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Purpose based strategies: Fashion industry structures and consumer buying behaviour alterations induced by Covid-19

Feremans Vito
[152119163]

Dissertation written under the supervision of Vera Herédia Colaço, with
the collaboration of industry expert Nuno Moreira da Cruz

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1. Abstract

Como consequência da recente pandemia de Covid-19, o comportamento do consumidor mudou drasticamente, levantando inúmeras questões e desafios para organizações e consumidores. Esta dissertação debruça-se sobre como a atual pandemia alterou a estrutura das organizações e o comportamento de compra dos consumidores na indústria da moda. Isso implica analisar a pesquisa em duas partes distintas. Primeiro, o autor analisará o setor organizacional, mais especificamente marcas e organizações de moda. Em segundo lugar, será realizada uma análise dos hábitos e comportamentos de consumo dos consumidores de moda. Tanto a pesquisa quantitativa quanto a qualitativa foram conduzidas para permitir que um amplo conjunto de dados para tirar conclusões fosse possível. No geral, os resultados demonstram a importância dos aspectos geracionais nos negócios movidos por um propósito. Além disso, os dados permitem uma compreensão dos elementos que contribuem para as preferências e comportamentos de compra, novamente levando em consideração o fator idade. Apesar dos modelos teóricos anteriores preverem um forte foco do consumidor nos negócios éticos, os dados encontrados não suportam essas previsões. Embora haja um pequeno aumento na importância da ética, não é substancial e está fortemente focado nas gerações mais jovens. Focando no aspecto organizacional desta dissertação, tornou-se claro que as organizações não estão a mudar o foco ético, mas sim tornando seu foco original mais profundo. O que significa que as organizações que se concentram na RSE estão a transformar-se em negócios com propósitos, e as organizações focadas em maximizar os lucros continuarão a fazê-lo. Finalmente, podemos ver que o novo caminho das organizações para o mercado está mais focado no e-commerce, com muitas dessas organizações relatando que continuarão a fazê-lo por medo de mais medidas de confinamento.

English:

As a consequence of the recent Covid-19 pandemic, consumer behaviour altered drastically, raising numerous questions and challenges for organisations and consumers alike. This dissertation sheds light on how the current Covid-19 pandemic has altered the fashion organisations' structure and fashion consumers buying behaviour. This implies analysing the research in two separate parts. First, the author will be analysing the organisational sector, more specifically fashion-brands and -organisations. Secondly, an analysis will be performed on fashion consumers' consumption habits and behaviours. Both quantitative as qualitative research was conducted to allow the researchers to have an extensive data set to draw conclusions upon. Overall, the findings demonstrate the fundamental importance of generation aspects for purpose-driven businesses. The data, furthermore allows for an understanding of the contributing elements to buying preferences and behaviour, again taking the age factor into account. Despite prior theoretical models, that predicted a strong consumer focus on ethical business, the found data does not support these predictions. While there is a small rise in ethical importance it is not substantial, and heavily focused on younger generations. Finally, focussing on the organisational aspect of this dissertation, it has become clear

that organisation's are not shifting focus but instead are making their original focus more profound. Meaning that organisations focusing on CSR are developing into purpose-driven businesses, and organisations that are maximising profits will continue to do so. Finally we can see that the reported new road to market of organisations is more focuses on e-commerce, many of these organisations report that they will continue to do so out of fear for more lockdown measures.

2. Introduction

It is late into 2019, the Covid-19 crisis has not even been classified as a pandemic yet, while health experts, virologist and economist riddle of what the future will hold, the profound impact of the virus has not yet been clear. As more information and research was conducted the seriousness and the extent of the virus became clearer, ultimately affecting almost every aspect of life as we know it now. The effects that covid-19 outbreak has had, on both the marketplace and its consumers, are immense. We reflect on the stark contrast between doing business now and one year ago. Disturbances in the supply and demand across a multitude of industries were observed, where consumers' demands and buying preferences shifted rapidly (Teodoro & Rodriguez 2020). Statistical exceptions projected the fashion industry too continue growing throughout 2019 and 2020 ultimately reaching a global revenue of \$664,474 Million US dollars. Yet, due to the effects of the Covid-19 outbreak it became clear that these predictions were not attained as fashion industry was unfortunately not spared from the crisis. Recent research shows that, within Europe since the start of January show that production levels decreased by 28.1%, employment fell by 5% and that the total retail of sales dropped by 31% (Sabanoglu, 2020). Further research conducted in Denmark found similar findings (Andersen, 2020). The Danish market detected revenue decreases of 27%, mainly due to firms having to close showrooms and stores with consumers in lock- down (Andersen, 2020). Additional research shows that , initially as the pandemic came into effect, both e-commerce and in-store sales declined rapidly, with later on e-commerce sales starting to flourish again (Andersen, 2020)

This leads to a question of relevance related to the impacts of covid-19 outbreak on consumer buying habits and preferences, while trying to understand how fashion organisations are meeting consumers' needs in the marketplace of goods.

The goal of the present master thesis is to shed light on how the current Covid-19 pandemic has altered the fashion organisations' structure and approached the market while fashion consumers' buying habits are likely to have changed since the start of the pandemic. This implies analysing

the research in two separate parts. First, the author will be analysing the organisational sector, more specifically fashion-brands and -organisations. Secondly, an analysis will be performed on fashion consumers' consumption habits and behaviours.

Having a thorough understanding will allow managers and marketers to properly prepare and anticipate their businesses for eventual black swan events. As aforementioned, currently many industries are suffering tremendous losses due to the pandemic. This research can, therefore, be an important part in ascertaining knowledge and allowing firms within the fashion industry to adapt to the current business climate. Furthermore, the academic assessment hereby performed within the consumer behaviour field will allow to see how this pandemic has been affecting consumers' fashion preferences. Analysing what has led consumers to change their preferences will allow the author and consequently, fashion organisations, to adapt and to create a more effective road to market.

3. Literature review

3.1. Consumer in the fashion industry

3.1.1. Buying behaviour & Buying preferences

Buying behaviour analyses how consumers make purchasing decisions, and ultimately how their decisions are affected by numerous factors (Zemke et Al. 2013). Some of these factors are education, social environment and cognitive abilities.

The science of consumer psychology or consumers behaviour aims to analyse and understand those factors (See Figure 1. In Appendix), which can be categorised into four categories and numerous sub-categories. These are: personal (e.g., age, life cycle, occupation, personality and lifestyle), psychological (e.g., motivation, perception, learning and memory), social (e.g., social circle) and economic (e.g., personal income, family income, saving and other economic contributions) (Solomon et Al. 2006). For the purpose of the current research only age, life cycle and generation are aspects that will be further analysed.

3.1.2.Generation and age specifications

Personal factors directly relate to elements that characterise the consumer, such as age, life cycle, profession, personality and lifestyle. As previously stated, a consumer's buying behaviour is never static but is constantly developing and changing (Zemke et Al. 2013). As the individual grows older, their perception and taste changes too. Besides age, the lifecycle of the consumer is also analysed meticulously (Çelik & Gürcüoğlu, 2016).

The life cycle of the consumer describes the stage of life according to being a student, marriage, divorce, children, or retirement-stage.

The needs of the consumer change according to their life cycle, as one can imagine the needs of a college student and the needs of a new parent or a retired person are vastly different (Crampton & Hodge, 2007). For managers and marketers alike it is helpful to further segment different consumers according to the generation that they belong to.

Predominantly the different generations are described as: The Silent Generation (born pre 1945), Baby Boomers (1946 - 1964), Generation X (1965 - 1979), Generation Y (1980 - 1994) and Generation Z (1995 - 2010) (McCrindle Australia Research, 2012). Research teams suggest that all different generations have different characteristics, raising various issues for management teams alike (Chen, 2010). The variance in characteristics between generations implies that there is also a difference in values, behaviour, preferences, judgement, motivation and habits, which in its own way, partly defines the consumer's buying habits and preferences (Chen, 2010). However, it is important to note that although generations are described in a certain way that not each member of that generation has those exact characteristics, implying that the field of age studies and generations is subject to some form of stereotyping.

Research that analysed the purchase influences of different generations was able to detect substantial differences between different generations and age groups. Differences in consumption habits could be explained through excess in spare time. For instance, the Silent Generation and Baby boomers, are described as value hunters since they have more spare time to compare prices (Qazzafi, 2020). The data suggests that the older the consumer becomes, the more brand-loyal they become. There is also a certain trend of resistance to brand switching as indicated by Karani and Fracastoro (2020). To clarify, Baby Boomers are extremely brand loyal, while within Generation Y there is hardly any form of brand

loyalty, However, what was stringing was that individuals that belong to Generation Z, again became '*brand Evangelists*'. Promoting the brand through word of mouth and recommending the brand to others (McCrinkle, 2012).

The global pandemic, briskly took ahold of the global population, exposing the fragile nature of our society and systems.

With infection rates rapidly increasing, overwhelmed healthcare and hospitals and rising mortality rates, a deep fear was evoked among many. Inducing a tremendous amount of psychological stress and not-uncommon, a deep fear.

3.1.3. Mortality salience

Mortality Salience is a concept that analyses how the exposure to external health-threats and risk of death alters a consumer's habits, preferences and behaviour, and is therefore directly related to consumer behaviour. Pyszczynski et al. (2003), conducted research after September 11, and suggest that terrorist attacks, natural disasters and other health threats that expose an individual to death, increase one's own salience of death. Ultimately, this effect has increases individuals' pre-disposition to consumption. Cosgrove et al. (2002), monitored the consumption of American citizens after the event of 9/11 and noticed a significant elevation of the consumption of expensive luxury products, canned goods, alcohol and fast food (Hubler, 2001). However, researchers were able to discriminate between consumers based on aspects related with self-awareness. According to Duval and Wicklund's (1972) on self-awareness theory, define self-awareness as a situation in which one compares itself to a certain standard, often being this comparison unfavourable. Further analysis that combined elements of self-awareness and overconsumption suggest that excessive consumption is a coping mechanism to flee from the reality of self-awareness. Interestingly, it was noticeable that consumers that bought goods compulsively were reported to have a lower self-esteem and self-awareness. (Faber & O'Guinn, 1992). Taking elements of Mortality salience into account, managerial teams and managers realised that, when faced with tremendous threats such as the one mentioned above, consumers start to consume more, and generally more compulsively. This opened an opportunity for managers and strategists to understand how feelings of discomfort and anxiety could be used as signals to accommodate consumers, which ultimately may pave the way to maintain and

even generate new business. Along, with the added elements of purpose and corporate ethics to the core of business, both strategists and analysts looked into whether or not it would complement the aspect of mortality salience (Mandel, 2008).

3.2. Purpose-based organisations

3.2.1. What is purpose-driven business?

Purpose based strategies are described as the “why” a business engages in certain activities, this sense of purpose is directed to contribute and add value to stakeholders, society and the environment the business operates in (Cardona & Rey, 2008). This sense of purpose is a strong tool that aims at unifying employees, management and consumers. The idea of creating meaningful firms is becoming less of a trend and more of a standard. While purpose is often mistaken for the mission of an organisation this is in fact not the case. Purpose is actually more the foundation of the mission. Research shows that when a firm is successful in creating a unifying purpose, employee engagement and satisfaction rises (Cardona & Rey, 2008). Researchers and consulting firms such as Alice have been analysing and attempting to recreate the effects and actions of purpose-driven businesses in traditional businesses, most often, without much success (Dijksterhuis et Al. 1999). This shows that the sense of purpose that creates the mission of the organisation is indispensable. Without this factor, the actions of the firm become empty and the real value that can be generated is diminished substantially. What makes purpose-based strategies and business so strong is the sense of unity that it creates among individuals. When such a large amount of people share a common or similar purpose it creates an environment of like-minded individuals (Melé, 2003). Unity is thus, described as something that cannot be recreated, since it needs to grow, taken care of and fostered. This sense of belonging and unity creates a business environment that is subject to a flat hierarchy, where the development of the firm and the employee’s personal purpose eventually leads to a strong shared purpose (See Figure 2. In Appendix). When employees of an organisation manage to nurture their personal interests and purpose the research (Grant, 2012) showcased that this leads to a more flexible and fluid purpose element within the organisations. The shared purpose is never a finished concept, but instead is constantly evolving and transforming into something different. While always keeping the main purpose at heart. This fluidity is exceptionally present when employees experience that sharing their personal purpose contributes to the organisational or shared purpose (Grant,

2012). It creates a great sense of belonging and dependence. The research team mentioned that perhaps creating a great sense of shared purpose is perhaps one of the strongest intrinsic and extrinsic motivators for employees (Sheldon, Elliot, 1999). With purpose-led businesses and strategies gaining in popularity, it seems clear to the researchers that the traditional organisational limits and boundaries are being questioned and are subject to change (Santos & Eisenhardt, 2005).

3.2.2. Strategic implications & Business structures

Taking into account what purpose-based businesses are and realising that creating a strong, profitable purpose led organisation is far from easy, strategists and managers realised that a strategic change was needed (Barlett & Ghoshal, 1995). For instance, strategists created three perspectives through which they were able to integrate a common organisational purpose and create value through these perspectives. The three perspectives are described by Barlett and Ghoshal (1995) as *Analytical Coupling*, Business model Coupling and *Institutional Coupling*. The aforementioned perspectives were created to aid managers and organisations to help with strategic decision making, to create brand opportunity and to convey legitimacy, respectively. The highest organisational potential is achieved when these three perspectives are combined simultaneously. Casadesus & Ricart (2011) propose an alternative Purpose Model Canvas. The model in question allows managers to create an overview of all strategic decisions, the consequences that they bring and the feedback loops that are consequently created.

The model incorporates the three different types of perspectives, therefore creating a strong strategic tool. By analysing the model and identifying the most substantial institutional and business model decisions, the management team or organisation is able to identify if their business strategy is coherent with the organisational purpose. If this is the case then the management team should find a sense of fulfilment in the following fields (Casadesus & Ricart, 2011).

The essential elements to create coherence between business strategy and its purpose are described by Rey et Al. (2019) as the following:

- i. *Alignment*: this field addresses the strategic choices that are made. It analyses whether or not these choices allow the organisation to fulfil its purpose. If the organisation does not achieve in doing so it is clear that the strategic decisions that were made are not the right ones.
- ii. *Reinforcement*: this field address the strategic choices that complement and reinforce each other in order to achieve the organisational purpose. If these choices complement each other, synergies are created and in doing so the impact of the decisions is amplified substantially.
- iii. *Virtuousness*: This field addresses how strategic choices feedback and strengthen one another. Virtuousness can be linked to unity of purpose, where unity creates a stronger purpose.
- iv. *Sustainability*: This field addresses how sustainable the purpose based strategic choices are. It analyses competitiveness, profitability and reputation. By utilising the Purpose Model Canvas, it is more graspable how firms fuel purpose based strategies and how they reinforce that strategy by continuously carrying on developing it.

As mentioned previously, when this model is utilised correctly, it should incorporate all four elements. While this would allow the organisation and its managers to create unity and coherence, it simultaneously changes the management style and organisational structure. True purpose should be carried throughout each department, ultimately influencing leadership- and management-styles.

3.2.3. Purpose, leadership & Management

3.2.3.1. Agile organisational structures

As stated previously, purpose-driven organisations operate in their own specific way. The strategy, the organisational habits and the organisational structures, are tailored in such a way that they suit the specific needs to stimulate the alignment, reinforcement, virtuousness and the sustainability aspect of the business purpose. However, in scientific research it is often addressed that the hierarchical design of purpose-led organisations is particularly unique (Rey, Maña, 2017). Notably there are four independent hierarchical forms that vary based on agility and mission-collectiveness. The Agile Purpose Chart

model provides the basis for creating a holistic framework for purpose-driven organisations (Seen in Figure 3, In Appendix).

3.2.3.2. Purpose and Productivity

Each firm has its personal point where productivity is maximised, which is achieved on the basis of altering levels of adaptability and mission collectiveness (Bernstein et Al, 2016). Agility within a purpose-based business is described as a tremendous strength, as adaptability is the factor that allows the firm to react to changes in the market without losing or weakening its alignment to purpose. This, in its way, fosters an environment that creates a legitimate source of authority to individuals and teams that empower them on the basis of purpose and not by the chain of command. The Agile Purpose Chart model truly puts the scope on organisational structures as well as the individual and combines it into a holistic whole (Gulati, 2018). The research team turns its head back towards productivity aspect of a business and redefines how productivity and hierarchy is understood. While another research team found statistical proof that the more proactive employees became, the higher the performance levels were (Grant et al., 2009). This induced a rapid trend where organisational leaders would become less authoritarian resulting in more proactive and engaged employees. When it comes to Purpose-driven leadership researchers agree upon the finding that the success-factor lies in trust instead of transactions or power. The biggest described upside of purpose-driven leadership is that trust is not power or position (Boudeiche et al., 2014). In some firms or cases this leads to a tendency referred to as co-leadership dynamics where the leadership is shared amongst employees and managers alike due to the fact that trust is not position bound. Whilst resulting in tremendous work-satisfaction rates it diminishes productivity and performance; this is the main reason why co-leadership techniques are only rarely implemented.

Instead the vast majority of purpose-led organisations opt to integrate the qualities and strongest factors of traditional leadership and combine them with purpose-driven leadership strategies.

Personal purpose, unity and connecting personal purpose and organisational purpose are the building blocks of purpose-driven leadership. All of these factors led to the initiation of transformational -, servant - and situational-leadership styles, which caused higher

levels of inspiration and effectiveness. However, the lions-share of the success of the development and implementation of Purpose-driven leadership depends on altering the management mindset. Completely moving away from top-down management and commencing management styles that see portray their task as leading leaders. It is the personal gain and features of the bureaucratic and hierarchical world that cause the failure of many purpose-driven leaders (Cardona & Rey, 2008).

3.2.4. Stakeholder Capitalism Shifts

Over the past forty years there has been a steady and strong belief that organisations should always be aiming to maximise shareholder value, share prices and profits, shareholder capitalism (Stiglitz, 2019). This tendency to pursue shareholder capitalism was first introduced by Nobel prize winner Milton Friedman (1976). The economist's famous words: "There is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits." (Stiglitz, 2019), were carved into stone in the corporate world and were followed meticulously. In the early 2000's there were numerous researchers, economists and strategists that were analysing the implications of adding a pro-social aspect to doing business. This was the categorical change in the perception of purpose-based strategies, it was shown that firms and individuals can have motivations besides solely being profitable. This was again suggested by Joseph Stiglitz's research that suggests that a new wind is blowing in the corporate world, where firms are looking to maximise stakeholder wellbeing (Stiglitz, 2019). The introduction of purpose-based strategies allowed the organisation to add a social mission other than just trying to be profitable.

3.3. External threats and consumer responses

3.3.1. Describing actual and potential threats and its extent

The field of consumer behaviour has been extensively examined and studied throughout the last decades. It has long been clear that the examining and mapping the intricacies of consumer behaviour can be tremendously complex (Solomon et Al. 2006).

However, researchers agree that external stress factors such as economic instability or socio-cultural changes can have a profound impact on how consumers perceive the marketplace (Carver, Scheier, & Weintraub, 1989; Campbell, 2020). The sudden immediacy of such threats can redefine consumer behaviour, preference and spending habits (Kyoungmi, Hakkyun & D. Vohs, 2011). For instance, black swans, such as the Covid-19 pandemic shake the consumer market to its core, eliminating or fading away any preceding form of stability, security and growth all together (Andersen, 2020). The research conducted by Campbell and colleagues (2020) provides a conceptual plan to help researchers and managers alike to navigate projects and firms through troubling and challenging marketplace (Thompson, Bardhi, 2018).

A FRAMEWORK OF CONSUMER RESPONSES TO THREATS

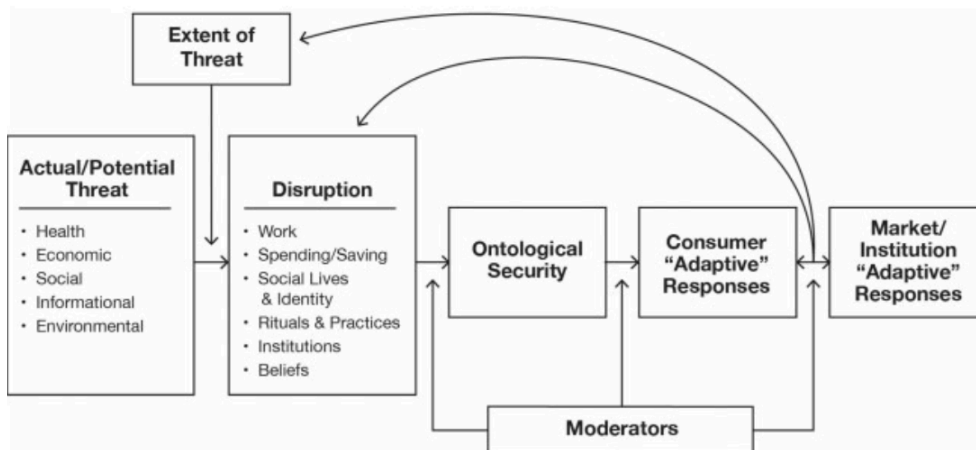


Figure 4. Campbell, M. (2020). *In Times of Trouble: A Framework for Understanding Consumers' Responses to Threats*

The research team focuses on answering complex questions that create an environment that explains the rapid change in consumer behaviour. Such questions for example include, “How do consumers respond and adapt to sudden and widespread threats such as these? What are the most common responses?” (Campbell et Al. 2020). The aforementioned questions are particularly interesting as they open space for future research. The reason why these questions remain unanswered within the “Understanding Consumers Responses Framework” is due to the fact that, when analysing the various stages in the model, we see that currently the market is adapting its response. Implying that the feedback loop is not yet complete, therefore making not allowing the researchers to once again analyse the impact on consumers.

The conceptual framework of consumer responses to threats demystifies how and in which circumstances a threat is likely to alter a consumer his buying behaviour or preference. The framework constructed by Campbell et al. (2020), consists of multiple separate elements, which are studied and analysed separately.

However, they indicate that each element influences the subsequent element. For instance, researchers found that the sequence initiates with an external threat, which could be an economic, social, health or environmental threat.

For the threat to have an impact on the following elements it is vital that the extent of the threat is substantial to change the consumer his current state (Campbell et Al. 2020). It is proposed that the extent of the threat is associated by the severity, scope and psychological distance to the consumer. This implies that even though each part is analysed separately they create one whole.

With respect to psychological distance, its severity addresses how large the impact of the threat is. For instance, the scope explains the duration and size of the threat by examining the number of people affected and finally, psychological distance encompasses how close or removed an individual feels from the threat (Trope & Liberman, 2010). This concept comes from the Construal Level Theory as suggested by Trope and Liberman (2010). This theory suggests that, the larger the psychological distance is to an individual the less profound and powerful the threat is. The authors suggest that due to the enlarged psychological distance, the consumer is able to distance himself to the threat at hand, evoking feelings of safety. The element of disruption is then described as the change in the consumer or individual beliefs, norms, social, routines and practices that make up traditional everyday life. In the element of disruption it is important that the *status quo* of the individual is altered (Goldstein et Al. 2008). It is the disruption of the individual's daily life that creates disturbance within their ontological security, as suggested in a field study by psychologist Robert Laing (Cannon et Al. 2019).

The author described ontological (in)security as the degree to which consumers have the feeling that their world and role within it, is secure and predictable (Campbell et Al. 2020). The lower this predictability the lower the ontological security. Ontological insecurity is not about the absence of this type of security but, instead, how it becomes less significant and strong (Banham, 2020). It is consequently described as, the life of the consumer and how his/her everyday life and habits are disrupted. This leads to the consumer experiencing

feelings of insecurity, anxiety and uncertainty (Phipps & Ozanne, 2017). The researchers introduced "moderating element"s as they understood that otherwise this model would be too specific and too theoretical. Moderators introduce variety of consumers into the equation, where culture, education, psychological and social factors influence cognitive abilities and decision making.

As seen in Figure 4, the model creates a self-reinforcing feedback loop. Where the process initiates by the influence of an external threat and terminates by an adaptive reaction from the marketplace to the altered consumer response. The latter then again influences the initial elements in the cycle and the process re-starts. However, research suggests that when multiple threats occur simultaneously the extent of threats can increase drastically (Perry & Quarantelli, 2007).

3.3.2. Consumer, Market and Institution Adaptive Response

All of the aforementioned factors contribute to an altered consumer and market response. When analysing consumer responses these can be categorised as cognitive, affective and behavioural. In consumer response-related research it is shown that these three categories are all closely related and intertwined with one another. It is described that ontological insecurity has an immediate effect on how consumers process decision making emotionally (Carver et Al. 1989). The disruption could likely lead to consumers feeling less secure. Consequently, this uncertainty might lead to a decision-making process that is led by emotions related with fear, frustration or anger, instead of reason and logic (Su et al., 2019). Researchers continue by describing various responses to various threats. The threats, covered in Su and colleagues' 2019) article are health-related, economic and social threats. Taking the covid-19 pandemic as the context by which each threat occurs, it shows how this pandemic has changed almost every aspect of our lives. The covid-19 specific analysis showed that consumers that are facing troubling times would alter their usual choices and behaviour and that if the possibility presents itself they will let someone else make important or challenging decisions (Phipps & Ozanne, 2017; Botti et al., 2009). The market, much like consumers, also responds to disruptions that are created by external threats. However, while altered consumer habits are only induced by the external threat, the market response is both altered by the changed consumer's preference and on the external threat. This implies that the market change is induced from separate angles. The literature in

this domain suggests a need to change the supply chain structure, and an increased demand towards new methods of production, new products and innovation (Phipps & Ozanne, 2017). This latter researcher continued to describe the extent of the current threat, explaining how the Covid-19 pandemic closed entire sectors and value chains as a whole. The research is supported by current, real life events, and showcase that if the severity and scope of the threat is large enough it is going to expose errors and weak points in structures, markets and systems. The failure of these systems on its own, again influences the disruption and ontological insecurity that consumers experience.

3.4. New developments under Covid-19

3.4.1. Covid-19 on sustainability and sales

3.4.1.1. WGSN research and sustainability plan (WGSN, 2020)

WGSN is an inter-industry change and trends' forecaster office, that researches managerial problems to help clients to prepare in times of uncertainty. In a recently published paper (WGSN, 2020) their research helped uncover how fashion organisations should shift their strategies and how to invest in a world that is succumb to the Covid-19 pandemic. The team of researchers makes a case for sustainable strategies to counteract the challenges that are covid-19 induced. The financial advisory organisation – deVere, reported that 26% of their customers, worldwide are investing heavily on environmental strategies and are developing strong CSR practices. From WGSN's research, the authors were able to create *4 compact action points* that may serve clients that are active in the fashion industry to create a future strategy that is compelling and sound. The first point that is addressed is slowing down. The main point is that Covid-19 made almost all aspects of our daily life slower, which has shown tremendous benefits for mental health, the environment and business too. This point is mainly focused on teaching clients that exponential or fast growth is not sustainable. Another point of the action plan underlines the importance of prioritising people. Their research made clear that consumers are starting to focus tremendously on the social side of businesses and are putting a lot of importance on seeing fairer working conditions throughout the supply chain. "Put people at the centre of what you do and profit will follow". The following point raises the issue of the global accessibility of sustainable products. It is often the case that sustainable products are targeting specific

consumers in specific geographic locations. A future perspective should reflect regional availability, ease of use and fair prices. The fourth and final point of the action plan addresses the accountability factor, which comes down to managing performance, transparency and perhaps introducing penalties or rewards. All four proposed elements share many characteristics to how a purpose-based organisation operates.

This should allow organisations and managers to better create intelligent and sustainable business opportunities.

3.5. Covid-19 contextualisation

3.5.1. Financial impact & Response strategies (McKinsey & Company, 2020)

It has become clear that the fashion industry was tremendously affected by the Covid-19 outbreak. Raising awareness to problems is one part of the job of consulting firms, offering solutions to counteract these problems is another.

Research conducted by McKinsey consultants throughout the pandemic was able to shed light on the recovery phases and found that is decided into three separate phases and were able to distinguish online and offline sales (McKinsey & Company, 2020). The three phases are distinguished by the time phase of the pandemic, being: initial shock, initial recovery and mid- to long-term recovery. (As seen in in Figure 5. In appendix) The largest contributor to the recovery of both the online and offline market is the consumer sentiment.

Consumer sentiment in this research paper is described as how optimistic consumers are of their national economic recovery after a Covid-19 peak. Respondents of the research and poll concerning the consumer sentiment, were able to choose between three responses. Being: optimistic, unsure and pessimistic (As seen in Figure 6. In Appendix).

The outcome of the research was further categorised by nationality, this gave a clear overview of the dispersed consumer sentiment across the globe. While Chinese and American polls resulted in new pessimistic responses we saw a much larger percentage of the European responders give a pessimistic response. The date overview can be found on Figure 5. McKinsey consultants resulted in proposing 4 main implications within the European market. The four largest focusing points being: continuously pushing e-commerce to boost consumer sentiment as these channels are able to remain active permanently.

Accelerate discounting as excess stock is driving costs up and are diminishing value of future product lines. Adjustments within the organisational cost structure, due to low consumer sentiment and cutback on consumer spending and finally creating a more flexible supply chain to overcome any potential future production halts and value chain interruptions.

3.6. Academic Relevance & Research Intention

3.6.1. Relation to previous work

The different fields of study and sciences (e.g: CSR, consumer behaviour, impact investing and impact transparency) that are the main interest in this thesis have been thoroughly studied in the past. However, all of these fields are currently going through tremendous changes, it is within the best interest of science to expand knowledge on the current situation. We can see that other research teams also have taken notice of the current changes that these fields are undergoing. A recent study that was conducted in light of the Covid-19 outbreak was able to create a framework that tries to understand consumers' responses when they are exposed to threats. The framework indeed confirms what we are assuming, when consumers are exposed to a threat that creates a disruption within their work, their spending, their social lives or similar fields the consumer will adapt their consumption behaviour. This indicates that it is indeed likely that the consumption manner of fashion has changed due to covid-19 (Campbell, 2020). Another study building on the aforementioned literature, suggests that many fashion organisations have relationship and ties to factories that are located in areas where the cost of production and labour is lower. Due to export, travel and labour restrictions that were put in place during many national lockdowns fashion organisations had to find creative manufacturing solutions to continue operations (McMaster, 2020).

3.7. Literature Review & Research Questions relation

Creating a clear and sound overview of the main points that were addressed in literature review and showcasing how they relate to the research-problem and -questions seems paramount. The literature review points out to the strengths of utilising purpose as an organisational driver. Mortality salience is also of relevance since it shows how consumer's behaviour may change when faced by an eminent threat. Joining the various elements that are discussed in the literature

review, a series of research questions are posed, aiming to shed light on the research problem at hand, as viewed next.

3.8. Problem Statement & Research Questions

The problem that this master thesis strives to analyse, is on how the current Covid-19 pandemic has altered the fashion organisations' structure. Also, how fashion consumers' buying habits have changed since the start of the pandemic. Ultimately, this research aims at providing tactical suggestions that allow to create a more effective road to market. Four research questions are thus, posed:

RQ 1: Has Covid-19 change consumers' habits and turn them to seek more purpose-driven businesses?

RQ 1.2: Has purpose become a more normalised direction for organisational strategy?

If we look at events over the last few months and combine these events with models of changing consumer preference we can conclude that it is likely that consumers have strongly adapted their buying preferences. Can we assume that consumer beliefs about ethics and purpose in life have grown as a result of the pandemic and has this shaped the organisational strategy of companies? Since Corporate Social Responsibility, purpose and business ethics are being contested frequently it would be interesting to see if this has contributed to a new consumer preference. Firms have to meet consumers' preferences and demand in the market. This would essentially mean that firms had to restructure and adapt in the recent months. However, it remains to be seen whether or not these changes are permanent and to see how they are currently evolving and how this translates into sales.

RQ 2: How and what type of creative alternatives have fashion resorted to in order to survive this economic downturn?

RQ 2.2: Are the measures taken during the pandemic temporary or permanent?

E-commerce sales have been increasingly rising through the last decade, this point of sales has become fundamental for many firms and is a model that proves to work for many. However, for many fashion organisations in-store sales are still substantial. It is important to

analyse and monitor how organisations have adapted to having to close many retailers due to local quarantine and lockdown measures to answer Research Question 3.

RQ3: What is the current/new road to market and how did this evolve revenue streams for organisations?

With altered value chains and altered markets, it seems evident that organisations had to find new, alternative roads to market to help maintain healthy revenue streams. This leads to our final research question, while there is a great academic relevance in the previous asked research questions it seems futile to not analyse the variability of the purchasing preferences of consumers. Additionally, it is in best interest of our research to investigate and analyse which elements consumers find most important and to see how this importance develops.

RQ4: How has consumer buying preferences changed concretely?

This research question is directly related with all the research questions above. This question will allow the author to culminate all the knowledge gathered and analyse the final step of consumer preferences in the market. The author believes that the aforementioned research questions will allow to construct a firm theoretical and observational basis to create strong and sound conclusions.

4. Methodology

4.1. Selected Research Methods and Sampling

With regards to the methodology we both utilised primary and secondary data. While addressing both the consumer and organisational part of this research the decision was made to include all consumers and firms on a global scale. This decision was made based on the fact that this is a global pandemic and has affected global markets and consumers from around the world.

As stated previously the research was conducted into two separate parts, namely:

- I. The consumer analyses were aimed to explore the interests, buying behaviour and buying habits of consumers. To assure that enough data was collected we utilised digital surveys, ensuring that the surveys were spread more effectively on a global level.

To assure that the results of our sample were representative for our population the author aimed to interview four hundred individuals from various age groups, genders, social classes and nationalities.

This should allow the author to further utilise our data and segment specific groups (e.g., nationalities and generations) so that conclusions could be drawn for a specific country or age group.

- II. The second part of the research related with organisations' structure presents as more challenging, since a multinational- or global enterprises are intended to be interviewed . It is important to note that during these interviews the interviewees should be aware of strategic decision making, of sales evolution and of production developments. Furthermore, these interviews should provide the author with insights of the organisational vision, CSR, views on impact investing and further future perspectives regarding changing consumer buying habits. This information is key in understanding how fashion organisations are altering and willing to alter their structure and challenge the status quo. As referred previously, the empirical research is conducted in two parts:

4.2. Interview analysis

Prior to each organisational interview a non-disclosure agreement was signed, that prohibited us from naming the firm name in the interviews. In order to follow the rules within the non-disclosure agreements the organisations will be referred to Firm A, B, C & D. The firms provided a short description that would be able to introduce the reader to the business without providing the brand name, these descriptions have not been altered for our research. Each interviewee was asked the exact the same questions, and to elaborate on the topics sustainability, strategy and CSR. When a firm was unfamiliar with a term or concept, we ensured to provide the same, theoretical explanation to everyone. The interview questions have been made available in the appendix, figure 7.

4.2.1. Firm A

4.2.1.1. About the company

Even since Firm A's humble beginnings in 1984, Firm A has continued to aspire towards excellence in quality, design and technology, and has managed to achieve its aspirations. But even so, Firm A still strives to keep progressing. Not in pursuit of perfection, but in evolution. Firm A is more than just a clothing brand. But a way of thinking. A steady consciousness of constant change, diversity, and conventions.

Firm A believes that everyone can benefit from simple, well-designed clothes, because if all people can look and feel better every day, then maybe the world can be a little better too.

4.2.1.2. Sales Channels

The interviewee reported that in the last five years their main focus shifted towards e-commerce. Even while Firm A has stores in 17 countries around the globe they saw that e-commerce would be a tremendous strength in the future. This means that they mainly focus on retail, both brick and mortar and online. However, since the start of the pandemic the options of opening their retail stores were eliminated, and their sole focus become e-commerce, which has seen tremendous rise. The British and French e-commerce store saw a rise of 200% in sales. To Further accommodate and improve the online shopping experience Firm A created an application that with the help of Virtual Reality helped the customers choose the correct sizes.

4.2.1.3. Altered Consumer Behaviour

The interviewee reported that they saw drastic changes in the consumer interest and behaviour. As per the interview the consumers were becoming much more interested in the production methods. Firm A also introduced a circular clothing line which sold out at a tremendous pace. However, from the interview it became clear that the real rise was in lounge wear and warmer winter clothing. To summarise, Firm A saw three major changes: more interest in production, circular products became more popular and warm lounge wear sales spiked.

4.2.1.4. Altered Value Chain

This issue was especially strong in the early stages of the pandemic, because production stopped in china and Asia. This led to the Asian market skipping some product lines and postponing some product lines. The Asian headquarters did not find it necessary to bring

out new lines in such troubling times. In Europe however, no product lines were missed or delayed. Firm A reportedly works with more expensive factories, the product deliveries and production processes run tremendously smoothly and While here was a large delay in production in the beginning Firm A already had a large stock that was ready to be sold. So in hindsight Firm A reported, that there were no big value chain changes.

4.2.1.5. Purpose as a Strategy

This answer that Firm A gave with regards to purpose based strategies was lengthy and rather ambiguous. The interviewee reported that Corporate Social Responsibility has become much more important from the customer's perspective, but not necessarily on an organisational level. Firm A clarifies their answer by explaining that they will continue their current production method because they have been doing it correctly in an ethical manner. Therefore they do not see a reason to create higher costs and create a product that is only slightly more sustainable. However, what is curious is that during the interview the interviewee was not familiar with the concept of purpose driven organisations, it was only after a theoretical explanation of this concept that Firm A reported that they in fact are purpose-driven brand. Continuing by saying that the mission and CSR department are embedded deep within the organisation and that there is a philanthropic engagement. For example when there are natural disasters in areas where Firm A is active, they support local communities.

4.2.2. Firm B

4.2.2.1. About the company

Firm B's philosophy has always been, 'Just the Product.' This single-minded approach has led to many denim 'firsts': the introduction of 'luxury denim for the streets,' by fusing high-level craftsmanship with street level edge to create a new denim sector; the positioning of crude, untreated denim as a wearable and desirable material; and the evolution of our distinctive denim silhouette, through the adoption of architectural and 3-D thinking into denim construction. We have also promoted the inherent beauty of denim by creating washes and treatments that bring out its unique characteristics and qualities. Today's sophisticated washings palette represents a full life-story, from raw,

unwashed denim through deep indigo dyed to extreme bleached, with treatments adding multiple gradations of wear to create distinctive, textured garments with soul. Firm B extensively invests in CSR and innovation, for us this means future-proofing denim by investing in sustainable innovation and incorporating it in everything we do.

We focus on a circular approach to how denim is made and used by our customer to create tomorrow's classics: quality denim of the future with respect for people & planet in a transparent manner.

4.2.2.2. Sales Channels

Firm B explained that normally they have an omni-channel approach and that they both focus on retail and wholesale. However during the first wave of the Covid-19 pandemic the wholesale aspect of business was tremendously affected. This aspect of their sales became difficult because traditionally clients come to showrooms, to get a touch and feel for the new products, which was not possible now. Firm B treated this issue by creating a specialised b2b platform, which gives access to garments and marketing and branding tools. On the retail side of the business they had a significant shift towards e-commerce, seeing three-digit growth,. The interviewee explains that this success was due to their great Search Engine Optimisation and payed google ads . The main focus of Firm B is now digital, and this it is unlikely to change.

4.2.2.3. Altered Consumer Behaviour

Firm B reported a changed consumer behaviour that was very similar to what Firm A reported. There were tremendous increases on their casual wear, sweatpants and home wear in general. When the interviewee was asked if the consumers were becoming more interested in sustainable products, he answered that that they are already very sustainable throughout of all their collections, using 95% sustainable materials. Adding that it is only leather that they find hard to substitute. In summary, consumers were not shifting to more sustainable products in their line because they are all rather sustainable, but they were buying different products on a large scale.

4.2.2.4. Altered Value Chain

Firm B reported that this is their biggest challenge, reporting that sourcing became tremendously difficult. In the first lockdown Firm B rerouted production because their Asian production facilities were all closed for some time. Additionally, air freight became 16 times more expensive for certain locations, which in uncertain times was just

a risk that was too high. This led to Firm B utilising new production places, which ultimately helped them eliminate large delays, as Firm B hired more producers that could constantly keep producing. It was, reportedly, much more costly, but “if that means staying in business, then that is what we have to do.”

4.2.2.5. Purpose as a Strategy

The answer of Firm B, was short and decisive:

“Without purpose our firm would not exist, we take the aspect of mission to another level, incorporating it deeply within our firm. We want to do good to all stakeholders, not just shareholders. When it comes to further sustainability and CSR developments, we were already so heavily involved and active in these fields that becoming more sustainable would be almost impossible.”

4.2.3. Firm C

4.2.3.1. About the company

Firm C is one of the world’s largest apparel companies and a global leader in jeans. We have some 500 stores, and our products are available in 110 countries around the world. We have strong values that we carry throughout all of our business endeavours, *empathy, originality, creativity and courage* are at the roots of our business. We take a lot of pride in our products and how we make them. To honour our work we promise to take care of our planet, of the people who make our products and to give back to our communities.

4.2.3.2. Sales Channels

The interviewee specifically requested us to make the distinct separation between pre-Covid and post-Covid. He specified that before the pandemic, within the American market, they mainly focused on wholesale to retail. They worked together with large wholesalers such as Costco. Before the pandemic the contribution of e-commerce was only a mere 10% of sales. However, it became clear that the wholesale market within the United States of America, was going through a difficult period. This led Firm C to explore alternative roads to market. During the pandemic, Firm C solely relied on their e-commerce platforms and this became their main focus. Their e-commerce sales grew to around 20 to 25% throughout the months of April and May. Firm C explicitly expressed their interest in continuously increasing their e-commerce presence while simultaneously decreasing their brick and mortar stores.

4.2.3.3. Altered Consumer Behaviour

Firm C provided a large amount of information and data with regards to consumer behaviour, and the interviewee explained that consumer behaviour and habits is a KPI constantly being tracked within their organisation. Firm C explained that they saw a tremendous change in consumer behaviour. First of all they noticed that consumers bought more comfortable wear, while jeans sales were decreasing rapidly. With the sales of items seen as comfortable rising significantly, the firm realised that the cosy factor was of utmost importance. Secondly, it was mainly clothing from the waist up, such as headwear, headbands and beauty products that knew increases. When the interviewee was asked if the consumers interest had shifted towards more sustainable products they gave a response that was short and had a very clear structure. “We do notice that a lot of consumers ask more questions about production methods, production facilities and how we engage with our production houses. What is unfortunate is that we do not know if that is because there is more interest in CSR, or because consumers have more available time or because such information is almost readily available on the internet and it isn’t really inside stores. Sustainability is becoming fundamental for consumers, so within businesses it also becoming more important. However the nature of consumption is not sustainable at all, but “we have been focusing on sustainability for a very very long time, as we realise that denim production can be incredibly harmful. So in all honesty, sustainability is indispensable in the fashion industry, but we are miles ahead of competition, so if our consumers’ buying behaviour would change, and wanted to purchase more sustainable denim, there would be very few real alternatives.” .

4.2.3.4. Altered Value Chain

Firm C explained that they work one full year in advance, our fall and winter line for 2020 was already finished and delivered in February. So their main problem was not production but that consumers were not wanting to buy much of the traditional products but were purchasing more units of items that usually sell less well, like sweatpants. Firm C explained that they overcame their issue by being more flexible. They looked into setting up a more fluid value chain, therefore avoiding factories being closed in lockdown. However, because sustainability and working conditions are so important, the task of finding alternative factories on such short notice was almost impossible.

4.2.3.5. Purpose as a Strategy

Firm C explained that they focus heavily on their core business and their values of how to do business. Firm C addressed elements such as shared purpose and unity, which are foundation blocks of a purpose driven organisation. The interviewee explained that upon interviewing a new potential employee one of the most important factors is to understand whether our vision is shared. If this does not happen the candidate will not be hired. The creation of an environment of likeminded people in within Firm C is fundamental. Firm C concluded for themselves that in some way they are purpose-driven, but we are not completely purpose driven. We do engage in philanthropy but not as a part of our business model.

4.2.4. Firm D

4.2.4.1. About the company

Since 1889 Firm D has weaved timeless denim style and innovative apparel solutions to empower consumers towards a brighter future. We celebrate our legacy by creating a global sustainability platform that unites our brand heritage of innovation and purpose with a responsibility to build a stronger, more sustainable world.

4.2.4.2. Sales Channels

Firm D reported that they have an omni-channel approach, combining wholesale and retail, with retail being further separated in e-commerce and brick and mortar. Firm D's wholesale segment is by far their largest and strongest, contributing for 70% of sales. The interviewee explained that they have 12 flagship stores on the European continent, part of their growth strategy is to globalise and capitalise on the strength and availability of e-commerce. However, that being said, it also became clear that Firm D's e-commerce presence still remains limited. Growing their e-commerce platform during the pandemic was, reportedly, very challenging as most other firms were doing the exact same thing. Firm D explained that their business model is a very fragile one, because they relied so heavily on wholesale in the past that they became dependent on those wholesalers.

4.2.4.3. Altered Consumer Behaviour

Initially Firm D explained how they structure their clothing lines. Firm D operates with bottom-, mid-, and top-tier products, in which bottom-tier products are the cheapest and have the poorest quality. The bottom-tier garments still are of good quality but these products are not produced sustainably and recycled materials are not used. Their garments become more expensive, sustainable and have a better quality as we move from the mid- to top-tier products. From multiple responses that the interviewee gave it became clear that Firm D is heavily and closely tracking the behaviour of their consumers. Their recent analysis of their sales records shows that their consumers have started consuming home wear in large quantities, something unprecedented for Firm D. Furthermore, the interviewee clarified that the home wear category in their clothing lines is part of their bottom-tier line. It has become evident for Firm D that their mid-tier garments, which are more expensive but yet still affordable, have become slightly less popular, with a decrease of 5% in sales. Finally their most expensive-tier declined heavily, with a drop of around 15 to 20%.

4.2.4.4. Altered Value Chain

Firm D is facing many challenges and in December 2019, the decision was made to become a more independent organisation, meaning managing a distribution centre, sales and employees independently. One of their largest issues was the new distribution centre which was unable to constantly supply goods. This resulted in products arriving much later than expected. Unfortunately as the distribution centre is wholly-owned, it was not an option to work with another distribution centre. However, on the production side, the organisation was doing much better. Before the start of the pandemic in Asia, Firm D decided to produce more clothing in advance, this meant that Firm D had no problems with shortages of products. In essence this means that Firm D's value chain remained completely unaltered, with only delays upon delivering products to consumers.

4.2.4.5. Purpose as a Strategy

From the interview it became clear that Firm D was unaware of what purpose-based strategies were. After a theoretical introduction to purpose-based strategies Firm D confirmed that they were indeed not a purpose-driven brand and that it is not in their strategic interest in becoming one.

”The main focus of our firm is still leaning towards revenue and profit. However, that is not communicated in this way, our mission statement talks about sustainability and ethics but often we see that if the choice has to be made between profits and sustainability, management chooses for profit.”

4.3. Consumer Data Analysis

The following steps will allow the reader to fully grasp and understand the dynamics of the responses that were found upon analysing the dataset carefully. The data below, aids directly towards answering the research questions at hand and providing clarity in understanding the effect of Covid-19 on consumer behaviour in the fashion industry. The survey overview may be found under appendix 8.

4.3.1. Sample Characterisations

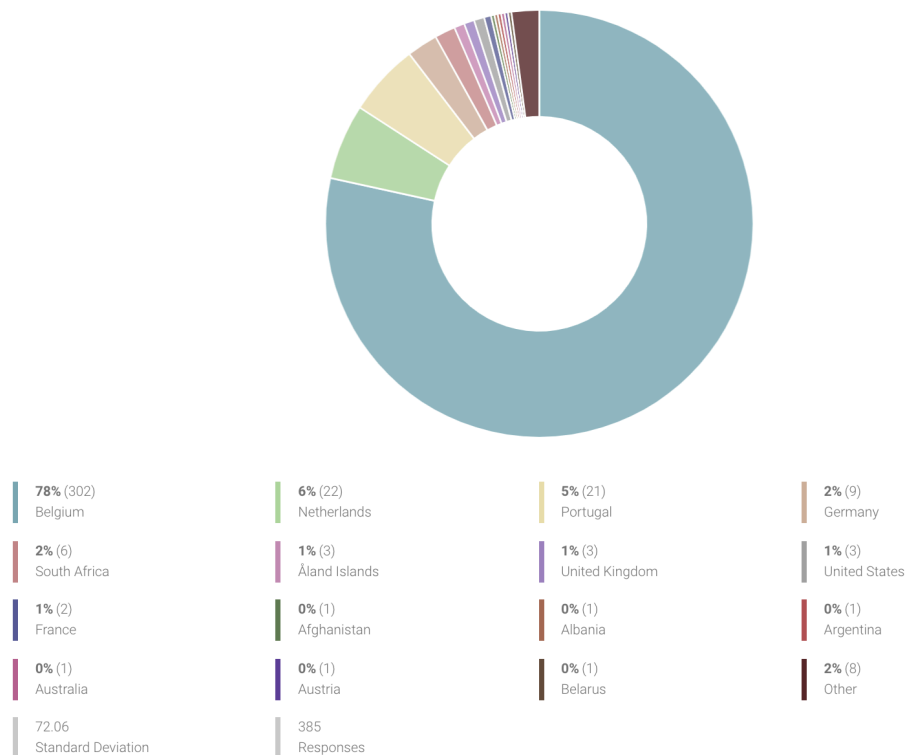
As mentioned previously, the consumer data collection was done in a quantitative manner. A survey was created, and prior being asked questions, respondents had to read a short paragraph that clarified the research topics at hand. Each respondent was exposed to the same text. It was fundamental to be able to gather information specific to the respondents, so to differentiate different groups from one another, and being able to find significant correlations. To achieve this, we asked respondents some questions relating to their personal profile.

4.3.2. Consumer respondent analysis

The data upon which the findings of this thesis rest, were retrieved from a total of 394 respondents, with respondents coming from twenty-three different countries.

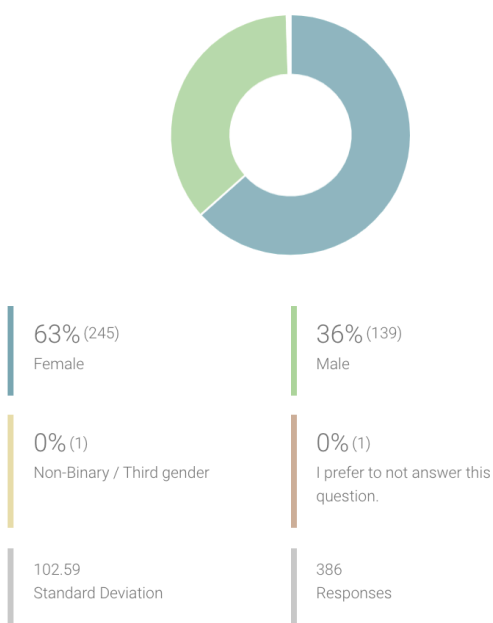
As seen in Graph 1, the five most common nationalities of respondents, in this research, are from Belgium (78%), The Netherlands (6%), Portugal (5%), Germany (2%) and South Africa (2%).

From graph 2, we could see that 63% of respondents is female, 36% of respondents is male and the remaining 1% of respondents belongs to a non-binary category or did not wish to answer the question.

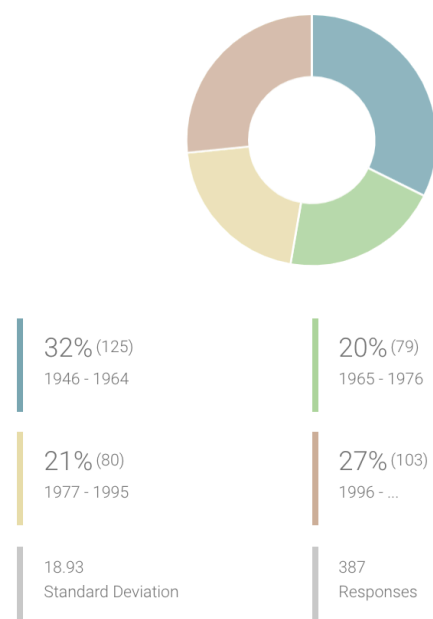


Graph 1: Nationality

Thereafter, the author had respondents identify their year of birth, this allowed us to further discriminate our respondents based on the generation they belong to. Our data indicated that 32% of respondents is part of the Baby Boomers, 20% of respondents is part of Generation X, 21% of respondents is part of Generation Y and finally the remaining 27% of respondents is part of Generation Z. Below you may find Graph 3, which provides a visual representation of our respondent's generations division.

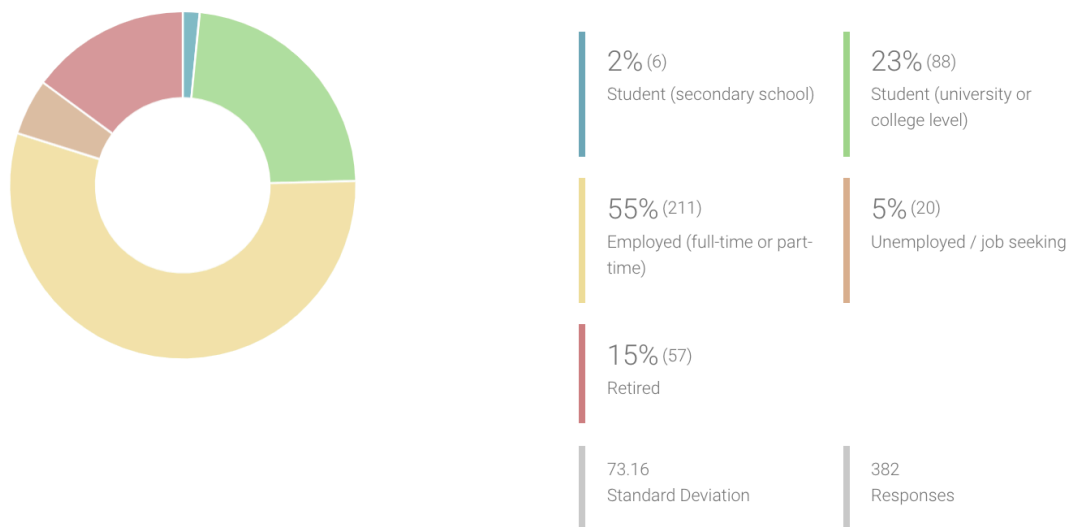


Graph 2: Gender



Graph 3: Year of Birth & Generation division

Finally, we asked respondents about their current occupation, this would help us relate to their personal income, social environment and perhaps cognitive abilities. The data shows that 2% of respondents is enrolled in secondary school, 23% of respondents is enrolled in a university or college, 55% of respondents is employed full- or part-time, 5% of respondents is unemployed and the remaining 15% of respondents is retired. Below you may find Graph 4, which provides a visual representation of our respondent's occupation division.



Graph 4: Current occupation

4.3.3. Preferences prior to Covid-19 & Generation specificity

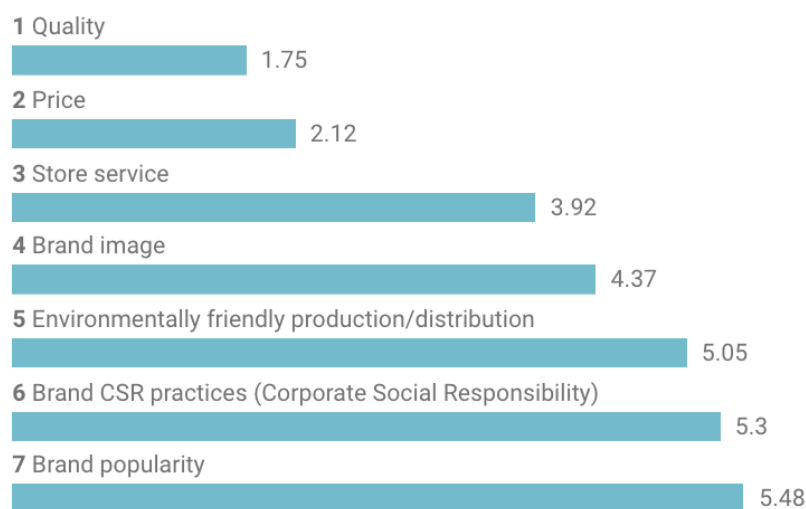
The research is interested in understanding the developments and evolution of consumer behaviour within the fashion industry. However, analysing and understanding this evolution is not feasible without any form of baseline data or benchmark knowledge of fashion consumer behaviour. In the early stages of the data gathering, respondents were specifically asked about their consumption habits before the Covid-19 pandemic started, this allows to form a baseline, in this research described as the status quo.

The initial part of the survey allowed us to map how our respondents consume fashion, our data suggests that the average person purchases a item of clothing once or twice every month (44% of respondents) inside a retail store (78% of respondents). The data further suggested that 77% of respondents has a preferred fashion brand, from which they

predominantly purchase their clothing. We further analysed the responses to determine what the three most preferred brands are and the reasons why these are so desirable.

The most preferred brands, as per the data, are: Zara, Nike and Patagonia, we combined these findings with the arguments of the respondents that explain as to why they prefer this brand. We see that the majority of respondents indicated that: Quality, Fit and Price are the most common arguments, while sustainability, CSR and environmental approaches are far less common answers. The findings of the most preferred brands and the arguments that explain this preference were asked as open questions, providing the respondents with freedom to answer purely on their own without any influence from pre-given answers.

The next segment in the questionnaire asked the respondents to rank elements that they found important when shopping for new clothing, before the Covid-19 pandemic. The elements that were provided were: Price, Brand Image, Environmentally friendly practices, Quality, Store Service, Brand CSR and Brand Popularity. From the analysis of all the responses we are able to suggest that consumers value the following elements, ranked from most important to least important. Graph 5, which can be found below, is a visual representation of the aforementioned elements and ranks them according to importance.

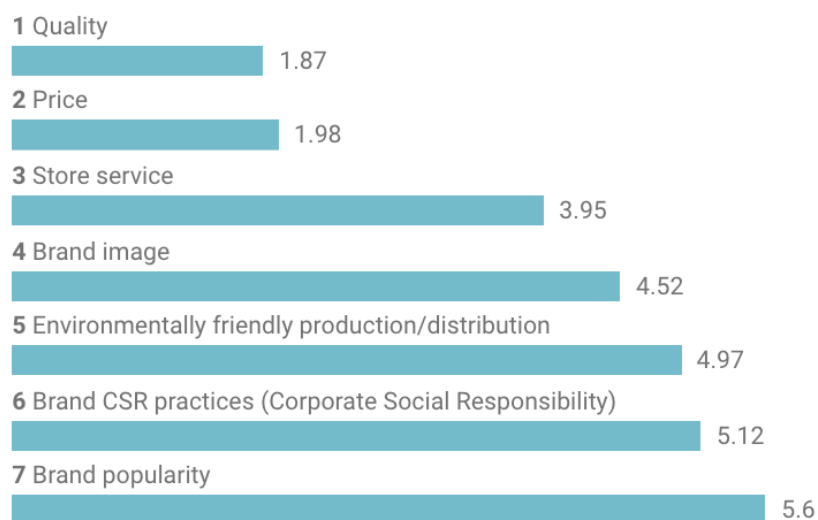


Graph 5: Elements contributing to buying preference pre-Covid-19

The number is standing behind each of the bars represents the mean of the respondents, for quality meaning that the average weighted score from all respondents came to be 1.75. The lower this number the more important the element is. The answers that were found correspond accurately with the answers provided in the previously discussed open ended questions and therefore create a solid baseline of data that aids towards understanding consumers' consumption.

4.3.4. Preferences during Covid-19 & Generation specificity

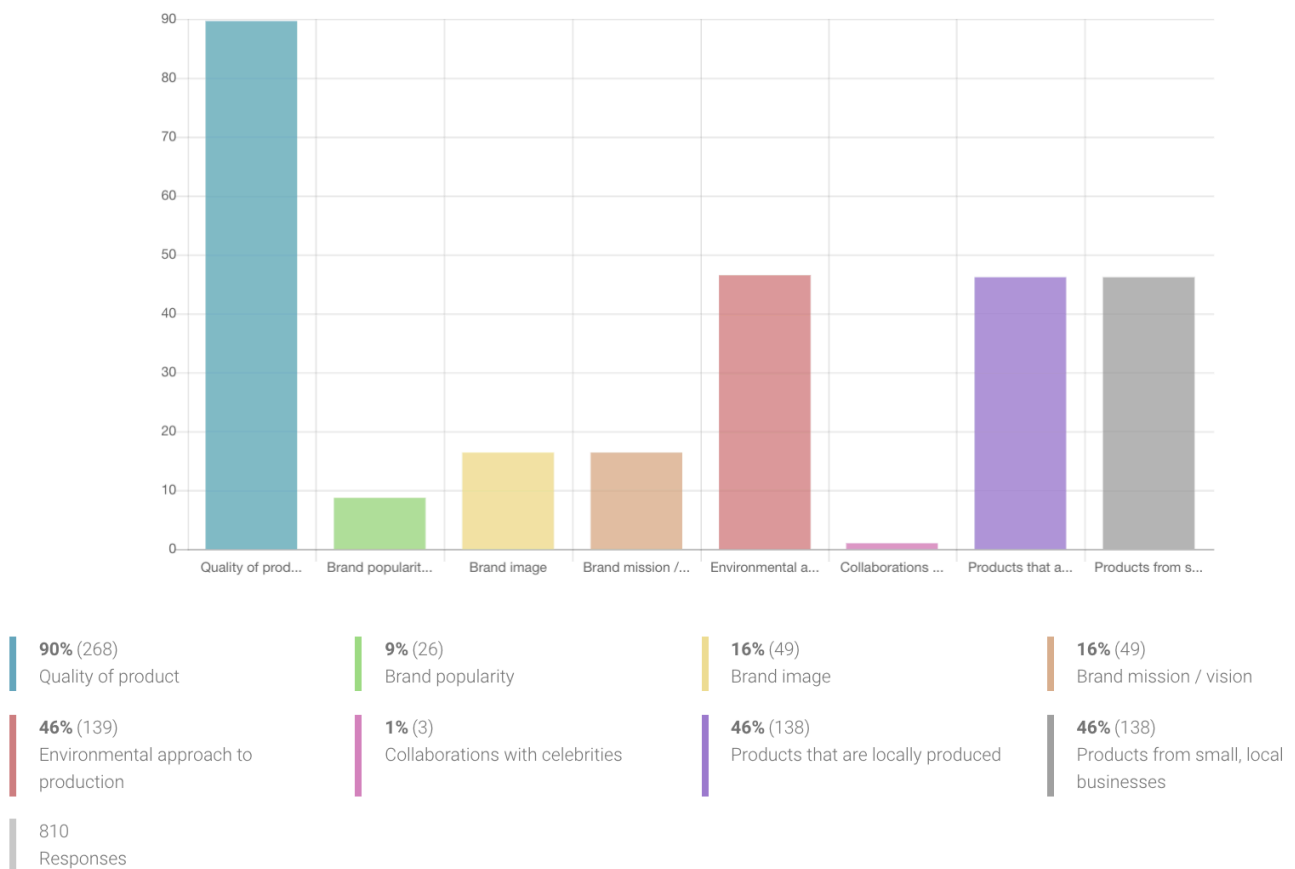
The second segment of the research attempted to map the potential change in consumer behaviour. In the first stages the consumers were asked to gauge if their consumption had changed since the Covid-19 pandemic started. The results of this question were rather neutral, a majority of 55% of respondents indicating that there is no particular change in consumption and with the remaining 45% of respondents indicating that there was a change in consumption. The consumers that indicated that there was a change reported that they: Purchases less, only purchase online and substantially focussed on buying from local merchants. Another interesting point of analysis was made when respondents were asked to, again, rank the elements that they find most important when purchasing clothing but this time specifically during the pandemic. This question was asked previously but was focussed directly on preferences before Covid-19. The new analysis suggested that consumers had no substantial change in preferences, as seen in Graph 6, the data provided us with the same ranking: (ranked from most important to least important).



Graph 6: Elements contributing to buying preference during Covid-19

However what is interesting is that: Quality, Store service and Brand image became slightly less important (number increase), while Price, Sustainability, CSR and Brand popularity became slightly more important (number decrease). This was something that we did not see in the previous data set.

In the early stages this research, there was an anticipation with regards to the importance of the element of price, understanding the heavy weight that it carries allowed us to further understand consumers' preferences and behaviour changes. Due to this understanding, a question was constructed that directly looked at what would potentially elevate the consumer's willingness to buy, in essence analysing the price aspect. The possible reasons for a change in willingness to buy/pay could be explained according to the following: Quality, Brand popularity, Brand image, Brand mission, Environmental approach, Endorsers, Locally produced and finally, Sold by local shops. Graph 7, therefore provides us with a possible reasoning as which elements influence consumer's willingness to pay.



Graph 7: Exclusion of price factor / Elements contributing Willingness To Pay

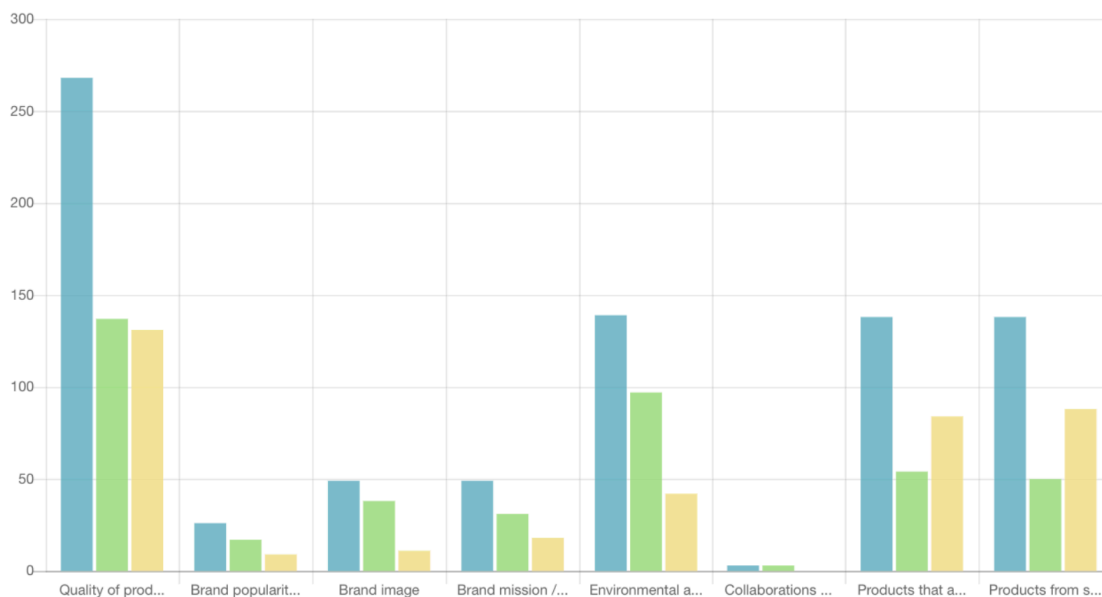
Interestingly we see that when we take price out of the equation consumers' preference changes drastically. The analysis of the data of the following question suggest that quality remains the most important element, however, it is closely followed by environmental approach, locally produced products and products from local stores while brand image became rather unimportant.

These findings heavily contradict the findings that were previously found, this lead to a deeper analysis and eventually a dissection of the data, delving deeper into age specificities, in order to try and understand where the change occurred.

4.3.5. Generation specificities

In the early stages of the literature review, a case is made for how the consumption behaviour and buying preferences across various generations can differ tremendously.

We decided to group our sample into two groups. Group one consisting of Baby Boomers (1946 - 1964) and Generation X (1965 - 1979) (yellow bars), while group two consists of Generation Y (1980 - 1994) and Generation Z (1995 - 2010) (green bars).



	Quality of product	Brand popularity	Brand image	Brand mission / vision	Environmental approach to production	Collaborations with celebrities	Products that are locally produced	Products from small, local businesses	Responses
All Data	268 (90%)	26 (9%)	49 (16%)	49 (16%)	139 (46%)	3 (1%)	138 (46%)	138 (46%)	810
Qu: Please select your ...: '1977 - 199...!', '1996 - ...'	137 (89%)	17 (11%)	38 (25%)	31 (20%)	97 (63%)	3 (2%)	54 (35%)	50 (32%)	427
Qu: Please select your ...: '1946 - 196...!', '1965 - 197...'	131 (90%)	9 (6%)	11 (8%)	18 (12%)	42 (29%)	0 (0%)	84 (58%)	88 (61%)	383

Graph 8: combining generation factors with elements contributing to buying preference

As seen in Graph 8, the result from discriminating according to age provides a clear variation in preference, this further showcases the importance and relevance of generation studies in the field of consumer behaviour.

We can see that product quality remains the most important for both group one and two. However, we see that group one then ranks locally-sold and locally-produced products in second and third place, with sustainability and CSR only coming later in the ranking of importance.

When we compare this to the finding for group two we see vast differences, while quality remains the most important we see that sustainability is far more important for younger generations, the data suggests that CSR and ethics of production plays a much more significant role. Leading us to believe that purpose based organisations are more likely to be popular among younger generations, who have before been referred to as brand-evangelists.

5. Conclusion on altered consumer behaviour and organisational

During the initial stages of the development of the literature review, we had substantial reason to believe that consumer's buying behaviour had changed tremendously. Substantiated by new academic research that talks about mortality salience, purpose-based strategies and stakeholder capitalism, it was within our expectations that the new data would reveal a substantial rise in the interest of sustainability, CSR and business ethics, which are all important elements of a purpose based organisations. Following the outline of the new '*Framework of Consumers Responses to Threats*', an analysis was laid out on an organisational- and consumer-level. The analysis on the organisational part was a qualitative analysis, that would ultimately highlight any shifts in organisational structure and that would serve as a guideline for consumer buying behaviour. As seen in the organisational interviews there are no significant changes with regards to organisational structure, organisations that were already purpose-led will continue to do so or will grow this belief, assured that their social mission is more important and that in the long run they will have a great yield. Organisations that fall into the fast fashion category and are not purpose-led also will stay true to their original vision of profit maximisation and cheaper production. However, all the organisations detected a substantial change in consumer behaviour. With consumers not purchasing traditional products but more focussing on general home-wear, clothing from the waist up and warmer clothing.

Furthermore there were also indications, from all organisations, that consumers actively started asking about production methods, working conditions and sustainability approaches. However, despite this rise in interest there were no noticeable sales changes for the sustainable clothing lines. Besides this interest of consumers in sustainability, there is unfortunately not a real clear trend among organisations shifting towards becoming purpose-based or more sustainable, leading us to believe that a purpose-based strategy is not becoming more normalised strategy. Furthermore we can see that the reported new road to market of organisations is more focuses on e-commerce, many of these organisations report that they will continue to do so out of fear for more lockdown measures.

The consumer analysis was a quantitative research, with 400 respondents with twenty-eight different nationality, four various generations and different cultures, this makes us confident in saying that our sample is representative of the population. Throughout our consumer research it was important to have a data set that would be able to map the consumer behaviour pre-covid-19. Without this data it would be virtually impossible to detect any changes and evolutions in behaviour. The data that we collected allowed us to create such map with a baseline for consumer behaviour, but it also provided us data that allowed us to see any developments in that behaviour. It became clear that age and generation play a tremendously significant factor when analysing consumer behaviour.

Upon analysing the change in behaviour for our entire sample, the data suggested that throughout the pandemic, price, sustainable production and Corporate Social Responsibility became more important. However, when the same data was analysed but discriminating between various age generations it became clear that for younger consumers, generation Y and Z more specifically, sustainability is much more important. This finding was not shared in older generations of Baby Boomers and generation X, where it was mainly quality that drove sales and corporate interest. The information provided in the literature reviews and in the data analysis leads us to conclude that there is clear change and development in the behaviour of consumers. This is in line with the new proposed models that are thoroughly discussed in the literature review. Despite the fact that the importance of sustainability is rising, it is mainly still the quality of products that drives organisational growth. While we do realise that the rise of sustainability is not a newly found trend, it has become evident that this rise is mainly driven by younger generations. Leading us to believe

that purpose-based organisations will continue to grow in popularity and in demand but especially for younger consumers. Re-evaluating the model seen on page 15 (Fig 4), it has become clear that the model is inherently flawed by not considering and emphasising generations specific alterations.

6. Future research

Future research possibilities seem vast, as discussed it is clear that consumer behaviour and market structures are hardly static and are actually under constant strain. As discussed the market and consumers constantly adapt to one another. Future research could or may include researching how consumer behaviour evolves in the future, as consumers get exposed to new threats. Other research opportunities may look into the organisational structures and delve deeper into aspect of purpose and its popularity.

7. Appendix

Figure 1:: Factors influencing consumer buying behaviour.

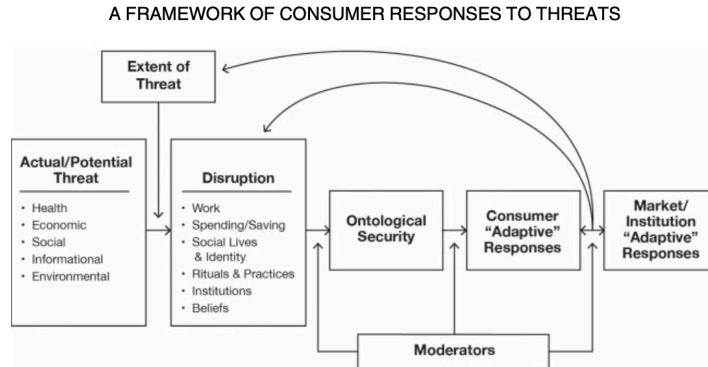


Figure 2: Shared purpose - Management ideas for a better worlds

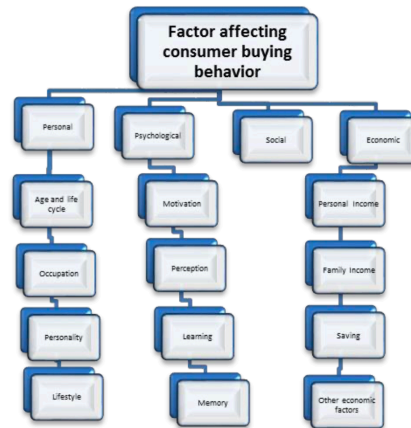


Figure 3: Agility and purpose based hierarchy

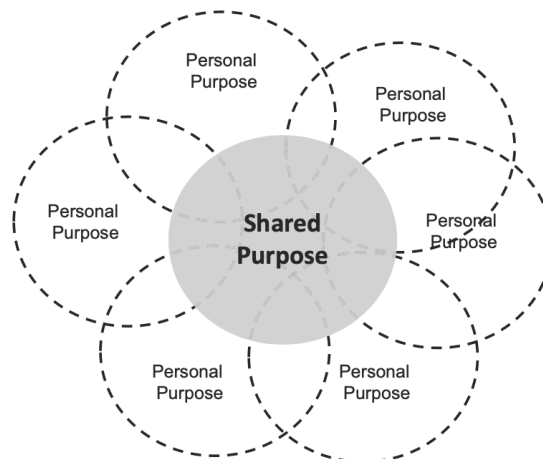


Figure 4: Framework of consumer responders to external threat

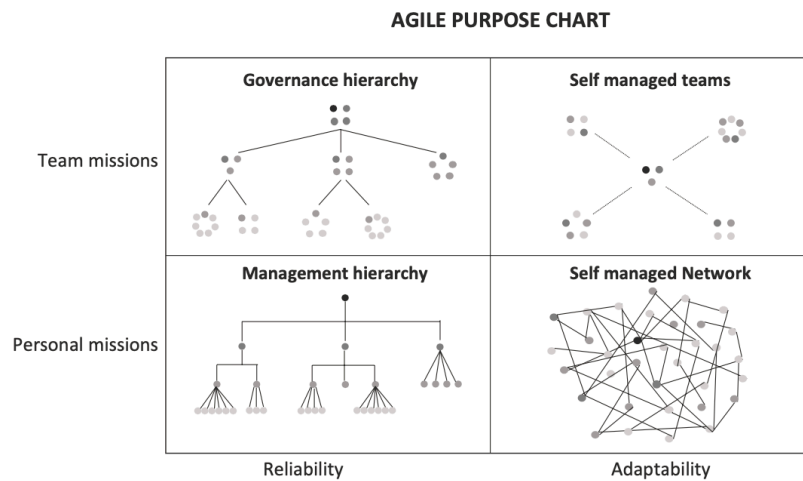


Fig 3: Rey, C., Bastons, M., & Sotok, P. (2019). Purpose-driven Organisations - Management Ideas for a Better World

Figure 5: recovery phases

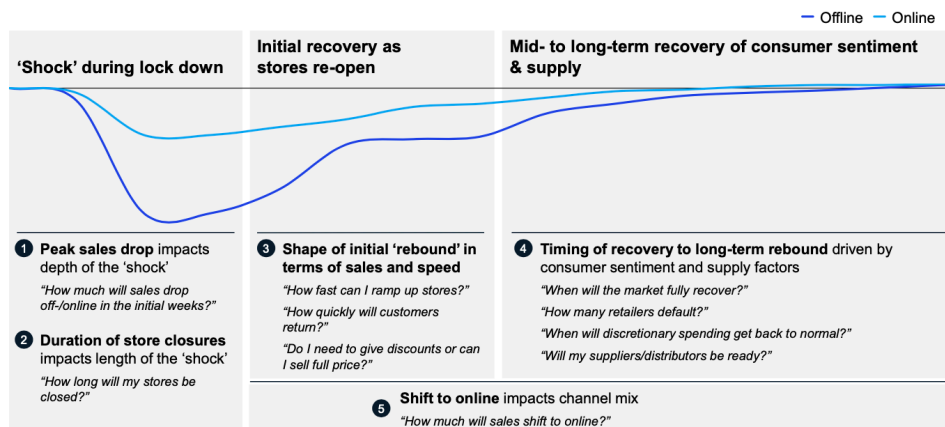


Fig 5. Recovery Phases

Figure 6: consumer sentiment according to nationalities

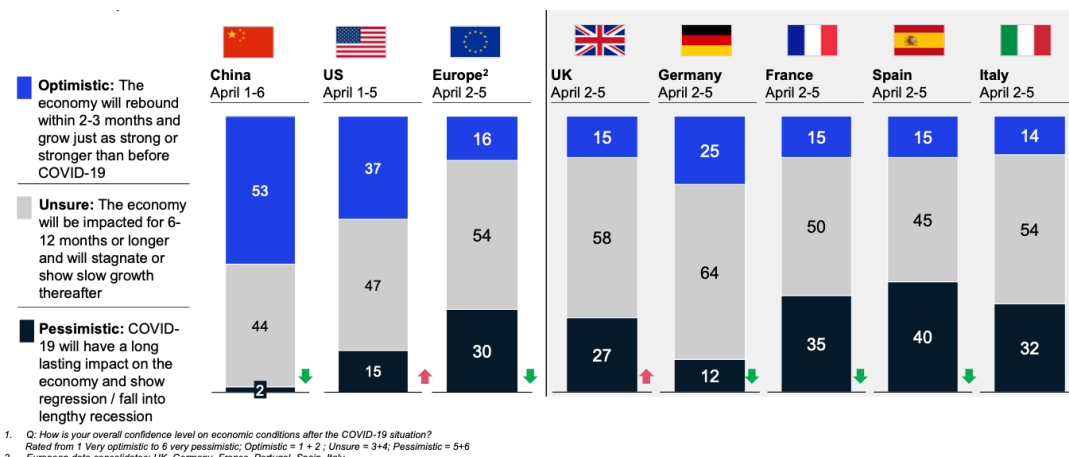


Fig 6. Consumer Sentiment

Figure 7: Interview questions

Sales

How would you describe the evolution of the sales pre-covid-19?

How did they evolve after the start of the pandemic?

What were the first internal reactions and anticipations?

What sales channels did you mainly focus on? (Challenges?)

Would you say that consumers started consuming other products then before the pandemic? (E.g: more sustainable products) (If yes which ones?)

Management / strategy

At the start of march 2020, when the severity of the pandemic was not yet clear, what were your organisation's first responses?

In terms of internal developments, did the organisations decide to slow down the process of working on new lines or concepts?

Would you say that somewhere during the pandemic (from start until present) that there was a shift in the focus of the organisation? (E.g: new focus on developing specific products)

Would you say that the attitude (e.g: motivation) of employees and/or management changed? If yes, how?

Many fashion organisations' value chain became disrupted, did your firm experience this? If yes, how did it solve this issue?

If there were any changes, are these changes permanent or are they bound to disappear?

What are your organisation's main difficulties? How is trying to solve those issues?

Have you heard of purpose-driven brands / hybrid organisations?

What is your organisation's view on this type of business?

Do you see your business evolving towards this type of business.

Would you say that CSR and sustainability have become more important since the start of the pandemic? (If yes, why?)

Research shows that external stress can change a consumer's buying habits and preferences. Did you experience this shift in buying behaviour? (If yes, what are you currently doing to meet the consumer's needs at the market)?

Question, remarks, additional information.

Appendix 8

1. Please select your age category. (born between)
2. What is your gender (select age category)
3. What is your nationality (select country)
4. What is your current occupation (select occupation)
5. How often do you purchase clothing (one item or more) for yourself? (Select range)
6. How do you predominantly purchase clothing? (please rank the following options. Option number 1 the most common method of purchase) (select online or retail store)
7. Do you have fashion brands that you favour over others? (yes or no)
8. If you answered yes: What brand/brands do you prefer?(you may type them below)
9. Why do you prefer these brands?(Please explain this in a short sentence or a few words)
10. Before the Covid-19 pandemic started what did you find important when shopping for new clothing? (please rank the answers provided below)
11. Since the Covid-19 pandemic started, would you say that you started to consume fashion/ clothing differently?
12. If you answered yes, could you please in one sentence describe how your consumption behaviour has changed? (What has changed when compared to before the pandemic started)
13. Being in the midst of the Covid-19 pandemic, what do you currently find important when shopping for new clothing? (please rank the answers provided below)
14. Would you be willing to pay a higher price for an item of clothing from an organisation that focuses on their environmental duties, Corporate Social Responsibility and engages in impact monitoring
15. When it comes to willingness to pay, what elements elevate your willingness to pay significantly? (please select only select 3 answers)
16. Answer the following questions (short recap)
17. Did you read the questions of this survey attentively?

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