Does Corporate Sustainability Generate Loyalty Towards Fast Fashion Retailers? An Empirical Investigation

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Abstract

Context: As in any other markets, in order to build up loyalty, fast fashion retailers have to understand how consumers can be targeted by an attractive structure of the assortment and an informative advertising. Furthermore, as consumers are getting more and more green and sustainable oriented, retailers have to adapt their strategies and consider sustainability measures in order to bind consumers. While research on antecedents of loyalty in fashion and fast fashion is relatively plentiful, the influence on loyalty of customers’ perceptions towards fast fashion store corporate sustainability is understudied.

Purpose: The purpose of this research is to evaluate the influence of fast fashion store’s assortment and advertising on customer satisfaction, and the impact of satisfaction and corporate sustainability on customer loyalty.

Design/methodology: A conceptual model was developed to analyse the relations between advertising, assortment, satisfaction, and corporate sustainability on loyalty towards fast fashion stores on an emerging market. Data collected from 478 fast fashion customers was analysed by means of partial least squares equation modelling (PLS-SEM) with SmartPLS 3.0.

Findings: Results show that loyalty towards fast fashion stores is determined by both satisfaction and corporate sustainability, advertising and assortment having a significant and strong influence in generating satisfaction.

Originality/value: The added value of the study is because among the prerequisites of store loyalty towards fast fashion stores we consider corporate sustainability, as well as the fact that the relations between the concepts are analysed by structural equations modelling.

Practical implications: Fast fashion retailers could implement sustainable business strategies to attract, retain and bind customers.

Keywords
Fast fashion, corporate sustainability, assortment, advertising, customer satisfaction, customer loyalty.
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Introduction

Over the years, the fashion industry has indubitably invigorated the worldwide economy. Its attractiveness, growth potential and unshakeable capacity to engage with many stakeholders, have uplifted the industry in 2020 to a worth of more than $1.3 trillion, set in motion by 300 million employees (Gazzola, et al., 2020). The fashion industry is estimated to attain a total of $2.1-2.25 trillion by 2025 (Greenpeace, 2017; Shahbandeh, 2021), a performance not inconceivable for a constantly
growing sector, expertized in boosting dreams, aspirations, and interests for one of the basic human needs: appearance (Barnes and Lea-Greenwood, 2010). Brands have gone global due to their forward-looking strategies, which are regarded as fuels for consumerism (Gazzola, et al., 2020; Thorisdottir and Johannsdottir, 2020), even if the plain rationale of the fashion industry stays in providing exchange and symbolic value for consumers (Azuma and Fernie, 2004). The multivalent act of apparel shopping has induced rapid changes into the industry, leading to mass-producing, more and more cost-friendly platforms for passionate fashionistas (Yang, et al., 2017).

As consumers change rapidly their styles and purchasing behaviour (Castelli and Brun, 2010), the fashion retail has started to employ a “product-variation” and “mass-diffusion” system (Barnes, 2013), which responds to the up-paced circulation of trends (Azevedo and Carvalho, 2012). The fast fashion market is one of the most rapidly growing segments of the fashion industry, annually accelerating designs, production, delivery and increasing unsteady needs at the lowest possible prices, hence generating short-lived attire waves (Joung, 2014).

Despite admitting that the rise of fast fashion is based on successfully designed consumer-oriented policies (Joung, 2014), this research field is still under investigation when it comes to developing and implementing a sustainability strategy: fast fashion retailers are confronted with fulfilling ever changing and evolving green and sustainable consumer’s needs. Developing a long-term relationship with sustainable oriented and trend-seeking customers is harder to achieve. Consumer loyalty’s antecedents have been previously investigated in fashion (Dabija and Băbuț, 2019) and fast fashion literature (Su and Chang, 2018), previous studies approaching fashion sustainability in supply chain logistics (Yang, et al., 2017), but merely considering corporate sustainability as a driver for customer fast fashion loyalty.

Thus, the present research aims at covering this gap by examining the influence of consumers’ perceptions about fast-fashion retailers' assortment and communication on satisfaction, as prerequisites for corporate sustainability and store loyalty. The structure of the paper is as follows: section 1 contains a review of the fast fashion literature combined with the concept and hypothesis development; section 2 presents the research design, while section 3 continues with the research results and discussions. The paper ends with theoretical and managerial contributions.

Generating loyalty in Fast-Fashion: Conceptual framework and model development

“Fast fashion” designates an evolutive approach in supply chain management theory, consumers demand being a key element: it allows quicker design, delivery and selling solutions to meet consumers’ needs and expectations, while considering societies fast-changing trends (Barnes, 2013). By incorporating fast-paced technological progress, innovations and by operating on a global basis, fast fashion retailers can benefit from cheap labour force and raw materials, but also by fast delivery around the world (Joung, 2014; Tohănean, et al., 2020). This initially “niche concept” was introduced by global players like Zara, H&M, and New Look, the rapid developing competitive advantages, profits, and market share increase attracting rapidly other apparel companies which develop to vertical integrated fast fashion retailers (Barnes, 2013). Leaving behind the manufacturer-owned “push” of the traditional fashion market, fast fashion retailers operate under the pillar of the “pull” orientation, specifically aiming to attract customers with reduced buying cycles and shorter product lifecycles (Swoboda, et al., 2010; Cachon and Swinney, 2011). The core principle behind the fast fashion concept is providing low-priced and up-to-date articles, designed, manufactured, and delivered in the fastest way possible (Doeringer and Crean, 2006). Thus, fast fashion companies achieve shorter “lead times” to make their products available according to consumers’ needs, expectations, and ever-changing desires, allowing them to benefit from rapid delivery, new, stylish, “seasonal” and trendy merchandise, that can easily make their way from the catwalk into the fashion-sensed customers’ wardrobe (Azevedo and Carvalho, 2012; Barnes, 2013).

Fast-fashion retailers’ success is primarily based in developing customers’ interest in owning a desirable lifestyle, as inspired by influencers, celebrities, catwalks, and other fashion “makers”, although such trends might fail providing the highest added value (Euromonitor, 2016) and are indicted for encouraging non-sustainable practices like “disposability” (Joy, et al., 2012). Fashion has determined consumers to purchase impulsively, in extremely large quantities (Joung, 2014), pulling
organizations into environmentally and socially irresponsible behaviours meant to increase marginal profits (Thorisdottir and Johannsdottir, 2020).

**Corporate sustainability** can be defined as company’s ability to satisfy the needs of the direct and indirect stakeholders (customers, employees, shareholder, communities), without compromising its ability to satisfy the needs of future stakeholders (Dyllick and Hockerts, 2002). Corporate sustainability considers that the fulfilment of proper economic conditions is not sufficient for creating a stable business context, this being extended also by the social and environmental dimension (Baumgartner and Ebner, 2010). The impact of sustainability in fast fashion is a hot topic for researchers and practitioners, as this industry represents 10% of the global annual CO₂ emissions, more than 50% of the managers acknowledging the importance of embracing a responsible behaviour even post-COVID (Euromonitor, 2021). This challenge presents a vast potential in addressing customer needs, as consumers tend to declare a positive attitude more vehemently towards ethical organizations (Dabija et al., 2016; BoF and McKinsey, 2020). Despite this, there seems to be an inconsistency in consumers’ behaviours because this attitude is not always translated into ethical purchasing activities (Collett, et al., 2013; Dabija, et al., 2018; BoF and McKinsey, 2020), trends still being a priority in fashion acquisitions (Park and Kim, 2016). Although research on fashion market has shown an indirect influence of customers perceptions of corporate sustainability on brand loyalty (Dabija, et al., 2018; Noh and Johnson, 2019), research on other markets highlight a direct impact (Raza, et al., 2020).

Therefore, we assume that:

**H1:** Customer perceptions of fast fashion store corporate sustainability directly influences customer loyalty towards fast fashion store.

**Assortment** plays a significant role in the strategic planning of retail merchandise, as it enhances shopping experiences (Berkhout, 2019). Fast fashion retailers’ assortment has a high functional performance due to its trendiness and novel designs, as they can rapidly adapt it to ever changing consumer needs (Chotekorakul and Nelson, 2013). Consumers tend to revisit stores offering wide, deep, frequently renewed, innovative, trendy assortments (Kesari and Atulkar, 2016). Fast fashion retailers can confer uniqueness to their clothes, thus supporting consumers individualism or independence (Okonkwo, 2007; Popa and Pelău, 2016). Although the fast fashion industry might not sell the best product quality, this aspect is remedied by the low prices and large assortment varieties at the best possible quality (Su and Chang, 2018). Merchandise quality influences customer satisfaction (Giovanis and Athanasopoulou, 2016), along with assortment variety (Santini et al., 2018). Therefore, we consider that:

**H2:** Customer perceptions of fast fashion store assortment (merchandise) directly influences customer satisfaction.

**Advertising.** In competitive markets, consumers are exposed to an endless number of alternatives while feeling the pressure of making the right decision. To stand out from the noise, companies can present their unique offer in a differentiated manner by tenaciously making use of advertising (Arens et al., 2013). Although the linkage with fast fashion store satisfaction has not been studied yet, research shows that repeated exposure to fashion trends awakes familiarity with the product, which positively impacts fashion brand awareness, store image (Le Bon, 2015) and store patronage (Dabija and Băbut, 2019). Moreover, advertising significantly shapes retail store and brands preferences (Shimp and Andrews, 2015), having a great contribution in desirable self-image enhancement, risk reduction, and curiosity arousal among consumers (Le Bon, 2015; Vasiliiu et al., 2016). Therefore, we infer that:

**H3:** Customer perceptions of fast fashion store advertising directly influences consumer satisfaction.

**Satisfaction** has been defined as a conclusive mental state (Oliver, 1997), which embodies the consequence of the evaluation between expectation and actual performance of a purchasing experience (Bloemer and Ruyter, 1998), involving both affective and cognitive processes of the consumer (Mano and Oliver, 1993). In case of a favourable aftermath, it is known that a consumer is highly likely to feel a strong predisposition for engaging with the same experience in the future (Kotler and Keller, 2012; Vasiliiu et al., 2016). Customer satisfaction concept has been confirmed to be an antecedent for customer loyalty in fashion (Santini et al., 2018) and fast fashion literature (Bui, 2019). Hence, we conclude that:
H₄: Customer satisfaction directly influences customer loyalty towards fast fashion store.

**Research Methodology**

This paper outlines the impact of consumers’ perception of fast fashion store corporate sustainability on consumers’ loyalty, by also highlighting the mediating influence of consumers’ satisfaction on store loyalty, as satisfaction is generated by consumers’ perception of fast fashion advertising and assortment (Figure no. 1). Data was collected by the authors via a quantitative survey through face-to-face interviews with the help of qualified volunteers which rigorously selected the respondents by gender (male/female) and birth year. Respondents were asked to think about and name one single fast fashion store which they most often visited and to keep it in mind for all sections of the questionnaire. The total number of respondents was of 478. Most of the respondents are females (60.5%) and graduated with a bachelor's and/or master's degree (42.9%). To achieve data validity, items measurement was developed based on the literature (see table 1), using a five-point Likert scale (total disagreement/total agreement): a four-item scale of assortment (AS) was selected from Chowdhury, et al. (1998); the four-item scale of advertising (ADV) chosen from Yoo, et al. (2000) and Hansen and Deutscher (1977/78); the six-item scale of satisfaction (SAT) adapted from Cronin et al. (2000); six items of store loyalty (LY) selected from Chaudhuri and Holbrook (2001) and Verhoef et al. (2007); a seven-item scale of corporate sustainability (CS) chosen from Brown and Dacin (1997) and Sen and Bhattacharya (2001).

**Results and discussions**

The research models were tested using Partial least squares equation modelling (PLS-SEM) with SmartPLS 3.0. Table 1 illustrates the validity and internal consistency of the reflective constructs. All factor loadings are ranged between 0.702-0.841, suggesting the convergence validity of the measured items (Hair et al., 2010). The Cronbach’s Alpha coefficients are higher than 0.7, which confirms the internal consistency of the model (Henseler and Sarstedt, 2013). All AVE>0.5 and CR>0.7 values exceed the minimum criteria, indicating the convergent validity and reliability of the constructs (Chin, 1998; Hair et al., 2010).
Table no. 1. Scale reliability

<table>
<thead>
<tr>
<th>Construct</th>
<th>Item</th>
<th>Measure</th>
<th>Loading</th>
<th>Cronbach’s Alpha</th>
<th>AVE CR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assortment</td>
<td>AS1 … sells merchandise important to me.</td>
<td>0.702</td>
<td>0.754</td>
<td>0.575</td>
<td>0.844</td>
</tr>
<tr>
<td></td>
<td>AS2 … has innovative merchandise.</td>
<td>0.758</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>AS3 … has a good assortment of own brands.</td>
<td>0.791</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>AS4 … has qualitative merchandise.</td>
<td>0.780</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advertising</td>
<td>ADV1 … has appealing advertising.</td>
<td>0.781</td>
<td>0.801</td>
<td>0.624</td>
<td>0.869</td>
</tr>
<tr>
<td></td>
<td>ADV2 … advertising provides information about the store offer and the company.</td>
<td>0.743</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>ADV3 … has credible advertising.</td>
<td>0.833</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>ADV4 … advertising helps me plan my shopping.</td>
<td>0.800</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Satisfaction</td>
<td>SAT1 … has, in my opinion, products that I trust.</td>
<td>0.771</td>
<td>0.865</td>
<td>0.598</td>
<td>0.899</td>
</tr>
<tr>
<td></td>
<td>SAT2 … is a safe decision for me.</td>
<td>0.785</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SAT3 … keeps, in my opinion, what it promises.</td>
<td>0.805</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SAT4 … offers products that I am satisfied with.</td>
<td>0.737</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SAT5 … has always been a right decision for me.</td>
<td>0.762</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SAT6 … is a good choice for me.</td>
<td>0.778</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loyalty</td>
<td>LY1 I find … very appealing.</td>
<td>0.740</td>
<td>0.864</td>
<td>0.597</td>
<td>0.899</td>
</tr>
<tr>
<td></td>
<td>LY2 I will recommend … to my relatives/friends.</td>
<td>0.761</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>LY3 I feel attached to …</td>
<td>0.726</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>LY4 I buy with pleasure from … every time.</td>
<td>0.841</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>LY5 My next purchase will likely be from …</td>
<td>0.756</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>LY6 I will often shop at … in the future.</td>
<td>0.806</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate Sustainability</td>
<td>CS1 … is responsible towards the environment.</td>
<td>0.763</td>
<td>0.884</td>
<td>0.588</td>
<td>0.909</td>
</tr>
<tr>
<td></td>
<td>CS2 … supports worthy causes.</td>
<td>0.780</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CS3 … is socially responsible.</td>
<td>0.764</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CS4 … is improving society welfare.</td>
<td>0.781</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CS5 … keeps up high ethical standards.</td>
<td>0.779</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CS6 … is concerned with environmental protection.</td>
<td>0.767</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CS7 … protects employees.</td>
<td>0.733</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The square roots of the corresponding AVEs (Table 2) are higher than the correlation coefficient between pairs of constructs. According to the HTMT criteria, all construct values are below 0.9 (Henseler et al., 2014), indicating the discriminant validity of the constructs. The VIF values of all constructs were ranged between 1.370-2.282, indicating that there is no collinearity issue (Sarstedt et al., 2017). The bootstrap technique was used to test the relationships between the latent variables and the results indicate that all four hypotheses were accepted.

Table no. 2. Discriminant validity

<table>
<thead>
<tr>
<th>Construct</th>
<th>ADV</th>
<th>AS</th>
<th>CS</th>
<th>LY</th>
<th>SAT</th>
<th>ADV</th>
<th>AS</th>
<th>CS</th>
<th>LY</th>
<th>SAT</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADV</td>
<td>0.790</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.563</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AS</td>
<td>0.445</td>
<td>0.758</td>
<td></td>
<td></td>
<td></td>
<td>0.453</td>
<td>0.275</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CS</td>
<td>0.383</td>
<td>0.223</td>
<td>0.767</td>
<td></td>
<td>0.453</td>
<td>0.548</td>
<td>0.652</td>
<td>0.283</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LY</td>
<td>0.462</td>
<td>0.529</td>
<td>0.249</td>
<td>0.773</td>
<td>0.479</td>
<td>0.676</td>
<td>0.226</td>
<td>0.795</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SAT</td>
<td>0.410</td>
<td>0.551</td>
<td>0.203</td>
<td>0.691</td>
<td>0.773</td>
<td>0.479</td>
<td>0.676</td>
<td>0.226</td>
<td>0.795</td>
<td></td>
</tr>
</tbody>
</table>

The square roots of the corresponding AVEs (Table 2) are higher than the correlation coefficient between pairs of constructs. According to the HTMT criteria, all construct values are below 0.9 (Henseler et al., 2014), indicating the discriminant validity of the constructs. The VIF values of all constructs were ranged between 1.370-2.282, indicating that there is no collinearity issue (Sarstedt et al., 2017). The bootstrap technique was used to test the relationships between the latent variables and the results indicate that all four hypotheses were accepted.

Table 3 indicates that customer perceptions of fast fashion store corporate sustainability directly influence customer loyalty towards fast fashion store (β=0.114; T-value=3.616; p<0.05). Therefore, corporate sustainability issues such as supporting worthy causes, being socially responsible and
keeping up high ethical standards can positively influence consumers’ loyalty, thus H1 can be accepted. Our findings confirm previous research from other markets (Pérez and Rodriguez del Bosque, 2015; Moisescu, 2018). This study disclosed that customer perceptions of fast fashion store assortment (merchandise) directly and positively influence customer satisfaction (β=0.459; T-value=11.177; p<0.05). Therefore, retailers with innovative and qualitative merchandise can increase consumers’ satisfaction, thus H2 can be accepted. This is consistent with Selnes (1993) and Giovani and Athanasopoulou (2016). The results (β= 0.206; T-value=4.846; p<0.05) confirm that customer perceptions of fast fashion store advertising directly impact consumer satisfaction. Therefore, the more credible and informative is the advertising the more satisfied are the consumers with the store, thus H3 is supported. Conform to the analysis (β=0.668; T-value=22.339; p<0.05), customer satisfaction directly influences customer loyalty towards fast fashion store, therefore H4 is supported. This result is consistent with the findings of Chang et al. (2015) and Kim et al. (2018).

Table no. 3. The path coefficients of the structural equation model

<table>
<thead>
<tr>
<th>Paths</th>
<th>Path Coefficients</th>
<th>Standard Deviation</th>
<th>T-Value</th>
<th>P-Value</th>
<th>Hypotheses</th>
</tr>
</thead>
<tbody>
<tr>
<td>CS → LY</td>
<td>0.114</td>
<td>0.031</td>
<td>3.616</td>
<td>0.000***</td>
<td>H1—Supported</td>
</tr>
<tr>
<td>AS → SAT</td>
<td>0.459</td>
<td>0.041</td>
<td>11.177</td>
<td>0.000***</td>
<td>H2—Supported</td>
</tr>
<tr>
<td>ADV → SAT</td>
<td>0.206</td>
<td>0.042</td>
<td>4.846</td>
<td>0.000***</td>
<td>H3—Supported</td>
</tr>
<tr>
<td>SAT → LY</td>
<td>0.668</td>
<td>0.030</td>
<td>22.339</td>
<td>0.000***</td>
<td>H4—Supported</td>
</tr>
</tbody>
</table>

Note: * p < 0.05; ** p < 0.01; *** p < 0.001; ASV=advertising; AS=assortment; SAT=satisfaction; CS=corporate sustainability; LY=loyalty

Source: own development.

The goodness of fit for the model was satisfactory with a square root mean residual (SRMR) value of SRMR=0.060, which is below of 0.08 criteria. Advertising and assortment explain 33.7% of the variance of store satisfaction (R²=0.337), and satisfaction and corporate sustainability explain 48.9% of the variance of loyalty (R²=0.489), indicating a moderate predicting power of the structural model (Hair et al., 2011).

Conclusions

From a theoretical perspective, the paper shows that corporate sustainability represents as satisfaction a major prerequisite for developing customers’ loyalty towards fast-fashion stores. As modern consumers tend to buy more clothes, implementing a sustainability strategy aimed at diminishing the consume and/or use of resources, protecting the environment, supporting good causes, being socially responsible, keeping high ethical standards represent major important developments for modern companies. As fast fashion retailers have to adapt and evolve with their clientele, they have also to rely on and adapt to consumers changing lifestyles, needs and consumption habits. As consumers tend also to be more socially responsible, green and/or sustainable oriented, fast fashion retailers have to change their business strategies accordingly.

From a managerial perspective, the results show that by developing and implementing an informative and focussed advertising based also on sustainable measures, combined with a depth, innovative, new, sustainable, and attractive assortment, fast fashion retailers can generate and develop satisfaction and loyalty towards their stores. Together with a proper corporate sustainability strategy, fast fashion retailers can more easily bind customers towards their stores.

The study has several limitations. To develop loyalty towards their stores, fast fashion retailers also rely on other antecedents, like in-store management, store prices, store location or personnel. As this study has not taken into consideration such prerequisites, further research could consider such vectors as possible more antecedents of store loyalty. Future research could also consider comparative analysis on gender, consumer generations or among different regions. As the COVID-19 impact on fast fashion store purchase has not been considered, future research should also analyse to what extend the fear for pandemic as well as teleworking and the reduced social distances has led to a decrease of consumers.
preferences and purchases of fast fashion products. Future studies could also consider the impact and significance of artificial intelligence in retailing.

References


