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# Will 'Green' be the 'New Black'?

*Investigating how Sustainability Impacts Perceptions of Brand  
and Product Value in the Luxury Sector*

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# 1. Introduction

The luxury sector, while small in terms of clientele, is a significant market throughout the world. With its large budget spent on full page ads in financial newspapers such as the *Financial Times* and *Wall Street Journal* to billboards in airports and campaigns in glossy magazines, the top designer brands are practically household names. They are the ultimate symbols of consumption and have become synonymous with aspiration and success. (Kapferer and Michaut, 2015).

With higher visibility, comes higher exposure to criticism. Luxury brands are very aware of reputational risk which is a crucial factor in pricing power (Kapferer and Michaut, 2015). As such, luxury brands tend to be at the forefront of criticism. For example, Chanel's iconic perfume, Chanel No. 5, was at the center of a European controversy pertaining to the inclusion of allergens in 90% of perfumes. While this controversy, later discovered to be a false rumor, pertained to all perfumes, Chanel was primarily mentioned in the rumors due to its brand reputation and iconic status. (Kapferer and Michaut, 2015).

This problem with reputational risk in the luxury industry has become intrinsically linked to problems with sustainability in the industry. Due to the high visibility of the luxury sector and its commitment to quality, luxury brands are very much affected by sustainability issues.

Sustainability has not however, been historically linked to luxury. Assumptions, such as high-quality luxury products are naturally more sustainable has meant that discussing sustainability in the luxury sector has not developed at the same rate that it has in the fast-fashion sector that is characterized by cheaper, poorer quality clothing. Luxury brands have been historically hesitant to discuss sustainability for fear of detracting from the carefully crafted brand image that is intrinsically linked to how customers perceive a luxury brand's value.

This thesis will examine to what extent certain forms of sustainability initiatives impact a luxury customer's perceptions of brand and product value and investigate whether or not genuine sustainability policy communicated to customers can peacefully coincide with a brand's carefully crafted brand image.

## 2. Luxury and The Fashion Industry

### 2.1 The Fashion Industry

Luxury fashion differs from other economic sectors. It is considered to be part of what Hirsch (1976) called the positional economy or socially determined economic activity. In other words, this is the portion of purchases by individuals not used for utilitarian purposes but for social motives associated with prestige and raising their social standing (Hirsch, 1976 from Mason 2000). According to Hirsch, the positional economy conflicts with the material economy (utilitarian economic consumption). The material economy generates increased wealth and prestige in society whereas the positional economy imposes limits to economic growth by diverting resources into satisfying social rather than economic needs of society (Hirsch, 1976, pp 52-54). According to this theory, a person's positional economic wealth can only be gained at another's expense (Mason, 2000).

The fashion industry can be easily placed in Hirsch's classification of positional wealth, but it does play a major economic role in today's economy. The fashion industry is a \$2.4 trillion industry (Amed et al, 2016). It employs around 60 million people in its value chain (Hansen et al, 2017) and it represents around 2% of the world GDP. Almost 75% of this market is concentrated in Europe, USA, China, and Japan (Huang, 2015). What is unique to this industry is that consumers have become increasingly more demanding, discerning and less predictable in their purchasing behavior (Amed et al, 2016). The demand for fashion is not expected to slow anytime soon. Apparel consumption is projected to rise by 63% to 102 million tons in 2030 and would add as much as 160 billion euros to the world's economy by 2030.

One thing that makes the industry so unique is how highly fragmented the production is. It has one of the most complex global production and supply chain networks. For example, it is practically impossible to trace the origin of a simple cotton t-shirt thanks to the cotton being grown, dyed and processed in different countries and then cut and sewn in a country far away from the end consumer (Hansen et al, 2017). There is little or no transparency into the production of the garment and the real cost associated including the environmental and social impacts. From the perspective of Hirsch's (1976) theory on the positional economy, this 'real cost' of the fashion industry can be viewed as the 'sunk cost' in the positional economy that

diverts resources to social needs limiting true societal economic growth that benefits all. These ideas on the impact of fashion we will explore later in the paper.

### 2.1.1 Brief History of the Fashion Industry

Historically, clothing was a necessity. Blue jeans were created to give miners in California something sturdy and durable for work and 1920s flapper dresses were created to give women more flexibility and comfort in contrast to rigid dresses worn with corsets (Eagan, 2014, pg 14). People in the past would buy a few key quality items and wear them for life. Wardrobes were timeless, and monthly revamps were not considered necessary. In the 1920's the average middle class American woman only owned 9 outfits. These outfits were cared for and worn week after week (Cline, 2012 from Eagan, 2014 pg 14). The rise in income and advertising in the 1950s and 1960s changed the fashion industry. People had more disposable income with the post-war economic boom. This was when the concept of keeping up with the latest fashions began. Mass market retailers began to give middle class people the opportunity to buy fashion, opening up the industry to a wider demographic. The "democratization of fashion" began to make luxury fashion accessible to all by outsourcing production and using cheaper materials. At the same time, luxury fashion houses began to evolve into international, publicly traded brands. The rise of what is known as "Fast Fashion" came in the 1990s and early 2000s with mass fashion retailers like Zara and H&M. These companies became pioneers of the corporate retail model that encouraged rapid consumption by customers in response to constantly changing styles and trends (Eagan, 2014 pg 15). Zara, for example, reportedly produces 1 million garments a day (World Economic Forum, 2012; Eagan, 2014, pg 16). This business model, however, relies on a high volume of production and mass consumption which has led to a new category of fashion known as "disposable fashion" (Eagan, 2014, pg 16). Originally there were only four seasons in fashion, now there can be up to 11 or 15 each year (Yun Tan, 2016). This concept of seasonality has begun to define the fashion industry in recent years and has had a major impact on both sustainability and the luxury business model. We will discuss these concepts in later sections.

## 2.2 What is Luxury?

### 2.2.1 Defining Luxury

Luxury fashion is a key sector in the fashion industry. In the most basic sense we can define luxury by McKinsey's (1990) definition which defines luxury brands as those which 'have constantly been able to justify high price, i.e. significantly higher than the price of products with comparable tangible functions' (from Kapferer, 1996).

Defining luxury beyond the basic economic definition not a simple task. A luxury product is different from a premium product despite a similarly high price point. Premium products have the highest standards in the product category, but that does not necessarily mean they are luxury products (Shukla, 2012 from Sjoström, 2016). Kapferer (2001) argues that luxury is the ultimate achievement for a brand, but it is often difficult to distinguish why or how certain brands are deemed to be luxury brands and others are not. Also, the term luxury is inherently subjective: what is luxury to some is ordinary to others (Kapferer, 1996). What might be luxury to some may only be considered a 'major brand' by others. For example, the threshold of what many consumers consider to be luxury is quite low because so many luxury fashion brands such as Michael Kors are trading down their luxury image in exchange for a larger customer base (Kapferer and Laurent, 2016 from Sjoström, 2016). In highly developed countries, even the definition of the word "luxury" has become diluted and no longer holds the same weight with customers as it once did (Kapferer, 1996). This is in part because the concept of luxury is also not confined to specific products or industries. Every product can have a luxury or premium category (Ponticelli et al, 2013 from Sjoström, 2016) including clothing, cars, wine, and even household goods such as cleaning products and tampons.

Even the economic perspective cannot concretely distinguish luxury from non-luxury. A Jaguar may be cheaper than a Porsche in terms of comparable functions, but Jaguar maintains a stronger luxury image in comparison to Porsche which is viewed as more of a technical sports brand than a symbol of old world luxury and aristocratic society (Kapferer, 1996).

### 2.2.2 Methods to Define Luxury

There are multiple ways to define luxury. Many academics have chosen to define luxury through a set of attributes. De Barnier et al. (2012) characterize the luxury industry by 7 common characteristics. These characteristics are exceptional quality, hedonism, price, rarity,

selective distribution and associated personalized services, exclusive character and creativity. Attributes help create a clearer picture of what can be considered luxury, but academics do not often agree on what these attributes should be. For example, Kapferer (1997), emphasizes the importance of authenticity, but Arora (2011) and Beverland (2005) ignore this term. Alternatively, Beverland (2005) and Arora (2011) include the term “founder/designer reputation” in their definition of luxury, but this is excluded by Kapferer (1997). Finally, “method of production” is included by Beverland (2005), but it is ignored by Arora (2011) and Kapferer (1996). These differences between Kapferer, Beverland, and Arora demonstrate that even amongst academics there is no one standard definition (Sjostrom, 2016).

A different approach to defining luxury does not define luxury in terms of attributes but instead by what luxury does in relation to different dimensions such as material, individual and social dimensions. From this perspective utilitarian products and luxury products are not separate but sit on a plane. How luxury is defined depends on different points including market segment, customer preferences and occasion (Berthon et al, 2009). This perspective helps define luxury in all categories of products and industries, and not just those traditionally associated with luxury such as jewelry, fashion and cars.

A consumer-focused perspective also provides a unique way of defining luxury. Some academics such as Romaniuk and Sharp, 2015, have taken a more quantitative approach based on consumer purchasing habits and how purchasing habits with respect to luxury products differ from the purchasing habits with respect to regular products. This perspective defines luxury more in terms of market penetration and seeks to answer questions relating to the luxury shopping habits of the wealthy in comparison to those of the far more numerous middle class. This perspective on luxury also helps examine how a luxury brand’s image may change when demand and penetration increase (i.e. the impact of more customers) (Sjostrom, 2016).

These different paradigms for examining and defining the luxury sector illustrate that one can view the luxury industry from various perspectives and provide a broader sense of the industry. With the difficulties in defining luxury such as how to define it across broad categories of products and people, multiple paradigms are necessary to ensure a holistic view of the industry which aids in better understanding the limits and opportunities in conducting research in this sector.

### 2.2.3 Classifying Luxury

For the purpose of this thesis we will primarily use Kapferer's (1996) brand identity categories to distinguish attributes that define the luxury category of fashion which is the category that this thesis will be focusing on. According to Kapferer, there are four categories of brands. This essay will primarily focus on the top two tiers of brand categories (See Figure 1).

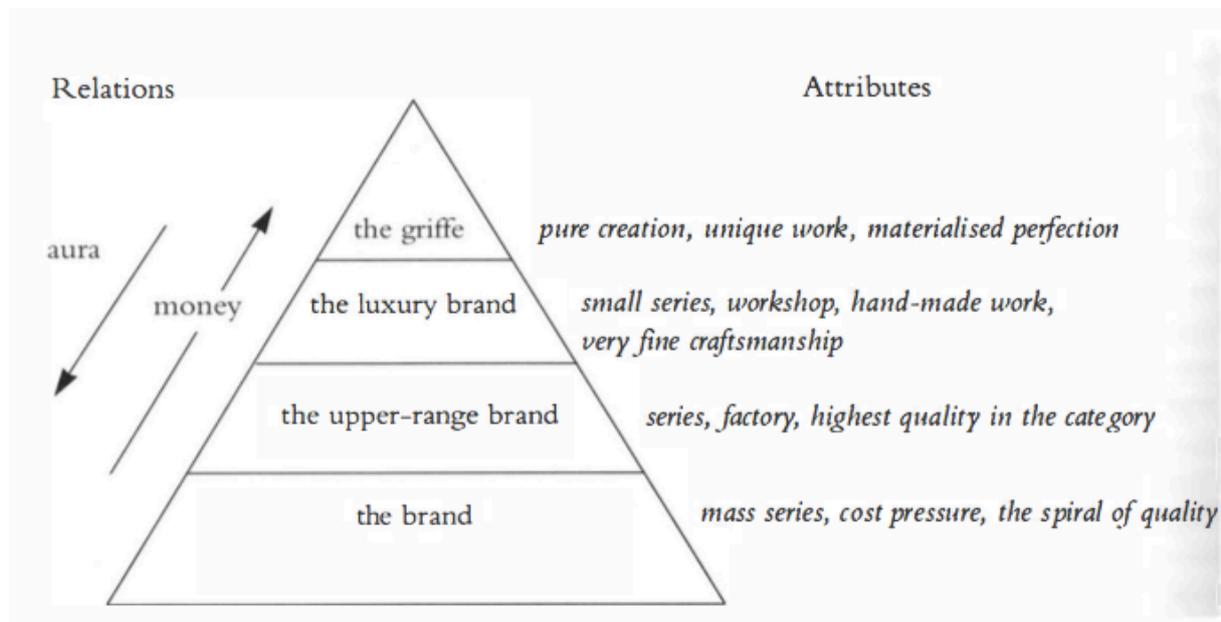


Figure 1. Kapferer's Luxury and Brand System. Reprinted from Kapferer, J.N. (1996). "Managing Luxury Brands" *Journal of Brand Management*. Volume 4, Issue 4.

The lowest of the categories in terms of price and exclusivity is called simply "The Brand". This category is classified as a mass series of products with low quality that face significant cost pressure. Brands in this category would include fast fashion brands such as H&M and Zara. The level above is "Upper-Range Brands" which is comprised of brands made in factories producing high quality products but relatively large quantities of those products. These would include brands such as Vince and Tory Burch. Above this are what are called "luxury Brands". These are produced in small series at workshops and include hand-made work and very fine craftsmanship (Kapferer, 1996). Brands in this category include Max Mara, Dunhill, and Montcler.

At the top are what are known as "the griffes". Griffes are prestigious brands that have a signature, universally recognizable fixed image, typically marked by an inspired creator and story around the inception of the brand. The world of the brand's griffe focuses on the art and

production of creative perfection in a collection. The top brands in the world such as Hermès, Chanel, and Dior all have a unique story about the creation of the brand and the creative evolution of the founder. Luxury brands such as the ones mentioned above do not possess this unique aspect and can never be considered a griffe. Montcler for example, produces expensive luxury coats of quality, but there is no distinct story and history behind the founder that distinguishes the brand (Kapferer, 1996).

In the griffe category, uniqueness and protecting the brand's identity and reputation are of great importance and painstaking steps to protect the brand from fakes and counterfeits are taken. This poses a dilemma, which we will discuss later on, when discussing sustainability since it has a tendency to contradict the brand's narrative. Protecting the brand's reputation helps ensure future profits so there must be a constant push to launch new, innovative products and marketing campaigns to protect the brand's aura and creativity. This is what justifies the heavy investment in prestige expenses such as haute couture shows and pure creation. The paradox in the griffe category is that the griffes sell dreams and fantasy. The more the products are bought from brands in this category, the more aura of the brand wears off and requires protection (Kapferer, 1996; Dubois and Paternault, 1995).

## 2.2.4 Country of Origin Effect

Another key component to luxury is the country of origin (COO) effect. While not a distinct attribute of the overall luxury industry, COO is a particular trait that links to brand identity especially for griffes. The effect of COO has been around for a long time in the world of marketing. It can be defined as the impact of a brand's or product's value based on the country of origin where the company is headquartered. This may not necessarily be the country of manufacture (COM). COO influences perceptions on product quality, risk assessment, customer attitudes and purchase decisions (Krupka and Arezina, 2017). In fashion, as well as in many other industries, there is an obvious link to price point and COO/COM. For example, a "Made in Italy" label will justify a higher markup on a garment than one that says "Made in China" even if the quality is the same (Arora, et al. 2015). Often the difference between lower tier luxury brands and higher tier brands is if there is a congruence between the COO and the COM. For many griffes, the country of origin links to the story behind the brand and the designer such as Coco Chanel and Christian Dior typifying French fashion and culture.

## 2.3 The Difference Between Luxury Fashion and Other Luxury Products

When large consulting companies prepare reports on the luxury industry they are talking primarily about luxury fashion, but other industries also produce major luxury products such as wine & spirits, cars, and food. The marketing, brand management, and starting price points for luxury vary within each industry (Sjostrom, 2016).

Categorization through attributes is the best way to distinguish these different groups. For example, luxury wine's attributes include "antique/old (back vintage)", limited production/edition, and "premium price". The perfume industry's attributes are similar and include "limited production/edition" and "handmade" in addition to attributes shared with wine such as "antique/old (back vintage), and "premium price" (Sjostrom, 2016). Some attributes are shared amongst a variety of industries and types of products such as "premium price" and "handmade" while others are unique to the product/industry (Sjostrom, 2016).

### 2.3.1 Comparison: The Luxury Car Industry

The car industry can be used as an example of an industry with luxury attributes which are considerably different from those that describe the luxury fashion industry and also of how differently those attributes impact how the industry is classified and managed. There are 15 key attributes for luxury cars: (1) reliability, (2) quality, (3) durability, (4) Safety, (5) Security, (6) Performance, (7) efficiency, (8) technology, (9) handling, (10) value (11) style (12) comfort, (13) prestige, (14) status, and (15) visual impact. The first nine are considered objective and the last six are considered subjective. These characteristics differ from luxury fashion attributes in that while they have a focus on quality, there is less value placed on creativity and brand image than in fashion. The practicality aspect is extremely important, and a strong brand image cannot be relied on to retain customers. For example, Jaguar has been historically synonymous with luxury, but relied too heavily on its symbolic value. Its cars were plagued by issues with deficiencies in the engine and basic components and consequently Jaguar lost some of its global luxury value and attractiveness (Kapferer, 1996). Luxury in the fashion industry must also remain up to date in terms of technical quality, but fashion is significantly less technical than cars which makes this a less important component in fashion than in automobiles.

## 2.4 The Luxury Fashion Industry

Deloitte (2017) outlines the major categories of luxury fashion: clothing; footwear; bags and accessories; cosmetics and fragrances; and finally, jewelry and watches (Deloitte, 2017). Brands in these categories include both luxury brands and griffes. For the purposes of this paper, the focus will be on clothing and soft accessories.

The luxury industry has become big business. The total sales of the Top 100 luxury brands totaled \$212 billion in 2016 and the composite year over year sales growth for luxury goods has been 6.8%. (Deloitte, 2017). Historically, the luxury fashion industry was small. Louis Vuitton originally only had two stores – in Nice and in Paris (Lyden, 2015). and now it is considered one of the largest and most valuable brands in the world with sales at \$9.9 billion in 2017 (Forbes, 2017). This rapid growth in the industry has changed how the industry is managed and marketed. In the past, there were two distinct seasons, now there are around 5 or 6 seasons for luxury brands, though still not as many as the 11-15 seasons for fast-fashion.

This enormous growth in luxury has led to a few luxury conglomerates controlling most of the major players in the industry. LVMH (Louis Vuitton Moët Hennessy), the largest, run by CEO Arnault, consists of more than 50 luxury brands including cosmetics and perfumes. The luxury conglomerate has become notorious for its ambitious executives who seek greater profits and to expand the LVMH empire (Lyden, 2015) - the exact opposite of the griffe image of creativity and craftsmanship led by an inspired designer. Despite the paradox, this ruthless corporate ambition by not just LVMH but other luxury conglomerates such as Kering and Richemont has helped design houses make headlines and drum up publicity for lagging brands which has ultimately increased sales and led to an almost global domination in the luxury sector (Lyden, 2015). Just six companies control over forty fashion brands (excluding jewelry, cosmetics, and fragrance). Few today are still privately and individually owned but some holdouts remain including Chanel and Hermès (Mavrody, 2014). (figure 2)



Figure 2. "Six Companies Control over 40 Fashion Brands. From Mavrody, Nika. (April 30<sup>th</sup> 2014). "At a Glance: See How these Six Corporations Control the Luxury Fashion Industry." *The Fashion Post*. Retrieved from: <http://www.thefashionspot.com/buzz-news/latest-news/401107-at-a-glance-see-how-these-six-corporations-control-the-luxury-fashion-industry/>

## 2.5 The Relationship between Fast-Fashion and Luxury Fashion

The rise of the fast-fashion business model has had an impact on the luxury fashion industry despite the difference in price point. The rise in a mass class of wealthy people has led to a "democratization of luxury". More individuals are using their disposable income to purchase luxury products, but they are also purchasing cheaper brands. Mass advertising expenditures

and exclusive product ranges have meant fast-fashion brands with lower price points are now competing in some consumer segments, with traditional luxury companies (Amatulli et al, 2016 pg 245). In other words, many consumers are more than happy to mix a \$25.00 t-shirt with a \$2000.00 handbag (Amatulli et al, 2016, pg 248).

## 2.6 The Changing Luxury Customer and the Rise of Gen Y

In recent years, there has been a rise in two groups of luxury consumers. Okonkwo (2007), defines these two segments as the “traditional” and the “new luxury consumer”. The traditional luxury consumer remains dedicated to traditional branding and luxury brands such as Hermès, Chanel, and Dior. The “new luxury consumer” is no longer only attracted by brand names, but also appreciates a full package of services. New luxury consumers value innovation and an extraordinary experience in every element of the brand. This customer is much more informed about materials but also much more demanding due to strong values and principles (Amatulli et al, 2016 pg 246 -247).

These two groups of consumers can be viewed through a generational lens. Older luxury customers are generally traditional consumers. They value luxury brands based on more classical attributes such as “superior product”, “Exclusivity”, and “aspiration”. New luxury consumers include millennials (born between 1981 and 1996) and Gen-Z (those beyond 1996) (Dimock, 2018). These younger consumers are a growing luxury market segment and are expected to account for 45% of the luxury market by 2025.

Luxury brands are starting to realize that their brand image needs to evolve to incorporate the values of the younger generations. Traditional business models have not accounted for changes in millennial values and expectations (Hoang, 2017) including community, authenticity, and transparency. These values play a key role in purchase decisions for younger consumers and are also influencing the values of the older generations. The reliance on technology has also played a role in evolving values that impact purchase decisions. Generation Y (18-35 in 2012) are also socially aware of global issues (Hill and Lee, 2012). Most researches agree that going into the future, the luxury industry is looking at younger and less affluent buyers (Hill and Lee, 2012; Giovannini et al, 2015). With these changing values and customers, luxury brands will start to adjust in order to continue to capture an evolving customer base.

### **3. Sustainability and the Luxury Fashion Industry**

#### **3.1 Defining Sustainability**

This thesis will be examining sustainability in the context of the fashion industry, and sustainability will be defined for the purpose of this thesis as by the Brundtland Report's definition from the UN World Commission on Environment and Development. The commission's definition of sustainability is defined as:

“development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (WCED, 1987 from Khulman and Farrington, 2010).

This is the best definition for the purpose of this thesis because of the emphasis on sustainability of human welfare and environmental resources for future generations which is a long-term perspective of sustainability.

#### **3.2 Problems with Sustainability in the Fashion Industry**

The fashion industry is rife with social and environmental problems. The industry is the second largest industrial polluter, second to only oil and it accounts for 10% of the world's carbon emissions. As an industry valued at \$3 trillion dollars, it is no surprise that this industry would have such a major environmental impact (Conca, 2015). This portion of the paper will outline some of the major issues the industry experiences.

##### **3.2.1 Social Problems: Globalization has led to a lack of transparency that hides human rights abuses**

Thanks to globalization, supply chains and fulfillment systems in the fashion industry are complex, secretive and span the globe to capture industry expertise and cheap prices (Black, 2015). Many fashion companies work with thousands of factories at any given time, making it almost impossible to genuinely monitor and ensure that human rights and environmental standards are upheld. The factories that retailers work with also only account for one portion of the value chain. Facilities that cut, sew and assemble garments (Tier 1 factories) are much more visible than factories that dye, weave, and finish materials (Tier 2 factories). Tier 2 factories are farther down the value chain and are more difficult for fashion retailers to track and monitor (Fashion Revolution, 2016). Global supply chains are buyer driven chains, where

large buyers and producers have a substantial influence over pricing and production times. These powerful actors encourage “lean retailing” that demands quick and timely supply of goods. This is considered a “just-in-time” inventory system where goods are rarely sitting in inventory sucking up time and resources (Carr, Chen, and Tate, 2000). This demand for quick production and fast turnaround creates an economic environment characterized by informal subcontracting and casual labor markets that are more difficult to track.

Ultimately, retailers do not definitely know who makes their products which makes human rights abuses relatively easy to hide (Fashion Revolution, 2016). The complexity of these operations has meant that many of the labor practices lead to human rights abuses that impact garment workers globally.

### *Compensation*

Much of this manufacturing occurs in countries in the Asia where labor is cheap. In fact, 34% of the total employment in manufacturing in key Asian countries such as Cambodia and Bangladesh come from fashion production (Hansen, 2017). Due to this lack of transparency, the result of these complex supply chains, over 50% of workers are not paid the minimum wage in countries such as India or the Philippines. Even if minimum wages are paid, over half of the wages in the industry are not considered a living wage (Hansen, 2017). Women are particularly vulnerable to low wages and gender pay gaps. Women constitute a majority of the workers in the apparel, footwear, and textile workforce (74% - 81% of workers in Cambodia, Vietnam, and Thailand). In India, women face a 39% pay gap compared to men and in Pakistan this pay gap is even larger at 48% (Hansen, 2017).

Also, a large proportion of workers in the garment industry are subcontracted homeworkers who carry out paid work for businesses or intermediaries on a piece rate basis in their own homes. Homeworkers lack job security and often work in poor working conditions with low wages and long hours (Carr, Chen, and Tate, 2000). High competition means homeworkers have little or no bargaining power which puts substantial pressure on these workers to meet buyer demands.

### *Health and Safety: Occupational Safety*

Other issues that stem from this lack of transparency in production include health and safety issues, often due to unsafe factory conditions. Workers in factories in the early stages of the garment value chain are exposed to a wide range of health and safety concerns including exposure to hazardous chemicals without proper safety equipment as well as factory fires.

Poor housekeeping in factories can lead to accidents and health hazards. Combustible materials lying around can cause fires and fabric trimmings can aspirate dust leading to respiratory issues. While personal protective equipment (PPE) may often be provided to prevent accidents, often times, workers do not wear it. Some workers have claimed it slows them down and hinders meeting high production targets (Ceresna-Chaturvedi and Kumar, 2015).

#### *Health and Safety: Excessive Overtime*

Excessive overtime has also led to health issues for workers globally (HRW, 2015). Workers are often forced to work more overtime than the legally mandated maximum which means working days can extend beyond 12 hours a day. The number of recorded injuries is expected to reach 1.6 million for factory workers by 2030 compared to 1.4 million today. While only a modest increase, this does not reflect unrecorded injuries from workers who are not visible to social compliance officers (Hansen, 2017).

Long hours and poor nutrition resulting from low wages can also compromise worker health. Cambodian garment factories have experienced a wave of incidents concerning fainting factory workers. It has been frequently reported that female workers in Cambodia are collapsing during the work day and many groups have cited the 10-hour work days, six days a week with poor nutrition as a major contributing factor (Excessive factory temperatures around 37 degrees Celsius is also contributing factor.) (McVeigh, 2017).

#### *Health and Safety: Fire and Structural Safety*

The tragic consequences of health and safety abuses can be seen when looking back at the Rana Plaza factory collapse that occurred in 2013. On April 24, 2013, the Rana Plaza building near Dhaka, Bangladesh that housed 5 factories collapsed and killed 1,134 workers. Another 2,500 workers were injured. This tragedy occurred only six months after the Tazreen Fashions factory fire in Bangladesh where 350 workers died (Stauffer, 2017). At Rana Plaza, visible cracks were seen in the building the day before, but factory management kept workers inside the building with locked doors. The building's collapse was due to the lack of infrastructure safety standards in Bangladesh leading to weak structural integrity (Hoskins, 2015). When the tragedy occurred, there was virtually no public information to determine which apparel companies were sourcing from factories in this building. Companies involved were determined by rummaging through the rubble to find brand labels (Stauffer, 2017).

This inability to determine what retailers produced product at these factories stemmed from the Rana Plaza factories being informally subcontracted factories. Due to high-volume orders from major large retailers such as Primark and Walmart, factories are unable to produce the volume of product in the requested time period. They end up informally sub-contracting a portion of the work to other factories to meet the tight production deadlines on large orders (NYU Stern, 2015). It was previously estimated that there are between 3,500 and 4,500 garment factories in Bangladesh, but according to a year-long study conducted by NYU Stern's Center for Business and Human Rights, the actual number of factories reaches over 7000 (NYU Stern, 2015 from Bain, 2015). While things changed after the tragedy in Bangladesh with retailers taking a more proactive approach to ensuring health & safety standards, the large complexity of global supply chains makes it difficult, if not impossible, for fashion companies to ensure full health & safety compliance in their supply chains.

#### *Sexual Harassment and Abuse*

Female garment workers commonly face workplace harassment and abuse. In many countries, including Bangladesh, Cambodia, Burma, and Pakistan, legal protections for female workers from abuse by male management do not exist. Standing up to unwanted sexual advances can mean workplace harassment and retaliation such as longer working hours, higher production targets, or a loss of employment (Kashyap, 2017). One report found that in the Indian city of Bengaluru, one in every seven women working in the over 1,200 garment factories had been either raped or forced into a sexual act at work. Due to a lack of faith in senior factory management and local police, over 82% of respondents in the report did not report the crimes. This is not only a phenomenon in Bengaluru. NGOs have reported similar issues in other regions that house garment factories (Nagaraj, 2016). Frequently in these countries, there are no legal protections or formal grievance mechanisms.

### **3.2.2 Environmental Problems in the Fashion Industry**

In addition to the social issues, the fashion industry has a huge environmental impact, making it the second highest polluting industry in the world (Conca, 2015). Over 150 billion pieces of clothing are produced annually in one year, and to make those garments, 400 billion meters of fabric are needed (LeBlanc, 2017). This is what is required to satisfy demand in the \$3 trillion-dollar fashion industry (Conca, 2015). The rate at which people are buying clothing is equal to 20 new pieces each year for every person on earth (LeBlanc, 2017). Producing this amount of clothing has a serious impact on waste, pollution, carbon emissions, etc. This portion of my

thesis will examine the major environmental problems that are linked to the global fashion industry.

### *Clothing Waste and Landfills*

Clothing waste has become one of the major environmental issues in the fashion industry. There are two major types of waste in the fashion industry: industrial or pre-consumer waste and post-consumer waste. In terms of industrial waste, out of the 400 billion meters of fabric produced annually, 60 billion is industrial waste and ends up on the cutting room floors in factories (LeBlanc, 2017). In terms of post-consumer waste, with the rise of fast fashion, clothing is now being viewed as disposable which is leading to excessive waste. The average U.S. resident throws away around 70 pounds of clothes each year, and 85% of that winds up in landfills or incinerators. Recycling rates of textiles are still very low. While 95% of clothing waste can be recycled, this is not done resulting in valuable resources being thrown out when existing resources are scarce (Eagan, 2014, pg 16).

The very nature of the fashion industry encourages this culture of clothing waste. As Vanessa Friedman, chief fashion critic of the New York Times noted, “Designers are effectively running on a creative treadmill that is unsustainable”. Fashion in its nature is about what is “on trend” each season. It is about out with the old styles and in with the latest cuts, colors, fabrics (Jackson, 2014). The rhetoric of fast, disposable fashion ultimately leads to mass textile waste. Fashion’s high seasonality dissuades people from being seen wearing the same outfit twice and encourages people to constantly buy what is new and in style.

### *Impact of Synthetic Fibers*

The rise of synthetic fibers is relatively new. They have become popular because they are cheap, easy to care for, lightweight and strong. While they do have less of an impact on water and land than grown materials, synthetic fibers have a huge impact on the environment. Synthetics emit more greenhouse gases per kg of material than natural fibers. A polyester t-shirt has more than double the carbon footprint of a cotton t-shirt. In fact, polyester production released about 706 billion kg of greenhouse gases in 2015 (Drew, 2017)

The other major concern regarding synthetic fibers is the impact of microfibers on the environment. Synthetic fibers shed from fabrics with use and 40% of them enter rivers, lakes and oceans from local waterways. These fibers then enter food chains as they are consumed by fish and wildlife and can generate toxins. It was discovered in a report by Mark Browne

from the University of New South Wales, Australia that microfibers make up 85% of human made debris on shorelines around the world (Messinger, 2016).

### *Carbon Emissions and Coal Fired Production*

The fashion industry is a major contributor to global greenhouse gas emissions. In fact, 5% of the world's emissions come from the fashion sector which is equivalent to the aviation sector. This is due to the ways raw materials are sourced in addition to garment production in coal powered plants and the carbon emissions of the global logistics of the industry (Bauck, 2017).

### *Water*

Clean water and water shortages are key global issues. The World Wildlife Fund's 2012 Living Planet Report, noted that 40% of the world's population live in river basin areas that experience droughts and severe water scarcity at least once a year. This is a global problem that has no one cause, but the fashion industry is a major contributor to the world water crisis. It takes 700 gallons of water to produce one t-shirt and 1800 gallons of water to make one pair of jeans (Eagan, 2014 pg 16-17). The global textile industry uses 100 million gallons of water annually (Clay, 2004, pg 288). It is estimated that by 2030, global water requirements will hit 6,900 billion cubic meters which is 40% above current sustainable watery supply levels (Eagan, 2014, pg 16). Every year, water scarcity is getting increasingly worrisome as demonstrated by the drought in South Africa in 2018 that has Cape Town running out of water for its 3.7 million inhabitants (Calder, 2018). While not directly responsible for this drought, global industrial water usage is far too high to be sustainable. Because the regulation of water is so fragmented globally, industries such as the fashion industry are not currently paying a price that reflects the scarcity of fresh water (Scarano, 2017).

Cotton farming is a particularly water intensive industry. Cotton represents nearly half of the fiber used to make clothing and textiles worldwide and it can take more than 20,000 liters of water to produce 1 kg of cotton. Cotton farming requires heavy irrigation which can deplete local water tables and destroy freshwater ecosystems downstream. (WWF, 2000).

### *Harmful Chemicals and Industrial Pollution*

Freshwater is also often contaminated by harmful chemical runoff originating from clothing factories. Chemical solvents and toxic dyes used in garment production are discarded in natural waterways without proper treatment. In many areas around the globe, local waterways will be dyed with whatever color is in fashion (Yardley, 2013). In many areas in the world where garments are produced, harmful dyes are still legally permitted. Greenpeace, as a part

of the Greenpeace Detox Campaign in 2012, purchased clothing from 20 major fashion brands and ran tests to determine toxicity levels. Out of 141 articles purchased, 89 were found to contain NPEs (nonylphenol ethoxylates). NPEs, a hormone disruptor, are known to be toxic and cancer causing and are illegal in most developed countries. These harmful chemicals (including but not limited to NPEs) not only seep into water systems in where garments are produced, but also wear off on the wearer and enter the water systems of consumers when washed (Eagan, 2014, pg 17). These chemicals impact both human life and wildlife. In Bangladesh, chemical runoff floods rice paddies and causes local fish stocks to die (Yardley, 2013). After Greenpeace campaign, many major fashion brands made voluntary pledge to eliminate harmful chemicals from their supply chains, (Greenpeace, 2012). However, this will be extremely tough to monitor and enforce with the sheer scale of the global garment manufacturing industry and the lack of transparency in the supply chain.

#### *Cotton and Pesticide Use*

Cotton, known as white gold, is both a highly celebrated and vilified crop. While cotton is natural and will biodegrade, it is also considered the world's dirtiest crop due to the heavy use of pesticides and water. Over \$2 billion-dollars' worth of pesticides are sprayed on cotton annually (16% of the world's pesticide use) and half of those are considered toxic by the World Health Organization (Eagan, pg 18 from Fletcher and Grose, 2012; Rodale Institute, 2014). These toxic pesticides that are harmful to humans and to wildlife, have been reported in groundwater in countries all over the world including the United States. There are roughly 3 million cases of pesticide poisoning every year resulting in around 20,000 deaths. (Eagan, pg 18 from Fletcher and Grose, 2012). The excessive use of chemical fertilizers and pesticides also causes soil degradation, issues with water retention capacity, and a loss of biodiversity. This leads to declining cotton yields and pest resistance to pesticides making cotton harder to grow and even more environmentally costly (Eagan, 2014, pg 18).

#### *Deforestation*

Fashion also has a major impact on global deforestation. Forests are cleared to create crops such as cotton. Cotton covers 2.5% of cultivated land worldwide (Rodale Institute, 2014). Other materials are also contributing to deforestation. Viscose and rayon, which are made from dissolvable pulp, are originating from ancient and endangered rainforests that are being logged, pulped, and converted into clothing. These forests are not only important for their biodiversity, but for also the role they play in mitigating climate change. Canada, Indonesia and Brazil, all countries with endangered, ancient forests, provided 2/3's of China's

dissolving pulp imports for viscose in 2010. Forest based fabrics currently represent 5% of the total textile industry, but that number is expected to double in the next 20 years (McCullough, 2014).

### *Animal Rights*

Animals are farmed for the fashion industry for fur, leather and wool. The leather industry alone slaughters over a billion animals a year for leather production. Animals in this industry are often factory farmed meaning they are subject to extreme over-crowding, un-anaesthetized castration, dehorning, and cruel treatment during transportation and slaughter. Livestock are also a great contributor to greenhouse gas emissions associated with the release of methane gas from cattle (Eagan, 2014).

## 3.3 Too Big to be Artisanal: Luxury and the Problem with Locally Made Products

Textile production has changed dramatically in the last few decades thanks to globalization. This has had a significant impact on employment losses in the West and new economic opportunities in the East. In 1992, the average hourly labour costs in France were \$13.40 and \$15.70 in Italy. At the same time production costs in China were \$4.20 and \$1.70 in Mexico. With such a difference in labour costs, it is no surprise that production moved to developing countries (ILO, 1996). Luxury has not been able to avoid this. Much of the European luxury production including brands such as Prada, Hugo Boss, and Dolce and Gabbana has moved to the “Euro-Mediterranean Textile Cluster” or in other words, former Soviet countries of Eastern Europe as well as Turkey. The reason for this is cheaper production prices while maintaining that “Made in Europe” branding. In countries such as Macedonia and Moldova, there is a stark difference between minimum wage standards and the actual living wage in the country, keeping many of the textile workers at poverty level. Even Asia has become a source of production for luxury companies. Burberry for example, has moved production from the UK to China resulting in earnings of 1.5 million pounds sterling more a year in profit (Hoskins, 2014).

Moving production may save on costs, but it opens luxury companies up to more reputational risk. In addition to living wage concerns, brands need to ensure factory standards abroad meet international human rights standards. For example, Hugo Boss and Burberry have been implicated in reports of illegal Syrian refugees working in Turkish factories where they are

subject to abuse and payment below minimum standards. Even children have been reported working in these factories (Hendriksz, 2016). Whether or not Burberry and Hugo Boss production has actually taken place in the factories involved in these reports, numerous media articles have implicated them in the controversy, impacting their brand image. While one or two allegations may not damage a company's risk overnight, the more complex and globalized a luxury brand's supply chain gets the more difficult it is to control these types of controversies.

In addition to production being sourced globally, factories that continue to reside in western European countries such as Italy are no longer the factories they used to be. Prato, a city near Florence, is now made up of 10% Chinese who work in the garment production in the city. It is believed to be the second largest Chinese population in a European city after Paris. What started as informal subcontracting to Chinese workers who would do the work for less has turned into high number of Chinese owned manufacturing businesses in the city. Inexpensive Chinese labour can do the production work for far less and the product can retain its coveted "Made in Italy" label that justifies a significant price mark-up. Many of the Chinese workers in these factories are illegal and likely do not receive the same rights as legal workers (Mackenzie, 2013). With this cheaper labour, comes cheaper health and safety standards. Raids to ensure workplace safety in the area have uncovered illegal dormitories and exposed wiring (Max, 2018). In 2013, 7 people died in a Chinese owned factory in Prato. The workers killed were trapped in an improvised-on site dorm.

These are the types of issues that companies become exposed to as luxury companies grow and chase higher profit margins. The risk of scandal poses a risk for all fashion companies, but especially luxury. If the brand is exposed to scandals, then there is the threat that the carefully crafted image the brand projects might shatter.

### 3.4 Reasons to "Go Green"

In recent years, mainstream interest in sustainable change has grown and there has been increased pressure on the fashion industry to clean up its act. Tragedies such as Rana Plaza and Greenpeace's investigation into harmful chemicals have helped push major retailers to invest more in sustainable change, but general public interest in sustainability has also encouraged retailers to change their business practices (Eagan, 2014).

Companies are now expected to participate in cleaning up their act and are expected to go beyond basic auditing for minimum compliance. After Rana Plaza, companies that sourced from Bangladesh launched various initiatives such as Gap's plan to help factory owners upgrade their plants, and Walmart's fire safety training academy (Economist, 2013). Sustainability has also become a way for fashion retailers to differentiate from the market (Strahler and Muller, 2017). H&M, recognizing the environmental and financial benefits, has developed a new sustainability strategy with a focus on the circular economy and textile recycling that encourages consumers to bring in old clothing to be recycled and converted into new product (Eagan, 2014). In other words, sustainability can be a powerful source of competitive advantage thanks to the increasing demand for sustainable products and sustainable business practices (Strahler and Muller, 2017).

The vast number of sustainable initiatives are an improvement, but ultimately the culture of the current fast-fashion industry, including the unrealistically cheap clothing prices, short lead times, and ever-changing trends, makes true social and environmental responsibility a challenge.

### 3.4.1 Categorizing the Incentives and Methods for Embracing Sustainability

There are many reasons for companies to "go green". As outlined in Strahler and Muller (2017), the four main categories of corporate social responsibility that companies are incentivized to invest in are: social well-being, environmental stewardship, economic prosperity, and governance.

#### *Social Well-Being*

Social well-being includes improvement in labor standards and working conditions. Initiatives in this category enhance community well-being and the delivery of socially responsible products (Mahler, 2007). This can take the form of engaging with and improving the well-being of people across the supply chain or educating and instructing final consumers in sustainable practices.

#### *Environmental Stewardship*

Environmental stewardship encompasses all aspects of environmental responsibility including energy conservation, minimizing pollution, increasing recycling rates, and minimizing packaging. Steps to reduce a retailer's carbon footprint would also be included here (Maher,

2007). Environmental stewardship can encourage innovation through the use of new, sustainable materials and can help companies achieve product differentiation if their products possess environmental benefits that competitors' products may not have.

### *Economic Prosperity*

While profits and economic incentives have driven the push for cheap product produced in short amounts of time resulting in many of the negative issues in the fashion industry, financial prosperity is also necessary for a company's survival. Financial prosperity is a third of the "Triple Bottom Line", a method of accounting that has become popular with investment companies, NGOs and consultancies in recent years. According to this idea, a company's success and health is measured not only by the financial bottom line, but also by the company's social and environmental performance (Norman and MacDonald, 2004). Sustainability can contribute to economic prosperity by driving innovation and by differentiating companies from the competition. H&M's investment in closing the textile loop by recycling freely donated garments into new products, could potentially mean a free source of raw materials for new products in the future, generating increased profits. Innovation can drive differentiation strategies and increase competitiveness in the marketplace (Porter, 2004).

### *Governance*

Governance is identified as strategies that dictate behavior in companies including management structures, employee relations and executive compensation. These frameworks in companies define corporate standards for behavior and require monitoring systems to ensure sustainable business practices. Governance dictates how companies handle relations with stakeholders including NGOs, shareholders, local communities, customers, etc. (Lang and Murphy, 2014). Governance can help improve and maintain corporate image and monitor potential sustainability issues that can negatively impact company brand image (Strahler and Muller, 2017).

## **3.4.2 Green Washing**

There is pressure for companies to demonstrate sustainable change, but there is currently no way to ensure that sustainable claims made by companies are true. The publishing of environmental policy statements is voluntary (Strahle and Muller, 2017) so retailers can publicly extoll their sustainable virtues and hide their vices. Greenwashing can be defined as "disinformation disseminated by an organization so as to present an environmentally

responsible public image” (Ramus and Montiel, 2005). It is essentially impossible for a company to be 100% ethical, and companies must make difficult sustainable trade-offs every day (for example the trade-offs between synthetic fibers and natural fibers). Greenwashing on the other hand, is where there is a purposeful attempt to engage in communicating about sustainability with very little action behind the sustainable claims being made.

Underwriters Laboratories have identified seven different categories of green washing claims also known as the “The Seven Sins” (UL, 2015). These are identified by UL as follows:

- **Sin of the hidden trade-off:** a product is perceived as being “green” because it is based solely on a narrowly defined set of attributes.
- **Sin of no proof:** the environmental claim is unsubstantiated.
- **Sin of vagueness:** a claim that is vague or ambiguous. (“All-natural” is not necessarily “green”)
- **Sin of worshipping false labels:** the company uses words or images that give the impression of a third-party endorsement where no endorsement exists. (fake labels)
- **Sin of irrelevance:** irrelevant claims are employed. (“CFC-free”- already banned by law)
- **Sin of lesser of two evils:** using descriptions for a product professing a green attribute when the overall product is commonly regarded as environmentally unfriendly. (organic cigarettes)
- **Sin of fibbing:** the claims are false, so the use of stamps, symbols and labels is unauthorized.

Greenwashing may or may not be intentional. Retailers may greenwash due to pressure to publish environmentally friendly statements or from the need to influence public perceptions and improve corporate image. All of the benefits of investing in sustainability and its ability to positively influence corporate brand image can be cancelled out if consumers think a company’s sustainability claims are not genuine and just a form of greenwashing. Without transparent and accurate information being disseminated to stakeholders, it is difficult for external parties such as customers and NGOs to know if sustainability initiatives are actually turning out positive results or if they are merely benefiting corporate image (Strahle and Muller, 2017). The Volkswagen and Audi scandals that came to light when the car companies were caught lying about the vehicle emissions levels, is one example of greenwashing and the

negative consequences on brand image. Thanks to customer pressure for green solutions to automobiles, the companies felt pressured to communicate positive change even though the technology had not yet caught up with customer demand (Kapferer and Michaut, 2015). Thus, companies have try to balance communicating positive change and meeting customer demand with actual doable initiatives that can be completed within feasible timelines and budgets.

### 3.5 Sustainability Has Not Historically Been Central to Luxury Fashion

While there has been a major trend of fashion companies investing in and embracing sustainability, luxury companies have been slow to embrace this trend, despite their reputation for being the trendsetters. They have not been associated with concerns about environmental impacts, human rights, and worker wellness like their cheaper counterparts (Winston, 2016). Luxury brands have come under fire for this in recent years. In a World Wildlife Fund report ranking ethical and environmental performance, the world's biggest luxury conglomerates failed to make decent grades. (Friedman, 2007). Also, in the 2016 Fashion Transparency Index conducted on behalf of Fashion Revolution, luxury companies such as Chanel, Hermès, LVMH and Prada received the lowest rating of 25% due to their lack of sustainability policy commitments (or lack of communication regarding any policy commitments they may have but do not publicly disclose (Fashion Revolution, 2016).

One would think that sustainability and luxury would easily go hand in hand. Luxury is associated with high quality products that are hand-crafted using traditional methods and are considered timeless that can be passed down to future generations. These are key terms that can also be said about sustainable products (owning and buying a few quality pieces that are ethically made and will last for generations). A true luxury strategy is one where products are made by local artisans who respect the raw materials. There is a story behind crafting the product. With the rise of consumers being attracted to luxury brands, the luxury industry has moved to an 'abundant scarcity' model by offering expensive products that do not follow the traditional rules of luxury production. In other words, they have moved away from their fundamental principles (Kapferer and Michaut, 2015).

This disconnect between luxury and sustainability is due to a variety of reasons. First, to satisfy the rising demand for luxury products, many luxury companies have moved production to low wage countries and have little control over the raw materials and factory sub-contractors—

similar to the world of fast-fashion (Kapferer and Michaut, 2015). Furthermore, luxury groups do not tend to operate like other fashion companies. Large luxury conglomerates that own multiple fashion houses do not have a top-down decision-making culture. Each fashion house or *maison* under the conglomerate's banner is highly independent. They have their own unique brand identity and own independent staff. They therefore, conduct their own factory audits and set up their own system of controls as the operations of each *maison* are very independent of each other. Ideally these systems are in line with the parent company's ambitions and goals, but how they choose to run their business operations remains largely independent. Also, luxury brands are notoriously closed off and rarely communicate about corporate operations. Private companies such as Armani, Hermès, and Chanel are not required to publish financial data or strategic information. The reason for this is that luxury companies seek to maintain the dream image they sell which is crucial to the continued success of their brand. They avoid disseminating any information that may hurt their carefully crafted image which includes information on sustainability that may contradict the brand's image. Sustainability implies there is something bad that must be fixed such as talking about emissions reductions, factory pollution, or improving worker wages. Discussing the harsh realities present in our current environment does not sell a dream, but rather brings up issues people prefer to forget when shopping for luxury products (Kapferer and Michaut-Denizeau, 2013).

Production information is also proprietary information or trade secrets for each luxury house. With the demand for fake products at cheaper prices, protecting manufacturing information at the expense of transparency is paramount in preserving the brand. Finally, since so much of communicating about sustainability can be perceived as greenwashing, many companies choose not to communicate about it at all to avoid criticism even if they are doing things behind closed doors (Kapferer and Michaut-Denizeau, 2013).

Furthermore, many sustainability initiatives fashion companies do such as textile recycling do not equate to luxury. A Hermès customer will not necessarily be thrilled to pay a premium price for a cotton scarf made out of recycled cotton as opposed to a customer buying a scarf out of recycled cotton from a low tier or mid-tier company.

For luxury companies at the very top of the value chain such as brands that would be classified as *griffes*, sustainability issues tend to differ. In these companies, luxury brands have traditionally started off small and remain relatively small, often as family owned businesses. The products are still made by hand and the country of origin is generally the same as the country of production. In these situations, the brand still controls the whole supply chain from

raw material sourcing to merchandising so issues such as worker wages and safety conditions are not central to sustainability concerns. Criticisms of luxury tend to be focused around issues such as raw material sourcing and the exploitation of rare commodities (i.e. origin of gemstones or rare animal skins) and animal rights conditions (i.e. exploitation of crocodile farms or killing baby seals for fur) (Kapferer and Michaut-Denizeau, 2013).

Finally, there is often a disconnect between the luxury customer and the ethical customer. Customers who value sustainability might not be enchanted with the consumption and materialistic illusions that the luxury sector represents. As previously discussed, this however is starting to change with the younger generation of luxury customers who want both luxury and sustainability (Kapferer and Michaut-Denizeau, 2013).

### 3.6 Arguments for a Fit Between Luxury and Sustainability

Despite all the reasons luxury houses have not historically made sustainability central to their business practices, there are many arguments to support why luxury houses should fully embrace sustainability. As mentioned above, the attributes that define luxury are very similar to the attributes that define sustainable products. In addition, luxury houses have the ability to attract sustainably minded consumers. In the same way that a conscious consumer might buy more expensive fair trade organic coffee that ensures that small, poor farmers in Colombia are being paid fairly and customers are not drinking pesticides, there is huge potential for luxury companies to attract similarly sustainability minded consumers looking for ethical, safe products (Kapferer and Michaut-Denizeau, 2013).

Even if practices differ, the luxury sector is now starting to realize that reputational risks by avoiding the subject of sustainability can lead to more harm than good for brand reputation especially with the rise of social media that has allowed activist groups and consumers to spread negative publicity and rumors to a broader audience more quickly (Kapferer, 1990; (Kapferer and Michaut-Denizeau, 2013). Nothing stays hidden anymore thanks to the internet creating a worldwide social solidarity (Okonkwo, 2009).

Also, many small fashion brands are now positioning their products to attract sustainability minded consumers who are willing to pay up for eco-friendly products (Chan and Wong, 2012). Luxury consumers may not see ethical harm in buying a handmade Dior bag, but even in the luxury world, there are now ethical alternatives like Stella McCartney who create luxury products without the use of animal skins (Kapferer and Michaut-Denizeau, 2013).

With increasing awareness of the impact of toxic chemicals used in the supply chain, there are opportunities for luxury brands to market themselves as less toxic and better for an individual's health. Wellness has become the new symbol of wealth with consumers buying expensive gym memberships, organic foods and expensive supplements that may benefit health (Phelgan, 2015). As consumers are willing to pay up for their health, there is huge potential to link luxury clothing with human health. This is starting to become the case with the use of organic cotton in children's clothing and underwear, but this trend has not developed as quickly as it has in the food industry.

Many companies are now changing their approach and encouraging the link between luxury and sustainability. The CEO of Kering for example, the second largest luxury group in the world, has often stated that an approach to luxury based on sustainability has the power to generate new revenue and establish long term competitive advantage for luxury companies in the sector. Consumer response, however, is still weak and luxury corporations must lead the way and set the trend, just as they do regarding style for each season.

### 3.7 The Changing Paradigm for Sustainability and Luxury Fashion: What others have researched so far

The paradigm for luxury fashion is starting to change to incorporate sustainability into the core values of luxury. Many researchers are studying this phenomenon. Kapferer and Michaut-Denizeau (2014) measured respondents' current degree of concern about sustainability issues in luxury and examined whether or not it was a criterion when buying luxury goods or services. In their research, after surveying 966 luxury buyers, they came to the conclusion that a majority of consumers do not factor sustainability into their decision-making agenda and do not associate luxury with sustainability to any great extent. In other words, luxury consumers do not consider images of social and environmental hardship when purchasing luxury products. A majority of respondents did not think luxury should be a focus of sustainable development activism because they regard the industry as far cleaner than other fashion sectors. In this study, Kapferer and Michaut-Denizeau (2014) also identified issues that could harm luxury brands if luxury consumers learned about them such as delocalized production and animal welfare.

Kapferer and Michat (2015) argue that because of their high visibility and commitment to quality, luxury brands are particularly affected by sustainability issues. According to them,

even if a customer's focus on sustainability remains weak they have high latent expectations about the commitment of luxury brands to sustainability. Consequently, if a human rights issue was exposed in a luxury brand's supply chain it would be more damaging to the brand's perceived value than if cheap retailers such as Walmart or H&M had (another) human rights issue exposed in their supply chain. Customers already associate those brands with cheaper products and poorer quality standards. Kapferer and Michat (2015) also argue that the level of perceived contradiction between luxury and sustainable development differs according to the client's age and also according to their definition of luxury.

Other academics have also examined the link between luxury and sustainability, but few empirical studies focusing on the link have been done, probably because of the subjective nature of the subject. Achabou and Dekhili (2013) examined more closely how luxury consumers might value sustainable products made with recycled materials and came to the conclusion that they would not positively value the idea of buying a Hermès product made out of recycled cotton. Recycling means the product is not rare and thus loses its prestige. (Janssen et al. 2014) demonstrated that luxury was compatible with CSR, but only for rare and non-ephemeral products such as jewels. According to them, there is no perception of compatibility between luxury and sustainability with ephemeral products such as clothing.

Davies et al. (2012) summarize the case for when customers are concerned about sustainability by saying that sustainability is more of a factor for highly repeated purchases such as cheaper items (like food) but is rarely in luxury purchases which are far less frequently purchased.

According to Kapferer and Michaut (2015), when sustainability factors into part of the dream that the luxury brand is selling then there are more opportunities to incorporate sustainability into the brand's image. They cite the examples of Tesla cars (luxury electric cars that represent the dream of a better future) and Stella McCartney who refuses to use real leather and has created luxury Italian vegan leather products.

Overall, one can summarize that the primary focus of researchers so far has been on to what degree luxury consumers are concerned about sustainability and when this concern actually impacts purchase decisions for luxury products. While some researchers have noted that certain sustainability initiatives are more or less likely to be valued by luxury customers, there has not been considerable focus yet on specifically what sustainability initiatives are more likely to positively impact brand value. This will be the focus in the remainder of this paper.

## **4. Investigating How Sustainability Impacts Perceptions of Brand Value in the Luxury Fashion Sector**

A qualitative study was conducted to investigate how sustainability impacts perceptions of brand value in the luxury fashion sector. The research was conducted by means of an online questionnaire based on both real life and hypothetical examples of sustainability issues in the fashion sector.

### **4.1 Research Design and Data Collection Process**

The aim of this research was to determine how certain sustainability factors impact people's perceptions of brand value in the luxury sector. A survey was created to see how various scenarios related to a luxury company's social and environmental performance may influence how a customer perceives a brand's value.

#### **4.1.1 Survey Design**

To collect data, an online questionnaire (Appendix 1) was created that would reflect the subjective nature of the luxury fashion sector (see Kapferer, 1996). The survey was distributed through direct email and social media such as LinkedIn. The goal was to ensure that a diverse group of subjects with regard to age and nationality took the survey, but also that the respondents were actual luxury customers. Since individuals have varying opinions as to what (and what price point) is considered luxury, the survey was designed to ensure that all individuals, regardless of their perceptions of luxury including price point and quality, could complete the survey. This meant that the analysis of the data was more qualitative in nature. The questions were kept general and specifics such as price point were left out, so all respondents could relate regardless of their own personal definition of a luxury product.

To get a better understanding of the types of individuals responding to the survey, the first portion of the questionnaire pertained to an individual's background including age, education, nationality, and income level. The purpose of these questions was to gain an understanding as to whether people from different backgrounds, income levels, age groups, etc view the value of sustainability differently than other groups.

The second portion of the questionnaire, posed questions relating to sustainability scenarios. These questions aimed to cover a wide variety of topics pertinent to environmental and social problems in fashion and luxury industries including most of the issues discussed in part 4 of this paper. The questions were primarily based on real scenarios in the fashion industry and were designed to make respondents consider how certain scenarios impact their perception of the brand's value. A question regarding Hermès and the use of recycled cotton was also added to determine if similar results to Janssen et al. (2014) would be obtained.

The questions required respondents to answer if certain situations increased or decreased their perception of a brand's value. Some questions that were more closed ended only gave possible answers of "higher", "lower", "same" or "not sure". Other questions allowed respondents to indicate to what extent value perceptions might change based on the scenario given. These were primarily formulated with a scale from "significantly lower" to "significantly higher" or with a numerical scale between 1 and 5 or 0 and 5.

#### 4.1.2 Minimizing Errors and Biases

The nature of the topic of luxury and sustainability is inherently subjective which presents some research limitations. This survey was constructed in a manner designed to limit those biases. Individuals may have pre-conceived notions of luxury brands whether they be positive or negative. These biases include varying definitions of luxury (i.e. mentioning a brand that differs from the respondents' definition of luxury may create biases) or varying views of luxury price points. Some questions were formulated using company names in the case of real life scenarios and other questions were formulated to be hypothetical scenarios. This was done to determine if respondents responded differently when faced with a scenario concerning a well-known brand versus a scenario that includes no specific brand. Because branding is so crucial for sales in the luxury sector, it was important to determine if people's perceptions of sustainability's value change if the brand is known.

Questions were all closed ended except for one, in an attempt to observe any trends in how brand value is perceived based on age, income, etc. This reduces the risk of observer bias that may occur with open-ended questions. Research suggests that open-ended questions may be more useful in certain situations (Iacobucci & Churchill, 2010) and that this may especially be the case in an industry as subjective as luxury fashion. For the purposes of this research though, it made more sense to determine trends regarding how customers' perceptions of brand value change in regard to sustainability.

One open-ended question (Question 22) was added after a question pertaining to the perceptions of country of origin and country of manufacture. This was done to get a deeper understanding on why respondents answered the way they did. Further open-ended questions were not added so as not to reduce questionnaire fatigue. Based on the observations in the survey, more qualitative research might be conducted by way of open-ended questionnaires.

## 4.2 Survey Findings

In total, 173 individuals responded to the survey. In regard to general demographic information (Appendix 2), 64.7% of the respondents were under the age of 35. Almost all the respondents (92.5%) came from Europe and North America and almost all (94.2%) had, at minimum, a bachelor's degree (Appendix 4). Education level was an important element in identifying potential survey respondents because well-educated individuals are more likely to be in careers that allow for discretionary spending on luxury items. In terms of income level though, only 20.4% of respondents earned over \$100,000 dollars and of those, only 2 respondents earned over \$500,000. If further study is done on the subject, collecting survey responses from more people in the \$100,000 to \$500,000/year income range would better help reflect perceptions of brand value and sustainability for people who are true luxury customers.

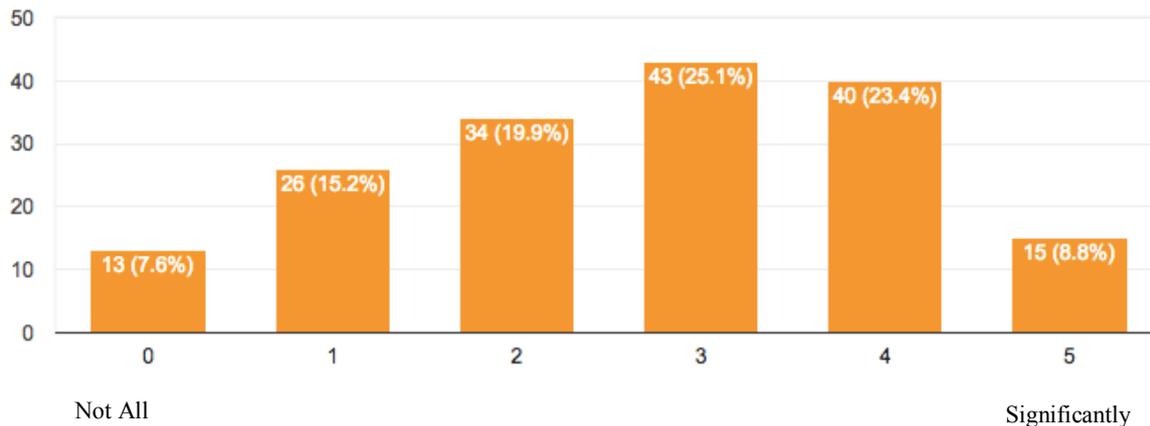
Respondents were also asked questions related to general purchasing habits (Appendix 3). When asked if sustainability factored into purchasing habits, 35.3% answered "yes" and 56.6% answered "maybe depending on product and price". Only 8.1% said sustainability is not a factor in their purchasing of luxury products which indicates the importance sustainability is attaining in purchasing habits regardless of income level, age, etc. Based on these results, one can conclude that sustainability is becoming a norm in everyday shopping habits.

Of all the respondents, only 15.6% cited they had never purchased luxury products. Again, it is unknown what each individual's definition is of a luxury product without conducting personal interviews or asking more open-ended questions, but despite this, it is promising for survey results because it means most respondents already considered themselves luxury consumers.

Despite the strong response in the survey that sustainability plays a role generally in purchase decisions, it can be observed that sustainability was not as strong of a factor in specifically luxury purchase decisions. When asked to what extent sustainability factors in luxury purchase decisions (between 0 and 5, 5 being a strong factor in purchase decisions), a 3 was the median

and the average response. (figure 3) While concerns for sustainability are still present, the data indicates there is not as strong of an inclination to factor sustainability into luxury purchase decisions.

*Figure 3: How Strong of a Factor is Sustainability in Luxury Purchase Decisions*



#### *Value Perceptions of Sustainable Products in Fast Fashion compared to Luxury Fashion*

Two questions that were asked, related to how customers perceived the value of a sustainable luxury product versus a similar sustainable fast fashion product. Inspiration for these questions were taken from Achabou and Dekhili's (2013) research where they investigated the link between sustainability and luxury with a top luxury brand, Hermès. Achabou and Dekhili's surveyed respondents who possessed high incomes and mostly worked in executive positions. Respondents were asked questions based on their perceptions of recycling in the case of Hermès shirts. On the whole, Achabou and Dekhili argued that the ethical commitment of the brand is not a decisive factor in luxury purchase decisions. Based on their results, they concluded that ratings were relatively neutral on incorporating recycled materials into a luxury product in comparison to reactions on recyclable packaging.

In my research I wanted to ask questions similar to those of Achabou and Dekhili in order to compare results. Achabou and Dekhili (2013) focused their questions on one brand reactions to sustainable luxury products, on reactions to sustainable luxury packaging and on other "CSR type" sustainable initiatives at one company, Hermès. I wanted to compare how customers' perceptions of brand and product value changed when discussing a similar product: scarves made of recycled cotton, at both a luxury company and at a fast fashion company. My

hypothesis was that *sustainability increases perceptions of brand value more in fast fashion than in luxury fashion*.

Respondents were first asked how their perception of the value of a fast-fashion scarf for \$30 dollars would change if they discovered that the scarf was made out of 30% recycled cotton (Question 11). Possible responses were higher, lower, same, and not sure. Respondents were then asked a similar question about how their perception of the value of a Hermès scarf priced at \$500.00 would change if they discovered the scarf was made of 30% recycled cotton. Again, the possible answers were higher, lower, same, and not sure. To analyze the results, all responses were converted into numbers (Higher = 1, Lower = -1, Same = 0, Not Sure = 0, Blank = 0). Same and Not Sure were both kept at zero since their opinion does not impact value of the product.

Results showed that respondents' perceptions of the value of a fast fashion scarf increased significantly more than for a Hermès scarf (Table 1). The average score for the total population for the fast fashion scarf was 0.47 and for the Hermès Scarf 0.19. This demonstrates that overall, people see value of a fast-fashion brand rise with sustainability more so than with a luxury Hermès scarf. The responses were then broken down into age and gender categories to determine if certain age and gender groups responded more favorably to sustainability in both fast-fashion and luxury products. Surprisingly, the respondents in the 50-70 age category responded more favorably to recycled cotton in a Hermès scarf than did the younger age categories which is contrary to academic research such as Amatulli et al (2016). Older generations are thought to have more traditional views regarding luxury brands. This could be because fewer participants were in this category, an aberration based on the people surveyed or the natural bias towards sustainability in the survey.

*Table 1: Changes in Value Perception for Fast-Fashion Recycled Scarves Versus Luxury Recycled Scarves*

Total Population	Fast Fashion Scarf	Hermes Scarf	Number Respondents
Mean	0.47	0.19	173
Median	1	0	
Age 18-35	Fast Fashion Scarf	Hermes Scarf	Number Respondents
Mean	0.49	0.24	112
Median	1	0	
Age 36-50	Fast Fashion Scarf	Number Respondents	Number Respondents
Mean	0.75	0.20	18
Median	1	0	
Age 50-70	Fast Fashion Scarf	Hermes Scarf	Number Respondents
Mean	0.57	0.29	43
Median	1	0	
Female Total Population	Fast Fashion Scarf	Hermes Scarf	#Number Respondents
Mean	0.55	0.22	113
Median	1	0	
Male Total Population	Fast Fashion Scarf	Hermes Scarf	Number Respondents
Mean	0.31	0.14	58
Median	0	0	
Undisclosed Gender Total Population	Fast Fashion Scarf	Hermes Scarf	Number Respondents
Mean	0.50	0.00	2
Median	0.5	0	

*Figure 4: Percent of Male Survey Respondents in Each Income Category*

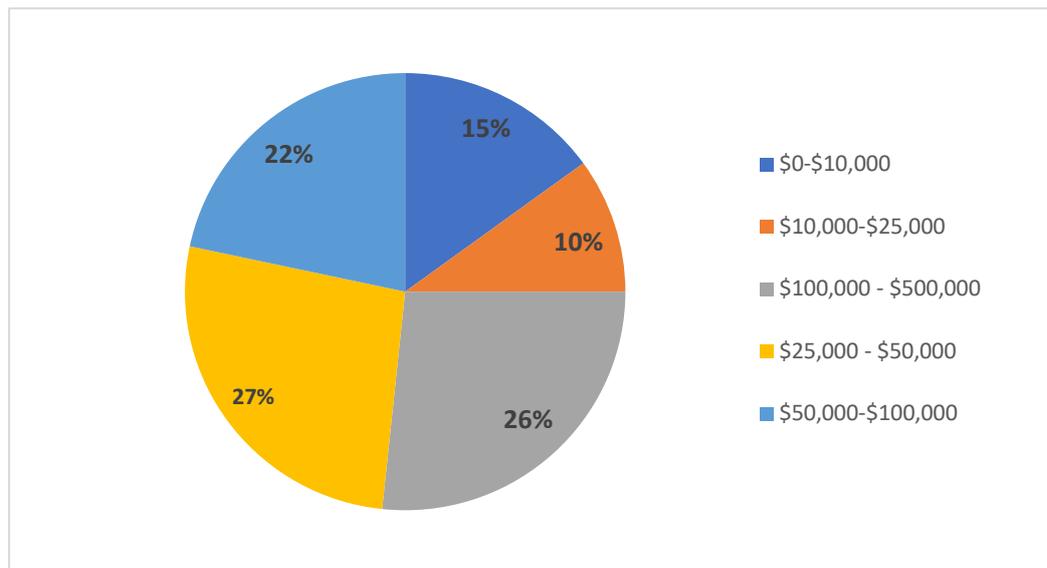
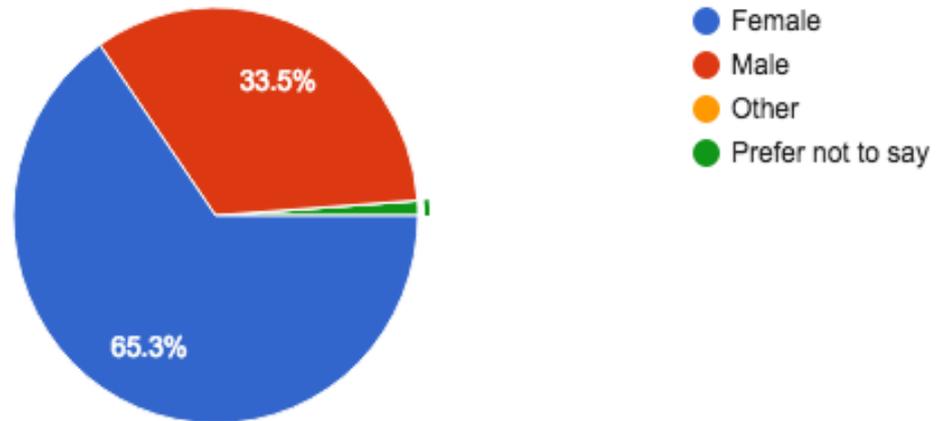


Figure 5: Gender Breakdown of Survey Sample



Females responses indicate they value sustainability more in in both fast-fashion and luxury products according to the results in Table 1 which supports Achabou and Dekhili, (2013)'s observations. It is important to note though that Achabou and Dekhili used more high-income individuals and in this survey only 26% of the male respondents earned over \$100,000.00 (Figure 4).

Responses were then broken down to compare male and female responses based on their income bracket. When we compare male and female categories in the same income bracket of earning more than \$100,000 we do see that females favor sustainability in luxury and fast fashion much more than their male counterparts (Table 2). In this income bracket as well, sample population size is relatively similar which helps make the data more comparable. What is interesting to observe is that while there is not much of a difference between how men who earn more than \$100k and those who earn less value sustainability for fast fashion items, there was more of a change when discussing a luxury product. Based on the results, lower income men in this sample value sustainability in a luxury product more than men of higher incomes. On the other hand, while less of a difference, women who earn more, value sustainability more in luxury products than women who earn less. Women who earn more also value sustainability more in fast fashion products than women who earn less.

Based on the results, one might conclude from this that higher earning women are most likely category to favor sustainable alternatives. For men, income level is not a significant

determining factor for sustainability value perception in fast fashion, but for luxury products, lower income males prioritize sustainability more than higher earners.

*Table 2: Average Differences in Value Perception for Male and Females earning over \$100,000*

<b>Gender and Income Level</b>	<b>Fast Fashion Scarf</b>	<b>Hermes Luxury Scarf</b>	<b># of Responses</b>	<b>% Total Gender Population</b>
Females Earning More than \$100,000	0.65	0.29	19	17%
Males Earning More than \$100,000	0.33	0.07	15	26%
Female Earning Less than \$100,000	0.54	0.22	93	83%
Male Earning Less than \$100,000	0.30	0.16	42	74%

When breaking the data down by income level for the total population of respondents though (Table 3), we do not see much of a difference in average difference in value perception between luxury consumers who make more than \$100,000 and those who make under \$100,000. According to these results, sustainability is valued to a relatively similar degree in different income levels. How much one earns does not appear to directly impact opinions on sustainability in fast fashion or luxury products. One potential explanation for this is that modern luxury customers commonly mix fashion and luxury brands (Amatulli, et al, 2016 from Atwal et al., 2010) thanks to the democratization of fashion (Mosco and Gallo, 2016 from Okonkwo, 2009). Regardless of income level, it is common practice for modern luxury customers to mix high and low brands, so it makes sense that opinions on the value of fast fashion and luxury items would not differ much between the two income categories. To verify this, further study should include a wider sample of individuals who earn more than \$100,000.

*Table 3: Average Difference in Value Perception for Male and Females earning over \$100,000*

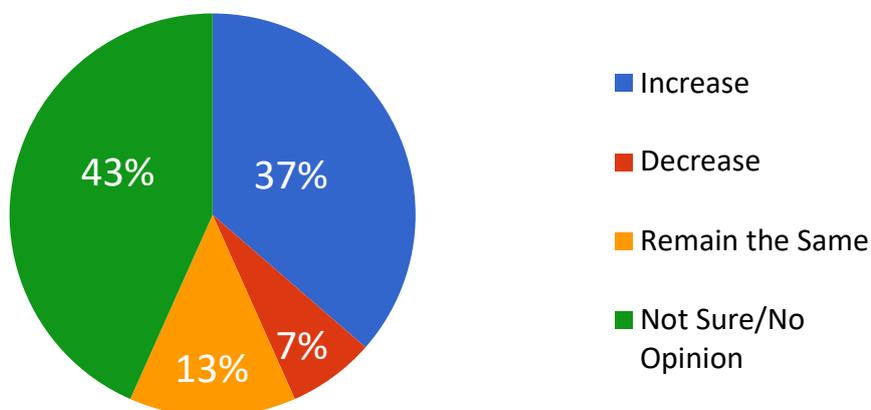
<b>Income Level</b>	<b>Fast Fashion</b>	<b>Luxury</b>	<b># Responses</b>	<b>% Total Population</b>
>100k	0.49	0.17	137	79%
< 100k	0.46	0.20	35	20%
Not Disclosed	n/a	n/a	1	0.6%

### *Country of Manufacture versus Country of Origin*

A portion of the questions in the survey focused on value perceptions of country of origin and country of manufacture, factors which play a significant role in perceptions of brand value. Since luxury goods are no longer often made in the same artisanal conditions they once were, many questions explored customers' perceptions of brand value with regard to the realities of contemporary sites of manufacture. The hypothesis was that *goods that come from non-Western European countries are being perceived as having a lower brand value.*

Two questions related to how companies could communicate about country of origin favorably when the country of origin may not be a country people associate with luxury. Question 17 and Question 20 specifically asked about designer dresses produced in India. In Question 17 (Figure 6), respondents were asked how their perception of a brand's value would change if it communicated the country of manufacture by describing the tradition and legacy of Indian Embroidery (in other words spinning the country of manufacture in a positive way).

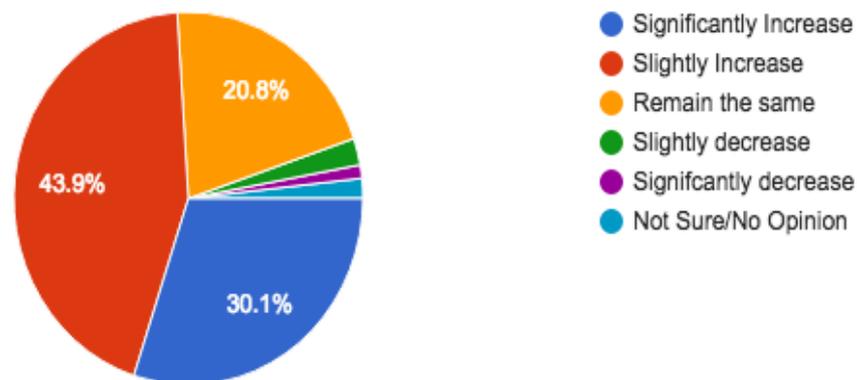
*Figure 6: Question 17, Perceptions of Product Value on Country of Manufacture when Describing the Legacy and Tradition of Indian Embroidery*



Over 1/3 of respondents thought this would increase their opinion of the brand and over 40% did not see this as changing their opinion. This indicates that communicating positive associations of countries of manufacture that may not be associated with luxury might have some impact on perceptions of brand value, but overall is not likely to have a significant impact. Only 7% indicated it would decrease their view of the brand which indicates that positive communications strategies with respect to country of manufacture are not likely to decrease a brand's value.

Question 20 (figure 7), asked how a garment's worth would increase or decrease if a luxury company communicated that their embroidered dresses were made in India, that efforts were made to ensure that worker rights were respected and that workers received a living wage. This question was designed to determine if communicating about sustainability in a way that does not support the "dream" image of the brand would detract from the brand's value. Respondents actually responded much more positively to this as an element to increase an item's perceived worth than they did to Question 17. In Question 20, 74% of respondents felt this would increase their view of the brand's worth with 43.9% saying slightly increase and 30.1% saying significantly increase their view of the garment. Only 6 individuals (or 3.4%) thought this would decrease their opinion of the brand's value which is less than the 7% in question 17. One possible conclusion as to why this is the case, is that customers might think talking about the realities of safety standards is more authentic and genuine than glossing over these realities by talking about the legacy of Indian craftsmanship.

*Figure 7: Question 20, Perceptions of Product Value on Country of Manufacture when Discussing the Reality of Working Conditions and the Need to Respect Human Rights, and Fair Wages.*



These results also indicate is that there are more opportunities for luxury companies to discuss wages and worker's rights without fear that talking about such things will detract from the brand's value and image they are selling. As discussed in the previous section, luxury companies are selling a dream and this survey indicates that communicating less glamorous details about production might raise people's perceptions of the product's value as opposed to detracting from that dream.

More investigation is needed to determine to what extent these results reflect bias. To prevent bias towards certain luxury brands or luxury perceptions, no real brand or product was used in this question but that in turn creates a bias in favor of sustainability. However, assuming these results are correct, a future case study would be interesting to assess, in more detail, how customer opinions on a luxury brand change if a luxury company does more to communicate publicly their commitment to fair working conditions in factories abroad.

In two questions (Questions 18 and 19) respondents were also asked to compare perceptions of countries of origin within specific production regions. The purpose of these questions was to see how opinions of country of manufacture changed perceived value within regions. Question 18 asked if perceptions of a garment would change if the garment in question 17 was made in Eastern Europe instead of India. Question 19 asked how value perceptions would change if that same garment was made in France instead of India. These two questions were converted into numbers (Higher = 1, Lower = -1, Same = 0, Not Sure = 0, Blank = 0) to determine which countries' respondents felt had higher value. As seen in Table 4, respondents responded more favorably to France meaning they believed products produced in France had a higher value than products produced in India. Products produced in Eastern Europe however, were seen as of lesser value than products produced in India.

*Table 4: Question 18 and 19, Attitudes towards Country of Manufacture in Eastern Europe and France in Comparison to India*

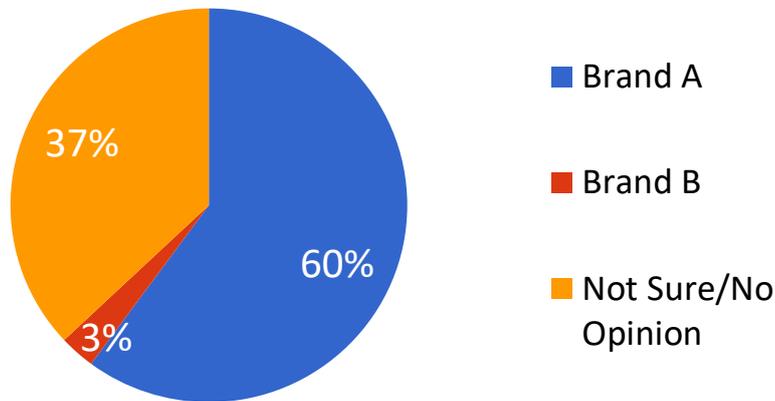
	<b>Eastern Europe</b>	<b>France</b>
Mean	-0.09	0.19

These results are interesting because often luxury items are produced in Eastern Europe where wages are cheaper, and conditions are poorer. One might have expected that there is still the “Made in Europe” stamp and thus no stigma of ‘cheap Asia manufacturing’ (Abutina, 2017). However, the response to this question indicated that respondents had a less favorable view of Eastern Europe. More research would be needed to identify the factors involved in consumer perceptions of country of origin.

Western Europe is still largely favored as having the highest brand value. In Question 21 (Figure 8), respondents are asked if they are choosing between two different brands that make the same product in terms of quality, look, and price would they choose one made in Italy or Macedonia. 60% of respondents said they would choose Italy and 37% said No Opinion or

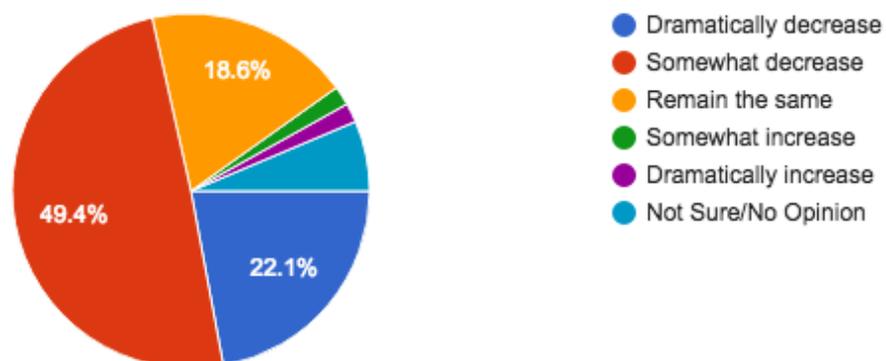
Not Sure. This indicates that Western European still largely favored in terms of country of manufacture.

*Figure 8: Question 21, Preferences Towards a Product Made in Italy (Brand A) or Macedonia (Brand B)*



While favorable opinions of Western European manufacturing remain strong, it was important to dive deeper into what extent those opinions are based on unrealistic notions of Western European production. Question 22 (Figure 9) asked how perceptions of value might change if they discovered their Italian cashmere sweater was produced by a Chinese conglomerate operating in Italy. Almost 50% of respondents said their opinions would somewhat decrease and over 22% said their value of the product would dramatically decrease.

*Figure 9: Question 22, Perceptions of Value for Country of Manufacture regarding Chinese Production in Italy*



A conclusion that can be drawn is that in the case of Italy, perceptions of value in terms of country of manufacture are still based on older notions of Italian manufacturing (small batch

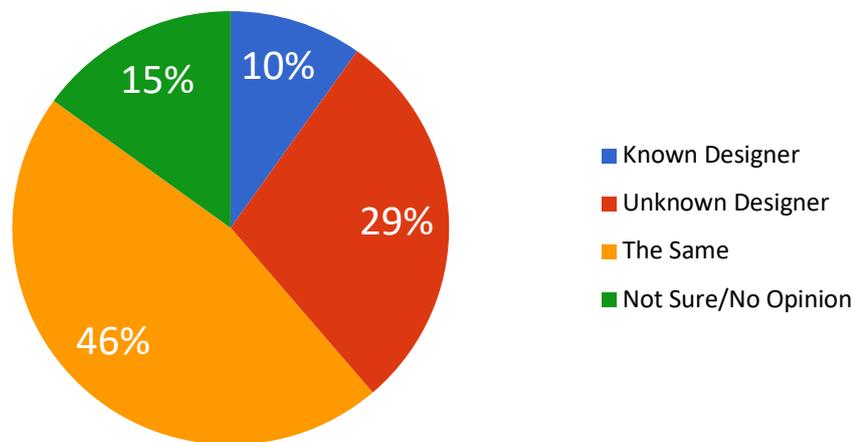
manufacturing, artisanal production, etc.). Respondents were asked why they answered the way they did. Responses touched on key elements that impact brand and product value such as “insincere branding”, “questioning quality standards”, “cheap”, “fake”, and “poor working conditions”. What this indicates is that the impact of globalization and the decline of small batch production in Italy, could have major negative implications for brand value of luxury brands. Larger scale, globalized manufacturing is not necessarily a bad thing in itself, but for luxury companies selling a completely different dream this could be problematic and presents a significant reputational risk.

#### *Responses to Sustainability Initiatives: Product*

Several of the questions in the survey concerned positive sustainability initiatives that companies can do to communicate their sustainability policies. While many of the activities described in these questions might be perceived as methods of greenwashing, the point of these questions is to examine to what extent these initiatives make business sense in regard to strengthening a customer’s perception of a brand’s value and if sustainability can strengthen traditional brand value.

Question 24 (Figure 10) focused on the use of sustainable materials and whether modern luxury customers are likely to gravitate to clothes that define a more modern definition of luxury, one that is more focused on innovation and sustainability of the product than the legacy and reputation of the brand. The question was inspired by the March 2018 edition of Vogue Australia edited by celebrity and activist Emma Watson, an edition which focused on sustainability in the fashion industry and on designers that were pioneers in sustainable fashion (Spellings, 2018). The question asked if Vogue promoted new designers that were embracing sustainability would you be willing to pay more for an established luxury designer or a less known designer that prioritized sustainability. The aim of the question was to see which respondents valued more: sustainability or brand reputation.

Figure 10: Question 24, Attitudes towards a known Designer and an Unknown Sustainable Designer



Almost 30% of respondents favored the unknown designer and only 10% valued the known designer. Almost 50% said both have merits. With more people responding favorably to sustainability, this indicates that more people might be attracted to quality and innovation rather than simply to brand reputation. What is interesting to note is that even in the breakdown of responses by age (Table 5), the result was roughly the same. At least 40% of respondents in each age category thought that both types of designers had their merits. The 18-25 age category did most strongly favor the unknown designer than any other age category followed by the 26-35 age category. What this indicates is that younger generations are more willing to favor innovation and sustainability over brand name alone. Even amongst older generations, the unknown designer was still more strongly favored than the known with a higher percentage of people voting in its favor. This shows that prioritizing sustainability is becoming more pervasive amongst all generations which could be due to the increase of media attention and communications campaigns on the issue. More study might shed more light on changes in generational attitudes towards sustainability.

Table 5: Breakdown of Responses for Question 24 based on Age

Age and Answer	Total	Percentage of Age Bracket
<b>18-25</b>	<b>45</b>	
Known Designer: Brand recognition is everything	3	6.7%
Not Sure/No Opinion	5	11.1%
The same: both designers have their merits	18	40.0%
Unknown Designer: I rather pay a premium to be more sustainable	17	37.8%
(blank)	2	4.4%
<b>26-35</b>	<b>67</b>	
Known Designer: Brand recognition is everything	11	16.4%
Not Sure/No Opinion	7	10.5%
The same: both designers have their merits	30	44.8%
Unknown Designer: I rather pay a premium to be more sustainable	19	28.4%
<b>36-50</b>	<b>18</b>	
Known Designer: Brand recognition is everything	1	5.5%
Not Sure/No Opinion	3	16.7%
The same: both designers have their merits	10	55.6%
Unknown Designer: I rather pay a premium to be more sustainable	4	22.2%
<b>51-70</b>	<b>30</b>	
Known Designer: Brand recognition is everything	2	6.7%
Not Sure/No Opinion	5	16.7%
The same: both designers have their merits	14	46.7%
Unknown Designer: I rather pay a premium to be more sustainable	7	23.3%
(blank)	2	6.7%
<b>70+</b>	<b>13</b>	
Not sure	1	7.7%
Not Sure/No Opinion	1	7.7%
The same: both designers have their merits	8	61.6%
Unknown Designer: I rather pay a premium to be more sustainable	3	23.1%
(blank)		
<b>Grand Total</b>	<b>173</b>	

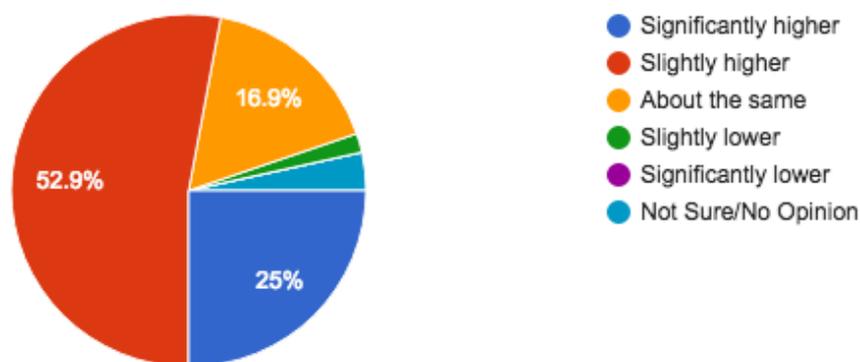
It must be noted that because this question is not referring to a specific brand, there is a natural bias towards sustainability. Further research might ask participants in a study to choose between similar fashion campaigns; one concerning a specifically well-known luxury designer and the other an unknown ethical designer. This might be a better method of determining how strongly luxury customers value designer name versus sustainability and innovation.

Two questions related to the topic of sustainable materials. The hypothesis was that *brand initiatives to promote sustainable products would substantially increase customers' perceptions of product value because the focus is on the positive elements of sustainability without any negative perceptions of industry production.*

Question 26 (Figure 11) examined how much product value increased if a luxury product (in this case a winter coat) was more sustainable and had a lower carbon footprint than previous lines. The question asked respondents to determine how their perception of the product value would change if the product produces 20% fewer emission in comparison to a competitor's

similarly priced coat. Over 75% of respondents believe their opinion of the product's value would increase and a quarter thought the value increased significantly. It is important to note that for this question 3 individuals said this would slightly lower their value of the product. All three had an income of over \$100,000 and one had an income over \$500,000. One hypothesis to why this was the case could be that these individuals value more traditional concepts of luxury and do not see sustainability motives as adding value to a traditional luxury product.

*Figure 11: Question 26, Product Value Perceptions Towards a More Sustainable Product in Comparison to a Standard Luxury Product*



Question 26 demonstrates that there can be a strong link between sustainability and luxury products for luxury brands. Sustainable product characteristics can differentiate brands from competitors by enabling customers to see the product as the more sustainable alternative. Customers can feel like they are doing their part for society with ease simply by purchasing the more sustainable option. This idea can be supported by the assertion of Kapferer and Michault (2015) that consumers in luxury are particularly interested in sustainability when they perceive that their choice has an immediate impact. They claim that this is the case for consumer products characterized by highly repeated purchases but in the case of this question, customers understand that their product choice financially supports a product with fewer emissions.

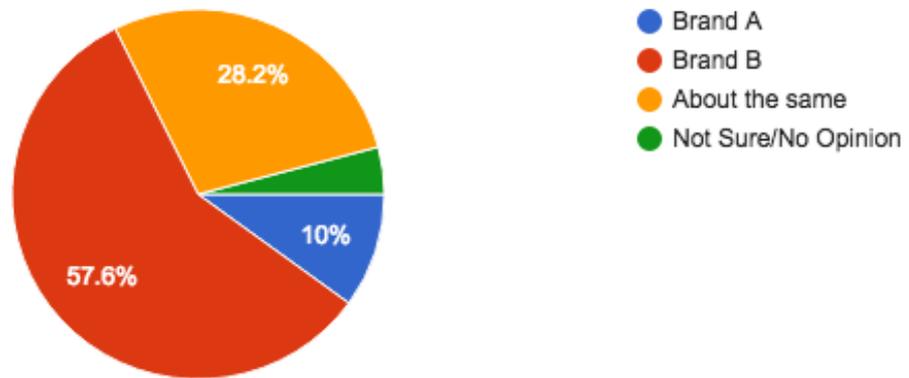
It is no wonder that one off sustainable product lines from designers have emerged. These types of initiatives help brands look like they are doing their part for society by highlighting one good thing they have done and hiding all the problems and environmental/social impacts

they deal with behind closed doors. While not luxury, the fashion brand H&M has often been accused of this with their ‘Conscious Collection’ that targets ‘ethical’ consumers but doesn’t address the wider social and environmental impact of their business operations (Fashion Law, 2016). This is a form of greenwashing, but it is considered common practice by many brands because companies can achieve the “win” of looking green without investing in the necessary environmental and social practices behind the scenes.

To avoid greenwashing, companies need to integrate sustainability into the entire strategy of the business. It is necessary to take into consideration the social and environmental impacts of a business and use those, along with traditional concerns such as quality and design to create and communicate company strategy.

Question 27 (Figure 12) helps to strengthen the argument that investing in sustainability can improve perceptions of brand value. Question 27 pertained to the recent #MeToo movement. Respondents were asked to pick which brand would have a higher brand value: Brand A who was working to combat sexual harassment and abuse by donating money to the #MeToo movement or Brand B who advertised new efforts to prevent sexual abuse in their supply chain. The point of this question was to see how strongly survey participants responded to a CSR policy based on a monetary transaction with an outside organization versus a discussion behind-the-scenes efforts to create positive change. Overwhelming, participants responded more favorable to Brand B who discussed company efforts. Almost 60% favored Brand B and only 10% favored Brand A (with 28.2% saying they were about the same). It is important to acknowledge the obvious bias in this question because without real marketing campaigns it is difficult to obtain accurate results. Nevertheless, this question still demonstrates a strong indication that customers are open to hearing about more meaningful efforts on behalf of luxury companies to create positive change in their businesses.

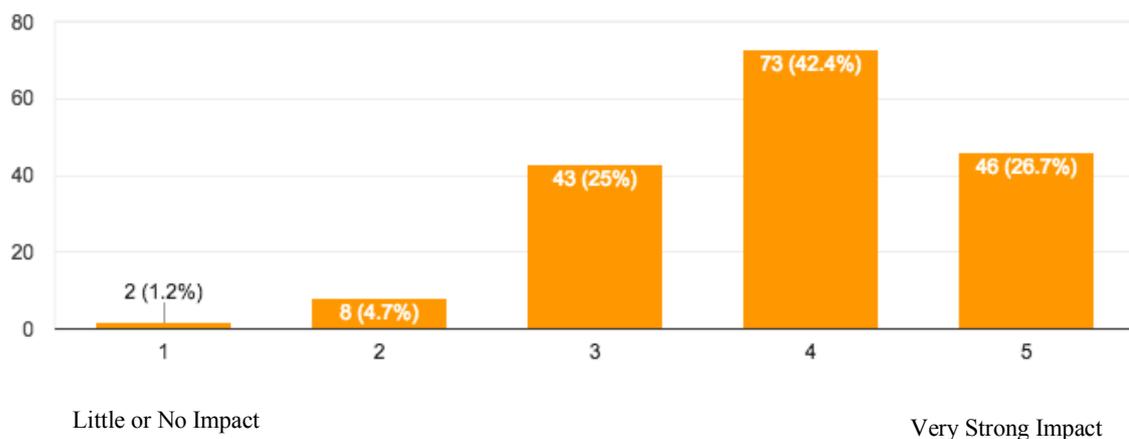
*Figure 12: Question 27, Perceptions of Brand Value When a Brand Financially Supports a Cause (Brand A) versus a Brand Who Publicly Discuss How Their Own Internal Processes Create Positive Change for a Cause*



One final question was asked pertaining to sustainable sourcing of materials and sustainable innovation. Question 30 (Figure 13) asked whether if a brand's new line featured clothing from recycled wood pulp, to what extent it would impact brand image. The responses to the question were very positive with under 6% citing a 1 or 2 (on a scale of 1 to 5). Again, this indicates consumers' appreciation for innovation and sustainability and that products with these characteristics improve people's perceptions of the product or brand value.

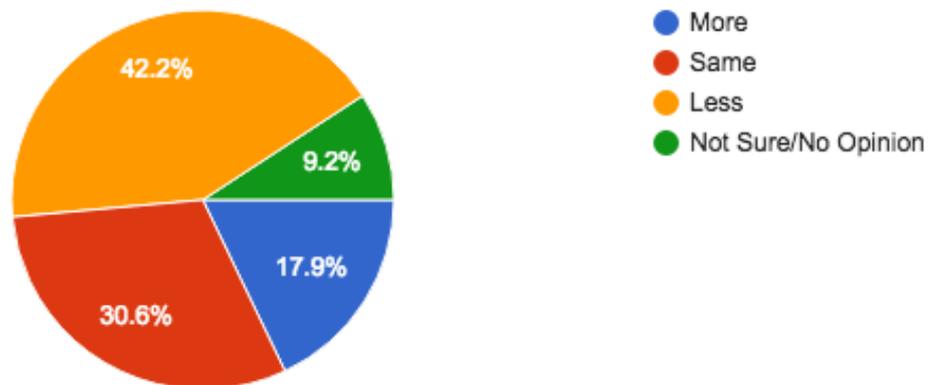
*Figure 13: Question 30, Perceptions on Brand Value when a Company uses Innovative Ethical Materials.*

# Responses



When it comes to promoting sustainable products, one must remember that just because it is sustainable doesn't mean it will necessarily generate the same returns. While sustainability generates value, that value might not always be equal in the eyes of the consumer. Question 16 (Figure 14) took a real-life example of Gucci vowing to eliminate fur from their products (Pithers, 2017). The question asked survey respondents whether if Gucci started using fake fur, would that item be worth more or less than a similarly priced real fur product. For this question, 42.2% said it would have less value and 30.6% said it would have about the same. Only 17.9% thought sustainable fake fur would be worth more. Only 9.2% thought sustainable fake fur would be worth more.

*Figure 14: Question 16, Value Perceptions when asked if Sustainable Faux Fur would have a Greater or lesser Value than Real Fur.*



What this demonstrates is that while brands like Gucci can make waves in the fashion industry by embracing sustainability (as this announcement by Gucci did), embracing sustainability might could possibly have negative consequences by alienating customers with more traditional brand value perceptions. For this reason, luxury companies might be hesitant to embrace sustainability and may not always see the value of moving away from unethical practices in the industry. Additionally, the reality is that short term financial sacrifices might have to be made by luxury companies for long term gains, assuming that prioritizing sustainability will continue to pick up traction.

#### *Responses to Sustainability Initiatives: Transparency and Communications Strategy*

Three questions (25, 27, 29) in the survey asked about topics related to a company's communication about sustainability issues that may detract from the dream narrative of the brand. This was important to address because luxury companies are hesitant to discuss

anything that might detract from the brand image they are trying to portray. Kapferer and Michaut (2015) say:

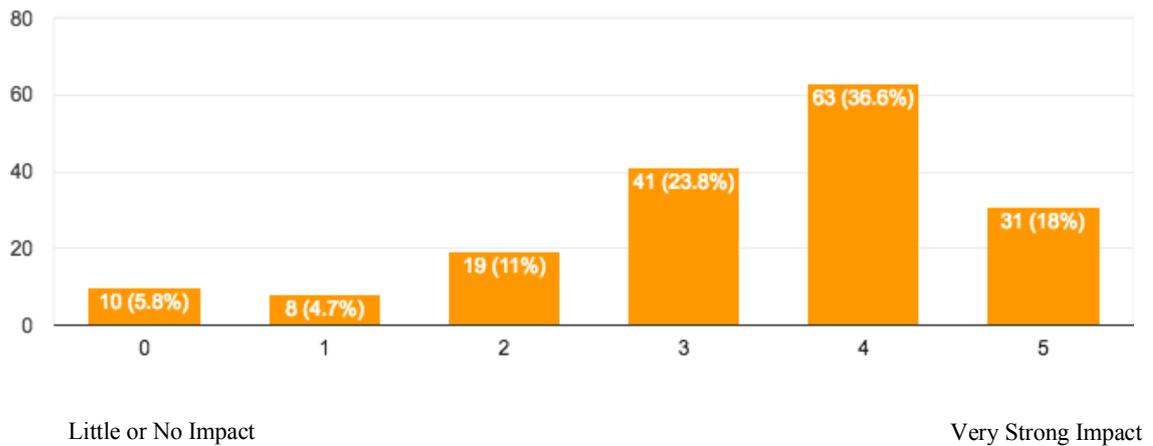
“luxury brands deliver a dream, they do not want to contaminate with information that could harm it...When consumers buy a luxury good do they want to learn about sad things concerning the misbehavior of some actors of the luxury sector?” (Kapferer and Michaut, 2015).

Furthermore, any information pertaining to a company’s sustainability policy is generally communicated in the CSR report, but those are rarely read by customers. According to the 2015 Cone Communication/Ebiquity Global CSR Study, while 82% of Americans expect companies to report on their progress for social and environmental efforts, only 17% say they have actually read a CSR report (Cone, 2015). What this demonstrates is that there is currently a disconnect between what a company does internally and what customers know about. While there is logic to companies’ concerns about whether discussing the more mundane aspects of sustainability detracts from a brand’s value and image, there could also be an opportunity to differentiate and better respond to a younger generation’s desire for transparency. In the age of social media, people respond to transparency because social transparency has become a new cultural norm. Whether discussing individuals or companies, transparency has become a valued virtue. For companies, transparency builds trust with customers and as people (or companies) become more transparent, relationships deepen (Pate, 2014).

Keeping this in mind, I wanted to ask a few questions related to the idea of companies communicating more about their internal processes publicly outside of the annual CSR report. My hypothesis was that *companies’ discussion of internal sustainability policies and processes that do not align with the communicated luxury brand image, would detract from a person’s perceived value of the brand.*

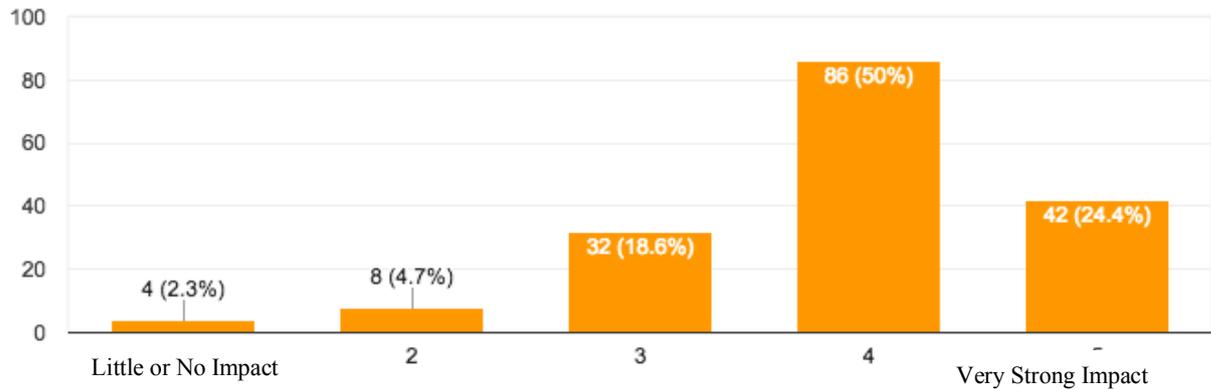
Overall the responses were overwhelmingly in the opposite direction of the hypothesis. When asked how one would view a company’s value (on a scale of 0 to 5) if a company communicated how their corporate governance ensures sustainability in the supply chain (Question 25, Figure 15 ), over 50% said 4 or 5. With an average of 3.35 and a median number of 4. This is a strong indicator that customers have a greater desire to hear about internal policies and procedures and it may not detract from the brand image. This might be explained by the rise in social media and internet. People are more informed and have more access to information. Communicating this type of information makes the company seem more genuine which can be linked back to quality.

Figure 15: Question 25, Changes in Attitudes on Brand Value if a Company Communicates Sustainability Policies



Question 29 (Figure 16) asked a similar question. It asked if an iconic founder of a brand discussed in an interview what the company was doing to address fire safety and structural integrity, how this would impact the respondent's view of the brand's value. The aim of this question was to see how respondents would respond if the person at the company who commands the *griffe* image discussed CSR issues that might normally be addressed only in CSR reports. Again, an overwhelming number of people said this would greatly improve how they valued the brand. Over 74% of respondents gave it a 4 or 5 on a scale of 1 to 5 (5 being the strongest impact on the brand's image).

*Figure 16: Question 29, Changes in Brand Perception if Iconic Brand Founder Discusses Sustainability Policies*



*Table 2: Respondents' Perceptions of Brand Value When a Company Communicates about Sustainability*

<b>Question 25: Communicating Corporate Governance and Sustainability</b>	
Mean	3.35
Median	4
<b>Question 29: Communicating policies on factory safety</b>	
Mean	3.86
Median	4

What this indicates is that luxury companies might benefit from doing more to communicate about their sustainability policies. Gildas Bonnel, President of the Sidiese agency which specializes in responsible communication, and special consultant to luxury brand Guerlain, calls the current practice of shying away from discussions on sustainability “Green Hiding”. Companies, especially luxury companies, fear criticism and are hesitant to reap the benefits of a more open sustainability policy. Communication means more open involvement with the issues and it is not easy to close that door once a company opens it. Involvement on the other hand, also provides an opportunity to engage with customers. Gildas Bonnel, advises his customers to communicate on policies once they have a robust sustainability policy in place because, according to him, there is a real expectation among the public now to have this information (Milet, 2018). Sustainability has become an element of quality expected by the

luxury customer according to Kapferer and Michaut (2015). This expectation may be more passive if customers are not aware of the problems in the industry, but with access to new information, an increasing number of customers are becoming aware of the problems and beginning to demand this information. What this research shows is that there may be more opportunities to strengthen brand value through better communication of policies and, if done properly, luxury companies may not have as many reasons to fear greater transparency on more mundane aspects of sustainability policy.

One other question in the survey involving communications regarding sustainability brought up this concept of how best to communicate about sustainability. Question 28 (Figure 18) was based on a real-life scenario in which the mid-range luxury brand Vetements did a marketing campaign with discarded piles of clothing in department store windows to educate customers on the importance on sustainable consumption and clothing waste. The question asked respondents if the image (Figure 17) would encourage them to buy the brand or not.

*Figure 17: Vetements Window*

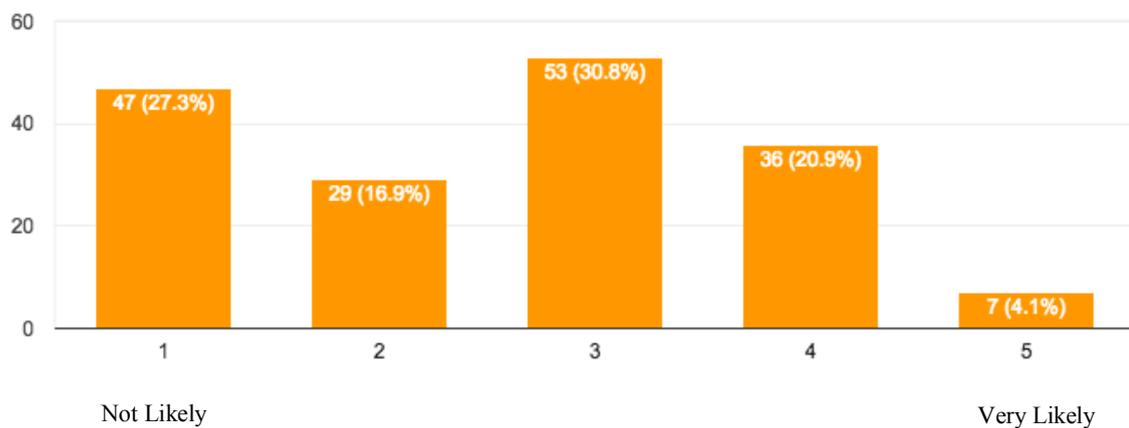
*Display at Saks. Photo: Michael Ross Photography for Saks Fifth Avenue. Source: Spellings, Sarah. (2017) "Vetements" New Saks Window Display Is Just a Pile of Clothes" The Cut. Retrieved from: <https://www.thecut.com/2017/07/vetements-new-saks-window-display-is-just-a-pile-of-clothes.html>*



Respondents' reactions to the Vetements campaign, was very different from previous answers pertaining to the communication about sustainability. Only 25% of people viewed the

campaign favorably, citing a 4 or 5 in terms of likelihood of buying the brand (scale between 1 and 5). Only 4% of total responses were a 5. However, 44.2% cited a 1 or 2 showing very little appeal in buying this brand based on the campaign.

*Figure 18: Question 28, Likelihood of a Customer buying Vetements clothing after Viewing an Image from their Saks Fifth Avenue Marketing Campaign.*



This demonstrates that there is still a cause for concern with regard to luxury brands talking about sustainability and breaking from the dream to show the harsh realities behind the industry. While the Vetements campaign was intended to be shocking and provoke (and garnered a lot of media attention in the process), the important point is that ultimately luxury is still advertising a dream. While the findings above suggest that luxury customers do see sustainability as a part of the luxury value proposition, how this is portrayed is important.

## 5. Summary and Conclusion

### 5.1 Survey Limitations

The survey had some limitations due to the nature of the topic. First, brand loyalty plays a key role in influencing customer's value perceptions in the luxury sector. As luxury is a very subjective industry, preconceived opinions about brands can skew survey results. For example, if a customer does not like a brand used in a question due to their design aesthetic, marketing campaigns etc. this may negatively influence their opinion. Alternatively, if a customer is loyal to a brand mentioned that may be an incentive for them to care less about sustainability than they would in the case of a less favoured brand. However, using hypothetical questions without mentioning a specific brand makes it hard for survey respondents to accurately respond since perceived value requires something more tangible for comparison. To compensate for this subjectivity, a mix of hypothetical and questions using real life examples were used.

Another limitation involved the challenge of collecting data from respondents who were in the best sense of the word – true luxury customers. Customers who shop top luxury brands such as brands known as *griffes* are more difficult to contact with limited resources and without a formal partnership with a luxury company. Further research could benefit from a partnership with a *griffe* brand to interview the most appropriate customers and thus to achieve more comprehensive results.

Finally, another major limitation of the survey is that it is obvious that the survey's focus is on sustainability. Respondents are aware of the subject due to the questions asked which automatically creates a bias in favour of embracing sustainability. While it is important to note that 159 of 173 respondents did mention that sustainability already factors into their purchase decisions to some extent, a survey focused on sustainability still perpetuates this bias.

### 5.2 Conclusions

While the survey presented some limitations, some conclusions can still be made. First, it can be observed that while sustainability does factor into general purchase decisions, ultimately sustainability is not as much of a factor for luxury purchase decisions. When asked if sustainability factored into every day purchase decisions, of the responses, 56.5% believe sustainability only played a factor depending on price and type of product. When asked

specifically if it played a role in luxury purchase decisions, the response rate in favor of sustainability in luxury was relatively low with only 32.2% of responses saying it was a strong factor (4 or 5). This observation is supported by previous research such as Kapferer and Michaut-Denizeau (2014) who had similar conclusions.

Second, it can be observed that amongst consumers who value sustainability in luxury purchases, that tendency to value it is roughly the same regardless of age or income. As the research of Achabou and Dekhili, (2013) supports, females tend to favor sustainability more than men in luxury. This is also the case for fast fashion, according to the survey results. More particularly, higher earning females value sustainability more in both fast-fashion and luxury fashion which is not the case for men. Both for high earning men and lower earning men, sustainability is not an important factor in fast-fashion products. But for luxury items, lower earning men value sustainability more than high earning ones. What this indicates is that women are the best market to target with sustainability campaigns especially high earning females. Higher earning females are the category that most strongly perceives value in sustainability and are more likely to buy products that carry more sustainable value.

Third, a key conclusion is that customers perceive value when luxury companies talk about their sustainability practices instead of ignoring issues like worker rights and environmental impacts which might detract from carefully crafted brand images. The fact that survey participants responded more favorable to a company discussing worker rights in India in Question 20 than to a company discussing India craftsmanship in question 17 supports this conclusion. Question 27 which related to methods of supporting the #MeToo campaign to increase brand value demonstrated that respondents responded more favorably to a company actually changing their behavior than simply donating money to a popular social cause. Question 25 and 29 also showed strong indications that customers might be more willing to hear about real sustainability policies and initiatives without it detracting from the brand or product's value.

One possible explanation for this is the rise of social media and demand for transparency. With unbridled access to information, luxury customers are no longer only influenced by the carefully crafted brand story. Social media and the internet provide alternative narratives about the realities of the fashion industry and the social and environmental impacts of consumption. This information might not completely change buying attitudes in the luxury sector however, in comparison to more moderately priced product purchasing, company strategies such as that

of Kering Group, recognize that luxury customers are beginning to demand more transparency on sustainability issues.

Finally, while evidence suggests luxury consumers are more open to sustainability initiatives on behalf of luxury companies this is not to say it is a fool proof plan to enhance how customers view quality and value in the product or brand. Easy win initiatives such the coat resulting in lower emissions mentioned in question 27 are likely to be viewed favorably because the choice to choose a more sustainable product has almost no drawbacks or sacrifices on behalf of the customer. More robust sustainability programs may lead to customer sacrifices that can impact brand and product value such as eliminating fur (Question 16). This point however, is not meant to argue against investing in sustainability in the luxury industry, but rather to point out that risks and opportunities have to be weighed when developing a sustainability strategy and that long-term gains might have to be prioritized over short-term financial returns.

While there are risks when it comes to luxury companies embracing sustainability, the risk of not investing genuinely in sustainability might be greater long term. Francois Pinault, the CEO of Kering, emphasizes this point when he said,

“The standard for today’s consumer is that everyone is sustainable, so they aren’t really going to buy more from you just because they see you as normal,” he said. “They will absolutely penalize you if they think you don’t care, but they certainly won’t reward you for being first in class.” (Paton, 2017).

What Pinault is trying to demonstrate here is that at this point in time, the best argument for sustainability is that not doing it is more likely to hurt the value of the brand than enhance it as it exposes the company to serious risks. The results from question 22 support this statement where over 70% of respondents thought that if they discovered Italian made clothing was produced by Chinese factories in Italy it would lower their perception of value. If a scandal occurred at a Chinese owned Italian factory making luxury products, this could significantly harm a brand’s perceived value.

But to finish where this paper began, luxury does not have one definition. How people define luxury is evolving over times and sustainability is starting to emerge as a characteristic of luxury. As the concept of sustainability becomes more pervasive in society, the more the idea of sustainability becomes a key characteristic of luxury. According to Pinault, “As a human being, you breathe, you eat, you dream. You cannot not dream. And luxury sparks that,” Mr. Pinault continues by saying, “Real luxury is based on authenticity and sincerity — product is

almost secondary to the experience. But if your products are not in sync with a higher set of values, then you aren't going to survive in this business.” (Paton, 2017). He means that while luxury sells a dream, that dream cannot exist without authenticity. This survey has demonstrated is that even though sustainability is not a crucial factor in luxury purchasing habits at the moment, customers value authenticity and transparency. Sustainability may, in the long run, provide exactly this for the luxury industry, supporting the dream and not impeding it.

## 6. Appendix

### 6.1 Appendix 1: Survey

# Thesis Survey on Perceptions of Brand Value

This survey seeks to examine consumers perceptions of brand value in the context of luxury brands. This survey is anonymous and your personal information will not be recorded. It will take approximately 7 minutes to complete.

#### General Information

(1/30) What is your age? \*

- 18-25
- 26-35
- 36-50
- 51-70
- 70+

(2/30) What is your nationality?

- North America
- South America
- Europe
- Asia
- Middle East
- Africa

**(3/30) What gender do you identify with?**

- Female
- Male
- Other
- Prefer not to say

**(4/30) Please indicate your highest level of education.**

- Less than a high school diploma
- High school degree or equivalent
- Some college, no degree
- Bachelor's Degree (BA, BS)
- Master's Degree (MA, MS)
- Professional Degree (MD, DDS, etc)
- Doctorate (PhD)

**(5/30) What is your income level?**

- \$0-\$10,000
- \$10,000-\$25,000
- \$25,000 - \$50,000
- \$50,000-\$100,000
- \$100,000 - \$500,000
- \$500,000+



(11/30) If you were about to purchase a scarf for \$30 and you discovered it was made of 30% recycled cotton, would the product's value be higher, lower or the same in your mind?

- Higher
- Lower
- Same
- Not sure

(12/30) Hermes is marketing a scarf for \$500 and they are advertising that the scarf is made of 30% recycled cotton, would the product's value be higher, lower, or the same in your mind than a traditional cotton scarf?

- Higher
  - Lower
  - Same
  - Not Sure
-

(13/30) If you were about to purchase an expensive designer handbag and discovered it was made with harmful chemicals similar to those in cheaper fast-fashion handbags, how would this effect your value of the brand?

- Luxury brand's value would be significantly lower
- Luxury brand's value would be slightly lower
- No change in opinion of brand value
- Luxury brand's value would be slightly higher
- Luxury brand's value would be significantly higher
- Not Sure

(14/30) A luxury designer is promoting a new clothing line that has a 100% transparent supply chain and guarantees that they can trace every element of the clothes from the farm to the store. How would this change your opinion of the overall designer's brand value?

- Value would be much lower
- Value would be somewhat lower
- Value would be about the same
- Value would be somewhat higher
- Value would be much higher
- Not Sure

(15/30) The designer from the previous questions already has premium prices. How much more would you be willing to pay for a transparent supply chain?

- 10% higher
- 20% higher
- 30% higher
- 50% higher
- Nothing
- Not Sure/No Opinion

(16/30) Gucci has recently vowed to eliminate all fur from its products and using new, sustainable faux fur. Assuming the feel and look are similar to real fur, would you consider the faux fur product to be worth more, less, or the same as a similarly priced real fur product?

- More
- Same
- Less
- Not Sure/No Opinion

(17/30) If a luxury designer has communicated that their designer embroidered dresses are made in India. They communicate this by describing the tradition and legacy of Indian embroidery. Would your opinion of the garment's worth increase or decrease?

- Increase
- Decrease
- Remain the same
- Not Sure/No Opinion

(18/30) The same designer's dresses used to be hand embroidered in Eastern Europe. Would you be willing to pay more, less, or the same for a dress made in India?

- More
- Less
- Same
- Not Sure/No Opinion

(19/30) If those same dresses from question 15 were previously made in France and not India would you be willing to pay more, less, or the same for the dress?

- More
- Less
- Same
- Not Sure/No Opinion

(20/30) If a luxury company communicated that their embroidered dresses were made in India by describing all the efforts on behalf of the company to ensure worker rights are respected and earn a living wage would your opinion of the garment's worth increase or decrease?

- Significantly Increase
  - Slightly Increase
  - Remain the same
  - Slightly decrease
  - Significantly decrease
  - Not Sure/No Opinion
-

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(21/30) You are wanting to purchase a designer shirt for work and are considering two different brands. Brand A produces their product in Italy and Brand B producers their produced in Macedonia. Assuming similar price, look, and quality which would you prefer to purchase?

- Brand A
- Brand B
- Not Sure/No Opinion

(22/28) If you discovered that the luxury Italian cashmere sweater you purchased was produced at a factory owned and operated by a larger Chinese conglomerate, how would this information impact your perception of the value of the garment?

- Dramatically decrease
- Somewhat decrease
- Remain the same
- Somewhat increase
- Dramatically increase
- Not Sure/No Opinion

---

(23/28) If you answered "decrease" in the last question, please explain why this was the case.

Your answer

---



(26/30) If a popular designer winter wear company communicated that their new coats emitted 20% fewer carbon emissions than previous lines would you view this product as having a higher or lower value than a popular competitor's similarly priced coat?

- Significantly higher
- Slightly higher
- About the same
- Slightly lower
- Significantly lower
- Not Sure/No Opinion

(27/30) Two luxury companies have created online advertising campaigns to combat sexual harassment and abuse. Company A has stated they are donating money to the #MeToo movement to help stop sexual violence. Company B has highlighted their new efforts to prevent sexual abuse in their supply chain. Which campaign most improves your perception of the brand?

- Brand A
- Brand B
- About the same
- Not Sure/No Opinion

(28/30) The fashion brand Vetements is promoting its brand through a campaign where they place piles of discarded clothing in the windows of department stores. This is done to remind customers of the importance of sustainable consumption and encourage customers to connect the brand with sustainable clothing purchases. How likely would this campaign encourage you to buy clothing from the brand?

(Image Source: Spellings, Sarah. (2017) "Vetements" New Saks Window Display Is Just a Pile of Clothes" The Cut. Retrieved from: <https://www.thecut.com/2017/07/vetements-new-saks-window-display-is-just-a-pile-of-clothes.html>)



1      2      3      4      5

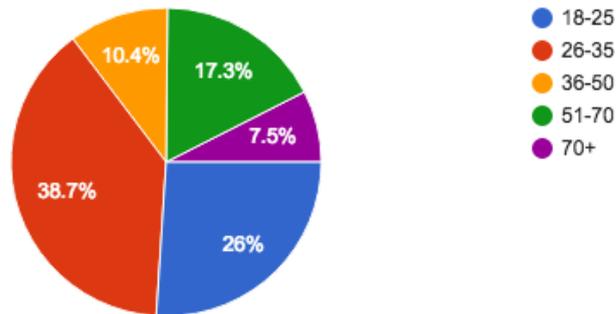
Not Likely                                    Very Likely



## 6.2 Appendix 2 General Information

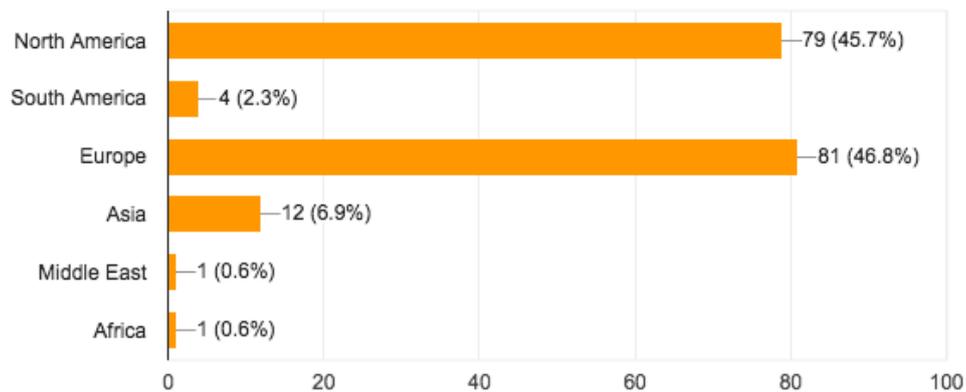
### (1/30) What is your age?

173 responses



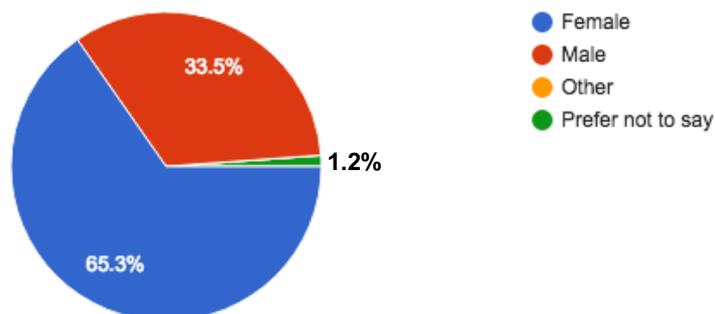
### (2/30) What is your nationality?

173 responses



### (3/30) What gender do you identify with?

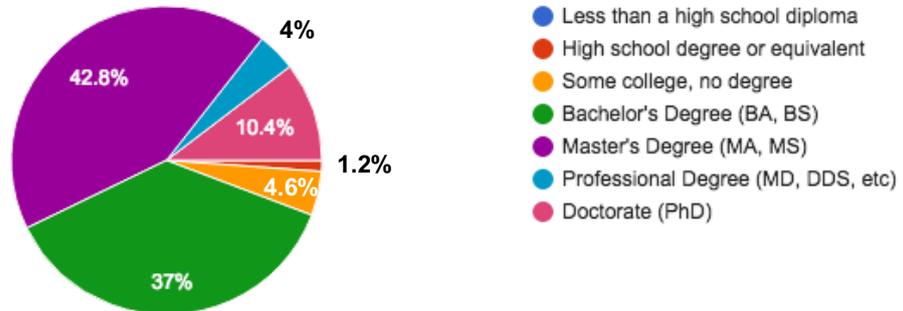
173 responses



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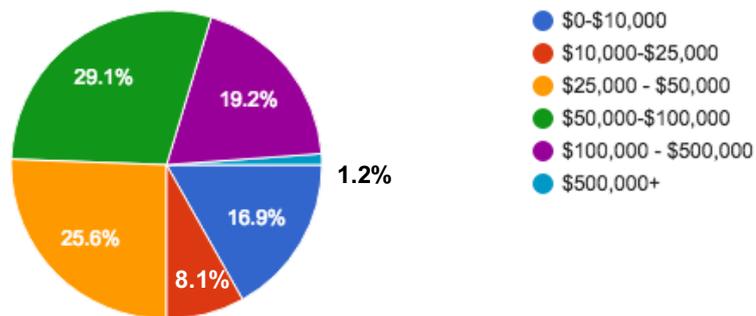
(4/30) Please indicate your highest level of education.

173 responses



(5/30) What is your income level?

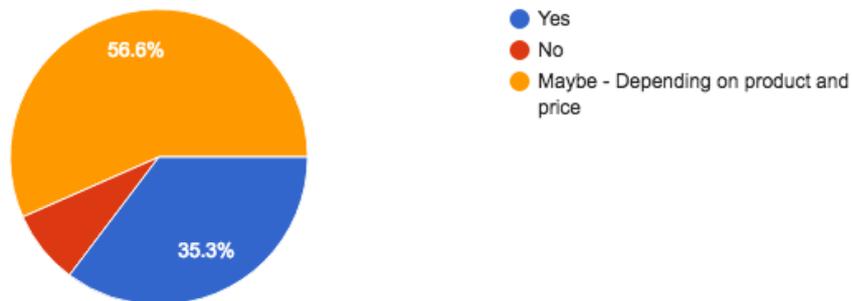
172 responses



## 6.3 Appendix 3: Purchasing Habits

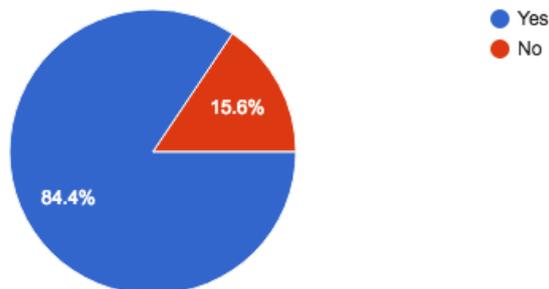
(6/30) Does sustainability factor into your purchasing habits?

173 responses



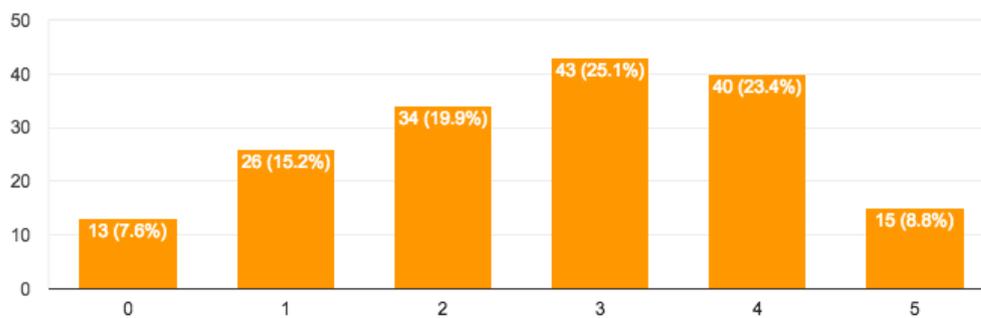
(7/30) Have you ever purchased luxury or designer products?

173 responses



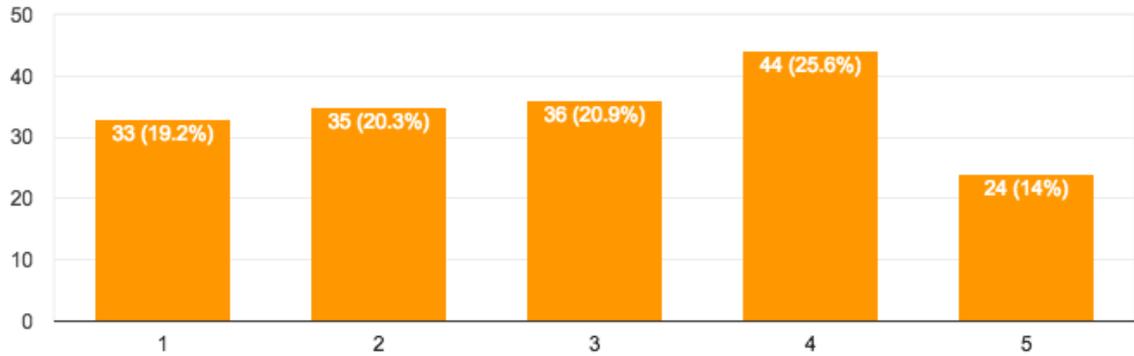
(8/30) To what degree does your concern about sustainability impact your luxury purchases?

171 responses



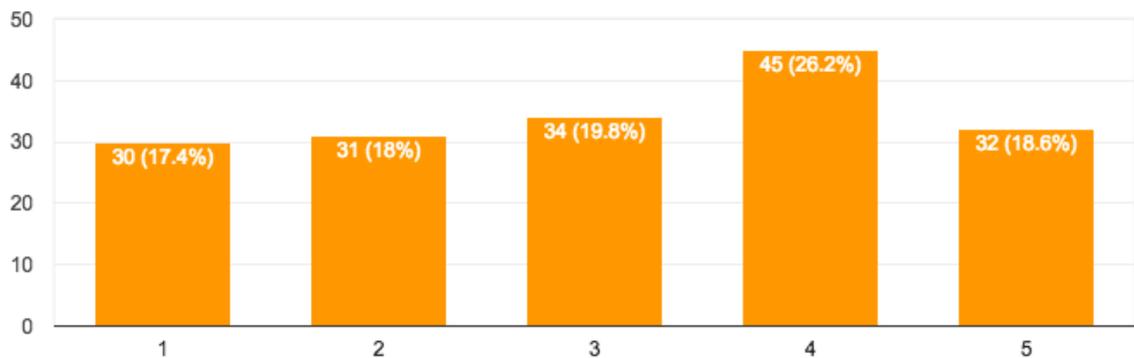
(9/30) How much does country of origin factor in your luxury purchase decisions? (Origin of the country that designs the product)

172 responses



(10/30) How much does country of manufacture factor into your luxury purchase decisions? (Origin of country that manufactures the product)

172 responses



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