

How Brand Values and Corporate Social Responsibility Affect Generation Z-Customers' Choices in Apparel Industry

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Abstract

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Title of the thesis How Brand Values and Corporate Social Responsibility Affect Generation Z-Customers' Choices in Apparel Industry		
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Abstract <p>Nowadays, consumers are becoming more aware of social, environmental, and ethical issues. This means branding, brand values and Corporate Social Responsibility (CSR) are significant parts of any business today. They may shape the way the company is interpreted by customers and society. In addition, it can influence a brand's reputation and public image. Generation Z – people born between 1997 and 2010 – shows particular demand for brands to have an active position about social problems and a clear and honest message. The main purpose of the thesis is to analyse whether Corporate Social Responsibility activities and values of clothing brands affect the choices of Generation Z.</p> <p>The thesis was completed using qualitative methods of research and a deductive approach. During the research, secondary and primary data were used. Secondary data was collected as a part of the literature review. A literature review focused on exploring brand components such as brand image, brand values, personality, and equity. In addition, the term CSR was explained and analysed. The author gave examples of CSR initiatives of popular apparel brands. Theoretical background also included analysis of Generation Z as a target group and attitude towards greenwashing. Empirical research included collection of primary data directly from representatives of Generation Z. Interviews were used as a main way to collect information for empirical research.</p> <p>The key results of the research show that despite being aware of sustainability and admitting its importance, Generation Z does not always consider the values and CSR activities of brands while purchasing clothes.</p>		
Keywords Apparel Industry, Branding, Brand Values, Corporate Social Responsibility, Generation Z, Greenwashing, Sustainability		

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1 Introduction

1.1 Research background

The apparel industry is growing each year. Only in 2021, the revenue of the apparel market hit 1.55 trillion dollars and is expected to increase by 2 trillion in the next four years (Tighe 2022). Amed and Berg (2017, 6) claim that if the fashion industry was a country and we compared its revenue with the GDP of actually existing states, this segment would have the strongest economy in the world.

But not only the apparel industry is developing at a fast speed. Trends within it change drastically as well which leads to changes in customer demand for new items. In order to keep up with the pace, brands produce and offer more products, while using more complicated and artful marketing techniques to sell them. This is how the fast-fashion concept originated and is being supported. It covers customers' needs for evanescent trends and brings profit to popular clothing companies. Fast fashion is also the reason the clothing industry is one of the most polluting (Smith 2022a).

In the past few years, the trend of being eco-friendly has risen. For example, purchasing second-hand clothes has become popular among consumers. Second-hand apparel market value was worth 96 billion U.S. dollars globally in 2021 and this number is predicted to double by 2026. There is an assumption that this trend is a result of younger people, Generation Z and millennials, in particular, demanding cheap, accessible, and environmentally friendly clothing. It can be also connected with the active fight against fast fashion and support of fair trade. (Smith 2022b.) Besides the demand for eco-friendly clothes and brands, there is an increasing demand for brands which value inclusivity, body positivity, and equality.

In order to follow up with the customer, clothing brands offer different ways to ensure customers that companies' actions are less harmful to the environment and more ethical for society. The topic of being more sustainable and responsible has been on the agenda of many clothing brands throughout the last 15 years. For example, there are researches and ranks of how much a company reveals about their supply chain and production as well as a social and environmental influence - it is called a level of transparency (Tighe 2022).

Nowadays businesses can be evaluated not only by the net profit but also by the impact they have on society, economics, environment etc. The concept of Corporate Social Responsibility (CSR) is one of the tools for the company to implement new ideas and strategies

that aim to prove their social accountability (Fernando 2022). CSR contains options to present and support on the corporate level the ideas that the company values. For example, they include being environmentally friendly, valuing equality, ensuring ethical business solutions and a respectful environment for employees (Reckmann 2023). CSR activities may shape the way customers perceive the brand.

Generation Z (also referred to as Gen Z and Zoomers) are people born between 1997 and 2010. Gen Z tends to be one of the biggest consumers of second-hand clothing and it is related to general patterns of their customer behaviour. For example, Gen Z usually tries to be more informed about the product before purchasing. It also seems younger consumers pay more attention to the ethical part of the business and can easily detect if the brand claims are not fully genuine. (Bewicke 2023.)

This leads to the main aim of this thesis - to analyse whether companies' ethics and values, as well as CSR initiatives, affect customers' choices in the apparel industry. The target customer group is Generation Z, between 20 and 26 years of age. In addition, the purpose is to examine the brand components and customer behaviour of Gen Z.

The topic is important for many companies and the business world in general, for example, marketers and brand managers. Branding, brand values and CSR are significant parts of any business. They may shape the way the company is interpreted by customers and society. In addition, the right branding attracts new consumers, increases interest in the brand and supports a good reputation. On the other hand, many customers may not choose to purchase clothes from a company if they feel the values and the brand message do not suit their morals. This is why examining the topic of brand values is important.

1.2 Thesis Objectives, Research Questions, and Limitations

One of the most important components of the research is a well-composed research question. Research questions allow the author to express which problem or topic they are intended to explore and why it is relevant. Also, they help to make clear conclusions from the gathered data in the end. Research questions mostly define the outlook of the whole work and help set the objectives, as well as influence the choice of sources to use during research. (Saunders, Lewis & Thornhill 2016, 42.)

The main research question and three sub-questions of this thesis are as follows.

The main research question:

- How do the company's brand values and corporate social responsibility affect Generation Z's choices in the clothing industry?

The three research sub-questions:

- What is corporate social responsibility and why is it important in building a brand?
- What are brand values and how do they influence other brand components?
- What are the features of Gen Z as a customer group?
- What is greenwashing and how does it affect customers' choices?

Another significant part of research is the research objectives. According to Saunders, Lewis & Thornhill (2016, 45-46), research objectives are short statements that reflect the purpose of the work. They intend to show how the author is planning to answer the questions and reach the aim of the research. While thinking through the research objectives, the author should consider these criteria:

- Transparency – the meaning of the objective is definite.
- Specificity – the aim of the objective is understandable and clear.
- Relevance – objectives relate to research questions.
- Interconnectivity – the objective is up to date with the whole research and complements it.
- Answerability – the aim of the objective is reachable.
- Measurability – the result of the objective will be visible at the end of the research.

In general, objectives complete the research questions and help to proceed with further steps of the research work.

The main objective of this thesis is to understand the correlation between brands' values and the brand preferences of Generation Z. In addition, one of the thesis objectives is to determine how consumers' behaviour changes when their values and ethics are different from the brands' ones.

Every research has its limitations. The apparel industry is the only industry that will be analysed in this thesis. Moreover, brand values and CSR activities are the only criteria to evaluate customer engagement with the brand. Therefore, other factors that may affect consumers' preferences will not be taken into consideration.

Regarding the empirical part, there is a geographical limitation – all the interviewees are currently residing in Europe. In addition, although in the introduction, Generation Z refers to

people born between 1997 and 2010, only consumers between 20 and 26 years old are the target group for research.

1.3 Theoretical Framework

Good research cannot exist without analysing previous works on the topic. For this purpose, after discovering the research objectives, a literature review should be conducted. It can help to find the information that is up to date, get to know the theoretical part, and based on that develop new outcomes. It is important to think through which materials to search for while doing a literature review. (Moore 2013, 106-107.)

In this thesis, the literature review provides practical knowledge and theoretical background. It is important to find relevant, reliable, and accurate information in order to make any further conclusions. Also, it will be helpful for the reader to get to know the main concepts in order to comprehend the future outcomes of the research.

Chapters 2-4 contain the theoretical part of the thesis. In these chapters, the main components of branding will be explained in order to give a reader an understanding of its importance and interconnection. Chapter 2 will cover the meaning behind the values of the brand in the research, brand positioning, its difference from brand image and brand personality. Chapter 3 will give the definition and analysis of Corporate Social Responsibility. Chapter 4 gives an outlook on Gen Z's customer characteristics. In addition, it covers examples of the impact of CSR and brand values on customer perception.

1.4 Research Methodology and Data Collection

Research is a broad concept and cannot be given a single definition. In a wide sense, research is an assiduous search or investigation whose purpose is to discover new facts and practical ideas, based on a revision of previous materials (Adams et al. 2014, 1-2).

Research methods and research methodology are two different but vital components of the research process. Research methodology is a science that allows researchers to understand the limitations of their work, how knowledge can be found and which tools to use. Research methods, on the contrary, are practical ways of conducting and carrying out research. (Adams et al. 2014, 5.)

There are two ways of approaching research: inductive and deductive. The inductive approach consists of going from small details/facts to a bigger picture. The deductive approach, on the other hand, leads to a particular idea from greater theories and common knowledge. (Godwill 2015, 11-12.)

The research approach, method and data collection of the thesis are visualised in Figure 1 below.

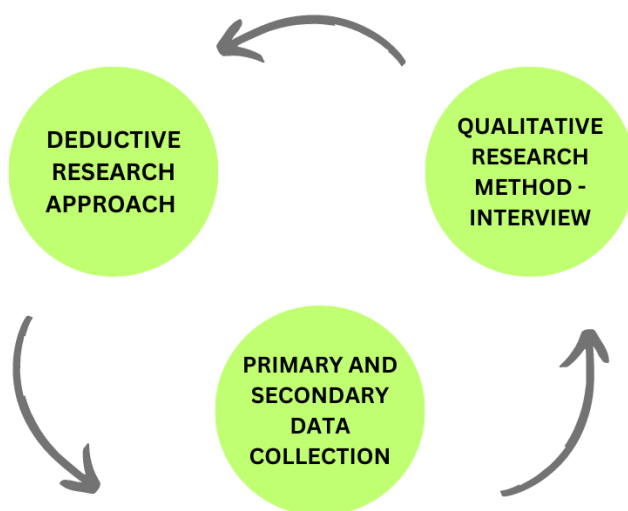


Figure 1. Research method, approach, and data collection

This research will be held by using a deductive approach of conducting. There is a broad concept of brand values and Corporate Social Responsibility, which will be split into details to answer the main research question: how these may affect customers' choices in the clothing industry.

Collecting data includes two ways of execution: qualitative method and quantitative. The quantitative method collects information that can be counted – numbers, per cent, proportions etc. Qualitative research gathers information that usually is uncountable, for example, opinions. It is important to remember that two methods can be combined, e.g., quantitative data can be a basis for qualitative research and vice versa. (Moore 2013, 104.)

During the thesis planning phase in December 2022, it was decided that empirical research will be held using the qualitative method. The author has decided to use interviews as a main source of information. This method will make it possible to have an open dialogue with the target groups as well as receive detailed answers. The interviews were held both in groups and individually. There were overall 13 participants in the interviews, 2 groups with 2 people in each, one group with 5 people and 4 individual interviews. Interviews were held with the use of a questionnaire and an open discussion with respondents.

The research is created based on collecting both primary and secondary data. Secondary data is obtained during the literature review. The primary data is obtained as a part of empirical research directly from the target group.

1.5 Thesis Structure

The structure of the thesis is visualized and presented in Figure 2.



Figure 2. Structure of the thesis

The first chapter of the thesis is an introduction to the main topic and the content of the report. Chapters 2 and 3 present the theoretical part. Chapter 2 introduces the main components of branding. This part of the report gives definitions of the terms, their function and how they are connected. Chapter 3 discusses Corporate Social Responsibility. Chapter 4 reviews the previous studies about the influence of values on consumers' attitudes towards the brand. Chapter 5 contains an empirical part. This chapter contains a description of how the data is collected. Also, there is data analysis in this part of the report. Chapter 6 contains the conclusions made from collected empirical data as well as recommendations for future research. Chapter 7 summarizes the work.

2 Branding components

According to Dibb and Simkin (2007, 73), a brand is a broad concept and has a variety of forms. It can be a product name, a service, or a design, as well as a company itself. A brand is usually registered legally and has a private nature, meaning most companies own the right to use it for various purposes. The process of building a company's brand identity is called branding. The process consists of creating brand-supporting assets, such as a logo, slogan, visual identity, or tone of voice. (Decker 2023.)

A brand is a vital asset for a company - it is used to differentiate the business or its services and products on the market and acquire competitive ability by delivering the company's story and vision (Kenton 2022). From the customer's point of view, the brand allows consumers to identify their preferred products among the competitors. (Dibb & Simkin 2007, 74.)

Designing a company's unique product and brand to occupy a niche in the target market is the process of positioning. A strong brand positioning aims to direct marketing strategy by outlining the brand's core values. Brand positioning can be used to make the value proposition for the customer – benefits that the consumer will obtain with the brand purchase. (Kotler 2015, 32, 298.)

Although branding is usually associated with marketing, there is still a distinctive difference between these two concepts. Branding is aimed to reflect a business's identity and create a message to the customer, and then marketing's purpose is to find ways to deliver this message. (Decker 2023.) The differences between marketing and branding are shown in Image 1 below.

Branding	Marketing
Develops brand identity	Develops campaigns that connect the brand to products, mission, and goals
Builds customer trust with story	Builds customer trust with actions
Strategies and tactics to support identity and story	Strategies and tactics to support products and campaigns
The story about why company exists	Supports brand story with specific initiatives
Focus on how the audience feels about your company	Focus on what an audience does with your company

Image 1. Differences between branding and marketing (adapted from Decker 2023)

Values of the Brand

The focus of the thesis is on brand values and their impact on the customer. It is important to mention that in the report brand values are used in the meaning of the valuable principles for the company rather than the benefits that the customer gains from purchasing the brand.

Brand values are the set of moral principles representing a company's ethics, which requires everyone within the organization to behave consistently according to them (Coleman 2022). In addition, brand values can be described as the characteristics associated with a brand, which give target customers credibility and confidence. Values complement brand attributes – benefits a customer obtains purchasing from a company - and make the brand more appealing to consumers. They usually represent the emotional side of branding. (Dibb & Simkin 2007, 74-75.) Brand values allow businesses to create a bond with customers by letting them identify with the brand's morals and mission. This makes the brand more appealing to the consumer and helps to differentiate it on the market. (Schröder 2022, according to Amjad 2022.)

There are plenty of examples of brand values from well-known apparel brands. Nike's website (2023) declares that *their mission is to bring inspiration and innovation to every athlete in the world* if you have a body, you're an athlete*. The mission statement reflects their values for inspiration and innovation for every customer. The team of Marimekko – a Finnish textile brand that has a variety of clothing items – highlights that they value fairness, contribution and uniqueness of every individual, joy in daily life as well as taking risks and trying yourself (Marimekko 2023).

Brand Personality and Brand Image

Keller (2019, 114) defines a brand personality being a set of human characteristics and traits that can describe a brand. According to the Five dimensions of brand personality, a brand can be referred to as sincere, competent, exciting, sophisticating, and rugged. Within these dimensions, a brand can have different characteristics, e.g., be described as honest, creative, reliable etc. Brand personality is visualised in Figure 3.

Brand Personality

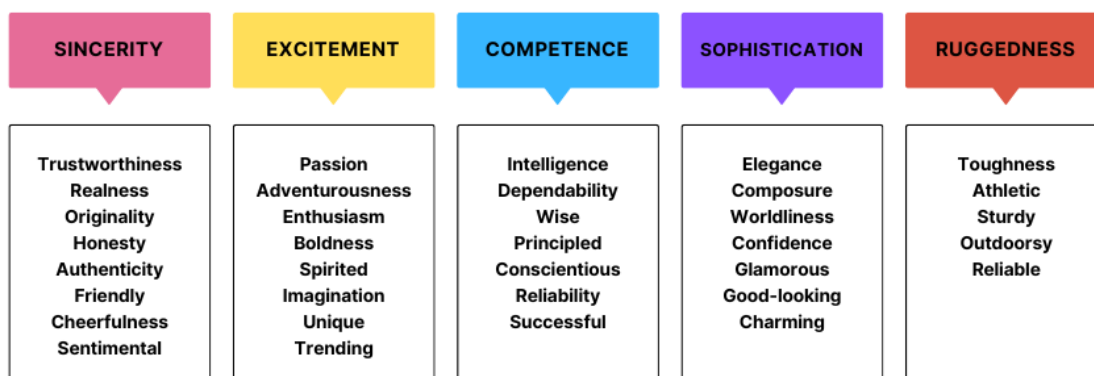


Figure 3. Brand Personality (adapted from Forsey 2021, Vemt 2023)

On the opposite of brand personality that is designed by a company, there is a brand image. Brand image is the way the consumer sees the brand as well as the associations that the company evokes in customers (Indeed 2023). Aaker & Beil (2009, 71-73) also describe the brand image as a set of characteristics or attributes that users link to the company's name. These attributes are divided into hard and soft attributes. Hard attributes are connected to tangible features and functions, then soft ones are rather emotional associations. Authors mention that some marketing researchers argue on whether soft attributes impact customers' perception to the same extent as hard ones - that are made up of the functionality of a brand and the benefits customers get from it. However, the emotional part of brand image can distinguish the brand from competitors giving it unique characteristics, even if they offer the same product or services.

Brand Equity

Thoughtful branding can significantly influence a business. Brand equity is a financial and marketing value that a company owns with the brand having a strong position on the market (Dibb & Simkin 2007, 75). Three fundamental elements make up brand equity: customer perception, the effect it has, and the value that the business receives. Brand equity is mainly generated through customer perception. Perception includes experience with a brand's products as well as knowledge of a brand. The way consumer conceives the brand shapes whether it will negatively or positively impact the activity of a business. For instance, positive brand equity can increase profit margins. Consumers are loyal to the brand and ready to

pay more for branded items even if there are cheaper alternatives on the market. It allows a company to spend less on production, materials etc. (Hayes 2022.)

Many brand features including marketing, and a product line can shape the way the customer perceives it. However, the advertisement and communication play a huge role – the emotions the customer feels after seeing the advertisement, the tone of the campaign and the presented values influence the perception. (Keller 2019, 115.)

To conclude, it is important to note that every component of branding is interconnected. The connection is shown in Figure 4 below.

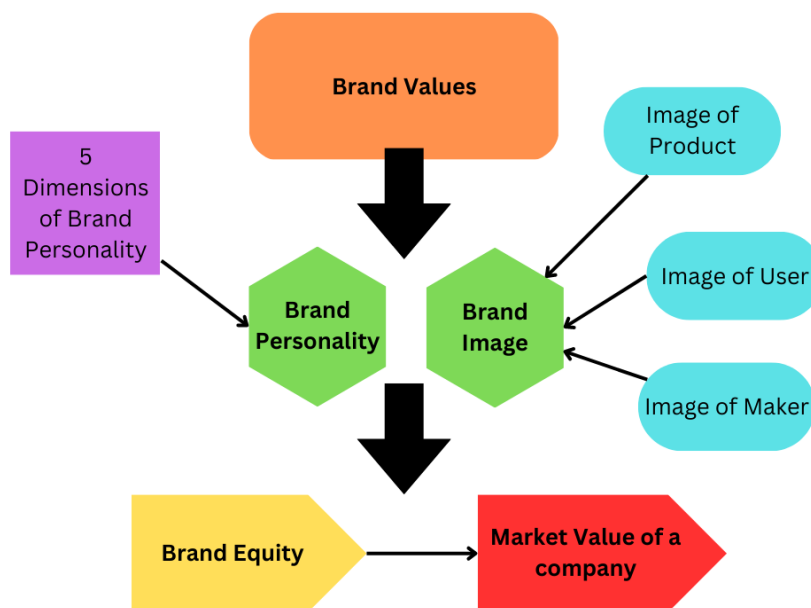


Figure 4. Connection of brand components (adapted from Aaker & Beil 2009, 72)

Moreover, there is a clear influence of the components. Brand equity can be influenced by brand image and brand reputation. In addition, brand positioning and brand personality are strongly impacted by values that the company considers vital. Brand values can shape the way a brand represents itself and which characteristics a brand can be described with.

3 Corporate Social Responsibility

As was mentioned in the introduction, in today's world of business, the company is rated not only by its profit, recognition, and demand for its products and services but also by its contribution to society. The business implements corporate social responsibility when they aim to improve the social well-being of individuals whose lives are impacted by their economic activities (Frederick 2018, 4-5).

According to Stobierski (2022), corporate social responsibility (CSR) can be explained as a set of initiatives or activities, that businesses use to self-regulate their operation and bring value to society. One of the functions of CSR is to adopt a triple bottom line approach – a business concept consisting of focusing on three P: profit, planet, and people (Miller 2022).

CSR covers four dimensions of responsibility. They are visualised in Figure 5 below.

Corporate Social Responsibility



Figure 5. Dimensions of CSR (Stobierski 2022)

Environmental responsibility refers to a company being the least harmful to the environment. This is one of the most widespread CSR initiatives. Some of the examples in this category are reducing carbon dioxide emissions, using renewable sources of energy or recycling, as well as investing in initiatives on improving the environment. Another type of CSR is ethical responsibility – it ensures that everyone who is involved in the company's activity is treated fairly and equally. It can be expressed in setting a minimum wage for employees and promoting diversity and equality. Besides that, ethical responsibility includes checking that materials, products and other sources used by a company are provided with

a fair-trade arrangement. Philanthropic responsibility is used usually to improve and positively impact society – it includes donating the company's income to charities or funds to tackle important societal issues. The last type of CSR is economical, and it aims to finance the other three dimensions and make the company's goal not only to be profitable but valuable for society. (Stobierski 2022.)

CSR is a vital part of leading a business these days. Throughout the years, the concept that companies should have obligations towards society has been evolving and now it seems that the public is stricter about this. Companies are rated by the way they incorporate social responsibility initiatives, how much of an impact they have brought and whether this impact is positive or negative. (Reckmann 2023.) However, these ratings are not always accurate. Porter & Kramer (2006, 78-81) highlight that the criteria used in the ratings can be unrelated to the measurements. Besides that, the information about the measurements is not always credible and can be easily falsified. This can work both ways: using the ranks company can overstate its achievements in tackling social and environmental issues. On the other side, the public can make their assumptions based on these ratings, even though the results are not always correct.

One of the recent controversies has been going on with the Higg Index Transparency – one of the well-known measuring systems in the apparel industry. Higg Index was developed in collaboration with Sustainable Apparel Coalition and was aimed to rate garment products according to five aspects - Higg Facility Environmental Module, Facility Social & Labour Module, Brand & Retail Module, Materials Sustainability Index and Product Module. Around twenty thousand organisations used to implement Higg Index and prove their transparency and sustainability. (SAC 2023.)

In 2021 Higg created a Higg Suite – a widely promoted tool for consumers to check how environmentally friendly the garment item is. However, in June 2022 they stopped the programme due to criticism from big publishers and eco-activists. Higg Index was accused of being not transparent enough, biased towards big apparel brands and promoting synthetic materials as more sustainable alternatives than natural fabrics. (Shendruk 2022a.)

Implementing CSR

Keys et al. (2009) claim that most companies see CSR as another obligation they have as well as a reputational aspect. However, since the concept evolves and has a greater value in society, thoughtful CSR initiatives can create new business opportunities. Authors suggest that CSR is a dual-objective concept aiming to bring advantages both for business and society. The landscape of CSR initiatives and their benefits is presented in Image 2.

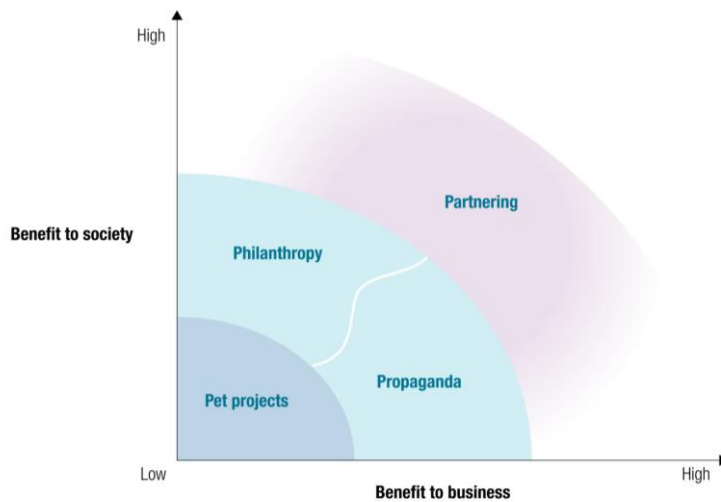


Image 2. CSR landscape (Keys et al. 2009)

According to Keys et al. (2009), many businesses tend to implement so-called pet projects as their CSR initiatives. However, they usually are not that beneficial either for business or society. Philanthropic activity, on the other hand, has a great positive impact on society but it is an unclear advantage for business. CSR initiatives referred to as propaganda aim to mostly build a reputation for the brand and work as an advertising tool.

Businesses focus on these three types of initiatives because they are fast and easy to implement, although Keys et al. (2009) suggest that the best way to compromise both business and ethics through CSR initiatives is to create partnerships. In addition, before setting any CSR program key principles must be considered. For instance, CSR activities should be connected to the sphere a company operating in as well as benefits from the project should be clarified. While choosing partners, it is better to focus on long-term relationships and understand the strengths of both parties in order to make cooperation more beneficial.

One of the well-known sustainable apparel brands that successfully implement CSR initiatives is Patagonia. As the company's website claims (Patagonia 2023), throughout the years Patagonia has been developing different programs to increase the negative impact their activity as an apparel brand could cause. In addition, they aim to improve the lives of people that might be affected during the production of their items. In general, Patagonia has a lot of different CSR initiatives and projects they are taking part in to achieve their goals and support values and ideas. One of the examples of CSR partnerships is the cooperation of Patagonia and Verite - an independent, non-profit, civil society organization whose goal is to provide fair labor throughout the world (Verite 2023). One of their biggest joint projects in fair trade was held in 2015 and is related to hiring foreign employees to work on premises. The main problem with Patagonia's suppliers in East Asia was that employers were using

the services of brokers who helped them hire immigrant workers. Often, brokers would charge employees for providing them with a working place. With a collaborative effort, Patagonia and Verite managed to implement Migrant Worker Employment Standards, which regulate relationships between migrant employees and HR on all levels as well as liberate workers from paying any fees to get a job position. (Verite 2015.)

Levi's also has a rich history of implementing CSR initiatives. For example, in 2011 the brand introduced a Worker Well-being initiative, aimed to provide a healthy environment and well-being support for supply chain employees. By 2016 the brand has expanded this program by including around 300 thousand workers. In 2020, the brand received a Golden Halo award – an award for companies that act in battling social and environmental issues. (Gavin 2019.)

4 The Impact of Brand Values

4.1 Generation Z as a Customer

In order to understand the influence of brand values on customer choice, it is important to examine the target group's consumer behaviour. Generation Z (also referred to as Gen Z, Zoomers) is the generation of people who were born between 1997 and 2010. Although a huge part of Gen Z is still underage and financially dependent on their parents, the other part has already entered adult life and makes up a great target group in many spheres. (Bewicke 2023.) The research is mainly focusing on the part of Gen Z whose age is between 20 and 26, meaning who can consciously make decisions about spending their own money on clothing items.

As with any other target group, Zoomers have some features. For example, Bewicke (2023) highlights that Gen Z is more likely to search for information about the product, company, and possible alternatives before purchasing it. Furthermore, they usually do not focus on specific brands and can vary their choices. Many representatives of Generation Z are highly concerned about social-economic issues and expect companies to match their ethics.

4.2 Greenwashing

Many brands use e-marketing and social media channels to translate their active position. It is now becoming more important for Gen Z that the brand shows solidarity in battling social issues. However, young consumers can easily spot if the brand's claims do not meet with its actions and if the statements of being socially aware are just part of the advertisement (Bewicke 2023). For example, greenwashing – false statements about brands' sustainability that are used mostly for marketing purposes (Edwards 2023).

Greenwashing statements in marketing are becoming more concerning to Zoomers. In a survey held in 2021, 88% of Gen Z participants marked that they do not fully believe brands' claims about social, economic, and environmental problems (Segel & Hatami 2023). One of the biggest scandals related to greenwashing was a Quartz investigation of H&M sustainability clothes claims. The brand had a sustainability-oriented campaign, marked some items on its website as more sustainable ones and referred to them with Higg Index. However, after digging deeper into the topic and the Higg Index website, it was clear that H&M was reversing the statements. For example, the H&M website claimed that some eco-conscious items were produced with 30% less water, then, in reality, they were produced using 30% more water than usual items. After the scandal, both H&M and Sustainable Apparel

Coalition, which is sponsoring Higg Index programs, have been criticized by the public. (Shendruk 2022b.)

In general, according to Amed et.al. (2023), people connected to the fashion industry admit that nowadays brands should be careful with the messages they deliver about sustainability. However, the authors also mention that the lack of a unified standard of how to rate apparel brands' sustainability actions is an obstacle. 79% of fashion executives say that it creates miscommunication between a brand and a customer as well as it is harder to understand what brand can improve in order to be perceived as sustainable.

4.3 Impact of Brand Values and CSR on Customer Behaviour

As society becomes more aware of social, environmental, and economic issues, the customers' requirements and expectations towards the companies change. For example, Close (2021) states that due to global eco-awakening, brands that aim to introduce innovations in sustainability are more appealing to customers.

Curry (2020) states that the demand for companies to be active towards battling social issues is coming mostly from Generation Z and Millennials. Due to the increase of e-marketing and the popularity of social media, younger consumers can influence corporations in various ways as well as educate themselves about social problems and expressing their opinions through different channels (McCullough 2023).

In the research from DoSomething Strategic (2018), 76% of Gen Z respondents claimed that they either have purchased or will consider buying items from a brand that supports any of the social issues to show their solidarity. Gen Z is now looking at big brands more like influencing power. They admit that they wish the government to take action, however, when it is not possible, big brands become a new leader in different spheres, including fashion. Shopping becomes a new way of expressing the position: 40% of Gen Z that took part in a survey admitted that they have boycotted a brand that does not align with their values. In addition, research clarified that for 67% of the participants, brand values are important and they consider them while shopping. Besides that, Gen Z is looking for brands that can involve them in social activism. Nearly 50% of the survey participants admit that it is important that the company they buy from has social or environmental programmes consumers can be part of. (Ferguson 2018, according to DoSomething Strategic 2018.)

Big Apparel Brands Overview

Shein is a Chinese online apparel retailer and one of the biggest players in fast fashion on the market. In 2022, Money.co.uk pronounced Shein as the hugest and most popular

clothing retailer in the world, overtaking the equally successful Spanish Zara (Douglass 2022). Shein attracts customers – their target audience is young women - through producing cheap and trending clothes. In addition, the brand gained its popularity through social media, cooperating with micro-influencers on TikTok and YouTube. However, nowadays Shein's reputation is decreasing, and more people are trying to boycott it after many facts were revealed about its production. For example, the brand's premises produce a large amount of CO₂ due to the mass manufacturing of clothes, usage of polyester and natural resources, like oil. Furthermore, the brand has major issues with the working conditions of employees. (Rajvanshi 2023.)

Besides sustainability issues, Shein has a controversy with copyrights. It is a well-known fact, that mass-market clothing brands like Zara, H&M, Bershka etc. copy the designs from more expensive brands and sell them to regular customers – this supports the mechanism of fast fashion. However, in Shein's case, it was different: the brand was copying the item designs from smaller creators. One of the scandals was with the hand-made crochet designer Bailey Prado, from whom Shein stole around 20 designs (Waite 2021).

On the opposite is Patagonia, which is one of the well-known sustainable brands. The brand gained consumers' loyalty due to its honesty about issues they found in hiring foreign workers. Patagonia is one of the few companies that are bravely dealing with the problem of forced labour. In addition, the brand actively conquering the possible unsustainable issues they have in the supply chain. (Verite 2015.)

Patagonia is classified more as a high-class brand rather than a mass market. It reflects on its pricing: a regular T-shirt can cost around 30-40 € (Patagonia 2023), then in Uniqlo – a Japanese casual wear designer, which is the most comparable with Patagonia in style and brand personality – around 15 € (Uniqlo 2023). The reasons behind higher prices are better materials and sustainable production (Misseldine 2023). Despite its sustainability and popularity, the prices of the items can be a problem for a regular Gen Z customer. Drew Afualo, a 26-year-old TikTok blogger, that has been criticised for partnering with Shein, said: *“Not everyone can afford to shop sustainably Sustainable fashion is a privilege.”* (Ritschel 2022).

In general, quality and price are still important factors for Zoomers while purchasing. For example, around 40% of the respondents in the research would not buy a low-quality or more expensive item from the brand even if it is more environmentally friendly or more involved in solving societal issues than competitors. (Ferguson 2018, according to DoSomething Strategic 2018.) The ranking of all factors impacting young customers' choices is shown in the Image 3 below.

BRAND/PRODUCT ATTRIBUTE RANKING

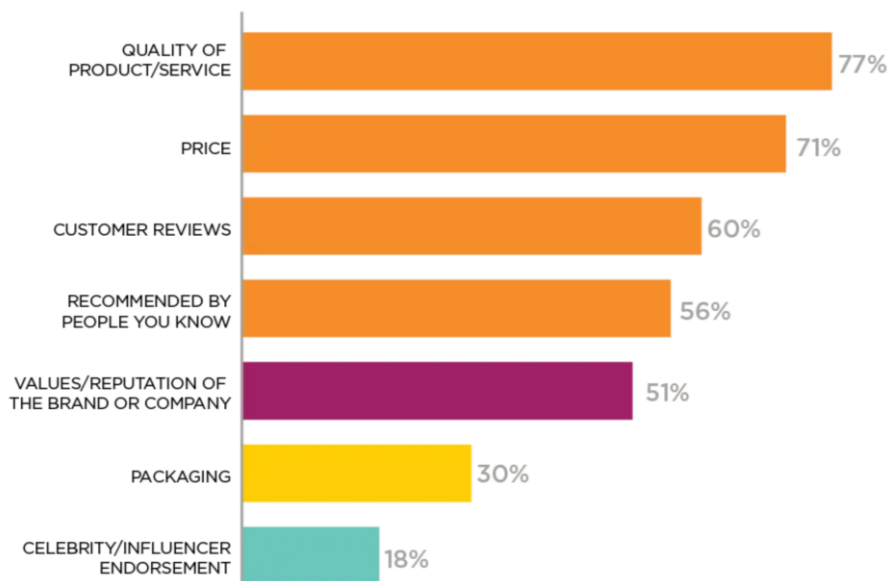


Image 3. Brand/Product attribute ranking (Fergusson 2018, according to DoSomething Strategic 2018)

Quality and price of the products are still the top two factors that influence Generation Z's purchase choice, whereas the brand's values and reputation take the fifth position. (Fergusson 2018, according to DoSomething Strategic 2018.)

5 Empirical Research

5.1 Data Collection

The data for the thesis was gathered through qualitative research methods using deductive techniques. The interview was chosen as the main way to collect information. According to Merriam-Webster (2023), an interview is a meeting held to acquire information from people. Conducting interviews with a target group of the research allows one to have an open dialogue with participants, understand the experience of respondents, and get more detailed answers. In addition, it helps to use these answers for creating assumptions and checking, if they correspond with the conclusions of the literature review.

The data collection for the empirical research started on weeks 18-19. Overall, 13 participants took part in the interviews. Three interviews were held in groups, and 4 were individually. The interviews were supported with a questionnaire, that was created before the interviews, on week 17. The timetable of the empirical research can be found below.

Data	Action
January – Middle April 2023	Theory Research for Literature Review
April 23 – 30, 2023	Compilation of the Questionnaire
May 1 – 14, 2023	Conduction of the Interviews
May 18 – 25, 2023	Analysis of the Results, Conclusion

Table 1. Empirical research timeframe

The questionnaire includes some essence of the theory to familiarize respondents with the topic – definitions and examples of brand values and CSR. The participants were sent an e-version of the questionnaire beforehand. In addition, the interviewer had an introductory speech about the theme of the interview before each meeting. During the discussions, the interviewer was making notes and transcripts of the participants' answers.

Semi-structured type of interview was used during the research. In the majority, the interviewer was asking questions according to the list in the questionnaire. However, in some interviews, the leading questions were asked as well, in order to obtain a more detailed response. All the interview participants were students residing in Europe, whose age is between 20 and 26.

The first three interviews were group interviews. Two of them were discussions between two people, another one was with a group of five people. Group discussions worked well and helped to obtain valuable knowledge for the research. In addition, besides the interviewer asking questions, respondents asked each other some questions about their opinions on the topic, creating a dialogue. The four rest interviews were individual, between a respondent and an interviewer. They also created a discussion since the interviewer asked additional navigating questions.

5.2 Data Analysis

Effective data analysis is an essential part of successful research. O'Leary (2023) suggests several steps for analysing the results of qualitative research. First, the researcher should check for preconceptions, in order to get truthful results and avoid being biased. Second, the data should be categorized into themes. After that, the researcher aims to find patterns and similarities within the data and then map it all together. The last steps are making assumptions and building theories as well as concluding the research in the end. Qualitative analysis steps are visualized in Image 4 below.

- 1. Identifying biases**
- 2. Coding data into themes**
- 3. Searching for connections and similarities**
- 4. Mapping themes**
- 5. Creating theories**
- 6. Conclusion**

Image 4. Qualitative analysis (O'Leary 2023)

The general recommendations for good qualitative research can be combined with steps of analyzing interviews as a resource. Rev (2022) proposes to start analyzing data by reading through interview transcripts. In addition, during this step, the biases and preconceived notions are identified. The next stage is to annotate transcripts – marking sentences, words etc. with labels or codes. Annotations help to categorize information. Then, the categories and themes are identified using annotations. Segmentation of the data goes after systematization – finding common patterns and connections within the topics. Deep analysis and conclusion are the last stages of the interview review.

The qualitative analysis of the interview started with reading through transcripts and putting all the answers to every question in a separate document. Then, the answers were categorized and put into themes: brand preferences, attitude towards brand values, CSR, sustainability, and greenwashing. The themes and answers were coded with colours for easier orientation within the document. After that, the answers were analyzed for patterns. The conclusion was made in the end, using knowledge from the literature review.

Interview Results

The questions of the interview were asked according to the pre-made questionnaire. It consists of 11 open-answer questions and two cases. A copy of the questionnaire can be found in Appendix 1. The first two questions aim to warm up the respondents and get them into the research topic. They were:

- What were the last 3 clothing items that you purchased? Why? Which brand was it?
- Which brand would you be more likely to buy?
 - Brand 1: elegance, quality, sobriety and sustainability.
 - Brand 2: quality, integrity, environmentalism, justice, not bound by convention.

While answering the first question, most of the respondents admitted that the reasons they purchased the last 3 items were either a need for new clothes or a desire to buy something new. Participants mentioned several common clothing brands: Zara, BikBok, H&M, and New Yorker. The purpose of the second question was to see how brand values and brand image can affect the choice of the brand. Participants did not know the names of the brand. The first one is Massimo Dutti and another one is Patagonia. Most of the participants chose Brand 1 which corresponds to their future answers about brands they like.

Brand Preferences

Most of the participants could mention at least one brand that they consider favourite, support, or buy regularly. Zara was mentioned quite often and one of the reasons for shopping from them was designs that match consumers' preferences. Although gender is not considered in the research, males that took part in the interview mentioned more of the high-end brands like Lacoste, and Karhu as their recent purchase or preferred brands. On the opposite, females mostly mentioned more mass-market brands, like Zara, and BikBok. Both genders, on the other hand, mentioned athletic apparel brands like Nike, Adidas and Vans for purchasing footwear and comfortable clothes for every day. In addition, most of the respondents mentioned Massimo Dutti as a brand they prefer.

Although the majority of the respondents could name at least one apparel brand they like, none of them said that they prefer buying only from a particular brand. Most of the students

admitted that they usually buy an item if they like it, and it suits their style. However, the brand tag does not play much role in buying decisions. Many of the participants admitted that their preferences do not limit them from buying unknown brands or brands they have not purchased from before. Besides liking the design of the item, participants seek quality-price balance. Quality, price, and design of clothes were three factors that respondents find most important when shopping.

Attitude Towards CSR, Brand Values, and Importance of Sustainability

Almost every interviewee said that they are not aware of the CSR activities of the brands they purchase. The results showed almost the same with brand values, although some participants mentioned that they are aware of the brand's reputation. Some respondents mentioned they appreciate how some brands position themselves. For example, some admitted that they would purchase from brands that present their products as high-quality ones. Furthermore, 6 of the participants like how Scandinavian and Finnish brands position themselves, although students do not buy from them that often. The mentioned reasons were that the items do not always suit their style. In addition, Nordic brands like Marimekko, Maki or COS are more expensive than less niche mass-market stores.

When the respondents were asked if they consider brand values or brands' social position, most of them said that it is not what they look for in the first place while shopping for clothes. However, some mentioned that scandals and well-known facts about the unsustainability of clothing brands can affect their decision. Furthermore, many admitted that if they find proven articles about some brands being not sustainable, they will reconsider buying from them or will buy less. Around half of the participants mentioned that they are not buying from Shein anymore or at all, because of its bad reputation and evidence of unsustainable production.

In addition, most of the students mentioned that they are trying to buy less fast fashion trending items. Furthermore, most of them are actively looking for a balance between buying from less sustainable brands and buying what is needed and not overconsuming. One respondent stated:

"I am focusing more on the item I want to purchase, analysing if I need it or not. I guess due to my selectivity, I do not buy things I do not need/like. Thus, purchased clothes are not thrown out often and it influences a lot the waste management."

The majority of Gen Z do not consider sustainability as a top priority in making purchase decisions for clothes. Some of them admitted they wish it was more important for them:

"I want to say "Yes" but it is not the highest priority."

However, many respondents said that they try to be more aware of sustainability, although it still does not affect their final choice that much:

“Before I didn’t pay attention to sustainability but now, I’m more conscious about what I buy.”

“If you are on social media, it is impossible not to be aware of some sustainability-related issues.”

Some participants believe that sustainability makes the products more expensive and worsens their quality:

“It is impossible for big billionaire brands to be sustainable and stay in business.”

Although buying from second-hand is considered sustainable, it is not the main reason Gen Z is shopping for their clothes from there. The majority of the respondents mentioned that they purchase second-hand apparel mainly because it is cheaper, and one can find more unique pieces. However, they admitted it makes them feel better about sustainability.

“...it starts from the cheap price but ended with an ability to support a sustainable lifestyle.”

“Shopping second-hand encourages you to be more sustainable without forcing you and shaming you for shopping - you go, you buy, you are sustainable.”

Greenwashing

Most of the Gen Z respondents have heard of greenwashing, although some did not know the exact name of the term. The majority think it is rather a negative thing. During the discussion, the interviewer found out that one of the reasons respondents do not put CSR and brand values as decision factors is that they are not fully trusting the claims of brands:

“They (brands) represent themselves in one way, but they do the other.”

“I do not believe eco-claims. I do not think big brands can be sustainable except brands that can afford to be green and still have demand from customers.”

The results of the first case showed that around 75% of the respondents would choose a less expensive t-shirt rather than one with an eco-label. The main reasons were that the price is cheaper. Some also mentioned not trusting eco-claims. However, 25% admitted they would buy a more expensive t-shirt with an eco-claim label to support sustainability.

6 Conclusion

6.1 Answers to the Research Questions

The main purpose of the research was to determine whether Corporate Social Responsibility and brand values affect Generation Z's choices while shopping for clothes. Sub-questions were determined to help understand the topic and get to the main research question.

Sub-questions:

What is corporate social responsibility and why is it important in building a brand?

Corporate Social Responsibility is a way of self-regulation activity that businesses implement in order to minimize the negative effect of their operations. It includes such activities as environmental responsibility, ethical responsibility, philanthropic and economic responsibilities. CSR is an important part of the company's activity nowadays. It is related not only to the reputational aspect of the brand but also ethics. Environmental and social awareness is increasing and with that, the requirements of how the businesses should be led are stricter.

What are brand values and how do they influence other brand components?

Brand values are leading principles that shape the way a company operates, and how it communicates with customers, stakeholders, and the public. In addition, brand values are ideas that the company stands for and supports. Brand values are a base for building a brand. These key concepts influence brand image and brand personality, giving the company unique characteristics.

What are the features of Gen Z as a customer group?

During the literature review and empirical research, the characteristics of Generation Z as a customer group were identified. As a target group, Zoomers tend to vary their brands' preferences, meaning they are not sticking to particular brands all the time. Brand reputation and brand image are important for Gen Z due to the active usage of social media. Gen Z values high-quality clothes that will match their style and expectations of how the item should look. However, the main factor influencing their choice is price. Zoomers are not always ready to splurge on more sustainable but expensive clothes, although they admit the importance of sustainability. The popularity of second-hands is rising among Zoomers due to the low prices and easy way to be sustainable.

What is greenwashing and how does it affect customers' choices?

Greenwashing is misleading statements about a company's sustainability related to products, services, or production and other activities. Greenwashing includes the usage of a public image or marketing tools to present a company as more eco-friendly without actually making any improvements to sustainable operations. Gen Z's attitude is negative towards greenwashing. Moreover, if a statement from a brand is proven to be greenwashing, Zoomers lose trust towards the brand. Many of them do not want to buy an item with the label "eco" because they are not sure if the claim is real and honest. Generation Z is more critical of brands' sustainability claims.

The main research question: How do the company's brand values and corporate social responsibility affect Generation Z's choices in the clothing industry?

The study has shown that although now the public, and Gen Z in particular, forces clothing brands to be more honest with their messages, take actions to cope with social issues and take sustainability on a corporate level, for a regular Generation Z customer brand values and CSR are not the most important factors when buying clothes. Despite using social media and the Internet, many Zoomers are not aware of the particular values and CSR of apparel brands they purchase. However, the reputation and perception of the brand, which is highly influenced by values and CSR activities, play a great role. Many of them have already changed their mind about constantly purchasing trending clothes and buying from obvious fast-fashion labels.

Currently, Gen Z is not ready to start shopping only from proven sustainable and ethical clothing brands. In addition, Zoomers are actively looking for a balance between supporting sustainability and buying from available mass-market brands that have more appealing prices for regular customers. In general, price and quality are still too main factors that affect the decision to buy clothes. However, it does not mean that young people are not concerned about the environment or inequality.

In addition, it is important to admit that although some Zoomers are actively fighting against big fast-fashion brands online, they are not always ready to stop buying from them completely. It can be explained that brands such as Zara, H&M, Bershka etc. are convenient to shop in, have affordable prices and have stores almost everywhere in Europe. This makes shopping for clothing essentials easier for a regular Gen Z consumer which also can play a huge role.

6.2 Validity and Reliability

The research was created using both primary and secondary data. Secondary data was obtained during the literature review. The resources, that were used, include books, articles, documents, websites, statistics, and other reliable sources. The primary data was obtained as a part of empirical research directly from the target group using interviews as a tool. The interview was held according to guidance. The questionnaire that was created for the empirical research was based on concepts and theories, that were explored during the literature review. All the research questions were answered by referring to the information found during the research.

6.3 Suggestions for the Further Research

The research aimed to find out how brand values and CSR activities of a company can affect Gen Z's buying decision of clothing. The results clarified that for now, Gen Z values the quality and price of the apparel the most, meaning CSR activities and brand values affect a smaller part of Gen Z. Further research could elaborate on how customers can keep a balance between sustainable consumption and buying clothes affordably from available for their brands. Moreover, future research can be made in 10 years, when Generation Z will be in their 30s, to see if the same factors will affect their choices of buying clothing.

In addition, now there are not that many ways for how a brand can include customers in sustainable activities or how can assure they are sustainable. Also, greenwashing is a challenge for the brands – it is much harder to gain customers' trust through sustainability claims, even if the company is honest about it. The author suggests researching how big apparel brands can show their attempts to be sustainable, gain trust from customers as well as how they can make consumers a part of it.

7 Summary

The main purpose of the thesis was to explore how brand values and CSR activity of clothing brands can influence Generation Z's choices and whether they influence it at all. The main research question was: **How do the company's brand values and corporate social responsibility affect Generation Z's choices in the clothing industry?** The sub-questions were answered before the main question to obtain an understanding of the topic and get a closer outlook on the concepts. The sub-questions were:

- What is corporate social responsibility and why is it important in building a brand?
- What are brand values and how do they influence other brand components?
- What are the features of Gen Z as a customer group?
- What is greenwashing and how it affects customers' choices?

In order to fulfil research objectives, the process of research included a literature review of previous studies and empirical research. Both primary and secondary data were sourced for the research. Empirical research was done using the qualitative method of obtaining data with a deductive approach. The semi-structured interview was conducted for data collection.

The first chapter introduced the topic, theoretical framework, research design and methodology. It follows up with research objectives, limitations, and ways of collecting data. At the end of the chapter, the structure of the thesis was presented.

The second chapter explained the concepts of brand components. It explored the definitions and features of brand, brand image, brand personality, brand values and brand equity. At the end of the chapter, the interconnection of all brand components was explained. The third chapter defined Corporate Social Responsibility, its types and ways of implementation as well as how it can be measured.

The fourth chapter started with identifying Generation Z as a customer group. It proceeded with an explanation of greenwashing and the target group's attitude towards it. The chapter finished with an outlook on how brand values and CSR can affect customer behaviour.

Chapter Five consisted of explaining the process of data collection for empirical research. The data was obtained using a semi-structured interview as a tool. Then, data analysis was done based on the results.

The thesis finished with the conclusion. Chapter Six gave answers to research questions, research validity and reliability. In addition, suggestions for further research were presented. Chapter 7 summarized the whole work.

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Appendix 1. Questionnaire

The impact of brand values and Corporate Social Responsibility on customer choices (Generation Z case).

Brand values - set of morals representing a company's ethics, foundational beliefs, and guiding principles as well as characteristics associated with a brand.

Examples: value for diversity, equality, environment protection, freedom, collaboration etc.



Marimekko Brand Values

Corporate Social Responsibility - form of self-regulation that reflects a business's accountability and commitment to contributing to the well-being of communities and society through various environmental and social measures. Types: environmental responsibility, ethical/human rights responsibility, philanthropic responsibility, and economic responsibility.

Examples: activities supporting fair trade and employees' well-being (Patagonia, Levis), transitioning to renewable energy, reducing carbon emissions and diverting manufacturing waste (Nike).

Questionnaire

1. What were the last 3 clothing items that you purchased? Why? Which brand was it?
2. Which brand would you more likely to buy?

Brand 1: elegance, quality, sobriety and sustainability.

Brand 2: quality, integrity, environmentalism, justice, not bound by convention.

3. Do you have any specific clothing brand that you like/ prefer to buy/ support /consider your favorite? Explain your choice.

4. When shopping, do you prefer buying from particular clothing brand or not? Explain your choice.
5. Do you buy clothes in second-hands? Explain your choice.
6. Are you aware of brand values/CSR activities of the apparel brands you purchase?
7. What is important for you while buying clothes? (price, quality etc)
8. Is sustainability important for you? Do you consider it while purchasing clothes?
9. Do you consider brand values/brand's position about social issues while purchasing the brand? Explain your choice.
10. Have you ever stopped buying from an apparel brand because of their values/social position? Explain your choice.
11. Have you ever heard of greenwashing? What do you think about it?

Cases

1. Which item would you buy? Why? (Be honest with your answer)



20 €



30 €

2. Imagine you've purchased something from a clothing brand and lately you read the news that the brand uses unfair labor practices to manufacture their products. How would it make you feel? Would you purchase this brand again in the future?