brands must reimagine their organizational cultures to embrace circularity.

Contemporary research reveals that consumer acceptance of pre-owned luxury items extends beyond mere economic considerations to encompass complex psychological processes of identity formation and social signaling (Abdelmeguid et al., 2024). This evolution challenges traditional luxury business models that have historically relied on scarcity, newness, and exclusivity as primary value drivers. Organizations now confront the paradox of maintaining prestige while embracing sustainability, requiring sophisticated internal transformations that align human resource practices with circular economy objectives.

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The concept of "circular identity formation" emerges as consumers increasingly derive meaning and social status from sustainable consumption choices rather than purely acquisition-based behaviors. This shift necessitates organizational learning initiatives that prepare luxury fashion companies to navigate the delicate balance between heritage preservation and progressive adaptation. Unlike traditional approaches to luxury brand management that emphasized product scarcity and seasonal obsolescence, circular identity formation demands that organizations cultivate internal cultures capable of supporting extended product lifecycles and alternative ownership models.

This paper explores how high-end design philosophies and internal HR cultures intersect to influence consumer acceptance of pre-owned fashion items. Drawing from emerging organizational learning frameworks, we examine how luxury fashion houses can develop capabilities that enhance circular business model adoption while maintaining brand equity and consumer desirability. The research addresses a critical gap in understanding how organizational culture transformation facilitates sustainable luxury consumption patterns and consumer identity reconstruction.

Decoding Circular Identity Formation in Luxury Fashion

Building upon contemporary frameworks for organizational transformation in sustainable fashion, we propose a four-stage model for implementing circular identity formation: **Heritage Recontextualization**, **Cultural Integration**, **Consumer Education**, and **Identity Co-creation**. This framework acknowledges that luxury fashion's transition to circularity requires simultaneous internal organizational development and external consumer engagement strategies.

Heritage Recontextualization

This initial stage involves organizations reframing their historical narratives to emphasize timeless quality, craftsmanship longevity, and intergenerational value transfer rather than seasonal novelty. Heritage recontextualization requires luxury brands to identify and articulate how their founding principles align with circular economy values. For instance, a renowned European luxury house recently repositioned its century-old commitment to artisanal excellence as evidence of products designed for multi-generational ownership, thereby legitimizing pre-owned market participation.

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The process begins with comprehensive cultural archaeology, where organizations examine their historical practices, design philosophies, and craft traditions to identify elements that naturally support circularity. This stage often reveals that many luxury brands' original values—quality, durability, timeless design—inherently align with circular principles but have been overshadowed by modern marketing emphasis on constant innovation and seasonal turnover.

Cultural Integration Through HR Innovation

Organizations must develop human resource strategies that embed circular thinking throughout their workforce, from design teams to customer service representatives. This stage involves creating cross-functional learning initiatives that help employees understand how their roles contribute to circular value creation. Cultural integration requires rethinking performance metrics, reward systems, and career development pathways to incentivize behaviors that support product longevity and customer lifetime value rather than purely sales volume.

A leading Italian luxury brand exemplifies this approach through its "Circular Champions" program, where employees across departments participate in training modules covering circular design principles, customer education techniques, and storytelling methods that emphasize product heritage and longevity. The program has resulted in measurable improvements in employee engagement with sustainability initiatives and enhanced customer interactions around pre-owned products.

Consumer Education and Experience Design

Organizations must develop sophisticated consumer education programs that help customers understand the value proposition of pre-owned luxury items. This extends beyond traditional marketing to encompass experiential learning opportunities where consumers can engage with the craftsmanship, history, and ongoing story of pre-owned pieces. Consumer education requires creating new touchpoints and narratives that transform pre-owned acquisition from a compromise to a premium experience.

Effective consumer education programs often incorporate immersive experiences such as atelier visits, restoration workshops, and heritage storytelling sessions that help consumers develop appreciation for the skill and time invested in luxury creation. These initiatives shift consumer focus from newness to craftsmanship quality and historical significance.

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Identity Co-creation and Community Building

The final stage involves developing platforms and experiences that enable consumers to participate actively in defining what luxury circularity means within their personal and social contexts. Identity co-creation recognizes that sustainable luxury consumption represents a collaborative process between brands and consumers in constructing new status symbols and social meanings around circular fashion choices.

Organizations facilitate identity co-creation through community platforms, collaborative storytelling initiatives, and personalization services that help consumers integrate pre-owned luxury items into their personal narratives. This stage often involves developing new service offerings such as item authentication, restoration services, and provenance documentation that enhance the emotional and social value of circular consumption.

Implementation Framework and Organizational Benefits

Practical Implications for Luxury Fashion Organizations

Following successful circular identity formation implementation, organizations gain access to expanded market opportunities that extend beyond traditional customer segments. The framework enables luxury brands to capture value from extended product lifecycles while maintaining price premiums through enhanced service offerings and emotional engagement. Organizations report improved customer loyalty and engagement as consumers develop deeper connections to brands that facilitate meaningful participation in circular economy principles.

Access to comprehensive consumer journey analytics helps organizations understand how circular identity formation influences purchasing decisions, brand perception, and social sharing behaviors. This data enables more informed product development, marketing strategies, and customer experience design that support both sustainability objectives and business growth.

Practical Implications for Human Resource Development

The circular identity formation framework provides HR professionals with structured approaches to workforce transformation that align employee capabilities with evolving business models. Organizations can develop competency frameworks that prepare employees for new roles in

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circular economy operations, including product lifecycle management, customer education, and community engagement.

HR benefits include enhanced employee engagement through meaningful work aligned with sustainability values, improved retention rates among environmentally conscious talent, and development of innovative capabilities that differentiate organizations in competitive luxury markets. The framework also supports cross-functional collaboration and knowledge sharing that strengthens organizational resilience and adaptability.

Implications for Consumer Identity and Social Impact

Adopting circular identity formation principles enables consumers to construct luxury identities that align with contemporary values around environmental responsibility and social consciousness. The framework addresses growing consumer desire for authentic luxury experiences that transcend material acquisition to encompass personal values expression and community participation.

However, successful implementation requires addressing potential challenges including consumer skepticism about pre-owned luxury authenticity, organizational resistance to business model transformation, and the complexity of maintaining brand exclusivity while embracing accessibility inherent in circular models. These challenges necessitate carefully orchestrated change management approaches that honor luxury fashion heritage while embracing progressive adaptation.

Conclusion and Future Research Directions

This analysis demonstrates how circular identity formation represents a sophisticated organizational capability that enables luxury fashion companies to navigate sustainability transitions while maintaining brand equity and consumer appeal. The four-stage framework provides actionable guidance for organizations seeking to develop internal cultures that support circular business models and consumer identity reconstruction around sustainable luxury consumption.

Organizations can leverage circular identity formation principles to create competitive advantages through enhanced customer relationships, expanded service offerings, and alignment with evolving consumer values. The framework addresses critical challenges in luxury fashion

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sustainability by providing concrete approaches to organizational transformation that honor industry heritage while embracing necessary evolution.

Implementation success requires sustained organizational commitment to learning and adaptation, particularly in developing employee capabilities that support new business models and customer relationship approaches. Organizations must also navigate the delicate balance between accessibility and exclusivity that defines luxury brand positioning in circular economy contexts.

Current research limitations include limited longitudinal data on consumer behavior changes and organizational transformation outcomes. Future research should examine sector-specific implementation challenges across different luxury fashion categories, geographical markets, and consumer segments. Additionally, investigation of technology integration opportunities, including digital authentication, blockchain provenance tracking, and virtual try-on experiences, could enhance circular identity formation effectiveness.

Research examining the intersection of circular identity formation with other sustainability frameworks, such as regenerative business models and stakeholder capitalism, could provide deeper insights into comprehensive organizational transformation approaches. Furthermore, studies on regulatory implications and industry collaboration mechanisms could support broader adoption of circular principles across luxury fashion ecosystems.

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