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From Cotton to Clothing: Unpacking Sustainability in the Fashion Industry

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Abstract

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An interdisciplinary approach reveals that sustainability increasingly drives the retail industry, impacting marketing and consumer behavior. The retail company Patagonia supplies the case study for this discussion. Patagonia foregrounds its commitments to sustainability and has become a model for other retail companies. Retailers now view a commitment to sustainability as a means to retain customers in a progressively competitive retail landscape. A history of Patagonia, principles of sustainable marketing, standards of the retail industry, and the changing customer more broadly frame the analysis of Patagonia. Patagonia represents an increasing trend where corporations have the capacity to create social change through company initiatives—in the case of Patagonia, these initiatives relate to sustainability.

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Introduction:

In the past decade marketing has undergone a drastic transformation. Today, companies that rely on traditional marketing lose profits and frequently downsize or shut down. Sustainable marketing has gained significant traction in the past decade.¹ As customers become more educated about sustainability, and therefore value sustainable products more, companies use sustainable marketing techniques to demonstrate their commitments to the environment and workers' rights efforts in order to attract a broader range of customers.

Sustainable marketing comes from the ideas of social and environmental sustainability; the goal is to simultaneously satisfy customer needs while reducing negative impacts on the environment. The company's commitment to sustainability should be seen throughout all areas of the marketing mix— product, price, place, and promotion. Apple, Walmart, and Johnson & Johnson are just a few examples of companies that use it, demonstrating sustainable marketing's broad applicability. One industry that relies heavily on sustainable marketing to attract and retain customers is the fashion industry.

Patagonia is one, arguably the first, fashion retailer where a commitment to environmental and social change is the foundation of the company. Patagonia's commitment to sustainability can be seen in all areas of the marketing mix; this makes the company more credible and helps generate customer loyalty. Later in my paper I will walk through how a single Patagonia product manages to integrate sustainability into all areas of the marketing mix while remaining aligned with the company's overall marketing strategy.

¹ Vinod Kumar et al., "Evolution of Sustainability as Marketing Strategy: Beginning of New Era," *Procedia - Social and Behavioral Sciences* 37 (2012): 482–89.

The recent surge of sustainable marketing comes at an opportune time for the retail industry. While newspaper headlines flash misinformation of a “retail apocalypse,” the reality is that retail is not dying but transforming. The nature of how people shop is changing. Retailers are forced to close when they are unable to predict the changing needs of their customers. This is why the topic of sustainability and the fashion industry is critical. I will argue in this thesis that sustainability will increasingly play a role in attracting and retaining customers and creating an overall successful brand while simultaneously benefiting the environment, when done correctly. It is in this moment that fashion companies are facing a new chapter where they can either continue to sell clothing the way it has been sold or they can adapt to the new retail horizon. Furthermore, I hope to demonstrate how Patagonia represents an increasing trend where corporations have the capacity to create social change through company initiatives; in this thesis I will focus on initiatives relating to sustainability.

While my research is focused on the retail industry, I believe that there is significant knowledge that can be learned from the actions of other industries about integrating sustainability, such as the coffee industry which I will briefly discuss in Chapter 2: An Introduction to Sustainable Marketing. While making changes to create a more sustainable fashion industry will undoubtedly benefit the environment it is important to realize that the information outlined in my research can be applied to all industries in order to make meaningful changes to the way business is conducted.

A few words explicitly about the interdisciplinary methodology of this project. As should already be clear, I am consciously drawing on the methods and insights of the fields of sustainability, marketing, consumer behavior, psychology, sociology, and business ethics. In each of these areas, I have received training through specific courses that are part of my student-

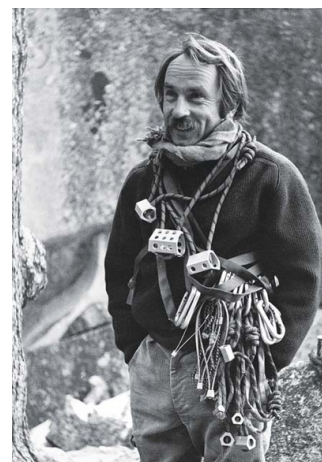
designed concentration of course requirements for my interdisciplinary major, such as Introduction to Marketing, Introduction to Sustainability, and Psychology of Leadership. Furthermore, I have gained work exposure through several internships about the retail industry and consumer behavior. But I do more than merely place these methodologies side by side. Rather, I approach the question of the added value of interdisciplinary integration through the lens provided by scholars like Dreyfuss and Newell.^{2,3} Specifically, I am holding the fields of sustainability and marketing in relationship to one another. It is through my interdisciplinary approach that I will be able to understand how sustainable marketing emerged and how sustainability has and will continue to impact society.

² Dreyfuss, Simeon. "Something Essential about Interdisciplinary Thinking." *Issues in Integrative Studies* 29 (2011): 67–83.

³ Newell, William H., and Raymond C. Miller. "The Case for Interdisciplinary Studies: Response to Professor Benson's Five Arguments," 1983. <https://our.oakland.edu/handle/10323/4001>.

Chapter 1: The Case Study—Patagonia

Before I begin to discuss sustainable marketing and the role that it plays in the retail industry, I am going to first introduce the case study of my research—Patagonia. Patagonia, founded by Yvon Chouinard, is regarded by many in the retail industry to be a pioneer due to their unique approach to business—attributed to the leadership of Chouinard. Chouinard had little interest in being a business man, and in fact, tried his hardest to avoid starting his own business. Chouinard began making climbing equipment in the late 1950s because he was dissatisfied with rock climbing products available for him to purchase.⁴ He was disappointed with the wastefulness of the pitons, the spike that is drilled into the rock to support the climber, as they were single use and scarred the rock, so he decided to make a new product, the reusable piton. He began selling these new pitons for a dollar and fifty cents and gradually his small business grew.⁵ It grew from selling gear in the back of his car to a factory that produced the best redesigned version of climbing tools. Just over ten years later in 1970, what was then called Chouinard Equipment, became the largest supplier of climbing gear in the United States. What



⁴ A young Yvon Chouinard with rock climbing equipment taken by Tom Frost.

⁵ “History of Patagonia - A Company Created by Yvon Chouinard.” Accessed December 9, 2018. <https://www.patagonia.com/company-history.html>.

set Chouinard Equipment apart was their dedication to producing gear that would leave the rocks unscathed by the climbing tools.

Continuing to produce climbing gear as it had been produced in the past would have been a simpler way to make money. But Chouinard was not motivated by money, he wanted to create a product that would protect the rocks and environment that he loved so dearly. Chouinard wanted rock climbing to remain a natural interaction with the environment, regardless of whether the rock had been climbed on by one or one hundred people. This marked the emergence of “clean climbing,” a term described in the 1972 Chouinard Equipment catalog as “clean because nothing is hammered into the rock and then hammered back out, leaving the rock scarred and the next climber’s experience less natural...clean is climbing the rock without changing it.”⁶

While Patagonia still sells climbing gear, what many consumers think of when talking about Patagonia is not rock-climbing equipment, but clothing. Clothing was the next step for Patagonia. During the late 1900s in the United States, athleticwear or the more contemporary “athleisurewear” did not exist. Men typically wore shorts and cheap shirts when they went climbing. It was in 1970 on a climbing trip in Scotland that Chouinard began to wear rugby shirts while rock climbing, a style he brought back to the United States with him and was immediately a huge success. With this new component of the company, Chouinard Equipment needed a new name for this portion of the business. The company wanted to differentiate the tool portion from the clothing component and decided to name it Patagonia.

Patagonia was not prepared for the enormous growth that their company would face in the subsequent years. As Patagonia embraced selling athletic clothing, their popularity increased exponentially, and the company was unable to remain in control as they grew. Patagonia had

⁶ “History of Patagonia - A Company Created by Yvon Chouinard.” Accessed December 9, 2018. <https://www.patagonia.com/company-history.html>.

officially outgrown the outdoor and athleticwear communities and had stepped into their new role as a fashion company. With this new role came many unexpected challenges that shaped the company. In the late 1980s Patagonia experienced a period of rapid and intense growth. In the early 1990s the United States entered a period of recession which severely impacted Patagonia, especially because they grew so quickly in years leading up to the recession. Patagonia was forced to lay off 120 workers, the equivalent of one-fifth of their workforce, and Chouinard was advised by Dr. Michael Kami, a famous consultant, to sell Patagonia for one hundred million dollars.⁷ In an interview with *The Wall Street Journal*, Chouinard recalls this difficult time for the company, stating that he “seriously considered it [selling Patagonia]...I decided the best thing I could do was get profitable again, live a more examined corporate life and influence other companies to do the same.”⁸

With this information about Patagonia, I aim to answer the question what sets Patagonia apart from other retailers? The simplest way to explain Patagonia’s success is through the company’s desire to do good. I break the desire to do good down into three components—environment, customer, and employee.

The Environment:

Since the inception of the company, Chouinard has been completely dedicated to creating tools and clothing that do not have a negative impact on the environment. While businesses need to make a profit in order to survive in a competitive market place, this did not dissuade Chouinard from dedicating his company to environmentally friendly methods and

⁷ Stevenson, Seth. “Patagonia’s Founder Is America’s Most Unlikely Business Guru.” *WSJ: The Magazine from the Wall Street Journal*. 2012.

⁸ Ibid.

materials. This dedication to the environment can be seen repeatedly throughout the company's history. As mentioned, Chouinard was inspired to create his business because he was not pleased with the waste that he saw in the rock-climbing industry. He knew that there was a better, more environmentally and cost friendly way to create and produce climbing gear, so he created Chouinard Equipment.

Another example of Patagonia's commitment to the environment is the company's switch to organic cotton. Cotton makes up an enormous amount of material that clothes in the retail industry are made of, but it also takes huge amounts of water and labor to produce. I will address the role of cotton in the retail industry in depth in Chapter 4: The Product Lifecycle. The harmful impacts of cotton are seen primarily when it is grown inorganically. When cotton is grown inorganically, it is harsh on the land, and the chemicals from pesticides pollute local waters. By 1996 Patagonia switched all of their products to organic cotton. This switch was not a small feat considering it forced them to abandon the traditional way of acquiring cotton through brokers; the demand for organic cotton was not large enough for there to be brokers. Instead, Patagonia went directly to the farmers consequently creating a new model for procuring organic cotton.

The Customer:

The next area that sets Patagonia apart is the desire to do good for the customer. In retail there are generally two types of retailers—traditional and fast fashion. I will discuss the specifics of these two forms of fashion in detail later. For now, the main difference is that fast fashion companies are scrutinized for perpetuating a culture of consumerism. Patagonia is not encouraging customers to purchase large amounts of their product, they are not a fast fashion company. Instead, they want their customers to think whether they really need the item before

making a purchase. One campaign that highlights this is the “Don’t Buy This Jacket” campaign.⁹ This advertisement was run in the *New York Times* on Friday, November 25th, 2011.¹⁰ The advertisement was intended to directly address the issue of consumerism, an issue that becomes disturbingly evident on Black Friday. Patagonia wants their customers to think twice before purchasing one of their garments. As a company, Patagonia attempts to lighten their environmental impact by creating clothing from organic and recycled materials of high quality that do not need to be purchased frequently by the customer. In short, their products are made to last.

The Employee:

The final area is Patagonia’s desire to do good for the employee. In Yvon Chouinard’s book, *Let My People Go Surfing*, he outlines many of the principles he built his company on, including his philosophy when it comes to keeping employees happy.¹¹ In his book, Chouinard acknowledges how the original founding of Chouinard Equipment has had a lasting impact on the culture of Patagonia. Chouinard explains that “if Patagonia had begun primarily as a marketing idea or investment opportunity, the company would be a very different place to work.



⁹ This is Patagonia’s advertisement that ran on Black Friday titled “Don’t Buy This Jacket” it was intended to make customers think about their consumption before buying new products that they may not need. I will reference this campaign throughout the paper.

¹⁰ “Don’t Buy This Jacket, Black Friday and the New York Times.” *The Cleanest Line*, November 25, 2011. <https://www.patagonia.com/blog/2011/11/dont-buy-this-jacket-black-friday-and-the-new-york-times/>.

¹¹ Chouinard, Yvon, and Naomi Klein. *Let My People Go Surfing: The Education of a Reluctant Businessman-- Including 10 More Years of Business Unusual*. Updated 2nd edition. New York: Penguin Books, 2016.

It would be understood that the primary purpose of the company would be the generation of wealth.”¹² When hiring, Patagonia is looking for people who are passionate about the company. They do not want employees who can simply think like the customer, but instead they want employees who actually are the customer.

Patagonia gives back to their employees. Workers have flexible hours, can take a surf break, and go to the yoga room as they see fit, as long as they meet their deadlines on time. These once unheard-of employee benefits are becoming more common in larger corporations, because employees are happier, have time to be creative, and are more productive. COO and CFO Rose Marcario describes Patagonia’s approach, stating that “It’s a different philosophy. My life is more integrated with my work because I’m trying to stay true to the same values in both.”¹³

At the heart of Patagonia is the desire to do the right thing. Doing the right thing has meant different things at different points in time for Chouinard and his company. When the company was founded it meant creating rock climbing equipment that did not have a detrimental impact on the rocks and environment. Since then, the way in which Patagonia has done good throughout the world has developed and changed. Chouinard’s desire to do good is what motivated him to switch to all organic cotton and to donate one percent of all profits to environmental groups.

In an interview with *Time Magazine*, Yvon Chouinard outlines the difficulties of being a green company.¹⁴ Making the right decision and doing the best thing for the environment does

¹² Chouinard, Yvon, and Naomi Klein. *Let My People Go Surfing: The Education of a Reluctant Businessman-- Including 10 More Years of Business Unusual*. Updated 2nd edition. New York: Penguin Books, 2016.

¹³ Stevenson, Seth. “Patagonia’s Founder Is America’s Most Unlikely Business Guru.” *WSJ: The Magazine from the Wall Street Journal*. 2012.

¹⁴ Rosenblatt, Roger. “The Root of All Good.” *Time* 154, no. 16 (October 18, 1999): p 88.

not always result in more revenue for the company. In fact, at first companies typically lose money investing in sustainable practices. This can be seen when Patagonia switched to all organic cotton in the late 1990s which resulted in them losing around twenty percent of their sales. In the *Time Magazine* interview, Chouinard explains that “Businessmen who focus on profits wind up in the hole. For me, profit is what happens when you do everything else right.”¹⁵ Chouinard is encouraging other businesses to take on this model, a philosophy outlined in *Let My People Go Surfing*; the focus should be on the process and not the end goal. When businesses are primarily focused with the end goal of making a profit, they compromise the integrity of their product and the happiness of their employees. This compromise will be fatal in the long run. Although at first, committing to sustainable practices may cost a company, as Chouinard explains, the commitment results in a “happy” environment, customer, and employee.

Limitations and Questions:

Over the course of my paper I will seek to determine if Patagonia and the model that Yvon Chouinard has set up is the model that all retail companies should be following. Or are they simply the exception to the rule? Has Patagonia only been able to be successful based on their unique position in the market? In the subsequent section I am going to introduce a few areas that may contribute to the success of Patagonia.

One factor that sets Patagonia apart is their customer base. Patagonia targets a high-income demographic that is willing and able to spend more money on luxury items, such as outdoor equipment and clothing. The clothes that Patagonia sells are not inexpensive; in fact, they are quite expensive. If every retailer were to take on Patagonia’s model, then customers

¹⁵ Rosenblatt, Roger. “The Root of All Good.” *Time* 154, no. 16 (October 18, 1999): p 88..

would be forced to pay one hundred dollars for a sweatshirt. This obviously is not realistic. Patagonia is able to charge higher amounts for their product, because they have a wealthier customer base. Patagonia does acknowledge the high price of their products, but defends it based on the quality of the garment and of the principles and practices of the company that produced it.

Another factor that gives Patagonia an advantage over other retailers is the product that is for sale. Patagonia was founded as and remains an outdoor focused company. The significance of this is twofold. The first important takeaway is that people naturally correlate Patagonia to the environment because of the product that they are selling. Therefore, Patagonia does not need to convince their customers that the environment is of importance to them, because it can be seen in the clothes and equipment they are selling. The second important point is related to the customer that Patagonia attracts. Generally speaking, people who are willing to spend large amounts of money on outdoor wear are people who value the environment. These people will naturally align themselves with the mission and vision of Patagonia and are willing to support a company that is doing so much work to help the environment. The loyal Patagonia customer is buying more than a sweatshirt. They are buying into a philosophy and a lifestyle; furthermore, when they wear the distinct Patagonia clothing they are publicly aligning themselves with the values of Patagonia.

The final factor that I believe gives Patagonia an advantage over other retailers is that Patagonia admits that they are not interested in chasing the trends of the fashion industry. They are concerned with making the best quality product, not the most fashionable one. This can be seen in how little their clothing changes season over season and year over year. However, Patagonia sets itself apart from the bland tan, khaki, and olive of other outdoor brands by integrating what Chouinard calls “blasphemous” colors into their clothing line. Chouinard said

that “we drenched the Patagonia line in vivid color...tea, French red, mango, seafoam, and iced mocha.”¹⁶

The Mission and Values of Patagonia:

Like all companies, Patagonia has a mission and values that are meant to convey the priorities of the company to the customer and to the world at large. Simply put, Patagonia states their mission as “We’re in business to save our home planet.”¹⁷ It is important to note that Patagonia recently made this their mission statement, a deviation from the past mission to “Build the best product, cause no unnecessary harm, use business to inspire and implement solutions to the environmental crisis.” They changed it because for founder Yvon Chouinard this statement is no longer enough given the current state of the world. In a recent interview Chouinard explains the urgency behind Patagonia’s new mission statement stating that,

We’re losing the planet because of climate change, that’s the elephant in the room. Society is basically working on symptoms. Save the polar bear? If you want to save the polar bear, you got to save the planet. Forget about the polar bear, they’re toast anyway. So I decided to make a very simple statement, because in reality, if we want to save the planet, every single company in the world has to do the same thing. And I thought, well, let’s be the first.¹⁸

It is clear that Chouinard is interested in more than just running a successful company, he is interested in saving the planet and believes that companies need to be the ones spearheading

¹⁶ Chouinard, Yvon, and Naomi Klein. *Let My People Go Surfing: The Education of a Reluctant Businessman-- Including 10 More Years of Business Unusual*. Updated 2nd edition. New York: Penguin Books, 2016.

¹⁷ <https://www.patagonia.com/company-info.html> This page outlines Patagonia’s mission statement and the company’s values. It also discusses founder Yvon Chouinard’s book *Let My People Go Surfing* that I draw from throughout my paper

¹⁸ Beer, Jeff. “Exclusive: ‘Patagonia Is in Business to Save Our Home Planet.’” *Fast Company*, December 13, 2018. <https://www.fastcompany.com/90280950/exclusive-patagonia-is-in-business-to-save-our-home-planet>. This interview with founder of Patagonia Yvon Chouinard addresses the company’s change in mission statement.

efforts. Later in my paper, in Chapter 2: Where to Draw the Line, I will discuss if this is going too far, should it be the responsibility of companies to be making these initiatives?

Next, they go on to outline the core values of the company which are as follows:

- 1) Build the best product
- 2) Cause no unnecessary harm
- 3) Use business to protect nature
- 4) Not bound by convention

Marketing Mix and the 4Ps:

So how does Patagonia demonstrate a commitment to sustainability in their marketing mix? Before answering that, I will briefly introduce what the marketing mix and the 4Ps of marketing are. E.J. McCarthy introduced the idea of the 4Ps in his 1960s book *Basic Marketing – a Managerial Approach* and it is now a common marketing term.¹⁹ McCarthy outlined the 4Ps of marketing as: product, price, place, and promotion. McCarthy further describes the 4Ps to be concerned with “developing the ‘right’ product and making it available at the ‘right’ place with the ‘right’ promotion and at the ‘right’ price, to satisfy target consumers and still meet the objectives of the business.”²⁰

“Meeting the objectives of the business” is a key component when discussing the 4Ps in relation to Patagonia. A commitment to sustainability significantly impacts the marketing mix of a product. Now I will walk through one product from Patagonia—the Better Sweater—and will

¹⁹ McCarthy, E. Jerome. *Basic Marketing, a Managerial Approach*. RDIrwin, 1960.
<http://hdl.handle.net/2027/inu.30000041584743>.

²⁰Ibid.

demonstrate how Patagonia integrates sustainability into all four components of the marketing mix.

Product: A Fair Trade Certified sewn sweater made of 100% polyester knitted fleece that is dyed with a low-impact process and is made to provide lightweight warmth while allowing for stretch.

Price: \$149.00, green products tend to be more expensive and Patagonia is not an exception. They acknowledge they are expensive but boast better quality materials and fewer environmental impacts.

Place: Can be purchased in brick and mortar stores or through e-commerce. The company views their brick and mortar stores to be hubs for creating environmental change and educating the public on how to be more environmentally conscious.

Promotion: Variety of avenues, like social media and advertising, that all have an environmental focus. Patagonia even runs promotions discouraging unnecessary purchases through campaigns like the “Don’t Buy This Jacket” campaign which will be discussed further in the next chapter.²¹

The way that Patagonia successfully integrates sustainability into all four areas of the marketing mix clearly demonstrates the mission of the company and their dedication to sustainability while remaining consistent with their overall marketing strategy.

²¹ “Patagonia Men’s Performance Better Sweater® Fleece Jacket.” Accessed March 13, 2019.
<https://www.patagonia.com/product/mens-performance-better-sweater-fleece-jacket/25955.html#footprint-chronicles>.

Chapter 2: Where to draw the line?

A question that I have been asking myself over the past few months is where do we draw the line and what exactly does “the line” even mean? For my study, the line relates to what the role of companies should be in society. How involved in social change should companies be? In relation to my case study of Patagonia—does Patagonia cross the line? Yvon Chouinard’s company, is open about their dedication to the environment, and that they believe all companies should take responsibility and do all they can to make a difference in the world. This notion that companies have a responsibility and should be contributing to society is not an idea that was started by Chouinard; it has been around much longer than Patagonia. Today we call this philosophy corporate social responsibility.

Corporate social responsibility is a term that originated in the 1950s, with the publication of Howard R. Bowen’s book, *Social Responsibilities of the Businessman*, in 1953 and has continued to develop over the years.^{22,23} Bowen believed that businesses had accumulated a significant amount of power and clout in society that caused them to directly impact the lives of citizens, which led him to conclude that these businesses have certain responsibilities to the citizens they are impacting. In his 1953 publication Bowen describes CSR to be “the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society.”²⁴

TOMS shoes is a great example of how a retail company embodies CSR. TOMS is based on a “One for One” model—with every pair of shoes purchased, one pair is donated to a person

²² Carroll, Archie B. “Corporate Social Responsibility.” *Business & Society* 38 (September 1999): 28.

²³ Bowen, Howard R., Peter Geoffrey Bowen, and Jean-Pascal Gond. *Social Responsibilities of the Businessman*. University of Iowa Press, 2013. <http://www.jstor.org/stable/j.ctt20q1w8f>.

²⁴ Ibid.

in need. While on the surface this approach may seem like a win-win, I think it is important to take closer look at TOMS shoes. I am not saying that TOMS is not trying to help the world; however, I think the consumer needs to understand how the mission of the company is impacting the way they purchase products. Do customers shopping at TOMS shop there because they are concerned about global poverty and want to make a difference in the world, or because it is a fashion trend they want to participate in while feeling good about their consumption?²⁵

Ruth Potts and Neal Lawson address this dilemma in their article “Can Shopping Be a Form of Activism?,”²⁶ Potts and Lawson are just one example of the plethora of critics who worry about the negative ramifications of the blending of activism with consumption. Potts and Lawson outline one of the main concerns of companies like TOMS. They state that when companies blend together ethics with consumerism it “oils the wheels of the consumer industrial complex,” and it perpetuates a consumer mentality and a positive feedback loop when it comes to consuming products that the customer does not need.

The success of do-gooder companies like TOMS and even Patagonia makes sense from a business standpoint. These brands have intentionally or inadvertently maximized consumers’ willingness to pay (WTP). In the TOMS shoes example, consumers are willing to pay a higher price, because the product has a perceived higher quality, value, and commitment to sustainability.²⁷ I think in the case of Patagonia, WTP is only a component of the company’s

²⁵ Kingston, Lindsey N., and Jeanette Guellil. “TOMS and the Citizen-Consumer: Assessing the Impacts of Socially-Minded Consumption.” *Journal of Human Rights Practice* 8, no. 2 (July 2016): 284–97.

<https://doi.org/10.1093/jhuman/huw004>. This study looks at TOMS and whether or not their “One for One” model is actually impacting the consumer. Kingston and Guellil conducted a study with 326 respondents ages 18 to 22 years old with the intent to gauge how important activism and the “One for One” model was to them.

²⁶ Lawson, Neal, and Ruth Potts. “Can Shopping Be a Form of Activism?” *New Internationalist*, no. 463 (2013): 32–34.

²⁷ Stevenson, Seth. “Patagonia’s Founder Is America’s Most Unlikely Business Guru.” *WSJ: The Magazine from the Wall Street Journal*. 2012.

success, because they have repeatedly prioritized “doing the right thing”—like switching to organic cotton or running the “Don’t Buy this Jacket Campaign”—over making a profit.

Chapter 3: An Introduction to Sustainable Marketing

While the term sustainable marketing is a relatively new one, it is important to recognize that many scholars understood the significance and the possibilities that came along with bridging sustainability and business before the advent of specific language within which to frame the ideology. In 1974 George Fisk published an article where he used the term ecological marketing for the first time.²⁸ Fisk believed that humanity faced an impending doom and that both businesses and individuals needed to take responsibility in recognizing and addressing the impending global environmental catastrophes. Henion and Kinnear explore this topic writing about consumer attitude and negative impacts that corporations are having on the environment.²⁹ Two decades later, the term “green marketing” emerged. The key difference is that green marketing is the promotion of individual products as sustainable. Some of the key thinkers of this term were Ottoman, McDonagh and Prothero, Peattie, and Wasik.³⁰ These writers firmly believed that green marketing was the new wave of marketing and all past forms would soon be abandoned. In “Green Consumption: Behavior and Norms,” Ken Peattie thoroughly explains green marketing; he states that the recent movement concerning the environment is the “green movement” and the consumers who are aware of this are called “green consumers” who will look to purchase “green products,” that lessen harmful impacts on the environment.³¹ In Peattie’s work he critiques the way that green consumption has been researched saying that it is too focused and narrowminded. He encourages an interdisciplinary approach to understanding the

²⁸ Fisk, George. *Marketing and the Ecological Crisis*. Harper & Row, 1974.

²⁹ Henion, Karl E., Thomas C. Kinnear, and American Marketing Association. *Ecological Marketing*. American Marketing Association, 1976.

³⁰ Murphy, Patrick E. “Sustainable Marketing.” *Business & Professional Ethics Journal* 24, no. 1/2 (2005): 171–98. Murphy gives a good overview of the progression of sustainable marketing, outlining the major influencers.

³¹ Peattie, Ken. “Green Consumption: Behavior and Norms.” *Annual Review of Environment and Resources* 35, no. 1 (2010): 195–228. <https://doi.org/10.1146/annurev-environ-032609-094328>.

“green consumer”—to understand the green consumer, researchers must understand the environmental, psychological, and social factors that influence their behaviors.

Sustainable marketing has become a buzz word in the business world over the past decade, and yet many people have no idea what it actually means. The lack of understanding surrounding this phrase is concerning because consumers hold tangible power in creating measurable change, but this change is not possible to address without proper knowledge. Thus, before discussing what sustainable marketing is, it is important to understand the term “sustainable.”

There are many different opinions regarding what the proper definition of sustainability is, but one widely accepted definition comes from the 1987 Brundtland Report.³² The report states that “Sustainable development is the development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”³³ Sustainability is much more complicated than this simple definition, and this reality is becoming increasingly evident. For example, the Brundtland Report states “without compromising the ability of future generations,” but how are we supposed to know what the future generations will need?³⁴ Furthermore, what about our current population; should the current population be included in the definition? The complexity can also be seen specifically when discussing the implementation of sustainable marketing. Since there is no one definition of sustainability there is also no singular definition of sustainable marketing; different businesses have different standards. This ambiguity makes it difficult to determine what is and is not sustainable marketing. While there are many complexities surrounding the term sustainable marketing, it is based on ideas of social and

³² <http://www.un-documents.net/our-common-future.pdf> This is the 1987 Brundtland Report that states the most common definition of sustainability.

³³ Ibid.

³⁴ Ibid.

environmental sustainability and is explained by Dr. Donald Fuller to be the “process of planning, implementing, and controlling the development, pricing, promotion, and product distribution that satisfy customer needs, organizational goals and assure ecosystem capability.”³⁵ The goal is that companies that use sustainable marketing techniques will simultaneously create better relationships with their customers while reducing negative impacts on the environment.

Sustainable marketing is a method that is being implemented in various industries and company types across the world. One industry that heavily relies on sustainable marketing to attract and retain customers is the food industry, particularly the coffee industry. I believe that the retail industry can look at the progress the coffee industry has made and use it as a guide. Coffee was one of the first products to successfully implement sustainable practices. Fair Trade (FT) and the Rainforest Alliance are two forms of certification that coffee companies use to demonstrate commitment to sustainability. When coffee shops purchase beans that are certified under these monikers they are making a public statement that they align themselves with the mission and values of that organization and are committed to the same goals. There are a variety of sustainable coffee certifications that focus on issues such as improving the livelihood of the farm workers, decreasing negative environmental impacts, and creating transparency in the coffee industry.

While the coffee industry is not perfect, and the certifications are not all perfect, I think that the certifications have created more transparency in the coffee industry and helped inform consumers of what has gone into the product they are purchasing. The retail industry lacks certifications like these. The certifications that do exist, like Certified B Corporations, are not

³⁵ Fuller, Dr. Donald A. *Sustainable Marketing: Managerial - Ecological Issues*. 1 edition. Thousand Oaks, Calif: SAGE Publications, Inc, 1999.

focused on the retail industry and customers rarely even know which companies are certified. Later in my paper I will explain the certifications and standards that exist in the retail industry.

While discussing sustainable marketing, it is important to recognize that because a company markets itself as sustainable does not guarantee the company is legitimately committed to sustainability. In some cases, sustainable marketing can be used to mislead customers and make them believe that companies are something they are not. The implementation of sustainable marketing, when used correctly, has the potential to benefit the environment, consumer, and company. As consumers progressively are becoming worried and knowledgeable about the environment, they attempt to align themselves with companies and products that share their same values. Moreover, the demand for environmentally responsible products remains high even during weak economic times. According to Business for Social Responsibility (BSR), a global nonprofit whose aim is to help consult sustainable businesses, “demand for environmentally sensitive products is growing, but communicating accurately and credibly is becoming more challenging.”³⁶

When companies misrepresent their commitments to sustainability the impact is destructive—destructive for the environment, consumers, and other companies. This misrepresentation is called greenwashing. Greenwashing is when companies use marketing to make the public believe that they are environmentally friendly, but in reality, they are deceiving the consumer, and do not actually implement the practices they proclaim. In the automobile industry Volkswagen recently had a scandal regarding greenwashing when the United States Environmental Protection Agency found them in violation of the Clean Air Act. Volkswagen was found guilty of cheating emissions tests by selling cars with a “defeat device” that allowed

³⁶ Horiuchi, Rina, Ryan Schuchard, Lucy Shea, and Solitaire Townsend. “Understanding and Preventing Greenwash,” n.d., 41.

diesel engines to detect when they were being tested for performance results, altering the cars' performance to have better, "cleaner" results. Volkswagen was advertising their new diesel cars to be better for the environment, but the reality was when the altered cars were not performing under the test conditions they emitted up to forty times the amount of nitrogen oxide pollutants allowed in the United States.³⁷

Greenwashing has many negative repercussions, one of the most obvious being that the environment will suffer. Greenwashing also has lasting impacts on the customers. The customers will lose trust in the singular company responsible, but also in companies more broadly. They will become skeptical of other sustainability claims though potentially legitimate. In fact, studies found that "consumers' willingness to pay more for green products has dropped between 5 and 12 percentage points from 2008 to 2012," correlated to false claims generating skepticism among consumers.³⁸ In this way, it is not only the company participating in greenwashing that is losing credibility, but all companies. As the Federal Trade Commission's chairman, Jon Leibowitz, stated, "environmentally friendly products into the marketplace is a win for consumers who want to purchase greener products and producers who want to sell them...but this win-win can only occur if marketers' claims are truthful and substantiated."³⁹ It is important to note the role of corporate social responsibility (CSR) in relation to greenwashing. Millennials place a great amount of value on CSR. Consumers are looking for more than just a good product, they are looking for products from companies that are taking social and environmental action.

³⁷ Hotten, Russell. "Volkswagen: The Scandal Explained," December 10, 2015, sec. Business. <https://www.bbc.com/news/business-34324772>.

³⁸ Pride, William M., and O. C. Ferrell. *Marketing 2016*. 18 edition. Cengage Learning, 2015.

³⁹ "Green Guides." Federal Trade Commission, July 23, 2013. <https://www.ftc.gov/news-events/media-resources/truth-advertising/green-guides>

One company that funnels significant time, money, and resources into CSR is Levi Strauss & Co., which can be seen in a variety of initiatives they have started. Their “Water <Less” campaign focuses on decreasing their water usage in the production of their products and their “Worker Well-Being Initiative” is dedicated to improving the lives of their workers. Levi’s is constantly trying to give back to their employees, customers, and the communities they touch. At the heart of CSR and of sustainable marketing is honesty. Companies must be honest about their efforts in order to attract and retain customer loyalty. When companies use greenwashing, they are hurting themselves. They lose customer loyalty, and routinely face heavy public scrutiny for their actions. The use of greenwashing is detrimental to sustainability as a whole because it hinders companies that are dedicated to making positive social and environmental changes. Overall, there are a plethora of negative impacts that come with greenwashing; it is detrimental to the environment, the consumer, and companies.

The implementation of greenwashing is infuriating for stakeholders for a variety of reasons. Stakeholders have taken different measures to dissuade greenwashing from being used. The Federal Trade Commission (FTC) has worked to dissuade greenwashing through the creation and revision of the Green Guides that are “designed to help marketers ensure that the claims they make about the environmental attributes of their products are truthful and non-deceptive.”⁴⁰ The Green Guides were first issued in 1992 and were revised in 1996, 1998, and 2012. The most recent revision was due to a sizable number of companies that were guilty of greenwashing. CHAMP, a retail company based in Massachusetts, was claiming to sell

⁴⁰ “Green Guides.” Federal Trade Commission, July 23, 2013. <https://www.ftc.gov/news-events/media-resources/truth-advertising/green-guides>.

biodegradable golf shirts and was one of many companies that the FTC charged with making false claims, specifically false claims relating to biodegradability.⁴¹

In fact, a study determined that “95 percent of products marketed as green were guilty of at least one form of greenwashing.”⁴² This sparked the FTC to make changes to the Green Guides with the assistance of consumer and company feedback that is comprehensive. The updated terms were intended to be clearer for the companies and helped to explain certifications, as well as when companies can and cannot claim that products are renewable. This updated guide also prevents companies from making broad claims about their products being eco-friendly, which are vague and misleading as it leads the consumer to think all aspects of the product are sustainable, which is likely not the case.

In Europe there have been even stronger reactions to the use of greenwashing by companies and more drastic measures have been put into place. The European Union requires that all companies report their carbon emissions in their advertisements, which helps prevent greenwashing. Overall, the European Union approach allows for more transparency between the company and the consumer. Non-governmental organizations (NGO’s), such as Friends of the Earth, are another avenue to dissuade greenwashing. NGO’s help to educate and expose greenwashing, but they can also work with the companies to help them better understand what greenwashing is. Friends of the Earth is the largest grassroots environmental network that is working for “sustainable and just societies and for the protection of the environment.”⁴³ Each year they host the Pinocchio Awards which allow the public to determine which corporations are using sustainable marketing. The goal of the Pinocchio Awards is to determine the corporations

⁴¹ “Green Guides.” Federal Trade Commission, July 23, 2013. <https://www.ftc.gov/news-events/media-resources/truth-advertising/green-guides>.

⁴² Pride, William M., and O. C. Ferrell. *Marketing 2016*. 18 edition. Cengage Learning, 2015.

⁴³ <http://www.foeeurope.org/home>

that attempt to undermine climate policies, using greenwashing to mislead consumers, and whose activities have the most detrimental impacts on local communities. Voting in the Pinocchio Awards is one way that the public can work to change the actions of big corporations and can help educate others about the dangers of greenwashing. The Pinocchio Awards are organized by Friends of the Earth France, and each year a public vote determines which three companies across different industries are guilty of greenwashing and actions that undermine climate change. The winners of the 2014 Pinocchio Awards were Shell, GDF Suez, and Samsung.

Ultimately, it is imperative that, as consumers, we remember that we are playing a role in the existence of greenwashing. As the consumer we must be proactive and not rely solely on the information of businesses or other organizations. Instead, consumers should investigate the companies they are supporting and know about the values and practices that they are implementing. This is the idea of consumer responsibility. “Consumer responsibility is taking personal responsibility for the environmental costs and consequences of your consumption and lifestyle.”⁴⁴ As consumers, we have choices about the companies we choose to purchase products from and support. It is important to make sure you are making informed decisions when shopping and know the practices of the company.

So, the question is, how can consumers distinguish legitimate claims from greenwashing? One key way to determine which companies are using greenwashing and which companies are seriously committed to benefiting society and the environment can be seen through the actions they are taking privately. Is the company dedicated to improving the lives of the workers and communities they touch without being self-glorifying? If the answer is yes, then they are likely implementing truthful sustainable marketing techniques. The implementation of campaigns that

⁴⁴ <https://sfenvironment.org/consumer-responsibility>

do not benefit the company but are designed to spread awareness or offer support is one way to demonstrate a genuine commitment toward sustainability. One way that customers can obtain this information is by looking at the 4Ps, as discussed in Chapter 1: The Case Study—Patagonia. Is the company in question embodying sustainability in promotion only? If so they may not be legitimately dedicated to sustainability and instead may be using greenwashing to sell more products. If the company embodies sustainability in all areas of the marketing mix, then customers can be more certain they are not guilty of greenwashing.

Unfortunately, the retail industry is one industry where greenwashing occurs frequently. For example, recently, a plethora of companies advertised rayon products as being bamboo, and the FTC sent out letters to 78 retailers including The Gap Inc., Kohl's, and Walmart advising of these wrongful practices.⁴⁵ However, since this warning The Gap Inc. has made significant changes and strides in committing themselves to sustainability. Gap has committed itself to reducing negative impacts on both the environment and promoting the well-being of their workers globally. Gap's Chief Product Officer Wendi Goldman stated that, "We believe in actively protecting the planet we all share."⁴⁶ Goldman's words are reflected in the actions that Gap Inc. has taken, such as their Better Cotton Initiative (BCI) and their life skills and educational program Personal Advancement & Career Enhancement (P.A.C.E). Furthermore, they work with countless other organizations, such as Women + Water, the Social and Labor Convergence Project, and the Better Work Academy. In the past decade, Gap Inc. has dedicated significant time and resources to their approach to sustainability. However, one of the key

⁴⁵ Pride, William M., and O. C. Ferrell. *Marketing 2016*. 18 edition. Cengage Learning, 2015.

⁴⁶

http://www.gapinc.com/content/gapinc/html/media/pressrelease/2017/med_pr_042417_gps_sustainabilitygoals.html

components of these changes was that Gap Inc. has remained humble in the creation and execution of their initiatives.

Besides committing themselves to campaigns, companies can also partner with organizations to receive different certifications that demonstrate their legitimate commitments to sustainability. Carbon Trust is one organization that businesses can partner with in order to receive a certification. While the use of certifications and standards can help the consumer know if the company's claims are legitimate, it is also important to note that some organizations are not as trustworthy as others. Some organizations will require a fee in order to apply for and receive a certification and have very low standards, which result in companies paying to appear sustainable while they make very little effort to implement sustainable initiatives. It is important for the consumer to know what the certification means and not just to assume the credibility of the company. Lifecycle Analyses (LCA) is another way that companies can demonstrate a genuine commitment to sustainability. Levi Strauss & Co. conducted an LCA in order to understand which phases of their most popular products had the most negative environmental impacts. What they discovered was that customers washing their jeans was one of the most environmentally detrimental aspects of the lifecycle. As a result, Levi's took the initiative and communicated this information to the customers, stating that jeans should be washed in cold water in order to lessen the harmful impacts. It is imperative that companies work together to end the use of greenwashing "in order for the business sector to establish a new role in society where it is stewarding efforts towards a more sustainable planet and earning trust as a result."⁴⁷

In the retail industry there are several examples of companies that have made false claims of sustainability in order to attract clients. In the 1990s there was a widespread anti-sweatshop

⁴⁷ Horiuchi, Rina, Ryan Schuchard, Lucy Shea, and Solitaire Townsend. "Understanding and Preventing Greenwash:," n.d., 41.

movement that aimed to bring to light the unethical factory conditions of large corporations like Nike, Target, and Wal-Mart.⁴⁸ “The anti-sweatshop movement sparked responses from apparel, textile, and footwear firms...firms adopted codes of conduct for their supply chains—a practice that quickly diffused to other firms that had not been targeted.”⁴⁹ The campaigns to “name and shame” companies in violation of workers’ rights helped to create a transparent supply chain and made codes of conduct a common practice throughout the industry. As of late, fast fashion companies—like Zara and H&M—have been under scrutiny for their sustainability claims. The nature of fast fashion is based on a fast turn-around rate, low costs, and fast disposal. The essence of fast fashion contradicts the key principles of sustainability so customers who value sustainability should be cautious when buying from fast fashion brands.⁵⁰

Sustainable Marketing—A Paradox:

While sustainable marketing is important and typically indicates a company’s dedication to reducing negative environmental impacts, it is important to recognize that sustainable marketing in and of itself is not going to save the world. The paradox of this new form of marketing lies in the goal of marketing as a technique used to increase revenue and promote a product. Sustainable marketing demonstrates a company’s dedication to sustainability and the prioritization of the environment. Take Patagonia’s “Don’t Buy This Jacket Campaign” which is among the purest form of sustainable marketing. Patagonia is not only using marketing to

⁴⁸ Bartley, Tim, and Curtis Child. “Movements, Markets and Fields: The Effects of Anti-Sweatshop Campaigns on U.S. Firms, 1993-2000.” *Social Forces* 90, no. 2 (December 1, 2011): 425–51.
<https://doi.org/10.1093/sf/sor010>.

⁴⁹ Ibid.

⁵⁰ Joy, Annamma, John F. Sherry Jr, Alladi Venkatesh, Jeff Wang, and Ricky Chan. “Fast Fashion, Sustainability, and the Ethical Appeal of Luxury Brands.” *Fashion Theory* 16, no. 3 (September 1, 2012): 273–95.
<https://doi.org/10.2752/175174112X13340749707123>.

demonstrate their dedication to the environment, but they are also drawing attention to a significant issue—consumerism.

Consumer behavior and awareness needs to change, just like retailers need to commit themselves to more sustainable modes of production and distribution. The new form of consumer behavior that Patagonia is attempting to spread is green consumption, another paradox that we are faced with unpacking. As Ken Peattie puts it in “Green Consumption: Behavior and Norms,” green consumption is a “problematic concept...green implies the conservation of environmental resources, while consumption generally involves their destruction.”⁵¹ So, while the “Don’t Buy This Jacket Campaign” is attempting to change consumer behavior and discourage consumerism, we are faced with what Sharon J. Hepburn calls “a complicated greenness” where the goal is to reduce consumption, but the reality is that consumption increases.⁵² Therefore, sustainable marketing is not enough on its own, there is a need for companies to commit to sustainability while customers embrace green consumption in order for there to be change in the retail industry. It is only when these two paradoxical phrases are used simultaneously that significant change will be seen—companies will be more environmentally focused and consumers will be more conservative in their consumption.

⁵¹ Peattie, Ken. “Green Consumption: Behavior and Norms.” *Annual Review of Environment and Resources* 35, no. 1 (2010): 195–228. <https://doi.org/10.1146/annurev-environ-032609-094328>.

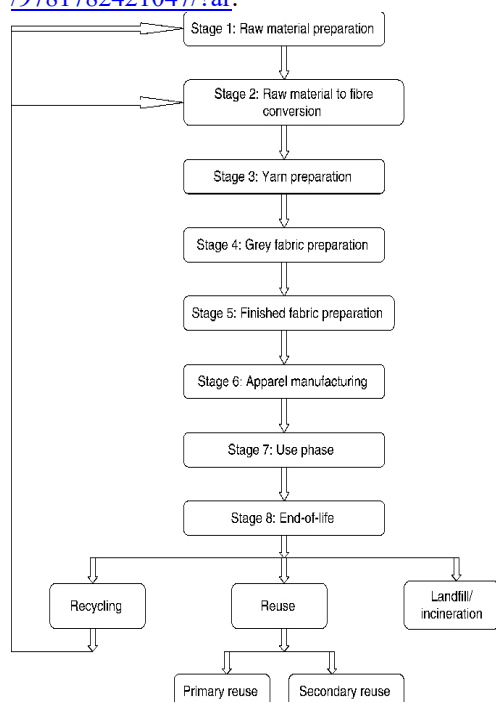
⁵² Hepburn, Sharon J. “In Patagonia (Clothing): A Complicated Greenness.” *Fashion Theory: The Journal of Dress, Body & Culture* 17, no. 5 (November 2013): 623–45. <https://doi.org/10.2752/175174113X13718320331035>.

Chapter 4: The Product Lifecycle

Introduction:

In order to fully understand the role that sustainability plays in the retail industry, it is imperative to grasp the product lifecycle and supply chain of apparel. What are clothes made of? Where are they produced? Who produces them? In this chapter I aim to answer these seemingly simple questions that consumers usually ignore. Throughout this chapter I will discuss several materials that are used to produce clothing, but because my thesis is about Patagonia I will focus on cotton because it is relevant to Patagonia's accomplishments.⁵³ Furthermore, cotton is used ubiquitously across all retailers, unlike other fibers like hemp, which makes it important to discuss.

⁵³ Muthu, Subramanian Senthilkannan. *Assessing the Environmental Impact of Textiles and the Clothing Supply Chain*. Safari Books Online. Oxford: Woodhead Publishing, 2014. Muthu discusses the complexity of the supply chain in chapter 1.2 but creates a general diagram that describes the eight stages of the product's life cycle. Please reference Muthu's work if interested in learning more about the textile industry and the textile supply chain. <http://proxy.library.emory.edu/login?url=https://www.safaribooksonline.com/library/view/-/9781782421047/?ar>.



Before discussing the stages of the retail industry, it is important to understand how the textile supply chain differs from other industries and has its own set of complex issues. Ngai, Peng, Alexander, and Moon explain these issues in their article “Decision Support and Intelligent Systems in the Textile and Apparel Supply Chain” stating that there is,

Growing unpredictability of the global fashion market, which leads to rapid changes of customer demand in styles and in quantity. In short, the industry is characterized by unpredictable demand, short product life cycles, quick response times, large product variety, and a volatile, inflexible, and complex supply chain structure.⁵⁴

The beginning of all textile products start with the extraction of raw materials. After this, the product goes through a variety of stages and ends at the disposal or grave stage, which I will discuss in length as it is particularly relevant to sustainability in the fashion industry. There are three possibilities for this stage: recycling, reuse, or landfill. As Subramanian Muthu explains in his book, *Assessing the Environmental Impacts of Textiles and the Clothing Supply Chain*, “The initial element of the textile supply chain is fibre production. This is followed by yarn and fabric production and ends in the apparel manufacturing process, after which the finished product is ready to be sent to the customer.”⁵⁵ It should be noted that while this condensed explanation of the textile supply chain describes it to be a linear process, the reality is that the textile supply chain is a global infrastructure that is highly decentralized resulting in many different approaches

⁵⁴ Ngai, E.W.T., S. Peng, Paul Alexander, and Karen K.L. Moon. “Decision Support and Intelligent Systems in the Textile and Apparel Supply Chain: An Academic Review of Research Articles.” *Expert Systems with Applications* 41, no. 1 (January 2014): 81–91. <https://doi.org/10.1016/j.eswa.2013.07.013>.

⁵⁵ Muthu, Subramanian Senthilkannan. *Assessing the Environmental Impact of Textiles and the Clothing Supply Chain*. Safari Books Online. Oxford: Woodhead Publishing, 2014. <http://proxy.library.emory.edu/login?url=https://www.safaribooksonline.com/library/view/-/9781782421047/?ar>.

to the production of clothing. Furthermore, at each point of the supply chain process, energy and resources are inputted and waste is a byproduct. I will be using a framework set by E.W.T. Ngai et al. to classify the textile supply chain into three major sectors: textile production, apparel manufacture, and distribution/sales.⁵⁶ Our exploration of the textile supply chain will start with raw materials and textile production.

The first step in the process of making clothing is turning raw materials into fiber. There are multiple types of fibers that are used to make clothing; these fibers fall into two groups—natural and man-made or synthetic fibers. Natural fibers are further divided into plant and animal fiber. For companies like Patagonia, the reliance on natural fibers is important to their brand. Patagonia uses many natural fibers in their clothing such as wool, organic cotton, and hemp. Patagonia has 250 raw material suppliers in 22 countries according to Doug Freeman Patagonia’s Chief Operating Officer.⁵⁷ These raw material suppliers are integral to the success of the supply chain as they procure the raw materials necessary for the production of clothing. Furthermore,

⁵⁶ Ngai, E.W.T., S. Peng, Paul Alexander, and Karen K.L. Moon. “Decision Support and Intelligent Systems in the Textile and Apparel Supply Chain: An Academic Review of Research Articles.” *Expert Systems with Applications* 41, no. 1 (January 2014): 81–91. <https://doi.org/10.1016/j.eswa.2013.07.013>.

E.W.T. Ngai et al./Expert Systems with Applications 41 (2014) 81–91

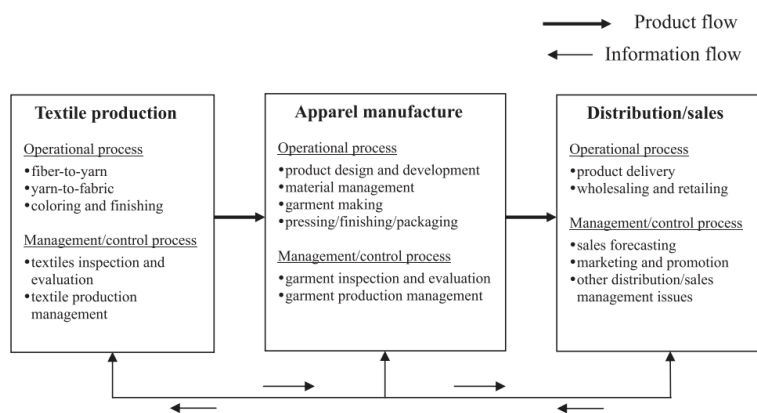


Fig. 1. Classification of textile and apparel supply chain research.

⁵⁷ The Ross School of Business - University of Michigan. DOUG FREEMAN - COO of Patagonia - “Responsible Supply Chain Management.” Accessed February 6, 2019. <https://www.youtube.com/watch?v=uCL5xn82GaY>.

the raw material suppliers are responsible for making sure that they are sourcing from farms that treat their workers and livestock ethically and are up to standards.

Raw materials are then sent to textile mills where the raw material is eventually transformed into fabric. This stage is the textile production stage and can be further broken down into three main subcategories: fiber-to-yarn, yarn-to-fabric, and coloring and finishing. The specifics of these stages are dictated by the type of fiber that is being used.

Take cotton for example, the reason that cotton has historically been used in textile production is that cotton has properties that make it ideal for being spun into strong thread, creating more durable clothes. Cotton makes strong thread because cotton fibers are rough, so when they are spun together they intertwine creating a strong thread ideal for making clothes. During textile production it takes large amounts of energy to transform fiber into fabric and then to color and dye the fabric. The process of dyeing fabric takes sizable quantities of water and chemicals, which has motivated some companies to transform the way they approach dyeing fabric, as can be seen in Patagonia's Clean Color Collection.⁵⁸

The next stage is apparel manufacturing which takes place at factories that can be several miles to several countries away from the textile mills. The finished product at the mill is shipped to the factories where it is transformed from fabric to clothing. Much like textile production, apparel manufacturing is also split into subcategories. The first stage is product design and development, then material management, garment making, and pressing, finishing, and packing.⁵⁹ Throughout these stages the design is tested and approved, all necessary materials are

⁵⁸ "Clean Color: Natural & Plant-Based Dyes - Patagonia." Accessed February 8, 2019. <https://www.patagonia.com/clean-color.html>.

⁵⁹ Ngai, E.W.T., S. Peng, Paul Alexander, and Karen K.L. Moon. "Decision Support and Intelligent Systems in the Textile and Apparel Supply Chain: An Academic Review of Research Articles." *Expert Systems with Applications* 41, no. 1 (January 2014): 81–91. <https://doi.org/10.1016/j.eswa.2013.07.013>.

procured, the garments are sewed, and accessories are applied (like buttons or patterns). Finally, the clothing is finished and packaged (put on hangers, boxes, or bags) and ready to be shipped.

Distribution is the final stage where the product is moved from the factory to the point of sales where the customer will eventually buy the product. The finished clothes typically have to travel long distances to reach the retailers. Factories are commonly located in countries such as China, Vietnam, India, and Bangladesh and the finished clothes are shipped to stores in the United States and around the world. The most common mode of transportation is via cargo ships, but in rushed situations airplanes can be used at a higher cost. Textile production, apparel manufacture, and distribution/sales are the three main stages that take raw material and transform it into a product ready for sale. At each stage there are various checkpoints and standards that the mills and factories must meet in addition to a continuous input of energy and resources.

A Deeper Look into Cotton:

It is important to discuss cotton in greater detail for a few reasons. First, it is the most widely used fiber in garment production. Secondly, there has been backlash against conventional cotton in the past decade due to the negative repercussions of cotton farming on the environment. Cotton takes large amounts of insecticides and water to grow; in a report conducted by the Environmental Justice Foundation (EJF) in collaboration with the Pesticide Action Network UK titled *The Deadly Chemicals in Cotton*, they found that “of the many hazardous pesticides, herbicides, fungicides, and defoliantes applied to cotton grown worldwide, EJF has identified six which pose a particular risk to human health and the environment;” the six insecticides that they discuss in detail are: aldicarb, endosulfan, monocrotophos, methyl parathion, methamidophos,

and deltamethrin. These insecticides range from moderately to extremely hazardous as classified by the World Healthcare Organization (WHO).⁶⁰

The toxicity of the chemicals being used to grow cotton, along with other crops, have significant impacts on farmers and farming communities in developing countries. The EJF report describes how “A rich man’s commodity...is a poor man’s crop” and that “more than three quarters of cotton output is accounted for by developing countries.”⁶¹ In farming communities across the globe there is a lack of education surrounding the harmful effects of insecticides like the ones used to grow cotton. For this reason, farmers fail to protect themselves from the chemicals and are unaware of how to treat exposure to insecticides resulting in poisoning, chronic disease, and even death. In addition to human harm, these chemicals also have long lasting impacts on the environment and deplete soil nutrients. The large amount of water needed to grow cotton is another issue.

One alternative to conventionally grown cotton is organically grown cotton. Organic cotton is a fiber that Patagonia strongly believes in. It was in the 1990s that the company conducted an independent study and became aware of the severe environmental impacts that conventionally grown cotton had on the communities it was grown in and on the world as a whole. They looked at cotton grown in the state of California, which was supplying their supply chain at the time, and saw the immense volume of chemicals that were being used; “every year, conventional cotton crops in California alone were doused with 6.9 million pounds of chemicals.”⁶² It was because of this disturbing information that in 1994 Patagonia decided to take a stand against conventionally grown cotton and solely use organic cotton in all of their

⁶⁰ Environmental Justice Foundation. “The Deadly Chemicals in Cotton,” n.d.
https://ejfoundation.org/resources/downloads/the_deadly_chemicals_in_cotton.pdf.

⁶¹ Ibid.

⁶² <https://www.patagonia.com/organic-cotton.html>

cotton products. They released a new line of clothing in 1996, outlining the following three goals for their new approach (of which they believe they have achieved the first two):

- 1) Sell the new organic line
- 2) Influence a change in society toward more sustainable agriculture
- 3) Influence other clothing companies to use organic cotton⁶³

Patagonia's switch to organic cotton does not make sense from a purely profit mentality. During the 1990s it was extremely difficult and expensive to source organic cotton on a large scale, costing fifty to one-hundred percent more than conventional cotton.⁶⁴ In addition to cost, there were many other issues that Patagonia faced from a supply chain perspective when they made the switch to organic cotton.

Volume, or lack of it, was one issue that Patagonia encountered. Organic cotton was not in high demand, and therefore, Patagonia had difficulty sourcing enough organic cotton to meet their product needs. In fact, they were unable to source enough organic cotton in 1996, resulting in a product line that was thirty percent smaller and tripled supply costs.^{65,66} Furthermore, finding mills that were willing to work with this new type of cotton was difficult. Some of Patagonia's previous mills were willing to attempt this challenge, but many of their long-time partners walked away, unwilling to adapt to this change. This unwillingness to process organic cotton was largely because mills have to be certified to process organic cotton and this certification costs money. Furthermore, mills that process organic cotton cannot process in-organic materials. Since

⁶³ <https://www.patagonia.com/20-years-of-organic-cotton.html>

⁶⁴ Rattalino, Francesco. "Circular Advantage Anyone? Sustainability-Driven Innovation and Circularity at Patagonia, Inc." *Thunderbird International Business Review* 60, no. 5 (September 1, 2018): 747–55. <https://doi.org/10.1002/tie.21917>.

⁶⁵ <https://www.patagonia.com/20-years-of-organic-cotton.html>

⁶⁶ Stevenson, Seth. "Patagonia's Founder Is America's Most Unlikely Business Guru." *WSJ: The Magazine from the Wall Street Journal*. 2012.

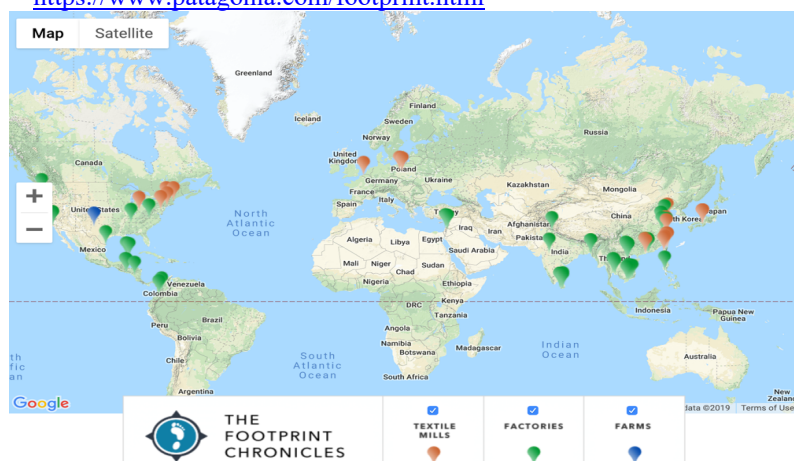
Patagonia was the first large company to shift to all organic cotton, mills were unsure about the profitability of organic cotton. This uncertainty resulted in mills separating from Patagonia and continuing to process conventional cotton.

Despite the risk in switching to all organic cotton, Chouinard believed that it was necessary for Patagonia to take a stance against harmful farming practices. This decision had immense impacts on Patagonia and on the retail industry as a whole. Patagonia saw a twenty-five percent jump in sales after switching to all organic cotton, and other companies like H&M and Nike followed Patagonia and made the switch to all organic cotton.⁶⁷ Another improvement that was made as a result of the information Patagonia discovered through their study on conventionally grown cotton was the creation of The Footprint Chronicles.⁶⁸

The Footprint Chronicles are an online component of the Patagonia website that allow the customer to understand where the textile mills, factories, and farms that are creating the apparel are located. When the viewer scrolls over the location they can read information about the selected site such as duration of partnership, the address, the number of workers, the gender mix, languages spoken, and what is being produced. The goal of this feature is to create transparency

⁶⁷ Rattalino, Francesco. “Circular Advantage Anyone? Sustainability-Driven Innovation and Circularity at Patagonia, Inc.” *Thunderbird International Business Review* 60, no. 5 (September 1, 2018): 747–55..

⁶⁸ <https://www.patagonia.com/footprint.html>



within the retail industry, allowing people to know where in the world Patagonia is sourcing their product from. Chouinard in an interview titled “The Way I Work” explained his hopes for the Footprint Chronicles as the following:

My goal is that this approach will become standardized and clothing will be graded based on working conditions, biodiversity, and carbon footprint. I think this is going to change the apparel business the same way that organic standards have changed farming.⁶⁹

Another alternative to conventionally grown cotton that has become popular is hemp. Hemp has been used in the large-scale production of textiles as a sustainable option since the early 1980s.⁷⁰ The farming of hemp has many environmental advantages over the farming of cotton including soil improvements, no pesticide or herbicide use, and no irrigation. Patagonia was quick to observe the environmental benefits of hemp as a natural fiber. On their website they outline the benefits stating that

It requires no pesticides, synthetic fertilizers or GMO seeds. Cultivation of hemp improves soil health by replenishing vital nutrients and preventing erosion. It’s one of the most durable natural fibers on the planet and results in a fabric...comparable to linen.⁷¹

While there are many benefits to hemp, at this point it is not a scalable fiber as it is illegal to cultivate in most parts of the world. For this reason, it is not currently a viable option for many

⁶⁹ Welch, Liz. “The Way I Work: Yvon Chouinard, Patagonia.” Inc.com, March 12, 2013.

<https://www.inc.com/magazine/201303/liz-welch/the-way-i-work-yvon-chouinard-patagonia.html>.

⁷⁰ Muthu, Subramanian Senthilkannan. *Assessing the Environmental Impact of Textiles and the Clothing Supply Chain*. Safari Books Online. Oxford: Woodhead Publishing, 2014.

⁷¹ <https://www.patagonia.com/hemp.html>

retail companies, but in the future, it could be recognized as a sustainable crop for apparel production

I think it is worth mentioning that although cotton can have harmful and lasting impacts on the environment and the populations where it is grown, synthetic fibers also have huge environmental impacts. Over sixty percent of all garments are made from synthetic fibers, compared to cotton that accounts for around thirty-one percent and wool at one and a half percent.⁷² There are a plethora of negative impacts that are associated with the use of synthetic fibers, to name a few, clothes made from synthetic fibers are not biodegradable, they take much more energy during the production stage, and they emit more greenhouse gasses during manufacturing. Four of the most popular synthetic fibers used in the textile industry are: nylon, polyester, acrylic, and polyolefins.

Synthetic Fiber Production:

While natural fibers, like cotton, are central to my research relating to Patagonia and sustainability, it is important to briefly discuss synthetic fiber production. For the purposes of my research, this discussion will be framed utilizing the example of Patagonia. As the name suggests, synthetic fibers are made by a chemical synthesis as opposed to natural fibers that come from plants and animal products. This chemically made alternative is popular among retailers, because it is less expensive than its natural counterpart—synthetic fibers are a way for companies to save money, but are harmful to the environment. A few of the key disadvantages to synthetic fibers are that they are non-biodegradable, prone to heat damage and burning, and they result in microfiber pollution. When synthetic garments are washed, tiny plastic fibers shed from

⁷² Muthu, Subramanian Senthilkannan. *Assessing the Environmental Impact of Textiles and the Clothing Supply Chain*. Safari Books Online. Oxford: Woodhead Publishing, 2014..

the garment and eventually make their way into the ocean in a process called synthetic microfiber pollution, one of the major environmental ramifications of synthetic fibers.⁷³ I am going to focus on neoprene, nylon, and polyester and how Patagonia has attempted to make changes to the production of their synthetic clothes.

Neoprene is a synthetic rubber that is produced from the polymerization of chloroprene and is used in the conventional production of wetsuits. Neoprene is also the most environmentally harmful component of wetsuits. Over the years, Patagonia has attempted different wetsuit variations to replace the traditional neoprene that is derived from crude oil. Patagonia has tried adding wool and using a neoprene derived from limestone. However, Patagonia was unsatisfied with these modifications, until in 2008 they partnered with Yulex to develop a plant-based replacement for neoprene made from the guayule plant.^{74,75}

Nylon and polyester are both made from petroleum and are therefore non-biodegradable. The production of nylon emits nitrous oxide, a dangerous greenhouse gas with 300 times the warming potential as carbon dioxide, while polyester requires large amounts of water that end up contaminated with chemicals. Patagonia has been using recycled polyester for over twenty years; in 1993 they started to use plastic soda bottles to produce recycled polyester in a “step toward a more sustainable system- one that uses fewer resources, discards less and better protects people’s health.”⁷⁶ They sell a variety of clothes made from recycled polyester including base layers, fleece, board shorts, and shell jackets.

⁷³ “Microfibers & Synthetic Microfiber Pollution - Patagonia.” Accessed March 19, 2019. <https://www.patagonia.com/synthetic-microfiber-pollution.html>.

⁷⁴ “Yulex® Guayule Rubber - Patagonia.” Accessed March 19, 2019. <https://www.patagonia.com/yulex.html>.

⁷⁵ Patagonia was intentional in partnering with Yulex to use guayule and not hevea due to its association with deforestation. As of Fall 2016, all sourcing of the Yulex natural rubber in Patagonia’s wetsuits is certified by the Forest Stewardship Council (Rainforest Alliance).

⁷⁶ “Recycled Polyester - Patagonia.” Accessed March 19, 2019. <https://www.patagonia.com/recycled-polyester.html>.

It was not until more recently that Patagonia began to substitute nylon for a recycled replacement, because it is more difficult to recycle nylon than polyester. Not all nylon is able to be recycled due to its polymer chemistry; some types of nylon that Patagonia has found suitable for recycling are: post-industrial waste fiber, yarn from spinning factories, and even discarded industrial fishing nets.⁷⁷ Using recycled synthetic fibers or natural alternatives lessens our dependence on petroleum, delays the product's disposal, and lessens contamination of air, soil, and water.⁷⁸

The Grave Stage:

The last stage of the product lifecycle, the end-of-life stage, the grave stage, is often overlooked. What the customer does with the clothes that they no longer desire is becoming increasingly important as society becomes wealthier and a culture of consumerism spreads. Trends like fast fashion are shortening the lifespan of clothes as these articles of clothing are becoming simultaneously more easily available to the customer, inexpensive, and lower quality. So how is clothing disposed of? There are three general ways to dispose of clothing:

- 1) Recycling
- 2) Reuse
- 3) Landfill/incineration

⁷⁷ "Recycled Nylon Fabric - Patagonia." Accessed March 19, 2019. <https://www.patagonia.com/recycled-nylon.html>.

⁷⁸ Ibid.

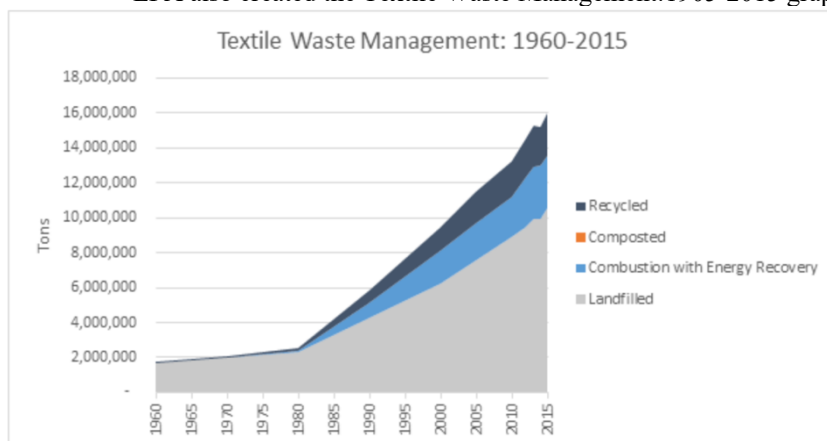
Despite most clothes being recyclable, the overwhelming majority of clothing in the United States ends up in landfills.^{79,80} According to the United States Environmental Protection Agency, “landfills received 10.5 million tons of MSW (municipal solid waste) textiles in 2015. This was 7.6 percent of all MSW landfilled.”⁸¹ Putting old clothes in landfills is not a new occurrence, but it is one that is becoming increasingly problematic as there is a growing amount of waste and a rapidly decreasing amount of space in landfills, not to mention the environmental and health concerns that come with landfills.

In Dr. Muthu’s book on the product lifecycle he evaluates the impacts and benefits of each route of the grave stage. If looking purely from an environmental perspective the best possible option is reuse, then recycling, and then landfill.⁸² Reuse is a broad term that can

⁷⁹ Weber, Sabine, Jennifer Lynes, and Steven B. Young. “Fashion Interest as a Driver for Consumer Textile Waste Management: Reuse, Recycle or Disposal.” *International Journal of Consumer Studies* 41, no. 2 (2017): 207–15.

⁸⁰ It is important to note that when I say “most clothing being recyclable” that the clothing that will completely biodegrade are those made from natural fibers (cotton or hemp), but clothes made of synthetic materials will not necessarily completely biodegrade. Synthetic fibers will only partly degrade.

⁸¹ US EPA, OSWER. “Textiles: Material-Specific Data.” Collections and Lists. US EPA, September 12, 2017. <https://www.epa.gov/facts-and-figures-about-materials-waste-and-recycling/textiles-material-specific-data>. US EPA also created the Textile Waste Management:1905-2015 graph.



⁸² Incineration is another possible option, but I will not be focusing on it for the purposes of this paper. It falls in between recycling and landfill in terms of its impacts on the environment.

classify many actions that occur at the end of the product's lifecycle; the three largest categories of reuse are:

- 1) Formal reuse: examples of this would include second-hand stores or thrift stores.
- 2) Semi-formal reuse: selling clothes online through websites like Amazon, Etsy, E-bay, or Poshmark.
- 3) Informal reuse: the sharing of clothes among family or friends, also called hand-me-downs.⁸³

The reuse of clothing has two primary benefits when compared to landfill disposal. Reusing clothes elongates the lifecycle of clothes, keeping them out of the landfill longer, and it diminishes the number of new clothes being bought and produced.

One argument that has been made against the environmental benefits of the reuse of clothing is that it takes energy to collect, sort, and transport clothes that are being reused in the formal and semi-formal channels of this stage. Studies have shown that while it does take small amounts of energy to recollect clothing, the benefits of reuse far outweigh the small costs when compared to the alternatives of disposing of clothes in landfills and replacing clothing with new products.

Recycling of textile products is another option for the end-of-life stage of clothing. Recycling can fall into two categories: open-loop and closed-loop. These two approaches have to do with what the recycled product is being used for. In closed-loop recycling the material that is being recycled will be turned back into the original product, whereas in open-loop recycling the original product is recycled and refurbished into a completely different product. Recycling is imperative in order to prevent unnecessary landfill waste, because even when items are reused

⁸³ Muthu, Subramanian Senthilkannan. *Assessing the Environmental Impact of Textiles and the Clothing Supply Chain*. Safari Books Online. Oxford: Woodhead Publishing, 2014.

there comes a point where they lose their functionality and need to be discarded. This is when the products should be recycled.

There are some challenges that come with recycling apparel, but the process is being improved as it becomes a widespread phenomenon. A few of the challenges include that not all textiles can be recycled, the quality of recycled products typically cannot compete with the quality of virgin products, and from a consumer perspective there is not wholehearted support of purchasing recycled clothing.⁸⁴

Patagonia was one of the first companies to collect, recycle, and reprocess items in their Common Threads Initiative (CTI). Annie Leonard, author of *The Story of Stuff*, explains CTI as impressive because it is a real solution for customers.⁸⁵ Leonard outlines the mission of CTI as “Reduce. Don’t buy what we don’t need. Repair: Fix stuff that still has life in it. Reuse: Share. Then, only when you’ve exhausted those options, recycle.”⁸⁶

Worn Wear is another initiative that Patagonia has that allows customers to buy used clothing. Any Patagonia customer who has purchased an article of clothing from Patagonia (including purchases through Worn Wear) can bring their item back to Patagonia when they no longer want it, and Patagonia will wash and re-sell it through Worn Wear and in exchange, Patagonia gives Worn Wear credit. The goal of Worn Wear is to keep clothing out of landfills and to reduce environmental impacts. On Patagonia’s Worn Wear online page, they encourage customers to take part in this stating that “keeping clothing in use just nine extra months can

⁸⁴ Muthu, Subramanian Senthilkannan. *Assessing the Environmental Impact of Textiles and the Clothing Supply Chain*. Safari Books Online. Oxford: Woodhead Publishing, 2014..

⁸⁵ The Story of Stuff Project. *The Story of Stuff*. Accessed February 8, 2019.

<https://www.youtube.com/watch?v=9GorqroigqM>. A short film that quickly explains how societies, cultures, economies, and the environment and impacted by our production and consumption patterns.

⁸⁶ “Introducing the Common Threads Initiative - Reduce, Repair, Reuse, Recycle, Reimagine.” *The Cleanest Line*, September 7, 2011. <https://www.patagonia.com/blog/2011/09/introducing-the-common-threads-initiative/>.

reduce the related carbon, water and waste footprints by 20-30%.”⁸⁷ Patagonia has successfully created excitement around this unique aspect of their company by having Worn Wear travel to different cities around the globe, making it more accessible to the customer. Worn Wear goes to various countries including the United States, Italy, Austria, Japan, Argentina, and Chile.

There are many initiatives and claims made by retail companies about their dedication to sustainability, but how are these claims being regulated? In the next chapter we will discuss the standards and certifications of the retail industry.

⁸⁷ “Worn Wear - Better Than New.” Accessed February 8, 2019. <https://wornwear.patagonia.com>.

Chapter 5: Standards and Certifications of the Retail Industry

Introduction:

Thus far I have discussed a variety of sustainability related initiatives that Patagonia and other retail companies have dedicated themselves to. This begs the question of how companies are regulated in the retail industry in relation to their sustainability claims—what standards and certifications exist to ensure that companies are being honest about their claims and are not attempting to mislead the customer? In this chapter I will outline how the retail industry is regulated, the certifications and standards that exist, and will work to answer the question of whether these standards are enough? The general narrative that will be revealed in this chapter is: lawlessness in early days, laws in response to disaster, avoidance of laws, industry standards, certifications, and how to increase the impact of these certifications.

Lawlessness in Early Days:

To begin, I want to look at the American apparel industry in the 1800s and early 1900s. During this period, American apparel was produced in factories and sold in stores, all within the United States. There were loose laws in place for workplace safety, but they were not strictly enforced. This all changed on March 25th, 1911 when a fire broke out in the ten story Triangle Shirtwaist factory in New York City.⁸⁸ The fire started on the upper floors of the factory, creating pandemonium, and causing many people to jump to their deaths rather than be burned by the fire consuming the building—146 people, mostly young women, died. As a result of this

⁸⁸ Appelbaum, Richard P., and Nelson Lichtenstein. *Achieving Workers' Rights in the Global Economy*. Ithaca ; London: ILR Press, an imprint of Cornell University Press, 2016.

tragic event, the standards of clothing factories were vastly transformed in the United States. For example, after the fire, the state of New York created the Factory Investigating Commission that helped regulate the safety of factories through the regulation of factory conditions like: automatic sprinklers, occupant limits, and sanitation. Many of the members of the commission went on to hold public office and helped to create meaningful change. Robert F. Wagner was a part of the commission and went on to become a U.S. senator and helped spearhead the National Labor Relations Act that gave workers the right to unionize. Factories were safer to work in and had fair wages for their employees.

With these reforms, and as technology and transportation improved overseas, moving the production of apparel became increasingly tempting for retail companies because of decreased costs overseas. By the 1950s, much of the production of clothing had moved from the United States to other continents. In other countries, factories are able to operate at lower costs due to a variety of factors such as: fewer government regulations, lower cost of labor, and lower cost of materials, which will be expanded on in the following section. However, situations like the Triangle Shirtwaist Fire have become a repeating occurrence in overseas factories; disaster has struck factories that have poor safety regulations, resulting in changes to the laws surrounding safety. It is when disaster occurs that the governments and factories are forced to make a change to the regulations.

Laws in Response to Disaster:

The countries where the factories are located are not solely, or even mostly, at fault for the poor working conditions of factory workers. It is important to understand that they are operating under the pressure of the retail companies. In Appelbaum and Lichtenstein's book, *Achieving Workers' Rights in a Global Economy*, they describe this pressure as the "relentless

price pressure.”⁸⁹ The price of consumer goods in the United States has increased eighty-seven percent from 1994 to 2014, but for specifically apparel the price has declined by six percent.⁹⁰ This decrease in price, in part a result of fast fashion, has put even greater pressure on factories as brands demand lower production costs. Factories are forced to comply in order to maintain a partnership with the brand, and they are only able to reduce the price of production by neglecting building improvements and reducing pay of workers. “Low wages, abusive conditions, and disregard for workplace safety keep production costs low, but they also create risks for brands and retailers...for apparel corporations, brand image and reputation are highly valued assets.”⁹¹ Retail companies in the 1990s accepted responsibility for regulating their supplier factories and ensuring that they are following labor laws and safety laws. This shift in behavior is linked to the anti-sweatshop movement discussed in Chapter 2: An Introduction to Sustainable Marketing. This movement brought transparency to the retail supply chain and educated customers on the ugly realities of sweatshops overseas, increasing the responsibility of companies to regulate their factories. In addition to factory standards, all major brands have their own “code of conduct” that

⁸⁹ Appelbaum, Richard P., and Nelson Lichtenstein. *Achieving Workers' Rights in the Global Economy*. Ithaca ; London: ILR Press, an imprint of Cornell University Press, 2016. 21-22.

<http://proxy.library.emory.edu/login?url=http://www.jstor.org/stable/10.7591/j.ctt1h4mhcm>.

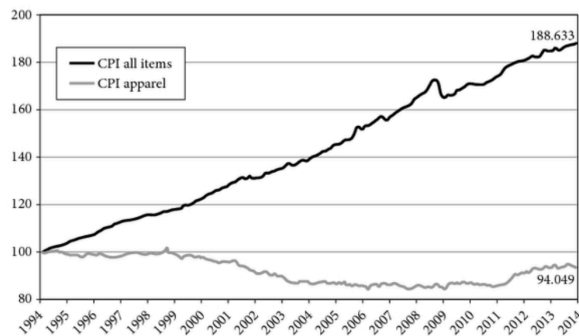


FIGURE 1.1 The falling prices of apparel relative to all consumer goods

Source: US Bureau of Labor Statistics 2015

⁹⁰ Ibid.

⁹¹ Appelbaum, Richard P., and Nelson Lichtenstein. *Achieving Workers' Rights in the Global Economy*. Ithaca ; London: ILR Press, an imprint of Cornell University Press, 2016.

outlines what is expected of the factory. Different companies have different methods of monitoring their factories (auditors or company employees).

Avoidance of Laws:

Appelbaum and Lichtenstein address the issue that arises in the retail industry which is the following: “this is not regulation, it is self-regulation.”⁹² In other words, companies are making claims regarding the safety of their factories and employees, but it is up to their discretion whether they act on these claims. It becomes increasingly complicated, because while it is vital for the company image to live up to the standards they have set for themselves, it is also in companies’ best economic interests to ignore them. This is why all too often this approach of self-regulation fails—evident in the Rana Plaza collapse in Bangladesh.

Bangladesh is the second largest exporter of apparel, behind China, and supplies billions of dollars of product to brands like H&M, Walmart, and Zara. Bangladesh attracts many retail companies due to the low cost of production which is attributed to “the industry’s lowest wages, ruthless suppression of unions, and a breathtaking disregard for worker safety.”⁹³ In Dhaka the capital of Bangladesh in April 2013, the Rana Plaza factory collapsed and killed 1,138 workers and injured at least 1,000 more.⁹⁴ This was not the first time that factory related tragedy had struck Bangladesh, but it was an event that government officials and retail companies could no longer ignore. In the aftermath of the Rana Plaza collapse the Accord on Fire and Building Safety in Bangladesh was signed by 151 apparel brands that were producing clothing in Bangladesh. Some believe that this accord will become the new normal and will change the lives

⁹² Appelbaum, Richard P., and Nelson Lichtenstein. *Achieving Workers’ Rights in the Global Economy*. Ithaca ; London: ILR Press, an imprint of Cornell University Press, 2016.

⁹³ Ibid.

⁹⁴ Miller, John. “After Horror, Change?” *Dollars & Sense*; Somerville, October 2014.

of factory workers around the world, while others like Kalpona Akter, executive director of the Bangladesh Center for Worker Solidarity, are not so optimistic. Akter told the U.S. Senate Foreign Nations Committee, “There is no meaningful difference between the alliance and the corporate-controlled ‘corporate social responsibility’ programs that have failed Bangladeshi garment workers in the past and have left behind thousands of dead and injured workers.”⁹⁵

Industry Standards:

As an overview of apparel factory standards there are typically two levels of standards that need to be met. The first standards are set by the governments of the wherever the factory is located. These laws cover information from building codes to labor rights; unfortunately, these laws can go un-enforced in many countries. In addition to these governmental standards, companies typically have their own set of standards, a “code of conduct,” that they self-regulate. Once again, the enforcement of these standards is spotty depending on the dedication of the apparel company.

Another challenge is that even when companies are doing their best and take their “code of conduct” seriously, the customer does not always see this. Alternatively, the customer also is often unaware of when the claims are disingenuous. This is why certifications are so important in the retail industry; they are a way to show the consumer that the company has been vetted and is upholding the values they claim to have. Two important certifications for the retail industry, endorsed by Patagonia, are fair trade certified and B Corporation (B Corp).

⁹⁵ Miller, John. “After Horror, Change?” *Dollars & Sense*; Somerville, October 2014

Certifications:

Today many customers have heard of Fair Trade and have at least some idea of what it means for a product to be Fair Trade Certified, but what exactly does it mean for a clothing item to be Fair Trade Certified? Factories can apply for the Fair Trade Certification if they meet the following criteria:

- Rigorous standards for health and safety
- Respect for the environment
- No child or forced labor
- Maternity and paid leave
- Community empowerment
- Additional money back to workers⁹⁶

Companies then pay a premium for the items that have the Fair Trade Certified label on them, and this extra money goes back to the factory and a committee of workers at the factory decides where the money will be used. Patagonia has more Fair Trade Certified items than any other apparel brand.

The B Corp Certification, on the other hand, is “the only certification that measures a company’s entire social and environmental performance...evaluates how your company’s operations and business model impact your workers, community, environment, and customers.”⁹⁷ B Corp believes that the power of businesses should be harnessed to do good in the world and

⁹⁶ “Fair Trade - Fair Trade Certified™ Clothing & Patagonia.” Accessed February 17, 2019.

<https://www.patagonia.com/fair-trade-certified.html>.

⁹⁷ “Certified B Corporation.” Accessed February 17, 2019.

https://bcorporation.net/?gclid=CjwKCAiAhp_jBRAXEiwAXbniXTFpscj4MJd4NZYsqZyjMPZFulS11vl_XMIByvIfToYbE4uF3NM0NB0CbEwQAvD_BwE.

outlines their foundational beliefs as the following in The B Corp Declaration of Interdependence:

- That we must be the change we seek in the world.
- That all business ought to be conducted as if people and place mattered.
- That, through their products, practices, and profits, businesses should aspire to do no harm and benefit all.
- To do so requires that we act with the understanding that we are dependent upon one another and thus responsible for each other and future generations.⁹⁸

There are currently 2,778 B Corp companies over 150 industries in 60 countries. Each company is given a B Impact Report containing an overall B Impact Score. The score is on a range from 0-200 (for a company to be a B Corp it must have a minimum of 80 points) and is compared against all businesses who have completed the B Corp Impact Assessment. Patagonia scored a 151.1 this year. The score assesses governance, workers, community, environment, and customers. Rose Marcario, CEO of Patagonia, describes the B Corp movement as “one of the most important of our lifetime, built on the simple fact that business impacts and serves more than just shareholders—it has an equal responsibility to the community and to the planet.”⁹⁹

While Fair Trade and B Corp are two extremely important certifications that help to recognize the hard work of companies and demonstrate this commitment to the customer, these two certifications are not unique to the retail industry. Moroz et al. address the important role

⁹⁸ <https://bcorporation.net/about-b-corps>

⁹⁹ “Certified B Corporation.” Accessed February 17, 2019.

https://bcorporation.net/?gclid=CjwKCAiAhp_jBRAXEiwAXbniXTFpscj4MJd4NZYsqZyjMPZFulS11vl_XMIByvIfToYbE4uF3NM0NB0CbEwQAvD_BwE.

that certifications play in their article “Imprinting with Purpose: Prosocial Opportunities and B Corp Certification.” They explain how certifications are used

As a means of mitigating regulatory risk, signaling quality assurance, responding to consumers and improving efficiency. Certification satisfies a wish by consumers and other stakeholders to obtain otherwise hidden information about the positive social and environmental impacts that firms create, as well as the harm that they might do to people and the planet.¹⁰⁰

How to Increase the Impacts of Certifications:

I want to end this chapter by briefly discussing why standards and certifications matter. Simply put, they matter because of corporate social responsibility, a term that emerged in the mid 1900s in a post war society that came to realize corporations are more than just profit driven entities, a sentiment that is reflected in the B Corporation mission. In Howard Bowen’s book *Social Responsibilities of the Businessman*, he addresses this idea that businesses have a social responsibility. He does this by asking readers two questions: “Are businessmen, by virtue of their strategic position and decision-making power, obligated to consider social consequences when making private decisions? If so, do they have social responsibilities that transcend obligations to owners or stockholders?”¹⁰¹ Bowen says that the answer to both of these questions is a resounding

¹⁰⁰ Moroz, Peter W., Oana Branzei, Simon C. Parker, and Edward N. Gamble. “Imprinting with Purpose: Prosocial Opportunities and B Corp Certification.” *Journal of Business Venturing*, Enterprise Before and Beyond Benefit, Part 1: Entrepreneurship and For Benefit Corporations, 33, no. 2 (March 1, 2018): 117–29. <https://doi.org/10.1016/j.jbusvent.2018.01.003>.

¹⁰¹ Bowen, Howard R., Peter Geoffrey Bowen, and Jean-Pascal Gond. *Social Responsibilities of the Businessman*. University of Iowa Press, 2013. <http://www.jstor.org/stable/j.ctt20q1w8f>.

yes. This is why retailers should be concerned and dedicated to upholding fair standards for factory workers, they have a social responsibility to do so.

To conclude, while I think the standards and certifications that are currently in place are an improvement from fifty or even ten years ago, there is much more progress that needs to happen. Increasing transparency and simultaneously educating customers about the apparel supply chain is one way to improve the standards of workers. The reality is that there are still many textile factories around the world that are forcing workers to operate under terrible conditions largely as a result of extreme price pressure. Unfortunately, I also believe that it will take tragic accidents, like the Triangle Shirtwaist Fire and Rana Plaza Collapse, to create serious change in policy surrounding the textile factories—and even then, who is to say if those improvements last.

Chapter 6: Shifting Consumer Behavior

Introduction:

Consumers are increasingly aligning themselves with companies that share their values. Global information and data company, Nielsen, conducted a study regarding consumer thoughts on business and sustainability.¹⁰² The study discovered that sixty-six percent of people are willing to pay more for products that come from companies dedicated to sustainability and worker welfare initiatives.

What are the implications of Nielsen's study? It shows that there is a clear demand and willingness to pay a premium for sustainable products, yet people remain unaware of the sustainable practices being used in relation to the goods they purchase. It is odd that consumers are blindly willing to buy sustainable products. This willingness is a result of the consumer culture of today where companies need to do more than just produce a good product. Consumers trust companies that dedicate themselves to sustainability and this results in companies with more loyal customers. Customer retention is integral to the success of businesses because it is more cost efficient to maintain the same loyal customer than it is to gain a new customer. With this in mind, how can businesses work to bridge the gap between demand for sustainable practices and awareness of those using them? They can bridge the gap through the implementation of sustainable marketing.

Patagonia and other companies in the fashion industry understand that they are being faced with a changing customer and the success of the company rests in their ability to anticipate the changing needs of that customer. I have identified five of the main components that are

¹⁰² <https://www.nielsen.com/content/dam/niensenglobal/dk/docs/global-sustainability-report-oct-2015.pdf> Nielsen's October 2015 publication "The Sustainability Imperative"

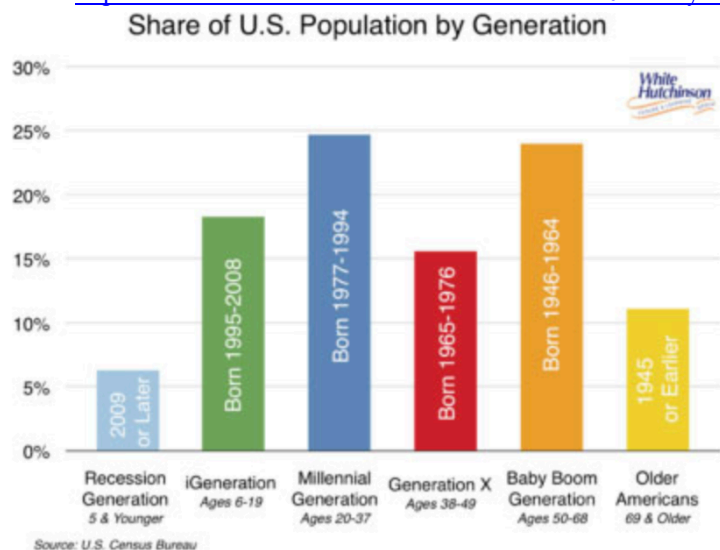
contributing to the changing customer. In this section I will introduce and address the importance of each of them. The five components are:

- 1) Age
- 2) Values Driven
- 3) Brand Loyal
- 4) Values Experience
- 5) Succumbs to Social Pressures

Age:

The customer the retail industry has previously catered to has aged and no longer holds the majority market share; in retail, baby boomers no longer hold the majority buying power in the United States.¹⁰³ This is an issue that will only continue to increase as time goes on. Catering to the way that baby boomers' shop is no longer effective for the new customer base of retailers.

¹⁰³ "The Different Generations - Leisure e-Newsletter." Accessed February 24, 2019.
<https://www.whitehutchinson.com/news/lenews/2014/may/article103.shtml>.



There is not a consensus of how to divide generations, but the following graph gives a general idea of how different generations make up the current population.

The past fifty years of retail has been characterized by the success of large department stores, but today we see these same stores that were dominating the market struggling to keep their doors open. The death of the department store has been a predicted occurrence by some, who believe that their inability to differentiate themselves from their competitors will be their downfall. A 1993 article in *Brandweek*, written by Francesca Turchiano, predicted that “the failure of department stores to distinguish themselves through advertising may be their fatal flaw.”¹⁰⁴ In this article Turchiano also hints at another component I believe characterizes the changing customer—valuing experiences over stuff—which I will discuss in detail later in this chapter.¹⁰⁵

It is clear that the customer is changing and with it the nature of shopping must change if stores want to remain in business. Today, possibly more than ever before, consumers have power to change the retail industry. As Helm et al. describes in their article on the ‘retail apocalypse’: “Consumers have taken a dominant position through the adoption of e-commerce as the number of alternative suppliers has multiplied and the cost of comparison shopping across the globe grew insignificant.”¹⁰⁶ Neil Lustig the CEO of Sailthru explains that “retail is not dead, but the old way of doing things is. Retailers must build a competitive advantage at a time when legacy retail is in jeopardy by captivating their customers via in-store experience as a facet of the overall customer journey.”¹⁰⁷ In order for a retailer to be successful in today’s market having an omni-channel approach is crucial. This relates back to retailers being able to anticipate the needs of the

¹⁰⁴ Turchiano, Francesca. “Death of Department Stores: Inevitable or Avoidable?” *Brandweek; New York* 34, no. 36 (September 6, 1993): 14.

¹⁰⁵ Turchiano says “Women often want mood-lifting experiences more than bargains when they shop” indicating that experience needs to be a priority, something that department stores have only recently started to realize and start to remedy.

¹⁰⁶ Helm, Sabrina, Soo Hyun Kim, and Silvia Van Riper. “Navigating the ‘Retail Apocalypse’: A Framework of Consumer Evaluations of the New Retail Landscape.” *Journal of Retailing and Consumer Services*, October 23, 2018.

¹⁰⁷ Nickalls, Sammy. “The Retail Apocalypse.” *Adweek; New York*, November 12, 2018.

changing customer, and customers want an omni-channel approach. If one store chooses to reject the omni-channel approach the customer will simply go to a store that provides it. Omni-channel retail provides customers with a seamless shopping experience that allows them to shop however they want, whenever they want, wherever they want. If a customer wants to browse clothes on their phone on the way to work, then go in-store and try them on, and finally purchase them on a laptop they have the ability to do all of this effortlessly through omni-channel retail.

Values Driven:

The changing customer cares more about the values a company has than how much of discount or bargain they are getting. The values that customers are concerned with can vary, but typically are based on honesty, community involvement, and sustainability. In other words, customers are willing to pay more money for a socially responsible product and conversely if a customer thinks that a brand has conflicting values they will not shop at that brand. As a Medallia and Ipsos survey, “The Customer Experience Tipping Point,” showed, “brands are also increasingly held accountable for their stances on social and political issues.”¹⁰⁸

Nielsen’s “The Sustainability Imperative” from 2015 explored shifting consumer expectations and found that in relation to brand trust, possessing social and environmental values is paramount. A willingness to pay more for sustainable products can be seen consistently across all income levels. Nielsen breaks down the ways that companies can demonstrate this environmental commitment into:

¹⁰⁸ Medallia, and Ipsos. “The Customer Experience Tipping Point,” 2018. p 18.

- 1) Claim Only
- 2) Marketing Only
- 3) Claim + Marketing¹⁰⁹

The most commonly used tactic is marketing. The least common tactic is claim which is implemented by small companies who lack the necessary funding for marketing campaigns. Connecting with consumers over values relating to sustainability is not only a way to drive loyalty, but according to Grace Farraj, SVP of Public Development & Sustainability at Nielsen, “commitment to social and environmental responsibility is surpassing some of the more traditional influences...brands that fail to take this into account will likely fall behind.”¹¹⁰

Companies like Patagonia have spent decades fostering and developing their company values, which in turn make customers trust them more. There are many ways for a company to demonstrate their values to the customer including through social media and marketing strategies. When a customer is shopping at Patagonia or wearing Patagonia they are doing more than just wearing the brand, they are also, oftentimes, aligning themselves with the brand’s values. This trust is what leads to a more loyal customer.

Brand Loyal:

When companies demonstrate a genuine commitment to local communities and sustainability, customers are likely to return to them. As Faraj explains, “Brands that establish a reputation for environmental stewardship among today’s youngest consumers have an

¹⁰⁹ Nielsen. “The Sustainability Imperative,” October 2015.

¹¹⁰ Ibid.

opportunity to not only grow market share but build loyalty among the power-spending Millennials of tomorrow, too.”¹¹¹

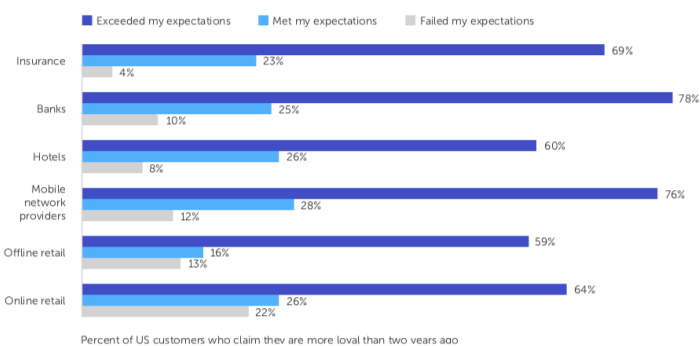
Another component of brand loyalty relates to customer experience, which will be discussed in the next section. Each customer has a preconceived notion of what their shopping experience will entail—based on past experience, the experiences of friends and family, online reviews, and much more. When their expectations are not met they are left feeling disappointed by the brand; retailers should strive to exceed the customers’ expectations. Customers whose expectations are surpassed are much more likely to be loyal to that brand; conversely, when customers are disappointed by their experience it is unlikely they will be a return customer. According to Medallia’s study, when customers’ expectations are exceeded they are two to three times more likely to report increased loyalty compared to a customer whose needs were only met.¹¹² To reiterate, brand loyalty is particularly important in retail because it is an industry where switching brands has almost no barriers resulting in a highly competitive industry that uses elevated customer experience to retain their customers.

¹¹¹ “Green Generation: Millennials Say Sustainability Is a Shopping Priority.” Accessed December 15, 2018. <http://bdx2017.exelate.com/eu/en/insights/news/2015/green-generation-millennials-say-sustainability-is-a-shopping-priority>.

¹¹² Medallia, and Ipsos. “The Customer Experience Tipping Point,” 2018.

Figure 15

Percent of US customers who claim they are more loyal than two years ago, depending on whether their expectations were exceeded, met, or failed by sector



Values Experience:

Customer experience (CX) is a critical component for attracting customers in today's competitive retail landscape. Despite this, it is an area where most companies struggle. When we look at the history of retailers, there has been limited effort placed on the in-store experience, until recently. This relates back to the age portion of this chapter. Historically retailers experienced less competition and had control, whereas today, with increased competition and the internet, the consumer holds more power. This power shift has resulted in customers demanding more from their shopping experiences. More than ever, customers expect shopping to be tailored to their lifestyle and preferences, and if they find the store is not meeting their expectations, they will move to another store that will.

Customers are looking for more than just a store that they walk into, buy something, and leave. Customers will spend much more money on experiences than stuff.¹¹³ They want something that they can take pictures of, post on social media, and share with their followers. Many retailers have realized this and provide elevated in-store shopping experiences through interactive stores or through special pop-ups. Glossier, a makeup and skincare company, is an example of a brand who has embraced the pop-up store approach. Glossier has had pop-ups in many cities throughout the United States, such as San Francisco and Chicago. Glossier partners with local chefs to create a space where customers can relax, order food, and buy Glossier

¹¹³ iperceptions. "A Millennial's Perspective on the Millennial Consumer [Infographic]." Accessed February 22, 2019. <https://www.iperceptions.com/blog/infographic-millennials>. This source has additional information and infographics about millennials and their shopping habits.

products while posting their experiences to social media.¹¹⁴ These “fun” store experiences simultaneously generate customer excitement and publicity. Customization is another way to create an elevated shopping experience. Patagonia manages to create an engaging shopping experience while promoting their brand through the Worn Wear program that travels to different cities around the world.

The factors that shape a customer’s CX vary, but the fact that expectations of CX are rising is undisputed. An example of rising customer expectations can be seen with online retail. Twenty-one percent of online shoppers say that their expectations have risen from two years ago and of these respondents, forty-seven percent attribute this rise to a previous great experience with the brand, twenty-six percent say that it is due to higher performance of competing brands, and nineteen percent said that they are seeing other industries leverage technological advance and expect the same of online retail.¹¹⁵

Despite efforts, companies cannot completely avoid upsetting their customers as there are many unforeseen issues that can arise, such as shipping delays. What is important is when a

¹¹⁴“Glossier Pop-Up Opens in SF.” DoTheBay. Accessed March 19, 2019. <https://dothebay.com/p/glossier-pop-up-san-francisco>. Glossier pop-up in San Francisco at the temporarily transformed Rhea’s Cafe.



¹¹⁵ Medallia, and Ipsos. “The Customer Experience Tipping Point,” 2018.

mistake occurs to continue to make the customer feel valued when they are upset. This relates to the ‘effort ratio’ that has been developed by Ipsos that says,

After a negative experience with a brand...when customers believe they have put in more effort than a company to resolve an issue, they are twice as likely to tell friends, family or colleagues about the bad experience and four times more likely to stop purchasing from the company, switch brands, or use the company less.¹¹⁶

Succumbs to Social Pressures:

The last aspect of the changing customer is social pressure. Shopping has become an increasingly public activity. Clothing has become a public statement and people do not want to align themselves with companies that have gotten in trouble for unethical actions like sweatshops or lying about sourcing of materials. For this reason, people are more concerned about the affiliations and values of the brands they are buying from.

There is copious research about this behavior in sociology and social psychology that comes down to a theory about ingroups and outgroups. This theory is relevant to retail and customers’ tendency to buy from certain retailers because of in-group favoritism, people are socially influenced to conform to the ideals of the in-group, even if they do not necessarily agree with these ideals. In other words, if society has decided that one clothing store is good and another is bad, the shopper will feel pressure to buy from the good store. This is true even if the shopper knows nothing about the store or even disagrees with the labels, they will succumb to social influence due to a strong desire to be a part of the in-group. You are buying into more than just a t-shirt when you are wearing a brand. Whether you like it or not, you are also buying

¹¹⁶ Medallia, and Ipsos. “The Customer Experience Tipping Point,” 2018.

into the mission and vision of the company when you purchase their clothes. This is just one reason that brand perception is integral to retailers' success in today's market. Understanding that customers are aging, values driven, brand loyal, experience focused, and succumb to social pressures is integral to retailers' ability to anticipate the ever-changing needs of their customers in order to remain in favor and maintain market share in an increasingly competitive economy.

In the first half of the chapter, the traits outlined demonstrate how the consumer has changed, but as the chapter goes on the traits shift to how consumers are changing companies by demanding more. I believe that it is primarily companies that shaped the consumers and have therefore inadvertently driven industry change. As retailers began to experiment with the integration of technology, customers came to expect more from their shopping experiences. In an increasingly competitive marketplace, retail companies have been forced to offer unique experiences to their customers in order to retain them. Integrating technology into all areas of the company, from the product to the in-store or online shopping experience, is one way for brands to differentiate themselves.

Conclusion:

Before moving forward with my conclusion, I want to acknowledge the possibility and urgency for future research on this topic. I approached sustainability in the retail industry through a case study of Patagonia, but future research could look at a variety of businesses—different locations, sizes, product lines, and brands—to see how commitment to sustainability varies.

In the final portion of my thesis, I will broaden the scope to holistically assess Patagonia's potential for leadership in a changing market. I will look at the future of the retail industry and determine whether Patagonia's unique model can establish a new normal. Can businesses simultaneously benefit the environment while making a profit? I believe that the model presented by Yvon Chouinard and Patagonia not only show that this business model is possible, but they also create a path for other businesses.

Businesses are at a turning point: they can either adopt the principles and framework of companies like Patagonia, re-working and rooting their mission and vision in sustainability, or they can remain functioning as they have been. Patagonia is a small player in the reframing of the role of business in society, and yet they have engineered political, social, and environmental impacts. Take the example of the organic cotton industry—Patagonia made a company-wide commitment to use organic cotton which resulted in an unprecedented demand and subsequent creation of largescale organic cotton production. The cotton revamp is just one example of how a company, with customer support, can be effective politically, creating change in sustainable practices.

The customer is central to companies' ability to make political change. Customers must be loyal to the company and in turn they have a stake in dictating what the company should be

doing as a profit-making entity. In today's competitive market, there is consumer pressure for corporations to do the right thing. This pressure allows for businesses to act as a political avenue. In a time where many Americans think there is political stagnation, particularly in relation to environmental policy, business has become an avenue of political change. There is a leveraging of the consumer interest, allowing businesses to be more effective in creating change than government and traditional political process. This can be seen in California with the consumer demand for energy efficient vehicles. If corporations can recognize the consumer desire, they can cater towards these sustainably motivated consumers—energy efficient car companies can increase profits, make governmental change, and reduce emissions.

In many ways, Patagonia inadvertently stumbled upon this business model due to the good will of their leader, Yvon Chouinard. Chouinard did not want to start a company; initially his motivation was to stop unsustainable rock-climbing practices (like drilling into rocks). This mentality of not wanting your product to harm the environment was revolutionary for the retail industry. Almost fifty years later, Patagonia has continued to create widespread environmental and social change and has introduced a new business model that many companies, both in retail and other industries, are beginning to model.

The success of Patagonia should be a wakeup call for other businesses. Sustainability is the future trend of the retail industry. This trend towards sustainability can be seen across many industries like automobile and power.¹¹⁷ Take the power industry, over the past few decades

¹¹⁷ A few good sources for further research include:

Li-Ping Tang, Thomas, and Yu Xia. "Sustainability in Supply Chain Management: Suggestions for the Auto Industry." *Management Decision* 49, no. 4 (May 3, 2011): 495–512.
<https://doi.org/10.1108/00251741111126459>.

Jänicke, Martin. "'Green Growth': From a Growing Eco-Industry to Economic Sustainability." *Energy Policy*, Special Section: Frontiers of Sustainability, 48 (September 1, 2012): 13–21.
<https://doi.org/10.1016/j.enpol.2012.04.045>.

there have been many advances to the industry which have led to the development of a plethora of renewable energy sources such as tidal, wind, hydropower, solar, and geothermal energy. Making a commitment to sustainability is integral to pleasing the current consumer. Retailers who have dominated the fashion market for decades are closing stores because they were unsuccessful in predicting and adapting to the changing needs of customers. As retailers are beginning to focus their time, money, and company resources on researching sustainability they should look to companies, like Patagonia, who have successfully implemented sustainability into the core of their business model.

We find ourselves in a moment of political upheaval where the conventional methods of conducting politics are no longer the only or even the most effective paths for creating change. Through the example of Patagonia, one can see how an individual company in the retail industry, committed to making a positive impact on the environment, has used its power as a corporation for good. Businesses through the politicization of consumer behavior have the ability to become a political avenue for effective action.

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