Edited by
Laura Rienda · Lorena Ruiz-Fernández · Lindsey Drylie Carey · Irene García-Medina

Firms in the Fashion Industry

Sustainability, Luxury and Communication in an International Context

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Preface

The fashion industry is unique. An industry that is at the top of the world economic rankings needs not only to be maintained, but also to grow. Times of crisis generate insecurity, but they also pose challenges and invite reflection on new models of production and consumption. Today, the opinion of an audience sensitive to social conflicts (sustainability, diversity) matters more than ever. Among the multiplicity of customer profiles and consumption models, there is a community of fans and followers, mostly linked to generation Y (Millennials) and generation Z (post Millennials), who companies need to listen to.

Firms and consumers are constantly evolving due to the fast and constantly evolving environment. In fact, the impact of the 2019 global pandemic crisis have revealed the limitations of prevalent systems to absorb shocks or to adapt to volatile contexts while highlighting the inherent inter-dependence of the global fashion industry. In addition, the inability to fast respond to unfolding disasters due to a lack of coherent governance forms an undeniable threat for the economy and global development, as the consequences of resource scarcity, biodiversity loss and climate change await our near future. This crisis is a powerful wake-up call to industry leaders and governments to look beyond short-term measures and to transform current market mechanisms and business models.

Given the global nature of the industry, coordinated action is essential for overcoming the current crisis. Thus, it is crucial to carry out a comprehensible analysis of the keys to create a more resilient industry. This includes an overall strategic approach that promotes sustainability along the value chain and facilitates the emergence of new business models and a transition to a more circular economy. In this sense, luxury firms have played a relevant role for some time. Furthermore, the role of communication and social media need to be deeply reviewed in order to get by and adapt the companies' strategies to the ongoing situation.

There is no question that the fashion industry is facing one of the greatest transformations in its recent history. Therefore, this moment presents an opportunity to emerge as a resilient industry that is future proof for crises to come. We hope that this book which presents debate, analysis and conclusions can help to face the crisis in the best possible way thanks to the contributions of professional and academic fashion and business experts.

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Alicante, Spain — Lorena Ruiz-Fernández
Glasgow, UK — Lindsey Drylie Carey
Glasgow, UK — Irene García-Medina

Contents

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Paloma Díaz-Soloaga is Professor of Intangibles, Brand and Fashion at the Complutense University of Madrid. Visiting professor at Harvard University, the FIT of New York, the University of Illinois at Urbana Champaign, Glasgow Caledonian University and the University of California at San Diego. She worked for five years in the Telva magazine. Director of the Degree in Communication and Fashion Management at Villanueva University (2006 to 2016). Director of the Communication and Fashion Area of the ISEM Fashion Business School of the University of Navarra (2007-2010) and academic coordinator of Condé Nast College (2016-2019). Author of "Introduction to Organizational Culture" Ed. Síntesis (2019) "Communication and Fashion Brand Management" Gustavo Gili, 2014 and "How to manage fashion brands: The importance of Communication" CIE Dossat, 2007, as well as more than 25 academic articles. Member of the Editorial Board of Fashion Marketing and Management and Communication Theory magazines, she is an expert in brand management and intangibles in Fashion.

Lindsey Drylie Carey is a Senior Lecturer with the department of Fashion, Marketing, Tourism and Events at Glasgow Caledonian University. Her research is based in the context of sustainability principally within the areas of marketing, branding and communication. She is currently the Principle Investigator for an Erasmus + funded (KA203) Strategic Partnership with 4 other European Academic Institutions in Spain, France and Portugal as well as 2 industry partners, Tendam Global Fashion Retail Group in Spain and Harris Tweed Hebrides in

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Irene García-Medina is a Lecturer in Marketing at the Glasgow Caledonian University (UK), module leader of Strategic Brand Management and Digital Fashion Branding. Module tutor of Principles of Marketing and Digital Business and Marketing. Her research interests are: digital marketing, digital communication, social media. Bachelor of Communication Sciences (Complutense University of Madrid, Spain) and Ph.D. in Marketing (University of Sophia—Antipolis, France) and International Relations (University of Vienna, Austria). Moreover, she has worked as Marketing Director of the French company VTDIM, as Consultant for the Portuguese Chamber of Commerce, as Head of Communication and Promotion of CORDIS (European Commission, DGXIII, Luxembourg). She has given lectures, seminars and workshops in the field of marketing and advertising in several countries and has published numerous articles and books.

Mark Hogarth is Creative Director at Harris Tweed Hebrides where he has been part of the world-renowned textile manufacturer for twelve years. Mark sits on the Advisory Council of the Campaign for Wool and is a member of the International Advisory Group at Glasgow Caledonian University. He holds a keen interest in advancing Harris Tweed®, wool and other natural fibers in the fashion industry and developing pioneering ways to progress a more conscious consumption in the fashion and textiles industry.

Tim Jackson is a London-based academic, writer, speaker and consultant specializing in luxury and fashion. He is the Director of British School of Fashion at the London-based campus of Glasgow Caledonian University and also leads its MBA in Luxury Brand Management. Previously Tim worked as a Principal Lecturer for London College of Fashion and the European Business School in Regent's University where he developed and led many specialist industry facing and postgraduate courses. As a writer Tim has published three fashion books, and contributed chapters and case-studies to many others. Over the last 15 years he has also written about luxury and creativity in other media including articles for academic journals, CEO interviews and luxury business reports for Stylus, WGSN, Walpole, Net Jets client magazine and Positive Luxury. Tim has reported extensively on the 38 annual global luxury conferences hosted by the Financial Times, IHT/New York Times and Condé Nast since 2001. His writing in this period has reflected the global journey that luxury has made and provided a unique set of insights into the strategic decision making within the industry.

Gloria Jiménez-Marín is Senior Lecturer in Audiovisual Communication and Advertising Department in Faculty of Communication in University of Seville (Spain). Ph.D. in Communication, she has a Degree in Journalism and a Degree in Advertising and Public Relations from the University of Seville. She collaborates at the Universitat Oberta de Catalunya and has been a lecturer at the University of Cadiz (SP), at the University of Huelva (SP) and at the University of Wales (UK). She has also been a guest lecturer at the University of California Berkeley (USA), at the Universitat Pompeu Fabra (SP) and at the Glasgow Caledonian University (UK). She is the editor of the international scientific journal IROCAMM—*International Review of Communication and Marketing Mix* and a member of the Spanish Advertising Academy. Likewise, she is director of the International Research of Advertising, Communication and Marketing Mix group. From a professional point of view, she has worked in several media (radio and press), in advertising agencies and in communication departments of various companies.

Margaret Ann Macleod is the Sales Director for Harris Tweed Hebrides and has over 20-year experience working in textile manufacturing, retail, rural economic development and community sustainability. As a proud Hebridean and a native Gaelic speaker, she has spent her life surrounded by the Harris Tweed® industry which forms the backbone of the fragile island economy in the Outer Hebrides of Scotland. She is now part of the team at Harris Tweed Hebrides leading the next exciting stage in the lifecycle of Scotland's most famous handwoven woolen textile. Her interests include developing sustainable manufacturing practices, luxury branding, wool and woolen manufacturing, and developing traditional textile skills to support rural communities.

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Francisco Puig is a Senior Lecturer in the Department of Management of the University of Valencia (Spain). He completed his Ph.D. in Economics and Business (with honors). He has been an international visiting lecturer in many universities as King College's London or Manchester Business School. He specializes in International Strategy and Clustering and has published articles in leading journals as well as co-authored books and chapters in collective volumes. He coordinates the GESTOR research group.

Laura Rienda is a Professor in the Department of Management at the University of Alicante (Spain) and her research interest is related to family businesses, international strategy, fashion industry and emerging markets. Bachelor of Economics and Ph.D. in Management (University of Alicante, Spain). She has taken part in several public and private projects. She is the author of several books, book chapters and articles related to strategy and international management. Nowadays, she is part of the management team of the Department of Management. She published in different journals such as *Family Business Review*, *Asia Pacific Journal of Management*, *Management Decision*, *Journal of Fashion Marketing and Management* and *Current Issues in Tourism*, among others.

Lorena Ruiz-Fernández is a Lecturer in the Department of Management at the University of Alicante (Spain). She has a Ph.D. in Business, Economics and Society from the University of Alicante and has focused her research on the area of Strategic Management. In order to obtain the mention of international doctor, she has completed a four-month research stay at the Glasgow Caledonian University (GCU). In her career as a researcher, she has published articles in scientific journals such as *International Journal of Emerging Markets*, *Sustainability*, *Journal of Fashion Marketing and Management*, among other indexed in the WoS database.

Pedro Seva-Larrosa is a Lecturer of Management at the University of Alicante (Spain). His research interests are focused on the fields of

Strategic Management, Business Location and Regional Science. As a researcher he is very interested in the agglomeration of companies, especially in the food and beverage industry, although his research also addresses other economic activities. He is co-author of some book chapters and has published several papers in leading journals as *Business Ethics*, *Papers in Regional Science*, *International Journal of Emerging Markets*, *Journal of Regional Research*, *Competitiveness Review*, among other. Currently, he is part of the DECI-GLOBAL research group and participates in the European Project "The Next Tourism Generation Alliance".

Francesco Verdone is a researcher in the Research Group GESTOR (Business Geo-strategy) at the University of Valencia. He owns a Bachelor's degree in Human Resource at the Faculty of the Education Sciences of the University of Rome, and a Master's degree in Human Resource Management at the Faculty of Social Sciences of the University of Valencia. He counts with experience in digital companies. He has participated in conferences and projects related to Innovation and Industrial Clusters.

Rt Hon Brian Wilson is chairman of Harris Tweed Hebrides and a former UK Trade Minister. He served as a Labour MP for 18 years and now lives on the Isle of Lewis. In 2012, he was named UK Global Director of the Year by the Institute of Directors for his role in the Harris Tweed® industry's revival. He was made a CBE in 2019 for services to business and charity in Scotland.

List of Figures

List of Tables

1

Introduction to the Individual Chapters

Laura Rienda, Lorena Ruiz-Fernández, Lindsey Drylie Carey, and Irene García-Medina

The book *Firms in the Fashion Industry* provides a comprehensive view of these firms in an international context considering crucial aspects such as sustainability, luxury and communication. Over the course of nine chapters, the book collects real stories from companies in the sector, attempts to describe the main differences between fashion companies in

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different countries, highlights the role of sustainability and communication and/or offers a critical view of luxury brands from the consumer's perspective.

After the introduction, the second chapter deals with the creative industries, focusing on fashion design activities. Thus, from an empirical point of view, the authors attempt to analyse the location of companies in the sector in Spain and the United Kingdom. Different patterns of behaviour are found in both cases. This kind of work helps to understand the extent of employment by the creative industries, the proliferation of creative companies within a particular geographical context and what value the output of these companies represents to the economy. An interesting issue since it provides new knowledge about the factors that attract creative companies and their capacity to boost innovation in their environment.

The third chapter focuses on the global luxury industry. The author emphasizes the importance of recognizing the different academic and industry perspectives of luxury. The study of luxury as a business and commercial concern has grown significantly in the last ten years as new programmes, books and academic publications have appeared. The author indicates that the problems of fashion are well documented but essentially fall under the umbrella of the over production and consumption based on systematic and structured 'seasonal' change. It is difficult to see how mass volume fashion, designed to be bought and replaced in a matter of weeks, can continue as a socially responsible business concept. In this context, luxury has huge potential to lead in the areas of social responsibility, inclusion and sustainability in part due to the powerful influence of the brands but also because of a seemingly natural position in a resurgent buy better, buy less philosophy.

In the fourth chapter, the directors of the company Harris Tweed present the story of this firm which focuses on communicating heritage, quality and sustainability. From an unfashionable monolithic cloth to a luxury fashion fabric, Harris Tweed Hebrides have transformed the image of Harris Tweed through a focus on the integral characteristics of the fabric and the unique culture that surrounds it. In an age when sustainability is gaining the recognition it deserves, the unchanging characteristics of Harris Tweed are more valuable than ever. This chapter relates the indirect benefits of Harris Tweed to the Hebridean way of life. This chapter brings in wider Hebridean culture and relatable anecdotes concerned with the meeting of environment and brand such as New Balance and The Gugas, Luskentyre & Nike. Harris Tweed goes beyond what its slogan "*more than just a fabric*" suggests to what is an undeniably a representation of a truly inspirational circular economy.

The motivation of the next chapter is to provide a comparison between Spanish and British fashion companies with an emphasis on small- and medium-sized companies (SME's). The current dynamic environment in the fashion industry is a major challenge for the companies which fall under this characterisation. From an international perspective, the authors have considered interesting to focus the study on two of the European countries where the fashion sector is particularly relevant. They describe and quantitatively compare the image and positioning of SMEs in the United Kingdom and Spain. To achieve this objective, they have analysed the investments that these SMEs make in a trademark and their presence in social media (webpage and social networks). In general, the results indicate that the behaviour of the companies in these two countries is similar, although they also detailed some significant nuances between them.

Is sustainability compatible with luxury in the true sense of the word? This sixth chapter offers a critical view on the dichotomy of sustainability and luxury brands from a consumer perspective. This is very topical for the era that will follow the COVID-19 pandemic as luxury brands will have to re-ignite the consumer passion for their brand and sustainability may be at the centre of the issue. For long, the luxury sector faced criticisms, regarding its impact on the environment and society: contribution to the pollution of water and air, waste, endangered animals, social diversity, are among the challenges that the luxury sector had to face. The authors of this chapter discuss the luxury consumers motivations and the commitment from luxury brands to match the expectations of the younger generations.

For the authors of the Chapter 7, there is an urgent need to reinvent fashion. An industry that is at the top of the world economic rankings needs not only to be maintained, but also to grow. Times of crisis generate insecurity, but they also pose challenges and invite reflection on new models of production and consumption. In the fashion and luxury sector, we are witnessing a period of change in which social networks play a leading role given their capacity to connect brands and consumers. Today, the opinion of an audience sensitive to social conflicts (sustainability, diversity) matters more than ever. The new trend of brands encourages sustainable marketing, in line with a more ethical and selective consumer. Eco-fashion processes together with the fast fashion system coexists. In this chapter the authors emphasized the ecology as a sign of brand identity, the design of new digital content and the use of social networks as interactive platforms that implement a direct and necessary link with the consumer.

The following chapter deals with the impact of the pandemic on that sector. In the spring of 2020, the world was shaken by an unprecedented phenomenon: the COVID-19 crisis which forced millions of people from the five continents to remain confined to their homes. The quarantine limited movements to workplaces, schools, commercial establishments, health centres, government institutions, among others. The fashion industry was particularly hard hit for many and varied reasons. Despite the unknowns surrounding the process of recovering from this serious situation, this chapter tries to do answer to the next questions: How will the fashion industry change after the coronavirus? In what structural aspects will it be affected? Can sustainability be one of the features that define the new scenario of this industry? More precisely, the author describes the fundamental role of communication in the construction of a reliable discourse of sustainable fashion, as a real compromise not only with the environment but also and primarily with the human beings involved in the process of creation and manufacturing of fashion.

Finally, Chapter 9 covers a specific and practical application of the textile-clothing response due to the crisis derived from the COVID-19 pandemic. In this chapter, we can observe how particularly companies within this sector have reinvented during and since the pandemic through innovation strategies. Within the fashion sector, the textile-clothing element includes a large number of companies and is one of the most important activities in Spain. Faced with this turbulent environment, companies have had to innovate and develop new skills in order to survive. With this case, the authors show the resilience of companies in the textile sector, considering the current situation not as a threat but as an opportunity. An epilogue closes the book which presents the editors' reflections related to the effect the COVID-19 pandemic has already had and may have in the future on the fashion luxury sector and the role if sustainability within that.

2

Fashion Design Companies. An Overview of Spanish and British Firms

Pedro Seva-Larrosa, Bartolomé Marco-Lajara, Lorena Ruiz-Fernández, and Rosario Andreu

Where are the creative industries located, and what does it mean for fashion design companies? Answering this question is fundamental to understanding the location patterns of one of the subsectors within the fashion industry considered as creative. However, what is really interesting and can provide us with a first insight into these ventures, is why companies in these industries are located in certain locations and not in others, as well as the factors that influence the choice of location.

It is an easily verifiable fact that economic activity is geographically unevenly distributed. Hence, economists, geographers and other social scientists have long been concerned with the economic geography of firms and industries (Florida, 2002). Agglomeration is recognised as an important determinant of location choice, as it can generate positive externalities and increase productivity and performance (Chen, 2009).

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Agglomeration economies may differ between industries based on whether they are knowledge-intensive industries, the level of intangible assets and other aspects (Artis et al., 2012; Ehrl, 2013; Hafner, 2013; Hartog et al., 2012). In recent years, a subset of knowledge-intensive industries dependent on individual creativity and talent, known as creative industries, has received increasing attention (Wu, 2005). These industries are concentrated in certain areas and they are more concentrated than other sectors (Lazzeretti et al., 2009).

The objective of the study is to analyse the location of the creative industries in Spain and the United Kingdom, focusing the study on fashion design firms considered as creative. The work is structured as follows. After this brief introduction, the second section introduces the concept of creative industries and provides some information that shows its importance for the world economy. The third section distinguishes, from a theoretical perspective, localisation and urbanisation economies and how they favour the concentration of companies. In the next section we review some of the studies on the locational behaviour of the creative industries in the United Kingdom and Spain. Finally, in the last sections a comparative study of the concentration of fashion design activities in both countries is carried out and the main conclusions are offered.

The Creative Economy and Creative Industries

Since the beginning of the twenty-first century, creativity has burst into the economy with force as a result of the publication, by the Department of Culture Media and Sports (DCMS), of the "Creative Industries Mapping Document" (2001) and the book "The Rise of the Creative Class" by Richard Florida (2002). The publications propose two alternative approaches to the creative economy. The first is based on a sectoral approach, while Florida focuses on human capital as the main promoter of creativity. Florida's creative class is formed by people in science and engineering, architecture and design, arts and entertainment whose job is to create new ideas, new technology, and new creative content (Wu, 2005), as well as generate economic value through their creativity.

Creativity does not necessarily imply an economic activity, but it can be when the result of the creative process is an idea with economic implications or a product that can be commercialised (Howkins, 2007). There are several advantages attributed to the creative economy, not only its economic value, but also the role it plays in the production of new technologies and creative ideas and its non-monetary social benefits. According to Boix and Lazzeretti (2012), the creative economy is important for three reasons: (1) because of its importance in world GDP and global trade; (2) because creativity is the basis of innovation; and (3) because the creative economy proposes a more sustainable social and ecological model.

Activities directly based on creativity as input or output of the productive process generate more than 6% of the world's gross domestic product (Howkins, 2007) and 3.2% of global trade in goods and services (UNCTAD, 2010). In the context of the European Union, the creative industries are one of the most dynamic sectors, accounting for around 3.3% of European GDP and 6.7 million employees (European Commission, 2010). Furthermore, from a local development perspective, an important debate has emerged around the role of creativity and culture as determining factors for local economic development (Ginsburgh & Throsby, 2006; Power & Scott, 2004).

Regarding the United Kingdom and Spain, according to a study carried out by NESTA, the creative economy in the United Kingdom employed an average of 2.52 million workers in the period 2011–2013, representing 8.3% of the workforce. Likewise, in the period considered, employment in the United Kingdom creative economy (creative jobs both outside and within the creative industries) grew by 4.3% on average per year, three times more than the growth in all sectors (1.2%). In Spain, 22% of the employed population is part of the so-called creative class and 5.7% of Spanish production originates from the creative industries (Boix & Lazzeretti, 2012). The importance that these types of industries have acquired in recent years is not only observable in the countries studied in this work (Spain and the United Kingdom) but also in other countries.

Several attempts have been made to define the creative industries. One of the most prominent in the literature is that offered by the United Kingdom Department of Culture Media and Sports (DCMS), which defines creative industries as “those which are driven by individual creativity, skills and talent, and that have the potential for the creation of wealth and jobs through the generation and exploitation of intellectual property” (Creative Industries Mapping Document, 2001). Davies and Sigthorsson (2013) consider that the creative industries represent a metaphor, which implies that creative production has been industrialised, has been established in structures similar to factories and is managed under the same principles as the manufacture of any other mass market product.

In the DCMS study mentioned above, a list of activities considered within the creative industries was drawn up, including advertising, architecture, arts and antiques markets, crafts, design, fashion design, film, interactive leisure software, music, television and radio. The existence of this and other classifications has certain advantages, such as homogenised research results, which facilitate their comparison. However, the truth is that there is no consensus on their application between countries (Council, 2010).

On the other hand, the consideration of certain activities and not others can lead to the exclusion of certain companies with a high level of creativity in their processes and/or products. Indeed, a priori, any industry could be considered as creative, since creativity is present in all productive sectors of an economy to a greater or lesser extent (Aguiar Losada, 2014). In fact, the NESTA study suggests that there are more creative jobs outside the creative industries in the United Kingdom than within them (866,000 jobs within the creative industries versus 876,000 jobs in creative occupations outside) (Bakhshi et al., 2015).

One question that consequently arises is whether we can really talk about creative industries as such or should we talk about creative businesses. In other words, there are creative companies in sectors/industries that are not considered creative. Similarly, not all companies within an industry considered as creative necessarily have to be creative. In short, creativity depends on people (Florida, 2002) and on the particular business context of relationships generated within the company between all the people who make up the company. Therefore, from our point of view, the unit of analysis in terms of the degree of creativity should refer to the company rather than to the industry. This does not mean that this classification (creative vs. non-creative industries) is not valid, but rather it is generalist. Therefore, applying one or the other classification to the same field of study can produce great differences.

Once the object of analysis has been framed, i.e. the creative industries, we proceed to define and classify agglomeration economies, as there is empirical evidence about the geographical concentration of the companies in these industries and the role that agglomeration economies play in localisation processes.

Agglomeration Economies

Agglomeration generally refers to a geographical concentration of economic activity (McCann et al., 2016). One of the main ideas in research on agglomeration is that the concentration of economic activity generates different types of externalities (Anselin et al., 1997; Audretsch, 2003), with agglomeration economies being the most prominent in the literature. Alcácer and Chung (2014) define agglomeration economies as the positive effects derived from the geographical co-location of firms. These economies provide firms with cost advantages or differentiation due to the spatial concentration of productive resources and agents (population, firms, institutions and other collective agents) (Lazzeretti et al., 2009).

The literature on agglomeration economies assumes that the benefits a firm can obtain by being located close to others increase with the number of firms in the same location (Appold, 1995; Knoben et al., 2008). In other words, firms could benefit from having more local competitors (Porter, 2000) as this would put pressure on them to move towards greater efficiency and innovative capacity. These binding forces of economic activity lead firms to concentrate in certain areas in order to take advantage of these benefits.

Sometimes companies are located in agglomerations or clusters looking for specialised environments, that is, a set of companies from the same sector or industry that provide knowledge, ideas, raw materials and/or intermediate products, as well as a set of specialised workers.

However, in other cases, what they are looking for are diversified environments, in which they can have access to a wide market of clients and cross-sector knowledge and ideas (which encourages the transfer of knowledge from one sector to another). Consequently, it is useful to differentiate between localisation economies (Hoover, 1937; Marshall, 1920) and urbanisation economies (Jacobs, 1961, 1969).

When an agglomeration is formed by companies from the same and related industrial sectors, the advantages of agglomeration are known as localisation economies (or Marshall type); on the contrary, if an agglomeration is formed by a large number of companies from different sectors or industries, then they are known as urbanisation economies (or Jacob type). In this regard, it should be noted that the two types of economies (localisation and urbanisation) are not mutually exclusive but rather complementary (Cooke & Lazzeretti, 2008), since specialisation is a particular characteristic of a given industry within a local system, while diversity is a characteristic of an entire area (Beaudry & Schiffauerova, 2009).

Localisation economies capture the advantages derived from the spatial concentration of companies in the same sector of activity. Traditionally, three external economies have been recognised as resulting from the location of firms in the same industry (Shaver & Flyer, 2000): the dissemination of knowledge among competing firms (knowledge spillovers), the emergence of a pool of specialised labour and the proximity of specialised input providers. These economies are external to firms, but internal to all firms in the agglomeration, industrial district or cluster, according to several authors.

Coexistence of companies belonging to the same industry in an area facilitates the emergence of a larger and more flexible market for skilled workers, where search costs are lower for both employers and employees. The intense exchange of workers, together with the formal and informal relations that the proximity of companies makes possible, facilitates the exchange of information and the dissemination of knowledge. Geographical concentration maintains an appropriate background not only to encourage fruitful encounters between companies, but also between their employees, since when people with common professional interests coincide in the same physical space, social and professional networks arise which serve to share information (Marquis, 2003; Stuart & Sorenson, 2003). Finally, the concentration of companies in the same sector favours the location of specialised suppliers in the nearby environment, which increases the availability of intermediate inputs and reduces costs. This set of factors can generate agglomeration economies which will enable firms to develop competitive advantages (Alcácer & Chung, 2014) over firms located outside the cluster.

It is also argued that proximity multiplies contacts and reduces transaction costs arising from exchange between companies. However, it is not only physical proximity that influences the reduction of such costs, but also social proximity, i.e. when the people involved share some kind of experience linked to the place. Therefore, in these environments the risk of opportunistic behaviour is reduced because reputation and trust can play an essential role in the agreements between agents (Diez-Vial & Alvarez-Suescun, 2010; Wood & Parr, 2005). Thus, creative industries will be attracted by localisation economies when their localisation decisions depend more on factors such as a pool of highly specialised workers, specialised input providers and access to knowledge from their own sector.

Urbanisation economies were originally linked to the concentration of industry in general (Ohlin, 1933), so the relative size of the agglomeration in terms of the level of urbanisation (Jacobs, 1969) would be determined by the concentration in one area or region of firms carrying out various economic activities or, in other words, coming from different sectors of activity. Thus, they are characterised by productive diversity, a varied labour market and the wide range of specialised services available. Furthermore, in this type of environment there is a strong provision of infrastructures, a diversity of suppliers, high demand and agents who act as intermediaries and who promote business activity and the frequency of interaction between companies.

The process by which companies obtain knowledge has become a key factor in their success (Weber & Weber, 2007). In this sense, the most interesting thing in this type of environment is that there is a plurality of technological and commercial realities, with the different types of knowledge that this entails, whose exchange, complementarity and combination can be a boost to innovation (Frenken et al., 2007).

These cross-sectoral knowledge flows can be exploited by companies so that innovations in one industry are incorporated into the production of another (Combes, 2000). Therefore, urbanisation economies can boost the concentration of creative industries if they are attracted by the diversity of people and activities, a large market of consumers and the possibility of incorporating knowledge from other industries.

Geographical Agglomeration of the Creative Industries in Spain and the United Kingdom

In this section we offer a general overview of the location of the creative industries both in Spain and in the United Kingdom, paying special attention to the phenomenon of business concentration in the form of clusters. To this end, we review some studies that have provided evidence of this in the two countries.

Creative industries, like other types of industries, are not homogeneously distributed throughout the territory, but are concentrated (Cooke & Lazzeretti, 2008; Scott, 2005) and generally around cities (Lazzeretti et al., 2009; Maskell & Lorenzen, 2004; Schoales, 2006). These cities are mainly those recognised for their strong presence of financial capital, investment and power, or for having a significant historical legacy of cultural and social mix (Creative Economy Report Special Edition, 2013). And in these cities, creative companies find favourable ecosystems to develop their business activity. According to Lazzeretti et al. (2009), there are five approaches in the theoretical literature that explain why creative firms are located in clusters: (1) historical and cultural heritages and proximity to political power; (2) agglomeration economies; (3) related variety; (4) concentration of human capital; and (5) the creative class proposed by Florida.

The creative industries tend to create clusters in large cities and regions that offer a variety of economic opportunities, a stimulating environment and facilities for different lifestyles (Wu, 2005), making urban centres the central organisational unit of these industries (Florida, 2002). For example, Gertler et al. (2002) show how in North America, cities with high levels of the creative classes tend to be open, tolerant and diverse places, with high levels of recreational and cultural opportunities.

Furthermore, from the perspective of the new knowledge economy, the costs or influence that governments exert through low costs (lower taxes) and access to natural resources become less important (Wu, 2005). In fact, it has been argued that these companies are increasingly located in urban centres due to the attractiveness of these places for the personnel (talent) they employ and the need to take advantage of the range of different skills offered by cities and technological developments (Florida, 2012). Under this perspective, it is talent which guides the location decisions of companies and supports the formation and evolution of industrial clusters; a point which also reflects the fact that the distribution of human capital is highly biased (Florida, 2002).

A study carried out by Boix and Lazzeretti (2012) in relation to the geography of the creative industries in four European countries (France, the United Kingdom, Italy and Spain) reveals different national profiles regarding the type of creativity and its spatial distribution, despite the fact that the main creative centres emerge around the main cities such as London, Paris, Madrid, Milan, Barcelona and Rome. Furthermore, they highlight that employment in the creative industries is more concentrated than in other sectors. This may be due, among other reasons, to the fact that they share many of the same characteristics, ideas, skills and talents (Davies & Sigthorsson, 2013). Another study into location strategies in the Italian fashion industry shows that fashion firms are established in high-cost countries because they are considered attractive in terms of access to skills, widespread knowledge and the favourable perception of "made in" products (Lica et al., 2021).

The creative industries in the United Kingdom are concentrated in a few areas of the country. However, 15 of the 20 areas with the highest level of creative industry agglomeration are located in London and the South East of England. In fact, 43% of creative economy employment in the United Kingdom is concentrated in these two areas (Bakhshi et al., 2015). Similarly, Chapain et al. (2010) show how London is the heart of the creative industries in the United Kingdom, dominant in almost all creative sectors and particularly in the more creative activities within the value chain of each of them. This highlights London's status as a truly global city competing for creativity on the world stage (Clifton, 2008). This paper also highlights nine other creative clusters in the UK: Bath, Brighton, Bristol, Cambridge, Guildford, Edinburgh, Manchester, Oxford and Wycombe-Slough.

London has a significant effect on the proportion of employees in the United Kingdom creative economy (the creative economy employs 15.5% of London's workforce), as does Manchester, although the latter is less important (Bakhshi et al., 2015). Some research suggests that London's prominence is probably explained by the strong agglomeration effects associated with size and diversity. Clifton (2008) finds no correlation between the agglomeration of the "creative class" in United Kingdom cities and their population density, suggesting that concentration in this case would be explained mostly by agglomeration economies rather than by the city size effect.

The creative economy in Spain is heavily concentrated in a few areas (mainly Madrid and Barcelona), with a higher degree of concentration than in the United Kingdom. In one of the first studies about the agglomeration of the creative industries in Spain, Lazzeretti et al. (2009) conclude that the agglomeration economies analysed (localisation and urbanisation economies) explain the concentration of companies in this type of industry. However, in the Spanish case, urbanisation economies have greater explanatory capacity than location economies for this type of industry.

Empirical Analysis

The empirical part of this work focuses on the study of the spatial distribution of fashion design activities in both Spain and the United Kingdom. This is an activity in the DCMS list of creative industries. More precisely, fashion design is understood as product design, graphic design or fashion design.

According to the 2014 DCMS study, employment in specialist design activities in the United Kingdom increased by 16.2% between 2011 and 2012, the highest increase of any creative sector. Despite the fact that in recent years there has been a notable increase in research attempting to analyse the geographical distribution of the creative industries and the formation of clusters, there are still few studies carried out in the fashion design sector. As far as our research goes, in the case of Spain they are non-existent, perhaps because such activities are not included among those considered creative in Spain, although they are in the United Kingdom.

Fashion design activities in Spain are included, according to the National Classification of Economic Activities (CNAE), in section M, corresponding to “Professional, scientific and technical activities”, division 74 “Other professional, scientific and technical activities” and finally in group 741 “Specialised design activities”. In the United Kingdom, the Standard Industrial Classification (SIC) 2007 has a direct correspondence with the CNAE regarding these activities.

The data have been obtained from two different databases. In the case of Spanish companies, the SABI (Iberian Balance Sheet Analysis System) database has been used, while for United Kingdom companies, the data has been extracted from the FAME (Financial Analysis Make Easy) database. Both databases are commercialised by the company Bureau van Dijk.

The aim of the analysis is to find out how fashion design companies (products, graphics and fashion design) are distributed in Spain and the United Kingdom. Unlike other studies that use employment as a variable to measure the degree of agglomeration, in this study the number of companies has been used. This measurement variable also provides information on the degree of industry concentration, as well as the main differences in the number of firms between countries.

To achieve this objective, a comparative analysis has been carried out where, firstly, the fashion design companies operating in Spain and the United Kingdom have been identified. The results show that there is a large difference between the two countries in the number of companies dedicated to this activity. The United Kingdom had a total of 19,664 companies active in 2017, while in Spain this figure was just 2,023 companies (approximately 0.06% of the total number of companies in the country).

Secondly, we have analysed the location of these companies in the main cities of both Spain and the United Kingdom, in order to find their degree of agglomeration, as there are many previous works that affect this trend. Table 2.1 shows the distribution of fashion design companies in the 50 main cities of both economies and the percentage they represent in relation to the total number of companies in this industry. The selection criteria for the cities were their population, that is, the 50 cities of each country with the greatest number of inhabitants. The results show a high degree of agglomeration around the cities in both countries; however, this reality is more pronounced in the case of Spain. While in Spain 59.66% of companies (1,210) dedicated to design are located in the 50 main cities, in the United Kingdom this figure drops to 41.96% (8,248 companies).

Figure 2.1 shows that there are different patterns of agglomeration between the two countries. In Spain, the top four cities by number of firms in the industry (Madrid, Barcelona, Valencia and Zaragoza) bring together 38.26% of firms, while in the case of the United Kingdom the cities of London, Bristol, Manchester and Glasgow account for only 26.51%. This shows that the concentration of companies in the industry is greater in the case of Spain than in the United Kingdom. However, in the United Kingdom, the highest concentration is found around the city of London (22.3%), while in Spain it is mainly two cities which act as poles of attraction, Madrid (18.6%) and Barcelona (13.6%), which together account for 32.2% of all firms.

Another interesting aspect to analyse is the size of the companies that make up the sector, as this can provide us with information, for example, on the degree of atomisation or concentration of the industry. The presence of large companies in the industry is considerably low in both countries. In the United Kingdom there are a total of 34 specialist design companies (0.17% of the total) with more than 50 workers, but if this last figure rises to 100 employees, the number of companies falls to 16 (0.081%). A similar situation is observed in Spain, where we find 13 companies (0.64% of the total) with more than 50 employees and 5 (0.25%) with more than 100 employees.

Table 2.1 Distribution of companies of the fashion design industry in the main cities of Spain and the United Kingdom

United Kingdom				Spain			
Population ranking	City	Companies (No)	Companies (%)	Population ranking	City	Companies (No)	Companies (%)
1	London	4,381	22.29	1	Madrid	377	18.64
2	Birmingham	199	1.01	2	Barcelona	275	13.59
3	Glasgow	205	1.04	3	Valencia	71	3.51
4	Liverpool	98	0.50	4	Sevilla	30	1.48
5	Leeds	171	0.87	5	Zaragoza	51	2.52
6	Sheffield	181	0.92	6	Málaga	18	0.89
7	Edinburgh	167	0.85	7	Murcia	6	0.30
8	Bristol	325	1.65	8	Palma de Mallorca	27	1.33
9	Manchester	301	1.53	9	Las Palmas de G. C	20	0.99
10	Leicester	158	0.80	10	Bilbao	16	0.79
11	Coventry	115	0.59	11	Alicante	11	0.54
12	Kingston upon Hull	38	0.19	12	Córdoba	9	0.44
13	Bradford	36	0.18	13	Valladolid	19	0.94
14	Cardiff	98	0.50	14	Vigo	22	1.09
15	Belfast	47	0.24	15	Gijón	14	0.69
16	Stoke-on-Trent	0	0.00	16	Hospitalet de Llobregat	7	0.35
17	Wolverhampton	43	0.22	17	Vitoria-Gasteiz	9	0.44
18	Nottingham	155	0.79	18	A Coruña	21	1.04
19	Plymouth	31	0.16	19	Granada	10	0.49
20	Southampton	107	0.54	20	Elche	13	0.64

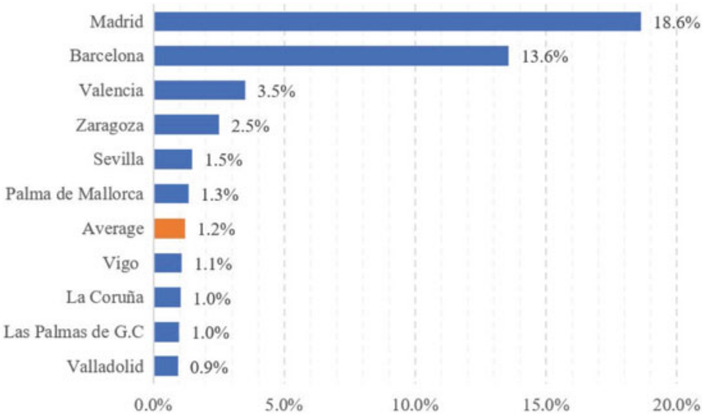
(continued)

Table 2.1 (continued)

United Kingdom				Spain			
Population ranking	City	Companies (No)	Companies (%)	Population ranking	City	Companies (No)	Companies (%)
21	Reading	136	0.69	21	Oviedo	9	0.44
22	Derby	57	0.29	22	Badalona	8	0.40
23	Dudley	9	0.05	23	Tarrasa	0	0.00
24	Newcastle upon Tyne	17	0.09	24	Cartagena	2	0.10
25	Northampton	104	0.53	25	Jerez de la Frontera	3	0.15
26	Portsmouth	38	0.19	26	Sabadell	15	0.74
27	Luton	47	0.24	27	Móstoles	4	0.20
28	Preston	63	0.32	28	Santa Cruz de Tenerife	11	0.54
29	Aberdeen	69	0.35	29	Pamplona	7	0.35
30	Milton Keynes	89	0.45	30	Alcalá de Henares	3	0.15
31	Sunderland	13	0.07	31	Almería	6	0.30
32	Norwich	86	0.44	32	Fuenlabrada	1	0.05
33	Walsall	14	0.07	33	Leganés	5	0.25
34	Swansea	19	0.10	34	Donostia-San Sebastián	11	0.54
35	Bournemouth	50	0.25	35	Getafe	5	0.25
36	Southend-on-Sea	21	0.11	36	Burgos	6	0.30
37	Swindon	56	0.28	37	Santander	7	0.35
38	Dundee	13	0.07	38	Albacete	8	0.40

United Kingdom				Spain			
Population ranking	City	Companies (No)	Companies (%)	Population ranking	City	Companies (No)	Companies (%)
39	Huddersfield	50	0.25	39	Castellón de la Plana	16	0.79
40	Poole	70	0.36	40	Alcorcón	9	0.44
41	Oxford	44	0.22	41	S. C La Laguna	2	0.10
42	Middlesbrough	38	0.19	42	Logroño	5	0.25
43	Blackpool	17	0.09	43	Badajoz	7	0.35
44	Bolton	54	0.27	44	Huelva	2	0.10
45	Ipswich	33	0.17	45	Salamanca	1	0.05
46	Telford	17	0.09	46	Marbella	13	0.64
47	York	68	0.35	47	Lleida	8	0.40
48	West Bromwich	3	0.02	48	Dos Hermanas	1	0.05
49	Peterborough	26	0.13	49	Tarragona	2	0.10
50	Stockport	71	0.36	50	Torrejón de Ardoz	7	0.35
Total		8,248	41.96	Total		1,210	59.81

Source Own elaboration



Distribution of UK companies of the fashion design industry in the 10 cities with the largest number of companies.

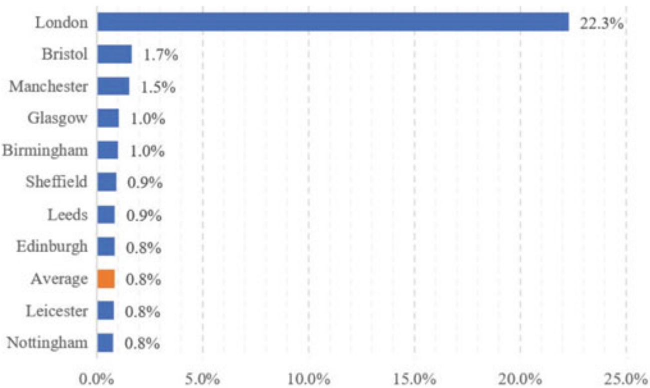


Fig. 2.1 **a** Distribution of Spanish companies of the fashion design industry in the 10 cities with the largest number of companies. **b** Distribution of UK companies of the fashion design industry in the 10 cities with the largest number of companies (*Source* Own elaboration)

Conclusions

The aim of this study has been to find out a first overview about the concentration of fashion design companies (products, graphics and fashion design) in Spain and the United Kingdom. To this end, a comparative analysis has been carried out between the two countries, taking into account the number of fashion design companies in the main cities according to their population.

The results of our analysis confirm those of previous research, by finding that the creative industries are highly concentrated, and the location patterns of these industries differ across countries (Lazzeretti et al., 2009). Fashion design firms are more concentrated in Spain than they are in the United Kingdom. This dissimilarity in the degree of agglomeration could be due to the differences in territorial, social and productive structures between the two countries. However, there is a high degree of concentration around the main cities: London has a greater capacity to attract creative businesses than other United Kingdom cities, as is the case in Spain with Madrid and Barcelona.

In turn, the high percentage of small- and medium-sized enterprises may be due, in addition to the structure of the Spanish and United Kingdom business networks themselves, both of which are characterised by a high number of small companies, to the fact that the creative industries are knowledge-intensive and dependent on individual creativity and talent (Wu, 2005). This leads to the formation of smaller organisational units, as the creative and innovative potential can in many cases be developed by one or few people.

Finally, in this study we have mainly focused on the composition of creative companies, focusing on fashion design companies, how they are distributed in the territory and the factors that motivate their location decisions. Future research could help to better understand how many people are employed by the creative industries, how many creative businesses there are or the value of the output of these businesses for the economy. The results obtained in this and other studies can improve policies to attract this type of activity to a given country, region or even city. It is expected that more studies will emerge in this line of research that will provide new knowledge about the factors that attract creative companies and their capacity to promote innovation in their environment. Location economies may create regional advantages in terms of growth, employment and labour productivity increases. Also, a strong creative industry can help cities, regions or countries to be seen as "creative" and this can be used to create or improve a particular brand image (Casadei & Lee, 2020).

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3

Sustainable Luxury: An Evolving Narrative

Tim Jackson

The industry in its various forms and across all categories is valued at approximately US$1.2 trillion according to Bain (D'Arpizio & Levato, 2018). Within this total is the Personal Luxury Goods (PLG) sector, which itself includes categories most closely associated with fashion, such as apparel, leather goods and watches and jewellery. The PLG value resides somewhere between €260 bn (D'Arpizio & Levato, 2018), although other sources put it as high as $310 bn. The wider industry can become conflated with PLG due to the high visibility of fashion in part arising from the media's interest in the cult of celebrity and coverage of the international Ready-to-Wear and Haute Couture fashion weeks. The wider luxury industry can therefore be vulnerable to criticisms specific to luxury fashion in part due to the association.

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Acknowledging the diversity and overlapping definitions, which scholars have produced, he attempts to pull out shared common elements which are core to all. These include made-to-last, indulgent experience, price exceeding intrinsic functional value, unique competence tied to heritage and culture, deliberately restricted distribution, personalisation including that of services and a social market that delivers benefits such as status (Kapferer, 2012). Continuing a review of academic perspectives Berthon et al. (2009) argue that luxury can be considered as three spheres; material, individual and social and their three associated dimensions; objective (material), subjective (individual) and collective (social). This leads to conceptualising luxury in three dimensions; functional, experiential and symbolic. In this case functional reflects materialism, experiential is subjective to the individual and symbolic refers to collective social values (Sjostrom et al., 2016). This suggests a continuum on which luxury is interpreted differently, a concept that fits within the democratisation of luxury, which has occurred since the end of the 1990s and in line with the growth of the global economy. Luxury has benefited from China's economic boom post-WTO membership and following the largely Western financial crisis from 2008. Kapferer and Valette-Florence (2019) makes the point that growth in luxury demand largely stems from new clients achieving significant purchasing power.

During this period the terms 'Massification of Luxury' and 'Masstige' have emerged to reflect a broader consumer base, purchasing items that were the end result of luxury brand extension strategies. Tynan et al. (2010) state that it's a matter of judgement by consumers as to where on a continuum that the ordinary ends and luxury starts. Ko et al. (2019) support this by arguing that whether or not a brand is considered to be luxury ultimately depends on consumers' evaluations of brands. Of course, those are influenced and manipulated by the strategies and tactics of luxury brand management. So we can conclude that consumers will incorporate sustainability and social responsibility as values pertinent to a luxury brand if the management choose to concentrate on these dimensions.

The extension of business into traditionally non-luxury consumer segments has produced a paradox for the luxury industry; namely how to achieve increased commercial returns while maintaining exclusivity?

It is a dichotomy that has been amplified through the purchase of family luxury brands by larger conglomerates, which have higher shareholder expectations of financial returns than the family brands' original management.

Brun and Castelli (2013) underline the distinction between the views of academics and those of experts, by which they mean industry practitioners. They summarise the focus of academics more around interpretation of luxury by consumers, concepts of aspiration, dreams and fantasy often created by marketing. By contrast they explain that industry experts' definitions are more diverse ranging from symbolism connected to cultural and social values at a particular point in history, to commercial judgements about product and brand including customisation, pleasure and a sophisticated experience. Interestingly in the same journal article (2013) the ten critical success factors (CSFs) for a luxury brand that they draw from available literature do not reference the terms sustainability, social values or responsibility. This indicates how late to the academic debate on luxury sustainability has been.

Industry Definitions

Just as academics find it difficult to agree on single a definition of luxury, so too do industry leaders. Definitions can be specific and so differently nuanced to a category. For example, consumers' experience and use of different categories of luxury items determine their perceptions. A consumer cannot smell the bouquet of a diamond as they can a wine and a bottle of wine does not convey the equivalent emotional sentiments that a piece of jewellery does. The feel of cashmere on the skin is a different appreciation from enjoying the status afforded by driving a Ferrari. As such, the views of industry leaders can vary in line with consumers' judgements on what represents luxury in a product. However, there are some principles that clearly apply across categories including artisan or crafted level of quality, very high price and limited availability based on manufacture hours rather than artificially restricted distribution.

Giorgio Armani explained how he perceives luxury at the International Herald Tribune (IHT) annual luxury conference in 2005; "Something that is unique and very difficult to be found elsewhere. This is still my image of luxury: exclusivity, sophistication, quality, the refined manner of selling something difficult to get, exactly the contrary of the perceived luxury of today". This reinforces the hard-to-get, restricted availability element but also introduces the idea that luxury ownership has to be earned, possibly posing a responsibility upon customers to deepen their knowledge and understanding of the items bought. In 2004, Paul Smith defined luxury as 'something rare and special' (2004 IHT), and in a prophetic warning to the luxury industry quoted John McEnroe as saying that tennis has become such a business that all the life and personality has been sucked out of it. Suzy Menkes acknowledged the dream element to luxury but moderated its relevance; "In it all there is still a sense of luxury as a dream. Real luxury is something more internal, it is about a pleasure, it's about the smell of leather, it's about the sensuality of touching fabrics, it's about passion, it's about the pleasure you feel when you get the package home and open the tissue paper and look at what you bought".

A More Sustainable Direction

Over time priorities for luxury industry management have adapted to suit changing market dynamics, consumers and social attitudes. In 2007, the influential WWF Deeper Luxury report provided a wake-up call to the industry. Among many issues it made the point that luxury consumers expect products to be socially responsible and not cause harm to the planet in their production (Bendell & Kleanthaus, 2007). This is part of the excellence that they expect from luxury brands.

In the same year, Tom Ford was the first leader of a luxury brand to introduce the notion that luxury should be valued for its ability to shape social attitudes and reflect concerns over the environment. At the IHT's Supreme Luxury conference in Moscow, he explained that 'New Luxury' would allow consumers: "To enjoy things that haven't had a destructive impact on the planet or on other people". In the same speech, Ford speculated that products which indicate that the owner is both chic and has a conscience or is a good citizen would be the ultimate status symbol (Jackson, 2007). This new perspective for luxury, which embraced social and environmental responsibility as core benefits, inspired Suzy Menkes to devote the entire agenda of the 2009 IHT conference to Sustainable Luxury. She explained, "Ford imagined a world in which a 'green' product, which was marked as such, would actually speak more to consumers across the world than a branded logo" (Jackson, 2009).

At that subsequent conference, Menkes went on to drive home the importance of sustainability to the luxury industry and noted a shift in values associated with the fallout of the 2007/8 financial crash; "We cannot hide the fact that these are rough tough times in the luxury world and elsewhere in the global economy. The world is waking up to the idea that the whole business of greedy consumerism is not something we can afford to live with" (Jackson, 2009).

Luxury Leadership

Few published works on luxury, academic or otherwise pay much attention to the notion of leadership. It is readily understood that for many years in fashion, Haute Couture and the biannual RTW 'fashion weeks' provided the mass market with inspiration and direction for design. Similarly, luxury brand print and broadcast advertising has over the years pushed boundaries of what was acceptable and took risks with taste, message and abstraction that would have been problematic for mass-market fashion brands. Further, in the late 1990s many luxury fashion brands invested in the architecture, aesthetics and retail experience of their physical stores. Projects for Prada with Rem Koolhaas and OMA, Peter Marino's Chanel store in Ginza both embedded technology as a key element of the architectural statement. In the case of Marino and Chanel's Ginza store, the external fascia could be lit up to mimic Chanel's classic black and white Tweed. However, although design and innovation are both critical to the narrative, a luxury brand now also needs to demonstrate leadership in values, particularly around social responsibility and sustainability. Suzy Menkes, "Luxury industries are placed in a position where they have got the power and the names to do something" (Jackson, 2019a).

The Arguments Against Luxury

There is scepticism about the luxury industry which has its roots in actual and perceived elitism and privilege of the wealthy who are able to purchase rare and expensive items. Those who originally could afford luxury have been referred to as the 'happy few' but throughout the latter part of the twentieth century this has extended to the 'happy many' (Dubois & Laurent, 1998).

Allied to this are concerns surrounding the preservation of natural resources and specific activities that occur at points early in the supply chain and which are environmentally damaging. Kapferer (2013) focused attention on 'hidden' parts of the luxury supply chain primarily referring to raw materials. These include practices in the procurement and processing of rare animal skins, precious gemstones and gold used in watches and jewellery. Jochen Zeitz, President and CEO of Harley-Davidson and previously CEO Puma, argues that the supply chain is core to addressing sustainability; "90% of all environmental impacts happen in the supply chain meaning outside of the direct control of the luxury industry and which it owns Over 70% of those impacts are generate through the production and processing of raw materials. Under 10% are within your own operations" (Jackson, 2019a).

The luxury industry encompasses business, which produce and sell a diverse range of products and services. These include cars, fashion, leather goods, hard luxury (watches and jewellery), wines and sprits, travel, hospitality, and lifestyle categories including yachts, art and furniture. Such an eclectic variety of industrial activities means that there are both commons issues, involving manufacture and transport, but also those sustainability problems which are sector specific. Below is a table that sets out some of the category headline concerns.

As pressure has been brought to bear on brands and conglomerates by individuals, activists and organisations so luxury companies have begun to make changes. Some changes are supported at governmental level where, for example, sales of new fossil fuel combustion engine vehicles will be banned across Europe from various dates after 2025 (Norway). This is intended to drive forward the purchase and use of hybrid and electric vehicles (Table 3.1).

Organisations such as PETA have long criticised the luxury industry for using animals as commodities. PETA in particular has campaigned so effectively against fur that many luxury fashion brands have completely abandoned or reduced the use of fur in product ranges. The use of exotic animal skins still persists in the manufacture of bags and accessories. Some brands attempt to mitigate criticism of such animal exploitation through ownership and management of animal farms to ensure the highest animal welfare standards. However, ethical questions still remain

Table 3.1 Luxury sector specific sustainability concerns

Luxury category	Sector specific sustainability concerns
Fashion apparel	High water usage in growing raw materials (e.g. 1 kg of cotton requires 7.5 k–10 k litres of water), water pollution from dying processes, grasslands destroyed by goats to produce cashmere
Cars	High fuel consumption from performance combustion engine vehicles, high CO2 emissions
Leather goods (bags and accessories)	Chromium tanning pollution, water usage, use and abuse of animals
Wines and spirits	Use of pesticides and fungicides in vineyards
Hard luxury goods (watches and jewellery)	Mining precious metals and stones: damage to local biodiversity, high water usage and water pollution (Gold), mercury poisoning to water and air
Fashion accessories	Use of animal products from endangered species (e.g. skins)
Travel and hospitality	Carbon footprint and damage to natural environment from tourism

and the tide of opinion is likely to continue against exploiting animals in this way, a view articulated by Zeitz; "I think the idea of animals being farmed for luxury products is in the past personally. Just like hunting is" (Jackson, 2019a).

Leather is argued to have one of the biggest negative environmental impacts as it involves processes that both utilise and pollute water in the tanning of leather hides, along with problems of greenhouse gas methane emissions associated with raising livestock. Emmanuel Gintzburger, CEO Alexander McQueen, stated that sustainability is complex but is an area of their business activities that the brand can experiment with; "It's the only part of the company where you define your own goals without actually knowing how you're going to get there. You have to experiment and you have to test". In considering the types of challenges in luxury fashion he explained, "For most fashion companies it's usually based on raw materials. When we assess where we can have impact we have identified it as leather" (Jackson, 2019a).

Over Consumption

At the core of the problem lies the overconsumption of products. In the past this has been most prevalent in countries with developed economies where consumers can afford to indulge themselves. However, as new markets including China and many South East Asian countries continue to grow, so the issue will become exacerbated. Adrian Cheung explained that attitudes to sustainability vary in China according to region; "I think you need to divide it by city. Tier 1 cities are more conscious because they are also experiencing the effects of climate change. They can feel that, so they are much more prone to support sustainability. But when you go to third of fourth tier cities where they have just urbanised from the rural villages, they need to discover and to be educated, to some extent, on what sustainability means, and why we support it. Their goals and expectations are very different. The third and fourth cities want to just own a luxury brand to showcase their status. It's very polarised" (Jackson, 2019b).

Fashion is especially culpable as it thrives on a system of style and design which change multiple times in a year. Luxury used to be able to argue that it was naturally sustainable in this respect as it produced and sold relatively small numbers of very high quality and expensive items. As Kapferer (2013) pointed out, the real problems are the sustainability issues arising from new masstige luxury, where products are not crafted or handmade by artisans using traditional techniques, but instead are produced using industrialised manufacture. Many luxury brands have arguably extended their product categories with the specific objective of growing revenues instead of just producing uniquely beautiful and luxurious products. This tension has been particularly acute for brands which joined large conglomerates and were subject to higher growth targets by the parent organisation.

Burberry's revelation in 2018 that it had destroyed excess stock shone a spotlight on the luxury industry. This practice has been ongoing for many years with some brands prioritising the value of their brand image and equity over the conservation of resources. Problems can arise where brands are left with excess stock from their retail stores or a new licensee partner means that exiting stocks become redundant.

Zeitz stated that the role of business in the twenty-first century is not just to create economic growth but to do so sustainably, which means being able to achieve economic growth within planetary boundaries. He explained, "There are nine components of planetary boundaries, of which four have already been crossed. Luxury has a role to play in getting us back to with those four; that's Climate Change, Land System change where forests have been converted to arable land. It's Nitrogen and phosphorus flows which means we are over fertilising the land, pollutants from which end up in the oceans and finally Biodiversity loss. So, this is where we have to make change immediately".

Zeitz's work at Harley Davidson has resulted in them developing a range of electric products; "Harley Davidson are going electric now, which took 10 years. It's a necessity as young consumers now want a different mobility which also is contributing to reducing the damaging environmental impact".

An Evolving Realisation

In 2009 Christian Blanckaert, who was executive vice president of Hermès at the time, reflected on the prevailing global financial crisis, and drew a parallel with environmental concerns. He noted, "The world is in deep crisis. Many people, suffer, worry and the timing can hardly be more delicate to talk about luxury. We have to change the future and we have to change the word luxury" (Jackson, 2009). In common with the influential WWF Deeper Luxury report of 2007, he argued that luxury should be refined, have integrity and not be commoditised. He drew on the concept of 'care'; "Deeper luxury means extreme care of the social and environmental consequences of what we do" (Jackson, 2009). In the context of luxury, care can be explored in a number of ways, reflecting both traditional core values of paying attention to detail in artisan craft and a strong sense of social responsibility. The COVID-19 pandemic once again draws parallels between global financial disruption and an ongoing environmental crisis. The luxury industry must now recognise that consumers expect brands to care for the planet and about people in addition to profits.

Mining is an industry where the process of extracting precious metals and gemstones can potentially destroy landscapes, displace communities, wastewater and create large amounts of toxic waste, which pollute water supplies. As such it has needed to change its approach to business. Tiffany & Co has a long-standing reputation for sustainable and responsible business achieved through dedicated management. In 2016, Frédéric Cumenal, the then CEO of Tiffany & Co, reflected the need for greater care in the way that luxury positions itself to consumer; "We cannot fool ourselves any longer that fancy things are interesting simply because they are fancy. Meaning is of critical importance to the contemporary customer fuelled by the meaning of luxury. Status no longer comes from just image or price of an object but from its association and values" (Jackson, 2016) Versailles. In 2019 the current CEO, Alessandro Bogliolo, reconfirmed Tiffany & Co's commitment to responsible and transparent business when he explained that the brand goes beyond the requirements of the Kimberley Process, an agreement that specifically refers to 'conflict' diamonds. He argued that the narrow focus on conflict doesn't offer guarantees about child labour, or infringements of human rights, safety, working conditions. None of these are covered by the reassurances about conflict diamonds. Consequently, in 2019, Tiffany launched the comprehensive Diamond Source Initiative, which provides provenance information for every newly sourced, individually registered diamond in its supply chain.

New Approaches

New business models have emerged to accommodate the diversity of attitudes towards the use and ownership of luxury products. Within the 'Sharing Economy' there are new approaches to trading both pre-owned items, previously residing in vintage or charity retail distribution, and rental fashion products. A driver of change has undoubtedly been technology since these new businesses operate through online platforms and thrive on social media. But now the growth of rental is also inspired by the desire to reduce unnecessary consumption and to provide consumers with luxury products for specific occasions. Rental retailers such as Rent the Runway, Front Row and Panoply offer a wide range of luxury fashion brands and ranges. Founder of Panoply, Ingrid Brochard, explained the obvious sustainability benefits of rental; "With rental you have an increased rate of utilisation. For example, a dress that you would buy and wear once or twice, can be rented with us 40 times" (Jackson, 2019b).

Resale businesses such as the RealReal have grown out of consumer's familiarity with confidence in online buying and selling, pioneered by EBay. RealReal operates on a consignment model and relies on authentication procedures to ensure the integrity of the pre-owned stock it resells. Vestiaire Collective is another online business but which is focused on the resale of luxury fashion. Its stated rationale is to address the questions, Why should so many luxury fashion pieces lie unused in our wardrobes? Could there be a way to extend the lifespan of these beautiful pieces by bringing them back into circulation? (vestiairecollective.com). CEO Maximilian Bittner argues that due to their quality, luxury products are made to last and so have a long-term value; "I look at every given fashion item and think about its lifecycle and the lifetime value of that product.

We try to optimise the products use". He drew strong contrast between luxury and cheaper, fashion; "If you look at an item over a lifetime, there are other people who place a high value on that product once the original owner may no longer value it. The way we think about it at Vestiaire is that we curate and connect the world's most desirable wardrobes and find the right owner for each item and its lifecycle and so optimise its use. Coming back to fashion, the comparison between the quality that exists in luxury fashion and the equivalent price that is tied to it. If you look at an item over a lifetime, that value becomes much more justifiable. Hopefully, it will convince people to stop the senseless consumption that happens under fast fashion and is very destructive as we know by now" (Jackson, 2019a).

Modern luxury doesn't necessarily require a brand to have a long history that can be traced back to a European fashion house or family. However, branded luxury products must have meaning based on values which are consistent with today's consumers. Increasingly these are Millennials and Gen Z. According to a study by McKinsey, 90% of Gen Z believe that apparel brands have a responsibility for both social and environmental issues (Rambourg, 2020).

Mini Case Study: Sustainable Design and Manufacture at the Core of the Raeburn Brand

So, a modern luxury brand needs to possess a unique creative concept, origin design aesthetic and an authentic set of values linked to sustainability, responsibility and social inclusion.

Raeburn is a very good example of a brand that provides products with compelling aesthetics, style and quality combined with a genuinely sustainable philosophy at its core. The style and authenticity in manufacture mean that products are fashionable without being caught up in the problematic aspects of fast changing fashion.

Christopher Raeburn started the brand in 2009 with a clear and original concept; "When I was studying at the RCA I was very interested in the reuse of materials. I bought one military parachute, it cost me £30. I bought it on eBay, and I sewed it into eight garments. I showed it a London Fashion Week and from there my company has grown. We call the work with reusable material, Remade in England". The remaking philosophy of the brand came from his fascination that there were so many interesting and functional materials available for use.

Continuing the parachute theme Christopher designed a collection using air brake chutes employed for slowing jet aircraft on landing; "The collection was launched for London Fashion Week. We wanted it to be provocative to the industry. All the items have been remade using the chutes". Referencing a dress Raeburn explained that it had been made from a single chute, overdyed and with zero waste. The style of dress is made to order so that there is no stock left over; "One of the big problems in the industry is that there is so much waste and inventory. At Raeburn, we try to be more agile and streamlined".

1960s Artic survival suits used by pilots provided another product theme for the 2020 collection. Christopher deconstructed the suits into a contemporary jacket, by using the original material. Any off-cuts were then made into make accessories, ensuring no waste. This approach lies at the heart of the brand's philosophy; "We have three dimensions to our business. There is Remade, which is the main driving force conceptually for the brand. We make all the 'Remade' pieces in the Raeburn lab on the premises of our Hackney based studio. It's quite experimental". As this part of the brand is unique and very niche, so it has needed to develop further parts of the business; "We have introduced two further parts, one which is fully re-cycled and the other side to our business is called Reduced where we focus entirely on organic materials that can go back to the earth". The three elements of the business therefore are Remade, Reduced and Recycled.

Explaining his motivation further Raeburn added, "I love the materials first. If you wanted to find that amazing 1950s wool or silk on a roll, either you never could or It would be very expensive. And yet all these original items already existed and I was able to go out and find them. So it's almost like archaeology and that's what helps define the remade aspect of what I do. Then as the business grew, that needed to happen more at scale. I needed to be looking at materials that I could buy on a roll and that's how we then introduced the Recycled and Reduced sides of our work. Now, I really look at it as three pillars; the Remade aspect, which is all about enduring product. For me, products that you hand down; that's a fantastic example of a sustainable product. I think about repairing and how you can Remake, so enduring in that way, but then Recycled and recyclable, how we can close the loop there. And then finally with the Reduced around the organic, it's about how it can go back to the earth. Those reflect the way we a looking, through my own brand and now at Timberland as well".

Conclusion

Fashion has always relied on obsolescence, although that outcome has been dressed up and normalised by euphemistic terminology such as ephemeral and transient. A difficultly that mass fashion faces is that it has frequent replacement, and so waste, built in to its DNA. This should not be the same for luxury, a concept which has quality and 'made to last' built into it. The problems of fashion are well documented but essentially fall under the umbrella of the over production and consumption of products based on systematic and structured 'seasonal' change. It is difficult to see how mass volume fashion, designed to be bought and replaced in a matter of weeks, can continue as a socially responsible business concept.

Back in 2007 at the extravagantly titled 'Supreme Luxury' IHT luxury conference in Moscow, the first three speakers of the day were LVMH chairman and CEO Bernard Arnault, president and CEO of Christian Dior Sidney Toledano and designer Tom Ford. Each of them placed a strong emphasis on both ethics and sustainability at the event. Menkes noted that it was at this conference the subject of sustainability first emerged on luxury's strategic agenda, and she explained: "I am not interested in power or the kind of luxury that's about how much money you have spent. I like the tactile side of luxury, the idea of things that are beautiful to the ears, to the skin or beautiful to touch".

Sustainable development refers to the concept of industry that enables us to meet the needs of the present without compromising the ability of future generations to meet those of their own. The luxury industry needs to reflect on how it can incorporate the best practices of non-industrialised, artisan making, with the commercial imperatives of growth and revenue generation. There is good practice emerging across individual luxury brands and conglomerates. However, there doesn't appear to be any unified approach by brands to communicate clear information around what sustainable and socially responsible luxury business should look like.

Although many brands now have positions on sustainability or social responsibility and larger groups have strategies, there still needs to be a move from talk to action. Zeitz stressed, "I have tried a few times to standardize the EP&L (Environmental Profit and Loss account) into something the consumer can use. The idea was to create 'environmental calories' that we could put onto all of our products. We are all driven by calories. How many calories have we consumed today for instance? Are we gaining weight or losing weight? If we can standardise that and put it on every product, I believe the consumer will know what product to gravitate to. That requires government regulation. The food industry has done a lot. If the luxury industry could standardise something, that would be amazing".

In 2019 influential British Fashion Designer Katharine Hamnett spoke of how shrinking resources and environmental damage provide natural triggers for change and concluded, "We need to reinvent it (clothing and textiles industry) and start from scratch because we are destroying the planet. I adore fashion, I love clothes. We just need to make them differently, where the cost of fashion is not being paid in environmental destruction and human suffering". Luxury has huge potential to lead in the areas of social responsibility, inclusion and sustainability in part due to the powerful influence of the brands but also because its natural position in a resurgent buy better, buy less philosophy.

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4

Sustainability and Heritage in Practice; The Case of Harris Tweed Hebrides

Rt Hon Brian Wilson, Margaret Ann Macleod, and Mark Hogarth

Sustainability and a Century of Struggle

Harris Tweed has the credentials which define sustainability ingrained in its being, and without them, it would not exist. That is not merely a matter of opinion but a fact of law, enshrined in an Act of Parliament which dictates where, how and from what *Harris Tweed* must be made.

Even when that definition was reinforced in law through the *Harris Tweed Act of 1993*, few were talking about "sustainability" or the foolishness of a throw-away society. Rather, it reflected a century of struggle to ensure that production of *Harris Tweed* remained the preserve of the Scottish islands from which its origins were inseparable. Without that protection, *Harris Tweed* would have long since gone the way of

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other place-specific products, stolen and exploited by commercial interests before there was any word of protection via geographical indicators, far less legislation.

Repeatedly, since early in the twentieth century, *Harris Tweed* was called on to fight legal battles, through the courts and Parliament, to maintain its exclusively Hebridean identity. If the law allowed it to be made anywhere else and called *Harris Tweed*, then that is exactly what would have happened—mainland Scotland, Yorkshire, the Far East, all have turned envious eyes upon it.

However, in order to secure the necessary protection, *Harris Tweed* needed more than a ruling on where it was made. From the Scottish courts to the Congress of the United States, it was at various points necessary to be very precise about the process by which it was produced and the part that played in sustaining the fragile, peripheral communities from which it emerged. In order to maintain its titanium level of protection, *Harris Tweed* needed a very special story.

The great strength of that story is that it is absolutely true. It requires no creative imagination or poetic licence. *Harris Tweed* is exactly what it says in the legislation that governs its production, made from pure virgin wool, handwoven, at the home of the weaver and produced and finished in The Outer Hebrides of Scotland. Only when all these conditions have been fulfilled can it be called *Harris Tweed* and stamped accordingly.

The stamp itself is a matter of historic interest. The Orb trademark which certifies genuine *Harris Tweed* is the oldest British trademark in continuous use. Even by the early years of the twentieth century, it was apparent to many with the interests of the islands at heart that without protection, the reputation of *Harris Tweed* would be exploited by others and that the only way to prevent that was through a legally defensible definition of where and how the fabric was made. The outcome was registration of the Orb trademark in October 1910 and, from the following year, stamping of the finished fabric with the Orb mark became the guarantor of *Harris Tweed*.

This is not just a matter of historical curiosity but directly relevant to the integral importance of sustainability, in all its forms, to *Harris Tweed's* identity right up to the present day. Because the fabric had to defend itself at such an early stage of its commercialisation against imitations and dilutions, the essential characteristics became embedded and unchangeable. The most important amendment to the trademark certificate came in 1934 where "Hebridean mill-spun yarn" was included. This important change allowed the scaling up of the industry to a commercial level while retaining the essential characteristics that had been established decades earlier, reinforcing the principle that all elements of the process must be island-based.

These characteristics were products of the industry's origins, dictated by necessity rather than fashion which came much later. First, the tweed would obviously have to be woven from wool because that was the only available raw material. Given the islands' climate, the sheep were hardy and the wool was coarse, hence the strength of the fabric. There was no question of electric power so the tweed was handwoven. And the weaving took place at the homes of the weavers, scattered around the tiny, impoverished crofting villages, far from the reach of the industrial revolution.

These are the same criteria which must be applied today to every piece of *Harris Tweed* produced and stamped—"made from pure virgin wool; handwoven; at the home of the weaver; in the Outer Hebrides of Scotland". In other words, there is a straight historic continuum, going back more than 150 years since the embryonic *Harris Tweed* industry began to take shape, to which every movement within society or the global economy has been subordinate. The essential definition of *Harris Tweed* is now what it was then—and unless that had remained the case, the islands industry would have disappeared into the mists of time. It is difficult to think of any other product which has been so defined by regulation yet so dependent upon its existence.

While the process was critical, it was the functionality of the end product that guaranteed its early success. The initial market was for "estate tweeds", a trend set by the Murray family (Earl of Dunmore) who owned North Harris from the 1840s. The Countess of Dunmore is generally credited with having encouraged the development of weaving in Harris as a means of subsistence for the poor tenantry and to have found markets among the landowning fraternity.

As Janet Hunter recounts in her history of the industry: “Demand for Harris Tweed had become well-established by the 1880s and continued to gain favour with the buying public and textile merchants of Edinburgh and London as the new century dawned. From its introduction to these national markets, demand for the product was based primarily on its reputation as a warm, hard-wearing, yet flexible cloth, more or less impervious to rain. It was particularly suitable for gentlemen engaged in the outdoor pursuits associated with the Highlands, climbing, hill-walking and of course shooting and fishing”.

In the face of intense poverty in the Highlands and Islands, there were various government initiatives to provide economic support and these led to “Associations” being formed to bring relief, usually with titled landowners at their head and the promotion of “home industries” among their objectives. As Janet Hunter observed: “A strange juxtaposition of romanticised benevolence and hard-headed, some might say hard-hearted, indifference to much that was happening in the Highlands seems to have characterized many of those whose leisure activities made them familiar with the area”.

The enthusiasm for “primitive” products such as tweed was also part of a wider trend represented in other parts of the UK by the movement led by John Ruskin to promote the intrinsic merits of hand-made artefacts and, particularly, hand-spun and handwoven textiles, in the face of the Industrial Revolution and the dramatic rise of “dark, Satanic mills”. Certainly, the objectives of the Highland Home Industries and Arts Association, founded in 1889, were very much in line with the Ruskinite philosophy: “It may be that the hand cannot compete with the machine when rapidity of production and an immediate profit are aimed at; but there is undoubtedly an appreciation of home-made fabrics; the revival of such industries would promote thrift and add to the comfort and to the self-respect of the poorer classes of people engaged in agricultural and pastoral occupation. The artistic faculty of the race would be revived and stimulated. Better fabrics and more comfortable homes would result”.

The combination of these factors—quality of the product, benevolence towards the places from which it emerged and empathy with the Ruskinite philosophy as a counterpoise to mass industrialisation—worked in favour of *Harris Tweed*. Critically and contrary to what happened to many other craft products, the need arose early to establish a legally defensible definition which remains, to an extraordinary extent, intact down to the present day.

Much of the twentieth-century history of *Harris Tweed* was about defending that definition from those who had a commercial interest in undermining or destroying it. A considerable amount of what is now looked upon as heritage was at the time an existential fight for survival—community-based industry trying to sustain itself for future generations.

Weaving—The Essence of *Harris Tweed*

The "handwoven" status of *Harris Tweed* has always been crucial to the industry's craft status and reputation. So too has the independence of the weavers who are, to this day, self-employed rather than waged employees of the mill. The origins of this arrangement go to the heart of the industry's economic and social significance. It was created as an ancillary form of employment within a subsistence agrarian economy. The primary activity, on which life depended, was maintenance of the croft—the tiny land holding over which an individual had tenure. It produced little monetary income but provided the food to sustain a family.

Weaving emerged as the ideal form of ancillary employment because it could be fitted in with the demands of crofting, both on a day-to-day basis and by the season. When sheep were lambing, not much weaving was done. When the days were long, it was the nights that were spent in the loom-shed. To a very large degree, these same conditions persist to the present day. The earnings from weaving have increased greatly over the decades, and it now amounts to full-time employment for a significant number of weavers as well as for those who value it as a flexible independent part-time employment. Over the last decade, stabilising weavers' employment and their output has been key to the wider sustainability of the *Harris Tweed* industry.

In a twentieth century more accustomed to the discipline of the factory bell, it was a structure which frustrated mill-owners and occasionally led to manoeuvrings for change. An early example of this was in the immediate post-First World War period when Lord Leverhulme—the entrepreneur behind Lever Brothers—bought the islands of Lewis and Harris. While his relationship with the islands is more commonly remembered for his grandiose plans for an island fishing and canning industry, it was inevitable that he would also develop an interest in *Harris Tweed* and soon bought a controlling industry in a Stornoway mill.

Leverhulme's beneficial legacy was the introduction of the Hattersley loom to gradually replace the old wooden-framed *beart mor* but in return for access to these looms, he wanted to tie the weavers to his own mill and also have them working in mini-factories, rather than at their own homes. Both initiatives would have fatally undermined the definition and ethos of *Harris Tweed*. Fortunately, Leverhulme's association with the industry, as with the island more generally, was short-lived. Problems elsewhere in the Lever Empire caused him to abandon his Lewis schemes by 1924 but he left behind a clear warning of how vulnerable the industry's craft status would become if exposed to the commercial instincts of mill-owners who lacked any real understanding or concern about how crucial it was to not only the economic but also social and cultural fabrics of the Hebridean crofting villages.

On the credit side, Leverhulme initiated the use of the Hattersley Domestic Loom for *Harris Tweed* weaving. Manufactured by George Hattersley and Sons of Keighley in Yorkshire, the loom had been in production since around 1900 but its adaptation to *Harris Tweed*—which became by far its biggest customer—began in 1919. Each machine, with its intricate mechanisms, was manufactured in Keighley and shipped in parts to the islands. The Hattersley remained the mainstay of the *Harris Tweed* industry for the next 60 years until demands of the market required a double-width loom. However, there are still a small number of Hattersley looms in use around the islands, mostly operated by independent weavers who rely on Shawbost Mill for yarn and finishing while weaving and selling their own single-width tweed.

By the mid-1970s, it was clear that the market was requiring double-width fabric, more suited to modern pattern cutting, which the Hattersley loom was incapable of providing. This created a unique challenge for the *Harris Tweed* industry because it required a loom which could still, in order to conform to the priceless definition, produce tweed that was "handwoven at the home of the weaver". Public bodies became involved in seeking a solution and, bizarrely, came up with a plan which owed more to Leverhulme's drive for industrial efficiency than to the essential characteristics of the industry. They too proposed that a much-reduced number of weavers should be accommodated in small factory units with the definition of *Harris Tweed* amended accordingly. Weavers rightly understood that this would be the death knell for *Harris Tweed*, the reputation of which rested on its status as a craft product tied to a unique crofting culture. Fortunately, it was necessary to have a vote among the weavers before the plan could be pushed through and they rejected it by an overwhelming majority. This element of democracy within the industry, based on the independent status of the weavers, had saved it for future generations. It also provided an example of how heritage and community came together to sustain a unique industry in the face of the threatening forces of globalisation.

It was not only in the UK that the craft status of the *Harris Tweed* process and its integral relationship with the communities in which weavers were based were vital to its special regard. Overwhelmingly, the biggest market for *Harris Tweed* from the 1920s onwards was the United States where the combination of durability and style made it the fabric of choice for men's jackets. The criteria for its production also earned it favourable status for import tariffs—a crucial advantage.

By the late 1950s, however, the American textiles industry was in sharp decline and the White House was lobbied for protectionist measures. President Eisenhower responded by ordering a higher tariff on imported woollens, causing consternation within the *Harris Tweed* industry. The proposed tariffs would have made it non-competitive—as, indeed, was the intention.

Enter Rev. Murdoch MacRae, Free Church of Scotland minister in the Lewis parish of Lochs and a member of the Harris Tweed Association since 1934, closely identified with the weavers' interests. The Federal Trade Commission was examining the proposed tariff legislation and, in December 1957, Rev. Mr. MacRae was dispatched to Washington to plead the case of *Harris Tweed*, accompanied by Provost A. J. Mackenzie of Stornoway. By some accounts, this very political cleric prepared the ground in North Carolina, where he would have had church connections, by gaining a sympathetic hearing from the Burlington Group, America's biggest textiles company. Burlington were powerful lobbyists and key to gaining concessions from the Eisenhower administration. Rev. Mr. MacRae then proceeded to Washington and did his stuff.

He told the FTC that, by its scale, *Harris Tweed* was "quite incapable of being a danger to American textile manufacturers". Though the islands which produced *Harris Tweed* might seem small and remote, "they had raised a hardy, courageous and loyal race of men and women" who had "given a good account of themselves in peace and war". During the Second World War, he continued, thousands of (American) lives had been saved by rescue planes based there. Rev. Mr. MacRae told his audience that he did not want "to see again the people of these islands being scattered to the ends of the earth, but that was what would happen if their industry failed".

It was a tour de force which earned its due reward. There were also direct submissions to Eisenhower who had maintained his own Scottish connections forged in time of war. For whatever reason, *Harris Tweed* got most of what it was asking for and further boom years followed. It was, as the Stornoway Gazette reported, a "Triumph for Rev. M. MacRae". Right down to the present day, *Harris Tweed* is the only brand-named exception when exempt fabrics are included in US trade agreements, because it cannot be produced in the United States.

Once the dust had settled on the this fiasco, it remained clear that a solution was still required for the double-width (150 cm width cloth) demand from the fashion market. The diagnosis had been correct even if the prescription had been dangerously misguided. Now the serious work had to begin on designing a loom—which only the *Harris Tweed* industry required—that would meet the two essential criteria. First, it must be capable of being powered by physical effort and skill rather than electricity, and second, it must be double-width. It was a demanding challenge but one that had to be met if the *Harris Tweed* industry was to survive.

By the early 1990s, and after much research and experimentation, a solution was found in the form of the Bonas Griffith double-width loom, developed by a Sunderland-based textile engineering company. As it was introduced exclusively to the *Harris Tweed* industry, the majority of the sturdy old Hattersleys gradually fell silent, many of the older weavers retiring rather than investing in the new loom. For the past 25 years, the Bonas Griffith loom has been the mainstay of the industry while these precious aspects of the *Harris Tweed* definition—handwoven at the home of the weaver—remained intact. This transition from Hattersley to Bonas Griffith is representative of how *Harris Tweed* has balanced incremental change with retaining its core definition. The industry has prevailed over many challenges and always found the right path to maintain its existence. People, place and product are all interconnected. The sustainable credentials of *Harris Tweed*, the product, can only hold relevance if the economic sustainability of the industry itself is ensured.

Sustainable Rural Development

The Outer Hebrides owes much to their Norse history as well as Celtic identity. As late as the fourteenth century, the islands of the west were part not only of the Viking Empire but specifically the Bishopric of Trondheim. The place names of Lewis and Harris continue to reflect that strain in their past. Words like "vik" (bay) and "sta" (farm) are common in the lexicography of the islands. Weaving was a staple part of the Viking tradition and there is a plausible case, according to Norwegian researchers, that the Outer Hebrides of Scotland—through the *Harris Tweed* industry—is the last bastion in which it has survived continuously.

It is not only that burden of history which the weavers carry. There can be few more extreme examples of an industry shaped as an inverted pyramid. The name and fame of *Harris Tweed* are recognised the world over. It is used by the great fashion houses of Paris, Milan and New York. It is revered and envied for its quality and status. Yet all of that rests upon a tiny base of fewer than 200 weavers, perched on the edge of Europe and working from loom-sheds at their own homes. The fact that so much rests on so few helps explain why safeguarding the future of the *Harris Tweed* industry, which has been the mission of Harris Tweed Hebrides since its inception, is so important.

If a tradition, with all its associated skills and values, is allowed to perish, it is unlikely to be re-born. If its maintenance relies on a relatively small cadre of people, then that skills base becomes all the more precious. By 2007, when Harris Tweed Hebrides was founded, the age profile of the weavers and mill workers was alarmingly high—and one of the great legacies of the company's early years was to draw in a new generation of weavers who saw, through the profile being achieved for *Harris Tweed*, that the industry had a future as well as a past.

By the 1980s, the industry had disappeared from the islands south of Lewis and Harris. There were parts of even that heartland where weaving had ceased to exist within the locality. Indeed, another of the great satisfactions for Harris Tweed Hebrides has been in supporting the return of weaving to areas where it was in danger of being lost—for example, the parish of Uig in south-west Lewis.

Throughout the post-war years, Uig was like the rest of the island dependent on a crofting-weaving economy with up to 100 looms in a population of fewer than 1000. Depopulation was an ever-present threat and weaving was the bulwark against it. A detailed study by the University of Glasgow in 1959 found that the average croft earned £195 in a year while 30 hours of weaving each week yielded an annual income of £550–£12 k in today's money. As long Harris Tweed was doing well, the fragile economy held together.

Gradually, however, the Hattersley looms fell silent and when the new double-width loom was introduced in the mid-1990s, none came to Uig. For 20 years, there was no *Harris Tweed* weaving in the area. The advent of Harris Tweed Hebrides and the upturn in the industry's fortunes changed that. It allowed Calum George Buchanan to come home as a third-generation weaver, become part of the crofting community and raise a Gaelic-speaking family.

Calum George's grandfather had still been weaving at the age of 98. His own father, well into his eighties, continues to help with the "tying-in". This is what a traditional, inter-generational industry looks like. It is what fragile, peripheral communities depend upon. But if the knowledge is allowed to die, it will never return. "Without *Harris Tweed*", says Calum George, "I could not be here". There are now three young weavers in Uig—a far cry from the heyday but still the guarantors of a precious tradition.

The story repeats itself around the island. In Harris, Rebecca Hutton is one of the independent weavers who sells her own fabric, produced on a Hattersley loom. She says simply: "Everybody needs each other, I rely on the mills for yarn and finishing, they rely on weavers to make the cloth, it's this cooperation that you need and traditionally, that is a big thing in the islands".

In Shawbost village, less than a mile from the mill, Ian MacKay sums up the essence of life as a *Harris Tweed* weaver in the twenty-first century: "I work from home, I have sheep and I am a fireman as well, so I have loads of things to do. Weaving is a slow process. You have to put in the hours and I prefer to do quality instead of quantity. It takes about 71 miles of peddling on the loom to make 75 m of *Harris Tweed* so you need patience. But I am my own boss and I set my own hours".

The Mill: Combining Heritage with Modernity

The start and the finish in the complex process of making *Harris Tweed* take place in Shawbost Mill. The romantic image of the croft, weaver and loom is hard to compete with but the importance of the mill cannot be overlooked and it has its own unique charm of sights, sounds and smells.

Wool is the foundation of *Harris Tweed*. Sheep still form an important part of Hebridean crofting culture although the majority of the wool now comes from hill sheep on the Scottish mainland. These sheep are shorn once a year for their own health and comfort and are raised outdoors on extensive pasture. This guarantees that the wool for *Harris Tweed* comes from a naturally renewable fibre source. All our wool is sourced from within the UK which means it does not require protection from flystrike through mulesing; so, it can always be guaranteed non-mulesed. British wool producers take animal welfare very seriously and are committed to maintaining the highest standards of sheep husbandry. It is also worth considering that:

- Wool is a 100 per cent natural fibre.
- It is produced each year by hill sheep making it a truly renewable fibre source.
- Wool is biodegradable.
- It is both insulating and breathable which means it can retain heat in cool weather and keep you cool in warm weather.
- It is inherently flame retardant.
- Due to its long-life cycle. It is well suited to the emerging concept of the circular economy.
- Wool is easy to care for, it is resistant to odours so requires less cleaning than many other fibres.
- Wool has a predicted usable life of 20–30 years although most people get many more years of wear out of their *Harris Tweed* garments.

The *Harris Tweed* process begins by dyeing the specific wool blend to create over 50 solid wool colours that become the base for around 140 yarn colour shades. Dyeing the wool rather than the yarn gives *Harris Tweed* a depth and range of colour that is unsurpassed. Blending the wool colours takes experience and precision, and there is an infinite number of patterns to consider. The dyeing process at Shawbost Mill is the perfect balance of the traditional and the technical.

All dyes are on the approved list of ZDHC (Zero Discharge of Hazardous Chemicals) and compliant with UK and EU regulations. The ZDHC's "Roadmap to Zero" programme was designed to protect the planet by reducing industry's chemical footprint. We do not bleach our wool, instead of using the fibre in its natural state to create our lightest yarn shades. Using soft, clean Hebridean water reduces the chemicals required in the production process. We have on-site effluent management to minimise the impact of our operation on the local environment and infrastructure. The dyehouse and blending team follows a unique set of dye colour recipes in the same manner as a chef would follow ingredients for a complex dish, thus ensuring that quality and consistency are maintained time and time again. Harris Tweed Hebrides creates fabric based on a vast range of designs—some very modern and others stretching back into the archives of the *Harris Tweed* industry.

The blended wool (which can contain as many as eight solid wool colours) is then carded. This process involves the wool being pulled through a sequence of mechanical metal-toothed rollers that gently bring the wool into a smoother fibrous form. The process is repeated up to eight times before the fibres are pulled into a linear form of soft, neatly carded wool slubbings. The carding machines are around thirty metres long, traditional mechanical machines where each operator has an in-depth knowledge of their myriad parts to keep the rollers, wheels, chains and cogs moving.

In order to create yarn strong enough for weaving, a gentle mechanical twist must be added to the embryonic yarn slubbings, and this is done on a mechanical spinning frame that stands adjacent to the carding frames. The key detail here is the transformation of the soft yarn into a tight usable yarn—a process that involves the labour-intensive placing of the spools onto a spinning frame that connects to yarn cones or bobbins as they are known in the mill. The objective process of transforming a loose woollen yarn to a yarn strong enough to work with is straight-forward, although timing is key and highly skilled mill staff have to move with the rampant pace of the spinning frames. Strong *Harris Tweed* yarn is the foundation of the iconic fabric. Even at this early stage in the process, the yarn has passed through many pairs of hands and a variety of complex machinery—both old and new.

Bobbins, now filled with yarn, are taken off the spinning frame and transferred a few metres to the warping frames in the yarn store shed. The rich yarns are assembled by code and assembled onto the warping frame that ties directly onto the beamer—a large circular drum that ties the warp threads onto a metal beam. Watching the warping threads unload their yarn in perfect symphony is a fitting end to the first act of the complex play that is *Harris Tweed*. The beam now has a unique reference tag or passport and is ready to be sent out to one of the home weavers.

Creating yarn is a complicated process, with many woven textile companies buying in yarn from specialist producers but the *Harris Tweed* definition dictates that yarn must be carded and spun on the islands. This created significant employment across the mills in the 1960s and 1970s when *Harris Tweed* production of fabric was five times greater than it is today; however, making yarn in one place, under one roof, ensures another level of provenance and traceability.

When the weavers have done their work and the woven tweeds are collected and taken back to the mill, the finishing process begins. Before any washing takes place, every tweed receives a close examination to see if any darning is needed. The cloth is hung up vertically, a section at a time, and examined with a bright light behind it, to show up any wrong threads. An expert darner can replace a damaged or out of place thread in a matter of minutes and this adds an extra level of scrutiny for tweeds returning from the weaver. Having passed the quality control assessment for darning, the "greasy tweeds" are then passed through for washing—a process traditionally called "milling"—this procedure removes the oil picked up from the looms and beams. The water is set to a moderate temperature to ensure that the cloth is cleaned in a gentle way and is then passed through a sequence of hot and cold rinses.

As well as cleaning it, this process also gives the tweed a bulkier feel. Donald Mackay, manager of the finishing department at Shawbost Mill, states: "We've got to be careful we don't give it too much or we would lose the clarity of the design. A check pattern could become mushy". The freshly washed tweed is then folded onto a cart and moved to be dried and set. The finishing department has the aura of an oversized launderette with smells of steam and wool hanging in the air. The penultimate stage in advancing from woven cloth to certified *Harris Tweed* is cropping, where the surface of the fabric is rolled against two blades working together to shave the surface of the fabric and stabilise the woollen fibres.

The final stage in the finishing department is known as "blowing". The fabric is pressed between tensioned cotton pads before being blown with hot steam—the steam creates a certain amount of shrinkage but because of the tensioning the extent of the shrinkage can be precisely controlled and a final blast of cold air sets the fabric to a smooth compression ready for the cutting tables of the world's leading designer brands.

The artisan complexity in the finishing process of *Harris Tweed* is about more than just creating a beautiful fabric—it is about heritage and continuity. The "modern" machinery mirrors the craft skills that were used back in the nineteenth century. The strong cultural aspect of creating a cloth was embodied by the traditional task of waulking—luadh in *Gaelic*. This was a process where groups of women (any number from two to eight) would manually work the cloth to soften and shrink it to its desired finish. Waulking was an example of community spirit and togetherness; the women would sing along in harmonious rhythm adding a soulful dimension to the crafting of their cloth. The cadence of the singing would set the speed and intensity that the cloth would be set to. Waulking songs remain an important part of Hebridean culture, and the modern mechanical finishing processes—although not as romantic—still resemble this subtle working of the raw cloth as it is cleaned, shrunk, softened and thickened.

The final step in the production of *Harris Tweed* is stamping. Every metre of the cloth is examined by a representative of the Harris Tweed Authority who must verify that the cloth has been dyed, spun, hand-woven and finished in the Outer Hebrides of Scotland. The world-renowned orb is stamped three times on the back of the cloth with one large orb stamped on its front. At this point, the hundreds of yarn threads that were produced under the same roof and woven into a cloth on a loom at a weaver's home are authenticated and certified as *Harris Tweed.*

The *Harris Tweed* Narrative, Twenty-First-Century Style

The inception of Harris Tweed Hebrides in 2007 came at a time when the industry was in crisis. Sales had been decreasing since the collapse of the US market in the 1980s and more recent investments in the industry had proven to be at best misguided. There was an ageing population of weavers and skilled mill workers while, on the demand side, there was an image that had become dated and synonymous with the gent's jacket, as worn by film and TV characters such as Professor Langdon of the Da Vinci Code and Mr Bean. *Harris Tweed* still had many admirers but its profile was in urgent need of renewal.

In taking over the mothballed Shawbost Mill, Harris Tweed Hebrides set out an early journey to communicate the heritage of *Harris Tweed* through partnerships with young designers and a wider variety of brands that would use the fabric in imaginative and exciting products. It was time to put a new twist on an old yarn.

There was never anything wrong with *Harris Tweed* the fabric. It was a near perfect product, made in an ethical and sustainable way and had been around a long time before these words came to define a new zeitgeist in the fashion industry. The credit crunch of 2008 had a deep effect on consumer habits encouraging more interest in the provenance and ethics of the products they were buying. The digital age was advancing rapidly through e-commerce, social media and the rise of the blogger which allowed independent analysis of everything from hotels to cars—fashion and textiles were no different. Through collaborations with designers who saw the importance of the *Harris Tweed* narrative as well as the product, there was the chance to communicate these details to a new generation. There is now an army of bloggers and active social media enthusiasts eager to consume and amplify the story of *Harris Tweed*.

From the outset, Harris Tweed Hebrides needed to broaden its appeal beyond the monolith of the gentleman's jacket which initially accounted for more than 90 per cent of our fabric production. Partnering with young Scottish designers like Deryck Walker and Judy Clarke built some initial interest and revered designer Dries Van Noten included a detailed reference to the handwoven character of *Harris Tweed* when he launched his A/W 2010 collection. Momentum was building but fashion by definition is about "the new"; therefore, the conundrum for Harris Tweed Hebrides was how to be new when your primary definition and image centre on heritage and continuity.

From 2010, Harris Tweed Hebrides was winning awards and sales were increasing but to maintain this momentum and profile, exciting partnerships and media generation were essential to increase brand equity. At some point, journalists were bound to tire of writing about "the renaissance of *Harris Tweed*" so it was necessary to keep coming up with stories and projects which embraced the heritage and quality of the brand but also its modernity, style and versatility. By this time, Japanese designers had taken the lead in diversifying the use of *Harris Tweed*—revered in that country for its provenance—into a wide range of accessories.

Wherever opportunities arose, the company looked for ways of raising the profile of the fabric and the brand with these objectives in mind. For example, with the Ryder Cup coming to Gleneagles in 2014, there was an opportunity to partner with the European Tour, who were organising the event, to create a Ryder Cup *Harris Tweed*. Not only did this identify with the style and prestige of the event but it harked back to an era when *Harris Tweed* was a familiar sight on the fairways of the world—albeit with very different style parameters. This set a model for similar collaborations including with the Scottish Football Association and Scottish Rugby.

Another high-profile event emerged from the observation that, in the film, Argo—about the rescue of American hostages from Iran in 1980—the main character, a CIA agent played by Ben Affleck, was wearing *Harris Tweed* jackets throughout. Ben Affleck would have been well beyond our budget but we tracked down the agent he played, Tony Mendez, who had briefed him for the part—including on the clothes he wore. Tony turned out to be a great ambassador for *Harris Tweed*, and when we created an event in New York, his testimony went around the world. “I have four *Harris Tweed* jackets, all good as new but getting a little tight now. It is wonderful fabric and has a great story behind it”.

The developing blogger and digital media sector together with design magazines like Wallpaper and Monocle were more interested in how a product was crafted rather than just its finished aesthetic. This all worked well for Harris Tweed Hebrides who were able to provide a wide scope of content relating to provenance, process and final product. This high-end media coverage that focused on the artisanal qualities of *Harris Tweed* as well as its association with the world’s best fashion houses allowed the elusive term luxury to become an associated adjective.

In addition to the serious fashion media, a partnership with Johnnie Walker Black Label whisky showed a quirkier side of *Harris Tweed*. The campaign named “The Fabric of Flavour” created a fragrance representing the special tasting notes of the whisky which was then skilfully added to a specially designed *Harris Tweed* pattern. The unusual partnership caught the imagination of the international media and the story went viral. This variety of interesting partnerships allowed the brand to simultaneously connect with consumers and stay in the mindset of designers. Each partnership provided a platform to shine a light on a particular part of the heritage or process details of the cloth.

In order for *Harris Tweed* to retain a level of aspiration, it is important that the world's best designers continue to place the fabric in their collections. In the search for a variety of looks or sometimes one specific cloth for one specific garment, designers will come to the Harris Tweed Hebrides stand at Premiere Vision Paris or contact Shawbost Mill directly. Some need pattern, some want colour, and some value the insertion of a heritage fabric to bring a theme together. All have a respect for, and an attraction to, the unique qualities of *Harris Tweed*.

Sustainability as a primary reason for using *Harris Tweed* has become more common in the last five years. Ermenegildo Zegna, with their environmentally conscious creative director Stefano Pilati, was one of the most notable brands to come to *Harris Tweed* on this basis: "After talking to experts in sustainable fabrics, Pilati settled on *Harris Tweed*, the cloth that has been handwoven for centuries in the Outer Hebrides, off the coast of Scotland. He chose 25 cuts from the archives of Harris Tweed Hebrides and had them Zegna-ized", wrote respected Vogue journalist Tim Blanks after watching the A/W 2015 menswear show.

Vivienne Westwood remains a perennial partner who puts both the heritage and sustainability of *Harris Tweed* at the centre of her environmental mantra to buy less and buy better. Since 2019, Westwood has promoted *Harris Tweed* designs from previous collections to reinforce her message that fashion should not be simply defined by what is new; "Tartan looks great with tartan, *Harris Tweed* looks great with *Harris Tweed*. They both look great with every other fabric from velvet to lace and metal. They tell a heroic tale of crags and glens, mists and lochs, sea and the sun on the heather. I couldn't do a Winter collection without *Harris Tweed*".

Harris Tweed Hebrides always values the opportunity to tell our story to new audiences and working with Stone Island at the apex of streetwear—or "urban luxury" as it has been rebranded in some quarters was another important collaboration. The complex partnership was based on the concept of an eight-yarn cloth and a coat that incorporated a thermo-sensitive polymorphic hood and trim—the hook being that the changing colour of the hood and trim would match the colour spectrum of the eight *Harris Tweed* yarns. Stone Island designer Asim Khan said: "At the mill I spent time working with exceptionally talented people and learning about their crafts and processes. The experience left me with the utmost respect for the unique skills and knowledge they had to offer; something which stayed with me". Avid followers of Stone Island have a thirst for detail and the unconventional partnership brought the heritage and process of *Harris Tweed* to a passionate young audience that would have been otherwise difficult to reach. These high-profile, innovative partnerships have helped to change perceptions of *Harris Tweed* and will always be necessary. They represent the synthesis of our key assets—continuity, sustainability and style.

Conclusion

We live in a society where cheap, disposable clothing has the ability to give a short-term "buying buzz" to consumers but with great long-term damage to the environment. This inconvenient truth has been well documented in recent years—the cost of clothes that do not last is much greater than the initial price paid. The economic as well as environmental common sense of sustainable buying should by now be inescapable.

It is an agenda which favours *Harris Tweed*—a fabric famed for its natural purity and durability long before the merits of these characteristics were brought under the banner of "sustainability". Thus, *Harris Tweed* gives a stylish and long-term alternative to "cheap" short-term spending.

The chief executive of Harris Tweed Hebrides, Ian Angus Mackenzie has spent a lifetime in the industry—first as a weaver and then as chief executive of the Harris Tweed Authority, the body charged with safeguarding the integrity of the trademark, before having the opportunity to put ideas into action which would safeguard *Harris Tweed* for future generations of his fellow-islanders. He says: "The value of the *Harris Tweed* industry to this island is beyond measure and 15 years ago, its future was on a knife-edge".

"The recognition gained by Harris Tweed Hebrides has been very satisfying and a credit to everyone involved in the process – but what really matters is the legacy that we will hand on. The knowledge will have been handed down to another generation, the reputation of the brand will have been safeguarded and enhanced, the employment created will see the island economy through hard times, these are all aspects of sustainability".

Harris Tweed® sustains precious skills, a fragile minority culture on the edge of Europe and an economy which will always struggle to counter the causes of depopulation which afflict peripheries the world over. Without the mainstay of *Harris Tweed*, that battle would be even more arduous.

The heritage of *Harris Tweed* is not just about nostalgia or celebration of the past. It is a source of inspiration and regulation that frames our current and future existence, to a quite unusual extent. It is, quite literally, the history of *Harris Tweed* that defines the fabric we celebrate today. The balance of heritage and innovation has been shown to be compatible with longevity in the competitive industry of textiles. The traditions and sustainable credentials of both our product and the island community from which it comes will always be inextricably connected.

5

Quantitative Analysis of the Fashion Industry Comparing Spanish and British Small and Medium-Sized Companies

Lorena Ruiz-Fernández, Laura Rienda, Bartolomé Marco-Lajara, and Pedro Seva-Larrosa

The fashion industry, which is worth 406 billion dollars and employs 60 million people worldwide (Fashion United, 2020), is characterized by operating in a dynamic competitive environment, dominated by sudden changes and increasing uncertainty (Gazzola et al., 2020).

Market analysis about fashion companies provided by some of the main international consultancy companies (e.g., McKinsey, Deloitte Group, Boston Consulting Group), highlight the main worldwide

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companies. The largest fashion company is LVMH, Louis Vuitton Moët Hennessy, a French luxury conglomerate. Its annual revenue reached 53.7 billion euros in 2020 and the company is valued at around 122 billion euros. The company operates a chain of independent stores and shops-in-shops for fashion brands such as Louis Vuitton, Fendi and Dior. Nike is the second largest fashion company worldwide, a US-based company. Its revenue amounted to 32.04 billion euros and a market value of nearly a 29.82 billion euros in 2020. Nike offers its products worldwide and its largest markets are the United States (46% of the total revenues), and Western Europe (19%). In third place is the Spanish fast-fashion giant Inditex—with a market value of nearly a 92 billion dollars and annual revenue of 8 billion euros (January 2020). Inditex owns brands like Zara, Pull & Bear and Stradivarius and has stores in every major city in Europe, which also account for the majority of the company's revenue.

In order to talk about the evolution of the sector, it is essential to mention the new methods for offering, consuming and acquiring fashion such as online or e-commerce businesses. It should be noted that there has been a continuous rise in sales in recent years and it is expected to continue growing. Fashion leads the ranking of sales of physical goods through the Internet with 458,130 million euros (January 2019). It is the sector that has shown the most growth in this year with 17% annual growth. It is due to the rapid development of the offer, the growing confidence of consumers in the payment system that enables the growth year after year and the rise of mobile devices.

In this chapter, we compare the fashion industry into two relevant European countries; the United Kingdom (UK) and Spain. On the one side, the relevance of the fashion industry to the UK is well known. Clothing has always been big business for the UK. Nowadays, the revenue in the fashion industry is worth 28,807 million euros and 555,000 jobs to the economy, making it the UK's largest creative industry. Textile and fashion exports alone are estimated to be worth over 9.5 billion dollars.

Moreover, the UK is the world leader in fashion education, with six of the world's 20 leading fashion universities (Donaldson, 2016). Like much of the Higher Education sector, the student body is highly international, with an estimated 1,500 international students enrolling in British fashion courses every year, including hundreds from China and East Asia. This international character is reflected in the wider industry, with many of the catwalk designers at London Fashion Week originating from outside the UK.

Following the data of Fashion United (2020), the biggest company in the UK is the Burberry Group plc. This luxury fashion company is valued over 7 billion euros and its revenue is 2.7 billion euros in 2020 (2.63 billion pounds). Burberry sells its products through retail and wholesale channel, retail sales accounted for 77% of revenue compared to 22% from wholesale. Next Plc is the second largest fashion company in the UK, a fast-fashion retailer. The third place in the rank is for the retail giant Marks & Spencer. Nevertheless, whereas its UK food division is ever expanding, fashion and UK general merchandise sales have been declining in the past years. Finally, ASOS ranks fourth. Its annual sales are 1 billion euros, and the online fashion store sells over 850 brands as well as its own range of clothing and accessories. International retail sales for ASOS accounted for almost 63% of total retail sales.

On the other side, throughout all these years, Spain has achieved world recognition in the fashion sector due to the creation of innovative business models, specifically related to fast fashion, thanks to the Inditex company, considered a major reference operator in the world. Fashion, which represents 2.9% of Spanish GDP, is one of the main pillars of Brand *Spain*, a creative industry that enjoys international fame. The sector in Spain shows a complex structure due to its wide variety of products. It should also be taken into account that there are not only companies that offer direct activity to the sector, but that there are a large number of companies dedicated to providing services auxiliaries such as furniture companies, architecture and engineering studies, communication companies, consultancies, travel agencies. Inditex, El Corte Inglés Group, Puig, Mango and Desigual head the ranking of fashion companies in Spain by annual turnover (Fashion United, 2020).

The fashion sector is essential in the Spanish economy since its contribution to GDP exceeds that of the primary sector, with a contribution to GDP of commerce of 13.2% and 5.1% of the GDP of the industry in Spain. In relation to job creation, according to data collected from the Economic Report on Fashion in Spain, fashion is of great importance with a contribution of 4.1% in 2018 to the Spanish labour market, 18.9% employment in commerce and 8.1% employment in industry.

Moreover, in an international context Spain ranks fourth in terms of fast-fashion exports. Inditex and Mango lead this ranking in Spain, behind France, Italy and Germany, where the fashion sector accounts for 8.7% of the country's total exports.

For this industry, it is also interesting to comment the great importance of Fashion weeks for the economy. Fashion weeks are a commercial event where different designers show the new trends of the coming seasons through fashion shows where magazine editors, the media, celebrities and people interested in the world of fashion meet. It is generally celebrated in the great capitals of the world, the most famous are New York, London, Milan and Paris, although more and more countries and cities have been joining this week-long celebration due to the benefits that it entails which will be discussed later in the chapter. This event occurs twice a year, once during the months of September–October to present the autumn–winter season and another during the months of January–February for the spring–summer season. The preparation of this usually happens a year in advance, in which the designers begin to prepare the new collection and new ideas. The duration is usually 4 weeks, one week for each of the capitals mentioned above.

Fashion weeks are not only attractive to the fashion industry in terms of brands, sponsors, buyers, etc. If not, it could be considered an industry in itself. The biggest fashion weeks generate a large amount of money, for this reason many emerging countries try to imitate the model to promote their local industry with the aim of also generating a great economic impact.

A study by New York City Economic Development Corporation (NYCEDC) revealed that New York Fashion Week generates nearly 900 million dollars for the city each year. Similarly, London Fashion Week revealed that fashion generates for the UK more than 28 billion pounds each year in gross domestic product, in turn, during fashion week people from more than 70 countries are received among buyers, influencers, journalists and key people in the industry. London Fashion Week is itself influential, widely recognized as one of the "big four" international fashion festivals and a vital showcase for the UK's industry and talent. As such it is an important plank of the British Fashion Council's decision to position London as a hotbed of new, young, and multicultural talent, as opposed to the focus on more traditional and established brands often seen in New York, Paris, and Milan (Donaldson, 2016). In Spain, fashion weeks are held in different cities, but so far none has the great economic impact generated by the Mercedes Benz Fashion Week in Madrid, due to its ability to bring together a large number of celebrities, designers, journalists, etc. According to *Divinity* magazine in 2016, the economic amount generated in Madrid Fashion Week reaches 110 million euros per season, a figure difficult to match for any other type of event held in the capital.

Despite this general panorama, the fashion industry faces a worrying year ahead. The pandemic has changed the macroeconomic context, and players will find that their route to value creation is either unclear or it requires levels of investment that are hard to achieve. In this new context, the decision to opt for investments in resources that help overcome these difficulties will be key for companies in the sector. However, this uncertain environment could be faced differently attending to the characteristics of the firms. In this case, the Small and Medium-sized Enterprises (SMEs) have less resources to manage adequately this situation. Indeed, in the current context is crucial to own significant online skills due to the increase of the e-commerce among others, and most of the large companies already have a presence in the digital world being a great challenge for SMEs. Throughout this chapter, we analyse the positioning and the image in social media of fashion SMEs comparing the strategies of a sample of British and Spanish companies.

SMEs in the Fashion Industry

As pointed out before, currently the fashion industry is a very relevant global sector (Mukherjee, 2015) representing the 2% of the world's Gross Domestic Product (GDP). Specifically, in the UK and Spain this sector has come to the attention of many academics and professionals in the field. However, the most substantial research in this area has focused its analysis on large and well-known companies, such as the giant Inditex group in the case of Spain. Thus, many of the studies on fashion companies in these countries have highlighted fast fashion (Orcao & Pérez, 2014; Tokatli, 2008) rather than the significant efforts that SMEs have to make to try to survive in dynamic environments.

It is worth pointing out that some authors as Battaglia et al. (2014) have focused their attention on the study of these SMEs and on how their effort in Corporate Social Responsibility actions has had an impact on their competitive performance. Furthermore, Evans et al. (2020) recently analysed the costing within the fashion industry with a special mention in the first chapter on SMEs in this sector.

It is indeed crucial to pay attention to these SMEs and to analyse the strategies they employ to solve turbulent scenarios such as the current one arising from the crisis generated by the COVID-19 pandemic. In this chapter, the objective is to analyse in a quantitative manor the fashion industry comparing British and Spanish companies. In the first instance, we will try to show the structure of the fashion industry in both the UK and Spain, highlighting the presence of SMEs. Likewise, we will deepen in the study of these companies that conform the industry describing some of their key issues required in an uncertain environment.

According to the FAME (Financial Analysis Made Easy) database, there are 4,445 firms within the fashion industry in UK. After carrying out a preliminary analysis we were able to observe that only 4.4% of these companies are classified as large firms, i.e. those with 250 or more employees according to OECD classification (OECD, 2005). Therefore, 95.6% of the companies that appear in this database would correspond to the target population of our study, i.e. they are SMEs.[1] Similarly, according to SABI (Sistema de Análisis y Balances Ibéricos) database, in Spain we can find around 1,771 companies that are located in the

[1] It is worth noting that following the OECD classification in this analysis we have differentiated between those companies that have fewer than 10 employees (micro), those that have between 10 and 49 (small) and those that have between 50 and 249 (medium). SMEs are generally characterized by their limited size. The European Commission defines SMEs as firms with fewer than 250 full-time equivalent employees and an annual turnover of less than 50 million euros or an annual balance sheet of less than 43 million euros (European Commission, 2005).

fashion industry. In this case, the percentage of large companies, that is, those with more than 250 employees, is 2.5%, although we must again refine the set of companies according to the criteria explained above.

In order to achieve our objective, we carried out an exhaustive analysis of the two databases and the companies under study. We restricted the search to those active companies that were SMEs (based on the number of employees that work in the company). Furthermore, we had to properly refine the sample due to many companies included in the search result should not be categorized as SMEs; this is the case of firms belonging to business groups. Finally, we obtained a sample of 216 SMEs owned by the fashion industry, specifically: 102 in the UK and 114 in Spain.

The SME fashion sector is diverse and characterized by individuals with different personalities, skill sets and practices. This means that leadership and management styles vary, affecting business performance (Evans et al., 2020). In the following study, a sample of 216 companies belonging to the fashion sector in UK and Spain have been investigated in depth. At the beginning, Table 5.1 is presented with the main structure of the total sample.

In overall terms, we can note how the average size of fashion companies in the UK is significantly larger than in Spain (Table 5.1). Thus,

Table 5.1 Descriptive analysis of the sample

			Firm size			International activity	
			Micro	Small	Medium	No	Yes
Country	UK	Count	30 (35.3%)	24 (28.2%)	31 (36.5%)	64 (62.7%)	38 (37.3%)
		% by column	32.6	48.0	77.5	50.0	43.2
	Spain	Count	62 (63.9%)	26 (26.8%)	9 (9.3%)	64 (56.1%)	50 (43.9%)
		% by column	67.4	52.0	22.5	50.0	56.8
Total		Count	92	50	40	128	88
		% by column	50.5	27.5	22.0	59.3	40.7

while almost 64% of the Spanish companies in the sample are micro-companies (less than 10 employees), only 35% of the UK enterprises are micro-companies. Likewise, this inequality finds its counterpart in companies with between 50 and 250 employees (medium-sized companies), given that in Spain barely 9.3% occupy this category and the percentage in the UK rises to 36.5% of firms.

Another interesting aspect is the number of companies included in our sample that operate abroad. Especially if we consider that it is more complicated for these SMEs to carry out international activities than for large companies with greater financial and human resources. In Table 5.1, we can see how 40.7% of the total number of companies analysed are active internationally. It is relevant to mention that slightly more than half of these 88 companies operating internationally are Spanish (56.8%), although the majority of the Spanish firms in the sample have less than 10 employees.

After highlighting the main characteristics of these SMEs in the fashion industry and emphasizing the differences between the UK and Spain, we went on to investigate the positioning and image of these companies below. To carry out this purpose, we will research the trademark and social media presence of the companies analysed focusing our attention on website and social network tenure.

Spain vs UK Brand Positioning: Which Companies Are More Aware of the Importance of the Trademark?

New textile and garment industry companies are entering the market daily. Most of these companies remain rather unknown to the consumer audience, better known are the individual brands that are part of these global fashion companies (Fashion United, 2020).

A brand makes products desirable and differentiates them from other similar products (Brun & Castelli, 2008). We can highlight the brand relevance, especially in the fashion industry. Aaker (1991) emphasized five sources of value: (1) help consumers in retrieving and processing information, (2) provide a basis for differentiation and positioning of a product, (3) involve product attributes and customer benefits that give consumers a reason to buy and use the brand, (4) create mental associations that produce positive attitudes and feelings that are transferred to the brands, and (5) provide the basis for product extensions. To acquire trademark status, the brand should perform a designating function that distinguishes the product from other sources. Trademark and brand are closely linked (Greenhalgh & Rogers, 2007; Krasnikov et al., 2009) and considered as fundamental marketing capital within the fashion industry (Davey et al., 2009).[2] The term *trademark* includes any word, name, symbol or device, or any combination thereof that producers use to identify their goods (Agostini et al., 2014).

The world of branding is clearly dominated by big businesses, although it is well known that the brand is the major determinant of SME market performance (Agostini et al., 2015).

Many of the studies presented antecedents such as perceived brand quality, brand salience, perceived brand value, perceived brand image, satisfaction, and brand trust (Chaudhuri & Holbrook, 2001; Li et al., 2012; Rubio et al., 2017). Nevertheless, beyond knowing the perceptions, we want to know if the firms invest in a brand and how it could be related with its international activity. An interesting information in the case of SMEs due to their limitation of resources (Rienda et al., 2021).

Therefore, now we analyse if SMEs invest in a trademark, comparing British and Spanish firms, and if they possess one or more than trademarks for both countries. The analysis is completed identifying the firms with more international activity and their relationship with the existence of a trademark (Table 5.2).

The brand is recognized as the most relevant reputational asset, adding value for customers and helping to create defensible competitive positions (Agostini et al., 2015). Attending to our sample, in Table 5.2 we can see that only a 28.2% of SMEs should have a trademark. For countries, we can appreciate that only a 32.4% in the case of UK SMEs and

[2] Trademark represents the legal basis upon which the brand build (Block, Fisch, Hahn & Sandner, 2015).

Table 5.2 Trademark in British and Spanish fashion companies

		Without trademark	With trademark	One trademark	More than one trademark
COUNTRY					
UK	Count	69 (67.6%)	33 (32.4%)	14 (42.4%)	19 (57.6%)
	% by column	44.5	54.1	66.7	47.5
Spain	Count	86 (75.4%)	28 (24.6%)	7 (25%)	21 (75%)
	% by column	55.5%	45.9%	33.3%	52.5%
INTERNATIONAL ACTIVITY					
Without International Activity	Count	107 (83.6%)	21 (16.4%)	10 (47.6%)	11 (52.4%)
	% by column	69.0	34.4	47.6	27.5
With International Activity	Count	48 (54.5)	40 (45.5)	11 (27.5)	29 (72.5)
	% by column	31.0	65.6	52.4	72.5
Total		155 (71.8%)	61 (28.2%)	21 (34.4%)	40 (65.6%)

a 24.6% of Spanish SMEs have a trademark. Therefore, the level of the investments on trademark is both low and similar.

Moreover, attending to those firms that have one or more than trademark, we can see that from the total sample more than 65% of SMEs have more than one trademark. This data indicates that companies that consider the brand as an important asset are really commitment with this intangible in a considerable way, despite the few resources that SMEs usually have (Rienda et al., 2021). In a comparative way, an important percentage of SMEs from Spain also have more than one trademark (75%) versus the percentage of UK SMEs (57.6%). In this case, Spanish companies tend to invest in more than one brand more commonly when compared to the sample of UK SMEs.

Secondly, we also compare the existence of a trademark in firms that have or not international activity for the total sample. In the case of firms without international activity, we can see that only 16.4% invest in trademark. In contrast, the half of firms with international activity have a trademark (45.5%). Specifically, it is interesting to highlight that the 72.5% of those firms have more than one trademark. If we focus on those SMEs that are concerned about trademarks, we can see that 65.6% have international activity. In the same vein, as expected, the 69% of SMEs without trademark operate exclusively in their home market. Therefore, the vast majority of firms that do business abroad consider more important the investments on trademark.

In addition, a company that becomes more internationalized is likely to be more interested in exploring and maybe acquiring new brands (Denicolaia et al., 2019). In our sample, international companies represent 72.5% of companies with more than one trademark (Table 5.2).

Even though it is well known that brands are widely recognized as being a strategic necessity to successfully expand and operate abroad, research with regard to this issue is few and inconclusive. This happens especially in the opposite case, when companies achieve superior international performance through externally developed trademarks (Sharma et al., 2017).

How is the Social Media Presence of Fashion SMEs? Comparing the Use of Website and Social Networks by British and Spanish Firms

In the same way that research is carried out on the positioning of the trademark of fashion industry SMEs, it is necessary to study the strengthening of this image through social networks. This is an approach recently suggested by authors such as Budiman, Hendrayati and Achyarsyah (2019). In fact, Hsiao et al. (2020) have proposed that social media has a strong effect on SME brands in the fashion industry. Thus, in this section the focus is on a descriptive study of the use and presence of fashion industry SMEs in social media.

In general terms McCrea (2013) has already highlighted the role of social media as a key tool for fashion brands. Social media is free and easy to use and therefore can provide companies with a relatively quick and low-cost method of connecting with customers (Fischer & Reuber, 2011). This is particularly beneficial for SMEs as noted by authors such as McCann and Barlow (2015).

In addition, owning a website that enables e-commerce can be a major investment for fashion SMEs today due to COVID-19 has accelerated the industry's channel shift towards e-commerce and it is anticipated that around 35–40% of sales from April to September 2020 will come through online channels (Global Fashion Agenda, 2020).

Through a brief review of the specific literature, we can find some qualitative studies that have tried to explore the use of social networks by fashion SMEs highlighting the work of Ananda et al. (2017) who examined the social media strategies of fashion SMEs in European countries. These authors highlight the paucity of research on social media strategies in fashion SMEs (there are some exceptions in large luxury brands such as Kontu & Vecchi, 2014; or Nash, 2019). Other works such as Öztamur and Karakadılar (2014) have been concerned with analysing the role of social networks in SMEs and especially their influence on business performance, comparing Facebook and Twitter.

In addition, quantitative analyses have recently been published investigating the impact of social media on fashion industry SMEs in growing countries, particularly focusing on its direct effect on SME growth (see Gekombe et al., 2020).

Therefore, in this section we will analyse in a comparative way the web page tenure and presence in social networks such as Facebook, Twitter and Instagram among Spanish and UK SMEs. In the first part of Table 5.3, we can observe the percentage of Spanish and UK fashion SMEs that have a web page, and at least one social network (Facebook, Twitter or Instagram).

Firstly, although the companies we are investigating are SMEs, we can see that more than half of them have an operational website (58.3%), which indicates that e-commerce has become a challenge for all companies that want to compete in the current environment. Likewise, we note that Spain is positioned ahead of the UK as 63.2% of its fashion SMEs have a website compared to 52.9% of those in the UK. Similarly, in Table 5.3 we show that almost half of the companies analysed (50.9%) have at least one active social network and, Spain once again hosts 56.4%

Table 5.3 Social Media in British and Spanish fashion companies

		Without web page	With web page	Without social networks	With social networks	Facebook		Twitter		Instagram	
						No	Yes	No	Yes	No	Yes
COUNTRY											
UK	Count	48 (47.1%)	54 (52.9%)	54 (52.9%)	48 (47.1%)	59 (57.8%)	43 (42.2%)	62 (60.8%)	40 (39.2%)	67 (65.7%)	35 (34.3%)
	% by column	53.3	42.9	50.9	43.6	51.8	42.2	44.3	52.6	53.2	38.9
Spain	Count	42 (36.8%)	72 (63.2%)	52 (45.6%)	62 (54.4%)	55 (48.2%)	59 (51.8%)	78 (68.4%)	36 (31.6%)	59 (51.8%)	55 (48.2%)
	% by column	46.7	57.1	49.1	56.4	48.2	57.8	55.7	47.4	46.8	61.1
INTERNATIONAL ACTIVITY											
Without International Activity	count	63 (49.2%)	65 (50.8%)	67 (52.3%)	61 (47.7%)	70 (54.7%)	58 (45.3%)	86 (67.2%)	42 (32.8%)	80 (62.5%)	48 (37.5%)
	% by column	70.0	51.6	63.2	55.5	61.4	56.9	61.4	55.3	63.5	53.3
With International Activity	Count	27 (30.7%)	61 (69.3%)	39 (44.3%)	49 (55.7%)	44 (50%)	44 (50%)	54 (61.4%)	34 (38.6%)	46 (52.3%)	42 (47.7%)
	% by column	30.0	48.4	36.8	44.5	38.6	43.1	38.6	44.7	36.5	46.7
Total		90 (41.7%)	126 (58.3%)	106 (49.1%)	110 (50.9%)	114 (52.8%)	102 (47.2%)	140 (64.8%)	76 (35.2%)	126 (58.3%)	90 (41.7%)

of these companies with a presence on social networks versus 43.6% for the UK.

These data are in line with the "*2019 Report: The Spanish Fashion Sector Online*" published by Salesupply (2020), which states that Spanish fashion has been involved in a process of technological adaptation to the new digital era in recent years. It also considers the digital transformation as a fundamental requirement for all companies.

When analysing in depth the presence of UK and Spanish SMEs on Facebook, Twitter and Instagram, it is possible to draw some conclusions. For example, we can see in Table 5.3 that the most popular social network for both the UK and Spanish SMEs is Facebook, where almost 50% of companies have an active presence (47.2%). In the case of Spanish companies, we can see how Instagram takes a similar position to Facebook, so that 48.2% of fashion SMEs already have this social network.

However, in the UK, Instagram does not seem to generate as much interest for the companies analysed as only 34.3% thereof. In this case, it would be Twitter who would occupy the second position, as 39.2% of UK fashion SMEs have a Twitter account, placing it as an exception ahead of Spanish fashion SMEs, where only 31.6% appear active.

On the other hand, in Table 5.3 we can also compare the image and positioning in social media of fashion SMEs that are internationally active with those that only work in the domestic market. In this case the difference between these two groups of companies is accentuated as almost 70% of international companies have a website as opposed to 50,8% of companies who operate only on a national level (either in the UK or Spain).

However, in the case of social networks the difference is not so great since, as we mentioned earlier, practically half of companies (50.9%), whether international or not, have at least one social network (Facebook, Twitter or Instagram). Indeed, 55.7% of international companies have some active social network compared to 47.7% in the opposite case.

By investigating the different social networks studied on an individual level, we can see how Facebook continues to be the most chosen option for both companies with and without international activity (50% and 45.3% of them respectively have a profile on Facebook).

For the total sample, the second most followed social network is Instagram (41.7% of the total advocate this channel). We must highlight that in this case there are differences between international companies, as 47.7% have Twitter, compared to national companies, as only 37.5% of them have it.

Finally, Twitter seems to be the social network with the least presence in fashion SMEs (only 35.2% of the total). In this case, once again, companies with international activity have a greater presence just above the average (38.6%), compared to companies without international activity where only 32.8% have their image on Twitter.

Conclusion, Limitation and Future Research

In this chapter, we described and compared the position of UK and Spanish SMEs belonging to the fashion industry. The uncertainty and dynamism of this sector is constantly growing, making companies take strategic decisions about the resources in which they invest. This is a matter of even stronger concern in the case of SMEs that lack numerous resources to withstand market turbulence. In addition, rapid changes in the competitive environment of these firms force them to follow the lead of competitors in order to remain resilient. Indeed, due to the trade digitization that has been taking root in this sector, with a greater emphasis on the current crisis, SMEs have struggled to maintain their image and positioning. The strategies they have adopted in order to maintain a strong image and competitive position have included investment in trademarks and the growing presence of these SMEs in social media.

Therefore, the aim of this chapter has been to analyse, in a quantitative way and in general terms, the uptake of a trademark by these companies, as well as the tenure of a website and different social networks such as Facebook, Twitter or Instagram. Thus, the analysis of the data finally collected on the aforementioned aspects has allowed us to obtain significant comparative results.

On the one hand, the most remarkable points in relation to the trademark of these fashion SMEs can be summarized as follows. Just 24.6%

of the Spanish companies studied have a trademark, compared to 32.4% in the case of British companies. Meanwhile, it is interesting to note that 75% of these companies have more than one trademark, while only 57.6% of British companies have more than one trademark. Finally, if we analyse individually the behaviour of companies that are not internationally active, we can see that barely 16.4% have a trademark, either one or more than one (in equal proportions).

On the other hand, it should be noted that Spanish companies represent a higher percentage of the total number of companies with a website and social networks than UK companies. In fact, more than 63% of the Spanish SMEs analysed in our sample have a website while only 53% of the British ones do. Additionally, in order to deepen the positioning of these companies in the social networks, it is worth mentioning the slightly differentiated behaviour between UK and Spanish companies.

Firstly, the social network most followed by these companies coincides in the case of both the UK and Spain, and that is Facebook. Practically half of the companies studied have a profile on this social network (47.2%), with a slightly higher profile in the case of Spanish companies (50%). However, if we ask which is the second most used social network by fashion SMEs, the answer is different for UK and Spanish companies. While almost half of Spanish companies have an Instagram profile, barely 37.5% of British companies have one. In this case, the second most followed choice would be Twitter, as 39.4% of companies have it. Finally, we would like to mention that if we distinguish between international companies, both from UK and Spain, almost 70% have a website and more than half have at least their image on a social network.

About the limitations and future lines of research, as we have mentioned throughout the chapter, the intention of this work was to determine and compare the image and positioning of the fashion industry's SMEs in UK and Spain. However, the factors that encourage companies to invest in trademarks or to be present in some social media have not been studied in depth, since our data come from secondary sources.

Therefore, as a future line of research it would be interesting to request the opinions of managers of these companies on these strategic decisions. Furthermore, it is really crucial to ask the managers about the approaches to solve the current crisis generated by COVID-19. Likewise, in order to complete the perspective of this study in geographical terms, it would be interesting to expand the countries analysed, both within the EU and outside with developing countries, for example.

Finally, we can highlight some interesting issues with reference to managerial implications. On the one hand, this chapter provides information related to the fashion industry so that companies could learn how more direct competition operates in terms of investment in a brand or in a social media presence. Similarly, it could be interesting to know what resources those companies with a greater international presence usually have. Furthermore, this information could also be important currently due to the unstable situation of the companies in this industry. Governments could use the data describing the landscape of the industry in these two countries to boost companies in this situation, both nationally and internationally. In this way, different policies could be put forward at government level to help in this critical pandemic situation we are experiencing.

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6

Luxury Brands, Consumer Behaviour, and Sustainability

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For long, the luxury sector faced criticisms, regarding its impact on the environment and society: contribution to the pollution of water and air, waste, endangered animals, social diversity. These are among the challenges that the luxury sector had to face. But over the last 20 years, under the impetus of a younger generation of consumers, collaborators, and brand ambassadors, sustainable luxury is not an oxymoron anymore and is more the rule than the exception. Consumers consider it is a duty for luxury brands to lead the way, to be transparent, and to position themselves as leaders in the field of ethical and sustainable development. Franca Sozzani, editor-in-chief of Vogue Italy declared in 2014 that through its visibility and influence on opinion, luxury fashion has

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the power to affect the way people think and consume. This chapter discusses the motivations of luxury consumers and the engagement of luxury brands to match the expectations of the younger generations.

The Value of Sustainable Luxury for Consumers

When purchasing luxury goods, Generation Z and Y consumers value environmental and animal care as a first sustainability criteria, while seniors put more emphasis on ethical manufacturing. Yet, overall, sustainable credentials have an influence in the purchase of luxury goods for more than half of luxury consumers, and more than 60% of the consumers would prefer a brand that supports sustainability (BCG True Luxury Global Consumer Insight report, 2019). The drivers of these purchases are both eco-conscious and ego-conscious (Cervellon & Shammas, 2013). Consumers expect luxury brands would act in contributing to the planet and society, by "doing good" and avoiding "doing harm." But also, they purchase sustainable products for their perceived quality, to protect themselves, their health and sometimes pursue their own personal motivations, both psychological and symbolic (Fifita et al., 2020).

Consumers consider that being green, ethical, and responsible is a marker of high-end and quality products (Cervellon, 2013). By nature, the quality of luxury products that are passed down from generation to generation, the manufacturing approach rooted in local craftsmanship, facilitates this understanding of luxury through the prism of sustainable development, at least by comparison to fast-fashion products (Beckham and Voyer, 2014). The quality of luxury items secures a longer product lifecycle and encourages the development of the second-hand market. In many countries today, consumers choose to invest in high-quality luxury items because of the resale value on the second-hand market. Thus, buying luxury goods does not necessarily mean conspicuous consumption. It is also an investment in quality and sustainability. Giving a second or even third life to objects can be one of the motivations of sellers on the second-hand market (Turunen et al., 2020). Exhibiting sustainable behaviour is also a motivation to purchase second-hand luxury items for true luxury consumers (BCG True Luxury Global Consumer Insight report, 2019). The COVID-19 pandemic emphasizes the value of quality and durability, just like 2008 post-financial crisis was the ground of a value shift from having to being. Pier Luigi Loro Piana, CEO Loro Piana Group, asserted in 2009 that "in times of economic recession, people prefer to spend money on quality, durability and timelessness rather than fast fashion" (Fibre2Fashion.com).

Sometimes, the motivations of luxury consumers lie at an unconscious level. Many factors might prevent the purchase of luxury goods, one of them being a psychological risk, the feeling of guilt that is often felt when purchasing a good judged "superficial" and "of no absolute necessity." Consumers might use compensatory rules, for instance, purchasing a guilty pleasure, but compensating this purchase by a product that has sustainable credentials. Sustainable luxury goods relieve the guilt related to the superfluity of the purchase. In many luxury product categories, developing sustainable alternatives helps clients purchase in a socially accepted way without renouncing their comfort and their lifestyle. Yet, a luxury brand has to be luxury first; it cannot be built on sustainable credentials only. "Consumers are only willing to buy environmentally-friendly clothing if the intrinsic quality attributes, such as style and colour, are equivalent to those of conventional products" (Achabou & Dekhili, 2013, p. 1901).

Eco-responsible purchasing is also a new way of demonstrating social status. Researchers Griskevicius et al. (2010) demonstrated through a series of experiments that consuming green in public can be a way of showing one's altruism and gaining status, particularly when green products are more expensive than non-green equivalent ones. For many consumers, consuming green would therefore be a new way to meet their social aspirations; Going Green to be Seen. As an example, many affluent individuals support sustainable initiatives in a conspicuous way; in 2008, a quote in the Independent illustrates this new motivation "We used to spend our money showing people how much money we have got; now we are spending our money on supporting our moral concerns." Kapferer and Valette-Florence (2019) also investigate the relationship between status and sustainable demand; sustainability might be considered as an understated signal of wealth and status for several consumer groups.

In summary, the value that customers attach to sustainability, particularly in relation to luxury goods, is a strong driver for luxury brands to commit to CSR programs and invest in sustainable initiatives.

The Value of Sustainability for Luxury Brands

The growing consumer concern, and sometimes activism, regarding sustainability issues puts pressure on luxury corporations to elaborate CSR programs and implement these programs fully. Since 2007 and the publication of several consulting reports on the topic (Bendell & Kleanthous, Deeper Luxury report, 2007), luxury groups have gained ground in energy emissions, and the sourcing and craftsmanship of raw materials, especially leather. For example, the Kering group, which brings together houses such as Gucci and Saint Laurent, has set up an ambitious agenda. First, the group launched an environmental income statement that presents the environmental impact of the group's activities throughout the supply chain. The group obtained the 2nd position of the Global 100 2019 ranking of Corporate Knights which ranks the 100 most exemplary companies in terms of sustainable development. Also, it is regularly ranked among the most virtuous companies in the ranking of the Dow Jones Sustainability Index. In addition, the group obtained grade A in the Carbon Disclosure Project ranking, in recognition of its efforts in reducing greenhouse gases. For its part, the LVMH group is also committed to a program that displays ambitious objectives: LIFE2020. Bernard Arnault, LVMH CEO, declared "Rekindling dreams and pleasure does not absolve us of our responsibility, of our duty to think clearly. Indeed, the luxury industry, which is more synonymous with beauty than any other, must aim to be an example. We assume this responsibility."

Luxury groups are also leading many initiatives that disrupt manufacturing processes. Luxury groups have invested in the development of plant-based or even vegan raw materials such as citrus fiber, made from orange peels. This fiber has a touch similar to silk. This textile was used for first time by Ferragamo for a capsule collection in April 2017. Also, Stella McCartney, a pioneer of ethical luxury, has joined forces with the LVMH group to develop a fake fur made from corn derivatives. This vegan faux fur named Koba appeared on the market in October 2019. Stella McCartney is also a forerunner in the use of faux leather made from plant derivatives. Since 2015, Stella McCartney is transparent on its environmental impact, from the production of raw materials to the storage of finished products.

Reducing waste has become one of the mottos in many luxury sectors, such as perfumery. Thierry Mugler perfumes were the first to offer their customers the filling of bottles in perfumery. Since then, many major brands have offered this service which allows the consumer to avoid throwing away the packaging. Beyond these services that minimize waste, many services are integrated since the purchase of the product in the luxury sector. When consumers choose a luxury product, they invest in quality that lasts. Some luxury products are passed on from generation to generation, as evidenced by the motto of a famous Swiss watchmaker "You never actually own a Patek Philippe. You merely look after it for the next generation." The large luxury brands therefore ensure the maintenance and repair of their products. Hermes sends its craftsmen around the world to repair its iconic bags. This is also the case for aspirational brands such as Patagonia, which proposes in-store clothing repair. Although Patagonia is not considered a luxury company it is definitely at the forefront of ethical consumers most relevant brands and has been a forerunner in many sustainable actions which have translated into marketing advantages and examples for other brands to follow. Other proposals include the rejuvenation of products, such as Berluti and its special tanning service or the retailer Galeries Lafayette that offers the customization of old sports shoes.

The recycling of textile scraps, leather and unsold products, has led to a practice that has developed in the luxury industry called up-cycling. Its related process, recycling usually involves a waste treatment process that allows some of the materials to be reused for the production of new products, a traditional example would be the manufacture of glass objects from glass extracted from used bottles. Up-cycling, on the other hand, involves re-using products rather than throwing them away and creating higher-quality objects with them, to follow the example given above; such as making a lamp from used bottles, sometimes creating pieces of art like Hermès Petit H. Petit H is a "recreation laboratory" which creates products made of leftover materials such as the exceptional leather used in Hermes iconic bags. Petit H is a tribute to Hermès' disruptive creativity; some of their productions are exhibited as artworks. Sustainability concerns push luxury brands beyond their traditional boundaries, to become more innovative and entrepreneurial than they ever were (Bendell & Thomas, 2013).

Why is it, then, that consumers still underestimate the commitment of luxury brands to sustainable development? Probably because luxury brands are very discreet on their initiatives; including on their Web sites, they tone down their communication to their altruistic and authentic motives, for fear of being perceived as following a greenwashing approach (Wong & Dhanesh, 2017). Luxury, in any case and by its very nature, is understated many of its aspects, whether it be for its branding prominence on products or its social media engagement. It is therefore not altogether surprising that the sustainability initiatives follow this pattern. Nonetheless, messages on sustainability enrich the identity of luxury brands and add value to CSR principles (Freire & Loussaïef, 2018). In addition, these CSR initiatives, particularly the philanthropic ones, have a significant impact on brand evaluation and consumer intention to purchase luxury brands (Amatulli et al., 2018; Cheah et al., 2016). Consumers are ready to pay a premium for brands of higher quality, based on sustainable development. They understand that local, organic, or fair-trade products require production in smaller quantities, with a slow manufacturing process, justifying higher costs. According to the Global Corporate Sustainability report (Nielsen, 2015), 2/3 of consumers are willing to pay a premium to consume brands that are committed to the protection of the environment and society. Among Millennials, ¾ of them would be willing to pay more for a product that respects these values. In the beauty and fashion sector for instance, consumers are ready to pay higher prices for brands that are eco-responsible and integrate raw materials from organic farming (Cervellon

& Carey, 2011), meaning that they exclude the use of synthetic chemicals and organisms genetically modified by transgenesis. Consumers are also relying more on their own experience and other sources of information than on consumers' reviews when sustainable credentials are put forward (Cervellon & Carey, 2014).

In contrast, not engaging in CSR might lead to negative consequences on brand attitude and credibility, particularly among consumers with high eco-consciousness or ethical values. Cervellon (2012), for instance, investigated the impact of negative publicity regarding Victoria's (dirty) Secrets on brand attitude. Brands might harm their reputation for years to come due to their lack of commitment and respect for the environment. Consumption of unsustainable luxury brands might lead to shame and trigger negative word-of-mouth, particularly in collective countries (Amatulli et al., 2020).

Conclusion

Over the last decade, social responsibility and sustainability have become elements of differentiation and a source of competitive advantage in the luxury sector. Under the impetus of consumers, who are increasingly concerned by sustainability issues, luxury brands have initiated approaches orientated to excellence in sustainability through innovative CSR practices along the value chain, linked to the 3R's, recycling, reuse, and reduction. The new economic, social, and sanitary context provoked by the COVID-19 pandemic will accelerate the development of new business models in the luxury sector, that will take into account the expectations of the next generations of consumers where Green is the new Gold.

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7

The Role of Social Media in the Fashion Industry: The Case of Eco Luxury in Today's Consumption

Concha Pérez-Curiel, Gloria Jiménez-Marín, and Irene García-Medina

More and more fashion companies are incorporating sustainability into their business model and opting for slow fashion as a formula compatible with consumer interests. However, there is an open debate about the profitability for the industry of this production process and many experts are sceptical and consider that fashion brands are still dependent on hyper-consumption and low prices to achieve their commercial objectives (Fletcher, 2010; Jiménez-Marín, 2016).

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Combating the negative environmental impact linked to fashion-related activities has become a priority for brands, especially for the luxury sector, which considers it a differential factor with respect to fast fashion companies. The concept of sustainable fashion integrates a design philosophy aimed at promoting, through social responsibility strategies, production techniques that avoid environmental damage, animal cruelty and worker exploitation (Lundblad & Davies, 2016).

The development of sustainable products and business practices is a way for fashion companies to react to criticism of their unsustainable behaviour, with negative consequences for environmental quality and human welfare, by producing carbon emissions, poor working conditions, excessive waste and use of chemicals (Han et al., 2017). The study by Pui-Yan Ho and Choi (2012) confirms that many organisations believe that "green" efforts benefit brand reputation and attract new customers. The role of consumers and their purchasing attitude are aspects that do not go unnoticed in communication and marketing strategies as it seems to be demonstrated that social network users are more concerned about who produces and how fashion is produced (Norum & Ha-Brookshire, 2011; Shen, 2014). An increasing number of people prefer to buy fair trade garments, with higher quality and exclusionary clothing, at better prices and produced with less environmentally harmful materials (Puig Torrero, 2017). At the same time, there is increasing interest among experts to analyse ethical, environmental and sustainability issues related to affordable, trend-sensitive and fast fashion (Chen et al., 2011; Joy et al., 2012; Sun et al., 2014). The scrutiny of the fashion industry is undeniable given the increasingly polluting conditions in the supply chain. Despite constant publicity about the environmental impact, the sector continues to grow thanks to the boom in fast fashion. Based on the manufacture, frequent consumption and ephemeral use of garments, it is known as McFashion, due to the speed with which consumer desires are successfully met (Gupta & Gentry, 2018) (Table 7.1).

A change in the fashion business model is therefore urgently needed, including a slowdown in manufacturing and the introduction of sustainable practices throughout the production chain, as well as a change in consumer behaviour. These objectives emphasise the need for a slow

Table 7.1 Differential values between fast fashion and slow fashion

Category	Fast fashion	Slow fashion
Scope of the industry	Turnover $1.44 trillion dollars annually	Small business firms
Raw materials	Petroleum-based materials	Locally sourced, bio-degradable, organic, natural dyes and natural materials. It also includes recycled, repurposed, upcycled materials
Manufacturing	Cause environmental implications during production	It uses less harmful ingredients and employs eco-friendly traditional methods of production
Protocols involved	Modern and unethical methods	Less harm to the environment as it involves conventional methods
Production	New styles every 2 week and more than 10 seasons in a year	Low volume, handmade, made-on-order and available in limited edition

Source https://www.fibre2fashion.com/industry-article/author/s-aishwariya/368

transition back to "fashion", minimising and mitigating harmful environmental impacts (Niinimäki et al., 2020). The consumer society must be able to observe and understand that there is an alternative to fast fashion, which is slow fashion, which implies the need to empower all the agents involved in the process of manufacturing and acquiring fashion, in order to make human and labour rights effective worldwide (González Romo et al., 2020).

A Necessary Balance Between Luxury and Sustainable Fashion

The production process in the luxury sector is associated with the values of sustainability. Luxury can offer the opportunity to create sustainable business environments thanks to features such as the use of an artisan model, based on a unique skill that generates high-quality products that last over time (Godart & Seong, 2014).

Both luxury and fashion share the need for social differentiation, but differ in that luxury is timeless, while fashion is ephemeral (Kapferer, 2017). Luxury fashion faces a specific challenge in the search for ecological sustainability, as it is subject to constant pressure for change, a value inherent to the fashion industry. The cyclical mechanism linked to the spring-summer and autumn-winter seasons makes consumers want to replace the still usable fashion products with new garments that are in tune with the season's fashion (Godart & Seong, 2014).

A luxury brand is a means of distinction and social stratification, which is found at the confluence of culture and social success. Luxury brands are not launched; they are built progressively by managing the allocation of resources in a very specific way (Kapferer & Bastien, 2009). They set trends and influence the rest of the industry with their aesthetic value and their innovative but traditional form of business management. They apply innovative styles not only to products, but also to customer management, marketing combinations, customer services, retail strategies and others (Kim & Ko, 2010). In addition to these values, there has been a change in the identity of consumers who, in a context of economic crisis, have opted for social and environmental excellence in an essential dimension of luxury brand products (Girón, 2011). As a result, fashion and luxury brands are increasingly registering actions in favour of ecology (eco luxury) , such as those led by Gucci, with the commercialisation of a line of bags made with leather made from soya, or Tiffany's, in the jewellery sector, which stopped using coral to avoid destroying the sea beds (Muñoz Valera & Pérez Curiel, 2014).

Through strategies related to marketing influence on social networks, the luxury sector is reinventing itself and without renouncing its particular idiosyncrasy, it is investigating new formulas and languages to bring sustainable luxury closer to the digital user. It must be borne in mind that traditional marketing strategies cannot be applied to the luxury sector. In this scene, anti-laws rule (Bastien & Kapferer, 2012):

a. As opposed to positioning the brand and the product to be different from competitors, luxury fashion seeks to be unique in the market because luxury is superlative, never comparative.
b. Luxury does not have to respond to the increase in demand, nor to the need, nor to mass production, because a customer who longs to live his dream through the products offered by the brand would lose its essence, its uniqueness and its value.
c. The luxury brand must stand as an advisor and educator of the consumer with a message that emanates identity, culture, art and social status.
d. Accessing a luxury product must be a difficulty for the customer. Brands are supported by an increase in the product, limited production and longer delivery periods.
e. Luxury does not respond to the Unique Selling Proposition (USP) put forward by R. Reeves (Rashid & Barnes, 2020) to promote the brand. There is no single selling proposition, the desire comes first, so advertising must recreate that personalised desire of consumers.
f. Luxury should not be communicated exclusively to its target audience to avoid losing its social value to consumers.
g. Luxury sets the price and not the other way around. The greater the demand, the greater the increase in the value of the product.
h. Fashion brand factories should not relocate in order to lower costs because they are no longer considered as "luxury".
i. Luxury brands should promote marginal sales on the Internet to avoid collateral damage linked to e-commerce strategies.

In short, if luxury production processes are more sustainable from the outset than those provided by conventional and fast fashion, and if changes in consumer behaviour are accompanied by the backing of policies aimed at organising consumption on a social, cultural and economic level (Niinimäki et al., 2020), it is essential to launch communication and marketing campaigns that will influence companies' corporate social responsibility work and demonstrate that luxury and sustainability are a possible duality.

Characteristics of the Fashion and Eco Luxury Consumer

Personal Characteristics

Today the luxury market is dominated by three generations: Baby Boomers (1945–1964), Generation X (1965–1990) and Millennials (1991–1999). According to the Luxury Goods Worldwide Market Study (D'Arpizio et al., 2017), conducted by Bain & Company, this is the distribution in sales of luxury products.

From the point of view of comparison, we observe differences between Generation Y and Generation Z (the Millenials) in terms of consumption of eco luxury. On the one hand, consumers belonging to Generation Y have been having better sustainable consumption habits than those of Generation Z, as Millennials are usually more interested in transparent brand communication (Garcia Medina et al., 2019). This is particularly interesting as it shows that transparent brand communication is an element of social responsibility activities and, when buying luxury goods, these CSR activities are more important for Generation Y in question (Pasricha et al., 2020). Generation Y buys luxury goods more often (to show their social status), so we can say that this generational group favours luxury brands that have a more personal approach to the customer and a social awareness veneer (Grotts & Johnson, 2013).

On the contrary, Generation Z considers slow fashion to be a competitor of fast fashion, placing them on the same level in the business market, an issue with which we disagree from this area.

On the other hand, while Generation Y tends to consider luxury goods as fast fashion, for Millennials it is usually more important that the brand/fashion company supports certain social values, such as solidarity or ecology (Soh et al., 2017).

These differences can be related to the stage of the life cycle, both of the trends and of the consumers themselves, as Generation Y is bigger than Generation Z and has different values and life goals, ecology being one of them.

Consumer Habits

With regard to the impact of sustainable consumption habits on the purchase of luxury products and brands, we can state that, in line with the contributions of Moorhouse and Moorhouse (2018), for Generation Y it is important to purchase luxury goods and, in this sense, the more these goods are purchased, the less sustainable consumption habits will be observed. Conversely, the sustainable consumption habits of Generation Z have a positive impact on their purchase of luxury products: as social consumption habits increase, so does the purchase of luxury products.

Sustainable marketing does not have to affect the consumer's orientation towards slow fashion, but it does affect sustainable consumption habits, which has an indirect impact on the consumption of luxury products.

Shopping Places

The place of purchase of eco-fashion products is very influential. The fashion and luxury sector is linked to tourism. Many consumers in developing countries, most of them Asian, are forced to buy abroad because in their countries of residence they cannot find the supply that exists in other more mature countries and, although this is changing, it is also the case that buying in Europe or the United States represents an added value (González Romo et al., 2020).

Another reason is that when buying abroad, consumers can sometimes deduct local taxes which only affect residents of the area. Similarly, currency exchange can favour (and depreciate) citizens in both places of the world. Europe is the largest designer and producer of fashion (though not the largest manufacturer, which is Asia). But, equally, Europe is the continent with the highest percentage of sales in the global industry. Interestingly, it is the geographical area most committed to the environment, ecology and social awareness, at government, business and social levels.

Social Networks: From Threat to Opportunity for Eco Luxury

The rise of digital technology has changed the way fashion brands are promoted and social networks have become platforms that have transformed communication (García Medina et al., 2018), behaving as ideal spaces to feed brands and stimulate purchase decisions (Jiyoung & Ko, 2010). We are witnessing a true digital revolution that turns consumers, who are increasingly demanding and informed (Pérez-Curiel & Clavijo Ferreira, 2017), into controllers of the message, given the speed of the changes that are taking place.

Traditionally, the fashion and luxury market has sold its products in off-line shops, in favour of the uniqueness and exclusivity it represents, through strictly controlled distribution (Jin, 2012). The rejection of e-commerce and dissemination on websites has been the dominant trend. However, given the characteristics of interaction, personalisation, entertainment, word of mouth and the trend that identifies social media (Kim & Ko, 2010), luxury companies have turned to communication and digital marketing, valuing the two-way nature of the web.

According to Deloitte, in its report Global Powers of Luxury Goods (2019), the future of the global luxury market has been affected by the digital revolution, as well as by technology, the growing global middle class and the influence of Millennials and Generation Z. In the latter case, fashion and luxury brands have reinvented themselves to reach a potential consumer, different from their target audience and generally more inaccessible. Young people are dominating social networks and luxury brands are emphasising a new customer profile, sensitive to sustainability.

There is an extensive scientific literature linked to the sometimes-stereotyped traits (Bolton et al. 2013; Smith et al., 2010) that define this audience. Their high exposure to technology and information has been studied (Hershatter & Epstein, 2010; Parment, 2011; Prensky, 2001); the excessive use of social networks (Statista, 2016), the marked multiplatform and multitasking behaviour (Hershatter & Epstein, 2010; Prensky, 2001); the need for socialisation and connection (Barton et al., 2014; Tuten & Solomon, 2013; Twenge, 2009); or empowerment and its power of decision (Barton et al., 2014; Leung, 2013; Parment, 2011).

We are facing the most demanding and informed generation in history (Yazici, 2016) and this represents a major challenge for fashion brands that have to adapt to the new social scenario.

Generation Y (Millennials), born between 1980 and the mid-1990s, represents 24% of the world's population and identifies with a segment of consumers with growing purchasing power. They are digital, global and hyperconnected (Bolton et al., 2013). According to Sullivan (2019), the difference between Millennials and older generations of consumers lies in the fact that they are three times more likely than Generation X and 12 times more likely than Baby Boomers to respond favourably to sustainability actions. The Press Release Details study (2018) reveals that for 85% of Millennials it is very important for companies to implement programmes to improve the environment; in addition, 75% state that they would definitely or probably change their purchasing habits to reduce their impact on the environment (Nielsen Holdings plc, 2018). On the other hand, Generation Z (also called "iGeneration" or "Post-Millennials"), born between 1995 and 2010, at a time of deep global crisis, is extremely pragmatic, with a powerful entrepreneurial spirit and more sensitive than previous ones to the defence of the environment. While the millennials are waiting to be discovered, Generation Z is ready to work and achieve success (Coni, 2018) and values the relationship with brands that demonstrate their involvement through corporate social responsibility strategies (Arıker & Toksoy, 2017) although their real interest lies in the fact that the products meet the prerequisites of price and quality.

In addition to connecting with these younger profiles, fashion and luxury brands are implementing strategies with influencers (Harmeling et al., 2017; Pedroni, 2016). The dynamic of this new leader has been to move away from the traditional marketing model and focus on showing themselves as ordinary people who awaken greater confidence in the consumer (Díaz Soloaga, 2017) and guarantee them leadership that surpasses that of the brand itself (Sádaba-Garraza & San-Miguel-Arregui, 2014).

Faced with consumer perception of luxury brands as associations concerned with quality, aesthetics or the extraordinary (Pedri Pereira & Schneider, 2017), influencing can lead to misinterpretations of its role as a prescriber, using a dynamic based on its own opinions and advice, unrelated to scientific evidence, which affect the brand's corporate communication.

From this perspective, the new trend in the sector, given the questioned role of influencers in this last stage, is to substitute or complement the function of these opinion leaders through a more active, direct and personal participation by the brands (Sanz Marcos et al., 2020). A new challenge is therefore opening up (Mir-Bernal et al., 2018), which luxury companies are translating into a commitment to bi-directionality, engagement and, above all, knowledge of the culture, tastes and opinion of a new target audience (the millennials), resulting in a change not only in modes of communication but also in modes of production.

Gucci leads a process of renewal and resurgence of luxury, designing campaigns on Instagram, considered the network par excellence for the dissemination of fashion and luxury sector, compared to Twitter, Facebook or YouTube. According to experts, Instagram favours an increase in the company's visibility, the generation of community, loyalty, the creation of brand image, product advertising and utility, the promotion of events or motivation and feedback with clients (Ramos, 2015) as well as the capacity for interaction between brand and user through photography (Caerols et al., 2013). The Italian brand creates new and personalised products (bags embroidered with dragons, sunglasses with pink lenses or belts with double G buckles), contacts with influencers from the world of cinema, music and platforms such as Netflix and HBO, modernises digital marketing strategies (memejacking, fashion films), adds to the rejection of animal skins for its designs and seeks to specialise in a unique and exclusive product that makes copying or replication difficult, as a strategy for other groups and brands (Pérez-Curiel & Sanz-Marcos, 2019).

Without a doubt, a process of renewal in production, communication and digital marketing actions that, independently of increasing brand profits, allows access to a new public, different from past cultures and generational values, which represents a trend of change where the interrelation of fashion, ecology and sustainability constitute the basis for innovation and the future of sector.

Future Developments: Between Sustainable Production and Responsible Consumption

From a business and marketing point of view, we suggest that luxury brands must pay more attention to issues of sustainability and corporate social responsibility, so that, among their values, they must embrace and approach their companies from an ecology perspective. They must reach a balance between sustainable production and responsible consumption without neglecting the attraction of the target.

How, then, can we design sustainable brands that compete in the luxury fashion market? We propose a series of fundamentals, as a decalogue:

1. Start from the basis of decreasing profit margins in exchange for supporting sustainability and pursuing a social, ecological and value-based purpose before pursuing a growing economic purpose, but always based on profitability.
2. To differentiate strategies and concepts from those of the competition, where sustainable business strategy is based on renewing the brand mission.
3. Evolutionary approach: That brands consider what they can do differently to protect the planet, damage resources less and have as a philosophy the reduction, reuse and recycling of materials.
4. Defend human resources and fossil materials as the main assets and eliminate polluting materials, such as certain chemical dyes which, in addition to being harmful at the time of dyeing and, therefore, of manufacturing and production, are also harmful at the time of consumption.
5. To propose a transparent company, where buyers, consumers and luxury fashion users know at all times the traceability of the

raw material, its origin and intermediate distribution, and where communication is two-way between the company and fashion users.
6. Incorporate responsible business practices, with design and creativity as a methodology for the advancement of sustainable development.
7. Support socially just causes, where part (more, less) of the profits can be passed on to society for the common good. That is, in the end, to establish CSR strategies not as a mere image strategy, but as values by which the company and the brand are governed from the beginning and until the end of the manufacturing-distribution chain.
8. Restructure the internal design and manufacturing processes, so that a climate of research into sustainable resources is created and the culture within the brand is changed.
9. Creation of new jobs, such as the ecological quality supervisor or the environmental adaptation process manager.
10. Renewing production strategies to be more environmentally friendly. Here we highlight the philosophy of fur free, a trend where companies are moving away from using animal fur to replace it with synthetic fur.

An aspect that must be taken into account when carrying out the process or evaluation of luxury brands to be, in addition, eco-friendly, is to involve the final consumer through a good communication of what sustainability implies and the benefits it brings in the fashion industry.

Final Considerations

The fashion and luxury sector has experienced great growth in recent years, bringing great economic benefit both on a purely aesthetic and fashion level, and on a tourist level, encouraging the exploration of cities and countries where these types of companies are located, especially Europe and Asia. But this has brought with it negative consequences for society and the environment, both of which are victims of irresponsible practices on the part of the textile, fashion and luxury sectors. Thus, the luxury industry has particularly contributed to the increase in cases of exploitation and major pollution scandals.

Slow fashion has emerged as a counterbalance. A model based on quality and aimed at a consumer who represents cultural diversity and the need to be informed. Therefore, in order to achieve sustainable production, it is necessary to start from the awareness of both consumers and companies to promote responsible consumption. A necessary change in the durability of products is therefore urgently needed, with higher quality in the long term and free from aesthetic or productive obsolescence.

In the end, it is a question of adding value, and not subtracting it. It is key to remember that companies are created by and to have an impact on people, on society, generating economic benefits. In this context, it might seem that sustainability is the opposite of luxury, even more so in the world of fashion; however, there is a common area for both concepts, often enhancing the positive economic aspects of profit and profitability.

The new trend in the form of production in the fashion sector, where these economic benefits, social benefits and environmental advantages are combined, is slow fashion, which, as opposed to fast fashion, adapts to social reality, evolves. As it is such a recent movement, the offer is very scarce and there are many business opportunities for the companies that bet on a change that, undoubtedly, is not exempt of risk. To this we add that the products are of high quality, with a longer life span than conventional products, resulting in less generation of unnecessary waste and lower economic outlay, in the medium and long term, for consumers.

On the contrary, although slow fashion is a model where social values can be easily integrated, the truth is that this industry represents a real challenge because, although in theory, society is postulated on the margin of sustainability and social and environmental responsibility, it is also true that, from a practical point of view, fast fashion imposes its know-how and acts on an already established and settled economic model.

Today's fashion is more fluid and interactive than ever, changing the way eco luxury brands connect with their core audience. Its dynamics is determined by a new consumer profile, the millennials, which brings with it a great deal of possibilities and represents an enormous potential for the development of communication and marketing actions.

In this scenario, social network management is still a communication tool used and included in the set of conventional communication strategies of fashion brands. The use of this instrument is an axiom with an intrinsic and necessary value within the business marketing and advertising action plan.

Likewise, in this context, a new mode of consumption arises where the users of social networks act as *adprosumers* (producers and consumers on the net), generating content, interacting with the brand and announcing their experience to inform other consumers. A protocol of seduction is therefore created, weighted by the figure of the influencer, who become ambassadors of the brand. The use of platforms that give brands visibility in the online environment is currently a trend that prosumers naturally perceive. In this sense, the fashion and luxury sector with social, ecological and environmental values does not remain on the sidelines or renounce the consubstantial values of the other variables: price, product and distribution, under the concepts of quality and exclusivity, advocating the presence in social networks.

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8

Communication in the Fashion Industry: Sustainability Focus

Paloma Díaz-Soloaga

In the last two decades, corporate communication management has focused on intangible assets, understood as non-monetary sources of profit for companies and brands. Unlike the tangible aspects of companies, intangible assets lack materiality and are generally not found on financial statements (Yallwe & Buscemi, 2014). Companies and institutions manage them based on their experience in the production of goods and services, their own financial capacity, and the results of their market activity, to point out just a few areas that they impact. This understanding of intangible assets, in fact, comes to be synonymous and interchangeable with that of intellectual capital (Bismuth & Tojo, 2008).

Intangibles management ultimately aims for business excellence. A positive approach to it is possible (Argenti, 2006) not only because it

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is publicly administered, but also and above all thanks to the transformations that each society's underlying cultural values undergo.

The International Association of Business Communicators (IABC) organizes intangible assets (goods and skills) into three categories, as follows: human capital (the experiences and expertise of people who produce knowledge), relational capital (the process of connection and exchange-production of knowledge), and structural capital (organizational infrastructure that enables connection and, in turn, the knowledge production process). The knowledge production process becomes an organizational process at the juncture between relational capital and structural capital (Simcic, 2008).

The evolution of the principles on which modern societies are based, as well as people's acquired worldviews about the relevance of their place in the public arena, has instigated brands to take an active role in public life. In addition, the concept of transparency achieved during the digital transformation at the turn of this century has empowered citizens and consumers to believe that they should be able to access every mechanism that moves the economy and politics. The concept of traceability emerged from this new right to access everything's background, from fashion garments to political candidates.

The media and consumers themselves meticulously analyze business behavior. With increasing frequency, consumers organize themselves to research the origin of the products and services that companies offer them. Intangible assets now offer a considerable advantage to companies in terms of communication (Bismuth & Tojo, 2008) since, by their definition, the values of integrity, ethical behavior and commitment to the truth should be implicit. Intangible assets are an antonym of greenwashing.

Another relevant link between communication and intangible assets corresponds to their interconnectivity. While many companies' communication strategies once acted independently, tied to the departments on which each depended (HR, operations, communication, purchasing, control, sustainability, finance, etc.), this new holistic approach to communication forces companies to work and present themselves to the world as a whole.

Consumers are unable to differentiate internal communication (sometimes filtered on social networks) from a branding action or a corporate social responsibility program. A company is equally impacted by news of a demonstration in Paris as by news of a scandal at a production plant in a developing country or by reports of poor treatment of employees at the flagship store in Manhattan.

So-called intangible assets (Table 8.1), identified by many scholars (Simcic, 2008; Bismuth & Tojo, 2008; Díaz Soloaga & Fernández Blanco, 2017) as corporate identity, corporate social responsibility, organizational culture, brand management, and reputation, all share something in common. Even though they require the involvement of many different departments and professional actors, they depend on communication efforts not only to achieve managers' objectives, but also for their very existence.

Research into the connection between intangible assets and institutions' communication dimension is relatively recent and has been led by the prestige increasingly associated with communication departments over the last decades.

Beyond that, there is a connection among intangibles that comes across with each stakeholder's multiple dimensions and their interactions with others. For instance, employees are the main stakeholders in organizational culture and, even though often a relatively small group of people, when compared with customers, they are one of companies and public institutions' main sources of reputation. The opinions that teams hold about their organizations' behavior—not only in terms of internal management, but also regarding customer relations—have acquired a surprising new public dimension thanks to forums and social networks. Although companies often prohibit posting online about work, employees still discuss their work thanks to aliases on social networks. In addition to the influence that these opinions have on society regarding given brands (banks, utility companies, fashion, health insurance and food, etc.), employees' opinions influence the decisions of potential talent interested in working in their industries. Thus, organizational culture programs and activities ultimately impact not only employees, but also future talent and society.

Table 8.1 Intangible assets in communication: Departments, functions, and stakeholders involved

Intangible Asset	Department	Main Function	Stakeholders Involved
Corporate identity (CI)	Branding and/or communication	Defines the corporate identity. It reinforces a sense of belonging. Differentiates from competitors	Employees, competitors, society
Corporate social responsibility (CSR)	HR Purchasing/product Sustainability	Defends social justice. Acts with commitment. Facilitates participation. Encourages employees to be proud of their activity	Employees, suppliers, local communities, NGOs, society
Organizational culture (OC)	HR / Communication	Defends human dignity. Reinforces a sense of belonging. Encourages high performance and efficiency	Employees and managers
Brand management (BM)	Branding and/or communication	Builds strong brands with meaning. Fulfills the brand's promise to customers	Customers, clients, society
Reputation (R)	General manager of branding and/or communication	Behaves in accordance with corporate identity. Commitment to society. Meets the expectations of stakeholders	Stockholders, employees, media, suppliers and contractors, NGOs, partners, local communities, society, etc

(continued)

Table 8.1 (continued)

Intangible Asset	Department	Main Function	Stakeholders Involved
Communication (C)	Communication	Facilitate knowledge, establish a dialogue, and make information accessible to the stakeholders	Shareholders, employees, consumers, suppliers, retailers, media, competition, neighborhood communities, credit institutions, NGOs (...)

Company culture has a huge impact on the reputation of institutions, as well as on other intangible assets such as branding management, corporate social responsibility, and corporate identity.

For a better understanding of this concept, three verbs (Fig. 8.1) are of use, as follows: to BE, to MAKE, and to KNOW (equivalent to understand). In this way, it is possible to delimit each area of intangible management.

Corporate Identity

Corporate identity must be included in the scope of to BE because it establishes the communication that defines the company's DNA and expresses it through the related mission, vision, and values. Defining an identity is not as simple as one might think since a panorama of brands with similar and even overlapping identities crowd the market.

For this reason, efforts to not only write attractive statements, but also to truly describe who and what the organization is, and what makes it so distinctive from other competitors, make a difference. It is surprising that companies by themselves often do not know how to describe who they are and what they do and communicate it professionally and limit themselves to doing so in a truly descriptive and shot. This is one of the

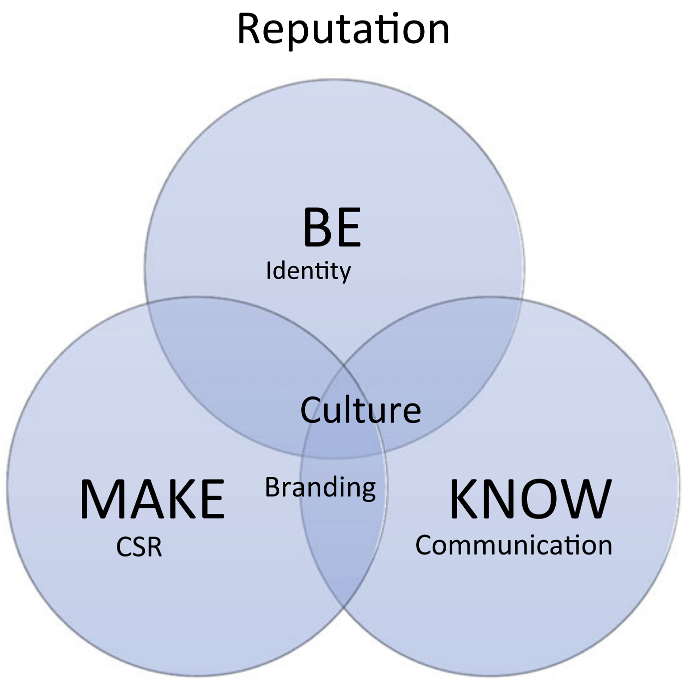

Fig. 8.1 The interrelatedness of intangible assets

reasons for the success of communication consultant firms and identity and branding boutiques in recent years.

Corporate Social Responsibility

Corporate social responsibility (CSR) falls within the to MAKE area and is understood as a set of voluntary standards through which the institution is oriented in practice toward its stakeholders, with special emphasis on customers, society, and/or the environment. Companies and society obtain mutual benefits and the lives of people and institutions generally improve with this collaboration.

There is debate about whether to include in CSR initiatives like fair wages and working conditions among subsidiaries in foreign countries and other aspects such as not polluting the surrounding environment. Do these aspects correspond to a demand of justice or are they a CSR commitment? Is the company obliged to behave well based on a moral imperative or is it enough for it to follow the law? Does it suffice to appear commendable in public? Is the reception of a related award or public recognition the standard?

CSR is not just an ecological issue since the people who inhabit the Earth come before the environment. Human ecology demands the inclusion of human beings and communities in talks about sustainability and environmental issues (Benedict, 2014), and it could even be said that respect for human dignity goes hand in hand with respect for the environment.

More than ever, people are convinced of the need to work together to stop the phenomenon of climate change and are committed to protecting the environment, but said commitment does not necessarily translate into refraining from buying fashion garments produced under extortionary conditions (Ritch, 2020).

On the other hand, CSR is more than a private business initiative given that international regulations and programs try to incentivize and normalize certain key objectives. This is the case of the European Union Green Deal, which aims to achieve a climate-neutral environment by 2050. In practice, this means making a sustainability pact that requires involvement from all agents, starting with national and regional governments, continuing with companies, and culminating with citizens.

Social responsibility provides important intangible benefits for companies since society tends to reward those who selflessly do good for others, especially the weakest and neediest among us. For that same reason, people punish companies particularly harshly when they disingenuously engage with CSR and instead employ deception and manipulation for profit.

Organizational Culture

The next intangible asset, corporate culture, could be defined as the way in which employees and employers embrace and embody corporate values and bring them to life while trying to solve the internal and external threats they face over time. Organizational culture is a sum of explicit and implicit values, norms, and creeds that bring employees together around certain common goals.

Personnel (HR) and communication departments often manage parts of a company's culture, but other parts are simply unmanageable or entirely out of sight. This does not exclude expert research into a company toward cultural transformation since there are other effective ways of getting to the bottom of a group's shared imaginary. A communication manager has an important role in that she helps and supports organizational members relate to one another and to the external world (Mazzei, 2010; Simcic, 2008).

The many relevant issues involved in organizational culture can be classified in three overarching categories, as follows:

1. A corporate identity shared by employees involves the existence of specific internal communication channels, cohesion among team members, the creation of a good working environment (climate) across departments, the existence of onboarding programs for new employees, and the use of internal storytelling to construct a coherent narrative in working spaces. An atmosphere of motivation and enthusiasm for the company's common goal(s), as well as its leaders ethical and responsible behavior, conclude this category.
2. Working conditions as part of a "psychological contract" that includes other forms of remuneration and constitutes the so-called emotional salary beyond the written contract that each employee signs when they begin. External characteristics of offices or workplaces (workshops, factories, industrial warehouses, etc.), as well as resting areas, are also part of working conditions. Further included in this category are issues such as management style, participation in decision-making, openness to change, and other job benefits, such as flexibility, gender

equality, diversity in terms of age, gender, and physical appearance, as well as wage proportionality according to responsibilities.

3. Professional career refers to growth and one's possible professional path within a company, the training that the organization offers its employees and the rewards they receive as a result of extra work (overtime, bonuses, rewards, etc.), and non-economic remuneration (parking, food tickets, discounts on products or services, and other expenses). Equality and diversity plans, as well as team building activities, are also included in this category, as are issues like work-family balance, maternity protection, and the option to care for sick or dependent relatives (Díaz Soloaga, 2019).

Corporate culture is one of organizations' strongest intangible assets and those with a robust culture should consider communicating it to their clients since it is the perfect definition of what the company is (BE), what it does (MAKE), and how it communicates (KNOW).

Brand Management

Brand management is another intangible asset and, as a discipline, naturally evolved from the Integrated Marketing Communications (IMC) concept developed during the 1990s. All communication and marketing activities, usually targeted at clients (customers, users, voters, etc.), fall under the brand umbrella, which principally aims to create brand value and equity.

Brand activities are normally accompanied by factual, external, visible aspects and respond to a strategic intention to build the product, company, institution, or even personal brand, which is why they are included within the scope of MAKE.

A brand is owned by those who perceive it, especially those targeted by its actions rather than by corporations. Thus, a brand that is not communicated does not exist, that is, there is no brand without KNOW, without understanding on the part of those who it wants to reach. The results of this understanding are intangible, difficult to measure, but offer soaring accounting and economic value to the point that most stock exchanges even include a ratio to represent it.

Brand management and corporate social responsibility closely follow social trends for which concern for what happens outside the company is as important as what happens inside it. But when a company decides to link its corporate identity to highly impactful concepts such as sustainability, cooperativism, or feminism they must take into account all the consequences that this association may have for the brand's future. These concepts constantly receive feedback from new studies, creations, and discoveries. Politics and economics also influence the social imaginary's meaning and growth; consequently, society's demands thereon increase.

Reputation

Reputation is definitely an organization's ultimate intangible asset (Simcic, 2008) since it amounts to people's perceptions about companies or institutions based on companies' behavior. Building a strong reputation is ones of the most important goals contained in corporate communication (van Riel & Fombrun, 2007).

Reputation is based on real commitments with certain values and stakeholders' perceptions thereof. The six principles of this intangible asset include visibility, distinctiveness, authenticity, transparency, consistency, and responsiveness (van Riel & Fombrum, 2007) and it could be said that it contains all other intangible assets, including identity and organizational culture, social responsibility and branding, in addition to companies' tangible assets.

Like other intangibles, reputation can be analyzed, evaluated, monitored, and measured.

Communication

Although communication is not traditionally considered one of companies' intangible assets, it is the principal source of information and good image and helps resolve stakeholders' concerns. For this reason, all communication established with diverse audiences relevant to a company become part of long-term reputational input.

No exaggeration is involved in sustaining that reputation is possible thanks to the communication of companies' good behavior in the different areas—starting with the transmission of corporate identity and organizational culture, continuing with CSR actions, and finishing with brand management.

Communication is as relevant to small and medium-sized businesses as it is to large companies: A well-orchestrated communication plan makes people feel safe and increases trust in consumers. It is the KNOW dimension because it helps all stakeholders feel comfortable and aware that through communication, the promise of reputation will be developed. Especially in the fashion industry, native-sustainable companies must use communication with transparency and truthfulness if they want to break the fear of the skeptical consumers.

What Is Sustainable Fashion?

Before reviewing how the fashion industry, sustainability, and intangible assets (corporate identity, culture and social responsibility, brand and reputation management) are related, the scope of sustainable fashion as a concept must first be explored.

This term is normally defined as synonymous with ethical fashion, slow fashion, eco fashion, environmental fashion, and committed fashion, to name a few, and as an antonym of fast fashion, unsustainable fashion, and greenwashing.

The World Commission for Economic Development (1987) defines sustainability as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs." The fashion industry must be interested not only in its current impact, but also in understanding the resilience of the environment and natural resources. In other words: the ability of the environment to recover from the impact of industry and return to its initial state.

Sustainable fashion also goes back to the slow fashion movement from the late 1990s and promotes the idea of reducing the number of garments we have in our closets and trying to consume more long-lasting, quality products.

The adjective sustainable can be applied to companies or fashion brands that supervise and pay attention to their supply chain and production processes, especially when it comes to environmental issues, including the origin and production of raw materials, carbon footprint, and garments' longevity and durability (Henninger et al, 2016).

For their part, fashion consumers face a serious dilemma. On the one hand, fashion companies revolve around the design and production of new collections at least twice a year. Other companies—like Inditex, H&M, and other mainstream retailers—launch a staggering eight collections annually, aiming to sell as much as possible at full price. Once this goal has been reached, and full price sales begin to decline, brands decide to apply discounting strategies. Garments may go to an outlet store or may be sold through direct sales, promotions, and online discount platforms, among other avenues. At this point, brands intend to dispose of all accumulated stock at any price. This process, which happens in a short period of time, is promoted with constant messaging to consumers. Brands develop incessant, even frantic, communication activity to ensure that their products reach consumers' hands on several occasions throughout the same calendar year (Chan & Wong, 2012).

Surprisingly, some of those same brands are concerned with the sustainable processes that fashion is grappling with and, in many cases, are committed to the idea of the circular economy. In their communication, they talk of reducing the ecological footprint and paying attention to the pollution that their production process leaves in the environment.

The concept of sustainable fashion linked to human rights began to garner media attention with the 2013 collapse of an eight-story garment district building in Rana Plaza, which, as a result of awful working conditions, killed 1,134 people and injured more than 2,000.

At this point, the difference between sustainable and ethical fashion should be clarified since there are misconceptions surrounding the use of these terms. Sustainable fashion refers to companies' commitment to aspects like their products' origin, manufacturing, logistics, or marketing, emphasizing respect for the environment and principles related to the circular economy. These companies carry out their brand positioning in this specific territory rather than in others. The term sustainable is not necessarily shocking or surprising in societies that respect nature, but this is not the case in most countries. Sustainability is a socially positive value and when using it, companies join in on a trend that centers on aspects such as global warming, the recovery of natural spaces, the circular economy, the closed-loop system, going from an economy of property to an economy of use, the primacy of simplicity and minimalism and respect for animals, to name a few.

When it comes to ethical fashion, society understands something different. The word ethics refers to human behavior and individual decisions. Although they share some areas in common, the two terms do not completely overlap. In this sense, ethical fashion relates to brands' moral decisions, especially on issues that involve people. For example, it examines employees' salaries or contracts are fair or not, as well as conditions surrounding job security (Vehmas et al., 2018) in both the developing and developed worlds. Other related, but equally relevant, issues include development of the production area (roads, sewers, running water and electricity, access to social services, kindergarten, primary schools, etc.)

True dialogue between brands and consumers can also be included in this conception of ethical fashion since it refers to companies' conviction that they must speak openly about their ethos.

Even though brands try to differentiate these concepts, most people use ethical and sustainable fashion interchangeably to express the same idea, namely a commitment to those who made the clothes, to the places, resources, and environments in which the clothes were made, to those who transport them for sale, and to consumers who use the garments with durability in mind. The closed-loop of this productive circle is also known as ethical or sustainable fashion.

Sustainability as an Intangible Asset for Fashion Brands

In the spring of 2020, the COVID-19 crisis and its unprecedented reach shook the world, forcing millions of people across five continents to remain confined to their homes. The quarantine limited movement to workplaces, schools, commercial establishments, health centers, government institutions, and many other places. For many and varied reasons, the fashion sector was particularly hard hit. Despite the unknowns surrounding economic recovery, some questions already at the forefront of the fashion industry include the following: How will the fashion industry change after the coronavirus? Will sustainability be among the features that define this industry's new reality? How might communication aid recovery efforts and reinvent fashion's social function?

The fashion business has evolved together with society over the past twenty years, but it has also inherited some old business models that make change difficult. The environmental conversation that society has established during the last decade has been incorporated into a very well-constructed narrative around sustainability in the fashion industry. And although we all want to be respectful of workers and nature, it is not always easy to put this creed into practice (Table 8.2).

Every sustainable activity or process applied to a fashion company could be explained and justified as a matter of CSR and, ultimately, an expression of the brand's corporate identity. In the long-term, sustainable fashion brands gain a strong reputation if they maintain their commitments despite the difficulties.

Many fashion brands have understood that if they want to retain a reputation, they must work on and communicate about their sustainable achievements. Although it is more about "being" a sustainable brand than about "showing" one, when a company fails to communicate its green identity, its positioning in the market is anything but sustainable.

Honesty and veracity are two of the most valuable features that consumers appreciate in brands (Interbrand, 2020). An ethics-driven company that considers sustainability part of its core business (CI) should evaluate and monitor performance not only in terms of profit, but also from the perspective of intangible assets. The social policy that

Table 8.2 Sustainable fashion and intangible assets involved

Intangible Asset	Sustainable Activity
CI, CSR	Sustainable and zero waste design
CI, CSR	Raw material origin and production, use of renewable/recycled fabrics
CI, CSR, OC	Manufacturing of garments (factories, physical working conditions, ecological footprint, fair trade certificates)
OC, CSR	Green supply chain: sustainable logistics, coefficient distribution
CSR, OC	Sustainable retailing: point of sale as a sustainable setting
CSR, BM	Product life cycle and conscious consumption (energy cost of garments)
CI, CSR, BM	Promote slow fashion, conscious consumerism, minimalist movements
CSR, BM	Educate the consumer on how to build an eco-closet
CSR, BM	Train consumers on how to care for fashion products
CSR, BM	Promote use economy: second hand, rentals, exchange practices
CSR, BM	Consumer upcycling: use of renewable and/or recycled materials

a brand carries out with its workers (OC), the origin of its furnishings and textiles, and the manufacturing process they undergo, and any other aspect of the supply chain or retail element (CRS) has the potential to be positively perceived and reflected in business.

From the consumer's perspective, transparency and traceability are among the main issues that arise in terms of sustainable fashion (Fashion Revolution, 2020). Brands strategize about how they should communicate when they put sustainability at the center of their identity, asking themselves questions like the following: Should I identify my suppliers? Would others communicate the way I produce my garments? Is it a good idea to tell customers how much I pay factories? Should ethical brands talk about the true cost of garments?

Brands must understand that many consumers have an internal struggle between their desire to adapt their consumption to the slow fashion movement and incessant branding messages that incite them to consume with a thousand arguments, many of them around sustainable fashion (Chan & Wong, 2012; Orminski et al., 2020; Ritch, 2019; Vehmas et al., 2018).

Since sustainability will always be a "make" quality (Fig. 8.1)—in terms of factual commitments to the supply chain, worker rights, characteristics of textiles and raw materials, etc.—communication of this value should emphasize the specific areas in which the brand is making an effort to go against the grain. One unwritten social rule that brands fear breaking purports that sustainability deserves a respectful tone in communication strategies. When it comes to communicating sustainability, brands fret over whether seriousness and gravity are the best approach or if it is better to communicate with likeability, humor, and simple fun.

As mentioned above, the growth of transparency has inspired many to examine the origins of their purchases with inquiries around the sources of raw materials, so-called cruelty-free fabrics (no fur or leather), chemicals and dyes used to manufacture garments, in addition to the working conditions of employees and manufacturers. Fashion brands are thus faced with the dilemma of speaking openly about how they procure their fabrics and materials, their focus on craftsmanship, and how they honor the environmental respect they claim to have.

This, for instance, is the case of "alpaca from Los Andes," "leather from Ubrique" or "Scottish wool." Appealing to the origin of these products focuses on the production of a raw material that increases positive brand associations for consumers that value high-quality materials, while other consumers who are sensitive to the protection of animals may see it negatively.

At the same time, some customers are not that interested in a garment's origin or material, and instead decide to buy a product based on design, the working conditions of factory workers, or the reputation of the brand itself.

Fashion brands should put forth concerted effort to delineate what is involved in production of their products and then position their brands' personality within the "make" and "know" categories (Fig. 8.1).

To establish a proper dialogue, fashion brands should converse with their publics in ways that enable a co-creative process, not only from the communication perspective, but also at the product level. A gap exists between consumer perception of sustainable fashion and sustainable brands' corporate communication (Han et al., 2017). Fashion brands must listen to their interested parties, especially employees, shareholders and investors, consumers/citizens/clients, and other stakeholders in order to really understand their interest.

When it comes to fashion consumption, most consumers are more interested in design and price than in how their consumption impacts sustainability (Han et al., 2017). Attractive designs and good prices are key elements in making sustainable fashion desirable to consumers; after firmly establishing those two elements, brands can then explain how ethics drives related trends and prices.

How to Communicate a Sustainable Fashion Brand

Communication plays a key and mandatory role in the consumption of sustainable fashion; it includes engagement on the web, on social media channels, during in-store dialogue, with agencies, public relations firms, influencers, editorials, and through other medium that facilitate contact with current or potential consumers (Han et al., 2017; Vehmas et al., 2018). But this information must be presented in a certain way, namely with an optimistic, positive, encouraging, and even humorous tone since some studies point out that consumers do not like sustainable fashion ads and videos because they are seen as negative and dramatic, tending to make them feel guilty (Reimers et al., 2017; Vehmas et al., 2018).

But first things first. Before any communication strategy or tactical campaign can be launched, brands must ask themselves why their particular brand is committed to sustainability. People want to know why they are doing things a certain way, which involves first explaining the motivations behind the brand instead of just presenting its results.

Next, brands need to examine the extent to which they are committed to sustainability. Are they interested in Europe's 2050 Green Deal that aims for a climate-neutral planet or in adapting proposals from the Greenpeace Detox Campaign? Do they address sustainability in just a few dimensions or are they committed to it along the value chain?

If the brand's sustainable discourse is advanced, it might be appropriate to simultaneously communicate with customers about other topics of interest, such as caring for a product over its life cycle, making garments more durable, committing to responsible consumption, spacing out the acquisition of new garments, or organizing an ecological wardrobe, to name a few examples.

Experts recommend using short and creative messages (Vehmas et al., 2018) delivered through a broad spectrum of digital and offline media. Including industry trends, competitor analysis, and academic research can reinforce a message and make it more convincing. Most stakeholders look to a brand's official web page as its most relevant communication channel; even though millennials and centennials use smartphones for some purposes, they frequently end up on the official web page. One good approach is found in communicating not so much the price of the product, but rather how certain practices at the point of sale (use of wrappers, labels, boxes, hangers, etc.) can reduce expenses while reducing energy use and environmental pollution by avoiding the generation of what will later become rubbish.

But there is still much room for substantial growth when it comes to how brands inform consumers. The latter demand information and like brands that explain how products are manufactured, who made them, and their true cost (Han et al., 2017).

One of the best ways for a brand to communicate its true commitment to the environment is found in brand ambassadors and opinion leaders (Orminski et al., 2020). Personalizing the brand, with the representative's appeal and influence among consumers, is much stronger than the brand acting alone. This is the case, for example, of the fashion company North Sails and its campaign *Ocean for life*, which employs four influencers (the Canadian model Simon Nessman, the French actor Michel Biel, the Spanish adventurer Gotzon Mantuliz, and the German International Model Alena Blohm). The brand intended to address the problem of plastic accumulation in large cities in India, which has seriously impacted more than 700 marine species, as well as brought about a spike in human diseases, especially when it collects in rivers and beaches. The campaign is not directly related to the brand's products (in terms of composition, design, or distribution), but rather commits to an external question that is linked to the company's corporate values, rather than to the brand itself, in this case, the protection of seas and oceans.

Through a series of fashion films, the brand conveyed its commitment to the sustainability of the seas and oceans to raise consumer awareness. At the same time, the brand's awareness of the problem and its efforts to publicize it are beneficial and positively correlate the brand with the fight against the accumulation of plastics. One might think that North Sails has a somewhat superficial connection to the problem since it is neither involved in a direct solution to the problem (recycling), nor does it contribute concrete and positive ideas that educate consumers about reducing the concentration of plastic garbage in the developing world. However, simply raising awareness about a problem with a message that matches the brand's values can be enough to start moving society since awareness of a reality is the first step in changing it.

Greenwashing and Sustainable Fashion

To communicate sustainability in fashion, brands must overcome a barrier associated with consumers' prejudice. Greenwashing and bad past practices (some of which remain in the present) have put buyers on the defensive. Many do not trust brands and, when they hear talk of green fashion, suspect that they are somehow being manipulated with messaging that is false or misleading (Lyon & Maxwell, 2011).

Terrachoice defined the "six sins of greenwashing" in an attempt to show how some brands, consciously or not, deceive consumers with their communications (Richard Dahl, 2010), as follows:

1. Fibbing: Making environmental claims that are false;
2. Vagueness: Being purposely nonspecific about operations or materials;
3. No proof: Making environmental claims that cannot be substantiated;
4. Lesser evils: Applying a do-good label to an environmentally unfriendly product;
5. Hidden trade-off: Suggesting a product is green based on a single environmental attribute;
6. Irrelevance: Claims of avoiding the use of a material or practice that is already illegal or non-standard.

Table 8.3 Greenwashing and transparency strategies

Greenwashing Strategies	Transparency Strategies
Fibbing	Honesty
Vagueness	Specificity
No proof	Documentary evidence
Lesser evils	Common good
Hidden trade-off	Full case
Irrelevance	Relevance

In contrast to those vices, suggested below are six virtues of transparency for simply and exclusively communicating the real, sustainable facts that a brand possesses.

1. Honesty: Communicating only truths;
2. Specificity: Clear communication of percentages, amounts, or any other issue;
3. Documentary evidence: Present external evaluations and audits;
4. Common good: Search for the truth and try not to manipulate consumers with complex arguments;
5. Full case: If a brand is not yet ready to fully claim sustainability, it is better to wait until it can do so;
6. Relevance: Show new fabrics, processes, and systems that add sustainability to the brand (Table 8.3).

Conclusions

Managing the intangible assets of fashion brands based on the value of sustainability is crucial for building a long-term reputation. Greenwashing strategies have done more harm than good to sustainable fashion, and fashion brands must now be transparent and candid in their communications.

The most important intangible asset is reputation that must be understood as the appropriate management of behaviors and recognition. It is the same to say that companies must do the good but also to show the good they do to the right stakeholder. Now it is the time to talk, to express, and to dialogue: there is no room for "I didn't know you were interested." And, therefore, communication is as relevant as Corporate Social Responsibility, since plays a key role in creating a real flow with all publics.

Clear messaging, reinforced with concrete and well-justified explanations about the components and processes involved in fashion products, will help consumers regain confidence in brands. External audits and certifications are also useful for recognition, which adds value for consumers and society. Expressing the corporate identity, values, and ethos in the company's website and social networks will set a statement that must be accomplished. An optimistic, positive approach and modern, attractive design will do the rest.

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9

Capturing the Resilience of the Textile Companies as a Specific Response of the Fashion industry

Francesco Verdone, Santiago Cantarero, and Francisco Puig

Globalization of the economy and deregulation of markets have led to significant changes in the fashion industry and manufacturing sectors' production organization models (Belussi & De Propris, 2013). During the last decade, companies from various industries, such as the textile, clothing, and shoes industries, among others, and various countries, such as Spain, the UK, and Italy, have had to modify their organizational structures and competitive strategies to adapt to these changes in order to survive (Abecassis-Moedas, 2007). Consequently, significant economic costs as well as noneconomic costs, such as relocations, closures, and layoffs, have been generated that have raised the question about the future of these industries and the regions where they are located.

One characteristic of these manufacturing industries is their tendency to cluster in specific regions, forming what has come to be referred to

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generically as industrial clusters. According to Porter (1998), an industrial cluster is a geographical concentration of interconnected companies and institutions in a specific field, linked by common and complementary characteristics. Much of the literature has shown positive benefits of this localization model in terms of productivity, innovation, profitability, and survival (Claver-Cortes et al., 2019). Although there is debate regarding the definition and geographical delimitation of a cluster (Martin & Sunley, 2003), the role of territory in manufacturing companies' performance has gained prominence (Dicken, 2003).

For the particular case of the textile, one of the more relevant sectors that are part of the fashion industry (Black, 2009), whose history has been marked by technological advances and protectionist policies, the main outcome of globalization has been increased competition from China and redirection of activities to textile subsectors incorporating greater added value, such as technology and household clothing (Puig and Marques, 2010). This has led to several changes affecting the relationship between competition, cooperation, and the regional industrial structure in which business is conducted, with different effects along the textile value chain (textiles, apparel design, production, and marketing to consumers) (Buckley & Ghauri, 2004). These effects have been evident in the problems of shortages suffered by companies during the COVID-19 pandemic and the uneven response that the various textile clusters have implemented to address this crisis.

According to this most recent development, two things seem clear: (1) the advantages that clusters can provide may be threatened under the pressures of globalization; and (2) this evolution is uneven due to the strategies implemented by the companies that are part of them, as well as the regional policies responsible for their development (Menzel & Fornahl, 2010).

Therefore, this chapter aims to analyze the most recent innovative activity of cluster companies and how crises, such as that caused by the COVID-19 pandemic, have influenced this activity, or in other words, we try to answer the question of how the textile industry, one of the most important in the fashion industry, has responded to the COVID-19 crisis. To do this, we analyzed a specific case, the Valencian textile cluster. This cluster comprises 1,000 companies employing about 15,000 people, accounting for 18.5% of companies in the textile industry in Spain (Iberian Balance Sheet Analysis system [SABI], 2020). To this end, we focused on the most recent period in order to answer two key questions: (1) How have textile companies faced the coronavirus crisis? and (2) what has been the influence of location on that response?

The chapter is organized as follows. Section 2 summarizes the historical and theoretical background of the study. Section 3 describes the data and methodology. Section 4 presents and analyses the results. Finally, Sect. 5 summarizes our main conclusions.

Literature Review

Evolution and Resilience of the Textile Sector

According to Myro and Gandoy (2001), industrial activities aim to transform natural resources through successive phases through physical or chemical processes. Suppose energy production and construction are excluded, and non-energy extractive industries are considered to be of little importance. In such case, the remaining industries can be said to be reduced to what is often referred to as manufacturing. In macroeconomic studies, it is common to see manufacturers differentiated according to their innovative intensity. Accordingly, traditional sectors are classified as low intensity and dominated by suppliers (Pavitt, 1984). This means that these companies are characterized by low input into their own innovation processes with most of their innovations coming from suppliers.

Among traditional manufacturing industries, the textile industry stands out for its resilience (Veugelers, 2013). In line with Couto (2002) resilience is merely the skill and the capacity to be robust under conditions of enormous stress and change. Some earlier classifications of textiles, such as the Statistical Classification of Economic Activities in the European Community (NACE, 1974), included clothing, leather, and footwear. Subsequent revisions of classifications within the European Union (NACE-2009) distinguish between textiles (NACE classification 13) and clothing (NACE classification 14). According to Puig and Marques (2010), textiles can be separated into five main subsectors: yarn, finished products, home-technical, knitted textiles, and clothing. This classification allows us to isolate other activities very close to the fashion industry such as marketing and design activities, to enable historical analysis and analysis of the response to the COVID-19 crisis at more specific levels of activity to the textile industry.

Origin of the Textile Sector and First Industrial Revolution (1760–1840)

Initially, textile production was rudimentary and developed mainly in rural areas. With the first industrial revolution in Britain (1760 – 1840), the first textile factory opened when the steam engine replaced watermills used as a source of power until then. Since that time, the production process has been gradually improving. As a result, manufacturing costs have become cheaper and local distribution has expanded to international distribution (Toyne et al., 1984). Another critical factor in the development of the sector was the advance of the railway in the nineteenth century, which facilitated the transport and marketing of products to other provinces of a territory. In Spain, textiles were introduced at the beginning of the nineteenth century. Catalonia and Valencia were the first regions to promote its development. The first garments in Spain were made from sheep wool and linen, after which clothing production included materials such as silk and cotton. The advent of the power loom allowed cotton to predominate as the raw material. Textile factories would open near water to take advantage of this energy source, as in the case of the textile companies of the Alcoi-Ontinyent territory in Valencia.

Protectionist Policies of the Nineteenth Century

Because England was leading the textile industry in the nineteenth century in Europe, countries, such as Spain, developed a series of measures to protect the growth of the local economy. Although these policies ensured that there were no imports from other countries, this brought about negative consequences, such as lack of competitiveness and stagnation of industries. The Spanish textile industry had been highly protected until the early twentieth century, mainly oriented to the domestic market with a limited export capacity derived from export support policies (Miranda, 2020). The first phase was a conversion policy, primarily supervised by the public sector through various plans with substantial support, allowing a considerable adjustment of productive capacity and increased innovative activity (Tomas & Torrejon, 2000). Thanks to the persistence of critical protectionist measures, the Spanish textile industry, despite its low international penetration, maintained a positive export balance in the first half of the 1980s (Costa, 2005). A significant shift occurred in 2001 with China's entry into the World Trade Organization (WTO).

Opening of the Free Market in 2005

In the 1990s, many Asian countries such as China, Thailand, and India entered the textile export market. Cost advantages and deregulation reduced import tariffs, favoring the development of the textile industry in these countries. Many companies relocated their production or increased outsourcing of specific production processes, especially labor-intensive ones such as clothing, to such countries (Canals, 2003). During the end of the twentieth century, tariffs and import barriers were progressively reduced although it was not until January 1, 2005, that the 49% of activities still regulated were liberalized (WTO, 2012). Spanish textile companies suffered from this revolution in a heterogeneous way. On the one hand, major fashion brands such as Zara or Mango took off (Miranda, 2020). On the other hand, some regions saw almost complete disappearance of their textile activity such as Aragon, Euskadi, or Navarra. Furthermore, others, such as those in the Valencian Alcoi-Ontinyent cluster revolving around the home-technical subsector, acquired more prominence (Tomas & Cerveron, 2019).

Global Financial Crisis of 2008

According to the Textile and Clothing Information Center (CITYC, 2006), owing to the regulatory changes suffered in the period 2000–2005, strong growth was observed in Spanish textile imports and exports. Imports revenue climbed from 7,700 to 11,000 million Euros, and export revenue from 5,500 million to 6,700 million euros. The number of textile companies increased from 17,200 to 15,700, and the number of employees in the industry decreased from 280,000 to 225,000. However, it was the global financial crisis of 2008 that most affected the Spanish textile industry. A major reason for the decline in consumption was reduced household spending on textiles due to higher interest rates on mortgages and loans. Other factors that harmed this sector were the increase in the prices of natural and chemical fibers, and higher energy costs (Puig & Marques, 2010). In short, the various changes that Spanish textiles had undergone in those prior years led to production and spatial reconfiguration of companies, as well as changes in their commercial and innovation strategies (Cerveron & Ybarra, 2016). In the production field, as in Germany, France, and Italy, there was better resilience in capital-intensive subsectors, as well as in spatial reorganization in the forming of textile clusters like those in the Italian regions of Tuscany (Prato), Veneto, Emilia-Romagna, and Piemont; the Spanish regions of Catalonia and Valencia (Alcoi-Ontinyent); the Portuguese regions of Norte (Porto); the German regions of Oberfranken and Tubingen; and the French regions of Nord-Pas-de-Calais and Champagne-Ardenne (Puig & Marques, 2012).

Current Textile Sector, Clustering Effect, and the Global COVID-19 Pandemic

The pioneering work of Alfred Marshall (Marshall, 1920) explains why there is a spatial reorganization of activity in manufacturing industries such as textiles. According to the author, the external economies obtained allow increased competitiveness, their origin being threefold: First, because of crowding into a given geographical area, companies create a highly skilled labor market in that industry, while at the same time shaping the territory with their strategies. Second, clustering extends the interconnections between companies, relationships, and institutions, creating a favorable environment for innovation and its diffusion. Third, although Marshall writes of specialized machinery, this refers to the institutions and other organizations relevant to that industry in the framework of a globalized economy. Thus, in addition to those related sectors necessary for developing the main activity, we would also find other institutions, such as associations, universities, and other organizations, that legitimize and furnish a feeling of belonging to the sectors and their territory.

During the global pandemic of 2020 caused by COVID-19, the textile industry has had to readjust and reconfigure its production processes in record time, putting itself at the service of health authorities to manufacture masks, gowns, and gloves, thus helping both the health services and citizenry to protect themselves from the virus. This capacity for change, although incorporated in the DNA of each company, shows that those companies that participate in a cluster have at their disposal more powerful instruments to anticipate and identify opportunities, and adopt appropriate new strategies (Molina-Morales, 2002). Also, its organizational model is an instrument that contributes to intensify interactions between individuals and companies of the same region (Balland et al., 2015).

Why has the Valencian textile industry survived previous crises and is now doing the same with COVID-19? The answer is clustering and its accompanying innovation stimulus. While a cluster is a mode of location of a particular industry/sector in a given territory, clustering is the mechanism by which the actors that are part of the cluster interact with each other, namely, the companies, relationships, and institutions (Porter, 1998). This means that the innovation rates recorded by the companies in an industry established there are in many cases significantly higher and better than those recorded by companies in the same industry located elsewhere (Rodriguez-Victoria et al., 2017).

However, it is essential to note that not all companies located in a cluster develop clustering, nor is the effect of clustering on innovation rates similar among companies in the cluster. This effect depends on the companies' characteristics and behavior since the fundamental principle that explains the interactions in a cluster is the geographical proximity between the actors. This proximity produces significantly more relationships per unit of time, generating trust and certainty between the parties and a feeling of belonging to the territory (Molina-Morales, 2002). Also, the common location of enterprises is of great importance since assimilation of tacit knowledge and innovation requires certain conditions of collaboration and mutual trust, which are more easily achievable in this context (Capo-Vicedo et al., 2007).

Wenzel et al. (2020) recently published a research review on companies' strategic responses in times of crisis. The authors analyze how companies have responded to some global crises such as the bursting of the dotcom bubble in 2000–2002, the economic recession after September 11, 2001, the global financial crisis of 2008, the Fukushima nuclear disaster in 2011, the migration crisis of 2015, and the most recent political crises such as Brexit and the trade wars between China and the USA. The latter takes advantage of the opportunities that such market readjustments present, requiring a rapid, joint, and coordinated response. In the following section, we illustrate why clusters can be a model of flexible and effective territorial organization to overcome crises. For this, we will focus on the case study of the Valencia textile industry.

Methodology

Compared to Spain's total population of 47 million, the region of Valencia (Valencian Community or hereinafter Valencia) has a population of around 5 million (ranking 4th). Valencia is located in the east, facing the Mediterranean, and occupies 23,255 km^2 (ranking 8th). According to the Spanish National Statistics Bureau (INE, 2020), the Valencian population density in terms of inhabitants and active workers is around 10.5%, and its economic structure is similar to that of the whole of Spain (2.1% in the primary sector, 23.3% in the secondary, and 74.6% in the tertiary). Although there is significant activity in the car and tile industry, it is also highly specialized in traditional manufacturing industries such as textiles, footwear, furniture, and toys (Soler, 2000).

While the SABI database lists 5,580 companies in Spain of which 880 are located in Valencia, other sources, such as the Spanish Ministry of Labor, report that in 2020 the Spanish textile and clothing industry comprised 13,650 companies employing 85,000 workers (Table 9.1). In terms of subsectors, textiles, which are more capital intensive, predominate clothing (70/30). According to the number of firms, Valencia accounts for 18.5% of textile activity in Spain.

To reduce the statistical discrepancies and to analyze the most recent innovative textile activities in Valencia, we use different indicators such as those provided by INE (2020) and, for this case, the Portal Statistics of the Government of Valencia (PEGV), the SABI database (SABI, 2020), and information provided by the Spanish Patent and Trademark Office (OEPM). Owing to the absence of more disaggregated data, comparisons are made under the premise of proportionality according to the weighting of the number of firms in the textile and clothing industry in Valencia against that of Spain, namely, 18.5%, as mentioned above.

Table 9.1 Distribution of enterprises and workers in textile subsector activities

Number of Firms	**NACE-13 (Textiles)**	**NACE-14 (Clothing)**	**Total Firms**
Valencia	1.828 (22.3%)	837 (14.8%)	2.665 (19.5%)
Spain (excluding Valencia)	6.185 (77.7%)	4.800 (85.2%)	10.984 (80.5%)
Total	**8.013 (100%)**	**5.637 (100%)**	**13.650 (100%)**
Number of Employees	**NACE-13 (Textiles)**	**NACE-14 (Clothing)**	**Total Employees**
Valencia	11.076 (26.8%)	3.043 (6.9%)	14.119 (16.6%)
Spain (excluding Valencia)	30.252 (73.2%)	40.629 (93.1%)	70.881 (83.4%)
Total	**41.328 (100%)**	**43.672 (100%)**	**85.000 (100%)**

Own elaboration from data of SABI and Ministry of Labour (2020).

Analysis and Discussion of Results

Innovation in Textiles and Clothing

It is widely accepted that Europe is the world capital of research, fashion, innovation, and higher education in the textile industry (Eurostat, 2020). However, doubts have arisen about the current situation in Spain. In this section, we will analyze this situation and the challenges emerging from it. First, after analyzing the data in INE (2020), the innovative activity of the sector in 2020 was found to be more intense in the companies whose activity was classified as textiles (NACE classification 13) rather than clothing (NACE classification 14). According to type of innovation, we observed that there is a similar strategy and level of activity in both technological innovations and production process innovations. Organizational innovations are, in both cases, the least relevant. This is in line with this industry's characteristics dominated by supplier innovations (Pavitt, 1984).

Regarding size of company, authors as Rienda et al. (2020) have evidenced that there are differences in commitment and innovative content in the fashion industry. The textile industry as a significant sector of this industry is in the same line: the largest innovate the most, especially in the generation of the in-house expert knowledge that translates into patents, own models, and the creation of new brands, in addition to intensive work on copyright protection. The smaller ones innovate based on the purchase of licenses and patents from third parties, intensifying their efforts to register trademarks, industrial design, and models. This heterogeneity in innovative behavior due to size and subsector is also reflected in other international reports such as those of the European Commission (2020).

Innovation in Valencian Textile Firms

One of this chapter's objectives is to study how the textile industry has responded to the COVID-19 crisis. We have focused on the strategic response implemented by Valencian companies, and for this, we have analyzed the innovative antecedents of said attitude. To investigate how and why, and to what degree Valencian textile firms innovated, we consulted PEGV (2020). We found the percentage of companies with innovations in the Valencian textile industry stands at just over 14% for 2020, the trend being positive since 2014, indicating steady growth of investment in innovation.

According to the distribution of spending in enterprises' innovation budgets, we noted that three clear expenditure groups emerge: (1) internal R&D, research developed in-house; (2) external R&D, knowledge acquired from third parties, subcontracted, or from joint participation in specialized research centers; and (3) Other innovation expenditure related to R&D, such as the acquisition of specific software, training, design, and other preparations for the implementation of internal and external R&D developments, machinery, buildings, and installations.

At this point, the question arises as to how that money is invested and where it is materialized, since responding to these questions will shed light on the reasons for the strategic response of the Valencian textile and fashion industry to COVID-19 and its capacity of resilience. We evidenced that out of every €100 spent on innovation in 2018, around €40 went into internal R&D (generation of patents or utility models), which would correspond to current innovation such as that in sanitary textiles; around €1 went into external R&D (acquisition of licenses and property rights), which has been dwindling over time and is more typical of smaller companies; and €58 went into other innovation expenditure, including procurement of machinery, software, and specific training, as well as activities related to industry 4.0 technologies (innovation connected with sustainability, ability to respond quickly to change, and excellence of operations and services) and the digitalization of the company.

In other words, this important level of investments in external R&D shows a strategy that is sensitive in two important axes in the future of that industry: sustainability and digitalization (McKinsey and Company, 2020). After our analysis we observed an important increasing trend in number of enterprises considered to be innovative regardless of the nature of expenditure, and how the percentages are maintained in terms of their content, namely, product, process, or both. It is noteworthy that in the latest year for which we have data (2018), 128 companies made product innovations (25% of total number of innovations).

Specifically, the realization of investment in innovation can be measured through a variety of indicators (OECD, 2005). From the perspective of registration of the four fundamental indicators of patents, national brands, utility models, and industrial design for 2020, we can conclude two pieces of evidence concerning Valencian textile companies: (1) patents, utility models, and industrial designs present generally better than expected performance; and (2) brands present worse than expected performance (Fig. 9.1). The expected values are based on the weighting of the number of Valencian textile companies measured against the

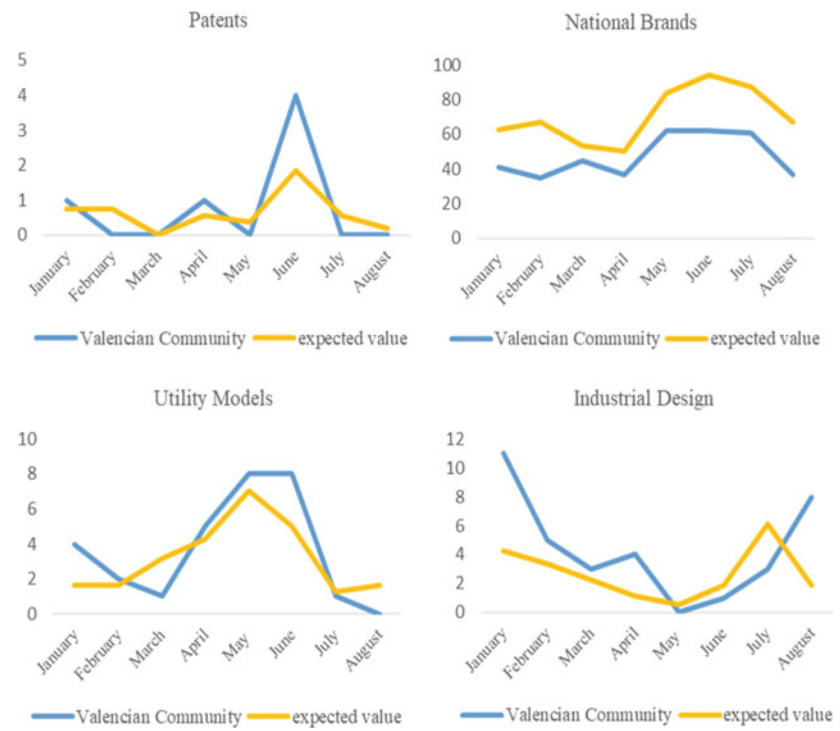

Fig. 9.1 Innovation destinations of textile-clothing industry in 2020 (Valencia) Own elaboration from data of OEPM (2020)

whole sector (18.5%). If the behavior of Valencian companies was homogeneous with Spain as a whole, the real and expected value would be similar. Differences between expected value and real value indicate differentiated behaviors.

It is worth considering how innovations developed by companies affect their business and turnover. Given that innovations introduced in a product or process in a specific financial year depend on a company's past decisions, they may not translate immediately into greater profitability or better market share (Rajapathirana & Hui, 2018). At least until the latest period for which data are available, according to the date we managed, innovation as a product or process is the most cost-effective and efficient formula.

A question arises, related to this logical relationship between investment in innovation, as to whether profitability in subsequent years will follow the same pattern, considering that a new market niche in health protection products has recently emerged in the current year, 2020. Some data indicate that this new market for Valencian textile companies is being translated into viable and profitable business lines. Thus, innovation would be almost immediately profitable due to the environmental situational consequences that have led to its development and may be an anecdote concerning current standard innovation processes. The analysis of these data will require more time and assessment to determine whether it is part of the process or just a fortuitous case.

Nevertheless, Valencian textile innovation shows a clear ascending trajectory over the last 5 years, considering the data published to date by INE and surveys on innovation carried out in companies. Moreover, these data appear to change when compared with the expected response in 2020, owing to the Valencian textile industry's innovative activity in sanitary products, examples of which are shown in Fig. 9.2.

Resilience and Strategic Change

Innovative behavior registered by Valencian textile companies in the latest period (2020) differs from previous periods owing to the response to the COVID-19 pandemic from the sector. The entrepreneurial

Fig. 9.2 Example textile product innovations Own elaboration from data of ATEVAL (2020)

processes of new product ranges and associated processes started out from a feeling of solidarity and altruism. After rapidly evolving due to the high demand for these products, new lines of business and a new textile product distribution platform (www.productosemergencias.com) producing various health protection products were created, with a very high supply capacity in the Valencian Community. The textile product distribution platform is an example of the digitalization and *servitization* process that the industry is undergoing, allowing it to increase its competitiveness (Marino & Trapasso, 2020). Other examples of this initiative can be found in other manufacturing sectors, such as industrial machinery (https://www.orderfox.com/home/en.html) and wood (https://www.maderea.es/).

The institution promoting this digitalization and e-commerce is the Association of Textile Entrepreneurs in Valencia (ATEVAL). As at the end of September 2020, the textile product distribution platform had some 200 companies offering various products and technologies related to healthcare, either as manufacturers of raw materials or machinery, or as manufacturers of the final product (Fig. 9.3). Of these 200 companies, 143 are located in Valencia. The platform intends to create a value chain, from start to finish, without dependence on third countries, to serve as a competitive supplier for companies, health institutions, and other bodies that require these materials and products, with the objective of long-term permanence.

This group of companies, faced with this period of recovery owing to temporary downturn of its traditional markets, has developed a new market niche based on health protection material through strategic offensive behavior searching for new lines created by the COVID-19 pandemic as a formula for growth. Companies' strategic behavior is not homogeneous: it depends on their location in the value chain (textiles, apparel design, production, and marketing to consumers) and on what type of product they specialize in. This means that the synergies exploited by each of these companies differ. For example, while some are searching for new uses for current products with some modifications, such as utility

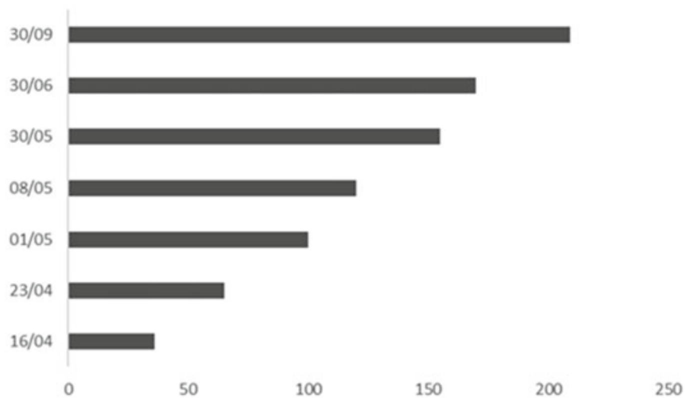

Fig. 9.3 Evolution of textile product distribution platform in 2020 (number of manufacturers) Own elaboration from data of ATEVAL (2020)

models and industrial designs, others are exploiting their managerial and financial ability to enter new market niches with patents. Still others use their skill at the process level.

The strategic behavior followed by Valencian companies belonging to the platform was analyzed to identify and compare the range of new products offered before and after the crisis. From this benchmarking, we determined the strategic offensive behavior that has been followed. The theoretical starting point is the growth matrix approach (Ansoff, 1957; Burgelman & Doz, 2001) from which it is possible to distinguish four possible strategic behaviors:

- Market penetration. Continuing with current products in current markets. This is the safest modality of growth.
- Market development. Introducing current products to new markets.
- Product development. Developing new products for current markets.
- Diversification. Introducing new products to new markets. This entails more risks and implies that the company is exploiting managerial, financial, or commercial synergies, among others, for its future growth.

Based on detailed analysis of Spanish companies in the fashion and textile industry (Fig. 9.4), it can be seen that most, 55%, focused their growth on diversification, on the development of new products for markets that are new to them. In most cases, the synergy exploited derived from know-how in clothing or other production processes, and the production of fabrics or materials for final medical devices. Around one-third of companies, 32%, focused on further market penetration in their existing markets, which may have been substituted for other foreign suppliers although there is no evidence to date on this. The development of new niche markets was followed by 12% of companies, especially household linen, and curtain and blind manufacturers, which have redirected their activity toward the healthcare sector by providing bedding, sanitary linen, and barrier systems from treated fabrics. Only 1% of companies expanded their range of products to engage in the manufacture of sanitary equipment during the COVID-19 pandemic.

What are the characteristics of companies that are digitizing themselves by implementing new marketing channels? As we have argued,

Fig. 9.4 Strategic behavior of companies on the textile product distribution platform Own elaboration from data of www.productosemeergencias.com and websites of the companies

historical innovative action, comprising reorientation of uses of existing manufactured products or expansion of product ranges to meet new needs, is a consequence of the necessity for survival of these companies, regulatory changes in trade, and experience of previous economic crises. However, it is not only a matter of innovation, there are other essential aspects such as propensity for international market penetration and economic situation. Regarding the case of internationalization, we found that almost 50% of the Spanish companies analyzed have commercial activities with third countries. Given that the average international propensity does not exceed 40% (CITYC, 2020), there exists a relationship between the two. Regarding financial success, 80 percent of the companies analyzed had ended the previous year with profits.

Conclusions

The objective of this chapter was to study the most recent innovative activity of fashion and textile companies in Spain and their materialization in new products (sanitary textiles) and processes (digitalization on a digital platform) to answer two key questions: (1) How have textile companies faced the coronavirus crisis, and (2) what has been the influence of location on that response? To do this end, we briefly reviewed the historical context and examined the case of the Valencia textile cluster, an example of a successful territory with historic resilience, analyzing the turnaround process following the coronavirus crisis. The data came from secondary databases.

The findings indicated an effective reconversion that has helped to meet the sanitary textile needs of the COVID-19 pandemic, arising from three main reasons: (1) Most of these firms are grouped into an industrial cluster; (2) the firms have developed a business culture aimed at establishing intense relationships with stakeholders and the environment; and (3) firms could harness the experience gained in previous economic crises, especially the global financial crisis of 2008, to innovate in a very intense way as the only way to maintain their activities, adapting products and commercial behavior to this new reality.

Finally, it is necessary to emphasize that this work was not without limitations. Firstly, this study was derived from a single case, the Valencian textile cluster. Secondly, only data from secondary databases were used. Future research should overcome these limitations by introducing other countries, other fashion's subsectors (e.g., clothing, fur accessories, footwear), and through the use of questionnaires to collect primary data, respectively. Future research should also further study the fate of innovations to implement measures to produce sustainably (e.g., recycling) and thus move toward a more sustainable production model in the fashion industry. Nevertheless, meaningful and valuable lessons can be drawn from the findings of this study. Innovation strategy and innovation response are fundamental to resilience of companies. For this resilience to be possible, textile companies' managers and entrepreneurs must interact and collaborate intensely. At the same time, politicians should heed the strategic value of this industry and strengthen it through more focused policies to harness the benefits of clusters. In this sense, subsector activity and company location could be criteria for such development.

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Epilogue (by the Editors): A Brief Reflection with Special Emphasis on the Impact of COVID-19 in Fashion Industry

The representation of fashion and luxury within a sustainability context which are offered in this edited compilation offers an insight into the essence of the industry and its concerns—we think it is appropriate to look through the pandemic lense and present a differing picture. What were the concerns and zeitgeist before world pandemic caused by COVID-19? Tim Jackson re-iterates them very succinctly in his conclusion to *Sustainable Luxury: What is it?* The luxury brands were concerned with *ethics* and *sustainability* as it refers to overproduction and overconsumption. We also have current examples in the 2 case studies presented, that of Raeburn who, in their own words, present themselves as "the collaborative, creative fashion studio where daily design meets responsible production" and Harris Tweed Hebrides which, through its distinctive sustainably woven, characteristic tweed textile, have embodied the fact that "the balance of heritage and innovation has been shown to be compatible with longevity in the competitive industry of textiles". Jiménez-Marín et al. in *The Role of Social Media in the Fashion Industry: The Case of Eco luxury in Today's Consumption* re-iterate the dichotomy which was prominent and growing in the pre-COVID-19 world which

L. Rienda et al. (eds.), *Firms in the Fashion Industry*,
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confronted fashion consumers with the dilemma of being environmentally aware but in the same space, supporting a society underpinned by fast fashion and throw away clothing and waste. The terminology referring to ecology and luxury "eco luxury" also posited in this chapter follows the thread presented throughout the book which shows brands (luxury and otherwise) making occasional concessions to sustainable practices such as using environmentally friendly materials in the production of a particular model of handbag or cotton T-shirt, for example. The truly sustainable brand or company has sustainable credentials as part of their ethos (the circular economy model on which Harris Tweed Hebrides bases the production of the Harris Tweed textile, for example) within the whole of their operation (as per the re-working of surplus materials and minimization of a carbon footprint with the use of local manufacturing for Raeburn). The global pandemic has re-adjusted many values for individuals and citizens in as much as the fundamental aspects of what is required to be sustainable in life in terms of physical and mental wellbeing have been pushed to the fore. This will have consequences for brands and the acceptance of a passing acknowledgement to sustainability by companies which was forgiven in the past may not be so readily accepted by the post-pandemic consumer. Greenwashing practices which are mentioned by Díaz-Soloaga in the chapter on *Communication in the Fashion Industry: A Sustainability Focus* identified that the past 20 years had already given rise to particularly bad incidents for some fashion brand companies who indulged in greenwashing by presenting sustainable credentials without substantiation which affected the industry adversely. The prediction is that this will be compounded by the pandemic if companies do not embrace a more value driven and authentic approach to their business practices but importantly, to their communication strategies. In fact, Perez-Curiel et al. in their chapter posit that the fashion industry can further embrace sustainability by communicating the concept that it adds value for the customer as opposed to detracting from it. The generation of economic benefits remain at the cornerstone of a capitalist economic model within which most of the chapters in this book are based. The argument resides with a new *slow fashion* approach where social benefits and environmental advantages are combined with the prevailing economic model, supported by new forms of social network communication where consuming and generating content for brands becomes a two-way interaction between the company and its consumers, advocating and supporting sustainability as an integral part of the design, supply chain, product and retail environment.

Indeed, communications within this industry are given prominence within this book as they reflect a major characteristic of the industry before the pandemic, especially with regard to the use of social media. Harris Tweed describes how media generation was a cornerstone of their re-generation campaign post-2010 and with the help of bloggers and influencers, Harris Tweed managed to position itself as a brand in association with the term "luxury". The chapter by Ruiz-Fernández et al. which, amongst other things, looks at the use of social media by UK and Spanish small and medium-sized fashion brands as an element of their internationalization strategy indicates how important this activity and presence is for the success or otherwise of a fashion brand. A further important area is raised within this chapter which was prominent before the pandemic, but which has become fundamental during its development and aftermath; is the presence of e-commerce through a brand/company website enabling transactions to happen not only in the brick and mortar environment but more importantly in the digital sphere. Without this, many fashion companies did not/will not survive what can be termed as *the pandemic shift* and it is well documented that, in particular, luxury fashion brands have been slower than their high street counterparts to embrace e-commerce, on the one hand, and social media on the other. The prominence of e-commerce and its importance in a post-pandemic era is thrown under a different light when taking on board the issues highlighted in the chapter by Seva-Larrosa et al. *Fashion Design Companies: An Overview of Spanish and British Firms* where agglomeration and location of the fashion design companies are presented as an important characteristic of this type of business (in Spain and the UK, although this can also be extended to a similar pattern for the rest of the European conglomeration). The design companies are mainly small to medium enterprises (made up of less than 50 employees) and largely focused within a city environment (mainly around London in the UK and Madrid and Barcelona in Spain). This can be clearly counterbalanced by the example of Harris Tweed Hebrides which presents a different approach to fashion creativity (design and production) by concentrating and utilizing the limitation of its geographical location as an advantage and turning it into one of its main brand pillars as a *community-based industry*. In addition, the lockdown situation that most European countries and citizens found themselves in during the course of the pandemic nurtures a more dispersive approach to the functions of creation and production in the fashion design industry and will surely change the nature of this very industry, including the role of agglomeration and location in the success of a company.

In terms of consumer response to crises, there is not a huge amount of precedent research or examples than can be drawn upon when looking at the fall out of the COVID-19 pandemic as these are unprecedented times in our living history. However, the Western world has suffered substantial financial crises in the past and the Cervellon and Drylie Carey in their Chapter *Luxury Brands, Consumer Behaviour and Sustainability* suggest that these extreme situations engenders a consumer response which generally focuses on a more sustainable approach where quality and value for money take precedence over a fashion driven response (in terms of fashion and luxury products and companies). Verdone et al. in *Capturing the resilience of the textile companies as a specific response to the fashion industry*, within the same vein, also suggest that the companies who successfully managed the global financial crisis in 2008 will manage to overcome this health crisis on a better footing related mainly with innovation and reconversion; undoubtedly with a more sustainable basis.

Finally, it can be determined with certainty that the COVID-19 health pandemic has produced consumer response shifts in terms of buying process (e-commerce taking over the brands which favoured the bricks and mortar approach before the crisis) but also, as pretty much every chapter in this book suggests, a shift of consciousness towards a simpler way of life with sustainable actions at the centre of decision-making as opposed to on the boundaries. The legacy of this crisis may therefore suggest a positive outcome for sustainability with a more responsible, lean and responsive luxury and fashion industry.

Index

L. Rienda et al. (eds.), *Firms in the Fashion Industry*,
https://doi.org/10.1007/978-3-030-76255-1