

# The Influence of Sustainable Development on Consumers' Behaviors in Fashion Industry---The Case Of NIKE

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**Abstract.** Nowadays as the world values more about the topic of sustainability and thinks it is necessary for the protection of the planet and the development of human society, many industries have followed to take actions. Especially the fashion industry which is now becoming the second most polluting industry in the world. This research question is focusing on whether the efforts that companies have put in the sustainability have any impact on the purchasing behaviors of consumers. NIKE company would be taken as an example for this case study. The method used is case study. Collection of relative information such as the financial reports of NIKE, impact reports of NIKE, news about NIKE, and relevant research which is related to the topic will be involved. The finding of the research is that the concept of sustainability of the company has no significant impact on consumers' purchasing behaviors, even though they have made many efforts in promoting and advertising the sustainable development of the company, the influence of the brand and the importance of sustainability to the society are still not fully changing the consumers' mind and so motivating them to buy sustainable products more. It still takes some actions for NIKE to capture consumers' mind.

**Keywords:** Fashion industry, sustainability, consumers.

## 1. Introduction

Fashion industry is now one of the most polluting industries the world. This industry emitted 10% of the carbon dioxide emission in the world [1]. Many leading companies in the industries are looking for changes and development in sustainability boldly to refresh their brands and expand their influence in the market. However, social awareness of protection of the planet has raised, but people's knowledge about pollution and ways to minimize the pollution are limited [2], and they take few actions to actually become environmentally friendly. Therefore, companies need to find ways to educate their consumers to accept their concept of sustainability and become more loyal to the brand and purchase more of their products. This also has a lot to do with mind marketing which is utilizing the mature mind of consumers to them to consume certain products. Some companies are trying to affect consumers' purchasing behaviors by making them know more about their ways to become sustainable to save the planet and the advantages of becoming sustainable. It can be valuable to look at what the companies like NIKE have done for becoming sustainable and to what extent has the consumers really accept the concept of sustainability because of the companies' marketing strategies. This research is focusing on how certain companies in fashion industry---NIKE in this case---have tried to affect consumers' purchasing behaviors through their efforts of becoming sustainable and advertising their emphasis on environmental protection, and to what extent has the company successfully make consumers become aware of the importance of sustainability, and so purchase more of the company's products. This research can reflect what is NIKE which is one of the top companies in the industry doing for sustainable development of the society, the attitudes of consumers towards their actions and the concept of sustainability, to what extent has the company influenced the mind of consumers and provide enlightenment for how companies can change consumers' purchasing behaviors in the future. There has already been abundant research about circular economy in fashion industry. Some researched about the sustainable materials that can be used to promote the sustainable development of fashion industry [3], some discusses about the state of the art of the sustainable business model in fashion industry [4], some focuses on the design of strategies that are theoretically feasible for reducing the pollution generated from fashion industry [5]. Some used the research

method of Systematic Reviews and Meta-Analysis, some used the form of questionnaire to collect data [6], some as well used the research method of case study [7]. However, only few research focuses mainly on the change in consumers' behavior. There are studies which focus on the effect of certain strategies that can frame consumers' consumption on sustainable fashion [8], consumers' intended behaviors for products that are sustainable in fashion industry [9], and consumers' attitudes towards the circular economy in fashion industries [10]. There is hardly any research about the status of the change in consumers' behavior after the actions and advertisement of the concepts demonstrated by the actions by the company.

## 2. Case Description

### 2.1. Introduction of NIKE, inc.

NIKE, inc. is one of the most influential sports brands and also the largest sports goods company in the world. NIKE, inc. comprises of Nike, Jordan, and Converse brands. The company's enterprise cultures are generally innovation and team-first mentality. The company produces various kinds of sporting goods such as clothes, shoes, and sports equipment. The world headquarter of the company locates in Beaverton, Oregon, USA. The aim of the company is to provide the best sporting products to every athlete in the world. The slogan of the company is "Just do it." The company has 84,000 employers around the world by the end of May 2023 [11]. It as well has sponsored and invested in many famous athletes or sports teams across many fields of sports in the whole world and provides jersey kits for many soccer clubs and national soccer teams in a number of countries. For the whole fiscal year of 2022, NIKE company's revenue reached \$46.7 billion, an increase of 6% on a constant currency basis [12]. Net income for the full year rose 6% from a year earlier to \$6 billion [12]. Full-year gross rate of the company improved 120 base points to 46% [12].

### 2.2. Actions Taken by NIKE that Contributes to a More Sustainable Future

NIKE believes that the future of sports depends on a healthy planet, and so protecting the planet is one of the company's key priorities. The company aims at protecting the planet and moving the world forward through the power of sports. Moreover, NIKE has noticed that increasing proportion of the consumers is already becoming more aware of the environmental issues. Consumers are beginning to realize that saving resources and decreasing harmful emissions are indispensable. As a global and a very influential company, setting the consumers' interest as its highest priority is the base of all of the company's marketing plannings. Therefore, the company is trying to reach the status of sustainable development through their efforts that contribute to zero waste. Nowadays, many of the company's actions have been taken. There are actions generally focus on three aspects: sustainability in production process, reduction of wastes, and sustainability in workplaces.

Sustainability in Production Process:

1)NIKE has already launched the groundbreaking platform of innovative environmental protection materials which is Nike Forward. Though the use of environmental protection materials, the decrement of the carbon emission of the company has increased by 48% than that in 2021 [13].

2)The company as well has reduced environmental footprint in all possible aspects of the operation of the company. By optimizing the operation, the company has decreased air traffic volume by 35%, realized the goal of making 25% of the volume of freight traffic being operated by liquified natural gas traffic, and been using 100% renewable energy in their own operated facilities in the USA and Canada [14]. The company's goal is that in 2025, it can reach the goal of using 100% renewable energy in all of their facilities worldwide [15].

3)NIKE started a coal elimination program. The company replaces the coal-fired steam boilers by a more efficient electric heating process in the production process of their products. Through this action, there's a 10% reduction in energy consumption per pair of footwear manufactured between 2015 and 2020 [16].

4) In order to reduce the emissions of greenhouse gas (GHG) emissions, NIKE has increased the use of environmentally preferred materials of all key materials in the production process. For example, NIKE has implemented high-volume materials such as polyester, rubber, leather in the production of their footwear products. In the fiscal year of 2022, 0.5 million metric tons of GHG emissions is reduced. The company continues to evolve the roadmap for new foams. For example, the company decides to replace traditional fossil-based foams into bio-based foams [16].

5) The World Economic Forum (WEF) has listed 5 water crises that would influence the world economics and societies negatively. NIKE noticed the phenomenon and has decided to mitigate the problem by minimizing its overall environmental footprint. NIKE has accomplished the target of reducing 25% in freshwater usage (liter per kilogram) in textile dyeing and finishing [16].

6) In order to better manage the chemicals usage in the business, NIKE has developed a chemical prioritization strategy to minimize any possible risks that might occur during the usage of chemicals use. The company is now trying to integrate cleaner chemistry into its business by combining its approach to global regulatory compliance proactively [16].

Reduction of Wastes:

1) NIKE has launched Nike Grind program, which turned wastes into flooring, furniture, skateboards, iPhone cases, playgrounds, etc. By doing this, NIKE has recycled over 4.5 million pounds of waste every year. Moreover, with the collaboration with the relevant professional third party like Home Depot and Future Foam, 58 million pounds of waste are recycled collectively [16].

2) NIKE has also implemented the program of Reuse-A-Shoe (RAS) for consumers to encourage them to bring their end-of-life footwear back to NIKE stores so that it can be recycled by the company instead of just being thrown away. By now, NIKE has already accomplished the goal that 100% of the waste generated in the supply chains does not go to landfill, and 80% of it is recycled and reapplied to manufacturing products such as Nike products [16].

3) Certain products that are unsellable but are still functional are recycled by NIKE in a more socially responsible way. The company has worked with the consolidator nonprofit organizations such as Good Sports, Good360, and Delivering Good and has donated approximately 1.02 million units of the company's products to community organizations and schools. Some nonprofit organizations around the globe as well has received the donation from NIKE of 45000 units of the company's products [16].

Sustainability in Workplaces: The company also pays attention to the sustainable development within the workplaces of their employees. NIKE is trying its best to minimize the wastes produced through encouraging the culture of "right-sizing" which means only purchase what is required and valuing durability over disposability by, for example, using reusable cups and silverware in kitchen and dining areas in the workplaces [16].

### 3. Case Analysis

#### 3.1. NIKE's Objectives to Promote the Sustainable Development of the Company

The Chief Executive Officer of NIKE, inc. John Donahoe has made it clear that NIKE is determined to connect the world with the power of sports, and the precondition to do that is to build a green Earth. The company decides to contribute to this goal by keeping putting efforts in sustainability development. Moreover, the company thinks it's not enough if only NIKE has taken part in this progress, it aims to call on everyone who love sports in all communities to become the constructors of a greener Earth. As a result, NIKE has insisted on releasing Impact Report which focuses on the company's sustainability development for 2 decades. The consumers are expected to take part in the company's progress of becoming completely sustainable, and this will be a very important part of the company's sustainable development. The Case Introduction part has listed NIKE's actions to reach sustainability, the following part is going to introduce how the company attempts to influence consumers' thoughts and behaviors.

### 3.2. NIKE's Actions to Influence Consumers' Thoughts and Behaviors

In the fiscal year of 2019, NIKE continued to carry out the program of Nike Grind and turned end-of-life Nike sneakers into recyclable rubber. The company used the rubber recycled to build playgrounds for The Third Primary School of Hongqiling town in Jilin Province [17]. This not only helps children in rural areas better participate in sports but also advertise the concepts and advantages of sustainable development of NIKE into the mind of the children--who would be the company's future consumers.

NIKE has insisted on publishing the "Impact Report" for 2 decades. In the reports, NIKE spares no effort to talk about the changes that it has made for the sustainable development of the company and the society, the sustainable goals it has reached, and the vision of the company's sustainable development. NIKE also has written much news about the release of its Impact Reports to draw consumers' attention and make them be aware of the company's advance development ideas and various actual actions that contribute to the society and environment.

Obviously, "Customer First" has always been one of the most important development guidelines of NIKE [18]. The company puts consumers into its vision and tries to find out what consumers actually want and care about [18]. For example, Nike Moon Shoes were produced because the company noticed that consumers are valuing the benefits of jogging [18]. Now the company is doing the same when consumers notice the importance of sustainability [18]. Especially, Generation Z and millennials are representing the trend. In 2022, Generation Z and millennials accounted for about 68% share of sustainable products in fashion industry in the United States [19]. More importantly, NIKE lets consumers know that it has been trying to meet the needs of the consumers. For example, there is a whole section named "Impact" on the company's official website where is full of NIKE's effort of becoming sustainable. NIKE is making consumers know that it cares about what they care most with all its forces through all kinds of advertising.

The company continues to build a good image in front of all consumers by collaborating with professional partners with trustworthy reputation like the Sustainable Apparel Coalition [20]. By making such partnership public, NIKE is able to further increase its influence in sustainability in fashion industry.

### 3.3. Consumers' Behaviors and Responses

Certain actions of sustainability development of NIKE have received various responses from the consumers.

The Nike Refurbished footwear product line which was launched in March 2021 and is now having 35 stores in USA and 6 stores in Europe, Middle East, and Africa has received generally positive feedbacks from the consumers according to NIKE company itself [16]. Consumers are happy to find distinctive styles made with materials from unsellable products at the appropriate prices, and they are as well delighted to know that by purchasing the Nike Refurbished footwear, they are already taking part in the great journey to sustainability and the construction of a healthier planet with NIKE [16].

The image of the company that is making efforts to take the lead in the development of fashion industry in the new era has made the brand constantly popular among consumers in fashion industry. According to the Lyst Index, NIKE is number 4 on the list of fashion's hottest brands and products in the third quarter of 2018; it became number 12 on the list in the third quarter of 2019; it became number 3 on the list in the third quarter of 2020; it became number 6 on the list in the third quarter of 2021; it became number 15 on the list in the third quarter of 2022 [21]. It can be told from the rankings of NIKE on the list which demonstrates its popularity among the consumers in fashion industry that the brand's popularity has been stable in the top 20. This shows that the company's long-lasting influence in the industry and are relatively very welcomed by the consumers. Moreover, what's need to be specifically noted is that one of the reasons that the company was on the list of the third quarter in 2019 because of its promise to use 100% renewable energy by 2025. This demonstrates that consumers are generally acting positively towards this decision of NIKE. However, as a brand which nearly gets into the top 20 of this influential ranking every quarter in recent years, the ranking of 12

is actually relatively low, which can also be told from the ranking of the company in recent years that are listed above. This shows that although most consumers are giving positive feedback towards the sustainable decision of the company, they still do not consider that sustainability is the one of the most attractive characteristics of the brand.

In accordance to the sustainable business performance summary published by NIKE for the fiscal year from 2010 to 2011 and for the fiscal year from 2012 to 2013, the company kept emphasizing that even though the company had cut the total energy used and the emission of carbon dioxide, the revenue of the company was still in a trend of growth. For example, from the fiscal year of 2008 to 2011, the overall emission of carbon dioxide grew 0.8% only, but the revenue of the brand increased 10.7% [22]. In the fiscal year of 2013, the company has reduced the absolute greenhouse gas (GHG) emissions by approximately 3%, but at the same time, the revenue of NIKE increased by 26% over the same time period [23]. Moreover, looking throughout the two sustainable business performance summaries of NIKE, it can be told that both the total energy used and the emission of carbon dioxide from the fiscal year of 2018 to 2013 are generally have downward trends, while the revenue of the company during the same periods has an obvious upward trend [22, 24]. Nevertheless, most importantly, the company did not clearly reveal that exact how much revenue was directly gained because of their actions of becoming sustainable, which means the revenue gain between these years may be due to other actions of NIKE which were not so relevant with their sustainable development. There is no evidence to support that consumers are supporting the company's products for the reason of sustainability.

According to the research which discusses the impact of sustainability development of the firm on the consumers purchase intention, it was found that among 480 valid responses out of 660 responses in total, about 62.7% participants were aware of the efforts made by NIKE to contribute to the sustainability of the society, and only about 21.3% among those participants really purchased NIKE's sustainable sneakers [25]. However, about 62.5% among those consumers purchased the sneakers because of the consumers' satisfaction of the sneakers' appearance and their primary functions but not because of NIKE's concepts of sustainability and corporate social responsibility [25]. Similarly, consumers may do support and agree with the concept of becoming sustainable of NIKE, but they still do not think that whether a brand is sustainable or not would become one of the determined factors for them to choose whether to purchase a product or not. Consumers' awareness of sustainability and environmental protection have not completely been converted into the motivation in consumption by the company. However, the advertisement of NIKE's sustainability concept is relatively successful, but consumers are mainly just receiving the information without truly internalize concept and turn it into actual supporting actions such as purchasing sustainable products or products of sustainable brands. How to make consumers actually digest the information or create motivation for consumers to consume sustainable products of products from a sustainable brand in a roundabout way are what NIKE needs to consider if the company wishes that its sustainable behaviors can bring more actual profits for it.

Among the above aspects, it can be revealed that NIKE's sustainable development really doesn't change consumers' purchasing behaviors in a relatively great extent in a way which favors the company's benefits although the company has devoted a lot of its finance, resources, labors, and time on this. Even though consumers' awareness of environmental protection has increased, they haven't started to fulfill it as actions in their daily life. However, it's just the start for the companies in fashion industries to seek changes in the aspects of environmental protection, so it still takes some time for the companies to continuously influence consumers' mind in all the ways in order to really make them become aware of the importance of sustainability so as to consume more of the companies' products as in a way of contributing to the protection of the planet. Like what was demonstrated in the 2013 research of Consumers' Awareness of Sustainable Fashion, although 50% of the consumers in Europe claim that they are willing to contribute to sustainable development though the changes in their purchase behaviors, for example, by purchasing more sustainable sports products, the market share was only less than 1% in the end [26]. Companies would have to make more efforts on their

sustainable development and their education towards their consumers through different marketing strategies about the importance and advantages for the world to become more sustainable.

#### **4. Discussion**

NIKE is one of the leading companies in fashion industry, and it is also one of the first batch of companies which values the concept of sustainability and combines the concept with the company's design philosophy, production process, after-sale services etc. 10 actions that have been taken by NIKE to contribute to the sustainable development of the company are listed in the section 2.2. Among them, Nike Grind can be one of the best of NIKE's sustainable development programs that demonstrates the concept of the sustainability to the greatest extent. The program turns the end-of-life sneakers into recyclable rubber so that they have be used in production of other products instead of dealing with the materials of the end-of-life products as wastes that can bring much more burden to the environment. The program has turned such recyclable rubber into flooring, furniture, skateboards, iPhone cases. This program has brought those which are supposed to be wastes into new life. NIKE has even combined the program with the public benefit activities of the companies. The company used the recyclable rubber into a playground for kids in rural areas for free to encourage them to take part in sports activities more often. This action not only demonstrates the concept of sustainability, proves that the company is taking actual actions to contribute to the sustainable development of the society, shows the corporate social responsibility of the company. This can further help the company build a good image among the market and the consumers and expand the brand's influences on a greater extent. NIKE has always been doing an excellent job in providing the information which demonstrates the efforts they have put into the sustainable development for the consumers and designing and conducting more programs which actually has fulfill their goals of becoming sustainable. However, most consumers are still not purchasing NIKE's sports products because of the companies' sustainable development. Nevertheless, too much of the education can arouse the resistance inside the consumers. Moreover, whether consumers will be more willing to purchase the products for sustainability still depends on the changes in notion of the whole society, and this process definitely takes time. NIKE's own influence isn't that huge enough. So, the company is recommended to continue devoting itself to sustainability because sustainability is becoming the 2019 of the development of the fashion industry which can help the company maintain lasting competitiveness in the market, and at the same time, continue in devising products with more comprehensive functions and better appearances because most consumers are still following the brand for those two main reasons. The study has a limitation, which is that the research fails to quantify how sustainability of the company NIKE affects consumers' purchasing behaviors, for example, what's the proportion of the revenue of the company in the fiscal year of 2022 is gained from the purchases because of the promotion of sustainability of the company, and if there is an increase in revenue because of the actions taken by the company which contributes to the sustainability. As a result, all of the information collected may not be so objective about the changes that NIKE's sustainability development have on consumers' purchasing behaviors. The reason why all of the data cannot be quantified are that the use of certain tools is limited, and certain resources and data are not available.

#### **5. Conclusion**

Generally, the key finding of the research is that the concept of sustainability has not yet had great impacts on consumers' purchasing behaviors. More efforts need to be taken by the company to influence the mind of the consumers potentially and more time needs to be taken for the whole society's awareness of the protection of the environment to increase. The company should continue to devote itself to the development of sustainability and try to educate consumers the advantages and importance of consuming sustainable sports products and purchase the products from a sustainable

brand. At the meantime, the company should as well keep upgrading the functions and appearances of their products so as to continue gaining more loyal consumers. In the future, some more research should be done. First, the more effective marketing strategies which can motivate consumers to purchase sustainable products. This purchasing behavior can as well help with the protection of the planet and increase the revenue of the companies that are striving to do the good for the environment. Second, the analysis of consumers' attitudes towards the products needs to be continued. The level of acceptance of consumers should be monitored so as to let the sustainable companies in fashion industries decide what's the next step of marketing and education of sustainability towards the consumers. Third, the reasonable and feasible ways of further raising the environmental awareness of the public should be devised. Most people nowadays have known that it is indispensable to protect the environment, but few really has practiced the ways of living that can contribute to the protection of the planet. Therefore, more education should be done and more motivation should be created to call on the public to actually do something good for the environment.

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