Feature

Reputation Matters

By Craig Crawford

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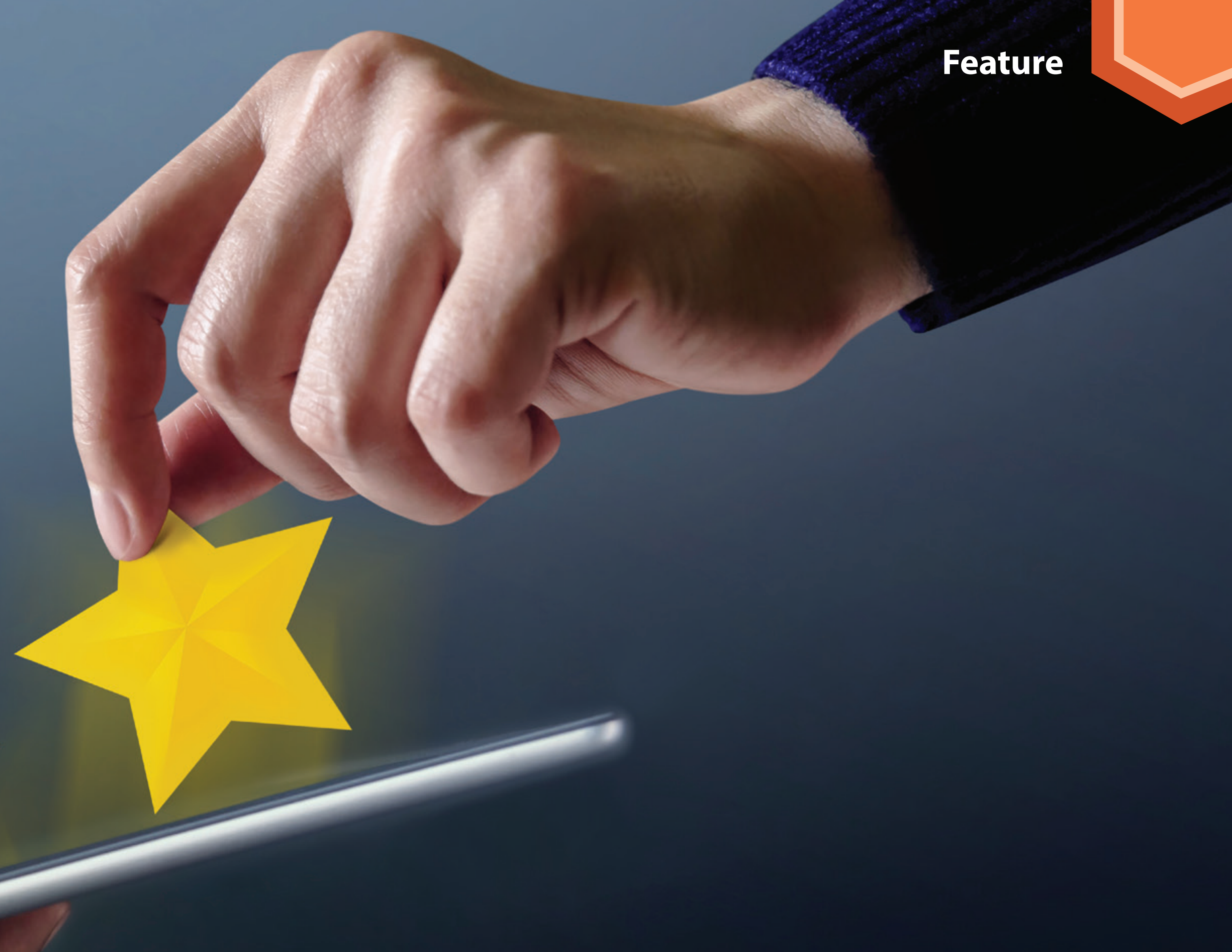

Covid-19 has shifted what is important to us," explains Alison Whelan, co-founder of Blooming Visions, an ideas consultancy that helps brands align values with value. During the Covid-19 lockdown, Whelan, formerly with Burberry, and co-founders Mark Jackson, formerly with McCann, and Louise Richards, formerly with La Prairie, created Blooming Visions in response to consumers wanting more from brands about Corporate Social Responsibility (CSR) goals, brand behaviors aligned to those goals, and the need to be more mindful in a world suddenly under threat. "The world has changed irrevocably. Customers care about what you do and how you do it, now more than ever before," Whelan explains.

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According to global management consulting firm Bain & Company Inc., 45% of consumers appreciate brands that show social purpose in creative and sensitive ways, while 46% of consumers value honest communications about Covid-19 affecting service levels.

"As consumers, we are so much more in tune with what's happening in the rest of the world. This time last year people would have sold their grandmothers for toilet paper—demonstrating the selfishness and greed at the core of our society at the time of lockdown," Whelan says. "But by June or July we saw key workers in social media sobbing, asking 'How can I take care of you, if I don't have food?' Now we are seeing a resonance of respect for others. We aren't buying now for the sake of buying, but we are instead choosing carefully what we buy," she explains.

"The pandemic has been the great accelerator—a never-before transformation that has brought sustainability programs and products forward."

Environmental Welfare

The fashion industry at large has been criticized for producing too much waste and environmental damage for the world to sustain. Over half of garments end up in a landfill within a year—with the quantities of product produced having doubled in the last 15 years. Textile dyeing is the second largest polluter of clean water globally. It takes the average person two and a half years to drink the volume of water needed to make one cotton t-shirt.

According to Bain & Company, Inc., last year the number of Google searches for fashion brands that contain sustainability keywords was up 17% from the previous year across all brand sectors (mass, premium, and luxury). And brands associated with sustainability across all sectors on average had a 48% increase in Net Promoter Scores (NPS). More than a quarter—26%—of consumers expect brands to be sustainable, and in the luxury sector that number rises to 49%.

The traditional promise of luxury brands has focused on excellent quality and aspirational emotions. However, the "Next Generation" mindset has introduced a new paradigm of value creation, with a focus on what Bain & Company Inc. have coined as Elements of Value (EOV). And according to Bain & Company Inc., the Covid-19 outbreak has further emphasized some EOVs to a point where consumers are now looking for brands to reduce anxiety, reduce risk, and increase affiliation and a sense of belonging.

"We want to change the concept of luxury," explains Vanessa Barboni Hallik, founder and CEO of Another Tomorrow, an American womenswear end-to-end sustainable luxury brand with a deep commitment to animal, human, and environmental welfare as well as transparency in the circular economy.

"Luxury is and will always be about quality, but we also want luxury to be about information, to be about the story." Barboni Hallik explains. "We're personal-

izing transparency by creating a unique digital identity for every single piece of clothing we create, that is then turned into its physical form through a QR code on the care content label of every single garment."

Every step of the garment's provenance—from the farm to the closet—is then available to the consumer through any smartphone camera's scan. Another Tomorrow chose Evrythng as their technology platform to do this. Evrythng's clients include Ralph Lauren and Puma.

According to Barboni Hallik, 78% of consumers say it's important for a company to be transparent. "For a long time just saying the word was enough, but now what consumers are actually looking for is the underlying information about how a product is made," she explains. "The perfect way to do that is a digital identity. In the absence of this ability to digitalize a product and convey it in such a personal way to the consumer, you risk putting a ton of information on a website that never gets read."

"Technology is the foundation for the circular economy," she explains. "Without that authentication goes out the window. By starting out being incredibly transparent, it keeps us honest forever."

Who Made My Clothes?

After more than 1,100 people died and another 2,500 were injured in Bangladesh when a textile factory complex in Rana Plaza collapsed in 2013, Orsla de Castro and Carry Sommers founded the not-for-profit Fashion Revolution. Fashion Revolution promotes a radical shift in relationships within the fashion supply chain and the natural world. A movement and a community of industry experts, policymakers, academics, brands, retailers, and consumers who demand radical, revolutionary change to stop the creation of clothes exploiting people or destroying the planet, Fashion Revolution now has presence in 92 countries with more than 184,000 uses of #whomademyclothes, #whatsinmyclothes, #imadeyourclothes in April 2020 alone (the anniversary month of the Rana Plaza disaster). Fashion Revolution holds an annual April Fashion Revolution Week.

Earlier this year de Castro released a 120-page digital *Loved Clothes Last*. The "fanzine" is available as a-pay-what-you-can-afford download aimed at inspiring consumers to buy less, care more, making the clothes they love last longer, while further educating them on the issues of waste and mass-consumption in the fashion industry,

Yet despite this awareness, the struggle against exploitation is still very real. During the Covid-19 pandemic, garment makers in developing countries have been reported to be facing homelessness and hunger as brands cancel orders. There were also allegations such as Pakistani garment workers earning 29p an hour, and employees in Leicester UK working in unsanitary conditions without social distancing for £3.25 per hour—well below the UK minimum wage—making clothing for companies including Boohoo. As these allegations have surfaced, they led to large investigations and re-affirmation of brand CSR policies.

According to de Castro, there are parallels between Rana Plaza and Covid-19, and she sees a chance for many of the real issues around sustainability to be tackled. "We've got a moment in time in which to operate before, unfortunately, we will forget about it again," she says. Covid-19 has prompted growing numbers of people to reassess what's meaningful in their lives, re-imaging the values at the essence of a new fashion system, and exploring new relationships with clothing.

"We are also now celebrating the people who keep us safe and do the day-to-day—who are among the poorest paid and under-represented—at the Golden Globe Awards or on the cover of Vogue. It's no longer about the 1%," Whelan adds.

Show Me the Money

"Investors are now increasingly applying non-financial factors such as Environmental, Social, and Governance (ESG) as part of their analysis processes to identify risks and growth opportunities," explains strategic advisor Michael Pulley, founder of In Vino Veritas Consulting. Tying executive compensation to meeting goals on sustainability and racial diversity is becoming much more commonplace. In early March, burrito chain Chipotle Mexican Grill announced that executive compensation is now linked to the company's environmental and diversity goals, following the footsteps of Starbucks and McDonald's.

"Is it a selfless behavior to invest in a brand that's doing the right thing, or is it a clever move financially?" he asks. "Since the crisis, the companies that behave well in the ESG criteria will likely remain. Are you transparent with your finances? This keeps investors happy. Are you transparent with your labor practices? This keeps unions and consumers happy. Are you transparent with your environmental practices, perhaps even improving the planet? This keeps consumers and activists happy," he explains.

"Perhaps it's not about doing right, but it's about *not doing wrong*. There are costs to everything, and the people who benefit should bear that cost. That is where we should be regulating. Ensuring that those who benefit are bearing the cost of impact. That's not always the end consumer by the way," he adds.

According to Pulley, Boohoo is a great example of an apparel company not meeting the ESG criteria, threatened both by consumers and their financiers. "They have had to take things internally to assure ESG because they need financing to fuel their expansion plans. Finance wants ESG credentials to 'sell' their portfolios to investors who are demanding ESG funds like never before, so Boohoo must live up to these new expectations or be starved of capital to expand or even survive."

Pulley sees a few investment trends. "Funds are really starting to invest in the right side of climate change, and there is pressure from institutional investors on funds for what the carbon footprint of their portfolio is. The other big factor is human capital—how companies are treating their employees and their commitment to diversity. And if they are not demonstrating this, they are facing reputational risk which can impact valuation."

"One in five investors are more interested in sustainable investing because of the pandemic," he says. "Market analysts predict that over the next five years allocation to investments in sustainability will double."

Right Product, Right Message?

American fashion brand Bstroy sparked outrage over school shooting-themed hoodies in their spring/summer 2020 collection during New York Fashion Week. While the brand had hoped to draw attention to gun violence, instead survivors and families of the victims of four of the deadliest school shootings in the US were affronted by the products.

In the summer of 2019 novelty portion-control plates marked "mom jeans," "favorite jeans," and "skinny jeans" were removed from US retailer Macy's store shelves after being criticized for carrying a body-shaming message for women.

The same year, Burberry apologized for featuring a hoodie with a noose around the neck during London Fashion Week after being criticized by one of its own models, Liz Kennedy, in an Instagram post in which she declared "Suicide is not fashion." "Let's not forget about the horrifying history of lynching either," she added.

And in February 2019, which coincidently is America's black history month, Gucci was removing from its shelves and website a black balaclava sweater that featured an open mouth outlined in red—a design criticized for promoting racism.

According to Bain & Company Inc., 15% of consumers expect brands they purchase from to support minorities; that number rises to 31% in the luxury sector.

"The list of incidents of such self-inflicted brand damage has gotten a lot longer in the past couple of years," says Greg Petro, CEO First Insight, an Experience Management (XM) platform that empowers companies to significantly incorporate the Voice of the Customer into the design, pricing, planning, and marketing of products and service offerings. Through the use of online consumer engagement tools, the First Insight platform gathers real-time consumer data and applies predictive analytic models to create actionable insights to power decisions which drive measurable value.

"A brand builds trust over a period of time but can lose that in a minute," explains Gretchen Jezer, SVP Marketing First Insight.

"And thanks to Twitter and all the other social media platforms, the damage is greater and is inflicted overnight," says Petro. A short accessible video can reach millions of views within hours, educating people while pointing out flaws in well-established brands and quickly spreading from one social media channel such as TikTok to others such as Twitter and Instagram.

The viral TikTok video "How to Make A Non-Racist Breakfast" by singer/songwriter Kirby shows the strength of social media while pointing out a brand's marketing insensitivity toward racial justice. This one post in the summer of 2020 during the heightened awareness of Black Lives Matter (following the killing of George Floyd by Minneapolis police officer

Derik Chauvin) is credited by some for the retiring of 132-year-old pancake and syrup brand Aunt Jemima as well as the rebranding of Uncle Ben's rice (both owned by Quaker Oats, a division of PepsiCo). Once the video moved from TikTok to Twitter #AuntJemima became a trending topic within hours putting immediate pressure on the brand, who announced in September 2020 that Uncle Ben's would be rebranded as Ben's, removing the image of a smiling grey-haired black man from products. In February 2021 Quaker Oats announced the renaming of the Aunt Jemima brand, acknowledging it was "based on a racial stereotype" to the Pearl Milling Company, a nod to the original mill that began producing the self-rising pancake mix in 1889.

"This is all happening at a time in the industry when retailers and brands can least afford the mistake—consumers are hyper-aware and connected, and the cost for a consumer to switch to another retailer or brand is zero," Petro says.

These costly mistakes can be avoided if brands simply tested product prototypes with consumers before production, Petro explains. First Insight has recently launched a "risk product alert" capability that enables retailers and brands to identify potential controversial or offensive items based on keywords consumers provide in feedback comments.

"Those Macy's plates? Instead of going through the whole process of design, purchase, distribution, promotion, and shelving to find out, the company could have had the design created as a 3-D image and test-marketed it online using sophisticated algorithms—without the Macy's brand," Petro explains.

"The question it leaves me with is this: why aren't CEOs requiring an 'insurance policy' against these mistakes by simply asking the customer what they think first?"

Craig Crawford is a 2019 Tabbie award winning author and founderprenuer of Crawford IT, a London-based consulting firm specializing in the digital transformation of brands; **Twitter @getamobilelife**; +44 07834584785