



Fashion: COVID-19 and Social Trends

Harvard College Consulting Group

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2. Executive Summary

The HCCG team conducted primary and secondary research to explain current and future operations in the fashion industry and found **three key trends - the digitization of fashion, shifted consumer demands in products, and value-driven consumerism** - that have emerged throughout retail that will drive how the industry will shift in future years.

DIGITIZATION OF FASHION

1

Pandemic-induced lockdowns negatively impacted the fashion industry through store closures and supply chain disruptions. Brands have turned towards **digital means of sales, marketing, and operations in order to reach consumers and outlast COVID-19**. Companies have quickly adopted e-commerce, omni-channel distribution streams, and web-based marketing tactics, which have **accelerated pre-pandemic trends towards technology integration** in a historically analog industry. Consumers still indicate interest for in-person engagement to try on clothing, engage in the social elements of shopping, and experience customer service via clienteling. However, increased digital shifts are expected to stick beyond the pandemic.

2

SHIFTED PRODUCT DEMANDS

Younger audiences prioritize different elements in the clothing they purchase. Survey and focus group data reveal that individuals care less about the history and status of the goods that they purchase and **look more at the quality, design, and widespread appeal of products**. HCCG primary research uncovered how Gen Z audiences view luxury differently, with less innate reverence for brand names and more focus on the product itself. **Brands can no longer rely solely on goodwill and name value**; instead, they have to innovate new designs and products to meet the expectations of digital natives that embrace novelty and change.

VALUE-BASED CONSUMERISM

3

With increased access to digital media and greater scrutiny on injustices, **brands face greater calls for social justice and corporate accountability**. Younger generations express overwhelming support for principled behavior and make more active steps to “vote with their wallets.” Specifically, across the fashion industry, **consumers increasingly want ethical production methods, inclusive clothing items, and socially cognizant management practices**. Experts indicate that Gen Z is the generation striving to reconcile the disconnect between values and behavior, and **the pressure will only increase on brands to meet these demands**.

Fashion Overview

The fashion industry has experience **wholesale changes** to its operations and priorities in the midst of the COVID-19 pandemic, from **shifting activities online** to **heightened cognizance** for what consumers actually want from fashion brands.



Digitization

68%

increased
online
purchases



made a purchase from a brand
for a product they interacted
with on social media

61%



Consumer Preferences

26%

considered a
brand's online
presence

39%

follow brands on
social media



Consumers
follow brands
to learn about
trends and
discounts

Principled Purchasing

Consumers care **2x** more about quality and
aesthetics than brand history and popularity



Consumers are willing to pay a **32%** premium,
on average for an ethically sourced and sustainable
pieces

3. Methodology

In order to gauge consumer interests and factors driving purchasing decisions for retail and fashion, the HCCG team **conducted a survey of 420 participants**. The survey primarily focused on trends that have become apparent during the pandemic, including the digitization of fashion practices, shifted business operations models for retail stores, the changed perspectives surrounding luxury goods, and increased consumer demands for corporate responsibility and accountability. The team analyzed trends that emerged after pandemic-initiated lockdowns, changes that were accelerated by COVID-19, and expectations for the future ahead.

To contextualize fashion preferences and industry shifts post-COVID-19, the team **directed five focus groups with college-aged students**. These groups provided granular, qualitative insights into specific trends, consumer behaviors, and individual preferences across the fashion industry.

Moreover, the team **conducted expert interviews** with Kris Johnson Ferreira, an Assistant Professor of Business Administration at Harvard Business School, Joseph Fuller, a Professor of Management Practice at Harvard Business School, and Jeffery Fowler, the President of Farfetch Americas. The interviews revealed insights into the **business operations of fashion retailers, industry trends, and major shifts occurring in the realm of luxury products**.

The confluence of primary research, expert interviews, and secondary research rooted in academia and public literature allowed the team to assess the ways the fashion industry has changed and will continue to morph during the pandemic and beyond.



Storefronts



Marketing



Luxury



Sustainability



Inclusivity

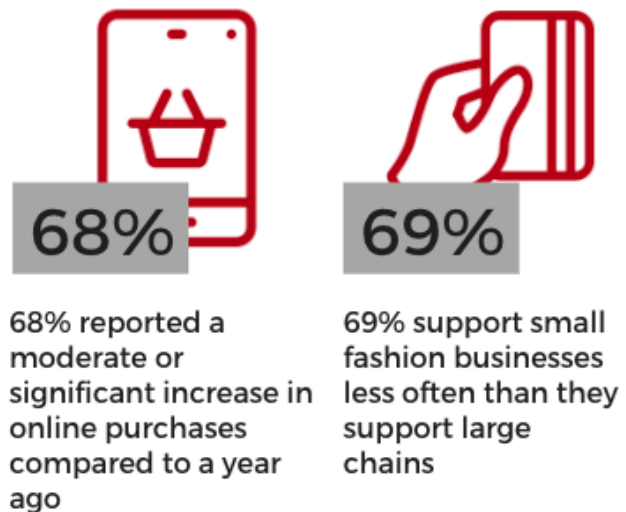


4. Retail Innovations: Client Facing Storefronts

With closures to stores worldwide, brands have been forced to quickly and effectively adopt new retail channels to not only reach but get merchandise into the hands of consumers. The HCCG team took a deep dive into the rise e-commerce, innovative retail trends, and new strategies to appeal to consumers in order to identify trends and gauge the success of digitized fashion trends.

4.1 E-Commerce: Efficiency and Ease

The COVID-19 pandemic promoted shifts to digital marketplaces and forced businesses to adapt to a transformed retail landscape. Many companies shifted to omnichannel distribution channels to respond to increased **demand**. Brands that have an omnichannel presence use social media and other applications to boost physical stores and their e-commerce presence.¹ E-commerce sales were up **76%** and **55%** year over year in June and July 2020 respectively.² Many retailers adjusted to the changes in the retail landscape due to the COVID-19 pandemic by pursuing **cross-channel transformations, with some seeing a 250% increase in omnichannel usage over 2020 alone**.³ Harvard Business School Professor of business administration Kris Ferreira explained that retailers began thinking about ways to rework the layout of their physical stores to use them as both **storefronts and warehouses**. Notably, Louis Vuitton, Nordstrom, Saks Fifth Avenue, Cuyana, and Michael Kors demonstrated omnichannel competence⁴ by seamlessly providing **choice, convenience, and flexibility** to customers.⁵ Furthermore, Nordstrom expanded its curbside pickup and return offerings to connect digital and physical experiences.⁶



¹ [McKinsey](#)

² [Digital Commerce](#)

³ Jeffery Fowler Interview

⁴ According to NewStore's 2021 Omnichannel Leadership Report, there are five categories of

omnichannel competence: avoiding, struggling, surviving, evolving and thriving.

⁵ [Retail Customer Experience](#)

⁶ [Nordstrom COVID-19 Business Update](#)





Sears

In an effort to increase in person foot traffic during COVID-19, other retailers have also **expanded contactless shopping options**, increased the availability of hand sanitizer, installed plexiglass dividers, and established mask requirements in stores.⁷ Moreover, after Sears closed many of its stores in 2020, some former locations have been converted to COVID-19 vaccination locations.⁸

Abercrombie

Retailer Abercrombie & Fitch recently closed many physical locations in the US to instead **focus on e-commerce distribution**. In November 2020, the retailer announced that it would be closing four flagship stores and repositioning all physical stores.⁹ Emphasizing the importance of omnichannel, the CEO of Abercrombie & Fitch Fran Horowitz explained that “our stores in North America are fully omnichannel, and we’re rolling that out across the world.”¹⁰

Macy’s

Macy’s has also increased its emphasis on e-commerce by evaluating the customer experience. Starting in October 2020, Macy’s offered **digital personal stylists** to help customers with holiday shopping.¹¹ These changes were to help customers feel welcome and well-served by brands, even via virtual channels.

Multiple brands made adjustments to their distribution channels and retail strategies to respond to the COVID-19 pandemic. To respond to customer demands, brands expanded their e-commerce presence through the use of personal stylists and expanded distribution. The physical stores that have remained during the pandemic have often taken on new roles.

4.2 Retail Trends: Acceleration and Adjustment

The unique challenges retailers face in light of the COVID-19 pandemic accelerated trends in the retail space to shift the use of retail locations and transform the purpose of retail spaces.



Even before COVID-19 lockdowns, **large malls had already been closing** for the past decade.¹² HBS professor Kris Ferreira explained that “even prior to COVID, there was a lot of evidence of shoppers moving online, and most malls not doing well.” The economic crisis associated with COVID-19 likely **accelerated the closing of retail spaces** as many department

⁷ [CNBC Retail Report](#)

⁸ [Wall Street Journal](#)

⁹ [Biz Journals](#)

¹⁰ [Biz Journals](#)

¹¹ [Retail Dive](#)

¹² [Fast Company](#)





stores such as Neiman Marcus and J.C. Penney declared bankruptcy.¹³ According to Professor Joseph Fuller at the Harvard Business School, an exodus from physical stores may cause the price of rent to drop, which opens up the possibility that **physical store locations may soon act more as showrooms than actual stores** and storefront orders are fulfilled via the existing infrastructure for digital sales.¹⁴

To reposition themselves and ensure their continuing relevance in the retail space, Amazon is working with malls to negotiate the transformation of malls into **fulfillment centers**.¹⁵ Although many experts believe that malls will become distribution centers or warehouses, some do not believe the idea will be widely adopted. Those who support the idea cite that malls have the amount of space needed for distribution centers and are often located near large populations and highways.¹⁶ Skeptics cite **high costs, layout issues, and logistical challenges** such as permits and licenses.¹⁷ Other reports reveal that some malls may become apartments.¹⁸ When asked how they would feel about a mall in their area being turned into a warehouse, survey respondents reported a mean sentiment of **3.82**. In the survey, 0 is extremely negative and 10 is extremely positive. 3.82 correlates to a slightly negative sentiment.

4.3 Consumer Shopping Preferences

Understanding different segments of shoppers can provide insight into the types of reopening efforts companies will pursue. According to a report published by the MIT Sloan Management Review, **23%** of customers are experiential shoppers who enjoy the surprise and social elements of shopping, **22.6%** are tactile shoppers who like to browse, **20%** are reluctant shoppers, **17%** are diversion shoppers who see retailers as a source of entertainment, and **16%** are functional shoppers.¹⁹ As stores reopen, ads often detail new **safety precautions** to respond to customer concerns and highlight the elements that consumers look for when shopping in person such as **emotional connections, products, and discounts**.²⁰

Discussions during focus groups reveal that many consumers will likely **continue their online shopping habits**, citing the “ease of shopping on apps” and the “serotonin boost from receiving packages in the mail.” A focus group participant explained that “since I downloaded apps already, there’s probably not a reason why I will delete them; **instead of playing a game, I like going on [an] online shopping app.**” Many stated that they likely will not change their shopping habits. Jeffery Fowler, the President of Farfetch Americas, explained that “Many Gen Z individuals have said that they **don’t see the point of going to a physical store**, or what they can do in person that they can’t do online.”

¹³ [Fast Company](#)

¹⁴ HCCG Expert interview, Joseph Fuller

¹⁵ [WSJ News Exclusive](#)

¹⁶ [The Robot Report](#)

¹⁷ [The Robot Report](#)

¹⁸ [Bloomberg](#)

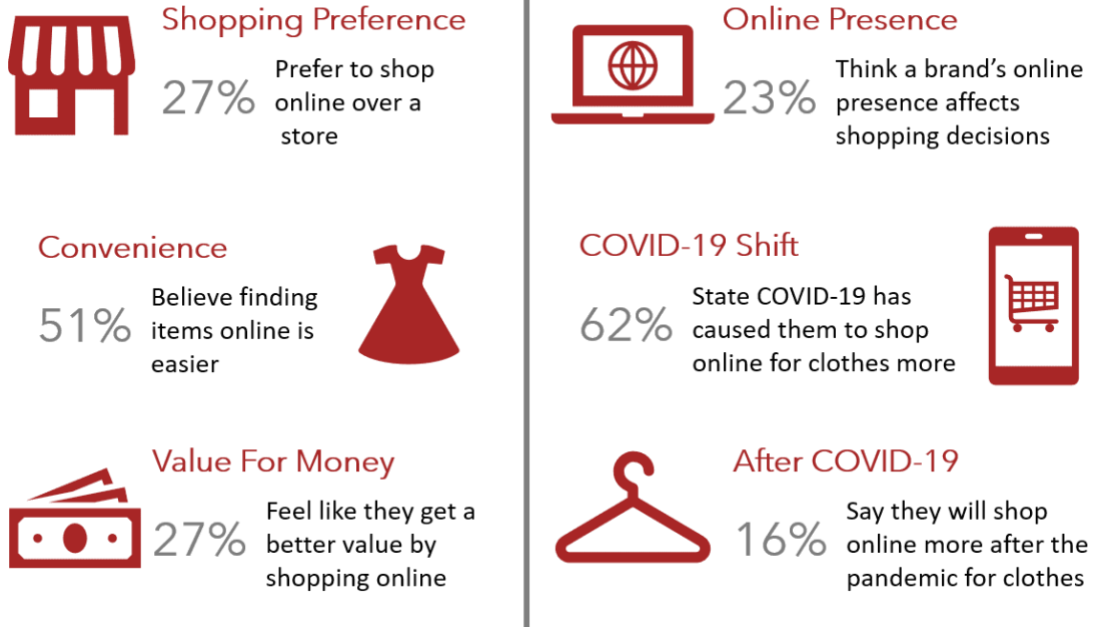
¹⁹ [MIT Sloan Management Review](#)

²⁰ [Ace Metrix](#)





Exhibit 1: Consumers have shifted to digital means of purchasing and have identified positive externalities from the changes.



However, many individuals expressed that shopping plays a more substantial role in their lives than merely purchasing clothing. Some consumers expressed interest in a return to in-person shopping after society fully reopens in addition to new online shopping habits. When asked for what reason they would choose to shop in person over making an online purchase, **37%** reported that they like being able to try clothing on and **34%** of survey respondents stated that they prefer seeing items in person. Another **21%** reported that shopping in person is an enjoyable social experience. While digitization continues to take over the fashion industry, there still exists a future for brick-and-mortar stores nationwide.





5. Retail Innovations: Branding and Marketing

The internet has become a lucrative marketing domain; over **74%** of US residents have a social media account,²¹ while Google alone handles over **3.5 billion searches** daily.²² Digital marketing has expanded to include social media marketing, paid search, email lists, and influencer marketing, among others. As the internet has grown and digital marketing strategies have matured, brands have come to rely increasingly on it as one of their primary marketing avenues with a **39%** increase in spending in the past two years alone.²³ This is especially true for the fashion industry, **where increased accessibility to information has created an environment where consumers are less loyal to fashion brands** than they ever have been before²⁴ with the rise of cross-shopping, the accessibility of reviews, and the ease of finding cheaper or better comparable goods now requiring only minimal effort. **Digital marketing helps brands overcome this reduction in loyalty by occupying the channels most likely to cause their customer base to convert to other brands and gain new customers.**

5.1 Digital Marketing

COVID-19 has made digital marketing more relevant as a direct result of lockdowns closing physical storefronts for weeks on end.²⁵ Brands were forced to move to digital sales channels due to consumer fears of in-person interactions and a sharp increase in internet usage, with US adults on average consuming over sixteen hours of digital media per day at the peak of the pandemic, up from just under twelve and a half hours per day before the pandemic.²⁶

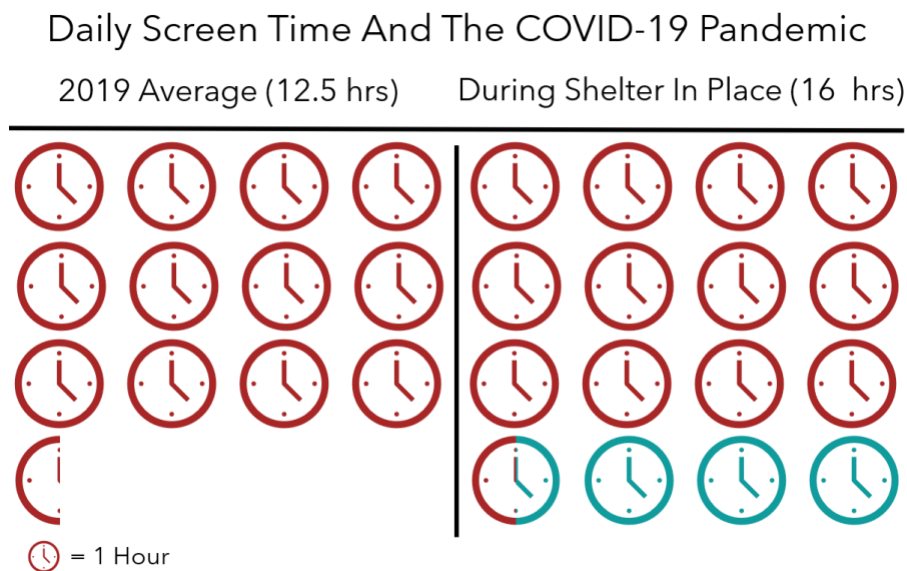


Exhibit 2: Average screen time has increased during the pandemic due to real-world closures.

²¹ [Statista](#)

²² [Google Search Statistics](#)

²³ [Statista](#)

²⁴ [McKinsey](#)

²⁵ [AuraVision](#)

²⁶ [Activate Consulting](#)





62% of individuals surveyed by HCCG state that COVID-19 has caused them to shop online more than they did before the pandemic, while **26%** of that group say that this increase in online shopping for clothes will become a more permanent shopping habit.²⁷ **This has led to huge increases in Direct-to-Consumer (DTC) Digital sales for major fashion brands and the conscious strategy decision to accelerate existing digitization plans.**

5.2 Social Media Marketing

Given the outsized influence of social media in contemporary society, fashion brands have increasingly looked towards this field for marketing efforts. Over **23%** of consumers reported that a brand’s presence on social media impacts their shopping decisions and over a quarter of survey respondents reported that they follow fashion brands on social media.²⁸ Social media pages and the followers attached to it act as free advertising. **Additionally, when used more creatively, the content fashion brands put on their social media can extend far beyond the reach of their followers alone.** Photo contests or giveaways on Instagram that showcase a brand's clothing or effective use of hashtags can bring eyes from all over the world to a brand. Focus groups frequently brought up engaging social media campaigns as some of the most well-received ads.²⁹ Humorous posts or memes by brands that had previously gone viral were frequently mentioned in a positive light.³⁰

Social media advertising is a clear marketing priority, with HCCG observing one major fashion brand running over **7,100 unique ads** on Facebook over the course of a week.³¹ HCCG primary data also indicated that consumers have strong preferences for how these directly converting ads are set up. **Focus groups respondents reacted positively to the ability to see pricing directly on the social media post, one-click navigation to the product page, and having the URL of the seller prominently displayed.** While these services are available to the public, many brands underutilize them; HCCG observed many major brands only using one of these techniques across their full range of social media advertising.³²

SMM Techniques

Low Click Depth
Ads for a product should lead directly to a method for a consumer to purchase that product. The more clicks it takes a customer, the lower your conversion.



Prominent Pricing



Customers should be able to get an idea of pricing from the very first engagement. This does not mean exact price but indicate at least a ballpark.

Easy Brand Recognition
Posted content should be consistent with the brands intended image and messaging. Branding on posts increases overall brand recognition.



Use of Media



Including media causes higher engagement on social media posts. Posts without some sort of media are a missed opportunity for engagement.

²⁷ HCCG Survey

²⁸ HCCG Survey

²⁹ HCCG Focus Groups

³⁰ HCCG Focus Groups

³¹ [Facebook Ad Library](#)

³² [Facebook Ad Library](#)





Influencer marketing has increased its market size over four times during the last five years.³³ Through a survey, HCCG found that almost a third of polled consumers follow at least one influencer and that **consumers often follow influencers in the fashion space to gain inspiration for new outfits and stay up to date on fashion trends.**³⁴ Conversely,

followers of influencers

say that they **almost never follow influencers in an effort to find promotional pricing on clothing items, seeing influencers as a more premium type of advertising.**³⁵ While popular, it does not come without risks; it is sometimes associated with dishonest reviews and a degree of elitism. In focus groups, participants stated that while influencers may have “some sway on what products or brands they buy from,” if brands use influencers that seem “disingenuous in their promotion of a brand’s product, it is more likely to cause them to avoid the brand altogether,” having the exact opposite of the intended effect.³⁶

Top Reasons To Follow Influencers

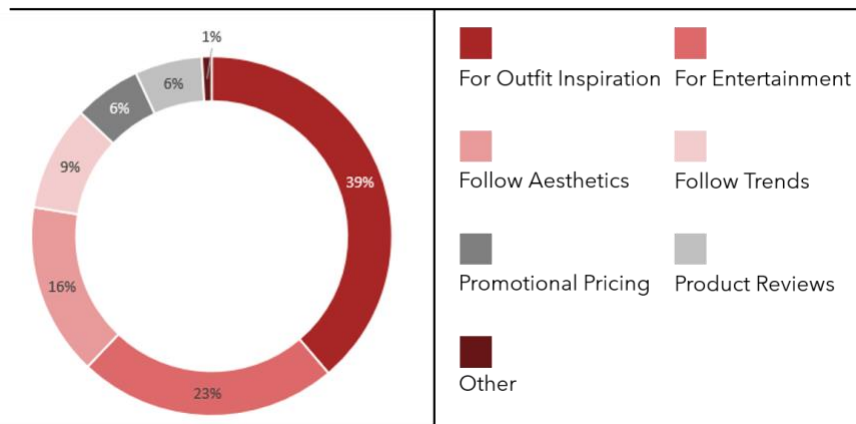


Exhibit 3: Survey respondents look towards influencers for fashion inspiration and entertainment rather than for direct sales or promotions.

5.3 Converting Marketing to Sales

One complaint about digital marketing held by fashion brands, especially in relation to digital advertising, is difficulty in converting views to sales. **HCCG focus groups expressed that while participants frequently encountered advertising, said ads had very little effect on them.** They expressed that “seeing an ad is more a signal that I’ve been scrolling for too long and I should close the app” and “while some ads have made me want to purchase from a particular brand before, I never actually have.”³⁷ HCCG survey data backs these conclusions; over **35%** of respondents said they had never made a purchase as a result of seeing digital advertising.³⁸ Furthermore, attempted solutions from social media companies, such as marketplaces like Instagram’s shop tab which intended to have higher conversion rates than simple ads, are reported by our focus groups to be unpopular and often untouched by users.³⁹ It is worth noting, however, that despite the negative perception of influencer marketing by consumers

³³ [Statista](#)

³⁴ HCCG Survey

³⁵ HCCG Survey

³⁶ HCCG Focus Group

³⁷ HCCG Focus Groups

³⁸ HCCG Survey

³⁹ HCCG Focus Groups





that this type of marketing can still lead to an increase in sales. This suggests that certain demographics that were potentially underrepresented in our focus group and survey sample are particularly receptive to this type of marketing.

As sales have moved online, fashion brands should reevaluate their advertising platforms, as efficiency translates to a more substantial increase in revenue than it ever has before.

Currently, Google dominates the paid search market, but this is starting to shift. Amazon offers paid search as an option for vendors who list products for sale on their site. Selling on Amazon gives brands access to their sizable consumer distribution networks. Despite this, for the fashion industry, Amazon has historically been a less attractive sales channel because of high fees on sales and the firm’s competing Amazon Essentials products. **However, the pandemic has increased the value of Amazon as an advertising platform;** during Q2 2020 alone, the “other” category of Amazon’s financials, which includes paid search, **grew 37%**, with Amazon now capturing a whole **8.8%** of all digital ad spend in the U.S. and **12.9%** of paid search overall.⁴⁰

VF Corp

Many brands adopted strategies that lean heavily into digital marketing and sales channels to counter pandemic-induced revenue declines. VF Corp., a large fashion conglomerate that includes the Vans, The North Face, Timberland, and Dickies brands, is one such case. While revenue has been declining for VF Corp. across the majority of its brands, **VF Corp’s direct to consumer digital sales have increased 44% in Q2 alone. This can be attributed to VF Corp’s acceleration of their “Hyper-Digital Transformation” strategy.** Starting four years ago with only **5%** of company revenue coming from digital channels, at the onset of the COVID-19 pandemic, VF Corp. began investing more heavily in it by building out a strong data pipeline and shifting their primary customer engagement techniques to digital, resulting in over **40%** D2C and more than **25%** total digital penetration.²³ This acceleration took the form of creating new digital experiences, including advanced shoe customization for Vans, several digital marketing campaigns for The North Face, the utilization of high profile influencers for Timberland, and online maker workshops with the Dickies brand. VF Corp also further expanded into the Chinese marketplace via Tmall.

	Overall Revenue	VS	DTC Digital
Q2'21	-16%		+44%
Q1'21	-46%		+78%
Q4'20	-11%		+8%
Q3'20	+6%		+16%

Exhibit 4: In the midst of pandemic-induced downturns, digital shifts have been profitable for companies like the VF Corp.

⁴⁰ [CNBC](#)





Nike

A second case study to examine for brands that adapted well to the COVID-19 pandemic via digitalization is Nike. Leaning into the circumstances created by the pandemic, **Nike emphasized the development of novel digital marketing strategies, utilizing livestreams and their SNKRS app alongside traditional digital marketing strategies** to generate interest in and sales of their products. For the past three quarters, which have contained some of the highest case rates seen over the course of the entire pandemic, **Nike digital has increased revenue approximately 80% each of the three quarters, becoming 25% of Nike's US sales overall.**⁴¹ Nike has said that it is indicative that "the consumer shift to digital is permanent" and that their "digital penetration will only increase in years to come."⁴² Feeding into this assertion is the consistent overperformance of Nike's digital advertising efforts vs their internal value standards, with the ads generating over **7 billion impressions** in total in Q2 of 2021 alone and their YouTube released film, Never Too Far Down, being viewed over **400 million times** alone.⁴³

⁴¹ [Nike](#)

⁴² [Nike](#)

⁴³ [Nike](#)





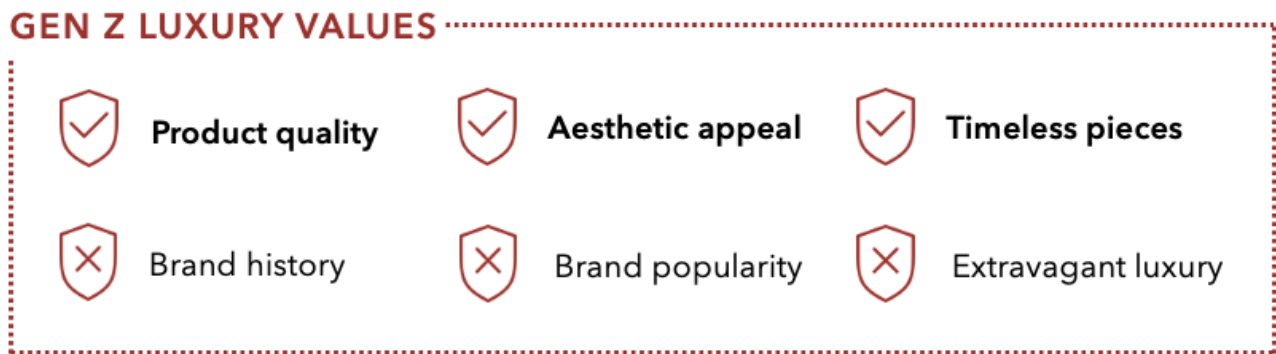
6. The Luxury World: Trends in High Fashion

While luxury fashion has faced similar declines as other industries due to the pandemic, luxury fashion differs from other aspects of the fashion industry in terms of its **price insensitivity**⁴⁴ and **perceived exclusivity**, leading to variations from other retail channels.⁴⁵ Focus groups indicate that “the combination of where it was manufactured, the price point and name recognition constitutes luxury,” which differentiates this market from other aspects of the fashion industry.

6.1 Generation Z and Luxury Purchasing

The luxury market is changing in terms of the demographic makeup of its consumer base, as **Gen Z**⁴⁶ is **gaining financial influence** and already has a spending power of over \$140 billion.⁴⁷ Gen Z has not been deterred by the COVID-19 pandemic in their purchasing of luxury items as much as other generations; over **50% of Gen Z consumers are “not hesitating when considering luxury goods purchases,” as compared to only 25% of Millennials** (those ages 23-39).^{48,49} This is likely due to generational differences: Gen Z consumers were too young to feel the repercussions of the 2008 recession, unlike Millennials. When choosing which luxury products to purchase, Gen Z consumers value **product quality** and **aesthetic appeal** the most, significantly more than brand history or popularity,⁵⁰ showing their preference for buying based on the product itself and not the brand behind it. Jeffery Fowler, the President of Farfetch’s Americas division, a prominent luxury eCommerce platform founded in 2007, shared that Gen Z shoppers **“don’t have quite the same reverence for luxury brands”** as previous generations.⁵¹

Exhibit 5: When purchasing luxury goods, Gen Z consumers value product quality, aesthetic appeal, and timeless traits over brand history, brand name value, and extravagance.



⁴⁴ [An Overview of the Luxury Fashion Industry](#)

⁴⁵ [Asia Pacific Journal of Marketing and Logistics](#)

⁴⁶ [Pew Research Center](#)

⁴⁷ [Forbes](#)

⁴⁸ [Pew Research Center](#)

⁴⁹ [The Fashion Law](#)

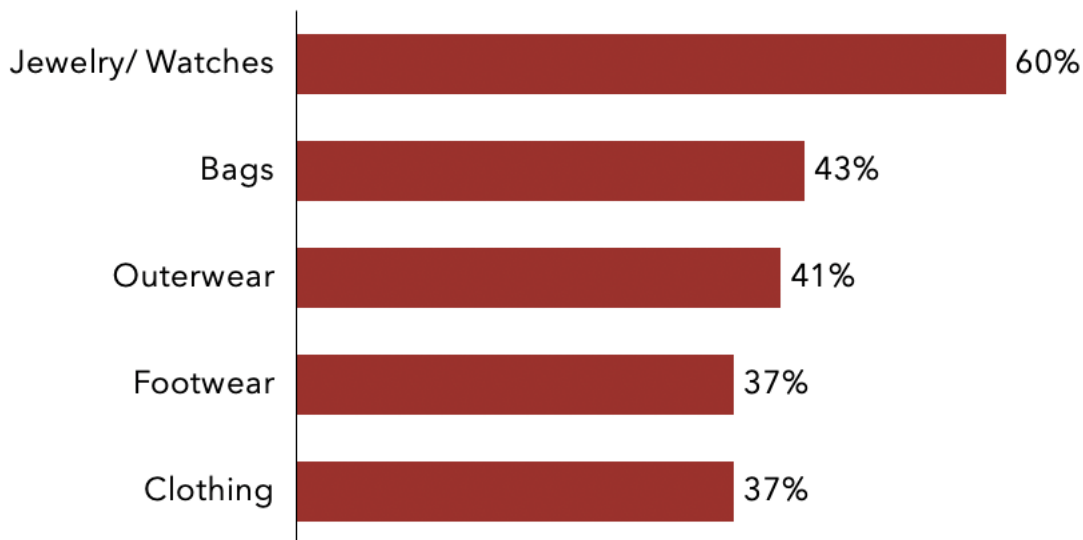
⁵⁰ HCCG Survey Data

⁵¹ Interview with Jeffery Fowler





Exhibit 6: Gen Z consumers consider timeless, durable pieces like jewelry/ watches to be more “worth” the price of luxury than other items, such as clothing or footwear.



Among younger consumers, **social media plays an integral role in shaping their luxury preferences.** According to HCCG survey data, social media is the top way Gen Z consumers hear about luxury brands and items, surpassing friends and family and other forms of advertising.⁵² Luxury brands are reflecting this shift in their advertising spend; **in 2018, Kering, a luxury conglomerate, spent half of its marketing budget on digital advertising, a 30% increase from just three years prior.**⁵³ This trend has only been accelerated by the pandemic, as **more shoppers are forced to stay home and shift their spending to online channels,**⁵⁴ with **online luxury sales making up 23% of total sales in 2020.**⁵⁵

Gen Z's social media usage is also changing dramatically as the video sharing app, Tik Tok, has increased in popularity this past year, surpassing Facebook to become the most downloaded app of 2020.⁵⁶ Unlike other sites, **“Tik Tok is a platform that generates more interactions between creators and their followers...** You could be watching a video on Tik Tok and there's a bunch of comments on the outfit, right away you'll find the creator of the video saying where they got it from, so you can get the same outfit,” in the process directly shaping users' fashion purchases,⁵⁷ especially in terms of expensive luxury items. Furthermore, Tik Tok differs from other social media platforms in terms of its user base: **41% of users are between the ages of 16 and 24,**⁵⁸ **versus only 22% for Instagram,**⁵⁹ making it an integral platform for luxury brands to target Gen Z consumers.

⁵² HCCG Survey Data

⁵³ [Business of Fashion](#)

⁵⁴ [McKinsey and Company](#)

⁵⁵ [Bain and Company](#)

⁵⁶ [Fast Company](#)

⁵⁷ HCCG Focus Groups

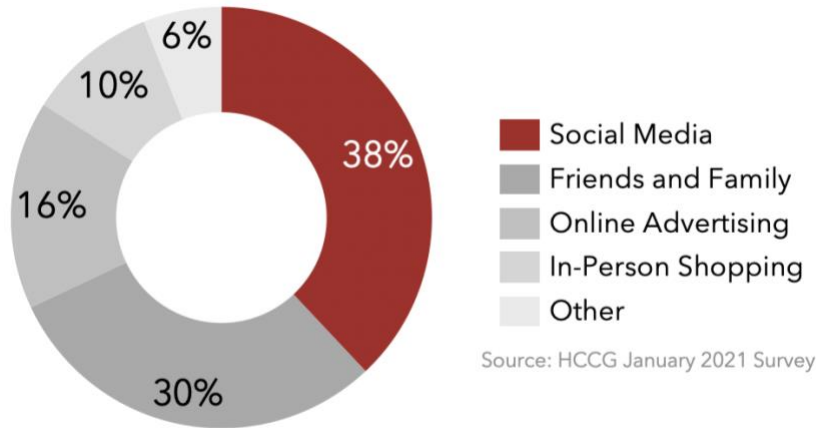
⁵⁸ [Omnicores](#)

⁵⁹ [Glossy](#)



Luxury brands have started making headway on this platform by introducing interactive Tik Tok campaigns. For example, Moncler developed its #MonclerBubbleUp campaign, where influencers pretended to make a Moncler coat with at home materials, like bubble wrap.⁶⁰ This hashtag garnered over 2 billion views,⁶¹ extending Moncler’s reach to a younger audience and highlighting **the power of extending marketing efforts through interactive campaigns on Tik Tok.**

Exhibit 7: Social media is the most popular way that Gen Z hears about luxury brands and items.



Another shift in the luxury industry accelerated by Gen Z consumers is the changing of the luxury fashion calendar. Traditionally, luxury fashion brands released their seasonal collections six-months before they were released in stores.⁶² But, Gen Z consumers have an infamously short attention span (only 8 seconds versus 12 for millennials)⁶³ and prefer instant gratification⁶⁴

when purchasing clothing, prompting some luxury brands, like Burberry, **to reject the traditional fashion calendar⁶⁵ and reduce their number of fashion shows while making new clothing seasonless and perpetually available.⁶⁶** This appeals to Gen Z’s need to be able to immediately buy products they are interested in while also reducing material waste,⁶⁷ showing that a trend accelerated by the cancelling of fashion shows due to the pandemic will continue to change the DNA of the fashion industry.

6.2 Changes in the Luxury Shopping Experience

eCommerce

Stay-at-home orders and mandatory closures have forced luxury brands to invest in their digital stores despite their typical resistance to change.⁶⁸ According to Jeffrey Fowler, “the pandemic has accelerated changes that were happening already, with 5-10 years of innovation and change being adopted in 1.”⁶⁹ **From 2019 to 2020, eCommerce shifted from**

⁶⁰ [Glossy](#)

⁶¹ [Glossy](#)

⁶² [Luxury Society](#)

⁶³ [Forbes](#)

⁶⁴ [eMarketer](#)

⁶⁵ [Luxury Society](#)

⁶⁶ [Paper Magazine](#)

⁶⁷ [Vogue](#)

⁶⁸ [Glossy](#)

⁶⁹ Jeffrey Fowler Interview







making up around **15% of global luxury sales to over 50% worldwide**.⁷⁰ Luxury shoppers still prefer to make purchases in person,⁷¹ with part of the appeal of luxury shopping being the clienteling, or “the processes or tools used to promote customer satisfaction through the personalization of the shopping experience,”⁷² offered by personal shopping attendants. Luxury consumers expect the same level of attention digitally,⁷³ which has forced brands to get more creative with their eCommerce experience. For example, Gucci has developed “Gucci Live,” which connects shoppers with in-store staff for a comprehensive video shopping experience.⁷⁴ High fashion brands are also shifting their runway shows to digital, starting with Chanel’s 7-minute video to release its Cruise 21 collection.^{75 76}

In-Store Luxury Shopping

While luxury brands have improved their eCommerce experience, **over 80% of even the most tech savvy consumers, Gen Z shoppers, still prefer the in-store shopping experience**,⁷⁷ forcing brands to consolidate the best of both worlds. To achieve this, brands must utilize online data to enhance the in-store shopping experience with greater personalization.⁷⁹ With the trend of **luxury consumers shifting their spending towards experiences rather than**

 **82% of Gen Z prefers to shop for luxury items in person**

 **65% of Gen Z prefers to buy luxury items new, rather than second-hand**

personal products, which 40% of consumers still intend to continue after COVID-19,⁸⁰ luxury brands must **improve their in-store shopping to be more experiential through personalization.**

Third Party Retailers

As luxury sales shift to digital, third party retailers are growing rapidly,⁸¹ causing more players to want in on the action. In November 2020, Farfetch announced a partnership with Chinese tech company Alibaba and luxury powerhouse Richemont, owner of popular brands like Cartier, to invest over one billion dollars in growing its platform.⁸² US tech giant Amazon is also making its way into the luxury space, with the development of its Luxury Stores mobile shopping experience⁸³ in collaboration with high fashion brands like Oscar de la Renta.⁸⁴ Despite these conglomerations on both the American and Chinese fronts, some luxury brands remain independent, with luxury goods company LVMH (Moët Hennessy Louis Vuitton) launching its own platform, 24 Sèvres, to retail its brands.⁸⁵ As eCommerce continues to grow,

⁷⁰ [McKinsey and Company](#)

⁷¹ HCCG Survey Data

⁷² [Salesforce](#)

⁷³ [BCG](#)

⁷⁴ [Luxuo](#)

⁷⁵ [New York Times](#)

⁷⁶ [Luxury Society](#)

⁷⁷ [McKinsey and Company](#)

⁷⁸ HCCG Survey Data

⁷⁹ [BCG](#)

⁸⁰ [BCG](#)

⁸¹ [Glossy](#)

⁸² [New York Times](#)

⁸³ [Vogue](#)

⁸⁴ [New York Times](#)

⁸⁵ [Luxe Digital](#)





so does **competition between platforms looking to capitalize off of this lucrative market, forcing luxury brands to form unlikely alliances with the likes of Amazon and Alibaba**, large retailers which juxtapose the luxury industry's preference for exclusivity.

6.3 The Future of the Luxury Industry

The COVID-19 pandemic has caused a seismic shift in the luxury retail industry. While some changes are not expected to persist, such as travel shopping resuming as stay-at-home orders are lifted, others may continue to impact the luxury industry for years to come. **The shift to eCommerce is expected to grow even more in the coming years to make up for over 20% of total luxury sales in 2022⁸⁶**. Furthermore, the social implications of the pandemic coupled with months of protests over growing movements, like the Black Lives Matter movement, may continue to alter luxury consumption, as many shoppers are **“less willing to show off their luxury goods in an attempt to appear more relatable.”⁸⁷**

As one focus group participant put it, “people are becoming more politically and socially aware during this pandemic, making people question ethical consumption especially when it comes to luxury fashion.” The implications of these movements may continue to impact the luxury industry as **inclusivity and ethicality rise in their importance amongst consumers.**

“

People are becoming more **politically and socially aware** during this pandemic, making people question **ethical consumption** especially when it comes to luxury fashion.

”

⁸⁶ [BCG](#)

⁸⁷ HCCG Focus Groups





7. Sustainable Fashion Efforts

Beyond the operational changes forced upon by COVID, the fashion industry is seeing an **overhaul to its social practices** as well. Survey results indicate that consumers increasingly care about morally upholdable practices in their purchases, and the fashion industry is taking note, as epitomized by the bankruptcy of fast fashion giant Forever 21.⁸⁸ Though the sustainability movement continues to grow and shift, it includes considerations such as the sourcing of fabrics, the manufacturing of garments, and the sales process of clothes.

7.1 Production and Operations

There are many aspects of the manufacturing process of the fashion industry that have come under fire. This includes but is not limited to prison labor, fabric dyes, and transportation costs of outsourcing. In this section, HCCG will focus on the issues associated with animal products, forced labor practices, and reselling/thrifting, especially in the past year.

The combination of COVID-19 and a growing sense of social responsibility has led to the decline of fur farming. Now, stock of **“vegan” products has increased by 258%** across the UK and US in 2019.⁸⁹ This decision is in part influenced by the **scientific advancement of the faux industry** in curbing the synthetic pollution in production and developing a more authentic feeling.⁹⁰ Focus groups indicate a growing interest in this intersection of technology and avant-garde fashion, especially for tracking the ethicality of materials or the growth of personalize-able, “DIY” apparel.

Leather products have also faced greater challenges by activists as well as the faux industry. However, primarily leather-based companies are taking steps to **highlight their durability to counteract environmental impacts**.⁹¹ This is in line with sustainable shoppers’ interests, “when it comes to shopping, [their] way of being more sustainable is to actively look for pieces that I don’t get bored of in a few years to reduce carbon footprint and shop less often.”

“*If a company isn’t actively being transparent about being sustainable, it’s probably likely they have poor practices.*”

Forced Labor and Supply Chains

Gen Z consumers accounted for **40%** of global consumers in 2020.⁹² Jeffery Fowler, the President of Farfetch’s Americas division, remarked that Gen Z is the generation that is “trying to solve for the gap that exists between ‘I care about something’ and ‘I will actually act on the

⁸⁸ [BBC](#)

⁸⁹ [Vogue](#)

⁹⁰ [Business of Fashion](#)

⁹¹ [World Footwear](#)

⁹² [Business Insider](#)





principles that I believe in.’ Few people actually vote with their wallet, but... this is the generation that is getting closer than ever before.”⁹³ **As Gen Z consumers have increasingly incorporated their beliefs into their purchasing decisions, they have also increasingly demanded more ethicality from brands.** In fact, **72%** of HCCG Survey respondents reported that brand ethics was at least moderately important to them in deciding where to purchase from, and **77% indicated that they were at least moderately likely to boycott or shop less at a brand with unethical supply chain practices**, including forced labor, sweatshops, and unfair working conditions⁹⁴. Although Fowler expressed his reservations that Gen Z will completely reconcile the tension between principles and purchasing, he remarked that he was “optimistic about the increase... [in] crackdowns on things such as the cotton industry [and] forced labor happening in China.”⁹⁵

Through massive state-sponsored internment, millions of Uyghur people, an ethnic minority in China, have been detained in Xinjiang and subjected to atrocious human rights violations. In 2020, a coalition of more than 180 human rights organizations revealed that **83 major fashion brands were complicit in the use of forced labor of Uyghur people in Xinjiang**, including but not limited to Nike, Abercrombie & Fitch, PVH, Gap, adidas, H&M, and UNIQLO.⁹⁶ The coalition estimated that nearly **20%** of cotton products globally were sourced from the Xinjiang region.⁹⁷ Although HCCG focus group participants were “really disappointed” by these reports, they spoke to their **desensitization to human rights violations due to the sheer prevalence of abuses across company supply chains**, expressing that they were “not surprised” because people have become “really accustomed to hearing about these abuses.”⁹⁸ Given that global fashion brands source extensively from the Xinjiang region, **participants conveyed the need for alternatives to sustain consumption.** They indicated hesitations about boycotting complicit brands, stating that there are not “many other markets to turn to when you eliminate an option that has been heavily permeated” and that it “doesn’t seem like the most direct route to creating change.”⁹⁹ **In fact, participants unanimously expressed reservations about the impact of their singular decision to shop less at unethical brands**, asserting that “it would be the right thing to do ethically, but would it do anything?”¹⁰⁰ Notably, **only 51% of HCCG Survey respondents indicated that they have made significant changes to their fashion consumption due to social factors.** Although Gen Z consumers expect brands to act ethically across their value chains, unless there are palatable alternatives

“It’s not like [executives] will make decisions unless there’s some sort of real cost damage to the company. A lot of that comes from people who hold the money that supports Nike... I’m not really sure how I could make a difference.”

⁹³ HCCG Expert Interview

⁹⁴ HCCG Survey

⁹⁵ HCCG Expert Interview

⁹⁶ [The Guardian](#)

⁹⁷ [End Uyghur Forced Labor](#)

⁹⁸ HCCG Focus Groups

⁹⁹ Ibid.

¹⁰⁰ HCCG Focus Groups

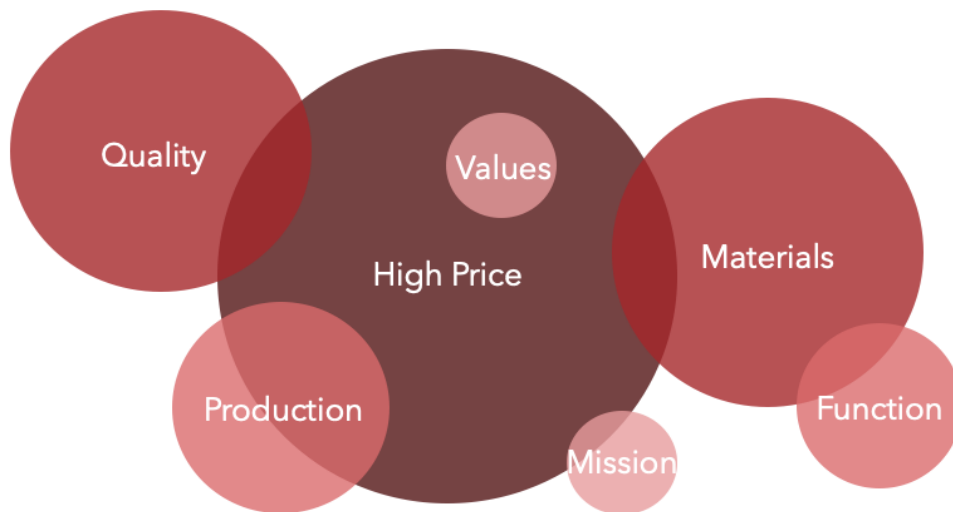




and direct routes to change, they have **reservations about changing their consumption patterns in practice and instead seek other avenues to hold brands accountable**. One such avenue is policy change. Notably, in December 2020, Congress passed the bipartisan Uyghur Forced Labor Prevention Act, and in January 2021, the Trump administration announced a ban on all cotton products imported from the Xinjiang region due to human rights concerns.¹⁰¹

Exhibit 8: Focus groups were very skeptical of their ability to purchase cheap and sustainable clothing.

What are indicators of sustainably sourced clothes?



7.2 Resellers and Intermediaries

Renting

To appeal to younger¹⁰² and/or environmentally conscious¹⁰³ consumers moving away from fast fashion, brands such as Urban Outfitters,¹⁰⁴ Macy's,¹⁰⁵ and Banana Republic¹⁰⁶ are have growing rental subscription services. Customers are now offered an alternative to **throwing away approximately 81 pounds¹⁰⁷ of clothing per year**: personalized garments for niche occasions (luxury tuxedos, maternity wear) with hassle-free returns.

Gen Z consumers from focus groups cite a lack of **one-of-a-kind/authentic assortment**,¹⁰⁸ the **barrier of subscription payments** for those without continual income, and the total **absence of ownership** as reasons to stick to resale over rental. Some are also cognizant of the unique

¹⁰¹ [Reuters](#)

¹⁰² [Statista](#)

¹⁰³ [The Guardian](#)

¹⁰⁴ [Vox](#)

¹⁰⁵ [CNBC](#)

¹⁰⁶ [Elle](#)

¹⁰⁷ [Savers](#)

¹⁰⁸ [Vogue Business](#)





environmental impacts of rentals. Despite attempts at more sustainable packaging¹⁰⁹ or efficient warehouse placements, there are still barriers to clean clothes. The returns and transportation costs inherent to this sub-industry create a carbon footprint **nearly 1.5 times the carbon impact of the clothes itself**,¹¹⁰ access-based consumption increases overall demand,¹¹¹ and the intensive dry-cleaning procedures are hazardous.¹¹²

“It’s expensive, I don’t know why I would rent something when it’s the same cost to buy it. I get that it’s saving waste by using it and returning it... but think about all the packaging they have to use that goes to waste when they send shipments out.”

Overall, focus groups conclude that Gen Z does not seem convinced to consider this “sustainable” method as a large source of clothing. “Rentailers” will have to focus on lower prices to cater to this audience - their main priority - and a greater selection to draw them in.

Buyback

As consumers buy more clothes for less wear due to social media expectations¹¹³ and drop culture,¹¹⁴ companies such as ThredUp and Poshmark are looking to decrease the demand for first-hand clothing. Online (r)e-commerce is resilient, though focus groups expressed doubt that they could truly capture the thrifting experience. During lockdowns, shoppers - often those under 30¹¹⁵- turned to online applications for their peer-to-peer clothes needs. Physical thrift shops suffered during COVID like many brick-and-mortar stores.¹¹⁶ Main drivers of all generations include **lower price ranges for ethical shopping**¹¹⁷ and the continual **refreshment of options**,¹¹⁸ unlike traditional retail where new lines are generally updated quarterly. Online applications such as Depop and Etsy also cultivate communities of **like-minded, small-businesses** that customers enjoy supporting.

Depop Furthermore, many users on Depop (as well as StockX and Grailed¹¹⁹) are there to make a profit by flipping thrift store finds.¹²⁰ In Berlin, some resellers on Depop have gone on to launch their own fashion lines in exclusive partnerships with the company, others with a few thousand followers can earn **€500 to €1000 per month**.¹²¹ While not all members of the focus groups participated in flipping, they were aware of the practice and the platforms it occurs on, proving its growing popularity.

¹⁰⁹ [Rent the Runway](#)

¹¹⁰ [Elle](#)

¹¹¹ [Journal of Consumer Research](#)

¹¹² [San Francisco Environmental Department](#)

¹¹³ [Hubbub](#)

¹¹⁴ [High Snobiety](#)

¹¹⁵ [Statista](#)

¹¹⁶ [Spotlight On Poverty](#)

¹¹⁷ [Done Good](#)

¹¹⁸ [ThredUp](#)

¹¹⁹ [Wall Street Journal](#)

¹²⁰ [Berkeley Economics Review](#)

¹²¹





While influencers such as YouTube's *BestDressed* and entrepreneurs on Depop made thrifting their claim to fame, opponents believe that profiting of thrift stores is problematic for low-income individuals who depend on thrift stores.¹²² A focus group participant indicated that they "**don't like that thrifting is trendy** - when people are finding pieces and trying to resell them for higher prices on Depop and such, that **takes advantage of clothing** that's been donated or given away that's usually meant **for people in lower socioeconomic groups.**"

However, consumers stipulate that the **burden cannot be on them alone to regulate** and police profit-drive businesses. **Companies are expected to actively search for ways to improve the ethicality of their business** and industry. Others we spoke to also offered different approaches to thrift shopping, including patronizing more high-income thrift stores so that low-income regions would have a greater selection.

Additionally, primary research finds that Gen Z consumers are aware most suburban and urban thrift stores have a **surplus of apparel to sell** - sometimes at a higher price than the original - due to an excess of donations.¹²³ Many also **donate portions of their profit** to various causes that were related to the company's mission, something that the respondents thought was particularly meaningful and tangible.

Thus, despite the backlash, the "re-commerce" industry has consistently outperformed the overall retail industry in revenue for the past six years, indicating high potential growth in the next 5-10 years."¹²⁴

7.3 Ownership Preferences

With the recent Black Lives Matter protests, Buy Black has gained mainstream media's attention, but **not enough supporters seemed to alter their shopping habits**. This is despite the fact that the amount of money African-Americans are spending is growing faster than that of non-Hispanic whites at every annual household income level above \$60,000. For households earning over \$200,000, African-American incomes grew with an **increase of 138%**, compared to a **total population increase of 74%**.¹²⁵ The average age of African-Americans is younger, and they are more digitally engaged compared to other racial groups. Focus group respondents indicated that they would "absolutely support movements" and that the world is in "a unique moment where people are living more online and are more informed about these opportunities."

¹²² [Imperfect Idealist](#)

¹²³ [Stylewise](#)

¹²⁴ [Pipe Dream](#)

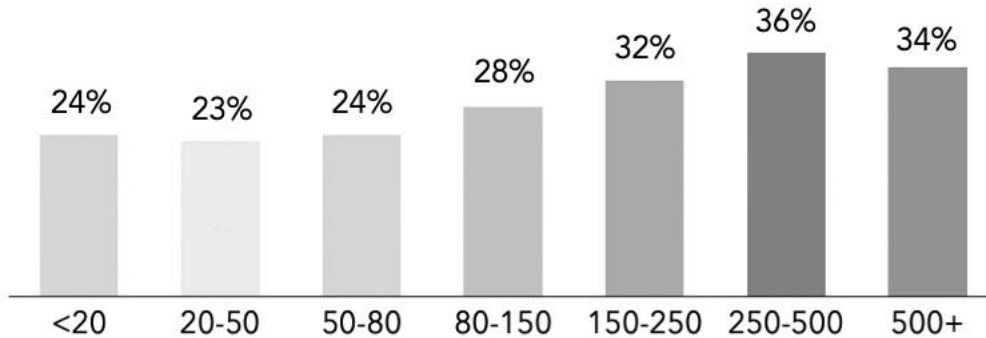
¹²⁵ [The Nielsen Company](#)





Exhibit 9: Shoppers across age, gender, and income level say that they are willing to pay significantly more for ethical and/or sustainable options but are unsure which brands to endorse.

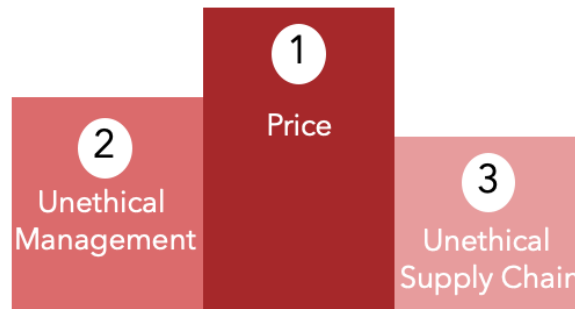
Percent Premium for Sustainable Clothes by Income in the Thousands



In 2019, **only 2 cents of every black dollar are spent with black-owned businesses.**¹²⁶ The pandemic contributed to **closing 41% of Black-owned US businesses** from February to April of 2020. So while **51% of respondents say they have made changes to their shopping habits**, it is unlikely that the majority of the perceived efforts have been actively searching for black-owned businesses; from the breakdown of priorities, consumers are more likely to try to avoid harm.

Exhibit 10: Price was by far the most important consideration when shopping for apparel. Across all income levels, it was prioritized twice as much as supply chains.

Survey Respondents' Main Factors when Purchasing Clothes



¹²⁶ [New York Times](#)





8. Inclusivity in Fashion

The fashion industry has long promoted a Eurocentric beauty standard that idealizes thin bodies and lighter skin tones. Diversity and inclusion have often been neglected by major brands and retailers, highlighted by underrepresentation and racially and culturally insensitive imagery and themes. However, in recent years, economic and social pressures have called on the industry to push for more inclusivity. In light of the body-positivity movement, gender-neutral trends, and heightened social awareness around racial discrimination, **the fashion industry is shifting away from its traditional White, European veil in order to reflect diverse consumers.** This section explores the key tenets of inclusion within fashion, consumer demands and expectations, and future shifts in the industry towards active inclusion.

8.1 Sizing

When asked to define an inclusive brand, participants across focus groups frequently brought up inclusive sizing, clothes to accommodate a diverse range of bodies. Plus-size clothing typically refers to clothing larger than “standard” sizing. In the U.S., for women, plus-sizes often begin between a size 10 and 14. Although historically, few brands catered to plus-size customers, more mainstream retailers have begun to offer inclusive sizing. This largely is due to increased demand for sizing options, a reflection of body-diverse shoppers. In fact, the average American woman now wears between a size 14 and 16,¹²⁷ indicating **that the new average is actually classified as plus-sized.** Globally, the plus-size apparel market was valued at **\$480.99 billion in 2019** and is projected to **grow to \$696.71 billion by 2027**, expanding at a compound annual growth rate of **5.9%.**¹²⁸



Exhibit 11: 67% of American women are “plus-size,” but only 18% of clothing sold is plus-size.

¹²⁷ [Statista](#)

¹²⁸ [Allied Market Research](#)





American contemporary brand Tanya Taylor provides a case study for introducing plus-size collections that are body-positive and inclusive via clear communication with both customers and retailers.¹²⁹ Extending sizing often comes with increased production costs due to fabric and design changes. In order to minimize these additional costs, Taylor took to social media to gauge which products customers wanted in plus-sizes. Taylor also consulted with stores to determine which styles would be most successful, assessing retailers' available sales data. As a result, with customer and retailer input in mind, about 20% of the brand's styles were excluded from extended sizing at the original launch.¹³⁰ This narrowed available products in order to more cost-effectively address demand.

However, simply adding plus-size options is not enough for brands to tout inclusivity. **Extending sizing without actually making a commitment to serve and represent diverse bodies can backfire on retailers, instead giving the impression that brands are simply trying to profit off of a rapidly growing market.** For instance, the additional costs of extending sizing impacted profit margins per article of clothing, but Tanya Taylor notably intentionally avoided implementing a "fat tax." The "fat tax" refers to higher purchase prices for plus-sizes in comparison to straight sizes. **Adding a "fat tax" to products can significantly harm a brand's image.** Focus group participants expressed outrage when presented with examples of the "fat tax" in practice, stating that they would no longer shop at those brands if there were available plus-size options with price parity elsewhere.¹³¹ Social media has allowed shoppers to more readily express displeasure over double standards, and as a result, **consumers have begun more actively holding brands accountable for their pricing decisions.** In 2018, British retailer New Look was heavily criticized for imposing a "fat tax" on plus-size clothes, adding 15-30% to the price of larger clothes.¹³² Online outrage rapidly spread, inciting calls to boycott New Look for discriminatory pricing.¹³³ **In fact, 62.3% of HCCG survey respondents expressed that they would be at least moderately likely to entirely boycott or shop less at a non-inclusive brand.**¹³⁴ In order to embrace inclusivity, brands need to evaluate the ways in which their pricing decisions and marketing may exclude certain body shapes and perpetuate harmful thin body standards.

8.2 Gender Inclusivity

The fashion industry has seen an accelerating gender-neutral trend, pushing companies to reframe their branding. As Paris and New York fashion seasons have featured more ungendered collections than ever before, **luxury and fast fashion brands alike have put an accent on gender fluidity, largely appealing to Gen Z and millennial audiences.**¹³⁵

¹²⁹ [Vogue Business](#)

¹³⁰ [Vogue Business](#)

¹³¹ HCCG Focus Groups

¹³² [Refinery29](#)

¹³³ Ibid.

¹³⁴ HCCG Survey

¹³⁵ [Commetric](#)



Gen Z participants in focus groups **appreciated the gender-neutral fashion trend**, expressing hopes that fashion will continue to evolve to become more ungendered. One participant remarked that “there is a lot more awareness now of the gender spectrum,” and “although

“*There is a lot more awareness now of the gender spectrum. Although fashion takes on a different type of language than culture, it’s still very much influenced by the society we grow up in.*”

“although fashion takes on a different type of language than culture, it’s still very much influenced by the society we grow up in.” Others described the gender-neutral trend as “more freeing,” “really progressive,” and “more open-minded towards the active overlapping territory between masculine and feminine clothing.”¹³⁶

Participants also advocated for reimagining existing clothing sizing metrics, currently standardized for only two genders. In fact, this notion of universalizing sizing charts across genders ties into broader ideas of inclusivity. Breaking down traditional gender norms needs to surpass merely offering gender-neutral clothing. **Brands have to consciously reframe their narratives to create inclusive experiences and products for consumers.** Examples of gender-inclusive tactics include inclusive fit descriptions with gender-neutral measurements, gender-neutral imagery and models for products, and ungendered website categories. For instance, gender-neutral Swedish brand Eytys categorizes products by type, such as “Footwear,” “Clothing,” and “New Arrivals” rather than by gender, and both male and female models are depicted wearing each clothing item¹³⁷.

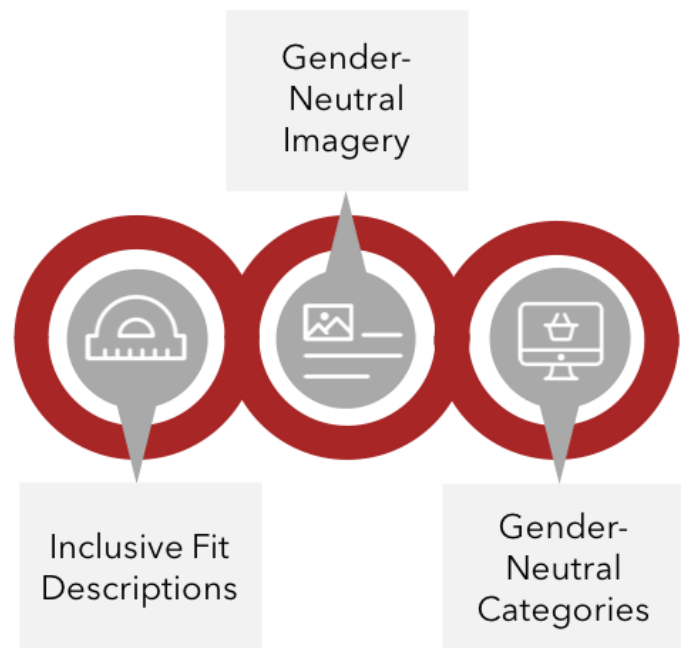


Exhibit 12: Brands can adopt gender-neutral tactics to create inclusive experiences for consumers.

8.3 Race-Conscious Inclusivity

Brands have long treated White audiences as the default customer demographic. In fact, focus group participants questioned the ways in which the fashion industry defines “nude,” lamenting that **the White-centric industry often “caters to a Caucasian look” and leaves people of color with limited options for pantyhose, lingerie, and makeup.**¹³⁸

¹³⁶ HCCG Focus Groups
¹³⁷ [Eytys](#)

¹³⁸ HCCG Focus Groups





With the push for race-conscious inclusivity, numerous beauty brands have been called out for offering a wide range of lighter-toned makeup and foundation shades but limited selections for darker-toned makeup. In 2018, Tarte launched its Shape Tape Foundation line with 15 shades of foundation, only 3 of which catered to darker-skinned individuals. **Backlash inundated social media, criticizing the non-inclusive shade range.** The brand apologized in response, and a year later, Tarte completely pulled the line off of shelves and relaunched a new collection with 50 shades of foundation.¹³⁹

Beyond questioning the availability of diverse cosmetic shades, **consumers have also challenged naming conventions for cosmetic lines.** Notably in 2016, ColourPop came under fire for its naming scheme, where lighter shades were given names like “Dove” and “Venice” and darker shades had names like “Typo” and “Yikes.”¹⁴⁰ Even when cosmetics are not given explicitly offensive names, one focus group participant remarked that darker tones tend to be “romanticized in an almost pretentious way.”¹⁴¹ Social media users have similarly challenged naming micro-aggressions, **questioning the fetishizing, prevalent use of food terminology for darker shades** such as “Ganache,” “Cocoa,” “Tiramisu,” and “Hazelnut.”¹⁴² Several brands, including Rihanna’s ground-breaking Fenty Beauty brand, have completely scrapped this naming process, instead **opting for a numerical system of labelling cosmetics.** As consumers continue to keep companies accountable for race-conscious inclusivity, **brands need to make efforts to standardize diversity and correct potential missteps.**

8.4 Inclusive Industry Shifts: Diversity vs. Inclusion

Although significant strides must still be made to increase diverse representation in fashion, **racial diversity has improved notably in recent years.** In Spring 2015, only **17%** of runway models were nonwhite, whereas in Spring 2019, **36%** of castings across New York, Milan, London, and Paris were nonwhite models.¹⁴³ Focus group participants underscored the importance of diversity in branding and marketing campaigns. One participant stated, “I’m very unlikely to buy from Victoria’s Secret because I can’t see myself in the models or images, whereas if I saw an ad, video, or image of someone that looked like me, I’d feel a lot more inclined to consider purchasing that item.”¹⁴⁴ The annual Victoria’s Secret fashion show has long been criticized for its lack of inclusion and hyper-sexualization of women. In fact, the first model of Asian descent was not cast until 2009.¹⁴⁵ In response to declining ratings and growing scrutiny of the brand’s narrow standards of beauty, Victoria’s Secret cancelled its fashion show in 2019.¹⁴⁶ In contrast, inclusive and body-positive brands like Aerie have gradually begun edging out Victoria’s Secret’s share in the lingerie market.¹⁴⁷

¹³⁹ [Refinery29](#)

¹⁴⁰ [Us Magazine](#)

¹⁴¹ HCCG Focus Groups

¹⁴² [Elle](#)

¹⁴³ [The Fashion Spot: Diversity Report](#)

¹⁴⁴ HCCG Focus Groups

¹⁴⁵ [Vox](#)

¹⁴⁶ Ibid.

¹⁴⁷ [Forbes](#)





Yet, it is important to note that **diversity is not synonymous with inclusion**: representation is not truly attained unless meaningful inclusion is a core brand value. In fact, **poor attempts at representation can result in tokenization**. Focus group participants expressed the desire to see **“regular faces of the brand that are people of color”** rather than token models of color featured solely for a “one-and-done campaign.”¹⁴⁸ Others called on brands to make a commitment to “source models from a much more diverse set of candidates,” “ingraining it into company policies.”¹⁴⁹

8.5 Structural Change

Although **53%** of HCCG survey respondents expressed that inclusive marketing is at least moderately important to them when deciding where to purchase from, **76% of respondents stated that they would be at least moderately likely to boycott or shop less at a brand with unethical company management**, such as reported racism or sexism.¹⁵⁰ In order to avoid tokenization and create structural change, **brands need to ensure their management practices are inclusive**. Several European luxury brands have taken reputational hits in recent years after launching offensive product lines and promoting culturally-insensitive marketing, including but not limited to Gucci, Prada, Dolce & Gabbana, and Burberry.¹⁵¹ Focus group participants lamented that these product recalls, backlash, and instances of cultural appropriation would not have happened if there had been meaningful representation in decision-making spaces.¹⁵² In line with this, brands Ralph Lauren and Kering have been lauded for their efforts advancing diversity and inclusion. Since 2003, Ralph Lauren has embedded diversity councils into every level of the company to provide feedback and spearhead targeted initiatives.¹⁵³ In 2010, Kering launched a mentorship program to accelerate women’s career paths to executive positions, and by 2018, 56% of its managers were women.¹⁵⁴ **Investing in diversity and inclusion within company management has significant returns for brands**. In fact, a Boston Consulting Group study found that management teams with above-average diversity had innovation revenue that was **19%** higher than that of teams with below-average diversity.¹⁵⁵

¹⁴⁸ Ibid.

¹⁴⁹ Ibid.

¹⁵⁰ HCCG Survey

¹⁵¹ [Vogue Business](#)

¹⁵² HCCG Focus Groups

¹⁵³ [Vogue Business](#)

¹⁵⁴ Ibid.

¹⁵⁵ [BCG](#)





Exhibit 13: HCCG Survey respondents indicated that lack of inclusion in company management and brand practices could motivate them to boycott brands.

Boycotting Non-Inclusive Brands



Fashion brands have also been heavily criticized for their exploitative relationships with **underrepresented designers and artists**. This is especially the case in fast fashion, where massive retailers knock off designs, produce cheap copies, and fail to impute designs to the original creators. Fashion Nova for instance has repeatedly come under fire for **stealing ideas from small independent businesses and Indie designers, many of whom are people of color, without crediting them**.¹⁵⁶ Focus group participants called on brands to collaborate with Black and Brown small businesses and designers, credit their work, and compensate them in order to **“create more equity in the fashion space**, which is heavily saturated by White influencers and executives.”¹⁵⁷ In light of recent racial reckonings and social media’s potency, brands need to ensure that practices and policies across their entire value chains are intentionally and meaningfully inclusive.

¹⁵⁶ [Revelist](#)

¹⁵⁷ HCCG Focus Groups



9. Conclusion

The COVID-19 pandemic accelerated pre-existing trends towards different servicing models. Out of necessity, **brands transitioned towards digital means of commerce and sales to reach audiences in a time of social distancing**, mandated closures, and economic uncertainty. To quickly adapt to the reality of 2020, retailers shifted towards omnichannel operations that combined existing infrastructure with digital channels of distribution and outreach.

In a post-pandemic world, brands will need to continue reaching audiences via increasingly popular digital means. **Successful retailers will be able to leverage social media to reach wider viewership and convert traffic into sales via campaigns that appeal to contemporary audiences.** Moreover, with the benefits that consumers have seen through online retail, such as convenience factors and widespread product availability, brands face another challenge in integrating these improvements into their service suite.

Luxury brands have relied on status, history, and customer experience to maintain their standing in society. However, these factors did not protect major lines from pandemic-induced downturns and shifting product demands. Rather, with increased digitization, the growing importance of social media, and the rise of younger generations as consumers, the concept of luxury itself is evolving. **Consumers increasingly look towards quality and aesthetics instead of simply trusting a brand for its name alone.** Traditional concepts of luxury are changing, and how these brands adopt new trends, like social marketing, will define the future of high fashion.

An overarching trend across the fashion industry that has emerged is that of principled consumerism. Personal values and morals dictate behavior more than ever before. With increased access to news about injustices and greater scrutiny of business practices, consumers can make more well-advised purchasing decisions. Younger generations have expressed overwhelming levels of support for sustainable corporate practices that incorporate consideration for the environment, labor conditions, and workplace culture. Moreover, brands face increasing calls to produce products designed for more than a Eurocentric model of beauty and fashion. From inclusive sizing practices to race-conscious products, **brands must engage an increasingly diverse and socially active consumer population, commit to equity, and make proactive, genuine efforts to promote sustainability and ethicality.**

This does not come with new products or shifted production processes. Rather, the industry will require a facelift via **structural changes in order to shift exploitative and exclusive cultures.** Underrepresented groups must be included in decision-making spaces and given a meaningful seat at the table. Achieving the social awareness that consumers demand will require alterations to leadership structures, design teams, and marketing strategies, among others. Brands that will see sustainable success after the pandemic, over the long run, will be those that best meet a shifted consumer climate: one that not only cares about its values, but will act on them.



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