

Chapter 2

Green Brand Strategies in the Fashion Industry: Leveraging Connections of the Consumer, Brand, and Environmental Sustainability

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Abstract With a growing number of major fashion brands engaging in green-branding initiatives, environmental sustainability is becoming a management agenda that is being prioritized among many companies. However, the research literature is mixed in assessing the potential of the green strategy. Based on the schema theory as the theoretical framework, this chapter offers propositions that address how to leverage the interrelationship among the consumer, brand, and environmental sustainability within the context of green-branding strategies for fashion. Supported by the research literature and current movements in the fashion industry, this chapter explains how consumer receptivity to and decision making with regard to green fashion brands are influenced by the relationship between (1) consumer and environmental sustainability, (2) brand and environmental sustainability, and (3) consumer and brand. Consumer acceptance of green brands is dependent on how consumers process new green information within the context of the brand schema. Consumer motivation and ability to incorporate environmental sustainability within the brand schema will influence consumer attitudes toward the green brand. Also, the perceived fit between the brand and environmental sustainability as well as the authenticity of the business strategy will influence consumer response. In addition, consumers' ability to integrate the fashion brand's image with environmental values and the strength of their relationship with the brand will determine how green brand attributes are accepted. Industry implications for green branding are discussed and recommendations for future research are presented.

2.1 Introduction

According to a survey of 4000 managers from 113 countries, 70 % of companies have placed environmental sustainability permanently on their management agendas with two thirds of the managers noting this as a necessity to be competitive (Haanaes et al. 2012). Likewise, strategies related to environmental sustainability are active in the apparel industry. An increasing number of apparel brands are placing environmental

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sustainability at the center of their brand strategy (e.g., Patagonia, Stella McCartney, and Loomstate) and are positioned to benefit from the predicted growth in this market. Furthermore, a growing number of major brands are being reported in the media for their initiatives in environmental sustainability (e.g., Ann Inc., Gucci, LVMH, Macys, Ivanka Trump). As such, we see a growing commitment to environmental sustainability, with companies not only viewing this as a necessity to their business practices but also a source of financial profits (Haanaes et al. 2012).

Fashion brands can be considered “green” based on the intrinsic characteristics of the apparel product, the process by which the product is made, and/or their environmental contributory business practices (Dickson et al. 2009). Long-established apparel brands, including H&M, Eileen Fisher, and Levi Strauss, have responded to consumer and industry-wide interest in environmental sustainability through innovative and strong branding strategies in product design, development, and sourcing. H&M’s Conscious garments offer products from organic cotton, recycled cotton, recycled polyester, and vegetable tanned organic leather. H&M’s goal is to have 100 % of their cotton from sustainable sources (Reduce Waste n.d.). In addition, H&M’s closed-loop system allows consumers to hand in unwanted garments from any brands at any H&M stores. Closed-loop systems keep unwanted apparel products out of landfills, with some companies (e.g., lingerie brands Wacoal and Bonluxe in Hong Kong) offering cash incentives for consumer participation (Choi et al. 2014). Levi’s Water < Less™ products reduce the use of water in the finishing process by up to 96 %. According to Levi’s website, the company has made over 13 million Water < Less™ products and saved over 172 million L of water (Levi’s® Water 2014). In Patagonia’s Common Threads Program, organic cotton and recycled polyester are used in many of their products, efforts are made to minimize packaging and transportation waste, and quality products are produced that last a long time. Urban Outfitters’ Urban Renewal-Vintage line features original and reworked vintage pieces and garments (May 2014; “Urban Renewal” n.d.). Finally, Eileen Fisher’s Eco Collection line includes classic and well-made garments that can be worn a long time and seamless knits that cut down on waste (“Meet Eileen Fisher” n.d.). Fashion brands are also considered green with their support of environmental causes (Milne 2013). For example, apparel brands who are members of 1 % for the Planet (<http://www.onepercentfortheplanet.org>), contribute 1 % of their annual sales to environmental nonprofit organizations. In addition, companies routinely support environmental causes as part of their corporate culture where sales of the green brand apparel products indirectly support various environmental causes. Loomstate (<http://www.loomstate.org>) is one apparel company which actively participates in multiple local, regional, and international environmental programs. Consumers purchasing Loomstate T-shirts indirectly support company participation in beach cleanup projects, wildlife conservation efforts, and upcycling projects.

As such, we are witnessing a growing number of big companies make management decisions to weave environmental sustainability within their products and business operations. In spite of the common practice of the “greening” of brands, the literature is mixed in assessing the actual potential of a brand’s green strategy and its receptivity by consumers. In the research literature, many studies show a weak relationship

Fig. 2.1 Model of relationships that influence green branding



between environmental concern as predictors of corresponding environmental behavior (e.g., Fransson and Gärling 1999; Hiller Connell and Kozar 2013). Also, a 2013 report published by Landor Associates (Romero and Braun 2013) states that “U.S. consumers appreciate corporate efforts to be green, but it is not a key driver in their purchasing decisions” (p. 1). The report notes that although being green was a considered brand attribute, it fell behind other basic brand attributes such as value, quality, and trustworthiness. Although some evidence shows a potential disconnect between consumers and green-branding strategies, there is still a strong market that expects companies to consider environmental sustainability within their business decisions. Cone Communications (2013) reports that 71 % of Americans consider the environment when they shop and 45 % of consumers actively seek out environmental information about products they buy.

This chapter offers a discussion of the interrelationship among the consumer, brand, and environmental sustainability within the context of green-branding strategies. Using the schema theory, we explain how consumer receptivity to and decision making with regard to green fashion brands are based on three connections: (1) consumer and environmental sustainability, (2) brand and environmental sustainability, and (3) consumer and brand (see Fig. 2.1). Consumer acceptance of green brands is dependent on how consumers process new green information pertaining to the brand. Whether consumers develop positive attitudes toward the new green attribute or new green brand extension is dependent on how the green strategy brand fits into consumer motivation and ability to incorporate environmental sustainability within the brand schema, consumer’s perceptions about environmental sustainability in relation to the brand, and consumer’s strength of relationship with the brand.

2.2 Conceptual Background

The schema theory focuses on the importance of the mental structure or schema of preexisting ideas or framework that represents one's understanding and knowledge related to particular aspects of an individual's experience such as an event, person, or object (Rumelhart 1980). Based on one's existing knowledge framework, schema also serves as a system for structuring, organizing, and interpreting new information (Crocker et al. 1984). Consumers' schema of brands can include their knowledge about brand attributes and their evaluations of the brand. As such, a schema has an influential role in how new knowledge is processed and accepted.

The schema theory has been used as the theoretical base in the brand management literature to explain consumer response to brand extensions or sub-brands where firms leverage the association of successful established brand's category extensions or line extensions (Chatterjee 2009; Park et al. 1993; Loken and Roedder John 1993). The schema theory also explains attitude and belief change and how consumers evaluate brands (Park et al. 1993). Specifically, theories of stereotypic change (Crocker et al. 1984), which is grounded in the schema theory, supports the idea that attitudes and beliefs change in response to new stimuli that vary in congruence with an individual's existing schema (Crocker et al. 1984; Park et al. 1993). While schemas can mature with increasing experience to fit varied experiences, individuals can be exposed to information incongruent with the schema in which case knowledge structures must be modified to accommodate the incongruent information. Several information-processing models (e.g., subtyping, book-keeping, conversion) have offered insight into how individuals may integrate existing knowledge with new knowledge resulting in an impression that is meaningful to them (Chatterjee 2009; Gürhan-Canli and Maheswaran 1998; Weber and Crocker 1983). The subtyping model suggests that consumers process new information that does not fit into their current schema in a compartmentalized way. For example, if a brand extension does not share similarities to the parent brand, consumers will store information concerning the brand extension in a separate cognitive category which limits the negative impact of atypical information. The book-keeping model suggests a gradual modification of schema with a higher accumulation of incongruent information prompting more substantial change (Weber and Crocker 1983). Here, the book-keeping model views attitude change as an incremental process triggered by sustained informational influence. Finally, the conversion model suggests schema to change drastically in response to extremely atypical information and remain unchanged in response to minor differences. Sudden changes in brand attributes or introduction of dramatically atypical information perceived as being unrelated or contradictory to the current impressions of the brand may prompt perceptual changes in brand image.

Within the fashion industry, we see a growing number of green brands that leverage the brand equity of the current or parent brand. The schema theory can also be applied within the context of firms introducing green attributes within existing product brands where consumers must process new information using their own existing schemata for the brand. However, the stability of the schemata and brands and their influence on

consumer attitude change may differ depending on the consumer, their green values, and perceptions of brands. Using the schema theory as the conceptual framework, this chapter offers insight into how consumer response to green-branding efforts is moderated by the three important connections among environmental sustainability, consumer, and the brand. Based on a literature review of theoretical and empirical studies, the propositions formulated within the chapter summarize past studies on green branding and offer ideas on how consumers process and respond to green brands, which will be moderated by their own environmental sustainability values, perceptions of fit between the brand and environmental sustainability, and the strength of their preexisting relationship with the brand.

2.3 Leveraging the Connection Between Environmental Sustainability and the Consumer

Consumer attitude toward environmental sustainability, also known as environmental or “green” attitude, is a function of individuals’ beliefs, feelings, and behaviors related to environmental issues (Schultz et al. 2004; Milfont and Duckitt 2004, 2010). Through the years, marketing research has examined consumer perceptions of green products and related marketing activities (e.g., Kim and Choi 2005; Kinnear et al. 1974; Roberts 1996; Straughan and Roberts 1999; Gam 2011). Results from these studies do not consistently show strong relationships between attitude and behavior. While some studies have found environmental attitudes to be directly linked to environmentally sound consumption (e.g., Kim and Choi 2005; Lee 2008, 2009; Van de Velde et al. 2010), other studies note various factors, including cost, availability, and beliefs about the green product itself to serve as barriers to consumer purchase (Costa 2010; Chan and Wong 2012; Fransson and Gärling 1999; Grail Research 2011; Hiller Connell and Kozar 2013; TerraChoice 2010). Several apparel studies offer evidence that environmental attitude influence intentions to purchase green apparel (e.g., Gam 2011; Hustvedt and Dickson 2009; Yoo et al. 2013). Results from these studies can be supported by Strahilevitz and Myers’s (1998) findings that cause-related marketing campaigns for high-involvement products such as apparel have a higher likelihood of influencing purchase decisions. Although several empirical studies examining consumer perceptions of green messages via apparel product advertisements or labeling can be found in past literature (e.g., Kim and Damhorst 1999; Kim et al. 1997; Stall-Meadows and Davey 2013; Sonnenberg et al. 2014), studies that examine consumer perceptions of green fashion brands are limited. In one study, Yan et al. (2012) found environmental commitment to directly influence attitude toward the brand and intent to purchase the product and Myers et al. (2012) found consumer attitude toward a cause and prior brand attitude indirectly influenced post brand attitude. Several non-apparel related studies also point to the direct relationship between environmental attitude and green brand attitude (e.g., Hartmann and Apaolaza-Ibanez 2012; Yeoh and Paladino 2013). Although conclusions concerning green brand attitude and purchase behavior are less clear, previous studies

consistently offer evidence that consumers with higher levels of environmental concern will more likely have favorable attitude toward products or related company efforts that support environmental sustainability.

Based on the schema theory, we propose that consumers with higher environmental attitude will have a predisposition to draw a natural connection between environmental sustainability and products and brands. Even if the brand has no previous track record with environmental sustainability, environmentally conscious consumers will be more willing to incorporate the green attribute within their current parent brand schema and thus form a positive response toward green brands. The following proposition reflects this idea.

Proposition 1 Consumers' environmental sustainability value positively moderates consumers' motivation to fit new green brand attributes into the current fashion brand schema.

In the case of apparel, sustainable business practices are often linked to the design and production processes for products within the same product line or category. Consumer preference for product-related messages compared to cause-related messages highlight the importance of green strategies that are linked directly to the product (Phau and Ong 2007). Yan et al. (2012) found respondents favored apparel brands with explicit information about environmentally friendly products. Several studies point to how consumers respond to green strategies in various marketing contexts (e.g., promotional messages, labeling, and advertisement). Hiller Connell (2010) found lack of concrete knowledge to be a constraint on green apparel consumption. Kang et al. (2013) found knowledge of organic cotton apparel influenced consumers' attitudes toward the organic product. Cheah and Phau (2009) found ecoliteracy to influence attitude toward a wide range of environmentally friendly products. Borin and Cerf (2011) note that clear explanations of environmental impact on labels will improve consumer evaluations. A study by Cone Communications (2013) reports that 85 % of respondents want companies to educate them on how to properly use and dispose of products. Chatterjee (2009) found that consumers were more likely to purchase green brand extension with higher environmental impact. This reasoning indicates that the ability of the consumer to be able to understand the evidence behind the green strategy is critical to the success of a green strategy. Interestingly, a study by D'Souza and Taghian (2005) indicates that consumers who were more highly environmentally involved tended to be more critical to green advertisements.

When considered within the context of how consumers connect green strategies with fashion products and brands, we assume that consumers with higher levels of knowledge of product development and production processes will have a better understanding of the environmental implications of the green strategy of the fashion brands. Consequently, consumers' ability to better understand the environmental implications of fashion products will also influence formation of their environmental attitude. Working under the assumption that the green strategy is meaningful, we propose that consumers with higher product and production knowledge will be

predisposed to recognize and accept the natural connection between environmental sustainability and fashion brands. The following proposition reflects this idea.

Proposition 2 Consumers' knowledge of product development and production processes of fashion products is positively related to consumers' ability to understand how environmental sustainability fits within a fashion brand schema.

2.4 Leveraging the Relationship Between Environmental Sustainability and the Brand

As consumer perceptions of the relationship between environmental sustainability and the green brand are important, green brands must be able to position themselves as authentic players in the green brand market. The brand's current image within the consumer market, whether consumers' see a good fit between the brand and green strategy, and how the brand's environmental strategy is communicated as part of their new market positioning are important factors. This section discusses how companies can strengthen their green brand strategy through communication strategies and aspects of brand image that support its connection with environmental sustainability.

A study by Landor Associates (Romero and Braun 2013) show advertizing and brand's own websites to be the most powerful ways to increase awareness and knowledge of a brand's environmental practices. Green brand communication needs to be an integrated strategy "consisting of deliberate and proactive actions aimed at the definition of distinct consumer perceptions" (Hartmann et al. 2005). A successful green brand must distinguish itself in the marketplace from other green brands in such a way so as to be distinctive to consumers. Studies indicate that consumers frequently receive green-marketing communication where the validity of environmental claims are in question, confusing, or unverifiable (Bonini and Oppenheim 2008; Yan et al. 2012). Ng et al. (2014) found a brand's credibility to be influential in green brand perceptions. Sound green branding increases consumer trust and creates brand loyalty (TerraChoice 2007). According to Chatterjee (2009), brand managers need to discern the perceived value of the green brand extension and conceive and maintain an appropriate marketing strategy for maximum brand equity.

The credibility of a company's environmental values is influenced by whether the new green branding-based knowledge fits into the existing consumer schema of the apparel brand. For example H&M's recent marketing campaign highlights the brand's sustainable apparel collection called "Conscious." This H&M collection of "green" apparel products is built on several environmental consumer commitments, from textile sourcing to factory working conditions. Fernandez (2013) notes that albeit well-intentioned, the Conscious collection is inherently paradoxical when compared with H&M global distribution practices of fast fashion. Fast fashion offers consumers products at lower prices and quality where the idea is to encourage frequent purchases while offering consumer gratification with relatively disposable

products. These types of brand associative incongruities can become problematic with green-branding credibility, which may ultimately lead to misalliances between consumer schema of brand and green-branding efforts. We propose that a more effective brand's green strategy should be implemented where consumers' perceive a company's environmental values to be authentic.

Proposition 3 Consumers respond more positively to green brands with authentic environmental values and credible environmental business strategies which influence perceptions of fit between the green brand strategy and brand schema.

Effective communication of brand attributes is important to the successful positioning of distinctive and competitive green brands (Hartmann et al. 2005). Aaker and Joachimsthaler (2000) note the importance of actively communicating a brand's identity and value proposition to customers. Although the importance of communicating green brand attributes is noted (Pickett et al. 1995), relying on a brand strategy that solely depends on its functional attributes is limiting. Most of past research literature relates to the influence of cognitive and rational factors (e.g., environmental concern, environmental knowledge) that lead to positive consumer response to green strategies (e.g., Hyllegard et al. 2012; Kim et al. 1997; Kim et al. 2012; Lee et al. 2012).

According to Keller (2013), effective branding goes beyond communicating performance and rational benefits but also emotional benefits. Indeed, as some studies show a weak connection between cognitive factors such environmental concern and environmental knowledge with purchase behavior (e.g., Fransson and Gärling 1999; Hiller Connell and Kozar 2013), several scholars (e.g., Coddington 1993; Hartmann et al. 2005) have recommended a need to incorporate emotional appeals as a means to build an affective relationship with consumers. In a study of green positional strategies, Hartmann et al. (2005) found that advertisements that combined both functional attributes and emotional benefits achieved a stronger brand attitude. Also, an experimental study by Matthes et al. (2014) found emotional and the functional and emotional mixed-type ads significantly affected brand attitude whereas functional ads only impact brand attitudes when consumers' green involvement was high.

For fashion products, there is a fine line between using cognitive elaboration versus emotional involvement in consumer decision making. Decisions related to fashion products are associated with individual preferences for and social acceptance of design and style as well as evaluation of fit, quality, and value. Although almost all brands can be identified and described by customers' emotional response, emotions can be used to describe consumption behavior of many fashion brands in particular. Green fashion brands may better be able to incorporate their green brand attributes and emotionally appeal to a customer base that is accustomed to identifying brands in an affective way. For example, fashion designer Stella McCartney's website offers not only informative details of her green product line but also evidence of sustainability as part of the brand's values and mission. The brand website offers a strong commitment to sustainability in its products, product development, and co-branding opportunities with Adidas. The outdoor apparel brand

Nau (<http://www.nau.com/>) positions its brand as embodying style, performance, and sustainability and is branded as an environmental lifestyle company. Similar to Stella McCartney, Nau's website also presents a strong commitment to environmental sustainability with an informative website that details sustainability as being part of the company's genetic make-up. Nau's website offers the brand's perspective on sustainable fashion as being intertwined with decisions related to design and development. Whereas Stella McCartney is represented as an eco-chic contemporary upscale fashion brand, Nau exudes a Zen-like presence of simplicity and calm.

We propose that consumers are able to better modify their brand schema with persuasive communication that leverage both the functional and emotional appeal of green brands. As functional appeals may be better evaluated by consumers with higher levels of environmental awareness, emotional appeals are necessary to achieve a strong brand attitude among the general consumer group. Consumers are accustomed to developing fashion brand images based on communication strategies that incorporate various dramatic and fantastic imagery and emotions. As such, green brand communication strategies that emotionally appeal to consumers and build affective relationships should be impactful.

Proposition 4 Consumers are able to modify their brand schema when supported by marketing communications strategies that incorporate both functional and emotional appeal of green fashion brands.

2.5 Leveraging the Relationship Between the Consumer and the Brand

Branding is a means employed by brands to distinguish their products from competitors through the creation of awareness and reputation (Keller 2013). Keller (2013) states, "These differences may be rational and tangible-related to product performance of the brand-or more symbolic, emotional, and intangible-related to what the brand represents" (p. 3). In the case of brand extensions where established parent brand names are used to introduce new products, many studies have noted the influential role of parent brands on consumer attitudes toward the new brand extension (e.g., Czellar 2003; Pina et al. 2013; Völckner and Sattler 2006). The perceived fit between the parent brand and extension as well as consumers' impressions of the parent brand is influential in the success of the new brand (Pina et al. 2013; Völckner and Sattler 2006). The success of any green-branding strategy is important so as not to negatively impact the parent brand (Chatterjee 2009). Given the growing offering of green brands, many of which may hold negative perceptions with regard to authenticity, quality, and price competitiveness, parent brand equity will play a bigger role in how consumers evaluate green brands. Current customers are more likely to consider and favor brands with which they are familiar.

The subtyping model suggests that consumers process new information that does not fit into their current schema in a compartmentalized way. For example, if a

new brand strategy does not share similarities with the brand, consumers will store information concerning the new brand attribute in a separate cognitive category which limits the negative impact of atypical information. In their study of green brand extensions, Kim and Ma (2014) found that consumers who strongly identify with the parent brand showed intentions to purchase green brand extensions even though they did not develop positive attitudes toward the green brand extension itself. As such, in situations where customers are loyal to the brand regardless of whether a new green brand strategy does not necessarily relate to the current brand or appeal to the customer base, we propose consumers will respond positively to the new green brand extensions.

Proposition 5 Positive response to a new green brand extension may occur based on the strength of consumers' schema of the parent brand and their ability to compartmentalize the new green information separately from the parent brand.

2.6 Summary and Industry Implications for Green Branding

In order to maintain a strong brand, companies should do the "right thing" by embracing corporate social responsibility and taking a long-term vision on managing the brand (Keller 2013). Like many other industries, various aspects of product development, production, and consumption can be improved for fashion products to be environmentally sustainable. Along with the increasing awareness among consumers to be green, many fashion brands have implemented strong and wide-ranging strategies to be environmentally sustainable. Some strategic efforts have been in direct response to consumer demand for accountability whereas other efforts have been part of prioritized corporate values and mission to be environmentally sustainable. Despite the increasing participation in environmental sustainability by both consumers and brands, whether and how environmentally sustainable branding receives favorable response by consumers is still unclear. Using the schema theory as the theoretical framework, we proposed factors that facilitate consumers processing of green-branding information to modify or fit into their brand schemas. Successful green-branding programs have a good understanding of how consumers think and feel about environmental sustainability and the brand. Leveraging the strength of the relationships among environmental sustainability, consumer, and brand offers ways in which green branding can be incorporated within a company's branding strategy.

The literature shows overwhelming evidence that consumers with environmentally sustainable values strongly respond to green brands and products. Certainly, we are living in a big wave of environmental movement as profit, nonprofit, and government organizations are supporting and implementing environmentally sustainable programs. As a growing number of the general population embrace the issues surrounding environmental sustainability, green-branding strategies is a more favored part of consumer decision making. How a fashion brand presents itself as a green brand influences consumer motivation to accept the green-branding strategy. Fashion

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