

Ethics in Manufacturing and Sourcing Fashion Products

THE OBJECTIVES OF THIS CHAPTER ARE TO:

- Identify a variety of manufacturing and sourcing issues presenting ethical dilemmas
- Address ethical decisions related to product identification and selection, and subsequently manufacturing and sourcing
- Identify the relationships that labeling and packaging have to manufacturing and sourcing in terms of ethics
- Explore various consumer and corporate perspectives that inform sourcing decisions
- Provide examples of manufacturing and sourcing practices where ethical dilemmas have developed
- Identify current and historical apparel, footwear, and accessory products that have introduced ethical controversies; investigate the nature of these ethical controversies and consider related manufacturing and sourcing decisions

Manufacturers and retailers of apparel items are challenged each season to determine what designs will be developed for production and offered to customers. After designs are selected the merchandise must be manufactured or sourced. Product design and development professionals engage in continual efforts to produce merchandise meeting customer needs, suiting customer tastes, fitting customer lifestyles, and reflecting current fashion trends. Businesses that design, manufacture, and retail their products using company resources are known as “vertically integrated retailers.” Other retailers obtain their merchandise from manufacturers that specialize in the

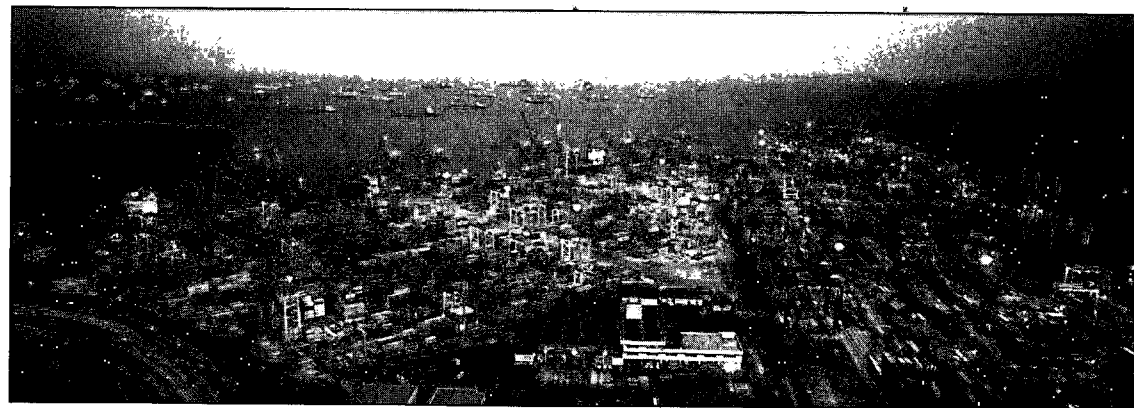


FIGURE 5.1 A sourcing and manufacturing center in Singapore, China

design and development process, known as wholesalers. Some retailers supplement their in-house merchandise with brand-name products sourced from wholesalers. What types of ethical issues are considered when retailers and wholesalers decide what goods to produce and how the merchandise should be manufactured? In what way does the process of manufacturing—and the products themselves—involve ethics? This chapter addresses these questions and explores the relationship between ethics and manufacturing, sourcing, labeling, and packaging products.

Ethical considerations related to product selection and social responsibility are important to the decision-making process when manufacturing and sourcing goods. A company's reputation can depend on whether its products are safe for consumer use and the products it offers are consistent with the company's image and values. The concerns and preferences of some consumers today provide the incentive for companies to seriously consider the topic of social responsibility. Furthermore, for some companies, being socially responsible is the right thing to do because it demonstrates their corporate values. For others, being socially responsible may be important in terms of the company's image with its customers. Social responsibility is an important issue (as well as a buzzword) in the global manufacturing industry today. From a manufacturing perspective, "social responsibility" refers to:

- Producing merchandise in a way that contributes to the well-being of the environment, or at least does not harm environmental health
- Producing products that are safe to use, and even provide safety or well-being features for the consumer
- Using manufacturing processes that do not harm people, animals, or the environment

Socially responsible products can create goodwill between companies and brands and their customers, contributing to positive economic benefits. Merchandise associated with socially responsible production methods produce both physical and psychological benefits. The physical environment benefits from socially responsible practices that contribute to cleaner air and water, recycling, and the use of sustainable raw materials. The marketplace benefits from companies that provide positive work environments for their employees. Consumers who purchase and use merchandise associated with the philosophy and practice of social responsibility can enjoy the satisfaction of supporting a beneficial manufacturing process or company mission. Businesses that include social consciousness as part of their corporate culture span the gamut of industries, and include the realm of fashion. American Apparel and Nike were identified among the top ten most socially conscious brand names in a 2006 survey of college students conducted by Alloy Media + Marketing, placing fifth and eighth, respectively (Seckler, 2006). Other brands identified in the survey were (1) Ben and Jerry's, (2) Newman's Own, (3) Burt's Bees, (4) Yoplait, (6) Starbucks, (7) Seventh Generation, and (9) Body Shop and Coca-Cola (tie). The survey results also revealed that 24 percent of respondents indicated that they had bought something during that year because the product's brand was perceived to be socially aware.

The activities undertaken by companies to position themselves as socially responsible are typically promoted widely and conspicuously by these businesses, which often use their actions to shape their corporate and product images. Newman's Own salad dressings labels declare, "Paul Newman and the Newman's Own® Foundation have given over \$200 million to thousands of charities since 1982." Burt's Bees products contain all-natural ingredients and are never tested on animals. Yoplait promotes its "Save lids to save lives" campaign, where consumers can save and mail in their pink yogurt carton lids to Yoplait, which then donates 10 cents per lid to the Susan G. Komen Foundation to help fund breast cancer awareness and research. Each year Ben and Jerry's publishes its Social and Environmental Assessment Report, which details how the year's practices reflect their mission toward social responsibility. Known for its nontoxic household products, Seventh Generation offers information on its Web site to help consumers save energy and other resources. Sales of the naturally inspired products offered by The Body Shop enable the company to participate in campaigns such as those benefiting endangered species and to fund The Body Shop Foundation, which in turn funds human rights and environmental protection groups. Despite some controversy related to monopolistic and discriminatory practices, The Coca-Cola Company has been recognized by *Fortune* as one of the "50 Best Companies for Minorities" and has been rated a top employer by *Black Collegiant* and *Latina Style*.

Social responsibility is seen by many as a positive business philosophy, but some companies that seek to be socially responsible sometimes do so in response (sometimes court ordered) to negative publicity resulting from previous unethical or irresponsible practices. Thus, there is a "bigger picture" to consider when evaluating a given company's commitment to social responsibility. Because public perception of a business can affect the desirability of fashion brands, it is important for fashion businesses to protect their images and create positive publicity for their brands. Even companies that strive and intend to act ethically and positively can be associated with ethical dilemmas—and these companies are often scrutinized by competitors and watchdog groups. Retailers that source their products from wholesalers and both brand name as well as anonymous manufacturers similarly must monitor the practices of their suppliers to protect the quality of their products—and their reputation.

CONSUMER SOVEREIGNTY

The concept of consumer sovereignty refers to the power that consumers have in the marketplace to exercise choice and ultimately drive the production of goods. Economic theory (and common sense) holds that consumers will demand and purchase only those products that they find to be acceptable. Therefore manufacturers and retailers of substandard goods will fail in the marketplace because consumers will stop buying and using unsatisfactory products. According to the theory, this process of consumer-based regulation would consequently prevent unsafe or otherwise unacceptable products (such as foul-smelling bottled water or pants with uncomfortable waistbands) from existing in the market.

But the sovereign consumer is not necessarily an informed consumer. Subsequently, consumer rights advocates have brought issues of consumers' safety rights to a point where those rights are frequently valued more highly than consumers' rights to choose. In a market where many goods are available and consumers' knowledge of the goods, not to mention their time to learn about and experience goods, is limited, legislation has been introduced and governmental agencies and their representatives have been tasked with providing standards for product manufacture, product safety, and product availability to consumers. Furthermore, political and personal agendas of policy makers can influence marketplace freedom for both consumers and retailers. What consumers purchase and where they engage in consumption are regulated activities. Most cities have regulations about the types of businesses (e.g., businesses that serve alcohol) that may operate in certain areas. As a member of the fashion industry, you are encouraged to consider both present

regulation policies and their applications to merchandising decisions, as well as potential future legislation that may develop in response to contemporary manufacturing, sourcing, and consumption issues.

In 2007, several types of products made in China were recalled in the United States because inappropriate and unsafe elements were used in their manufacture. These items ranged from toys and jewelry made with lead and lead paint to dog food that contained unsafe ingredients. Widespread media coverage alerted consumers to the potential dangers of products and in response, some consumers became more diligent about checking products for manufacture information. These incidents illustrate two points: (1) U.S. consumers generally think that what they buy will be safe, and (2) this assumption may be mistaken. Obviously, immediate, thorough communication is crucial when products causing grave illness or even death are found in the marketplace.

ISSUES

In fashion manufacturing and sourcing, two basic issues have ethical applications: safety and environmentalism. The term "safety" in this context, refers to the well-being of humans. Some would also include the well-being of animals in this category, with concerns about laboratory testing of animals for the development of personal care products or the use of animal skins for apparel products. Environmentalism is a topic of increasing interest worldwide. Ecological awareness began to take its place in the American consciousness during the 1970s; more recently special interest groups and scientists have called attention to environmental crises around the world. The 2006 documentary *An Inconvenient Truth* addressed the topic of climate change as a result of human activity and gave a credible and powerful voice to environmental concerns.

Environmentalism and safety issues are often related and arise in conjunction with each other. For example, the connection between the apparel and textile industries and dye factories; in the past, the waste products resulting from these manufacturing processes have contaminated nearby ponds and put exposed people—including those who played in the ponds as children—at risk for developing cancer ("Massachusetts town," 2006). Additionally, cancers related to occupational exposure have been identified among employees who work with solvents and dye products, natural fibers, and footwear manufacturing ("Fighting workplace," 2007).

* Another issue related to ethics in manufacturing and sourcing is product selection itself, and the appropriateness of the product's role within the consumer target

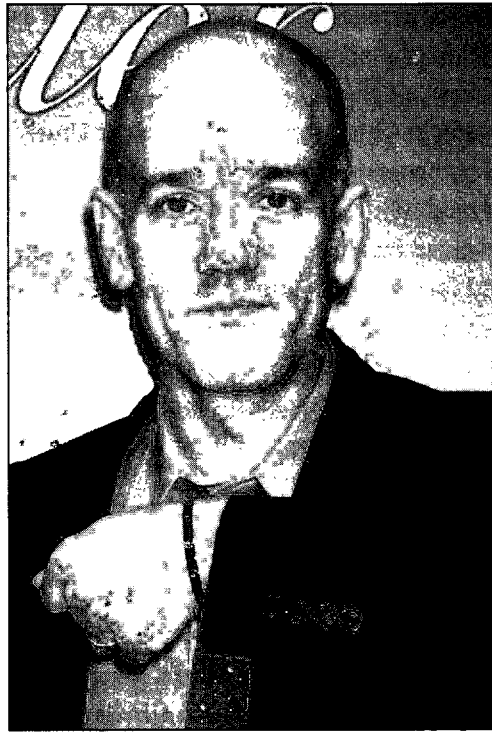


FIGURE 5.2 Michael Stipe wearing Cartier's LOVE bracelet; a portion of the sales are donated to charities selected by various celebrities.

On the other hand, some companies actively seek or create opportunities to associate themselves with products that promote ethical behavior. The popular Anya Hindmarch "I'm Not a Plastic Bag" bag is an example of a fashion product developed to encourage responsible consumption that was met with high demand by consumers throughout the world (Iredale, 2007). A similar effort was that of high-end retailer Nordstrom, which sold T-shirts featuring the word "ONE" within a circle of people as a way to support the campaign to fighting poverty and AIDS in Africa (Moin, 2006). The T-shirts were made of 100 percent African cotton by Edun, a socially conscious clothing brand, and \$10 from every shirt sold was donated by the company to the Apparel Lesotho Alliance to Fight AIDS. Donna Freydkin (2006) reported that \$100 from the sale of each \$475 Cartier LOVE bracelet was donated to charities selected by celebrities Scarlett Johansson (U.S.A. Harvest), Ashley Judd (YouthAIDS), Sarah Jessica Parker (UNICEF), and Spike Lee (NYU's Tisch School of the Arts).

market, the company's value system, and the role the company seeks in terms of corporate social responsibility. Possible examples of controversial apparel products include thong underwear for preteens, T-shirts with offensive slogans, accessories that have dual purposes promoting or enhancing the use of drugs and alcohol (such as a shoe with a "secret" liquid reservoir), and as previously discussed, the use of fur or other materials that some might consider to be objectionable. Many companies will actively distance (or even sever) themselves from other types of ethically controversial associations as well. For example, shortly after Atlanta Falcons quarterback Michael Vick was indicted for sponsoring dog fighting in 2007, Nike Inc. suspended the release of a shoe that had been designed in conjunction with the football pro: Zoom Vick V (Beckett, 2007).

Product Safety

American consumers are generally aware that certain product standards exist that protect them from unsafe foods, drugs, tools, electrical appliances, and automobiles; it is therefore common to see approval messages from the Food and Drug Administration (FDA), the Department of Transportation, and Underwriters Laboratory on a variety of consumer products. Additionally, consumers are familiar with processes such as recalls, which focus attention on products (such as babies' car seats, cookware, and automobiles) that have already made it to the marketplace and have been subsequently found to be unsafe. (Recalls are discussed in greater detail in the "Self-Regulation" section of this chapter.) When consumers purchase fashion goods, particularly from reputable retailers, it is generally assumed that these products are safe. In fact, basic ethical principles require that manufactured fashion products are safe for the wearer. Although it seems obvious that regulation is less necessary for apparel, footwear, and accessories than for products such as automobiles, lawn mowers, and chainsaws, merchandisers should nevertheless be aware that there are decisions related to manufacturing and sourcing with ethical implications related to the safety of fashion products. Occasionally, incidents of retailing unsafe fashion products threaten the reputations of retailers and brands. Company responses to these incidents as well as practices in place to prevent such incidents are closely related to—and demonstrate—corporate culture and ethical values.

Legislation

Prior to the 1950s, there was little regulation monitoring consumer product safety in the United States. Today, many products are subject to legislative regulation aimed at protecting the health and well-being of consumers, particularly children. Toys must meet safety standards to prevent choking hazards for children under age three, paint must be lead-free so that children do not ingest the deadly substance, and bicycle helmets are required to perform to a certain standard upon impact. The variety of materials used to manufacture apparel, footwear, and home furnishings introduces a range of potential dangers, therefore fashion products are not exempt from safety issues in their manufacture and in the standards set forth for their finished products. The Flammable Fabrics Act (FFA) was established in 1953 in response to manufactured fibers such as brushed rayon (popular at the time for sweaters) and children's wear (especially sleepwear) being so highly flammable that significant numbers of injuries were resulting from their use. The Consumer Products Safety Commission (CPSC) is charged with administration of the Flammable Fabrics Act (FFA) as well as

maintaining and enforcing other standards for product safety. Standards for fabric flammability, and flammability of other materials used in wearing apparel and interior furnishings, have been established by the American Society for Testing and Materials (ASTM). Other safety standards include those regarding fabric toxicity (caused by gaseous emissions from dyes or finishing processes) and buttons and cords (which are prohibited from use in infant apparel because of the possibility of choking and strangulation). Product composition standards also exist for accessories, prohibiting such dangers as the presence of lead or mercury.

Self-Regulation

In addition to meeting legislative standards, manufacturers and retailers generally seek to offer safe products that perform well. Many companies test their merchandise in their own laboratories or subcontract their quality assurance processes to ensure that their merchandise reflects their quality and safety standards. In addition to toxicity and flammability standards, tests may be performed to determine whether children's apparel contains trims, such as buttons or zipper pulls, that would introduce choking hazards; fabrics hold their dyes; and garments stand up to repeated washings. Even garment comfort is evaluated through wear testing.

When products are discovered to be harmful, they are recalled. This means that they are voluntarily removed from retailers' shelves and consumers who have already purchased those products are notified and informed of how to return them for a refund, obtain repair kits to correcting the product defect, or have the product professionally repaired. When announcing recalls, retailers and brands have the opportunity to reinforce their position as ethical companies. The services offered and ease with which returns or repairs are made contribute to consumers' attitudes toward the companies. In 2006, Wal-Mart and Carrefour Group, along with several other retailers, found that skirts, blouses, and trousers they were selling, which had been manufactured in four Chinese factories, had failed inspections due to excessive levels of aromatic ammine or formaldehyde (both cancer-causing agents) emitted from the fabrics ("Toxic apparel," 2006). The retailers initiated recalls, once the problems were discovered, and customers were reassured that the companies were acting out of concern for their health. Similarly, children's toys were recalled by Mattel, Inc., when the company found that some of its toys (Big Bird, Dora the Explorer, and Elmo characters) contained unsafe levels of lead ("Parents," 2007). Mattel had previously recalled nearly 4.5 million Polly Pocket magnetic play sets after determining that the magnets could detach and pose a choking hazard for children ("4 million," 2006).

Good Housekeeping and *Consumer Reports* are two national magazines that regularly publish lists of recalled items in cooperation with the U.S. Consumer Product Safety Commission (CPSC); complete lists of recalled products can be found at the latter's Web site, <http://www.cpsc.gov>. Through that site, consumers can sign up for free e-mail lists of current recalls. Examples of recalled fashion items are presented in Box 5.1.

Retailers and manufacturers may strive to select and create products—particularly cosmetics—that are free of chemicals. This is a growing trend in the marketplace, as more and more consumers consider these types of products to be appealing. Groupe Clarins, a French cosmetics brand with research and development capabilities, and Kibio, an organic beauty brand, partnered to create a natural cosmetics line (Weil, 2006) to capitalize on consumer demand for organic cosmetics. The United States Department of Agriculture (USDA) offers its organic seal to beauty items as well as to food and apparel. Ellen Groves (2006a) reported in *Women's Wear Daily* that a variety of beauty products on the market (nail polish, hair spray, body scrub, moisturizer) include bamboo as an ingredient, which offers resilience, flexibility, a woody scent, and hydrating qualities, in addition to its ability to rapidly replenish itself in the environment.

But the retail success of organic fashion items does present a challenge. For example, organic cotton is one of the most widely recognized and sought after "eco-friendly" fashion fibers on the market. However, current production processes are more expensive than methods used to grow non-organic cotton, so the cost to consumers who want organic merchandise is higher than for traditional cotton goods. Similarly, other types of organic goods face competitive difficulties in the marketplace. Even though lotions, oils, and soaps are available in organic formulas, some consumers are unwilling to sacrifice performance of high-tech beauty formulas for organic alternatives (Nagel, 2007).

A component of the product development and evaluation process for many cosmetic and personal care companies is the use of animals for product testing. Animal testing is seen by some as a controversial practice because of the potential harm the testing introduces to the laboratory animals. Animal rights organizations, such as Animal Rights International (ARI), are concerned with animals' quality of life, safety, and health, and object to the practice of using animals in laboratory tests.

Likewise, the choice by apparel manufacturers and retailers to use controversial products such as fur, leather, and suede presents ethical issues and can make those companies vulnerable to consumer protest. Ultimately, designers and professionals involved in product development must make decisions about product components that are aligned with the company's values and ethics, as well as those of its current and future consumers. Apparel product developers can therefore be responsive to

BOX 5.1

RECALLS OF APPAREL, ACCESSORY, AND FOOTWEAR PRODUCTS

PRODUCT

N-Kids girls' drawstring flannel pants and Pine Peak Blues boys' drawstring flannel pants sold for \$12 to \$18 at Nordstrom and through Nordstrom.com from July through December 2005.

Cobmex youth jackets with drawstrings sold for about \$30 at children's clothing and school uniform stores from January 2006 through February 2007.

Really Useful Products Children's Mood necklaces and Diva Necklaces sold for about \$1 at children's dollar, and discount stores throughout the U.S. from September 2004 through November 2006.

Boys' heavyweight outer jackets manufactured by Samara Brothers that were sold from October 2006 through November 2006 for up to \$50.

Juicy Couture bracelets and necklaces sold in department stores between September 2005 and April 2006 for approximately \$95.

PROBLEM

The pants don't meet the standard for the flammability of children's sleepwear, posing the risk of a burn injury.

The drawstrings can get entangled around a child's neck, posing risk of strangulation.

The jewelry contains high levels of lead, which is toxic if ingested.

The snap closures on the jackets contain high levels of lead, which is toxic if ingested by young children.

The bracelets contain high levels of lead, which is toxic if ingested.

consumer demands, which reflect a wide variety of values and desires. The animal rights organization People for the Ethical Treatment of Animals (PETA) has successfully lobbied apparel retailers and brands including Ralph Lauren, Martha Stewart, Ann Taylor, and Guess to discontinue the use of fur and other animal products in their merchandise. PETA's value for the well-being of all animals makes its actions ethically based (from Values Approach perspective). The goal of the organization is to transfer its values to retailers, manufacturers, scientists, and farmers through campaigns managed by its members (see Chapter 2 for more information about these campaigns). Protest rallies organized by PETA are disruptive to stores and influential with the general public—in addition, the resulting media attention and publicity can also reflect negatively on the retailers and brands. The group's efforts

BOX 5.1 continued from page 116

RECALLS OF APPAREL, ACCESSORY, AND FOOTWEAR PRODUCTS

Rocky Shoes & Boots, Inc. recalled men's safety-toe hiker boots sold for \$90–\$100 under the Georgia Boot brand by independent shoe stores, Web sites, and other retail outlets between October 2005 and February 2006.

Victoria's Secret Silk Kimono Tops sold through Victoria's Secret Direct catalogues and Web site from November 2005 through December 2005 for about \$138.

Cannondale C-Soles cycling shoes sold at Cannondale dealers between early 1997 through April 1997 for between \$59.99 and \$79.99.

Levi Strauss & Co.'s fleece fabric shirts made from cotton-polyester blend material with a raised fiber surface; sold at retailers such as J.C. Penney, Levi's Only Store, and Levi's Outlet by Designs from October 1996 through February 1997 for about \$30.

Product testing demonstrated that the boots may not comply with applicable safety standards for crush and impact resistance; consumers could suffer impact foot injuries.

Fabric fails to meet mandatory standards of fabric flammability in violation of the federal Flammable Fabrics Act. The sheer outer shell fabric of the kimono top can readily ignite and present a risk of burn injuries.

The cleats could pull out of the sole, causing a cyclist's foot to slip off the pedal leading to an injury.

Garments were found to be highly flammable, failing to meet federal mandatory standards for fabric flammability and may ignite readily and present serious risk of burn injuries.

SOURCES: <http://www.goodhousekeeping.com/recalls-childrens-products> and http://www.cpsc.gov/Juicy_recall, (2006)

are effective because designers and retailers do not want consumers boycotting their products and stores in sympathy with those who value animal rights and consider using animals for clothing to be unethical. Interestingly, the demand for fur has recently increased in the consumer marketplace (Scelfo, 2004; "Fur demands," 2007) and leather shoes, belts, handbags, and apparel products continue to be staples in the fashion arena (Tell, 2007). Animal protection can be seen both as a safety issue (with respect to the well-being of the living animals), and also an environmental issue (e.g., when demand for rare skins such as leopard and endangered materials, such as ivory, threaten not only the animals, but also vulnerable ecosystems and habitats).

ENVIRONMENTALISM

Environmentalism refers to both the health of Earth's resources and to the continued use and availability of resources that we consume. Product waste from textile factories that pollute water ways and consumption of crude oil to manufacture fibers, such as nylon and polyester, are examples of how the concerns of the product development industry overlap with environmentalism. Waste generation is a serious issue, particularly in the United States where, according to the Environmental Protection Agency (EPA), the average consumer generates 4.5 pounds of waste each day. In 2005, about 79 million tons of municipal waste products were recycled in the United States, accounting for 32 percent of all consumer waste. The percentage of waste recycled has increased from about 20 percent in 1992 and only about 7 percent in 1960. Waste disposal and environmental protection legislation in the United States has resulted in costs to businesses and consumers of more than \$100 billion each year (Webber, 1995) but has resulted in a savings of resources, including landfill space. In 1971, Barry Commoner wrote *The Closing Circle*, which explored the relationships that increased industrialization and technology have to all aspects of life. He presented four Laws of Ecology that are related to recycling and conservation of resources:

1. Everything is connected to everything else (p. 33).
2. Everything must go somewhere (p. 39).
3. Nature knows best (p. 41).
4. There is no such thing as a free lunch (p. 45).

Commoner notes in his book that humans participate as members in Earth's environmental system, but paradoxically they exploit the environment in an effort to produce wealth for themselves. He advocates for awareness of the environment so this situation can be addressed through actions that will not harm the planet further.

According to the Secondary Materials and Recycled Textiles Association, approximately 4 percent of U.S. landfill space is consumed by textile waste. Tanya Domina and Kathy Koch (1997) studied the textile waste lifecycle in an effort to encourage dialogue among textile and clothing professionals, with the goals of reducing textile disposal in landfills and generating new or expanded recycling options for textile waste. They explored post-producer textile waste generated by manufacturers, preconsumer waste generated by retailers, and public generated post-consumer waste, such as used and discarded clothing, blankets, and rags.

The two reviewed literature and surveyed textile/apparel firms, retailers, trade associations, and nonprofit organizations, and based on that information, developed their Textile Waste Lifecycle model. The model meets Commoner's first two Laws of Ecology and reflects a growing interdependence between consumers and textile/apparel industries in textile waste disposal in an environmentally responsible manner. Domina and Koch note that recycling of post-consumer waste is a weak component of the textile waste lifecycle and encourage further development of programs and opportunities in this area.

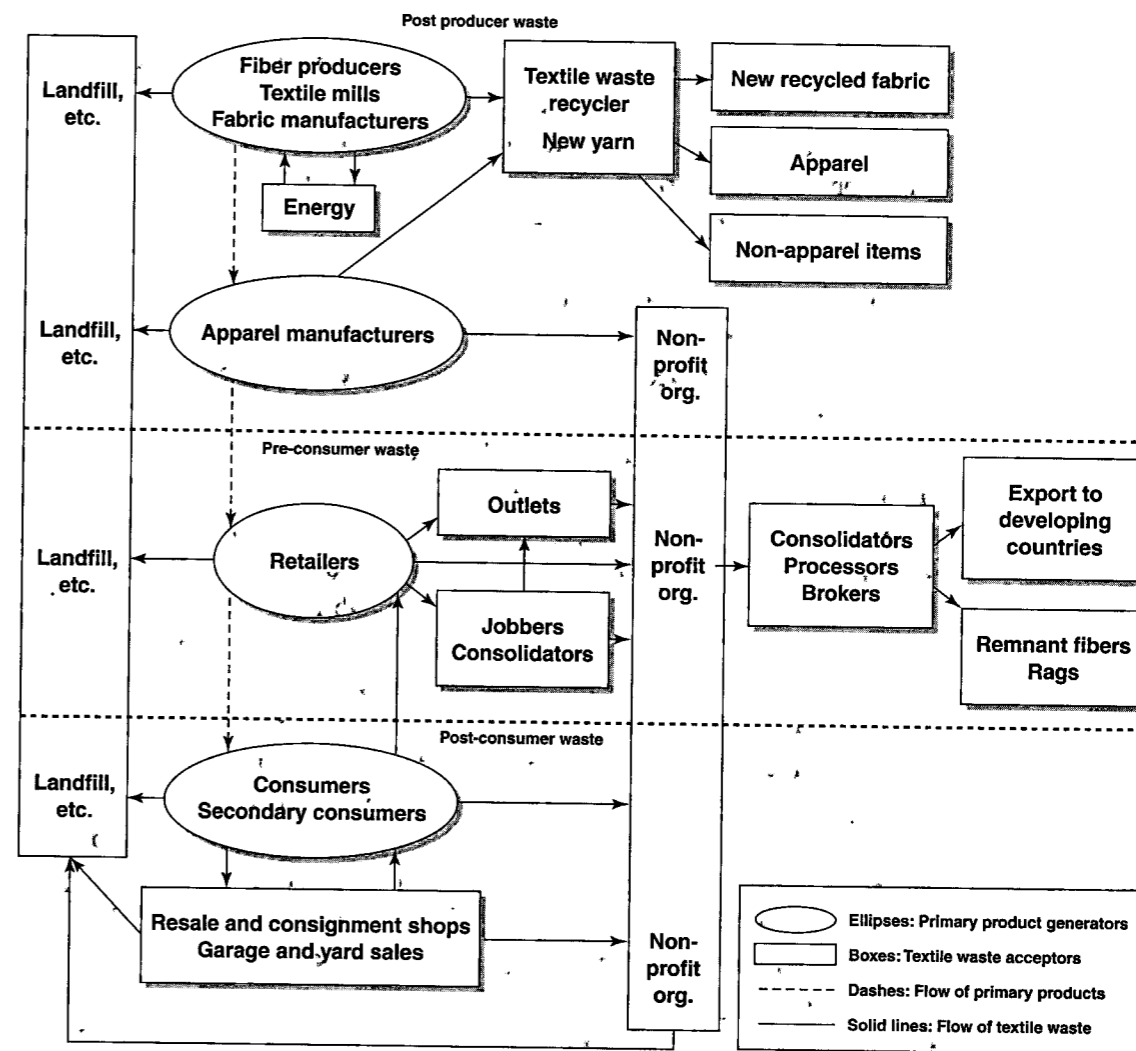


FIGURE 5.3 Textile waste lifecycle model

Sustainability

Sustainability is a concept that encompasses both social responsibility and environmentalism. According to the EPA, sustainability is "the ability to achieve continuing economic prosperity while protecting the natural systems of the planet and providing a high quality of life for its people." Sustainability requires that natural resources are renewed rather than depleted through the processes of production and consumption. "Green is the new black" is a familiar phrase in recent fashion publications, indicating that the notion of sustainability is seen as valuable. The April 2, 2007, issue of *Daily News Record* was labeled "The Green Issue," with the following statement printed on its cover:

In this era of Whole Foods, Prius-driving starlets and Al "Oscar-winner" Gore, eco-fashion is ready for its moment in the sun. Companies from Levi's to LYMH, Gant to Gap, are aligning their products and brands with environmental concerns. Inside, an in-depth report on the trends, innovations and ideas shaping the greening of men's wear.

Similarly, a *Women's Wear Daily Intimates* article (Monget, 2007) proclaimed, "It's Not Easy Going Green" as benefits and challenges to producing eco-friendly merchandise were reviewed. Even general interest and news publications such as *Time* ("Apparel takes," 2007) have reported on the green clothing trend, noting a growing consumer market for eco-friendly apparel, as well as manufacturing and sourcing operations that accommodate eco-friendly processes.

As people become increasingly aware of environmental issues, manufacturers and retailers may find that their consumers will pay for more environmentally friendly products. Furthermore, the performance quality of fabrics and apparel made with eco-friendly fibers is high, helping motivate consumers' purchases in this category of merchandise. In addition to familiar natural fibers such as organic cotton, wool, and linen, new "green" fibers, now popular for apparel, include bamboo, soy, and hemp. Bamboo has good wicking properties and a soft hand. Hemp fibers are strong and durable. DuPont has developed a fiber with the trademark name Sorona® that is made from corn. Other manufactured fibers with environmentally friendly properties include Tencel® and Modal®, both manufactured from wood pulp (eucalyptus and beech; respectively) by the Austrian Lenzing Fibers Company, and Repreve® made by Unifi from recycled materials such as milk jugs and soda bottles.

Sustainable and renewable fashions are gaining in popularity; they're seen as "hip." Companies are more easily rewarded with sales and positive publicity when they produce merchandise, such as eco-friendly apparel, that is considered

fashionable. The fashionability of these garments is largely due to their ethical ("it's the right thing to do") position in the marketplace. Ethics has obviously entered into the decision-making process for consumers who buy sustainable products. Because organic, fair trade, and fair labor products are more costly to produce than the typical merchandise manufactured throughout the world, the element of fashionability and appeal is a critical component because it makes the higher prices acceptable, particularly as producers seek to expand their markets. Despite a *Wall Street Journal* article (Binkley, 2007) blaming dowdy and otherwise unattractive fashions for the slow pace of eco-fashions attracting mainstream consumers, ethical fashion continues to grow both in popularity and as an economically viable segment of the industry. Ellen Groves (2006b) reported that ethical fashion designers have transitioned from focusing on distribution channels to the challenge of managing large orders.

Many observers have noted that historically, the fashionability or desirability of merchandise and its price are of greater importance to most consumers than the "ethicalness" of the products themselves (Boulstridge and Carrigan, 2000; Carrigan and Attalla, 2001; de Pelsmacker, Driesen, and Rayp, 2005; Dickson, 2001; Iwanow, McEachern, and Jeffrey, 2005; Loureiro, McCluskey, and Mittelhammer, 2002; Page and Fearn, 2005; Swincker and Hines, 1997; "Term Limits," 2007). That is, consumers are attracted to merchandise that is visually appealing and affordable. A growing, yet still relative, minority of consumers actively seek products due to their mode of manufacture; the number of consumers who report a willingness to purchase ecologically friendly apparel, footwear, and accessories has grown from 6 percent in 2001 to 18 percent in 2006 (Lipke, 2007). This trend is expected to continue as environmental issues are better understood and interest in restoring a healthy global environment increases.

Corporate response to environmental issues is reflected in Cotton Incorporated's Lifestyle Monitor™ report in the April 2, 2007, issue of *Daily News Record*. The report quoted Gap Inc.'s spokesperson Erica Archambault as saying, "Gap Inc. is always exploring innovative, socially responsible ways to make our products. We're exploring the use of sustainable fibers and products—whether that means new fabrics for our products, unusual materials for our packaging and store display fixtures, or new approaches to building construction" ("Term Limits," p. 5). Thus, the application of eco-friendly apparel product development and retailing can be extended beyond product manufacture to include fixtures in the store and store (or corporate headquarters, factory, warehouse, etc.) construction itself. The personal care brand Aveda, for example, switched its major manufacturing plant to wind energy in 2006 (Costello, 2007). Portland, Oregon-based activewear brand Nau plans

BOX 5.2

GLOSSARY OF "GREEN"

Organic Cotton—Grown without the use of genetically modified seeds, synthetic fertilizers, or chemical herbicides and insecticides. Crops must be rotated to replenish the soil.

Organic Labeling—On apparel, it defines various levels of organic cotton usage. "100% Organic Cotton" must contain 100 percent organically produced cotton, including any sewing thread. "Organic Cotton" must contain at least 95 percent organically produced cotton; "Made with organic cotton" must contain at least 70 percent; and "Made with x percent Organic Cotton" must contain the percentage indicated.

Third Party Certification—It provides oversight of claims regarding organic attributes. There are a number of certifying bodies around the world, including the USDA, Demeter (Europe), SKAL (The Netherlands), the Soil Association (England), and The Japan Organic Cotton Association. The International Federation of Organic Agriculture Movements creates international standards.

Sustainability—"The ability to achieve continuing economic prosperity while protecting the natural systems of the planet and providing a high quality of life for its people," according to the U.S. EPA. Alternatively, the British government defines sustainable development as "development which meets the needs of the present without compromising the ability of future generations to meet their own needs."

ecologically correct stores that offer customers charitable giving opportunities while they shop (Corcoran, 2006). Wal-Mart has reported a variety of initiatives to become more environmentally friendly, from increased recycling of its solid waste, to enhancing the efficiency of its truck fleet, to showing preference to suppliers that reduce their emissions (Zimmerman, 2006). Additionally, Wal-Mart president and CEO H. Lee Scott announced in 2005 the goal of developing a store that is 25 to 30 percent more energy efficient by 2009 (Bowers, 2007). These are examples of companies making business decisions that reflect a concern for the environment.

The Carrefour Group, the world's second largest retailer, publishes a Sustainability Report each year, which the company makes available online at <http://www.carrefour.com/cdc/responsible-commerce/sustainability-report>. In 2006, the report focused on six key issues: nutrition, sustainable/responsible products, diversity within the company, social audits, climate change, and sustainable construction. In the report the company emphasizes its commitment to sustainability and social responsibility,

BOX 5.2 continues from page 122

GLOSSARY OF "GREEN"

Carbon Footprint—"A measure of the impact human activities have on the environment in terms of the amount of greenhouse gases produced, measured in units of carbon dioxide," according to <http://Carbonfootprint.com>

Carbon Neutral—A state where a person or institution has reduced its carbon emissions where possible, and then purchased a carbon offset for its remaining emissions, bringing its carbon footprint down to zero.

Carbon Offset—The act of reducing net carbon emissions by allotting resources to practices that decrease pollutants. For example, emission credits can be purchased to lower pollutants from other sources, such as power plants, or to pay companies who emit less than the recommended amount. It can also be as simple as paying to have new trees planted, or investing in solar or wind power.

Fair Trade—According to Oxfam, "[It] is an alternative approach to conventional international trade. It is a trading partnership which aims at sustainable development for excluded and disadvantaged producers." The Fair Trade certification label allows consumers to endorse products that guarantee fair labor conditions are met.

SOURCE: Jenni Chang, "The Glossary of 'Green.'" *Daily News Record*, April 2, 2007, p. 14. Copyright © (2007) Conde Nast Publications. All rights reserved. Originally published in *DNR*. Reprinted with permission.

citing its core values: freedom, responsibility, sharing, respect, integrity, solidarity, and progress. The reports highlights activities such as offering environmentally friendly products, fair trade products, purchases from local suppliers, contributions to educational opportunities, and promotion of food safety. The 2007 report focuses on the following five key issues: balanced diet, sustainable consumption, manufacturing social conditions, being a responsible employer, and climate change.

Recycling

Recycling is important for its role in reducing landfill contents, renewing limited resources, and saving energy in the production processes. Greeting cards, office paper, and plastic products are often labeled "made from recycled materials." Recycling has become a way of life for many people, and many municipalities throughout the country now have separate facilities to accommodate recyclable

BOX 5.3

IS RECYCLING WORTHWHILE?

Recycling is one of the best environmental success stories of the late twentieth century. Recycling, which includes composting, diverted over 72 million tons of material away from landfills and incinerators in 2003, up from 34 million tons in 1990—doubling in just 10 years. Recycling turns materials that would otherwise become waste into valuable resources. As a matter of fact, collecting recyclable materials is just the first step in a series of actions that generate a host of financial, environmental, and societal returns. There are several key benefits to recycling. Recycling:

- Protects and expands U.S. manufacturing jobs and increases U.S. competitiveness in the global marketplace
- Reduces the need for landfilling and incineration
- Saves energy and prevents pollution caused by the extraction and processing of virgin materials and the manufacture of products using virgin materials
- Decreases emissions of greenhouse gases that contribute to global climate change
- Conserves natural resources such as timber, water, and minerals
- Helps sustain the environment for future generations

SOURCE: United States Environmental Protection Agency (EPA), <http://www.epa.gov/epaoswer/non-hw/muncpl/faq.htm>

items. Recycling is a major industry in the United States, with thousands of companies employing millions of people. According to the Secondary Materials and Recycled Textiles Association (SMART; <http://www.smartasn.org/>), the textile recycling industry removes 2.5 billion pounds of post-consumer textile waste from the United States' solid waste stream, 35 percent of which is used clothing that is exported.

New apparel and home furnishings products made from recycled materials may be less familiar than some of the consumer items previously mentioned, but they are nevertheless available in products such as sweatshirts, jeans, underwear, blankets, hats, gloves, socks, luggage, and carpets. Mary Swinker and Jean Hines (1997) investigated whether consumers would willingly select apparel made from recycled fibers. Their study revealed that, when price was controlled, a majority of consumers selected sweatshirts made of recycled fibers over sweatshirts labeled with virgin

fiber content. As would be expected, the researchers also found that consumers who selected sweatshirts made from recycled fibers were more familiar with recycling, were more ecologically conscious, and/or perceived that products made with recycled fibers were not inferior to products made with virgin materials.

A recent study was conducted to investigate the affinity of a specific target group of consumers to apparel made with previously used apparel components (Young, Jirousek, and Ashdown, 2004). This project incorporated William McDonough and Michael Braungart's (1998) philosophy, "waste equals food," by taking objects that would have been discarded and instead using them to produce re-created, useful objects. The targeted consumers, labeled "urban nomads" represented a demographic of "young professionals living in urban areas who commute using ecologically sensitive public and human-powered modes of transportation" (p. 6r). The authors developed a design process, and then sourced materials by purchasing used jeans, sweatshirts, T-shirts, men's suits, button-down collar shirts, and wool sweaters in bulk from rag dealers. Their prototype garments were then "unde-signed" and transformed into new apparel items. The line of products developed for wear testing and evaluation by a sample of urban nomads included a Denim Wave Skirt, a Pod Skirt, a Backpack Vest, a Decon Hoodie Cardigan, and a Reverse Reflect Vest. The authors noted that good design is a crucial first step for the environmental principles to be understood and accepted by consumers. They found that consumers were more willing to wear secondhand clothing that had been deconstructed and incorporated into new garments than normal used clothing.

Fair Trade

Fair Trade is a concept that mixes both ethics and business; it requires that producers of commodities such as cotton, wool, coffee, and apples be paid "fair" prices for their goods—rather than the minimum prices allowed in the marketplace. TransFair USA is a nonprofit organization that grants Fair Trade certification for goods that meet the Fairtrade Labeling Organization (FLO) International standards. Currently, Fair Trade certification is available in the United States for coffee, tea and herbs, cocoa and chocolate, fresh fruit, sugar, rice, and vanilla. TransFair USA evaluates and certifies products by working with importers and manufacturers to document trade practices associated with the specific goods. Apparel items are a more recent addition to this arena; however, they are difficult to certify because of the variety of labor contributions that go into garment components and assembly. Fair Indigo, established in 2006 offering a catalogue and Internet site, is a pioneering fashion apparel and accessories retailer that is promoting the

BOX 5.4

THE FAIR TRADE FEDERATION

The Fair Trade Federation (FTF) is an association of fair trade wholesalers, retailers, and producers whose members are fully committed to providing fair wages and good employment opportunities to economically disadvantaged artisans and farmers worldwide.

FTF members link low-income producers with consumer markets and educate consumers about the importance of purchasing fairly traded products that support living wages and safe and healthy conditions for workers in the developing world. FTF provides resources and networking opportunities for its members and acts as a clearinghouse for information on fair trade. FTF membership is not a certification, but members are screened for their full commitment to fair trade.

By adhering to social criteria and environmental principles, fair trade organizations foster a more equitable and sustainable system of production and trade that benefits people and their communities.

SOURCE: <http://www.fairtradefederation.com>

concept in the operation of its business. Company founders plan to meet their goal of increasing wages for clothing laborers by sourcing products at worker co-ops and small family-owned factories that cooperate by paying their employees more than the prevailing wage (Chandler, 2006). As indicated, the scope of the Fair Trade concept also encompasses fair labor—the payment of living wages, availability of freedom of association, safe working conditions, and an absence of forced child labor. Fair labor is discussed in greater detail in Chapter 6.

Because of the guaranteed payment structure, certified Fair Trade products are typically associated with higher prices than products that aren't manufactured using Fair Trade guidelines, and are often sold with a certain percentage premium for the Fair Trade value. In order for these types of goods to be economically viable, consumers must be willing to pay premiums on prices beyond the market price to ensure that the producers receive the guaranteed fair price. The ethical results of Fair Trade products include improved quality of life for workers, enhanced working conditions and job security, and positive contributions to environmental sustainability. Critics of Fair Trade have expressed concerns that guaranteed pricing may artificially extend the life of some products beyond the time that their production is economically feasible, thus preventing farmers and manufacturers from seeking to produce newer, more sustainable crops and products.

MANUFACTURING PRODUCTS FOR TRADITIONALLY UNDERSERVED MARKETS

Ethical fashions include not only those products that are produced in ways that are safe and environmentally friendly, but also items that are available for a range of diverse consumers. As marketers have begun to realize, members of historically underserved populations such as Latinos and African Americans can bring significant spending power (and in some cases, influence) to the marketplace. As a result, both advertising and product development have become more targeted toward the unique consumer attributes of these populations in the past decade. Apparel that reflects cultural desires and shopping environments that appeal to members of specific market segments have become more widely available. As diversity is embraced and valued as a component of corporate social responsibility, additional consumer categories have developed; two notable examples are cosmetics for dark skin tones and plus-size women's apparel.

ADDITIONAL ETHICAL ISSUES IN PRODUCT DEVELOPMENT

Do retailers and product manufacturers have a responsibility to be "politically correct"? This is an issue that can ignite the ages-old profit versus ethics debate. Because making money is the major driver for so many businesses, decisions must be responsive to their bottom lines.

Target Market

Apparel product developers and retailers need to reference their corporate values and identify lucrative merchandise that appeals to their target market. But, obviously, products that appeal to one target market may potentially offend others. Trying to connect with the selected market may come at a cost of bad publicity, but many controversial retailers note that bad publicity from one group translates into free publicity in the broader market and increased sales from their target customers. Abercrombie & Fitch's controversial T-shirt slogans spawned protests that generated more free publicity than the company's advertising budget could have covered. The publicity surely prompted additional sales from consumers who were intrigued by the controversy and drawn to the company's edgy products.

Conversely, controversial products can detract from companies' sales when the target market is offended. This is particularly important when offering products or advertising in foreign countries or to unfamiliar cultures.

Manufacturing Authentic Merchandise

Although previously addressed in Chapter 4, the decision to produce authentic merchandise is worth briefly revisiting in the context of product manufacturing and sourcing. The authenticity of merchandise designs and logos is not only an ethical issue, it can also have legal consequences. Forever 21 was hard hit in 2007 by lawsuits from at least 20 designers and retailers including Anna Sui, Gwen Stefani, Diane von Furstenberg, Bebe, Tokidoki, and Anthropologie, which accused the company of copying their fabric patterns and/or designs. Lisa Casabona reported in *Women's Wear Daily* (2007) that "sources familiar with the cases say the retailer's actions and its responses to litigation seem indicative of a systematic approach to copying designers." Similarly, Levi Strauss & Company sued both Polo Ralph Lauren and Abercrombie & Fitch in 2007 citing trademark infringement for allegedly copying the famous blue jean pocket design. In addition to being costly, lawsuits create negative publicity for retailers and brands that can damage their reputations with members of the consuming public.

Labeling and Packaging

Merchandise must be labeled correctly so the customer can accurately determine what he or she is purchasing. A major responsibility of retailers is to ensure that the people manufacturing and sourcing goods produce appropriate labels. Most experienced consumers in the United States expect their apparel items to be manufactured with components that are listed in the labeling; retailers and brands that violate this expectation risk losing the trust of their customers. In early 2007, an investigation by the Humane Society of the United States revealed that fur products sold online by Nordstrom and Tommy Hilfiger contained pelts of domesticated dogs rather than synthetic fur as the labels had indicated ("Is your fur fake or is it Fido?" 2007). Although customers were notified and offered the opportunity to return the mislabeled merchandise, situations such as these leave retailers and brands vulnerable to consumer mistrust, particularly when buying products that may be selected as "ethical" substitutions for controversial fashion items. To strengthen goodwill between retailers and brands and their customers, labels should also comply with care labeling and country of origin requirements.

Merchandise should be packaged in a manner that ensures the integrity of the product, is not wasteful, and enables the intended use of the product to be clearly understood.

Decisions regarding materials and production processes have ethical implications, regardless of the present market demand. Companies that promote themselves

as ethical must reinforce their image with action by offering authentic products that perform to the standards advertised. As professionals in a trend-driven industry, apparel merchandisers benefit from awareness of current marketplace issues and concerns that affect the products they design, produce, and sell.

QUESTIONS FOR DISCUSSION

1. Are you willing to pay more for environmentally friendly fashion products? Why or why not?
2. What steps do you take to reduce municipal product waste? What steps might you take in the future that would be a change from what you currently do? Describe and explain.
3. Identify the types of Fair Trade merchandise that is available at a store in your area. How is it promoted? What image do you associate with retailers who sell Fair Trade products? What is your opinion about the generally higher prices charged for fair trade merchandise?
4. Have you bought recycled apparel products? If so, what was your motivation for doing so? If not, why not? Explain.
5. What do you do with your apparel items when they are no longer useful to you? Explain. Can you think of other methods you might use in the future?
6. What "new" fibers have you seen on the market? Do you have any clothing manufactured with "new," sustainable fibers? If so, what are those fibers? Why did you purchase that particular item?

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