

ALMA MATER STUDIORUM - UNIVERSITA' DI BOLOGNA

SCUOLA DI LETTERE E BENI CULTURALI

Corso di laurea in

Scienze della Comunicazione Pubblica e Sociale

TITOLO DELLA TESI

THE FASHION OF GOING SUSTAINABLE: OPPORTUNITY OR TREND?
AN ANALYSIS OF CORPORATE SOCIAL RESPONSIBILITY
IN THE FASHION INDUSTRY

Tesi di laurea in

Economia della Cultura

Relatore Prof. Massimiliano Mazzanti

Correlatore Prof. Massimo Di Menna
Correlatore Miss Natania Boyce

Presentata da: Stefania Guglielmi

Sessione

terza

Anno accademico

2012-2013

Table of contents

INTRODUCTION.....	1
I. ENGAGING IN CORPORATE SOCIAL RESPONSIBILITY: WHY AND HOW?.....	3
1. An introduction to Corporate Social Responsibility.....	3
1.1. Corporate Social Responsibility: a multi-sided concept.....	5
1.2. Developing a CSR strategy.....	6
1.3. Communicating Corporate Social Responsibility.....	12
2. Why to engage in Corporate Social Responsibility.....	13
2.1. Financial implications of introducing an ethical supply chain.....	15
3. Are fashion brands engaging in CSR?	21
3.1. Building consumers' trust: codes of conduct and monitoring of compliance.....	21
3.2. CSR related activities by fashion brands: a few examples.....	25
II. FASHION AND SUSTAINABLE SUPPLY CHAINS: A DIFFICULT BINOMIAL.....	29
1. Environmental sustainability in the fashion industry.....	32
1.1. The design stage.....	33
1.2. Selection of materials and fabrics.....	34
1.3. Production and manufacturing of garments.....	38
1.4. Distribution and packaging.....	42
1.5. Care and maintenance of the fashion products.....	45
1.6. End of life management.....	46
1.7. Environmentally conscious brands: best practices.....	51
2. Social sustainability in the fashion industry.....	56
2.1. Purchasing practices.....	57
2.2. Wages and contracts.....	59
2.3. Workers' empowerment.....	61
2.4. Child labour.....	62
2.5. Cruel treatment of animals.....	64
2.6. A socially responsible fashion brand: Edun.....	65
3. Best practices in the fashion industry.....	67
3.1. American Apparel.....	67
3.2. Katharine Hamnett.....	70
3.3. H&M.....	72

III. CAUSE RELATED MARKETING IN THE FASHION INDUSTRY.....	77
1. Cause Related Marketing: an overview.....	77
1.1. Outlining a CRM strategy.....	80
2. Benefits to stakeholders and hidden costs of CRM.....	85
2.1. Taxation of Cause Related Marketing.....	87
2.2. Influence of CRM on consumer behaviour.....	87
2.3. Hidden costs of Cause Related Marketing.....	90
3. Cause Related Marketing campaigns: best practices and criticism.....	91
3.1. TOMS Shoes: a non-conventional CRM strategy.....	92
3.2. (RED) business case.....	96
 IV. DO CONSUMERS CARE ABOUT FASHION SUSTAINABILITY? A CONSUMER BEHAVIOUR RESEARCH.....	 99
1. Method of the analysis.....	99
2. Results and comparison with previous studies.....	101
3. Conclusion and implications of the findings.....	115
 CONCLUSIONS.....	 117
 REFERENCES.....	 121

INTRODUCTION

Nowadays, the fashion world is facing a great contradiction.

On one side, consumers have changed the way they treat fashion goods: fast fashion has revolutionized the industry, and consumers use and abuse of the accessibility with which we can change our clothing day after day, given that the prices are certainly lower and the collections on the shelves change every two weeks.

Water, energy, an overall scarcity of resources are the other side of the coin, together with the exploitation of workers and the denial of their human rights.

These two aspects coexist and travel in parallel, and the more grows the consumption of fashion goods, the more social and environmental issues grow as well.

It seems logical to think that the fashion industry is striving to reduce its environmental and social impact. but studies show that “7 of 10 businesses are not focused on managing the environment and natural resources” (Deloitte Touche Tohmatsu Limited 2013).

However, there are companies that stand out for their commitment to sustainability, and that we hope will be an example for all other brands.

The project of this thesis was born during my internship at White Smoke Communications agency in London, a PR agency working for the fashion industry, and was made possible thanks to the contribution of the Centre for Sustainable Fashion at London College of Fashion, which is one of the major centres in the world conducting researches on textile innovations.

In my research I will analyze the extent to which fashion companies are focusing on Corporate Social Responsibility (CSR), which are the advantages for enterprises that choose to be responsible and the point of view of consumers on fashion sustainability.

In the first chapter I introduce the concept of CSR and expose the different ways a company can engage in CSR activities and the different degree of commitment required for each of them; secondly, I examine both the corporate benefits connected to CSR (which include enhanced

brand reputation, minor costs and increased productivity) and the financial implications of introducing an ethical supply chain. I will then present some business cases of high-end fashion companies engaging in different ways in CSR.

In the second chapter, I analyze the entire fashion's supply chain and I go through each step of a garment's life cycle (design, selection of materials and fibers, manufacturing, distribution, use and maintenance and end of life management) to examine the environmental and social issues involved in each step: these include water and energy consumption, the use of hazardous pesticides, carbon emissions, child labour, exploitation of workers, animals' abuse.

Then I expose potential solutions to these issues and I explain which ways a company can go in order to create a sustainable product, from cultivation to the distribution phases.

Adopting a sustainable production cycle is, for what concerns the fashion sector, may be the best thing a company can do to be socially responsible.

Thirdly, I explain how a fashion company can engage in Cause Related Marketing (CRM) campaigns. After having introduced the concept of CRM, I discuss the benefits (for the company and stakeholders) and the costs involved with engaging in this kind of activity, and how a company should outline its CRM strategy. Finally I will discuss some of the fashion CRM best practices.

The fourth and final chapter examines the consumers' point of view; I have conducted a research on consumer behaviour for what concerns the fashion sector, and I try to answer these questions: what do consumers know about fashion sustainability and the production's chain of their favourite brands? What is their attitude towards CSR activities and the engagement in Cause Related Marketing of fashion companies? Are they willing to change their purchase behaviour? What are the issues consumers care the most and which ones would they like to be tackled by fashion companies' initiatives? I will answer to these questions and compare the results of the survey to previous studies' findings.

CONCLUSIONS

Throughout my paper I have analyzed in depth the theme of corporate social responsibility linked to the fashion sector; I have analyzed the current situation and proposed solutions to the barriers to the adoption of responsible behaviours, as well as exposed the benefits for companies making sustainable choices.

Fashion companies have reacted slowly to the recent growth of critical consumption and the increase of consumers' concerns about environmental and social issues, and the fashion sector is well behind other sectors for what concerns Corporate Social Responsibility.

Nonetheless, companies have started to understand how important it is to respond to consumers' expectations, and many have integrated environmental and social issues in their business operations on a voluntary basis, even though their degree of CSR engagement enormously varies one company to the other: Patagonia is an example of a responsible company which has chosen to fully integrate CSR and environmental/social ethos into its whole cycle of production and business operations, but it's an exception among fashion enterprises.

The importance of CSR engagement's planning phase is still often underestimated: for corporate social responsibility to be a win-win strategy, it must be well planned, with corporate actions having to be well aligned with brand's initiatives and promises. Sincerity towards consumers is essential. The same principles applies to Cause Related Marketing campaigns, which must be strategically planned and be grounded on sincerity and coherency towards consumers.

A 'greenwashing' kind of strategy will not succeed, and will actually cause the customers' distrust and potential losses for the company engaging in it.

Companies need to understand that CSR is not a short-term strategy, and will not be able to see short-term financial results.

The biggest mistake companies make when engaging in social responsibility and adopting a sustainable supply chain is expecting the immediate result of a sales boost and considering CSR as the panacea for all ills: enterprises should not choose to adopt a responsible behaviour with the expectation of increased financial performance, given that this correlation between social responsibility and financial performance is not proved by all researches. Instead, companies should act with other goals in mind, above all the reduction of inefficiencies: we have seen, in fact, how adopting a sustainable business chain can lead a brand to save on water and energy consumption, reduce waste and operating costs, shorten production times, reduce employees turnover, improve the quality of the products, increase the productivity of workers, lower the risk of incurring in negative externalities and enhance the brand image and reputation. Therefore, a long list of benefits awaits those companies investing in CSR.

In order to be environmentally sustainable, fashion companies have to reduce pollution, the volume of waste going to landfills, energy and water consumption and carbon emissions.

However, there are many approaches and precautions companies can adopt throughout the whole production cycle in order to be environmentally friendly, such as:

- ❑ choosing to use organic, renewable and recycled fibres;
- ❑ the use of low chemical bleaching and dyeing or using natural dyes
- ❑ educating customers to wash garments at lower temperatures and inviting them to line-drying clothes instead of tumble-drying them;
- ❑ reducing distances and transportation of products, adopting new retail approaches and reducing the packaging;
- ❑ adopting recycling of materials and take-back schemes.

Also, the fashion sector is famous for not respecting human rights of workers and exploiting their work: issues such as child labour, unsustainable and inadequate wages are slowly improving but still exist, and responsible fashion companies are checking compliance of suppliers and subcontractors by organizing audits of factories.

The nature of the fashion industry, which is linked to non-first necessity goods, has slowed things down, and barriers to sustainability still exist: these are higher cost of sustainable materials and higher cost of adequately paid labour, as well as the wrong perceptions on sustainable fashion garments.

Communicating in the right manner Corporate Social Responsibility is very important, and lacking to do so can determine the failure of the whole CSR strategy. We have seen that the majority of Italian fashion consumers are not informed about environmental and social issues connected to the fashion industry, and in general are skeptical about companies being socially responsible. This implies that companies should invest more planning and more resources in the communication phase of CSR strategies and CRM campaigns, in order to educate consumers about the matter.

This will work in their favour as well, as consumers seem interested in participating to sustainability initiatives if adequately informed.

There is still much to do, and the path towards fashion sustainability will be long and winding, but we are talking about our own world, and we must understand that even our purchase behaviour is affecting it. Everyone must do their part to protect the environment and the workers: companies need to modify their supply chain and make it sustainable, and we, as customers, need to modify our fashion buying behaviour.

REFERENCES

Acumen Fund's website. Acumen Fund interviews Ferragamo on partnership for change. 13 Sept. 2011. Web.

Agbonkhese, Sophie Elise. *Measuring environmental and social sustainability in the apparel supply chain*. Diss. Massachusetts Institute of Technology, 2010.

Africa Fashion Guide's website. Diesel X Edun "Born in Africa"- African Cotton Collection in stores Feb 27th! 26 Feb. 2013. Web.

Allwood, Julian M, et al. *Well Dressed? The present and future of sustainability of clothing and textiles in the United Kingdom*. University of Cambridge, 2006.

American Apparel's website. Web. 05 Sept. 2013.

ASOS' website. Web. 25 Aug. 2013.

Barnett, Michael L. *Stakeholder Influence Capacity and the Variability of Financial Returns to Corporate Social Responsibility*. *The Academy of Management Review*, 32.3 (2007):794- 816.

Barnett, Michael L., and Robert M. Salomon. *Does it pay to be really good? Addressing the shape of the relationship between social and financial performance*. *Strategic Management Journal* 33.11 (2012): 1304-1320.

Bartter, Jacqueline. *A New Model of Corporate Social Responsibility. A case study of TOMS shoes*. University of California San Diego, 2012.

Brand, Jan. *Beyond Green: Sustainability and Fashion*. ArtEZ Press, 2008.

Black, Sandy. *Eco-chic: the Fashion Paradox*. Black Dog Publications, 2008.

Black, Sandy. *The Sustainable Fashion Handbook*. Thames and Hudson, 2013

Blanchard, Tamsin. *Green is the new black: how to change the world with style*. HarperCollins, 2008.

Boulstridge, Emma, Carrigan Emily. *Do consumers really care about corporate responsibility? Highlighting the attitude- behaviour gap*. *Journal of Communication Management* 4.4 (2000): 355-368.

Brundtland, Gro H. *Our common future: Report of the 1987 World Commission on Environment and Development*. 1987

Carbon Footprint's website. Web. 10 Oct. 2013.

Carrigan, Marylyn, and Ahmad Attalla. *The myth of the ethical consumer—do ethics matter in purchase behaviour?*. *Journal of consumer marketing* 18.7 (2001): 560-578.

Carter, Craig R., and Dale S. Rogers. *A framework of sustainable supply chain management: moving toward new theory*. *International journal of Physical Distribution & Logistics Management* 38.5 (2008): 360-387.

Carucci, Giuseppantonio. *Benchmarking e dinamiche del valore nel mercato del fashion & luxury: il caso TOD'S-AEFFE-ITTIERRE*. 2010.

Commission of the European Communities. *GREEN PAPER: Promoting a European framework for corporate social responsibility*. Commission of the European Communities, 2001.

Cone, LLC. *Past. Present. Future. The 25th Anniversary of Cause Marketing*. 2008.

Continental Clothing's website. Web. 13 Nov. 2013.

Brangart, Michael, William McDonough, Stephen Hoyer. *Cradle to Cradle: Remaking the Way We Make Things*. Tantor Media, 2008.

Crane, Andrew, Dirk Matten, and Laura J. Spence, eds. *Corporate social responsibility: Readings and cases in a global context*. London New York: Routledge, 2008.

Cucco, Enzo, Rosaria Pagani, Maura Pasquali, and Antonio Soggia. *Secondo rapporto sulla comunicazione sociale in Italia*. Carocci Editore, 2011.

Dadush, Sarah. *Profiting in (RED): The need for enhanced transparency in cause-related marketing*. NYUJ Int'l L. & Pol. 42(2009): 1269.

Dickson, Marsha Ann, Molly Jean Eckman, and Suzanne Loker. *Social responsibility in the global apparel industry*. Fairchild Books, 2009.

Eikenberry, Angela M. *The hidden costs of Cause Marketing*. Stanford Social Innovation Review, 2009.

Ecouterre's website. <http://www.ecouterre.com/infographic-how-much-does-that-14-t-shirt-really-cost/>. Web. 10 Oct. 2013.

EDUN's website. Web. 25 Oct. 2013.

Elliot, Stuart. There May Be No Business Like Shoe Business to Help Businesses That Help the Poor. *New York Times' website*, 19 Aug. 2010. Web. 12 Sept. 2013.

End Child Labour's website. Web. 13 Dec. 2013

Ethical Fashion Forum's website. Web. 02 Oct. 2013.

Ferragamo, Salvatore. Codice etico. *Salvatore Ferragamo's website*, 22 Jul. 2008. Web. 03 Nov. 2011.

Ferraino, Giuliana. *Fare utili e aiutare una causa sociale*. Corriere della sera, 18 Nov. 1998.

Fletcher, Kate. *Sustainable fashion and textiles: design journeys*. Earthscan, 2008.

Fletcher, Kate, Lynda Grose, and Paul Hawken. *Fashion & Sustainability: Design for Change*. Laurence King, 2012.

Fran, Abrams, Astill, James. *The story of the Blues*. The Guardian, May 29, 2001.

Freeman, R. Edward. *Strategic management: A stakeholder approach*. Pitman Publishing, 1984.

Friedman, Milton. *The Social Responsibility of Business Is To Increase Its Profits*. New York Times, September 13, 1970.

Furla Foundation's website. Web. 14 Dec. 2011.

Gentile, Gianfranco G. M. *La comunicazione della moda etica*. 2010.

Giesen, Barbara. *Ethical Clothing: New Awareness Or Fading Fashion Trend?*. VDM, 2008.
Global Fund's website. www.theglobalfund.org/privatesector/RED. Web. 05 Dec. 2011.

Green Cross' website. Acqua for Life: vinta la sfida per i bambini del Ghana, 22 Jun. 2011.

Gucci's website. Web. 11 Dec. 2013.

Gwilt, Alison, and Timo Rissanen, eds. *Shaping sustainable fashion: changing the way we make and use clothes*. Routledge, 2011.

Hawkins, David E. *Corporate social responsibility: balancing tomorrow's sustainability and today's profitability*. Palgrave Macmillan, 2006.

H&M's website. Web. 11 Nov. 2013.

Hethorn, Janet, and Connie Ulasewicz. *Sustainable fashion: why now?: a conversation about issues, practices, and possibilities*. Fairchild books, 2008.

Hirschmiller, Stephanie. H&M's plans to spotlight sustainability. *Fashion.telegraph.co.uk*, 31 Oct. 2013. Web.

Jones, Thomas M. *Instrumental stakeholder theory: A synthesis of ethics and economics*. *Academy of Management Review* 20.2 (1995): 404-437.

Kan, Wai Ping. *Corporate Social Responsibility: A Profitable Alternative*. University of Albany, State University of New York, Spring 2012.

Kathuria, Vaishali Lara. *Communication strategies for Corporate Social Responsibility of Luxury Brands*. Norgen Handelshoyskole, 2013.

Kljajic, Azra. *Cause-related marketing through (RED): the nonprofit perspective*. Aarhus School of Business, University of Aarhus, 2009.

Katharine Hamnett's website. Web. 04 Sept. 2013.

Kotler, Philip, and Nancy Lee. *Corporate social responsibility: Doing the most good for your company and your cause*. John Wiley & Sons, 2005.

Institute for the Development of Social Investment. *Practical Guide of Cause Related Marketing: Guidelines and Cases*. 2007.

Ivy Cohen Corporate Communications' website, Marketing Coach. Web. 12 Aug. 2013.

Laszlo, Christopher. *Sustainable value: How the world's leading companies are doing well by doing good*. Stanford University Press, 2008.

Lee, Matilda, and Katherine Hamnett. *Eco Chic*. Hachette UK, 2007.

Lee, Suzanne, Warren Du Preez, and Nick Thornton-Jones. *Fashioning the future: tomorrow's wardrobe*. Thames and Hudson, 2005.

Liu, Kassity. *Bundling Donations to Charity with Product Purchases: a Business Incentives Model*. Duke University. 2009

McKenna, Josephine. Colosseum restoration project gets go ahead. *Telegraph.co.uk*, 31 Jul. 2012. Web.

McWilliams, Abigail, and Donald Siegel. *Corporate social responsibility: A theory of the firm perspective*. *Academy of management review* 26.1(2001): 117-127.

Menkes, Suzy. Philanthropy in Fashion. *The New York Times online*, 15 Nov. 2012. Web.

Merisio, Francesco. *Il bilancio sociale*. ITM Consulenza S.r.l., 2004.

Minney, Safia. *Naked Fashion: The New Sustainable Fashion Revolution*. New Internationalist, 2012.

Mohr, Lois A., Deborah J. Webb, and Katherine E. Harris. *Do consumers expect companies to be socially responsible? The impact of corporate social responsibility on buying behavior*. *Journal of Consumer Affairs* 35.1(2001): 45-72.

Molteni, Mario, Devigli, Danilo. *Il cause related marketing nella strategia d'impresa*. Franco Angeli, 2004.

Monsoon's website. Web. 16 Oct. 2013.

Moore, Bryoni. *Style over substance. Why ethics are not in fashion for designer labels.* ECRA, 2011.

Motterle, Elisa. *Il lusso etico di bottega veneta.* *Style.it website*, 26 jan 2011. Web

Murray, Jean. *Cause Marketing - Tips for Tax Deductions for Your Business.* *BizTaxLaw Website*, 18 Dec. 2008. Web.

Online Clothing Study's website. <http://www.onlineclothingstudy.com/2011/02/carbon-footprint-measure-of-garments.html>. Web. 27 Dec. 2012.

Orlitzky, Marc. *Corporate social performance and financial performance: A research synthesis.* *The Oxford handbook of corporate social responsibility*(2008): 113-134.

Orsato, Renato J. *Sustainability strategies: when does it pay to be green?* Palgrave Macmillan, 2009.

Pagell, Mark, and Zhaohui Wu. *Building a more complete theory of sustainable supply chain management using case studies of 10 exemplars.* *Journal of supply chain management* 45.2 (2009): 37-56.

Patagonia's website. Web. 21 Nov. 2013.

Paulins, V. Ann, and Hillery, Julie L.. *Ethics in the fashion industry.* Fairchild Books, 2009.

PETA's website. Web. 15 Sept. 2013.

Porter, Terry B. *Managerial applications of corporate social responsibility and systems thinking for achieving sustainability outcomes.* *Systems Research and Behavioral Science* 25.3 (2008): 397-411.

Porter, Michael E., and Mark R. Kramer. "The competitive advantage of corporate philanthropy." *Harvard business review* 80.12 (2002): 56-68.

Prada Foundation's website. Web. 11 Dec. 2011.

(RED)'s website. Web. 25 Aug 2013.

Report, TV documentary. *Schiavi del lusso*. Rai, 02 Dec. 2007.

Roberts, Michele, Ryan, Maria M. *The Influence of Cause-Related Marketing on Purchase Behaviour*. Edith Cowan University, 2005.

Sda Bocconi's website.

http://www.sdabocconi.it/it/about_sda_bocconi/news_080106/2011/11/e_voi_quanti_vestitini_avete.htm. Web. 17 Dec. 2011.

Siegle, Lucy. *To Die for: Is Fashion Wearing Out the World?*. HarperCollins UK, 2011.

Smith, Scott M., and David S. Alcorn. *Cause marketing: a new direction in the marketing of corporate responsibility*. *Journal of Services Marketing* 5.4 (1991): 21-37.

SoFeminine.co.uk website. Paris Catwalk Reports S/S 2010: Vivienne Westwood. 06 Oct. 2009. Web.

Spaulding, Alicja, Fernandez, Stephanie, Sawayda, Jennifer. *TOMS: One for One Movement*. Daniels Fund Ethics Initiative. University of New Mexico, 2011.

Stella McCartney's website. Web. 12 Jul. 2013.

Stephenson, Kimberley Ellis. *More than just a trend: Defining Sustainability and Corporate Social Responsibility in the Italian Fashion and Luxury Sectors*. 2010.

Thakur, Monami K. *Acqua for life: fashion for philanthropy by Armani*. *IBTimes' website*, 25 Mar. 2011. Web.

Timberland, Responsibility website. Web. 12 Oct. 2013.

Torres, Argenia. *TOMS Shoes: Philanthropic Capitalism*. 25 Mar. 2012.

Traidcraft Exchange. *Material Concerns. How responsible sourcing can deliver the goods for business and workers in the garment industry*. 2008.

Trussardi's Foundation website. Web. 15 Dec. 2011.

Tsoutsoura, Margarita. *Corporate Social Responsibility and Financial Performance*. Haas School of Business, University of California at Berkeley, March 2004.

Urban Outfitters' website. Web. 29 Nov. 2013.

Vallaster, Christine, Lindgreen Adam, and Maon François. *Strategically Leveraging Corporate Social Responsibility: A Corporate Branding Perspective*. *California Management Review*, Vol. 54, No. 3, pp. 34-60, Spring 2012.

Vanhamme, Joelle, Lindgreen, Adam, Reast, Jon and Van Popering, Natalie. *To Do Well by Doing Good: Improving Corporate Image Through Cause-Related Marketing*. *Journal of Business Ethics* 109 (2012): 259-274.

Van de Ven, Bert. *An ethical framework for the marketing of corporate social responsibility*. *Journal of Business Ethics* 82.2 (2008): 339-352.

What goes around NYC website. Web. 01 Dec. 2013.

World Commission on Environment and Development (WCED). *Our common future*. Oxford University Press, 1987.

Ziff, Sara. More than a minor issue: child labour during fashion week. *Equal Times' website*, 11 Sept. 2013. Web.