

How to Improve Fashion Reputation: The Role of Sustainability

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Abstract

Purpose: We propose a model to measure the reputation of the brands /companies of fashion, through the rational, emotional and sustainability dimensions, based on the models of Alwi *et al.* (2017), Han *et al.* (2015), Hur *et al.* (2014) , Lai *et al.* (2010)

Methodology: The methodology we have employed consists of a literature review using the data bases of Unika, ScienceDirect and Scopus with the following keywords: reputation, fashion reputation, sustainability and fashion sustainability and ten in-depth interviews were carried out with CEO's at Spanish fashion brands.

Findings: The variables validated by CEO's at Spanish fashion brands are Product and Service Quality, Brand awareness, Brand affect, Self-congruence and Sustainability. After the interviews, we decided to add Social Networking because most of them have emphasised the importance of social media for their brand reputation. All of them have validated sustainability as a key variable for the fashion reputation.

Originality: There are multiple reputational models but not one focused on fashion companies, with the particularities that the textile industry has: the importance of the brand, emotional connection and the challenges in sustainability in the social and environmental dimensions.

Keywords: fashion reputation, fashion management, brand image, sustainability

Article Classification: Research paper

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Introduction

Following the reputational crises of brands such as H&M, due to the commercial in which a black child appeared wearing a monkey sweater alongside the claim “The coolest monkey in the jungle”, or Zara, due to the concealed messages of employees at a factory in Turkey denouncing the fact that they were not being paid, the importance of reputation has suddenly become a key issue for fashion companies.

Understanding corporate reputation as the perception different stakeholders have towards a company (Formbrun *et al.*, 2000), this question has become a central issue due to the positive consequences it brings to business: more investment, retainment of talent, customer loyalty and customer willingness to pay higher prices.

There are several reputational models, but none of them is actually focused on fashion companies, in view of the specific characteristics of this industry: importance of brand, emotional connection and the challenges in terms of both environmental and social sustainability.

Our goal, with this paper, is to propose a reputation measurement model for fashion brands and companies using structural equation modelling. We shall do this by gauging rational, emotional, sustainable and social media factors, based on the model created by P.W. Roberts and G.R. Dowling (2002), Alwi *et al.* (2017), Han, Nguyen & Lee (2015), Hur, Kim & Woo (2014) and Lai, Chiu, Yang & Pai (2010).

In terms of sustainability, although the model does not have a direct consequence and impact on economic performance, it ensures greater commitment to stakeholders and greater exposure in the media, as the study by Michelon (2011) has shown, as well as resilience in the face of reputational crisis (Hoejmose *et al.*, 2014).

Sustainability is further addressed from the perspective of the five dimensions described by T. Melo and A. Garrido-Morgado (2012): employee relations, diversity issues, product issues, community relations, and environmental issues. According to these researchers, these different dimensions have a significant impact on reputation and this impact is moderated by the industry. In the case of the fashion industry, all dimensions are present, but the two most important aspects would be the relationship with employees and environmental issues.

The methodology we have employed consists of a literature review using the data bases of Unika, ScienceDirect and Scopus with the following keywords: reputation, fashion reputation, sustainability and fashion sustainability. On occasion, in the absence of consensus and academic

sources regarding key concepts, we have turned to reports published by agencies and consulting companies.

In order to propose a reputational model for the fashion industry, we have based our approach on the Structural Model Equation methodology, which enables us to measure the impact of a certain variable on other variables through the use of surveys.

1. REPUTATION

1.1 Definitions

Reputation has been studied from two different academic perspectives: on the one hand we have the Strategic Management approach (Roberts & Dowling, 2002) and, on the other, the Sociological perspective (Fombrun, 1996).

From the perspective of the Strategic Management approach, reputation is an organisational attribute, an intangible asset for a company based on the stakeholders' perceptions of the company. From the Sociological perspective, reputation is a "subjective collective assessment of the trustworthiness and reliability of the companies" (Fombrun & Van Riel, 1997).

In both approaches, there are three concepts that can be considered to make up the key aspects of reputation: perceptions (Fombrun (1996), de Weiss, Anderson & MacInnis (1999; 75) and Rodríguez (2004); the importance of reputation being deployed over time (Weigelt & Camerer, 1988; Podolny, 1993) and the view of reputation as a relational factor (Roberts & Dowling, 2002; Chun, 2005) with regard to different stakeholders.

It is, perhaps, the third characteristic, the relational aspect, that has received most attention in reputation studies. Post and Griffin (1997; 165) define the concept of reputation as "a synthesis of the opinions, perceptions and attitudes of an organisation's stakeholders, including employees, customers, suppliers, investors and the community". Subsequently, Ferguson *et al.* (2000; 1196) understood reputation as an "awareness of the true characteristics of a company and the emotions felt towards it by its stakeholders and interest groups". According to Unerman and Bennett (2004), the commitment of the organisation to stakeholders is essential when it comes to developing the company's legitimacy, through gaining an understanding of stakeholders' expectations, and "accountability should focus on addressing these social, environmental, economic and ethical expectations" (p. 685).

Deephouse and Carter (2005) point out that the idea of reputation always presupposes a relative position vis-à-vis a third party and, therefore, we can talk about reputation in a comparative manner: “For any two organizations, they will either have the same reputation or, more likely, one will have a better reputation than the other” (Deephouse & Carter, 2005: 331). In this respect, if reputation is relative, differentiation is the key factor in terms of achieving it (Fombrun, 1996).

According to Chun (2005) there are three dimensions that make up corporate reputation: image (perception of stakeholders), corporate identity (internal perception of the company) and desired identity.

Furthermore, reputation is intimately linked with the idea of legitimacy. However, while legitimacy is conceived as ‘the generalized perception or assumption that the actions of an entity are desirable, proper and appropriate’ (Suchman, 1995: 573), reputation is equated with image, esteem, prestige and goodwill in developing the encompassing concept of organisational standing (Shenkar & Yuchtman-Yaar, 1997). Following Suchman (1995: 574), legitimacy is ‘a generalized perception or assumption that actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, values and beliefs’.

Although many of the facets linked with corporate reputation can also be applied to brand reputation, some authors such as Weigelt and Camerer (1988) have identified differences. On the one hand, we have the reputation of the company, understood as information relating to the firm, which includes localisation, management skills, strategy, financial position and social responsibility. On the other, we have the reputation of the product or service, which refers to the public perception of quality. They also add a third dimension, which could be included under the heading of corporate reputation, namely the reputation linked to organisational culture, which is to say, the work environment, the values, the premises, the symbols and the beliefs that form part of the company.

1.2 Reputational model for fashion

So far, reputational models have measured the reputation of technology companies, car manufacturers and services. However, at present there is no reputational model for fashion companies that takes into account their specific characteristics. Fashion companies sell products for the wider general public, but nobody could compare this with mass consumer enterprises such as Coca-Cola or McDonalds, or technology giants such as Google and IBM.

Some of the aspects that make the fashion industry unique are as follows:

1. A short product life-cycle (Goworek *et al.*, 2017). Collections last a maximum of six months and, when the season ends, they disappear. In the case of *fast fashion* companies, there can be anything up to 14 collections a year. This implies a logistical challenge when it comes to bringing the product to each shop or each home in the case of e-commerce. Furthermore, it has consequences in terms of stock management and what to do with the clothing that has not been sold. One solution used by the fashion industry consists of the outlet store; the most extreme would consist of burning the clothes that are left over.

2. The importance of brand is greater than with other products: the consumer purchases the product because of the brand, not the company. This means that reputation is not so much corporate-based but brand-based. The concept of brand reputation is more recent than that of corporate reputation (Bertoli, Busacca & Pelloni, 2011), but this idea is more appropriate for the industry we are dealing with.

Brand reputation can be defined as the perception consumers have regarding the quality associated with a brand (Hem *et al.*, 2003). Nevertheless, commentators have pointed out that brand reputation is more important for service companies than for consumer goods companies, because consumers have no prior experience of the service, whilst in the case of products they have a prior point of reference. In the case of fashion, brand reputation is key because there are thousands of brands on the market and products are not that different. In this respect, consumers seek to find a quality product amongst the brands they recognise and with which they identify in terms of style and price.

According to the study carried out by Hem *et al.* (2003), brand reputation has a number of consequences, such as a favourable propensity towards brands, a favourable opinion regarding other products and the association of favourable aspects with the brand.

Brand always refers to intangible aspects, those elements that cannot be touched directly, but which are essential for ensuring a company's success. In the case of fashion, although fashion companies sell products, the success of a collection depends on many intangible factors, which means this industry cannot be compared to other sectors.

3. The product is not consumed in a random manner; the product defines the individual, it communicates who he or she is or who the consumer wishes to be. Clothing communicates taste, personality, purchasing power and social status (Ferne *et al.*, 1997), especially in Asian countries where status through fashion is fundamental.

- For the reasons mentioned above, fashion is a product with an emotional link (Godey *et al.*, 2011)

4. Fashion is the second most highly polluting industry in the world, and there is an increasing degree of awareness of this fact within the legislative realm and within society. The most serious reputational crises in fashion have originated in scandals caused by social aspects: maltreatment of employees at factories; child exploitation; poor working conditions; low wages; absence of worker rights.

For all of these reasons, reputation within the field of fashion should be measured exclusively amongst different fashion brands.

Fashion brands appear on lists of the most highly valued brands, such as, for example, the lists compiled by Interbrand and Brandz.

On the Brandz list of the 100 most highly-valued worldwide brands in 2018, the leading positions in the ranking were occupied by technology companies such as Google, Apple and Amazon. Amongst the fashion brands, Louis Vuitton was listed in twenty-sixth place, whilst Zara was the leading retail fashion brand in forty-sixth place.

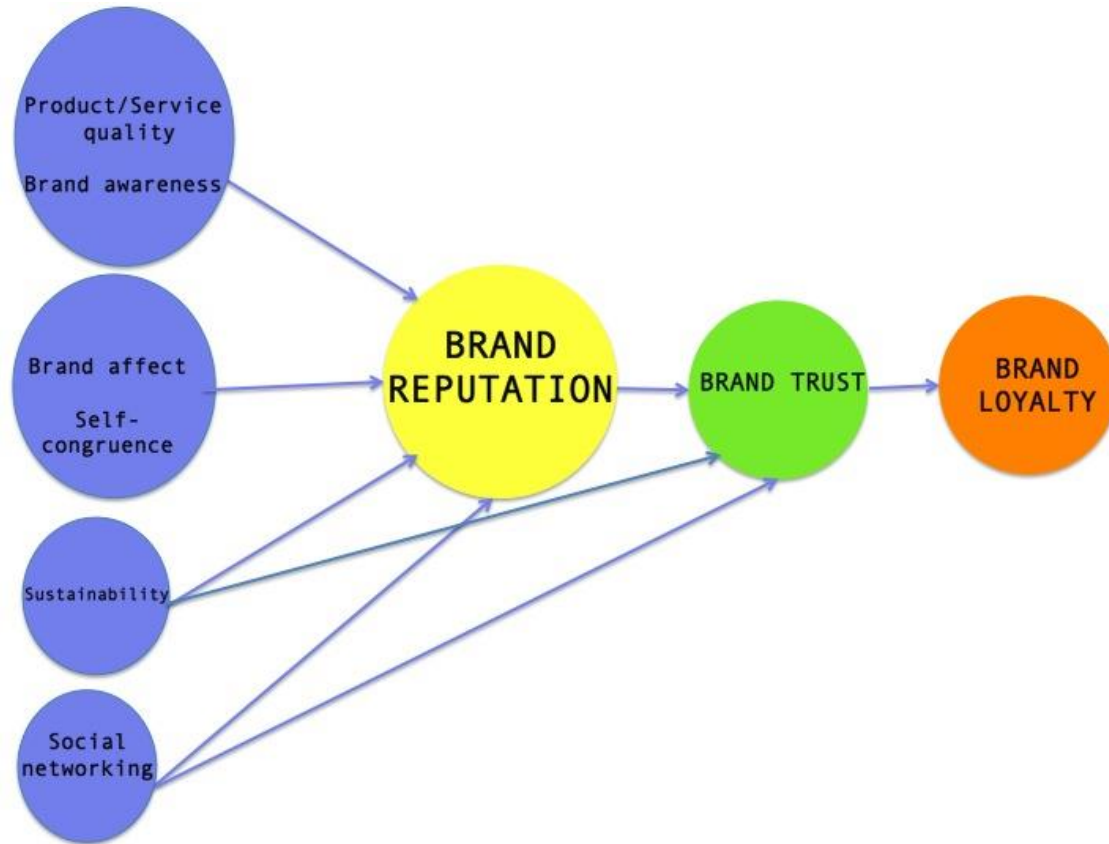
The luxury segment has the highest-valued brands according to the Brandz ranking, including companies such as Louis Vuitton, Hermes and Gucci. The sports brands, such as Nike and Adidas, are also present. Amongst the fast-fashion brands, only the Spanish company, Zara, appears.

The methodology employed by Brandz in measuring brands is based on two aspects: financial value and brand contribution.

However, the report on most highly-valued brands published by Interbrand in 2018 included a larger number of fashion brands: Zara was ranked in twenty-fifth place and H&M in thirty-seventh. Within the luxury segment, Louis Vuitton occupied eighteenth place in the ranking, Chanel twenty-third place, Hermes thirty-second place, Gucci thirty-ninth, Dior ninety-first, Burberry ninety-fourth and Prada ninety-fifth place. If we focus on the sports brands, Nike continued to lead the field in seventeenth place, with Adidas in fiftieth place.

The methodology used by Interbrand to evaluate brands consists of three measurements: financial forecast, brand role and brand strength.

1.3 Proposed model



Graphic 1. Source: authors

In order to create a reputational model specially for fashion, we have based our approach on other reputational models that have used the same Structural Equation Model methodology.

With regard to the rational aspects relating to product and service quality, we have based our model on the paper by Alwi, Ali & Nguyen (2017), which measures the impact of product and service quality and perceived price regarding the company's reputation and the company's loyalty to the mediation of ethical branding.

The study reveals that the perceived price and the quality of the service do not have a direct effect on corporate reputation, but they do have an impact on ethical branding. The results show that product and service quality and perceived price do affect reputation through the mediation of ethical branding.

This highlights the fact that ethical branding is effective for companies who wish to maintain their reputation.

The paper by Han, Nguyen & Lee (2015) measured variables such as product quality, brand affect, self-congruence, brand awareness and brand association in relation to brand reputation and the impact of this on brand trust. It also measured the indirect impact of the former variables on brand trust.

This study was especially interesting due to its applicability to the fashion industry. It focused on restaurant chains, but these companies have characteristics in common with fashion: habitual consumption, importance of brand (brand awareness), fashion's capacity to connect with the consumer's personality and its capacity to facilitate communication of the consumer's personality (self-congruence)

For part of the sustainability aspect, we have based our model on two studies: Hur, Kim & Woo (2014) and Lai *et al.* (2010). The paper by Hur, Kim & Woo (2014) measured the impact of corporate social responsibility programmes on brand credibility, on corporate reputation and on brand awareness. It also evaluated how company brand credibility has an impact on corporate reputation and on brand awareness, as well as how corporate reputation affects brand awareness.

The paper by Lai *et al.* (2010) measured the impact of corporate social responsibility on reputation and on brand equity.

Following a study of the literature regarding the impact of reputation on different variables, ten in-depth interviews were carried out with CEO's at Spanish fashion brands, in order to glean their opinion regarding our proposal to create a reputational model for fashion brands.

All of the respondents indicated that this was a tool that the fashion industry needed and that it would be of use to them in terms of managing their brands. After holding the interviews, we eliminated the variable relating to the company's financial performance, given that there were varying opinions regarding this aspect and because this variable is more important in relation to corporate reputation rather than brand reputation.

Some of the CEO's declared that this variable was of great importance, especially in cases where a company's poor financial performance might stop consumers from purchasing the brand. Other CEO's stated that it was irrelevant to consumers. In the end, we decided to eliminate this variable because, although it is present in all corporate reputation models, in the case of the industry, brand is more important than the poor or favourable financial performance of a company. What is more, consumers very often do not have access to this information.

After listening to the CEO's, we decided to include a variable that did not form part of our initial proposal, namely social networking. Many of the CEO's, especially the small and medium-sized brands, highlighted the importance of social networking when it came to building brand reputation. They stated that the social media provided an important means of communicating with consumers, and that consumers could also communicate with them. After several CEO's insisted on its key role, we included this new variable. In terms of academic studies, we might mention the paper by Laroche *et al.* (2012), which measures how the creation of communities through the social media can have a positive impact on brand trust and brand loyalty.

Our model does not only measure how important the different aspects we have mentioned actually are, namely: product and service quality, brand awareness, brand affect, self-congruence, sustainability and social networking. It also measures the impact that brand reputation has on brand trust and brand loyalty.

This is a question that has been more widely studied and numerous pieces of research have measured this aspect. The impact of brand trust on brand loyalty can be founded in studies by Mabkhot, Shaari & Salleh (2017), Menidjel, Benhabib, & Bilgihan (2017), Huang (2017), Ardyan *et al.* (2016) and Ong & Zien Yusoff (2015).

2. SUSTAINABILITY

2.1 Definition of Sustainability

The origin of the word sustainability can be traced back to the 18th century in Germany (Djalali & Vollaard, 2008). However, the concept's development and its implementation within the industry are somewhat more recent. In the early seventies, it was formalized and officially adopted by the international community. In 1987, the UN report 'Our Common Future' framed sustainability as "meeting the needs of the present without compromising the ability of future generations to meet their own needs" (World Commission on Environment and Development, 1987).

Defining the term 'sustainability' is complex, because there are different approaches. The literature we have reviewed shows a varying use of the sustainability concept. For example, some studies highlight the environmental aspect in sustainability (Yan, Chen & Chang, 2009). Others focus on the social aspect (Bibri, 2008), while some try to integrate the environmental, social and

economic dimensions within the concept (Marcus & Fremeth, 2009). Despite the fact that many studies include economic aspects when referring to sustainability, the notion of its importance is limited (Collins, Steg, & Konan, 2007). In fact, the concept of “sustainability” was basically applied to the environmental field until the early 1990’s. Over the course of the years, its use began to extend to social, political and business issues (Van Peborgh, 2008).

Although there is no consensus yet about the meaning of sustainability, there is agreement about its capacity to be maintained over the long term. In Western culture it is described in the form of three overlapping circles, representing the social, economic and environmental dimensions (Salder, 1990).

One integral definition is addressed by the McCann-Erickson Report (2007): “a collective term for everything to do with the world in which we live. It is an economic, social and environmental issue. It is about consuming differently and consuming efficiently. It also means sharing between the rich and the poor and protecting the global environment while not jeopardizing the needs of future generations” (McCann-Erickson, p. 6).

Mark Diesendorf (2000) adds an ethical point of view to this debate. Sustainability can be seen as “the goal or endpoint of a process called sustainable development ... emphasises the long-term aspect of the concept of sustainability and introduces the ethical principle of achieving equity between present and future generations” (p. 21).

Little by little, questions such as inequality regarding the distribution of wealth and diversity in terms of ethnicity, health, access to information and security began to be incorporated into the debate (Van Peborgh, 2008).

Governments, business groups and a growing number of civic organizations have become the driving forces behind a series of global conferences whose aim is to create a framework of governance. At these conferences, sustainability is linked to development, taking into consideration the environmental, economic, social and institutional needs of both present and future generations.

An attempt to gain a better understanding of the evolution of the sustainability concept is the already popular work by John Elkington (2004).

In *Sustainability 2.0*, Elkington’s three waves were adopted and various fashion issues were introduced.

Elkington describes how three waves of public pressure have shaped the environmental agenda. The first was called the Green Revolution (1961-1975) (*Sustainability 2.0*, 2008). It brought an understanding regarding the limitations of environmental impacts and natural resource demands. It marked the beginning of environmental legislation. “The business response was defensive, focusing on compliance, at best” (Elkington, 2004: 7).

The context was provided by the Cold War, the hippie movement and the May Revolt in France, where the first environmental organizations, such as Greenpeace, emerged. It was also during this period that the first environmentally-aware fashion companies, Patagonia and Natura, came onto the market (*Sustainability 2.0*, 2008).

Important dates in this era include the following:

In 1961, Amnesty International, the World Wildlife Fund (WWF) and the Organization for Economic Cooperation and Development (OECD) were founded. In 1962, Rachel Carson’s *Silent Spring* was published. In 1971, Greenpeace was born and “The Limits of Growth” was published in 1972 by The Club of Rome. The Stockholm Conference also took place, the first UN Environmental Summit (*Sustainability 2.0*, 2008).

Elkington describes the second wave as follows: the Market Economy Comes to the Forefront (1976-1999) (*Sustainability 2.0*, 2008). It brought an understanding about new kinds of production technologies and the need for new kinds of products. It entailed an appreciation that development processes had to become sustainable and a sense that the business world would often have to take the lead (Elkington, 2004). “The business response began to be more competitive” (Elkington, 2004: 7).

The context was as follows: the Berlin Wall came down and democratic systems took a foothold in Latin America. The Exxon Valdez oil tanker spill forced people to start taking the environmental movement seriously. Marketing began to adopt “green” messages on a massive scale (*Sustainability 2.0*, 2008).

Important dates include the following: in 1983, the UN created the World Environment and Development Commission; in 1987, the Montreal Protocol was signed and the Brundtland Report was published; 1989 witnessed the Exxon Valdez Case following the Alaska oil spill; this was the year of the fall of the Berlin Wall. In 1992, the First Worldwide UN Earth Summit (Rio de Janeiro, Brazil) and the World Business Council for Sustainable Development (WBCSD) were founded. In 1997, the Kyoto Protocol was signed; the Nike scandal took place in this year and the “Triple Bottom Line” (Elkington) concept was published.

The third wave could be called ‘Toward Responsible Globalization (2000- 2007)’ (*Sustainability 2.0*, 2008). It focuses on the growing recognition that “sustainable development will require profound changes in the governance of corporations and in the whole process of globalization, putting a renewed focus on government and on civil society. Now, in addition to the compliance and competitive dimensions, the business response will need to focus on market creation” (Elkington, 2004: 7).

The context is globalization, accompanied by anti-globalization. The Internet grows at a rapid pace, bringing the birth of participative media, and ad agencies begin to study online advertising. Companies such as Shell and Nike face complaints about their production processes and must account for their actions vis-à-vis society (*Sustainability 2.0*, 2008).

Important dates are as follows: the year 2000 witnessed the First World Social Forum (Porto Alegre, Brazil); this was the year of publication of *No Logo* by Naomi Klein, who denounced Nike’s use of slave labor. In 2002 the World Sustainable Development Summit took place (Johannesburg, South Africa). In 2006, Muhammad Yunus received the Nobel Peace Prize for the founding of the Grameen Bank and, in 2007, Al Gore received the Nobel Peace Prize for his contribution to halting global warming. The year 2013 witnessed the Rana Plaza collapse in Bangladesh, featuring more than 1,100 victims. This tragic accident served as a tipping-point in terms of sustainability in the fashion field.

2.2 Sustainability in Fashion

The fashion industry is one of the most important sectors in this discussion.

Sustainability within the fashion industry is a huge challenge in every dimension: environmental, social and economic. Otherwise, this industry is highly fragmented, with many actors involved (Gilbert, 2006). Production is global and requires one of the most complex global production networks and supply chains (A. Da Giau, *et al.*, 2016). It is well-known that the fashion industry is the second most polluting industry in the world, after the oil industry, and it is one of the industries that has received the greatest degree of public attention (Caniato *et al.*, 2012).

Fashion products, production and logistics require a great deal of energy and multiple chemical products (Caniato *et al.*, 2012).

In the social dimension: the fashion industry employs millions of people in poor countries and in the economy; fast fashion, with its low margins and short timeframes, creates a situation that is not easy to balance with the idea of sustainability (Goworek *et al.*, 2017).

The report “Pulse of the Fashion Industry”, published in the year 2017 by Global Fashion Agenda and The Boston Consulting Group, Inc., summarised the situation relating to fashion and sustainability as weak: “the industry is not yet where it could and should be. The spread of performance is also quite large. The best performers on sustainability are the very big players as well as some mid-sized, family owned companies, while over half of the market, mainly small to medium-sized players, has shown little effort so far. The rest of the industry is somewhere in between. This is confirmed by the Pulse Survey, where two-thirds of polled Fashion executives have not made environmental and social factors guiding principles for their companies’ strategy”.

Environmental dimension:

Production in the fashion industry: dyeing, tanning or finishing all require the use of chemicals and this has a strong environmental impact (Caniato *et al.*, 2012). Transportation on a global scale results in additional and extensive damage in terms of CO2 emissions (Fletcher, 2013).

For all these reasons, the attention of academics and practitioners has focused mainly on environmental practices in an effort to help show companies in the fashion industry how to become sustainable (A. Da Giau, *et al.*, 2016; De Brito *et al.*, 2008; Caniato *et al.*, 2012).

Social dimension:

Around 60 million people are working in the fashion industry and 26 million of these are employed upstream (Pulse Report, p.42).

Scandals relating to workers and the violation of human rights have revealed a critical and complex situation within the fashion industry; for example, the accident at Rana Plaza, where more than 1,100 people died in Dhaka (De Brito *et al.*, 2008; Seuring and Müller, 2008).

Firms in the fashion industry are actually highly exposed to sustainability pressures, and the relevance of the social dimension for fashion brands has radically increased (Seuring and Müller, 2008). A good example of this is the citizen initiative called “Fashion Revolution”. This is a not-for-profit global movement that works for greater transparency in fashion.

Therefore, the fashion industry is characterized by the use of outsourcing and delocalization strategies for production activities. For this reason, the development of a more conscious way of conducting business begins with improvements in workers’ conditions (De Brito *et al.*, 2008; Lueg *et al.*, 2015; Turker and Altuntas, 2014), effectively strengthening human rights protection: avoidance of child labour and ensuring workers’ welfare. (Da Giau *et al.*, 2016).

However, the social dimension in the fashion industry is still one of the most difficult challenges, due to the complexity of the supply chain and the cultural differences that can be found across different countries throughout the world (Turker and Altuntas, 2014; Choi & Chiu, 2012).

Da Giau *et al.* (2016) explain that fashion companies are not only expected to improve workers' conditions; they are also expected to take care of the local communities that live near their production plants (De Brito *et al.*, 2008). "The development of social sustainability also strongly involves the supplier dimension so that the improvement of working conditions can occur at every level of the supply chain (Da Giau *et al.*, 2016, p.76).

Economic dimension:

In the academic field there is a belief that managing the triple bottom line - focusing on economic, social and environmental performance - will lead to improved efficiency and profitability in the long term (Closs *et al.*, 2011).

Guercini & Ranfagni (2013, p. 78) define the economic dimension in sustainability as "a source of positive performance. This implies the preservation in the firm and in all its interacting economic subjects of a sustainability-oriented culture (Morgalis and Walsh, 2001; Ambec and Lanoies, 2008).

Company profitability is one of the key indicators of sustainability (Wang *et al.*, 2018) and it depends on price and promotional advantages (Dekimpe & Hanssens, 1999) that attract customers; quality and price are also required to maintain customer loyalty.

The other variable of company profitability consists of company operations, including management quality and service systems (Wang *et al.*, 2018). All of these factors are linked with sustainability and with the environmental and social dimension.

Fashion consumers perceive risk when the brand is unfamiliar and presents high prices, but if they know a brand is of high quality, their purchasing intention will increase (Wang *et al.*, 2018). For this reason, the variables of brand awareness and quality of product and service are especially important in the fashion industry.

2.3 How Do Fashion Companies Tackle Sustainability?

Fashion companies are different in terms of size and business model. We can divide them into two wide-ranging groups: luxury fashion and fast fashion. Each group tackles sustainability in a different way.

A luxury fashion company is characterised by being a business of lasting worth, one that does not disappear in the wake of passing fashion developments (Guercini & Ranfagni, 2013; Hoffmann & Manière, 2012).

In this sense, luxury and sustainability, especially within the environmental dimension, converge in terms of the characteristics of durability and rarity, which constitute possible connections between them (Guercini & Ranfagni, 2013).

In the social dimension, luxury fashion companies have higher budgets to pay skilled craftsmen, and often the product is made in Europe, where the living conditions are better than in Asian countries such as China or Vietnam.

Luxury fashion companies can also be sustainable luxury firms, and the research carried out by Guercini & Ranfagni (2013) concludes that sustainable luxury is authentic if it meets the following conditions: it is an expression of natural resources, reflecting territorial originality; is a collectively shared luxury based on a convergent sustainable project; it requires quality in terms of productive competences; and it presupposes organisational rigour.

The other wide-ranging fashion group is fast fashion. De Brito *et al.* (2008) divide fast fashion companies into two groups. The first group is made up of firms that resist sustainability practices and simply try to survive in a highly demanding environment. The second group consists of companies that attempt to improve sustainability through their supply chains by using tools such as eco-labelling, management systems, environmental and social audits, communities of practice, fair trade and clean transportation modes (Turker & Altuntas, 2014).

Another classification could be based on the sustainability perspective. For example, Park & Kim (2016) have classified two groups: proactive and reactive companies in relation to sustainability. Reactive firms are fast fashion companies that provide trendy fashion at low prices, whilst sustainable fashion companies consider social and environmental performance to be as equally important as financial performance (Caniato *et al.*, 2012; Cline, 2012). These two classifications are wide-ranging and we do not think they embrace all companies.

Park & Kim (2016) directly linked fast fashion and reactive companies in terms of sustainability. It is true that the fast fashion segment is working on sustainability, for example by offering clothes made of organic cotton and by engaging with various CSR programmes.

However, concerns have arisen that they merely offer a limited number of ethical versions of products (e.g. organic cotton collections) or deal with one single lifecycle point: recycling (Park & Kim, 2016). Fast fashion companies are viewed as being intrinsically unsustainable because they promote over-consumption, disposability and low product quality (Park & Kim, 2016; Joy *et al.*, 2012; Kim *et al.*, 2013).

Sustainable fashion has a great number of labels, such as “eco-fashion”, which is defined by Niinim (2010, p. 152) as “clothing that is designed for long lifetime use; it is produced in an ethical production system, perhaps even locally; it causes little or no environmental impact and it makes use of eco-labelled or recycled materials (Joergens, 2006; Fletcher, 2008)”.

We prefer to call them sustainable fashion companies because “eco-fashion” is more linked with the environmental dimension and we understand that sustainability connects with all three dimensions.

Sustainable marketing activities are believed to drive customer equity (Sun & Ko, 2016). Customer equity indicates that companies have built lifetime customer relationships over time. (Wang *et al.*, 2018). This study demonstrates this inverse relationship by showing that customers are more satisfied when they perceive sustainable performance (*idem*).

3. THE ROLE OF SUSTAINABILITY IN FASHION BRAND REPUTATION

Considering the importance of sustainability in the fashion industry and that sustainability is one of the key variables in the reputation model, the role of sustainability in fashion brand reputation must be analysed in a more in-depth manner.

For this study, we can establish two main approaches: on the one hand, the reactive approach, which is focused on minimising the risk of damage; on the other hand, a proactive approach, which emphasizes how to build a good reputation

The main approach in academic literature is reactive. This approach is linked with crisis management literature Sádaba & San Miguel (2014), Pearson *et al.*, (1998). According to some authors, sustainability is one factor that can be used to avoid crisis (Lozano, 2015; Fombrun *et al.*, 2000 *et al.*, 2008; Bebbington *et al.*, 2008) and accelerate the projection of a socially accountable image (Gray *et al.*, 1995).

In relation to the fashion industry, academics highlight the fact that, nowadays, sustainability is strongly driven by the risk of damage to corporate image (Da Giau *et al.*, 2016; Caniato *et al.*, 2012; Perry and Towers, 2013; Arrigo, 2013). In fact, NGO's such as Greenpeace are applying different initiatives to boycott all companies that do not publicly report their green and social achievements and commitments (Du *et al.*, 2010).

Lueg *et al.* (2015) have studied the case of Scandinavian fashion companies. They do not find a positive correlation between corporate sustainability and better brand image. However, corporate sustainability minimizes the downside risk of the business model, because it creates implicit contracts that go beyond traditional 'shareholder value', transferring risk to suppliers and improving leadership by motivating management and employees.

In the proactive approach, sustainability and reputation work as a strategy to build the reputation of the brand or corporation. In this sense, corporate sustainability is increasingly being better integrated into company culture and firm activities and "offers the potential to be more encompassing, both in terms of the company system (including operations, strategy, organisational systems, etc.), and in terms of stakeholders: internal and external, as well as social and environmental (Lozano, 2015, p. 42)."

Reputation is one of the most important external drivers for sustainability at companies (Lozano, 2015). In his study, the author measures the importance of several drivers, which are divided into internal and external. In the case of external drivers, the three most important are a) reputation, b) customer demands and expectations, and c) regulation and legislation.

In these respects, sustainability in business can help to enhance corporate and brand reputation. Michelin (2011) finds that the companies that use sustainability disclosure have a greater degree of engagement and commitment with regard to their stakeholders, as well as having greater media exposure. However, it is not clear that they achieve a better financial performance.

Other authors, following signalling theory (Toms, 2002; Hasseldine *et al.*, 2005), argue that companies engage in sustainability reporting as a way of signalling their reputation to stakeholders. According to Gabbioneta *et al.* (2007: 99) 'stakeholders tend to pay attention to actions that are perceived as salient to their specific interests and values, and make inferences about corporate dispositions (their trustworthiness, reliability, social responsibility, etc) based on observed actions that are interpreted as reflections of the former'.

3.1 Green Marketing

The label Green Marketing has been used when companies try to “sell” sustainability in order to give a good image to their activity and gain a competitive advantage. For this reason, there is some debate about how credible and ethical this position really is.

In this field, the study by Yan *et al.* (2012) shows that when clothing brands provide explicit information about environmentally-friendly products in advertising, the respondents have positive attitudes.

For this reason, many fashion companies have also changed marketing strategies to communicate the environmentally-friendly qualities of their products and brands better, including this information in brand names/logos, on product labels, in advertisements and on company websites.

Sustainable fashion should prioritise the development of educational materials designed to increase consumer awareness and distribute and make available more sustainable products to consumers (Hae Jin Gam, 2011).

Fast fashion brands such as H&M started in 2014 with a collection called “Close the loop”, using recycled fabrics, and in 2017 this company launched a campaign about recycling called “Bring it on”. Zara and Mango also have collections about recycled clothes called “Join Life” and “Mango Committed”.

These efforts could be called “sustainability mainstreaming” and although it is true that they benefit wider market access, these companies have also been criticised for simply responding to changing market trends, rather than having genuine sustainability concerns (Shaw *et al.*, 2006).

In the past, communications regarding sustainability did not provide consumers with any information about the specific materials and methods used for manufacturing products (Yan *et al.*, 2012). Now that consumers demand more detailed information and greater transparency, brands are trying to communicate these aspects through their websites and large companies are publishing sustainability reports.

In fact, the Fashion Transparency Index published by Fashion Revolution in 2017 concludes that the most transparent brands are the fast-fashion companies and sports companies. In the worst positions in the ranking we find the luxury fashion companies. The report shows that fashion companies have a long way to go to become truly transparent, but every year companies are publishing more information about their sustainability.

The Michelin study (2011), in which the link between sustainability disclosure and media exposure was supported based on a positive association, shows that greater media exposure encourages the provision of information regarding a company's sustainability.

In this sense, companies that are committed to stakeholders (and the media is the means by which they can be monitored) are becoming more open to the idea of presenting information regarding their social and environmental impact. Thus, "sustainability disclosure is driven by reputation both in terms of the commitment and engagement to stakeholders and by the media visibility of the company" (Michelon, 2011, p.93).

An interesting study exists regarding environmental messages in the advertising of fashion brands. The results reveal that environmental claims are more credible if they are attributed to the green brands than to the neutral brands. The findings show the importance of building up a brand image or identity (Phau & Ong, 2007). They also show that customers responded more positively to product-related messages such as organic cotton than to cause-related messages, such as environmentally-conscious activities.

Environmental concerns and eco-friendly behaviour have a positive effect on environmental consumption, implying that purchasing sustainable fashion is a sign that consumers recognize the environmental impacts they have (Hae Jin Gam, 2011).

How to be proactive for the customer?

Today we can find green consumer generations that search for sustainable brands and recognise sustainability as a distinctive element of corporate brand identity. (Caniato *et al.*, 2012; Guercini & Ranfagni, 2013) This represents an opportunity to be different and to connect with the customer. In the case of luxury brands, sustainability could strengthen the exclusivity of a brand. (Guercini & Ranfagni, 2013)

Sometimes a comparison can be found between food and fashion. Today there is growing concern with regard to healthy and ecological food, and we can imagine that this greater interest in eco-friendly nourishment might constitute the first step towards ecological or sustainable fashion. However, there are differences. Food directly affects our own health, whilst purchasing clothes does not. The fashion industry is more complex than the food industry because there are a large number of factors involved: beauty, trends, emotion, social acceptance, all of which affect purchase (Joergens, 2006; Niinim, 2010).

Park & Kim (2016) have studied the reactions of customers at proactive companies and reactive companies. In their view, proactive companies are the sustainable brands, as defined above, whilst the reactive companies are the fast fashion companies.

The conclusions are very interesting: a) customers have more brand trust in sustainable fashion brands, especially those that offer the most information about sustainability; b) perceptions of brand value at sustainable fashion brands are more strongly associated with brand trust than with brand affect; c) consumers' knowledge of clothing sustainability attenuated the impact of perceived value for fast fashion brands in relation to both brand trust and brand affect (p. 121) and d) consumers' fashion consciousness did not weaken the impact of perceived value of sustainable fashion brands on brand trust, while it did attenuate the same impact on brand affect (Park & Kim, 2016; p. 121).

This study has many implications for the role of sustainability in fashion brand reputation: those companies that place sustainability at the core of their business could be more widely trusted by customers, especially those customers who have the highest levels of awareness regarding sustainability issues. In this respect, it is important to inform and educate customers about these issues.

4. SUMMARY AND CONCLUSIONS

In the case of the fashion industry, the importance of brand is greater than with other kinds of product: the consumer purchases the product because of the brand, not because of the company. This means that reputation is not so much corporate-based but brand-based.

With regard to brand reputation and sustainability, it is clear that a direct link exists, both in terms of avoiding crises and in terms of building a solid reputation.

In relation to the two approaches that can be adopted in order to tackle the question of sustainability and reputation, reactive and proactive, we would encourage fashion brands to explore the proactive dimension. However, in order to do this, they must have a clear sustainable identity as a brand: sustainability must play a decisive role in their business model and in their value chain.

In addition to creating a sustainable identity, companies must directly communicate their sustainability measures by informing their employees and consumers about the following aspects:

how and where their clothing is manufactured; the working conditions provided for those who make the clothing; the materials that are used; and how the company endeavours to minimise its impact on the environment.

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