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2011

Bachelor of Commerce Best Business Research Papers

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Original citation:

Ellis Stephenson, K. (2011). More than just a trend: defining sustainability and corporate social responsibility in the Italian fashion and luxury sectors. *Bachelor of Commerce Best Business Research Papers*, 4, 32–45.

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More Than Just a Trend: Defining Sustainability and Corporate Social Responsibility in the Italian Fashion and Luxury Sectors

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Fall 2010

ABSTRACT

Italian fashion houses have long been heralded as leaders in the fashion and luxury markets with brands such as Versace, Prada, Missoni and many others at the forefront of the industry. In recent years however, consumer preferences have shifted and the fashion industry as a whole has been slow to adapt. Increasing concerns over environmental sustainability and human rights by average consumers mean that companies must think seriously about their corporate social responsibility (CSR) strategies. The fashion industry presents challenges to adapting CSR largely because of the lack of consensus over what constitutes social responsibility in fashion and luxury as well as issues of sunken CSR and the consumption driven nature of the business. This paper critically evaluates the existing competing definitions for sustainable fashion, addressing the issues with each by employing a triple bottom line analysis. Additionally, consumer preferences in sustainable fashion are determined using a web based survey completed by one hundred respondents. In order to contextualize these results, the unique business environment of the Italian fashion and luxury sectors is examined as well as views on CSR in Italy. The paper proposes that a definition of CSR in fashion must include all aspects of the triple bottom line, while also addressing issues of sunken CSR and transparency. The paper also suggests that the innovative capacities of the Italian fashion industry award it a prime position to become an early adopter of CSR in fashion and luxury and it can gain a competitive advantage enabling it to retain the key leadership position that Italy has long enjoyed in the high end market.

INTRODUCTION

“Sustainability is really, really sexy right now.” This statement by futurist Henrik Good Hovgaard (2010) at the Culture: Futures conference in Milan, Italy highlights the marketability of sustainability and corporate social responsibility (CSR) for fashion and design based industries. Sustainability has become an important topic around the world and across industries. As consumers become more concerned with environmental and social issues it is becoming increasingly important for companies to demonstrate their sustainability efforts in both of these arenas. As sustainability and corporate social responsibility (CSR) have become mainstream ideas, many companies in various industries are implementing CSR strategies not only to improve their operations, but also to use as marketing tools in order to appear more attractive to customers and potential investors. Some industries have been faster to implement these strategies out of pure necessity (e.g., oil and gas) while others have been slower to adapt.

Among the industries that have fallen behind in CSR implementation are the fashion and luxury goods sectors. There are certainly some companies and designers that have advertised products using eco-friendly materials (Stella McCartney's vegan friendly line [Anaya, 2010], Diesel's 1% carbon jeans [Diesel, 2010]) or sustainability initiatives (GAP recycle your jeans program [Bates, 2010]) however, the industry as a whole is distinctly lacking in visible CSR. There are several explanations for this, one of the most

cited being that the majority of fashion and luxury companies are not listed on stock exchanges (Kaiser, 2006) and thus do not publish information regarding their operations. Other issues, however, that are not to be ignored are the distinct lack of consensus over what constitutes sustainable fashion (if such a thing exists), the issue of sunken CSR that is common among Italian companies and the nature of the fashion industry as seasonal and consumption-driven.

The fashion industry presents particular difficulties for companies planning to put a CSR strategy into place. By definition the fashion industry survives on unnecessary consumption; something that seems to go against the principles at the very core of sustainability. However, as reducing consumption is, for obvious reasons, not the goal of fashion and luxury companies, the key will be to make existing operations as environmentally and socially sustainable as possible without sacrificing the economic dimension. That is, fashion houses will need to find a way of implementing triple bottom line strategies in order to maintain profit margins, while appealing to increasingly sustainability conscious consumers.

The fashion industry in Italy is in a unique position to be an early mover in the area of CSR and thus potentially gain a competitive advantage due to the innovative capacities that its business environment nourishes and its strong emphasis on local production. However, the ability for the Italian fashion and luxury sectors to adapt to these changing global consumer preferences must start from an understanding of what exactly it means to be sustainable or socially responsible in fashion. There are currently a number of competing definitions over what social responsibility looks like in the fashion industry. This paper attempts to define corporate social responsibility and sustainability in fashion and luxury through the lens of the consumer and the unique positioning of the Italian fashion industry.

This paper also seeks to understand the consumer perspective on sustainability in fashion, what it means and how important it is? In order to put these findings into the context of the Italian fashion industry we first discuss the unique history and business environment of the Italian fashion sector, followed by the opinion in Italy regarding corporate social responsibility. After gaining a contextual basis, we look at the survey findings in terms of what sustainable fashion means to the consumer, the importance of different factors in CSR, the positioning of Italy with regards to sustainability in the consumer mindset, and finally, discuss the implications of these findings for the Italian fashion and luxury goods sectors.

1. THE ITALIAN FASHION INDUSTRY

Italy is one of the most renowned and established countries in the fashion world today. Italian design houses such as Prada, Valentino and Armani are world leaders in fashion and luxury goods production. However, the Italian fashion industry is much more than just big name designers; Italy has a network of design companies and textile and apparel manufacturing that includes over fifty thousand firms and employs more than six hundred ninety thousand workers (Guercini, 2004). The apparel industry alone makes up more than 10% of the manufacturing done in Italy (ibid). These figures place Italy's fashion industry as the largest in Europe. Although this may seem strange for a country that is lacking in both natural fibres and natural resources for creating manmade fibres, other factors have contributed to making the Italian fashion industry unique (ibid). The history of fashion in Italy and the unique business environment in which the industry grew have played important roles in giving the country a competitive advantage in the high-end apparel and accessories markets.

The Italian fashion industry traces its origins back only as far as the 1950s; it was born not out of an artistic designer's vision, but from industrial production. In 1950 a company called Gruppo Finanziario Tessile (GFT) was the first to bring standardized sizing into Italy (Corbellini & Saviolo, 2009). Standard sizes allowed for mass production of clothing which had not previously been possible. At this time, the

majority of clothing was basic and fashion was only important to the very wealthy who generally had their clothing tailor made. This changed quickly with the introduction of industrially produced and thus, more accessibly priced fashionable apparel. In 1951 the “Italian Look” was presented for the first time in a fashion show organized by Gian Battista Giorgini. The innovative pieces of young Italian designers were immediately successful and the Italian “pret-a-porter” industry was born (Corbellini & Saviolo, 2009).

The social changes of the 1960s and 1970s saw tremendous changes in the apparel industry. Small firms, which were and still are a common model in Italy, had more flexibility and were able to act quickly to meet new consumer demands but had difficulty with distribution (Corbellini & Saviolo, 2009). At this time, like many other industries in Italy, the Italian apparel and textiles industry started to organize into industrial districts. These districts were clusters of small firms working in related or even competing areas, of the fashion industry (Guercini, 2004). By clustering together, small firms were able to achieve economies of scale while also maintaining flexibility and innovative capabilities. Porter considers this clustering an important factor (along with distribution capabilities) accounting for the competitive position that Italy enjoys in the fashion world (Porter, 1990, cited in Guercini, 2004).

In addition to clustering, many Italian firms engage in a cooperative strategy, which gives them a unique advantage over their international competitors. An example of this can be seen in the AltaGamma group, which includes members from all luxury industries including, of course, fashion and apparel. Group members meet and discuss strategy on topics such as entering new markets – although they do not share proprietary information and trade secrets, in the interest of competition – the companies involved in such a cooperative agreement gain a significant advantage over those outside (Branchini, 2010).

The shift in consumer values during the 1970s and the strategic organization mentioned above allowed Italian firms to move quickly to meet demand played a significant role in the shifting of the “pret-a-porter” capital from Paris to Milan (Corbellini & Saviolo, 2009). During this period, most major designers engaged in licensing deals with large industrial firms to improve distribution capabilities. The licensing system was in place until recently for apparel, but is now common only for accessories and beauty products (Corbellini & Saviolo, 2009). The Italian fashion industry today is characterized by vertically integrated companies (both up and downstream), directly operated retail outlets, and high entry barriers. Companies operating in the Italian fashion industry today can be classified into four separate groups: industrial companies born out of textile production, entrepreneurial designers entering many sectors of the luxury market, multi-brand conglomerates such as Gucci group which own a number of labels in different sectors, and pure designers (Corbellini & Saviolo, 2009).

Currently, Italy enjoys a high position in the global fashion and luxury market. Products designed and manufactured in Italy are known for high quality craftsmanship and materials. They are considered functional, bringing a dimension of beauty into daily routine as opposed to works of art in themselves (Corbellini & Saviolo, 2009). Italy can no longer call itself the leader among countries in the fashion industry, as with globalization there is no longer one definite country leader; each national model presents different specialized offerings.

With the global financial crisis the fashion industry has seen a number of setbacks. Most notably the closing of small-scale materials producers worldwide has had an effect on even the largest of fashion houses (Sartori, 2010). Yet, despite the crisis, many fashion and luxury houses have actually seen growth; one example is Prada which in 2007 at the start of the crisis saw growth of 17% (Kapner, 2008). There are however, three main issues facing the industry in Italy at the moment. These issues are designer succession, the advent of the “fast fashion” business model, and many competing nations moving to cheaper offshore production.

Designer succession is becoming important in Italy. As many of the original designers retire or pass away, new designers are brought into the business to carry on the name. The main issue here is credibility – it is a lengthy and expensive process to gain credibility in the press and with key opinion leaders to new designers taking over from a name as big as (for example) Valentino (Riva, 2010).

The advent of “fast fashion” on the other hand is something largely out of the control of the fashion houses. Companies such as Zara and Hennes & Mauritz (H&M) have developed business models that allow them to assess trends from the catwalks (presented in Milan in September and February) and get them into the stores much faster and at much lower prices than the designers and fashion houses are able to. Many high end companies consider this the biggest challenge they are currently facing. This increases the importance of emphasizing quality and craftsmanship in their promotional materials (Sartori, 2010).

Several nations have shifted production offshore to offset increasing labour costs. Italy however, has a strong tradition of local production and places a great deal of importance on the “Made in Italy” label. By maintaining production in Italy the Italian fashion industry loses cost advantages to their competitors. This disadvantage is however, offset by government support to the industry (Taplin & Winterton, 2004) and the benefits associated with an increase in perceived quality of “Made in Italy” products.

The aforementioned issues, which are currently at the top of the agenda for most fashion executives, may cause sustainability and CSR to become an afterthought. However, with the importance of CSR growing in consumer preferences every year it will be important for the Italian fashion industry to address these issues sooner rather than later. The meaning of CSR differs across countries and industries. It is important when speaking about fashion houses, as global businesses, to look at their CSR strategy in both an Italian context and a global context.

2. CORPORATE SOCIAL RESPONSIBILITY IN ITALY

The European Commission defines Corporate Social Responsibility (CSR) as "A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis" (European Commission, 2010). However, in order to effectively analyze the Italian fashion industry we must examine CSR not only in its official meaning but also in the context of Italian corporate culture. Notions of what it means for a company to be sustainable or socially responsible are in a constant state of change (Assadourian & Prugh, 2003). Even within industries there is rarely consensus on what constitutes best practices in these areas. As such, an analysis of CSR in an Italian industry requires an understanding of the various measures used in the country, the reasons for companies to adopt CSR strategies and the importance placed on different CSR related issues.

The most common approach for measuring CSR is the “triple bottom line” method of analysis. This measures the sustainability of a corporation's practices in three key areas: environmental, social and economic. Other approaches which have widespread diffusion in Italy include The European Union green paper approach which utilizes two dimensions: Internal and External, and another approach, developed by the Italian organization ORSA, which uses nine dimensions each of which is linked to one of the triple bottom line areas (Maccarrone, 2009). For the purpose of this paper we will focus on the triple bottom line method, which is the most globally diffused measure of CSR.

Motivations for Italian managers to adopt CSR strategies are generally concerned with company image and stakeholder relations. An interesting feature found in the study conducted by Tencati (2006) is that pressure from NGOs, clients, and suppliers are rarely cited by Italian managers as unique reasons for

adopting CSR policies. The topics of CSR and sustainability are regularly discussed in Anglo-Saxon corporations and often used as marketing tools. This practice tends to be less common in continental European countries. This does not imply that European companies are less sustainable or socially responsible but speaks instead to a cultural element. In many European countries, companies are not generally accustomed to broadcasting those practices that have been implied codes of conduct from the companies' origins (SA-Rete, 2010). It is because of this that many Italian companies experience a phenomenon known as "sunken CSR." Sunken CSR, refers to "those actions and interventions concerning workers and the local community that businesses and entrepreneurs traditionally have performed in time without even considering them as elements of CSR and without fully enhancing them" (SA-Rete, 2010).

Attention to CSR can be considered as moderately high among Italian managers especially in the social dimension. Areas such as stakeholder engagement and community initiatives are treated with great importance. In fact, in a country where many companies are so closely tied to the communities in which they were founded (Ducati to Bologna, Dolce and Gabbana to Sicily, Ferrari to Modena), informal relationships and social capital are some of the most important managerial tools. As such, stakeholder engagement is not only an important part of a company's CSR strategy but an essential, historical business practice. This is one of the reasons why such actions easily become unrecognized, sunken CSR practices. The development of these informal relationships has also caused, historically, the diffusion of managerial practices in Italy to develop apart from the rest of the continent (Tencati, 2006).

As a result, issues that are most prominent in Italian companies in terms of CSR differ slightly from those commonly seen in other nations. The issues of primary concern in Italy include employee welfare, health and safety, community and cultural initiatives, and product safety (Tencati, 2006). The key issue of community and cultural initiatives relates back to the importance placed on social capital in the Italian corporate culture, which relies much more on relationships and reputation than it does on contracts when compared to most developed countries.

In some areas of CSR, Italian managers can be viewed as less progressive than their contemporaries in other nations. Italian companies tend to pay less attention to issues such as child care, equal opportunity employment, assistance to disabled and disadvantaged persons, ethical aspects of products, carbon neutrality and fair trade initiatives (Tencati, 2006). Of course, each industry sector has its own primary concerns and other factors such as company size, degree of internationalization, and firm history can have an effect on their CSR priorities.

3. DEFINING CSR IN THE ITALIAN CONTEXT

Corporate social responsibility is a large field comprised of more than just environmental and social sustainability. Important aspects such as stakeholder engagement and transparency play key roles in a socially responsible corporation, and many would argue that in order to be sustainable in the true sense of the word, a company must first be socially responsible. For the following discussion we will utilize the triple bottom line as a tool to view the three key issues of environmental, social, and economic sustainability with regards to the fashion industry before discussing the issues of transparency and stakeholder engagement.

The importance of the triple bottom line is evident in a world that is becoming increasingly conscious of social and environmental issues. Although sustainability is high on the agenda of major luxury goods groups (Anaya, 2010), one of the key barriers in the Italian fashion industry to increasing CSR and harnessing its potential to boost sales and improve company image stems from the distinct lack of consensus over what it means to be sustainable in fashion. Many companies and opinion leaders have

put forward ideas of what sustainability looks like in fashion, however, these have generally been used to justify the company's current position rather than as a goal to move towards. In this paper we identify six competing definitions of sustainability in the fashion and luxury goods sectors, namely heritage sustainability, artisanal production, sustainable communities, fast fashion affordability, efficiency of factories (Starbuck, 2010) and materials based sustainability. The first five were originally published by Eliza Starbuck founder of the Uniform Project but are further discussed here, and the sixth has been added as a result of more recent research.

3.1 HERITAGE SUSTAINABILITY

Heritage sustainability is an idea supported mainly by luxury goods producers. This definition proposes that timeless design is the most important factor in sustainable fashion. The idea behind it being that a particular piece, passed on for generations is more sustainable than something purchased and thrown away the next season (Starbuck, 2010).

Although this is certainly true, the heritage sustainability model fails to address several key aspects including environmental impact in production, fair trade, and materials. It also seems to be somewhat counter-intuitive when thinking about the economic goals of fashion and luxury companies. Even those companies that are not engaging in planned obsolescence strategies encourage repeat purchases by customers and have some degree of seasonality ingrained in their business model. Without this strategy the companies would be unable to remain economically sustainable.

While the heritage model presents an interesting hypothesis in eliminating the planned obsolescence found in many of the companies that compete at a lower price range, its failure to address several important factors shows that this cannot stand alone as a definition of sustainable fashion.

3.2 ARTISANAL PRODUCTION

The artisanal or local production view has been used by companies both as a standalone definition as well as an improvement on the heritage model. This definition emphasizes the sustainability associated with skilled artisans producing lower quantities of goods (Starbuck 2010). This model is highly popularity in Italy as it places significance on local production. Proponents of this view also cite a reduction of shipping related environmental impacts (Starbuck, 2010). Here we begin to see aspects of both environmental and social sustainability. The environmental aspect comes into play with the lower emissions associated with small scale/handmade production and reduced shipping activities while the social aspect can be seen in the emphasis on skilled artisans implying treatment of workers as a high priority.

Although this definition shows obvious potential for environmental and social sustainability, the economic benefits are much more questionable. This definition is difficult to apply to any large company as the importance of reduced shipping costs presents difficulties in international expansion. As a majority of modern fashion companies sell worldwide, Italian companies are no different. However most of the production is carried out in Italy and shipped overseas. Reducing shipping cost would mean either opening production facilities in other parts of the world (which would cause them to lose the exclusivity associated with the "Made in Italy" label) or reducing international sales – which is not economically viable. If the reduced shipping effect is disregarded the environmental dimension becomes weak and must be improved upon via initiatives or other activities.

3.3 SUSTAINABLE COMMUNITIES

The sustainable communities model is used here as a reference point. This definition is not particularly relevant as an effective model in an already established for-profit company as it is more of an example of social entrepreneurship. However, the lessons from this model, which emphasizes the social dimension, may be useful for companies looking for initiatives to make improvements in the area of social sustainability or adapt the idea into a for-profit company.

The idea behind the sustainable communities model is to support people in impoverished or war torn areas by employing local craftspeople at fair wages to produce apparel or accessories and then using the profits to improve conditions in the area (Starbuck, 2010). A strong example of a company using this model is Irish label Edun, started by Bono (of U2 fame) and his wife Ali Hewson. At Edun the first priority is the social dimension, that is, improving the lives of third world farmers, while environmental considerations, while still important, are secondary (Belli, 2007). The sustainable communities model is probably the strongest in terms of social sustainability, however, the environmental dimension is somewhat lost due to the increase in transportation related emissions.

3.4 & 3.5 FAST FASHION & FACTORY EFFICIENCY

The fast fashion and factory efficiency views are largely at odds with the three previously discussed definitions. These fast fashion and factory models have been put forward by companies working in fast fashion or with large production facilities. The fast fashion view states that the most sustainable fashion is based on consumer affordability (Starbuck, 2010). Although affordability is a key concern of many consumers, this is a clear manipulation of the term sustainability. Affordability of apparel encourages the disposable model that the fashion industry has been so heavily criticized for. This is not to say that fast fashion companies cannot be sustainable. Many in fact have produced lines using recycled materials and are actively involved in educating the public on sustainable fashion.¹

The view of factory efficiency implies that by employing economies of scale large factories are able to produce larger quantities with lower emissions per unit than smaller scale facilities (Starbuck, 2010). Although there may be some truth to this view, large factories have long been criticized for poor working conditions, substandard wages and poor waste disposal techniques.

A possible way to improve upon this would be green or fair trade certified factories. Unfortunately there is no single measure that covers environmental certification, workplace safety, workers rights, and product quality at this time (Starbuck, 2010).

3.6 MATERIALS SUSTAINABILITY

Finally, an emerging definition is that of materials sustainability. This relates to the raw materials and textiles used to produce garments and accessories. Popular with new and emerging designers, this definition emphasizes environmental sustainability as dependent on the materials used to create the clothing. Designers today are using a variety of organic, renewable, and recycled resources such as organic cotton, bamboo, milk proteins, and recycled plastics to create high fashion pieces (Sivertsen, 2010). The prices for these garments are often much higher than their counterparts due to the difficulty in sourcing the materials (especially for emerging companies).

¹ H&M is an excellent example of this using organic cotton in many garments and even presenting a line made from recycled materials in the spring of 2010 (Brones, 2010).

A number of established fashion houses have also started to produce pieces or whole lines using recycled materials and organics. Italian menswear line ZZegna recently showed a suit made of recycled paper (Sartori, 2010) while British fashion designer Stella McCartney produced an entire line in organic cotton (Anaya, 2010). This definition is strong in the environmental aspect, however, much like the other definitions found above, it is unable to satisfy all aspects of the triple bottom line.

The problem in finding an effective definition for sustainability in the fashion industry is one of fractured sustainability, whereby people place concern on one or two aspects of sustainability but fail to see the whole picture (Belli, 2007). As we have seen above, most companies seem to focus on a definition which places them in the best light possible as opposed to seeking improvements across the three dimensions.

In the last decade, the food industry went through a phase similar to what the fashion industry is now experiencing, where consumers were first concerned about organic growing techniques, then fair trade, and finally the whole picture (Belli, 2007). Fashion consumers are moving in a similar direction and although there is no universal measurement or definition currently in place, companies that are making a sincere attempt towards ethical progress and triple bottom line sustainability will be recognized for their efforts if they remain committed to transparency in their operations and are able to engage all stakeholders to build consumer confidence.

4. METHODOLOGY

In an effort to understand consumer preferences with regards to sustainable fashion, research in the form of a detailed web based survey was undertaken (Table 1). The survey was distributed via internet to one hundred respondents of various origins, ages, and income brackets. The questions sought to establish whether or not consumers consider sustainability an important undertaking for a fashion or luxury company, what consumers consider the most important aspects of corporate social responsibility with regards to the fashion and luxury, and finally, whether the Italian fashion industry is viewed to be more or less sustainable than other national models.

This information is of use not only in establishing a definition of sustainability and CSR for the fashion industry but also to fashion and luxury companies looking to establish a CSR strategy, marketers looking to use CSR to communicate to the consumer, and the national fashion organizations in Italy to understand what is missing from the Italian model and where improvements can be made in order to maintain their position as a key player at a global level.

The surveys were completed anonymously. However, demographic information was also collected in order to identify any trends or biases in attitudes towards CSR. Survey respondents were 27% Italian, 47% Canadian and 26% of other nationalities including American, Australian, British, Spanish, German, Japanese, Thai, Swiss and Irish. This allowed for a more international view of attitudes towards sustainability while still giving a clear picture of the Italian response. The majority of respondents to the survey were female (77%) this may be indicative of interest level in the topic of fashion and luxury products as most fashion companies target the female consumer in their marketing strategies. This may cause data collected to be more reflective of the female opinion potentially making it less useful for companies working in the menswear segment.

The results were then translated into a series of graphs which are discussed in the following section on results. Respondents were also given the option of adding personal comments, which provided

additional information about views towards sustainable fashion, many of which could be of use to any fashion or luxury company looking to develop and market a CSR strategy.

Table 3: Sample Survey Questionnaire

1. What is your nationality/ Quale la vostra nationalità:
 a) Italian/ Italiana
 b) Canadian/ Canadese
 c) Other/Altro

2. What is your age range/ Quale la vostra età?
 a) 10-15 years b) 15-20 years c) 20-25 years d) 25-35 years e) 35-45 years f) 45+ years

3. Average annual household income
 a) < \$ 20 000 (15 000 Euros) b) \$ 20 000 – 40 000 (15 000-30 000 Euros) c) 40 000 – 80 000 d) 80 000 – 100 000 e) 100 000- 150 000 f) > \$ 150 000

4. How often do you purchase fashion or luxury items?
 – Weekly/ settimanale
 – monthly/ mensile
 – 2-3 times per year/ 2-3 volte per anno
 – 1 x per year/ 1 volta per anno
 – rarely/ raramente
 – never/mai

5. Do you feel it is important for companies to take responsibility for the environmental and social effects of their operations?
 – Yes/Sì
 – Usually/Generalmente
 – Sometimes/ Qualche volta
 – No

6. Do you view Italian fashion as being more or less responsible (in terms of environmental and social issues) than other national models?
 – Much more responsible
 – More responsible
 – About the same
 – Less responsible
 – Much less responsible

7. When purchasing fashion or luxury items (Clothing, jewellery, watches, sunglasses, leather goods etc.) :
 Rate importance from 1 to 5, 5 being highest of the following
 – Low Price
 – Famous Brand name
 – Durability of product/item
 – Local Production
 – Ethical Sourcing of materials
 – Artisanal means of production
 – Fair treatment of employees
 – Low Carbon emissions of company
 – Environmental Initiatives of company
 – Community initiatives of company
 – Environmentally conscious Waste disposal

8. Would you be more inclined to purchase a product bearing the label Made in Italy than a similar product bearing a different label?
 – More inclined
 – Consider them equal
 – Less inclined

9. Why/Perchè?

10. Further comments/ Altri commenti:

Thank you for your time./ Grazie per la disponibilità.

5. RESULTS

In order to define sustainability in the fashion industry it is important to consider the consumer perspective on the issue. As we have seen, the industry has been unable to come to a consensus on what the most important aspects are in sustainable fashion, proposing a multitude of models, none of which are able to satisfy triple bottom line criteria for sustainability. Thus, we can look at the consumer perspective both as an indicator of the direction in which sustainable fashion should be focusing and as a guideline for establishing a definition that allows fashion companies to view sustainability in terms of the social, environmental, and economic bottom lines.

When considering the consumer perspective it is important to note that it is in a constant state of change. As the results will show, certain aspects of sustainability are only just beginning to gain attention in the minds of consumers while others rank highly on a list of priorities they consider when purchasing a fashion or luxury product. We will also note that the vast majority of consumers consider CSR of high importance regardless of company or industry (Figure 1) demonstrating that this is not a topic that can be set aside. Finally, the positioning of the Italian fashion industry among consumers will be discussed with qualitative statements from survey respondents supporting their points of view on the issue.

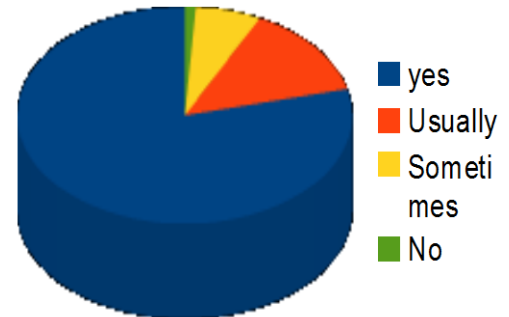


Figure 1: Should Consumers consider CSR?

When respondents were asked to rank a number of CSR related product and company features by degree of importance (Figure 2), four features were immediately visible as key factors for purchase decisions.

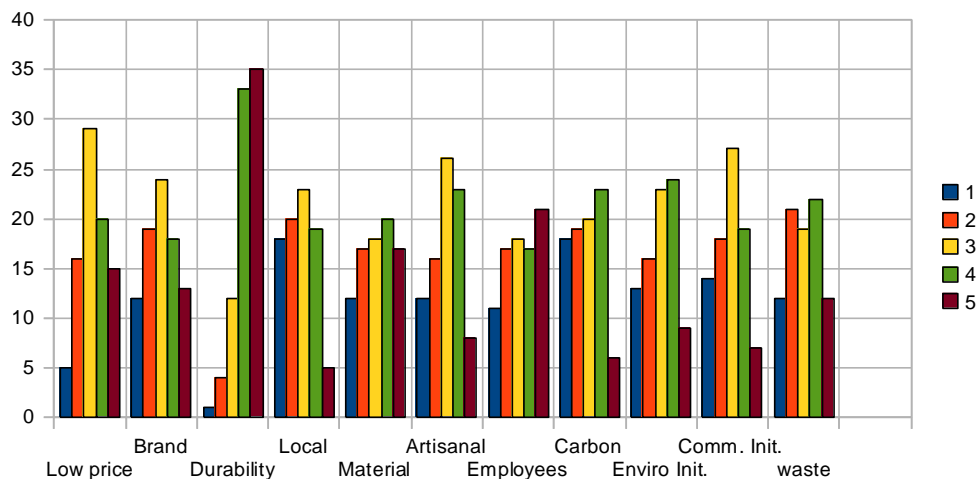


Figure 2: Level of importance for CSR in fashion and luxury companies

Those that emerged were product durability, fair and equal treatment of employees, reducing carbon emissions, and environmental initiatives. Each of these features can be readily included into a CSR strategy however, in order to benefit economically from these activities, it would be crucial to effectively inform the consumer of the features. One respondent emphasized the importance of this by adding to the additional comments section that in the moment when you are in the store making a purchasing decision, the best you can do is examine the product for quality and potential durability. That is, in the

store you cannot see whether or not a company is ethical or environmentally friendly. It is thus, up to the company to utilize their communication activities to inform the customer of their CSR activities.

The importance placed on product durability and employee treatment is largely in line with the heritage and artisanal production definitions mentioned earlier. However, by adding the reduction of carbon emissions and environmental initiatives to these definitions we start to increase the environmental dimension. Furthermore, if we assume that consumers consider these features in their purchase decisions, increasing communication efforts around these issues could also have a positive impact on the economic bottom line.

Other aspects such as low price, brand name and community initiatives ranked consistently as moderately important to consumers. By ranking durability and employee treatment above low price we are able to see that consumers are becoming more conscious of social issues as well as viewing apparel as less disposable than it was thought to be in the past. This further limits the use of fast fashion as a definition for sustainability (a definition which was already clearly manipulating the term sustainability).

As mentioned previously the factory efficiency model is somewhat limited especially due to the perception in the minds of consumers of factories as treating employees poorly. Sweatshop scandals are still fresh in the minds of consumers and prevent companies using large factories from legitimizing factory efficiency as a model for sustainability in the fashion industry. Given that employee treatment was rated especially high in this survey, we are able to see that without certification of factory conditions it is unlikely that this definition could ever be used in a marketable CSR strategy regardless of any reduction in emissions that said factories could potentially achieve.

One of the most interesting points that comes out in this ranking is the opinion on materials used in production. In fact, when looking at the graph we can see that there is significant difference of opinion in the importance of this factor among consumers. This shows us that the use of organic and renewable materials is only just beginning to enter the consumer mindset and has not become an issue of widespread importance. Interestingly, this is also true within the fashion industry where use of these materials is largely seen as a niche market. However, this niche is constantly growing and becoming more mainstream; in the coming years sustainable materials use is likely to become an important part of any definition for sustainable fashion. Much as organic foods began as a niche market and expanded, experts believe that consumers will begin to think of clothing differently in the near future, expanding the use of organic and renewable textiles (Belli, 2007).

When speaking specifically about the Italian fashion industry, respondents were asked to indicate whether they would be more inclined to purchase, less inclined to purchase, or consider equal items bearing a “Made in Italy” label. As we can see in the graph (Figure 3) the majority were more inclined or considered the products equal.



Figure 3: More of less inclined to purchase “Made in Italy.”
Figure 4: Is Italian fashion more of less sustainable than other national models?

Of those who selected less inclined the main reasoning given was a preference for purchasing local products (by non-Italian respondents) and concern over fraud of “Made in Italy” goods.² Nearly all Italian respondents indicated they would prefer to purchase “Made in Italy” goods due to the associated quality and in order to support the national economy. Foreign respondents that selected this were more likely to chose “Made in Italy” goods because of artisanal production and the implied fair treatment of workers. It is important to note that most respondents felt that the Italian fashion industry was approximately equal in terms of sustainability to other national models (Figure 4).

The Italian fashion industry is strong in terms of artisanal production, product durability and employee treatment which were considered by consumers to be some of the most important aspects of sustainability in the fashion industry. These aspects provide the possibility of a strong social dimension without sacrificing the economic bottom line as long as they are not allowed to fall into the category of sunken CSR which is so common among Italian firms. On the other hand, the importance of environmental initiatives and reduction of carbon emissions is a field where Italian companies are not currently competing effectively. As we have seen, an important emerging area is the use of organic and renewable materials. By entering this area as an early adopter, Italian fashion and luxury houses could gain competitive advantages while also increasing the environmental dimension of their triple bottom line.

CONCLUSION

The importance of sustainability is more than just a passing trend, it is a complete change in the consumer mindset – a paradigm shift (Good Hovgaard, 2010) that is growing stronger and creating demand for social responsibility from companies in all sectors. As this research has shown, the majority of consumers consider CSR an important factor when making purchasing decisions in the fashion and luxury goods areas. The Italian fashion industry's history and unique business environment award it with the innovative capacity to become early movers in the area of truly sustainable fashion. However, in order to do so they must move in the direction of agreement on what constitutes sustainability in fashion.

Having examined the most popular definitions of sustainable fashion (heritage, artisanal, sustainable communities, fast fashion affordability, factory efficiency and sustainable materials) we have seen that the proposed definitions have focused more on highlighting what companies already do rather than seeking improvements. This method of justifying current practices does little to inspire consumer confidence or move the fashion industry in the direction of CSR that other industries have already taken.

If Italian fashion houses wish to gain consumer confidence in the area of CSR they must take a proactive stance, utilizing the unique structure of the Italian industry to gain advantages over other national models. The Italian business culture and structure with its industry clusters and cooperative organizations has long encouraged innovation and allowed for best practices to diffuse quickly throughout the nation's industries (Guercini, 2004).

Each of the proposed definitions for social responsibility in fashion and luxury that were discussed in this paper address some aspects of social responsibility, yet in order to view fashion from a triple bottom line perspective these definitions must be combined. The consumer research conducted suggests that an effective combination could be found between the heritage, and artisanal views if additional attention is paid to emissions reductions and increasing the use of renewable materials. This would allow for strong

²Fraudulent labelling of goods as Made in Italy has become widespread in areas dominated by organized crime.

social, environmental and economic dimensions to emerge and be marketed to the increasingly CSR aware consumer.

Even without a universal definition for social responsibility in fashion and luxury it is important for companies to consider the issues and examine how they can actively improve upon their triple bottom line. There is no perfect model company in this sector but it is increasingly important for companies operating in fashion and luxury to openly discuss their commitment to ethical progress and sustainability. In order to succeed in light of these changing consumer preferences companies must strive for accountability and transparency in their operations. Consumer confidence must be earned through communication and a commitment to constant improvements in all three dimensions of the triple bottom line.

The Italian fashion industry has historically been strong in the social dimension with ethical treatment of workers, product quality, and community involvement as priorities among companies (Tencati, 2006). Unfortunately, this commitment often goes unnoticed by the consumer causing it to fall into the category of sunken CSR. In order to benefit economically from all CSR initiatives, Italian companies in the fashion and luxury goods segments will need to be more active in communicating their position and efforts. By taking such a proactive stance on CSR the Italian fashion industry has the potential to move ahead of other national models and maintain the competitive advantage that they have long enjoyed in the fashion and luxury sectors.

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