

**DOES “WHERE” MATTER?**  
**EXPLORING THE IMPORTANCE OF “WHERE” IN LUXURY FASHION’S PRODUCTION**  
**PRACTICES IN THE WAKE OF 2020’S GLOBAL CRISES**

Katherine McGee Bosworth

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Approved by:

Dana McMahan

Sarah Angold

Dr. Lucinda Austin

## **ABSTRACT**

Katherine McGee Bosworth: Does “Where” Matter? Exploring the Importance of “Where” in Luxury Fashion’s Production Practices in the Wake of 2020’s Global Crises (Under the direction of {Dana McMahan})

Does “where” matter in the luxury fashion industry? This study found that the answer is fundamentally yes. Country of Origin (COO) in the luxury trade is essential to how brands formulate brand image and how customers perceive and purchase luxury products. Yet, when it comes to sustainability, there is an interesting paradox in the industry. If brands shift established supply and production practices in response to both the Covid-19 global crisis and the need for better environmental practices, they run the risk of damaging relationships with consumers who expect luxury leaders to also be experts in sourcing “the best of the best.” Transparency is needed in defining the impact of the supply chain. From this study, an Industry Report has been developed to educate luxury consumers as brands reshape and rethink the “Made in...” mystique and what it means to be luxury during the current global crisis.

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## INTRODUCTION

In 2020, the Covid-19 pandemic hit the luxury market with full force. An industry worth \$308 billion in 2019, that had been growing at a 6% pace per year on average since the 1990s, is now predicted to contract by up to one-third of its market size this year (Jones, 2020). As stated by Katie Jones (2020):

The lethal combination of reduced foot traffic and decreased consumer spending in the first quarter of 2020 has brought the retail industry to its knees. In fact, more than 80% of fashion and luxury players will experience financial distress as a result of extended store closures. (para. 7-8)

The luxury industry is a global market – 20 to 30% of its revenues are generated by consumers making purchases *outside* of their home countries (Achille & Zipser, 2020). China, in particular, is a key player. Chinese consumers accounted for 90% of total sales growth in the luxury market in 2019; and experts hypothesized that their contribution would only continue to grow (Jones, 2020). When Covid-19 started its journey in China, the luxury industry knew its effects would be detrimental; and it didn't stop there.

Building on the fact that global consumers stopped spending on luxury goods, the luxury industry's global supply chain quickly fell apart. As stated by Achille & Zipser (2020), "more than 40% of global luxury-goods production happens in Italy-and all the Italian factories, including small, family-based [contract manufacturers], have temporarily shut down" (para. 16). Unfortunately, the negative effects of shuttered supply chains travel much farther than just Europe. As stated by Fashion Revolution (2020), "Bloomberg reports that about 1,089 garment factories in Bangladesh have had orders cancelled worth roughly \$1.5 billion due to the coronavirus outbreak" (para. 5). Many of these workers did not and will not be paid for their

work, which ultimately puts their method of livelihood into question. And it's not just factories. Artisanal crafts, which provide the second largest source of employment across the developing world, are also in danger. The global impact of Covid-19 on the luxury industry is devastating. As Fashion Revolution (2020) stated, "as a result of Covid-19 threatening global trade flows, workers cooperatives, artisan groups, local crafts-based communities, home-based workers, agricultural workers and farmers face desperate economic circumstances" (para. 7).

Historically, part of the appeal of luxury goods centers around the "Made in" mystique. Consumers deeply care about the "where" when it comes to their luxury purchases – the heritage. Tom Adams (2015) stated, "people like brands from specific places and prefer them to brands that do not have a provenance story" (para. 1). Luca Solca (2015) further illustrated this point, "The Chinese – the largest nation of luxury consumers in the world – want their watches to be Swiss, their perfumes and cosmetics to be French, their cars to be German and their bags and shoes to be either Italian or French" (para. 1). But the luxury goods industry operates in a haze as it pertains to the products' country of origin – the luxury industry overall lacks transparency as it pertains to global supply and production. The criteria necessary to label a product "Made in" a certain country is easy to achieve. Brands can continue to keep manufacturing offshore for cost efficiency if "finishing, quality control and packing" take place in the "Made in" country itself (Solca, 2015, para. 3). Yet, the "where" of luxury goods' supply and production plays a major role in the luxury industry's overall sustainability efforts. As stated by Clarke-Sather and Cobb (2018), "where, how, and by whom apparel is manufactured has global sustainability implications" (p. 1207).

The Covid-19 pandemic has brought sustainability to the forefront of discussion within the luxury fashion industry. As stated in the Business of Fashion and McKinsey & Company's

“The State of Fashion 2020” report (2020a), “consumers and employees will continue to demand more from purpose-driven companies that champion their values – from climate change consciousness to diversity and inclusion” (p. 11). The forced pause brought on by the coronavirus pandemic created space for scrutiny, evaluation and innovation within the luxury fashion industry. As it pertains to sustainability, it will not be acceptable to carry on with business as usual. Today, consumers are much more digitally savvy and curious about their brands – “digitally connected consumers are able to more easily discover and expose false origin claims or organizations that fail to live up to ethical and safety standards” (Adams, 2015, para. 4). This research intended to understand how the Covid-19 pandemic did or did not impact five different luxury brands’ supply and production practices, specifically in terms of onshoring versus offshoring. It investigated how these luxury brands’ managed changes brought on by the pandemic and whether they had a short or long-term view. It aimed to understand how luxury brands’ themselves view heritage and the “Made in” mystique; and to what extent it factors into communication strategies with luxury consumers. Additionally, this study explored luxury consumers’ purchasing behaviors and the extent to which they factor in the “where” a product is made, assembled, finished and shipped from when ultimately making a luxury purchase. Based upon their answers, this study formed the basis for an Industry Report to better educate the consumer about the ways that luxury brands are adapting sustainable production practices in today’s market. This report, distributed through fashion social media accounts and blogs on fashion sustainability, addresses the transparency needed when it comes to reshaping and redefining luxury for the future.

## **LITERATURE REVIEW**

The purpose of this literature review is to understand the current knowledge around three areas: the importance of “where” as it pertains to the global supply and production of luxury goods, how luxury brands altered supply and production practices in the wake of 2020’s global crisis, and to what extent “where” factors into luxury consumers’ decision-making processes.

### **The Global Setting**

The Covid-19 pandemic, from here on “the crisis,” infiltrated our world in unprecedented ways. As of April 8, 2021, there have been 133 million confirmed cases and over 2 million deaths worldwide; and that number continues to rise (“Covid-19 pandemic,” 2021). While many industries have been significantly impacted by the crisis, consumer industries, like the fashion industry, have been rocked to their very core. With almost three-quarters of its listed companies losing money, 2020 has been the worst recorded year for the fashion industry (Business of Fashion & McKinsey & Company, 2020b). According to the McKinsey Global Fashion Index analysis, fashion companies will report approximately a 90 percent decline in economic profit in 2020 – a near incomprehensible downturn after a 4 percent rise in 2019. As stated in the Business of Fashion and McKinsey & Company’s “The State of Fashion 2021” report (2020b), “consumer [behavior] shifted, supply chains were disrupted, and the year approached its end with many regions in the grip of a second wave of infections” (p. 10). In order to survive and profit in the coming year, experts emphasize the importance of e-commerce and digital marketing, as well as a major shift in consumer behavior towards championing sustainability, fairness and social justice.

Amongst the different fashion markets – luxury, mid-market and value – fashion executives expect the luxury market to withstand the storm. This can be attributed, in large part,



to Chinese consumers. As explained by Lauren Thomas (2020), it is predicted that “...global luxury market [sales will] return to 2019 levels by the end of 2022 or early 2023, driven by digital sales growth and strength in China” (para. 15). As stated by Casey Hall (2020):

The country’s consumption rebound has been well documented, with retail sales returning to positive territory in August [of 2020] and global brands, from beauty companies like Estée Lauder, to sportswear players Nike and Lululemon and luxury conglomerates, including LVMH and Kering, showing strong growth in the market, buoyed by consumers forced to spend money at home instead of shopping trips abroad. (para. 3)

In fact, China is on track to become the biggest, most powerful luxury market by 2025 (Thomas, 2020). This prediction emphasizes the importance of investing in locality and local consumers. With widespread travel limited indefinitely, brands must “unlock pockets of demand and tailor assortments to attract more local customers” (Business of Fashion & McKinsey & Company, 2020b, p. 11). On top of that, fashion experts and executives recognize consumers’ growing interests in sustainability and ethics, particularly as it pertains to the supply chain. The Covid-19 pandemic alerted consumers to the unethical treatment and working conditions of the workers behind the “desirable” products. After the first wave of the crisis, “at least 3.5 million garment workers...lost their jobs, missed months of pay or had their salaries cut” (Milner, 2020). Experts predict that consumers will expect better treatment, security and justice for global fashion workers going forward (Business of Fashion & McKinsey & Company, 2020b). In fact, “66% of consumers said they would stop or significantly reduce shopping at a brand if they found it was not treating its employees fairly” (p. 48). The crisis also shed light on the finicky,

environmentally damaging nature of a global supply chain. President of the China National Garment Association Chen Dapeng (2020) explained in an interview with Regina Henkel:

The current crisis has a far-reaching impact on global procurement. More importance will be given to geographical proximity [onshoring], diversification and flexibility, which will certainly accelerate the pace of structural reconstruction of the production chain and even boost global relocation and transfer of some production capacity. (para. 7)

A reliance on worldwide supply, shipping and production not only implicates many people, but it also puts the environment at risk due to sky-rocketing carbon emissions and more. While the negatives associated with the crisis are vast, the silver lining is an emphasis on creativity and innovation. The crisis has opened all the windows and doors for industry professionals to make much needed changes to an outdated system; and, it has opened consumers' eyes to an unsustainable history that they may choose not to support.

### **The Umbrella of Sustainability: The Supply Chain**

Within the fashion industry, the term “sustainability” has wide-reaching implications. In fact, experts and scholars are often unclear as to what falls under the sustainable umbrella. Some facts, however, are indisputable. Christine Ro (2020) stated, “The fashion industry accounts for about 10% of global carbon emissions, and nearly 20% of wastewater. And while the environmental impact of flying is now well known, fashion sucks up more energy than both aviation and shipping combined” (para. 4). The fashion industry – including the luxury, mid-market and value sectors – relies heavily upon complex, global supply chains, meaning that products travel around the world and back before ever actually reaching consumers. While the fast fashion industry is often the sector in the hot seat, the real problem is “the frenetic pace of change [the fashion industry] not only undergoes, but encourages” (para. 6). Each year, luxury

designers create, produce and market multiple collections: Spring/Summer, Autumn/Winter, Resort, Pre-Spring and Pre-Autumn (De Klerk, 2020). As trends quickly change, this ultimately leads to excess, unused and wasted inventory. Recent research indicates, however, “...that social and environmental sustainability has become a burning priority for apparel companies, just as it is becoming an increasingly important issue for consumers and governments” (McKinsey & Company, 2019, p. 3). Despite the fashion industry’s acknowledgement that it must do better, “there [was] no common, objective industry standard on sustainable sourcing” (p. 11).

In May 2020, Condé Nast, in partnership with the Centre for Sustainable Fashion, created The Sustainable Fashion Glossary in order to create a common, sustainability language for fashion industry professionals. As defined by The Glossary (2020) and for the purpose of this research, the “supply chain refers to all the processes, organizations and individuals involved in turning raw materials into finished products and delivering them to customers.” Compounded by its global nature, fashion’s supply chain is extremely difficult to trace. Further explained by The Glossary (2020) under the definition for “supply chain:”

The rapid shift to offshore manufacture since the 1990s means that most of these processes now typically take place away from the geographic location of the commissioning company and its target market, and so finished products are shipped yet again to where they are sold.

Ultimately, offshoring dilutes responsibility for the social and environmental impact of fashion’s supply and production. Unfortunately, diluting responsibility is often done intentionally.

Companies will hire subsidiary companies to manage international supply and production practices, so that the responsibility for unethical practices is difficult to pinpoint. In order to better manage and measure the environmental impact of supply and production, fashion brands

must work to increase transparency and traceability. Brands, industry professionals and consumers must be able to trace the journey and origins of products – from raw materials to the final, finished piece. Tragic instances, like the 2013 Rana Plaza disaster in which 1,134 garment workers were killed when a clothing factory collapsed, sparked movements like Fashion Revolutions’ “Who Made My Clothes” to encourage transparency, traceability and accountability as it pertains to human rights and the environmental implications of fashion’s supply chain (Omotose, 2018).

### **Supply Chain Economics**

In her book *Doughnut Economics: 7 Ways to Think Like a 21<sup>st</sup> Century Economist*, Kate Raworth (2017) explained that, somewhere along the way, economists stopped focusing on all that humans value in life and started exclusively looking to GDP as a measure of success and growth. Despite the fact that billions of people fall short of achieving the most basic human needs – food, water, health, security, income, education – our society remains hyper-focused on doing whatever it can to achieve and “progress” financially, meaning infinite growth using finite global resources – an impossible feat. Meanwhile, the very system that sustains us – Earth – pays the price of our relentless growth mindset.

Over the last few decades, the fashion industry shifted its supply chains (supply and production) offshore (Robinson & Hsieh, 2016). As stated by Dana et al. (2007), “...offshore production brings significant reduction in direct wages and increased productivity which leads to higher returns” (p. 48). By taking advantage of “[labor] market differentials,” fashion brands save substantially by outsourcing supply and production to “less-developed countries or newly [industrialized] countries” (p. 48-49). Outsourcing supply and production to lower-cost countries initially seemed to be a potential catalyst for a trickle-down effect – meaning the more money

that the wealthy spent, its economic benefits would trickle down to the poor. That has not been the case. The wealthy have saved their money; and the divide between the rich and the poor continues to grow. While it is true that consumers once demanded products at the cheapest price-point possible, today's consumers demand speed. Andersson et al. (2018) explained, "...the offshoring model is hardly compatible with the new need for speed. Shipping inventory from Asia via sea to Western markets typically takes 30 days. Such a long lead time eliminates any possibility of flexibility and differentiation" (p. 8). Andersson et al. (2018) continued, today, "speed beats marginal cost," so brands must "make bold, yet disciplined and balanced investments in nearshoring, automation, and sustainability" (p. 5). Rather than investing in environmentally and socially conscious supply and production practices, companies place orders from lower-cost countries in bulk to ensure they have enough product. They then waste whatever doesn't work or isn't wanted by the consumer. In other words, companies place their bets on cheap products and simply waste the rest by either discarding it in landfills or incineration. The Covid-19 pandemic further highlights this assertion. Milner (2020) quoted Professor Mark Anner, director of the School of Labor and Employment Relations at Penn State University, in an article for the Business of Fashion: "Covid-19 has exposed to a much greater degree just how fragile these supply chains were...It has made the problems that much clearer to a lot of observers" (para. 6).

As stated by Bridget McCrea (2020), "as companies work to shore up their global supply chains, some...firms are turning to reshoring or near-shoring manufacturing operations as a way to avoid disruptions inflicted by worldwide events like the Covid-19 outbreak" (para. 1). Experts hypothesize that "nearshoring," or onshoring, supply and production practices could not only be financially beneficial, but also add value and prestige to fashion brands – luxury ones in

particular (Andersson et al., 2018, p. 11). Robinson & Hsieh (2016) explained that luxury's success depends on a myriad of factors – one of them being “country of origin” or “the made-in effect” (p. 91). By concentrating supply and production practices to local partners, luxury brands emphasize transparency, sustainability and the all-important “heritage” factor (p. 91). What luxury consumers fail to realize is that many of their preferred “heritage,” luxury brands are not actually produced in the stated “country of origin.” The standards to be met in order to label something “Made in” a certain country must become more stringent because until transparency is a requirement and expectation, even luxury brands will continue to offshore supply and production to cut costs. The question remains, however, as to whether or not luxury brands can achieve current, or increased, profit levels if they onshore supply and production. Offshoring enables lack of accountability, which allows for cheaper prices and exploitation of both the environment (waste management regulation, greenhouse gas emissions, etc.) and its people (lower wages, questionable working conditions, long hours, etc.) – even for luxury brands.

### **Behavioral Economics of Choice**

It can be argued that much of economic theory is flawed. In his book *Misbehaving: The Making of Behavioral Economics*, Richard Thaler (2015) explained, “the core premise of economic theory is that people choose by optimizing. Of all the goods and services a family could buy, the family chooses the best one that it can afford” (p. 5). Thaler (2015) went on to explain that much of economic theory is formulated around the fictional *homo economicus*, or “Econ,” character (p. 4). An Econ is rational and unbiased – making choices based upon a strategic, mathematical “optimization + equilibrium” equation (p. 6). Humans, however, are far from rational and unbiased. Termed “supposedly irrelevant factors,” humans – more often than not – make decisions based on factors such as passion, desire, availability and a lack of total

awareness or knowledge (p. 9). Behavioral economics intends to fill the gap created by economic theories focused on fictitious Econs. Thaler (2015) stated, behavioral economics "...is still economics, but it is economics done with strong injections of good psychology and other social sciences" (p. 9). Farrell (2017) defined behavioral economics as "the subfield known for exploring how psychological biases cause people to act in ways that diverge from pure rational self-interest" (para. 1).

Thaler, in partnership with Cass Sunstein, developed "nudge theory." In simple terms, nudge theory "...encourages people to make decisions that are in their broad self-interest" (Chu, 2018, para. 3). In their book *Nudge*, Thaler and Sunstein (2008) stated, "by knowing how people think, we can make it easier for them to choose what is best for them, their families and society" (para. 6). Thaler and Sunstein recommend policy changes that "...structure choices so that people are going to be nudged into making the choice that is probably best for them" (Farrell, 2017, para. 4). As Thaler says, "make it easy" (para. 5). While this theory has certainly been criticized as being undemocratic and infringing on people's civil liberties, its implications are interesting in relation to sustainable consumption in the fashion industry. Despite the fact that "70 per cent of consumers perceive themselves to be ethical decision makers" and state a desire for sustainable products, the majority of consumers do not actually purchase ethically or sustainably (Arrington, 2019, p. 77). Termed "the paradox of consumerism and caring," Arrington (2019) postulated that consumers are complacent about sustainable and ethical fashion because they consume in an overstimulated marketplace and they are detached from the impact that unsustainable fashion has on both the environment and people around the world (p. 78). Arrington (2019) stated:

Consumers want a lot of choices at cheap prices and manufacturers cut corners and make decisions, which provide what the consumer demands. After all, manufacturers are in business to make a profit, often regardless of what is best for the worker and the environment. (p. 78)

How could the luxury fashion industry “make it easy” for consumers to purchase ethically and sustainably? Industry experts argue that the luxury sector is the exact place to truly integrate and market sustainability. Arrington (2019) explained, “the luxury consumer is very vocal about social and environmental issues and they are willing and able to make their concerns a priority with the way they purchase” (p. 82). It must be noted, however, that there is often a discrepancy between what consumers *say* they care about and how they actually *purchase*. With luxury consumers in mind, potentially the way to ensure that they purchase sustainably is to make the choice easy for them – to nudge them in the right direction. If more luxury brands were to adopt and market sustainable supply and production practices, it would limit an otherwise overwhelming marketplace for consumers – making the choice easy.

### **A Carrot and a Stick**

This research primarily focused on the ways in which the luxury industry and its consumers factor in sustainable supply and production practices; but it must be recognized that there is an ongoing debate about who is responsible for driving sustainable choices – the government, the industry itself, the consumers or potentially all three. Research shows that both the luxury industry and its consumers are beginning to truly consider and factor in sustainable supply and production, but skeptics argue that sustainable supply and production practices won’t be effectively and honestly implemented until governments issue legislation to guide and monitor supply and production practices (Darnall, Welch & Cho, 2019). Basically, the industry



will continue to cut corners (offshore supply and production to lower-wage countries with careless regulations) in an effort to save money until it is illegal for them to do so. One way to illustrate this point is to think about seat belts. Seat belts dramatically reduce the risk of death or injury due to car accidents by 45% and 50% respectively (“Policy Impact: Seat Belts,” 2021). Despite the fact that a law requiring manufacturers to fit seat belts into vehicles went into effect in 1968, it wasn’t until 1984 when failing to wear a seat belt became illegal that people actually began to obey the law; and today, 1 in 7 people still fail to buckle up. An example more closely related to sustainability is the “Pfand system” in Germany. According to an article entitled “The Pfand system” (2021), it stated:

In Germany, there is a bottle return system. When you purchase certain products, you pay a deposit (*Pfand*) for the bottle. When you return the empty bottle, you get your deposit back. This encourages people to return their empty bottles. The empty bottles are then reused or recycled. (para. 1)

While the Pfand system isn’t foolproof, it illustrates that not only regulations, but also incentivizing individuals works to increase sustainable practices. These two examples intend to illustrate that governments must more stringently regulate or incentivize the luxury industry’s supply and production practices in order to avoid greenwashing surrounding the “Made in...” mystique.

Greenwashing is defined as “the process of conveying a false impression or providing misleading information about how a company’s products are more environmentally sound” (Kenton, 2021, para. 1). Country of Origin and the “Made in...” effect play a central role in not only how luxury brands formulate brand image, but also in how luxury consumers perceive, treat and ultimately purchase luxury products (Robinson & Hsieh, 2016). There is a caveat, however,

within Country of Origin and the “Made in...” mystique. The regulations and legislations guiding the requirements for products to be labelled “Made in...” a certain country are highly varied and not as stringent as consumers may think. For example, in order for a product to be labelled “Made in USA,” the Federal Trade Commission requires that “all or virtually all” of the product must be made in the United States (TFL, 2017a, para. 3). In other words, the product must contain “no—or negligible—foreign content” (para. 3). In order for a product to be labelled “Made in France,” the manufacturer or importer of the product “must be able to prove that the product has been fully manufactured in France or that its ‘final substantial transformation’ was performed in France” (para. 4). Then, for a product to be labelled “Made in Italy,” the product must have been “designed, processed and packaged exclusively in Italian territory” (“What is Made in Italy,” n.d., para. 3). Here’s the issue: when brands rarely know the full extent of their products’ supply chain, how are they supposed to provide reliable evidence to back up a claim that “all or virtually all” of the product is “Made in...” a certain country? Consumers must also pay close attention because if a product is labelled “Assembled in...” a certain country then that means the company has not explained from where the product’s parts are sourced and manufactured – “even when no other part of the product has been created in the country, if the last stages of assembly or completion are done in [the country’s] factory or studio, it can still qualify” (“Made in America vs. Assembled in America,” 2019, para. 11).

In 2017, Selima Optique, a luxury eyewear brand and curated eyewear boutique, filed a lawsuit against Kering claiming that the conglomerate was:

Employing a “bait-and-switch scheme” by “deliberately and falsely represent[ing] that their eyeglasses and sunglasses are ‘Made in Italy,’” when “in truth, their products, or

substantially all parts of their products, are made in China, and (at best) shipped to Italy for final assembly and packaging, and then exported.” (TFL, 2017b, para. 2)

Despite the fact that Kering denied the allegations, this lawsuit highlighted the fact that Country of Origin and the “Made in...” mystique matters to both brands and consumers – so much so that luxury brands are willing to cut corners in order to save money on supply and production but deceive consumers as to where the product was actually made. In order for greater education and transparency to occur, country’s governments must work together to create and instate stricter “Made in...” requirements and regulations; and, on top of that, governments must hire trained and educated individuals who can effectively and fully monitor these processes. In other words, for sustainable supply and production practices to truly become a central facet of the luxury industry, there must be a carrot and a stick mindset – meaning there should be a combination of reward and punishment. The luxury industry must be legally required to abide by transparent supply and production practices and rewarded for doing so by the government and the consumers.

While it is the government’s responsibility to formulate and implement regulations regarding sustainable and transparent supply and production practices, it is the industry’s responsibility to abide by those regulations. Even though it could be argued that the government currently falls short in effective legislations surrounding supply chain transparency, the industry must educate itself and enhance its sustainable supply and production practices. The consumers, however, play an interesting role in enhancing the luxury sector’s sustainability practices. It could be argued that, at the moment, a lot of the responsibility lies in the consumers’ hands. Consumers must decide to change their overconsumption and shopping behaviors, in general. Ultimately, the market matches the consumers’ demand; so, it can be postulated that if

consumers demand sustainability, then the market will match their request. All in all, all three key players – the government, the industry and the consumers – play a vital role in lessening the luxury industry’s environmental impact; but, it is going to take a top-down approach in order for sustainable practices to be effectively and honestly implemented. As stated by Darnall, Welch and Cho (2019), “regulatory policy approaches are a primary driver for why companies adopt and implement sustainable supply chains” (p. 518). Sustainable behaviors must be implemented and enforced at the top of the ladder if they are expected to be adopted by those at the bottom.

### **The Concept of Luxury**

In general, scholars agree that luxury is often defined and associated with certain characteristics, including exclusivity, selectivity, limited accessibility, rarity and expense, among others (Halwani, 2019). Heritage luxury brands, which Halwani (2019) defined as “any luxury brand that has a long history and have successfully retained original features or corporate stories from the past,” are seen in consumers’ eyes as timeless, quality and evoking an overall higher level of prestige (p. 2). In an interview with Suzy Menkes (2010) for *The New York Times*, former chief executive of Gucci, Patrizio di Marco, stated, “authentic heritage is built upon real traditions and values, built upon experience, passion and know-how handed down over generations” (para. 13). Heritage luxury brands like Gucci, Chanel, Cartier and Hermès consistently deliver value over time leading to positive brand associations and an overall increase in purchase intentions among luxury consumers (p. 5). Ardelet, Slavich and Kerviler (2015) stated that heritage luxury brands “...encourage the recall of narratives that consumers build with the brand over time. Hence, the stronger the luxury brand heritage, the higher the capacity of the brand to generate self-referencing narratives and the stronger the preference for the product” (p. 2039). In the luxury fashion industry, over 80 percent of the brands originate from the same few

countries, particularly Italy and France (p. 153). Krupka, Previšić and Došen (2014) defined country of origin (COO) as “an extrinsic product attribute indicating the country where a product was made, was assembled, or both” (p. 155).

### **Risk & Reward: The Financial Implications of Sustainability**

Despite the fact that sustainability efforts create “additional costs” for brands, consumers, now more than ever, are demanding transparency and authenticity (Parisi, 2020, para. 2). In an interview with Mike Scott (2017), Diana Verde Nieto, founder of Positive Luxury, a luxury brand consultancy that focuses on sustainability initiatives, stated:

Sustainability is now a major part of the luxury brand proposition...Luxury brands are facing the same pressures as other companies to take more account of environmental, social and ethical issues such as climate change, resource scarcity, water stress, child and forced [labor], bribery and corruption. (para. 4)

Today’s consumers “...want to know how the product is made, who has made it and in what conditions” (para. 6). As explained by Jessica Davis (2020) for *Harper’s Bazaar*, it seems as if consumers are shifting away from frivolous spending and instead investing in long-term, luxury pieces (para. 15). On top of that, second-hand fashion is skyrocketing and is predicted to potentially overtake the fast-fashion market by 2029 (para. 17). Due to the fact that luxury brands’ value and prestige is tied up in its overall image, it is absolutely imperative that it deal with sustainability (Scott, 2017). If a luxury brands’ actual supply and production practices fail to meet consumers’ expectations then it is likely that the brand will lose business in the long run. In her book *The Sum of Small Things: A Theory of the Aspirational Class*, Elizabeth Currid-Halkett (2017) discussed how today’s elite consumers, whom she terms “the aspirational class,” define value and status inconspicuously “...through the adoption of values and aesthetics and the

ability to decipher symbols and signs beyond materialism” (p. 48). One of these essential aspirational values is a knowledge of and participation in sustainable consumerism. While it is true that adopting sustainable supply and production practices will come at a cost for luxury brands, the luxury consumer, in particular those that fall into the aspirational class, are already primed and willing to spend a premium price point. On top of that, due in part to the effects of the Covid-19 pandemic, the risks to luxury brands continuing supply and production practices as usual are that consumers will turn on them in favor of sustainable companies. It should also be noted that the Covid-19 pandemic highlighted the fact that the traditional, “business as usual” supply chain model is not resilient in the face of adversity. Overall, the potential financial rewards for luxury brands becoming more sustainable seem to outweigh the risks; or rather, companies are beginning to realize that the risks of inaction outweigh the potential short-term profits of business as usual – in other words, “transparency equals profit” (Scott, 2017, para. 29).

## **KEY CONCEPTS**

The central concepts key to this study include the Covid-19 pandemic, supply chain economics, the behavioral economics of choice, sustainability as it pertains to onshoring and offshoring supply and production, luxury consumer preferences, luxury and the country-of-origin construct and lastly the financial implications of luxury brands becoming more sustainable. The Covid-19 pandemic impacts almost every human, every industry, every facet of life across the globe. Its effects will be ingrained into our society’s operations well into the future. On top of that, it is essential to understand the ways in which consumer behavior impacts the supply chain. Consumers drive not only the success, but also the decision-making of the fashion industry. A desire for cheaper, quicker, readily available products encouraged brands to shift supply and production offshore to lower-cost countries in the 1980s and 1990s. Today’s consumers,

however, are seemingly more interested in quality investments that benefit both themselves and society at large – specifically the environment and human rights (Business of Fashion & McKinsey & Company, 2020b). Despite this stated intention, consumers continue to deviate from sustainability interests – a so-called “paradox of consumerism and caring” (Arrington, 2019, p. 78). Within the luxury industry, research indicates that country of origin plays a part in consumers’ perceptions and purchase intentions. The Covid-19 pandemic keyed consumers into fashion’s, even luxury’s, reliance on offshore supply and production, which significantly impacts the image of luxury that consumers once had. With digital growing and consumers demanding transparency and access from their desired brands, industry experts emphasize the financial implications of fashion failing to become more sustainable. These questions and conversations are happening right now within the luxury fashion industry.

The answers this research uncovered are timely and necessary in helping both luxury brands and consumers embrace sustainable supply and production. Through in-depth interviews with luxury brand representatives and luxury consumers, as well as a consumer survey, this research provides both qualitative and quantitative insight into the impact that the Covid-19 pandemic has had, and continues to have, on luxury’s supply and production practices, what that means to consumers and what that could mean for the future of the industry.

## **Research Questions**

There are two major research questions, as well as exploratory questions, that need to be answered as fully as possible before analyzing and generalizing the findings of this study.

**RQ1:** Have the global events of 2020 influenced luxury brands’ practices in favor of “onshoring” supply and production; if so, why, how and will it last?

**RQ1a:** Have the global events of 2020 placed economic pressure on the luxury industry – in particular, in favor of sustainable change in supply and production practices?

**RQ1b:** In the wake of the global events of 2020, have luxury brands felt pressure from consumers to make change in favor of sustainable supply and production practices? Are luxury brands making changes in favor of sustainably supply and production? If so, what are they planning?

**RQ1c:** Have the global events of 2020 encouraged a return to country of origin centric supply and production practices?

**RQ1d:** When making significant changes in the business, is the focus on long-term change or simply surviving the current crisis?

**RQ2:** To what extent do supply chain dynamics impact choice for luxury consumers; if they don't, could they?

**RQ2a:** What feelings and perceptions are associated with country of origin as it pertains to luxury products?

**RQ2b:** What feelings and perceptions are associated with country of origin as it pertains to luxury brands' supply and production practices?

**RQ2c:** Do consumers truly believe that products are supplied and produced in the luxury brands' country of origin? If consumers were to discover that luxury brands also outsource supply and production to lower-cost countries, how would that change their perception of the products' value?

**RQ2d:** What can luxury brands do to make sustainable supply and production a greater factor for luxury consumers' purchase intentions?



The results of the research and its data are a basis for an Industry Report capable of providing a better understanding surrounding the transparency needed in this industry.

## **OVERVIEW AND DEFENSE OF METHODS**

In order to answer and analyze the research questions, I used a mixed methods approach to my research topic. As stated by Wimmer and Dominick (2014), “a mixed methods approach is one in which the researcher collects, analyzes, and integrates both quantitative and qualitative data in a single study...” (p. 121). This allowed me to utilize both quantitative and qualitative data to inform my overall analyses.

For my qualitative method, I utilized in-depth interviews. I interviewed five different luxury brand representatives coming from different countries and seven different luxury consumer types. The interviewees’ identifying information remains confidential. For the luxury brand representatives, the in-depth interviews allowed for essential insight into the luxury industry as it is currently operating and changing in the midst of Covid-19. The interviewees were able to provide me with exclusive access and information into and about my key concepts. For the luxury consumers, the in-depth interviews enabled the gathering of essential insights from this niche group. It allowed me to better understand the luxury characteristics and attributes that impact consumers’ purchase intentions. Between in-depth interviews with these two groups (luxury consumers and luxury brand representatives), I gained an understanding of sustainable supply and production practices, specifically onshoring, as it pertains to both luxury brands’ and luxury consumers’ perceptions of it.

For my quantitative method, I used an analytical survey. According to Wimmer and Dominick (2014), “an analytical survey attempts to describe and explain *why* situations exist” (p. 192). This type of survey better fits my research topic because I attempted to understand and

analyze consumer behaviors, not just describe them. Utilizing survey software platform Qualtrics, the survey was distributed to five-hundred-and-twenty-six anonymous consumers over the age of eighteen. The survey explored this study's key concepts through a myriad of interesting, thought-provoking questions. Responses to this survey enabled me to gain a more generalized understanding of consumers' perceptions of luxury and sustainable supply and production. The quantitative insight attained through the survey in combination with the qualitative insight attained through the in-depth interviews provided me with a holistic understanding of luxury brands, luxury consumers and sustainable supply and production in the midst of Covid-19.

### **Research Setting**

I conducted this research from Chapel Hill, North Carolina, but the research participants came from all over the world. Since video communication, like Zoom, has become so normalized, I was able to speak with and interview people who I would never have access to face-to-face. Despite the fact that my specific location and research setting was Chapel Hill, North Carolina, the real research setting was worldwide because my participants came from all over – thanks to digital communication.

### **Participants**

For this research project, I worked with key industry people. For the research questions pertaining specifically to luxury brands' supply and production practices, I spoke to five luxury brand representatives from five different luxury brands and different countries including France, Italy, the United States of America and Germany. For the research questions pertaining to luxury consumers, I spoke to seven different luxury consumers: two luxury boutique owners, two luxury stylists, one Gen Z luxury consumers, a Creative Director at an agency that specializes in luxury

clientele and a self-proclaimed “luxury fanatic.” The luxury consumers are based out of New York, North Carolina and South Carolina. For the quantitative aspect of this study, which is a survey, I obtained five-hundred-and-twenty-six anonymous survey responses from consumers over the age of eighteen coming from all over the world. For the qualitative in-depth interviews, all interviewees’ identifying information remains completely confidential. The only people with access to this information are myself, McGee Bosworth, and my chair, Dana McMahan.

### **Sampling**

The luxury brand representatives were recruited via convenience sampling. These individuals are part of mine and my advisor’s existing network of professional contacts. These individuals were determined potentially eligible due to their occupation and their connection to the brand for which they work. For example, these individuals may have a role in the Marketing or PR departments at a luxury brand like Gucci or Fendi. Either myself or my advisor knows these individuals due to our own professional or personal endeavors. Once determined eligible, these individuals were contacted via email to determine whether or not they would like to participate. Once they expressed interest in participating, they were sent a consent form. Once this paperwork was completed, they were contacted again via email to schedule an interview that took place over Zoom. The recorded interview, the interview transcription, any and all correspondences as well as the consent forms were saved on a computer that is protected by fingerprint identification and a password. I, McGee Bosworth, am the only one with access to this computer.

The luxury consumers were recruited via convenience sampling. These individuals are part of mine and my advisor’s existing network of personal and professional contacts. These individuals were determined potentially eligible due to their occupation or due to their consumer

behaviors. For example, these individuals may be frequent shoppers at a luxury boutique in either Chapel Hill, Raleigh or Charlotte, North Carolina; or these individuals may be personal connections who have expressed an interest in the luxury sector. Either myself or my advisor knows these individuals due to our own professional or personal endeavors. Once determined eligible, these individuals were contacted via email to determine whether or not they would like to participate. Once they expressed interest in participating, they were sent a consent form. Once this paperwork was completed, they were contacted again via email to schedule an interview that took place over Zoom. The recorded interview, the interview transcription, and all correspondences as well as the consent forms were saved on a computer that is protected by fingerprint identification and a password. I, McGee Bosworth, am the only one with access to this computer.

The survey participants were part of Qualtrics's existing network of potential survey respondents. I ultimately purchased a panel of five-hundred respondents from Qualtrics. In Qualtrics' soft survey launch, I gained another twenty-six respondents. In total, I received five-hundred-and-twenty-six responses. When I spoke with the Qualtrics liaison, I indicated that I needed a sample of five-hundred respondents who are a minimum age of eighteen. There was no maximum age for survey respondents. I limited the respondents to English speakers. With that information, Qualtrics distributed the survey to suitable respondents. Qualtrics ensured that I met the necessary sample size. Qualtrics compensated the survey participants with the fee that I paid to purchase the survey sample. I had no hand in actively sending out the survey. Once the data was completed, it was stored on my encrypted UNC Chapel Hill Qualtrics account. This account is protected by a login and password; and it was also stored on my personal computer that is protected by fingerprint identification and a password.

## **Data Analysis Methodology**

After gathering the data, I relied heavily upon a content analysis composed of annotating and organizing information into understandable and thematic groups to answer my research questions. According to Wimmer and Dominick (2014), this is an inductive approach to data analysis: “data are collected relevant to some topic and are grouped into meaningful categories; explanations emerge from the data” (p. 122). First, I analyzed the survey data. I went through the data to pull out key patterns and interesting data points. I also utilized Qualtrics’ data analysis tools to better understand the quantitative aspects of my survey. During the “category refinement stage,” I used the quantitative data to categorize the six main findings (p. 124). Then, I went through the transcriptions and recordings of the in-depth interviews. I also took field notes during these interviews to allow for a more comprehensive record of the conversation. Using luxury brand representatives’ and luxury consumers’ perspectives from the in-depth interviews, I was able to add color and depth to the major quantitative data points that were found in the survey. This allowed me to find “the relationships and common patterns” across the different findings (p. 124). The goal was to draw out the major themes from the data and use them to understand and explain luxury brands’ supply and production practices in the midst of the Covid-19 pandemic, luxury consumers’ perceptions and purchase intentions as it pertains to supply and production practices and then, how luxury brands can communicate sustainable practices in a way that will ultimately appeal to consumers and promote sustainable consumption.

## **DELIVERABLES**

### **The “Where” of Sustainable Luxury**

This original research culminated in a comprehensive Industry Report in the form of an e-book entitled, “The State of Luxury Fashion: ‘Where’ Do We Go from Here?” The report will be

distributed through the University of North Carolina at Chapel Hill's Workroom FashionMash Program as part of a fashion blog called "Is Green the New Black." The blog, in which I've authored over 50 posts on the many dimensions of sustainable fashion, details the industry's tumultuous relationship with sustainability – particularly as it pertains to the "where" of supply and production. Information from the in-depth interviews with luxury brand representatives and luxury consumers done during this thesis provides readers with insights into the ways in which the Covid-19 pandemic impacted luxury's supply and production practices; and most importantly, how those changes impact consumers' perceptions and purchase intentions. The survey data provides a more comprehensive view into consumers' perceptions and definitions of luxury, sustainability, supply and production and their ongoing relationship. For brands, an industry report provides insight into the consumer mindset – better informing them on what their consumers care about and how to market their sustainable supply and production practices in a way that will appeal to its target audiences. For consumers, it provides insight into the luxury industry and what it means to supply and produce sustainably. The overall goal of this report is to provide fashion lovers and industry experts alike with a deep-dive into the importance of "where," what it means to luxury and how the relationship between sustainability and fashion has changed and grown throughout the Covid-19 pandemic.

## **LIMITATIONS**

Overall, this research deals with a very niche group of brands and consumers: the luxury sector. Therefore, all the findings, discussions and implications of this research must be viewed within the lens of luxury brands and consumers. The fact of the matter is that billions of people cannot afford even the most basic human needs – food, water, health, security, income, education; so, a limitation of this research is that it deals exclusively with a niche group of both

brands and consumers that are not generalizable to the wider population. On top of that, this research looks into one facet of sustainability: the “where” of supply and production practices. Sustainability is a far-reaching umbrella that covers a myriad of both social and environmental topics. Despite the fact that the term “sustainability” may be used independently, this research solely investigated supply and production. The subjects investigated throughout this research are very current. New studies, articles and explorations are published every day. Even though this research covered and explored topics in significant depth, the state of these topics is rapidly changing. Therefore, the results of this research must be considered in combination with the research that is newly published in the moment.

As it pertains to the methodological limitations of this research, the primary issues lie in the qualitative methodology: in-depth interviewing. First of all, the interviewees were selected via a nonrandom, convenience sampling method. All participants were members of either my own or my advisor’s professional and/or personal network. Participants were determined to be eligible dependent upon their occupation and relationship to the luxury industry. It could be, however unconsciously, I selected participants that may lean in favor of either my own personal beliefs on the research topics or what I ultimately desired to find throughout the research process. While I did my very best to remain unbiased throughout the interview process, it is possible that I may have given nonverbal cues, potentially swaying interviewees’ responses. It should also be noted that this thesis deals, in large part, with sustainability. Sustainability is a very current, and potentially sensitive, topic in today’s society. This could mean that interviewees altered their answers in an effort to appear more sustainable and ethical than they actually may be. Lastly, as it pertains to in-depth interviewing as a research method, the sample size for this research was quite small: twelve interviewees in total – five luxury brand representatives and seven luxury

consumers. This means that whatever the interviewees stated, even though it's both interesting and insightful, isn't necessarily representative of the whole population. In order to accommodate for this limitation, a random, consumer survey method was also utilized. It should be noted, though, that in an effort to obtain a generalizable perspective on luxury consumerism, survey respondents subjectively defined "luxury." Therefore, survey respondents' definitions of "luxury" could be vastly different than my own definition or the definitions of the in-depth interviewees.

## **FINDINGS**

Overall, there are six central findings that came out of this research study. In this section, each finding is stated, explored and supported independently.

### **Country of Origin – "Where" – Matters**

To both luxury brands and luxury consumers, "where" absolutely matters. It is an integral part of the luxury story. "Where," specifically as it pertains to Country of Origin and the "Made in..." mystique, plays a central, vital role in not only how luxury brands formulate brand image, but also in how consumers perceive, understand and ultimately purchase luxury products.

According to the consumer survey data, of those respondents who answered "yes" to having purchased a luxury product in the last three years, 80% factor in the "where." On top of that, 85% of those same luxury respondents associate luxury with foreign production either "somewhat" or "very much so;" and 81% consider Country of Origin either "somewhat" or "very much so" when making purchasing decisions. To illustrate this point further, an 18-to 24-year-old white male from Canada stated, "usually that which is international means of greater value or exclusion and therefore luxury." An over 55-year-old white female from the American West



stated, “[consumers] will know what to expect in the quality if [they] know where the product was made.”

In order to be labelled a “luxury” product, there are three essential characteristics: history, reputation and craftsmanship. A luxury boutique owner interviewee (2021a) defined luxury as “...handmade, personal...craftmanship passed down for generations.” Country of Origin significantly impacts the development of these characteristics. For example, leather goods manufacturing has been a central facet of Italy’s economy since as early as the 11<sup>th</sup> century. Many of the major, Italian luxury fashion houses started off as leather goods manufacturers in some capacity. To consumers, “Made in Italy” is synonymous with quality materials and expert craftsmanship that have been perfected over centuries and centuries of work. When consumers purchase products from a luxury Italian label, they are buying into the history of the brand; and, so much of a brand’s history and image is shaped by the country in which it was founded and operates. In response to an outright question about whether or not “where” matters to its consumers, a representative from Courser (2021), a start-up luxury performance sneaker brand, stated, “100%. Made in Italy matters – no question about it. We chose Italy because it, quite frankly, represents the best.” In response to a question about why consumers are willing to spend a higher price point on its products, a representative of Italian luxury brand Versace (2021) stated, “a lot of it has to do with the quality and craftsmanship...but also being a part of [the story and history]”. When asked what makes it a luxury, a representative of French luxury brand Chanel (2021) stated, “it’s the consistency in creation since more than 120 years... consistency since the beginning.” When thinking about the quality of the materials and craftsmanship as well as the brand’s reputation, either consciously or subconsciously, consumers are absolutely factoring in the “where” and luxury brands are emphasizing the “Made in...” mystique.

## **“Where” is Multidimensional**

For the purposes of this research, “where” meant a couple of things – not only a brand’s Country of Origin, but also where its materials are sourced, and products are produced. Country of Origin and then the countries in which products are supplied and produced are often not synonymous. While a large portion of offshoring occurs for cost reasons, another factor is that certain countries specialize in specific design elements or raw materials. For example, the finest and softest sheep’s wool is Merino wool and about 80% of it all comes from Australia; or the most luxurious tailoring for menswear originates on Savile Row in London, UK. Brands’ home countries might not be equipped to supply and produce certain raw materials; and domestic artisans may not be skilled in the necessary design elements. For the luxury industry, it is important for materials and craftsmanship elements to come from the country in which that element is of the absolute premium quality. This point was further illustrated in in-depth interviews with both luxury brand representatives and luxury consumers. A representative from Chanel (2021) stated:

Some of Chanel’s shoes were probably manufactured in Italy, but it is okay because we know that Italy is where the luxury shoes come from... the ‘Made in...’ is not to say that everything from the brand is [supplied and manufactured] in the same country, but if you make it somewhere else [it should be where the best quality materials and craftsmanship are].

In response to a question about factoring in Country of Origin when making luxury purchases, a luxury stylist interviewee (2021a) stated, “if I look and see something that’s labelled ‘Made in Hong Kong’ if it’s like a cashmere sweater, being in the business, I know that’s where the best cashmere actually comes from.” Another luxury stylist (2021b) stated, “there are certain

countries that have a reputation for putting out a finer craftsmanship within the world of clothing and fashion just like certain countries are known for making certain cars.” Building onto this point even further, a former representative of German luxury brand Karl Lagerfeld (2021) stated, “the meaning of [where] is changing...what’s important is the quality – the material, the workmanship, the fit.” Overall, “where” is multidimensional. It not only refers to the brand’s Country of Origin, but also from where the materials are supplied as well as where the product is ultimately produced. As it pertains to the luxury industry, to both brands and consumers, the most important factor is premium quality.

### **Covid-19 Pandemic Encourages the Embrace of Sustainability**

The Covid-19 pandemic impacted much of the luxury industry’s global supply chain – forcing it to rethink a system that’s been in place for decades. It comes as no surprise that a global supply chain has a double-edged environmental and humanitarian impact. Therefore, experts speculated that the Covid-19 pandemic may have been the “black swan” event necessary to push the luxury industry into the sustainable future. In many ways, industry representatives agree. In response to a question about whether or not the events of 2020 and now 2021 have placed both economic and social pressure on luxury brands in favor of sustainability, a representative of American luxury label Ralph Lauren (2021) stated, “this past year has been really unique where consumers don’t have much to do except for listen, so you’ve seen a lot of causes come to a head...sustainability has been something top of mind and now, enough is enough and it’s time to take action.” In response to the same question, a representative of Versace (2021) stated, “everyone’s been given a unique opportunity to take a moment...people have been given more time to rethink their ways of working. Sustainability has catapulted to the forefront...[and] you don’t want to be on the wrong side of history.”

In particular, the Covid-19 pandemic forced the luxury industry to rethink and reimagine its supply and production practices. Many proponents of making fashion's supply and production practices more sustainable argue that onshoring, or nearshoring, is the way to go. Onshoring, or nearshoring, increases sustainability in two major ways: (1) shorter lead times, which leads to less over purchasing and wasted product; and (2) less shipping, which significantly reduces the industry's carbon footprint. A former representative of Karl Lagerfeld (2021) explained:

There has definitely been a shift for luxury brands to nearshoring...by nearshoring, one of the more important factors is that it's very hard to predict volumes or sales due to Covid, so being able to have shorter lead times and being able to respond much faster and closer to the market is essential.

However, even though luxury brand representatives recognize the positive environmental impact of onshoring supply and production practices, onshoring or nearshoring, in-and-of-itself, isn't necessarily a sustainable practice for the industry. First of all, the cost of nearshoring all supply and production practices would potentially raise products' cost exorbitantly, which is something consumers fear. In response to a question about terms one would associate with sustainable luxury, 21% of all consumer survey respondents selected "more expensive" – the second highest ranking choice. An over 55-year-old female from the American West noted the impact of the Covid-19 pandemic on consumers' financial positions by stating that brands need to "lower the prices on whatever they're selling since a lot of people are hurting financially right now." Second, for the luxury industry in particular, "where" most certainly matters. Therefore, a well-managed balance between offshore and onshore supply and production practices is essential. A former representative of Karl Lagerfeld (2021) illustrated this point saying, "there is a balance

and there should be a balance;” but most importantly, “there is a need to have more visibility in the supply chain.”

As it pertains to implementing sustainability into luxury’s supply and production practices, two things are key: (1) education, and (2) transparency. In response to a question about what luxury brands could do to help encourage consumers to purchase more sustainably, one luxury stylist interviewee (2021a) stated, “educate themselves and understand what they’re talking about...walk the walk more.” And in speaking on transparency, a Creative Director at an agency that specializes in luxury clientele (2021) stated, “people care about looking behind the door.” In the words of a representative of Chanel (2021), “in order for the luxury industry to sustain, we must embrace sustainability.”

### **Sustainability & Luxury: Interestingly Interconnected**

The relationship between sustainability and luxury is complex. Due to the fact that its products are so closely associated with quality and craftsmanship, experts hypothesize that the luxury sector is the ideal choice to lead the way in sustainable supply and production practices. Since consumers expect high quality and are already paying a premium price point, it does not seem unrealistic to implement sustainable practices into the luxury sector – even if it comes at a higher cost. Interestingly, though, 85% of the consumer survey respondents who answered “yes” to having purchased a luxury item in the last three years already associate the luxury industry with sustainability at a “very much so” level. The results of this research highlighted the fact that there are multiple interpretations of sustainability when it comes to the luxury industry. A 25-to 34-year-old female from the American Northeast defined sustainable fashion as “how the materials are gathered, [by whom] and how they are made, reducing the carbon footprint and pollution, etc.” A 45-to 54-year-old female from South Africa stated a similar answer: “using

fabrics that are produced from natural fibers that are easily replenished in the environment. Not using raw materials which could endanger the [existence] of certain plant and animal species.” Whereas an over 55-year-old female from the American Northeast defined it as “something that never goes out of style.” An over 55-year-old female from the American Southeast echoed that definition: “things that can last for many months or years to come and can be passed down.” While some talked about circularity and sustainable products’ environmental impact, others talked about how luxury in-and-of-itself is sustainable due to its quality and investment-nature.

During each in-depth interview with luxury consumers, the question “how would you define sustainable luxury” was asked – and each consumer had a different answer. In their understanding of sustainable luxury, a Creative Director at an agency that specializes in luxury clientele (2021) stated, “you want a cyclical system...what do you do with the product afterwards? Brands need to think about that.” A luxury stylist interviewee (2021a) defined sustainable luxury as:

Something made from materials that are renewable, sold in a store with a reduced carbon footprint and perhaps shipped and/or packaged also in a way that is not destructive to the environment – that’s a dream scenario, the trifecta of what we want – and luxury brands have the greatest probability of getting that done.

A luxury boutique owner interviewee (2021a) took on a different perspective, defining sustainable luxury as “small brands that are family-owned, multi-generational, handmade – that’s sustainable to me...thoughtfully packaged and thoughtfully produced.” A Gen Z luxury consumer interviewee (2021) stated, “the first thing I think of is the materials. Second, I think about the factories, the employee standards and having good working conditions. Third, I think about recycling and upcycling of the materials.” As these answers demonstrate, sustainable can

mean so many different things as it pertains to the luxury industry. None of these interpretations are necessarily wrong – they’re just different; but in order to truly understand the role that sustainable supply and production practices play in luxury consumers’ purchasing decisions, brands must first understand the consumers’ perspective. This discussion around differing definitions and interpretations highlights the need for common sustainability language within the luxury industry. It is only once we have a common language to express our thoughts that we will be able to communicate effectively and progress substantially.

### **Sustainability: The Young vs. The Old**

Building on the discovery that consumers’ interpretations of sustainability as it pertains to luxury differ, there is a notable generational difference in the extent to which and how luxury consumers factor in sustainable supply and production practices when making luxury purchasing decisions. According to the consumer survey data, of those who answered “yes” to having purchased a luxury item in the last three years, respondents aged 18-to 34-years-old were 8 times more likely to say they associate luxury fashion with sustainability at a “very much so” level than those respondents aged 35-years and older. In explaining their answers, the 18-to 34-year-old luxury respondents often spoke about sustainable luxury as it relates to the products’ impact on the environment. One 18-to 24-year-old female respondent from South Africa stated, “I have seen recently that some luxury [brands] are starting to become more aware of the environment and are encouraged to create pieces of clothing that do not cause harm to the environment.” A 25-to 34-year-old male respondent from the American Southeast explained, “sustainability means meeting our own needs without compromising the ability of future generations to meet their own needs. In addition to natural resources, we also need social and economic resources.” On the other hand, the luxury respondents aged 35-years and older mainly discussed sustainable

luxury as products that are trendless and an industry that is enduring. A 35-to 44-year-old male from New Zealand stated, “the luxury fashion industry is very much sustainable as [there] are so many high-end brands that generate so much revenue...the more revenue generated, the more sustainable the organization.” A 35-to 44-year-old male from South Africa simply stated, “sustainability and luxury go hand in hand.”

As it pertains to factoring in sustainability when making luxury purchases, 83% of those luxury respondents aged 18-to 34-years-old factor in sustainability at a “very much so” level as compared to 68% of those aged 35-years and older. Interestingly, though, this research still highlighted the fact that there is a substantial paradox between consumerism and caring. During each in-depth interview, a question about whether or not consumers would change their purchasing habits if they knew its direct impact on the environment was asked and each interviewee answered similarly: realistically, probably not, but it’s changing. A representative of Chanel (2021) explained the beginnings of change:

For sure, before this crisis, brands were thinking about sustainability...but with this crisis, you have no choice anymore – you have to go there. The crisis accelerated the need for consumers to better understand and be sure that the brands from which they purchase stick to their values. You cannot go back to what it was before.

A Creative Director at an agency that specializes in luxury clientele (2021) stated, “I think it’s beginning to change, but [for quite some time sustainability has been a] nice-to-have factor.” A representative of Versace (2021) highlighted the generational difference: “I definitely think it’s important to a younger consumer; but older consumers have been shopping for years and it’s not at the forefront of their minds.” Finally, a luxury boutique owner interviewee (2021b) optimistically stated:



There are a lot of people that are open to learning and changing, then there are a lot of people that are not and lastly, there are a lot of people that are not able to; so, if you can change a small percentage, then that makes a difference.

While this interviewee acknowledged that a portion of the consumer population is not necessarily financially able to make sustainable choices, two things must be noted: (1) this research focused on a niche set of consumers who can afford to make sustainable choices, and (2) there are many different ways to factor sustainability in at an affordable level (i.e. thrifting, secondhand, etc.). But as it pertains to luxury consumerism in general, one central factor remains true: “where” matters. So, it can be speculated that by embracing the sustainable future and implementing thoughtful, ethical supply and production practices into its supply chain, the luxury industry can maintain its “Made in...” mystique whilst also appealing to younger consumers’ desire and search for greater sustainability.

### **Education is Key**

Perhaps one of the most important findings to come out of this research is that education is key in order to make sustainable supply and production practices more appealing to luxury consumers. According to the consumer survey data, of those who answered “yes” to having purchased a luxury good in the last three years, only 43% believe the luxury industry does an effective job communicating sustainability practices. On top of that, consumers are seemingly curious to learn more: 46% of those luxury respondents will do more research if a brand boasts sustainable practices. Looking into the generational difference even deeper, 56% of luxury respondents aged 18-to 34-years-old will do more research as compared to 40% of those aged 35-years and older. A Creative Director at an agency that specializes in luxury clientele (2021) stated, “to me, the new commodity of the future is knowledge...what we’re educating consumers

on now is the concept of knowledge – how to ask questions and what to do with the answers.” In response to a question about what luxury brands could do to make sustainability appealing to luxury consumers, a luxury boutique owner (2021a) stated, “educate themselves, understand what they’re talking about and educate their consumers.” In response to the same question, a former representative of Karl Lagerfeld (2021) explained, “it is one of the most important things to communicate and educate [sustainable changes] to consumers. There’s setting targets, communicating targets to consumers and also reporting on the results annually and bi-annually – being accountable.” Herein lies the essential opportunity for luxury brands: educate consumers.

If “where” matters to luxury consumers and supply chain transparency is an essential element in the luxury industry becoming more sustainable, then it follows that consumers would want to be allowed to peek behind the supply chain veil in order to know more about the “where” of products’ supply and production. Consumers want to be educated about the luxury supply and production process. The “Made in...” mystique and Country of Origin play a central, vital role in not only how luxury consumers make purchasing decisions, but also in how brands formulate image and develop storytelling. As explained by a former representative of Karl Lagerfeld (2021):

There is a huge push, at the moment, on product transparency and consumer transparency...you can’t just say, ‘this is sustainable,’ without being able to verify that information. Consumers today, more and more, even if they might not be directly purchasing more sustainable goods, I think that they do want to be aware of what they’re buying, and they want to be able to verify the credentials.

Realistically, the majority of any products’ supply and production – even luxury – happens on a global scale. The likelihood that a luxury good is solely supplied and produced in the brand’s

Country of Origin is rather small. In order to remain aligned with consumers' perceptions of Country of Origin and the "Made in..." mystique, brands must first make the choice to embrace thoughtful and sustainable supply and production practices; and second, brands must educate consumers about the elements and intentions behind a global supply chain. A representative of Ralph Lauren (2021) stated, "explain the process behind the product; so, not just saying 'oh this is 30% sustainable,' but 'here's the background of how we made it like this' – really engaging the customer in the whole storyline to make them feel part of the journey." A representative of Courser (2021) compared the importance of transparent supply and production to the food industry, stating:

If you buy local, buy organic and buy fresh, somehow the food may be incredibly simple, but it's phenomenal...that is how we treat our products. We want to buy the best, buy local. You look at what we produce with as a list of ingredients – just like a chef in the kitchen. Ingredients matter.

A great deal of luxury consumerism is experiential and emotional – feeling as if you're a part of the story when purchasing a product. Therefore, to make sustainable supply and production a greater purchasing factor, consumers must be educated about the ingredients and the process.

## **DISCUSSION**

Under the umbrella question of "Does Where Matter," this research had two main goals: (1) to understand how the global events of 2020 influenced luxury brands' practices related to "onshoring" supply and production; and (2) to understand the extent to which and how luxury consumers factor in supply chain dynamics when making purchasing decisions. Overall, it is clear that luxury's "where" – Country of Origin and the "Made in..." mystique – significantly impacts both of these questions' answers; but, the notion of onshoring as it relates to

sustainability and sustainability claims is in its early stage of consideration by both brands and consumers.

As it pertains to the brand side of this research, the global events of 2020, particularly the Covid-19 pandemic, did influence luxury brands' supply and production practices, but not exactly in favor of onshoring supply and production. Even though onshoring or nearshoring supply and production has become a "hot topic" due to the effects of the Covid-19 pandemic, it does not necessarily complement the luxury sector. All of the luxury brands researched – Versace, Ralph Lauren, Chanel, Karl Lagerfeld and Courser – contemplated both the consumer and financial implications of onshoring or nearshoring supply and production practices as a result of supply chain shutdowns – but not necessarily for sustainability reasons. Onshoring or nearshoring supply and production practices was mostly discussed as a means of better responding to consumer demand and having greater control over supply and production; in fact, enhanced sustainability through supply chain dynamics was mainly discussed as a "nice-to-have" afterthought. As discussed by a former representative of Karl Lagerfeld in the section "Covid-19 Encourages the Embrace of Sustainability," the luxury brands interviewed recognized the fact that onshoring or nearshoring supply and production would potentially cut down on overall waste and carbon emissions due to international shipping, but ultimately, other elements – including the "where" ideas related to Country of Origin and the "Made in..." mystique – rose to the forefront of discussions. Based on this research, onshoring or nearshoring supply and production practices within the luxury sector appears not to have increased as a result of the Covid-19 pandemic.

While there has been increased consumer pressure on luxury brands to embrace sustainability, including onshoring - of those survey respondents who have purchased a luxury

item in the last three years, 41% indicated that onshoring would make the luxury industry more sustainable – there are a myriad of factors influencing sustainable decision-making. First of all, both brands and consumers need to better define what sustainability means to them. It quickly became clear that there are many different understandings and interpretations of sustainability as it pertains to the luxury industry. Many of the luxury brands researched indicated a hesitance and wariness about discussing sustainability in today’s digital age. As discussed in the section “Education is Key,” results from both the general consumer survey and the luxury consumer interviews indicated that today’s consumers are more inclined to do more research if brands make sustainability claims. Before brands speak or make significant changes on sustainable matters, it is essential that they educate themselves in order to avoid greenwashing and the dreaded “cancel culture.” Despite the fact that a “paradox of consumerism and caring” remains, younger consumers, in particular, are constantly watching and researching brands’ practices in order to demand and ensure transparency. While all the luxury brands insisted that changes in sustainable supply and production practices are and will be happening behind the curtain, announcements won’t be made, and conversations won’t be had, until the brands can ensure that consumers won’t have ammunition with which to fire back on their claims. A representative of Ralph Lauren illustrated this point: “[younger generations] are much more socially responsible and searching for a cause...[they] are more willing to call out brands. Social media can easily destroy a brand. If companies aren’t listening to their consumers, they won’t last too long.”

Luxury brands also emphasized the generational difference between young and old consumers’ push for sustainability. Younger and older consumers have different understandings of sustainability as it pertains to the luxury industry. To generalize, younger consumers often perceive sustainability as the environmental impact of the products’ supply and production – the

materials used, where they're from, the logistics of transportation, the carbon footprint, the overall waste, etc. Older consumers often perceive sustainability as the longevity and timelessness of the brands' heritage and the products' style. These differing interpretations were also emphasized in both the general consumer survey and the luxury consumer interviews. Both luxury brand representatives and luxury consumers themselves stated that sustainability is simply not top of the priority ladder when making luxury purchasing decisions – not necessarily because consumers don't care about sustainable supply and production, but more-so because consumers believe that they are already purchasing higher-quality, more sustainable products by purchasing luxury rather than fast or mid-level fashion. This finding is illustrated in the discussion about differing definitions of sustainable luxury in the section “Sustainability: The Young vs. The Old.”

Herein lies the importance of “where” to both luxury brands and its consumers. While it may be true that luxury brands aren't placing sustainable supply and production practices top of mind and that luxury consumers aren't buying exclusively for sustainability, it is true that Country of Origin and the “Made in...” mystique play an essential role in not only how brands perceive themselves, but also in how consumers perceive the brand and its products. Despite the fact that brands are not necessarily shifting supply and production to an onshoring or nearshoring model, consumers expect brands' products to be made if not in the brand's Country of Origin then in the country from which the materials and design elements are of a premium, luxury quality. Whether consciously or subconsciously, luxury consumers absolutely factor in the “where” when making luxury purchasing decisions. Both luxury brand representatives and luxury consumers indicated that the make-or-break factor when making luxury purchases is quality. If consumers were to uncover that many luxury brands' supply and production happens

in countries that are not equated with luxury – like China, Bangladesh and Vietnam, for example – than it is clear that it would shift consumers’ perceptions of both the brand and its products. A representative of Courser (2021), who once worked for Italian luxury label Prada, explained that upon shifting production of the luxury label’s shoes to Vietnam, the brand received considerable backlash from consumers. Why? Because “Made in Vietnam” was not synonymous with consumers’ perceptions of the brand and its quality. Even though sustainable supply and production may not be an essential factor in luxury consumers’ purchasing decisions, transparency surrounding Country of Origin and the “Made in...” mystique certainly is.

It must be recognized that there is a significant paradox within the importance of “where” for both luxury brands and its consumers. Though it is true that luxury brands considered onshoring or nearshoring during 2020 and 2021, ultimately, the potential sustainability benefits of bringing production and materials closer to the brand’s Country of Origin comes at the potential cost of consumers’ perception of what luxury is. Despite the fact that onshoring or nearshoring supply and production practices could significantly reduce the luxury industry’s environmental impact, it also could very well shift consumers’ perceptions of luxury for the worse as well as increase products’ costs. Both luxury brands and its consumers must grapple with what is most important to them – reducing the environmental impact or maintaining one’s perception of what it means to be luxury. Perhaps, this is where the importance of a healthy and transparent balance between onshore and offshore supply and production practices lies. The fact of the matter is that global, particularly European, production is synonymous with luxury. The luxury consumers both surveyed and interviewed in this research emphasized that point time and time again. Therefore, luxury brands must maintain their foreign (often European) appeal whilst also uncovering ways in which to make supply and production practices more sustainable.

In order to make sustainable supply and production practices a greater factor for luxury consumers' purchase intentions, luxury brands must do two things: (1) educate – both themselves and their consumers, and (2) enhance supply chain transparency. In today's digital age, where consumers are empowered with access to more knowledge than ever before, they want to peak behind the luxury curtain. They want to be privy to the supply and production process. What goes into the construction of an iconic Chanel 2.55 bag? Consumers want to know. So much of luxury consumerism is tied to the experience. Throughout the interviews, both luxury brand representatives and luxury consumers discussed luxury as an experiential industry. Consumers not only want the products, but they also want to be a part of the history, the story, the values that make up the brand. For the consumer, access to and an understanding of the supply and production process makes up a large part of experiencing both the brand and the product. Unfortunately, the word "sustainability" has become a trendy, buzzword. Oftentimes, when brands label a product or a line "sustainable," it has no true meaning. Rather than jumping on the bandwagon and utilizing a buzzword like "sustainable," brands need to hone into the individual elements of sustainability they're addressing within their specific supply and production process. Maybe it's vegetable-tanned leather or a family-owned, multi-generational factory, whatever the situation, brands need to educate consumers on the process. Even though consumers don't necessarily factor in the environmental impact of the supply and production process when making luxury purchases, they heavily consider quality, aesthetics, heritage, craftsmanship, Country of Origin and the "Made in..." mystique; and authentic transparency surrounding these elements will not only enhance the relationship between luxury brands and its consumers, but it will also enhance sustainability by allowing us to more effectively monitor products' environmental impact.



Optimistically, all the luxury brands discussed the fact that the industry-wide changes that can be attributed, in part, to the shutdowns caused by the Covid-19 pandemic are absolutely long-term. While luxury brands' immediate response to the pandemic was certainly to survive the current crisis, the innovative changes that resulted were certainly made with a long-term perspective. The luxury brands researched emphasized the fact that the forced pause brought on by the pandemic truly allowed time for conversations, innovations and much-needed change – in many matters, not just exclusively related to sustainability. One luxury stylist interviewee (2021b) referenced the saying, “April showers bring May flowers.” While its horrific effects cannot be minimized, the Covid-19 pandemic forced a much-needed pause on an industry that's been operating the same way for decades. We can hope that May flowers may now bloom in the form of a more sustainable and ethical future for both the luxury industry and its consumers.

## **CONCLUSION**

This thesis sought to explore the answer to the question: Does Where Matter? Based on extensive consumer research through both a general consumer survey and in-depth interviews with luxury consumers, as well as in-depth interviews with luxury brand representatives, the answer to this question is clear: where absolutely matters, but not as initially thought. While this research aimed to understand the ways in which luxury's supply and production practices changed due to the global crises of 2020 and 2021, as well as the extent to which luxury consumers factor in sustainable supply and production practices when making purchasing decisions, it ultimately uncovered an interesting paradox within the importance of where. Where, as it pertains to Country of Origin and the “Made in...” mystique is an integral part of not only how luxury brands formulate brand image, but also in how luxury consumers perceive, treat and purchase luxury goods. But, where, as it pertains to sustainable supply and production practices,

particularly shifting supply and production towards onshoring or nearshoring, could actually be at odds with what it means to be a luxury product. In order for a brand or product to be labelled luxury, there are three important characteristics: history, craftsmanship and reputation; and, so much of a brand's image is shaped by the history, craftsmanship and reputation of the country in which it was founded and operates. Whether consciously or subconsciously, consumers are absolutely factoring in Country of Origin (COO) and the "Made in..." mystique when making luxury purchases. By shifting supply and production onshore or nearshore, luxury brands could potentially damage relationships with its consumers. In today's digital age, where consumers have access to more information and knowledge than ever before, they demand transparency from their brands – and with increased transparency comes increased sustainability. Why? Both luxury brands and its consumers must be educated on and aware of the supply and production process – it allows us all to better understand the overall environmental and humanitarian impact. It is currently up to the luxury industry and its brands to not only educate themselves and their consumers, but also decide how to increase sustainability whilst maintaining the essential elements of luxury. With the creation and implementation of relative legislation, the responsibility could very well shift.

Whilst this research highlights the fact that education is essential in making sustainable supply and production practices a greater purchasing factor for luxury consumers, it did not focus upon the ways in which that can be done. It would certainly be beneficial and insightful for future research into these topics to explore marketing and communication tactics that could be used to make sustainable supply and production information both available and understandable to consumers. Insight from interviewees of this research includes: a sustainability ranking system, educated and trained sales representatives/associates and QR codes leading to more

information. It would also be beneficial to do more research into the individual elements of the supply and production process that matter most to consumers as it pertains to sustainability – sourcing of the materials, the carbon footprint, the humanitarian impact, etc. It is easier to address individual elements rather than the whole of the supply and production process. Though it's certainly true that not all luxury brands and consumers care about or factor in sustainability, it is true that society is changing, and people are beginning to do more research. We cannot change the world, but we can certainly start with a few.

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## **APPENDIX**

### **Consumer Survey**

#### **Qualifying Questions**

1. Do you speak English?
  - a. Yes
  - b. No

*If yes, continue to Question 2. If no, terminate the survey.*

2. Have you purchased an item from a brand you consider to be “luxury” in the last three years?
  - a. Yes
  - b. No

*If yes, continue to Question 3. If no, terminate the survey.*

#### **Demographic Questions**

3. What is your age?
  - a. Under 18 years old
  - b. 18 to 24 years old
  - c. 25 to 34 years old
  - d. 35 to 44 years old
  - e. 45 to 54 years old
  - f. Over 55 years old
4. With which gender do you identify?
  - a. Male
  - b. Female
  - c. Other (please specify): \_\_\_\_\_
  - d. Prefer not to say
5. How would you describe your ethnicity?
  - a. White
  - b. Hispanic or Latino
  - c. Black or African American
  - d. Native American or American Indian
  - e. Asian/Pacific Islander
  - f. Other

6. What is the highest degree or level of school you have completed? (If you're currently enrolled in school, please indicate the highest degree you have received.)
- Less than a high school diploma
  - High school degree or equivalent
  - Bachelor's degree (e.g. BA, BS)
  - Master's degree (e.g. MA, MS, MEd)
  - Doctorate (e.g. PhD, EdD)
  - Other (please specify): \_\_\_\_\_
7. What is your current employment status?
- Employed full-time (40+ hours a week)
  - Employed part-time (less than 40 hours a week)
  - Unemployed (currently looking for work)
  - Unemployed (not currently looking for work)
  - Student
  - Retired
  - Self-employed
  - Unable to work
  - Other (please specify): \_\_\_\_\_
8. What is your marital status?
- Single (never married)
  - Married
  - In a domestic partnership
  - Divorced
  - Widowed
9. What is your household income?
- \$100k and below
  - \$100k to \$200k
  - \$200 to \$300k
  - \$300k to \$400k
  - \$400k and above
  - Prefer not to answer
10. In which country do you currently reside?
- List of Countries.
11. **IF** United States of America is selected, then:
- Which region of the country do you live in?
    - Midwest – IA, IL, IN, KS, MI, MN, MO, ND, NE, OH, SD, WI
    - Northeast – CT, DC, DE, MA, MD, ME, NH, NJ, NY, PA, RI, VT
    - Southeast – AL, AR, FL, GA, KY, LA, MS, NC, SC, TN, VA, WV
    - Southwest – AZ, NM, OK, TX
    - West – AK, CA, CO, HI, ID, MT, NV, OR, UT, WA, WY

**End Demographic Questions. Begin Luxury Questions.**

12. In your own words, how would you define the term "luxury"?

a. \_\_\_\_\_  
\_\_\_\_\_

13. Which terms do you associate with “luxury”? Check all that apply.

- a. Expensive
- b. Exclusive
- c. Foreign
- d. Stylish
- e. Ostentatious
- f. Handcrafted
- g. Treat
- h. Richness
- i. Heritage
- j. Timeless

k. Other (please specify): \_\_\_\_\_

14. To what extent do you associate luxury with foreign production? (i.e. made in a country that is *not* your home country)

Not at all \_\_\_\_\_ Somewhat \_\_\_\_\_ Very Much So \_\_\_\_\_

15. To what extent you consider “Country of Origin” when purchasing luxury goods? (i.e. “Made in Italy,” “Made in France,” “Made in USA,” etc.)

Not at all \_\_\_\_\_ Somewhat \_\_\_\_\_ Very Much So \_\_\_\_\_

16. Please explain your reasoning to the previous question.

a. \_\_\_\_\_  
\_\_\_\_\_

17. In your own words, how would you define the term “heritage” in association with luxury?

a. \_\_\_\_\_  
\_\_\_\_\_

18. Can you please name a few “heritage” brands in the luxury category?

a. \_\_\_\_\_  
\_\_\_\_\_

19. Are you likely to spend more on luxury items if they are created by brands that are not headquartered in your home country? (e.g. If you live in the United States, spending more on a luxury good that’s created in France or Italy and vice versa).

Less Likely \_\_\_\_\_ Neither More nor Less Likely \_\_\_\_\_ More Likely

20. Please explain your reasoning to the previous question.

a. \_\_\_\_\_  
\_\_\_\_\_

21. How would you describe your luxury purchasing tendencies?

- a. Frequent spender
- b. Regular spender
- c. Occasional spender

- d. Exclusively for gifts and special occasions
  - e. Other (please specify): \_\_\_\_\_
22. In light of the global crises facing 2020 (e.g. the Covid-19 pandemic, social unrest, etc.), how would you say your spending habits on non-essential luxury goods have changed?
- a. Stayed the same
  - b. Substantial decrease
  - c. Substantial increase
  - d. Prefer not to say
  - e. Other (please specify): \_\_\_\_\_
23. Please explain your reasoning to the previous question.
- a. \_\_\_\_\_
- \_\_\_\_\_

**End Luxury Questions. Begin Sustainability and Consumerism Questions.**

24. In your own words, how would you define the term “sustainability” as it pertains to the clothing industry.
- a. \_\_\_\_\_
- \_\_\_\_\_
25. To what extent do you associate the *luxury fashion industry* with sustainability?

Not at All \_\_\_\_\_ Somewhat \_\_\_\_\_ Very Much  
So

26. Please explain your reasoning to the previous question.
- a. \_\_\_\_\_
- \_\_\_\_\_
27. Which terms would you associate with sustainable luxury? Check all that apply.
- a. Organic
  - b. Vegan
  - c. Cruelty-free
  - d. Lower quality
  - e. Higher quality
  - f. Less expensive
  - g. More expensive
  - h. Other (please specify): \_\_\_\_\_
28. To what extent do you factor in sustainability when making a luxury purchase?

Not at All \_\_\_\_\_ Somewhat \_\_\_\_\_ Very Much  
So

29. Do you feel as if you have a sufficient amount of knowledge about sustainability to make purchasing decisions with sustainability in mind?
- a. Yes
  - b. No
  - c. I’m not sure

- d. Other (please specify): \_\_\_\_\_
30. Would you say that you understand the impact that your purchasing decisions have on the environment?
- Yes
  - No
  - I'm not sure
  - Other (please specify): \_\_\_\_\_
31. Do you think if you knew more about the direct environmental impact that your purchasing decisions had on the environment, you would factor in sustainability more so when making purchasing decisions?
- Yes
  - No
  - I'm not sure
  - Other (please specify): \_\_\_\_\_
32. Can you name a few brands you believe to be in the "sustainable luxury" category?
- \_\_\_\_\_

**End Sustainability and Consumerism Questions. Begin Sustainability and Onshoring Questions.**

- Which of these practices do you feel has the greatest environmental impact?
  - Sourcing materials
  - Producing goods
  - Shipping goods to consumers
  - Other (please specify): \_\_\_\_\_
- Please explain your reasoning to the previous question.
  - \_\_\_\_\_
- In your own words, how would you define "onshoring" as it pertains to the luxury fashion industry's supply and production practices?
  - \_\_\_\_\_
- To what extent do you factor in the "where" a luxury good is sourced, produced and shipped from when purchasing a luxury good?

Not at All \_\_\_\_\_ Somewhat \_\_\_\_\_ Very Much  
So

37. If a luxury brand were to "onshore" all its supply and production practices, do you believe that would make the brand more or less sustainable?
- More sustainable
  - Less sustainable
  - Neither more nor less sustainable
  - I'm not sure
  - Other (please specify): \_\_\_\_\_



38. If a luxury brand were to source and produce all its goods in one country, would you still consider that good to be luxury?
- a. Yes
  - b. No
  - c. I'm not sure
  - d. Other (please specify): \_\_\_\_\_
39. Please explain your reasoning to the previous question.
- a. \_\_\_\_\_
- \_\_\_\_\_

End Sustainability and Onshoring Questions. Begin Sustainability and Marketing Questions.

40. Do you think that the luxury industry does an effective job communicating its sustainability efforts?
- a. Yes
  - b. No
  - c. I'm not sure
  - d. Other (please specify): \_\_\_\_\_
41. If a brand boasts "sustainable practices," do you trust the brand or do more research?
- a. Trust the brand
  - b. Do more research
  - c. I'm not sure
  - d. None of the above
  - e. Other (please specify): \_\_\_\_\_
42. Please explain your reasoning to the previous question.
- a. \_\_\_\_\_
- \_\_\_\_\_
43. Can you name some ways in which brands could encourage consumers to shop more sustainably?
- a. \_\_\_\_\_
- \_\_\_\_\_

## **Brand Representative Interview Guide**

### **Purpose and Introduction:**

Hello. My name is McGee Bosworth. I am a second-year Master's Candidate on the Strategic Communications path at the UNC Hussman School of Journalism and Media. Before we get started with the interview, I want to give a little bit of background about myself, my interests and the purpose of this study.

I graduated Summa Cum Laude from Wake Forest University in May 2019 with honors in Sociology and a double-minor in Psychology and Communications. While my undergraduate background is focused more-so on human connection and communication than in business and fashion, those two topics have always been at the top of my interests. To expand upon those interests, I focused my undergraduate honors thesis on changes in luxury consumer behaviors between different generational cohorts. In continuing my education at UNC Chapel Hill, I wanted to further my research in the luxury fashion and consumer sectors. This study intends to better understand luxury brands' production practices in the midst of the many challenges and crises in the year 2020. This year has certainly posed many challenges and through speaking with you, as well as four other luxury brand representatives, I hope to gain insight into how different luxury brands have confronted these challenges and adapted supply and production practices.

First of all, I want to thank you so much for agreeing to take the time to speak with me today. Your insight is absolutely vital to better understanding my research topic. Your identity will be kept anonymous. You will only be referred to as a representative of the brand for which you work. Before we get going, is it alright if I record this interview for transcription purposes and references later on? I want to ensure that I quote and reference you correctly.

**Shift to Questions:**

Let's get started by talking a bit about [insert brand name] and its history.

- How would you describe [insert brand name]? For those that actually work for [insert brand name], what characteristics would you associate with [insert brand name]?
- How do you think your consumers would describe [insert brand name]? What characteristics do you think they associate with [insert brand name]?

- What do you think makes [insert brand name] a *luxury* brand?
- What sets [insert brand name] apart from any other fashion brand? From any other *luxury* fashion brand?
- Why do you think consumers are willing to spend more on [insert brand name] than other brands?

Now, I want to talk a little bit about how [insert brand name] handled the Covid-19 situation.

- When the Covid-19 pandemic really started to become globally serious back in March 2020, how did [insert brand name] initially react?
- Over the continuing months, has [insert brand name] continues to shift in these turbulent times? How so? Can you illustrate some examples?
- How do you think the global events of 2020 have placed economic pressure on luxury brands throughout the global events of 2020?
- In what ways have consumers placed economic pressure on luxury brands throughout the global events of 2020?

Building on this conversation, I now want to talk about sustainability, supply and production practices.

- In what ways do you think the events of 2020 impacted global supply and production within the luxury fashion industry?
- In what ways did the events of 2020 highlight the reliability of global supply chains?
- In your own terms, how would you define “sustainable supply and production practices”?
- In what ways have the events of 2020 places economic pressure on luxury brands in favor of sustainable supply and production practices?

- Before the Covid-19 pandemic, as well as the other global crises of 2020, how do you think luxury brands perceived and treated sustainable supply and production?
- Thinking in terms of the present, how have the global events of 2020 influenced luxury brands' perception and treatment of sustainable supply and production?
- If at all, what practices have [insert brand name] implemented in favor of sustainable supply and production?
- What is your opinion of onshoring supply and production practices?
- Have the events of 2020 encouraged a return to onshoring production? Why or why not?
- Based on my research, onshoring supply and production is composed of three major elements: where the materials are sourced, where the final product is produced and where the final product is shipped to and sold. Have those elements changed? In what ways? Why or why not?
- What do you think the financial implications are of onshoring versus offshoring production and supply practices?

Lastly, I want to talk to you a bit about sustainable supply and production and its relationship to luxury consumers.

- Do you find that consumers purchase in favor of sustainability? Why or why not?
- Do you find that consumers are placing pressure on brands to make changes in favor of sustainable supply and production practices? Why or why not?
- If [insert brand name] were to make sustainable changes to its supply and production practices, how would you communicate those changes to consumers – if at all?
- Do you think that luxury consumers consider luxury fashion to be at odds with sustainability? Why or why not?

- In what ways do you think that [insert brand name] could make sustainable supply and production practices something that appeals to luxury consumers?
- What do you think the consumer implications are of onshoring versus offshoring production and supply practices?
- Do you think if brands like [insert brand name] were to implement and market sustainable supply and production practices, luxury consumers would be willing to spend more on those sustainably supplied and produced goods? Why or why not?
- Does “where” matter to consumers of your products? In other words, do they care where the materials are sourced, assembled and shipped from? Why or why not?
- In your own luxury consumer experience, do *you* care about the “where” of sourcing, assembly and shipping as it pertains to purchasing luxury goods?

Final question – when making significant changes in the business, is the focus on long-term change or simply surviving the current crisis? Why?

## **Conclusion**

Now that we’ve reached the end of my questions, do you have any last suggestions, comments or things that you want to expand upon?

Once again, any identifying information will remain completely anonymous. I want to thank you so much for taking the time to speak with me. I truly appreciate it. Should you have any questions or comments later on, my email address is [boswkm19@live.unc.edu](mailto:boswkm19@live.unc.edu).

## **Luxury Consumer Interview Guide**

### **Purpose and Introduction:**

Hello. My name is McGee Bosworth. I am a second-year Master's Candidate on the Strategic Communications path at the UNC Hussman School of Journalism and Media. Before we get started with the interview, I want to give a little bit of background about myself, my interests and the purpose of this study.

I graduated Summa Cum Laude from Wake Forest University in May 2019 with honors in Sociology and a double-minor in Psychology and Communications. While my undergraduate background is focused more-so on human connection and communication than in business and fashion, those two topics have always been at the top of my interests. To expand upon those interests, I focused my undergraduate honors thesis on changes in luxury consumer behaviors between different generational cohorts. In continuing my education at UNC Chapel Hill, I wanted to further my research in the luxury fashion and consumer sectors. This study intends to better understand luxury brands' production practices in the midst of the many challenges and crises in the year 2020. This year has certainly posed many challenges and through speaking with you, as well as four other luxury consumers, I hope to gain insight into the extent to which and how luxury consumers factor in sustainability when making luxury purchases; and if not, what can brands do to make sustainability a greater factor in luxury purchasing decisions.

First of all, I want to thank you so much for agreeing to take the time to speak with me today. Your insight is absolutely vital to better understanding my research topic. Your identity will be kept anonymous. You will only be referred to as a luxury consumer. Before we get going, is it alright if I record this interview for transcription purposes and references later on? I want to ensure that I quote and reference you correctly.

## Shift to Questions

Let's get started by talking a bit about you and your relationship to luxury consumption.

- In your own words, how would you define luxury?
- Can you name a few of your favorite luxury brands?
  - o Can you please explain why these brands fall into the luxury category to you?
- Can you name a few brands that you would **not** describe as luxury?
  - o Can you please explain why these brands don't fall into the luxury category to you?
- In your opinion, what is it about luxury goods that justifies a higher price point than other non-luxury goods?
- What characteristics do you associate with luxury?
- Oftentimes luxury brands are referred to as "heritage brands," what do you think it means to be a heritage brand?
  - o What characteristics do you associate with a "heritage brand"?
  - o Can you name a few brands that you would consider heritage brands?
- To what extent do you associate luxury with foreign production? Why or why not?
- To what extent do you factor in "Country of Origin" when purchasing luxury goods? (i.e. Made in France, Made in Italy, Made in USA, etc.)

Now I want to talk to you a bit about how your perspective on luxury has or has not shifted during the Covid-19 pandemic.

- Throughout the pandemic, have you found yourself spending more or less on luxury goods? Why or why not?

- In what ways have you seen the luxury fashion industry change in the face of the global crises of 2020?
- In what ways do you think the luxury fashion industry *should* change in the wake of the global crises of 2020? Why?
- To what extent do you think that luxury brands should acknowledge and take a stance on current issues? For example – social unrest or the Climate Crisis.
- Would you rather purchase from brands that *do* take a stance on current global issues rather than brands that *do not* take a stance? Why or why not?

Next, I would like to shift and talk about sustainability and its relationship to luxury fashion.

- In your own words, how would you define sustainable luxury?
- What characteristics do you associate with sustainable luxury? (i.e. organic, vegan, more or less quality, etc.)
- Can you name a brand that you would characterize as sustainable luxury? Why this brand?
- How would you describe the fashion industry's supply chain dynamics? What elements make up a supply chain? (i.e. sourcing materials, producing materials, skilled crafts like sewing or beading, shipping final products, etc.)
- Up to today, do you feel that the luxury fashion industry relies on global supply chains? Why or why not?
- What practices and characteristics do you associate with global supply and production? (i.e. cheap labor, quick production times, foreign mystique, etc.)
- If a luxury brand were to shift its supply and production practices in favor of sustainability, what do you think that would entail?



- In your own words, how would you define “onshoring” versus “offshoring” as it pertains to luxury fashion’s supply and production practices?
- What do you believe the environmental implications would be for “onshoring” versus “offshoring” luxury fashion’s supply and production practices?
- What do you believe the financial implications would be for “onshoring” versus “offshoring” luxury fashion’s supply and production practices?
- If a luxury product were produced solely in your home country, how would that shift your perception of that product? Would it shift it in a negative or positive way? Why or why not? Would it still be considered luxury?
- If a brand were to “onshore” all its production practices (sourcing and manufacturing), do you think that would make the brand appear more sustainable? Why or why not?
- Which of these practices do you feel has the greatest environmental impact – sourcing materials, manufacturing products or shipping to consumers? Why?

Lastly, I want to talk to you a little bit about the role that sustainability plays in consumers’ minds when making luxury purchases.

- To what extent do you consider sustainable production practices when making luxury purchases? Why or why not?
- Do you think that luxury brands do a good job marketing their sustainability efforts in a way that is (1) understandable and (2) effective to consumers? Why or why not?
- If given the choice between a sustainable and unsustainable option, what factors would help you choose between the two?

- Do you think that if consumers better understood the direct impact that their purchasing decisions had on the environment, it would alter their overall purchasing habits? Why or why not?
- If a luxury brand had a philanthropic or charitable aspect to purchasing, like planting a tree or donating a pair of shoes, would you be more or less likely to purchase from them? Why or why not?
- What do you think that luxury brands could do to help encourage consumers to purchase more sustainably?
  - o Do you think luxury brands should be more vocal about their sustainable practices? Why or why not?

Final question – would you be willing to spend an even higher price point on luxury goods if you knew they were produced in a sustainable fashion? Why or why not?

## **Conclusion**

Now that we've reached the end of my questions, do you have any last suggestions, comments or things that you want to expand upon?

Once again, any identifying information will remain completely anonymous. I want to thank you so much for taking the time to speak with me. I truly appreciate it. Should you have any questions or comments later on, my email address is [boswkm19@live.unc.edu](mailto:boswkm19@live.unc.edu).