Towards transformation: Digitalization, Sustainability and Customer Experience.

Transformation: "the act or an instance of transforming; the state of being transformed" (OED, n.1).

Back in 2019 when the Fashion Marketing and Consumption (FMC) Special Interest Group of the UK Academy of Marketing conceived our Colloquium theme: *Rebellion, Riots and Revolution: Is Fashion in Turmoil*? no one could have predicted how relevant it was given the impending global pandemic that radically upended the fashion industry in 2020. The theme provocatively captured the prevailing mood and sentiment of the time. Industry turbulence preceded the pandemic, indeed *challenging*, *uncertainty* and *disruptive* were the most frequently used words to describe the industry by executives in the online platform Business of Fashion's (BOF) annual State of Fashion Report, 2020. Seismic shifts were already being felt politically, environmentally, socially, technologically and economically, (for example, the aftermath of Brexit in the UK, the industry wide ascent towards digitization, pressures to address the climate emergency, acute focus on diversity and inclusion and growing demands for purpose-driven brands etc.) necessitating fashion firms to be attuned to their environment and agile in their response or else suffer severe losses or closure. The velocity of change and uncertainty over recent years is reflected in extracts from The State of Fashion Reports, in 2020 and 2022 - pre and post-pandemic:

"Fashion leaders are not looking forward to 2020. The prevailing mood is one of anxiety and concern… although we know that external shocks will continue, we don't know what form they will take"
State of Fashion report 2020 (BOF McKinsey: 10)

"Despite widespread disruptions, the pandemic has done little to slow down the megatrends reshaping the industry, with bold moves in digital, taking action on environmental and social priorities and focusing more sharply on diversity, equity and inclusion…. The market environment will remain complex and inconsistent".
State of Fashion report 2022 (BOF McKinsey: 10)

Fashion is characterized by change, but its pace has been unprecedented and pervasive over the past three years. Clothing is largely a discretionary purchase and the global lockdown shifted spend away from nonessential items, resulting in sharp sales decline for fashion products. COVID-19 caused fashion firms to radically review, reform and revolutionize against the fashion system status quo – reshaping supply chains, inventory, distribution, retail channels, touchpoints and services for what has been referred to as the *new normal* (Grewal et al., 2021). The pandemic forced companies to shift focus from long-term planning to self-preservation, with greater credence given to purpose and people (Costa, 2021; Ki et al. 2021). Yet some argue the crisis has reinforced structural inequalities and longstanding tensions, criticizing the industry for its hypocrisy and calling for responsibilities to be rapidly reimagined (Brydges and Hanlon, 2020; Kim and Woo, 2021).

This special issue of *Fashion Practice* 'Towards transformation: Digitalization, Sustainability and Customer Experience' reflects the system shifts that the industry has experienced across the fashion value chain, that were explored at the postponed FMC online Colloquium in November 2021. In accord with practitioner sentiment (e.g. BOF McKinsey, 2022; Costa, 2021), these converged into key themes centred on *digitalization, sustainability and experiences*, that sought to challenge existing business models and posit new ways of producing, consuming and experiencing fashion; engendering new paradigms for a positive, sustainable future. The special issue presents a collection of six research papers and one practitioner opinion piece, related to the abovementioned themes (see Figure 1).

Figure 1: Special issue themes and papers
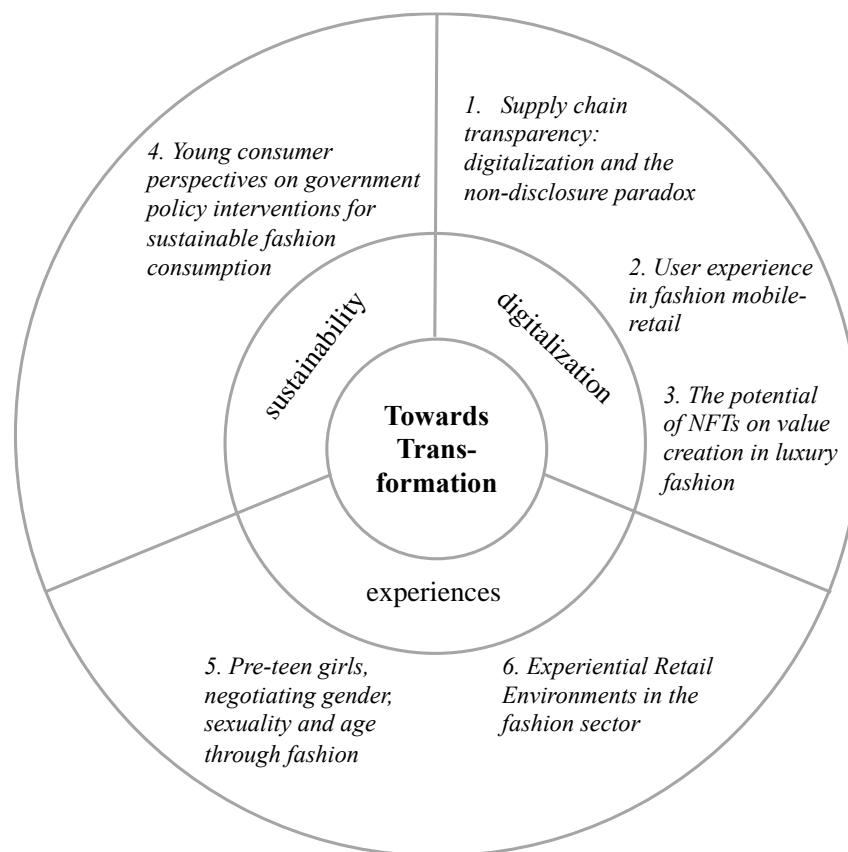
The first three papers relate to ***digitalization***. The 4th Industrial Revolution (Industry 4.0) is fundamentally reshaping the way we live and work. Technologies such as Artificial Intelligence (AI), Robotics, Intelligent Manufacturing (IM), Blockchain, Internet of Things (IoT), Cloud Computing, Big Data Analytics (BDA) and Augmented Reality (AR) have the capacity to transform the fashion system, improve business performance and solve societal problems whilst better satiating customer needs (Har et al., 2022; Jin and Shin, 2021). Advancements in smart technologies have profoundly disrupted the fashion value chain - design, sourcing, manufacturing, sales, services and communications. This ranges from enabling dynamic, customer-centred supply chains with accelerated information and product pipelines - boosting novel online, offline and converged places and spaces to consume and engage with brands (e.g. the Metaverse) - to improving marketing intelligence, by easing the collection, analysis and use of data to make more rapid and informed decisions (Jin and Shin, 2021). It is within this pervasive theme that the three articles contribute, from both a value creation upstream (paper 1) and downstream (papers 2 and 3) perspective.

The advancement and often confluence of sustainability and digitalization is represented in Hilde Heim's study (paper 1) *Digital Fashion Revolutions: Supply Chain Transparency,*

Digitalization and the Non-Disclosure Paradox, that explores these themes with a specific lens on blockchain technology, from a fashion small-to-medium enterprise (SME) context. Her study examines a key barrier to adoption, that is, the reluctance to disclose supply chain information to potential competitors. Applying the technology adoption construct, the study seeks to understand how supply chain transparency might be better managed and potentially accelerated through blockchain adoption.

On the opposite end of the fashion value chain but remaining with digital innovation, Zofija Tupikovskaja-Omovie's study (paper 2) *Enhancing User Experience in Fashion m-Retail: Mapping Shopping User Journey using Google Analytics and Eye Tracking Technology*, seeks to examine the use of Google Analytics to better understand fashion consumer behavior on smartphones. Whilst the adoption of mobile smartphones globally has grown exponentially, there remains a lack of scholarly research on the applicability of Google Analytics by businesses to inform and enhance customer experience journey decision-making. Combining data analytics with mobile eye tracking technology and retrospective think aloud research techniques, the study revealed that Google Analytics tracked just half of digital users' activities, whilst eye tracking tracked interactions with all elements on a fashion retailer's website. The study proposes novelty in research design and reinforces the saliency of the shopping journey framework in assessing fashion customer behaviors in mobile commerce in the development and enhancement of customer experience journeys.

Bethan Alexander and Niccolò Bellandi's research *Limited or Limitless? Exploring the Potential of NFTs on Value Creation in Luxury Fashion* (paper 3) extends the nexus on digitalization innovation to a specific burgeoning technology that is generating much attention, Blockchain authenticated Nonfungible tokens (NFTs). Given its novelty and the paucity of extant studies on the topic, they seek to explore the potential of NFTs on value creation in luxury fashion, from a customer and company perspective. Many parallels exist between luxury and NFT's: they practice a scarcity model, their value is regulated by market demand and they strategically prioritize young consumers. Time spent in online environments ascended rapidly during COVID-19, provoking businesses to experiment with new digital places, spaces, experiences and products to surfeit customer craving for novelty. The study therefore seeks to identify the opportunities and challenges of NFT adoption and assess consumer perceptions and perceived values of them. It provokes the question are NFTs

limited (temporarily triggered and accelerated by COVID-19) or limitless (offering luxury firms new opportunities to create value)?

Similarly, Co-Founder of The Digital Fashion Group, Leslie Holden's opinion piece on *The Metaverse* highlights the advancements in digital technologies such as artificial intelligence (AI) and augmented reality (AR) that are propelling innovation in immersive virtual environments and products. Whilst still burgeoning, its potential to create a paradigm shift in the fashion system is signalled, transforming how we design, make, sell, consume and engage with fashion creators, customers, brands and businesses in the future.

Sustainability is the second theme explored in this special issue. Fashion is widely recognized as one of the most resource-intensive, damaging and destructive industries. Environmentally, it has been heavily criticized for being one of the most polluting globally, while driving a culture of over-consumption. With the doubling of clothing production in the last 15 years, but less than 1% being recycled, this has resulted in over 90 million items being disposed of in landfills annually (Ki et al. 2020). The fashion industry has a reputation for masking multiple structural, social and economic inequalities across its global supply networks, most recently reinforced during the pandemic, that spotlighted the human cost of COVID-19 on fashion's workforce; giving credence to ongoing tensions related to worker wellbeing, care, and marginalization (Brydges and Hanlon, 2020; Cernansky, 2022).

Engagement with circular resource systems including recycling (as opposed to the traditional and prolific linear system) is seen as critical in limiting fashion's waste, reducing its carbon usage and disrupting its extractive business model, as part of a greater effort towards reducing, reusing and recycling production and consumption (Ki et al. 2021). Further, it is posited that greater transparency precipitates many positive outcomes for companies and communities; sharing information about sustainability impacts motivates firms to be more responsive to societal issues, which in turn can improve governance, accountability, reputation and trust with stakeholders. For communities (or networks) it can improve market efficiencies, resource allocation, strengthen democracy and engagement (Tang and Higgins, 2022) (see Paper 1 for an SME perspective). The fashion industry is increasingly embracing sustainability reporting as one approach to transparency, yet some critics argue these are often less about transparency and more about building brand reputation and image (Ibid).

Regulation is also seen as important in driving positive change towards a responsible trajectory (see paper 4). The 2021 COP26 international climate meeting galvanized global attention, with many industry leaders making sustainability pledges (e.g. the United Nations Fashion Charter was renewed with signatories pledging to halve their emissions by 2030), yet tangible progress since has been arguably negligible (Cernansky, 2022). Sustainability activists opine that to achieve significant impact, systemic transformation of industry infrastructure and business models is necessary.

Within this sobering and complex state of fashion, plentiful opportunities exist for the industry to redress its environmental and social footprint (Panwar et al. 2022). Technological innovations, shifting mindsets and priorities are emerging; pioneering and propelling new solutions across the fashion value chain: from design (e.g. 3D design, AI planning), merchandising and planning (e.g. virtual sampling, 3D printing), business-to-business sell-in (e.g. virtual showrooms), sourcing and supply chain (e.g. nearshoring, supplier integration, digital transparency, using RFID and blockchain, see paper 1), retailing (e.g. mobile and social selling, digital fashion, NFTs – see papers 2 and 3) to end of life - collection, sorting and recycling (e.g. automated waste treatment, take-back schemes etc.) (BOF McKinsey, 2020).

The *sustainability* theme is reflected in Eunsuk Hur and Eleanor Faragher-Siddall's study *Young Consumer Perspectives on Government Policy Interventions for Sustainable Fashion Consumption in the UK* (paper 4) that illuminates the sustainability crisis from a young activist and policy intervention perspective. COVID-19 arguably foregrounded the environmental and ethical issues in fashion and the necessity of government imposed interventions for the fashion industry to improve the over-production and consumption problem. The research focuses on the challenges associated with sustainable consumption behaviors amongst young consumers and examines the enabling factors that leverage sustainable actions through policy interventions. The study reveals that eco-labelling and educational policies generate relatively high consumer support, whilst exposing existing inadequacies and complexities in effectuating positive action. Analogous with Heim (paper 1), Hur and Faragher-Sidall posit the importance of transparency in inducing industry reformation.

The third and final theme explored in this special issue is ***experience***. Customer experience and its management has received widespread attention over the past four decades and is seen as a multidisciplinary construct, permeating the fields of philosophy, psychology, marketing and consumer research, cognitive science, design science and management practice (Chevtchouk et al. 2021). Abbott recognized in the 1950's that, "what people really desire are not products but satisfying experiences" (1955: 40) and momentum on its conception has increased since, with significant efforts made to describe and define customer experience, using different dimensions (cognition, behavioral, affective, sensorial, social) and contexts (service, product, consumption, brand and retail experience etc.). Yet, scholars contest if the construct reflects the offerings that firms produce and manage (Pine and Gilmore, 1998), or if it is a customer response to consumption processes or managerial stimuli, contributing to claims that a consensus on the term is still yet to be reached (Becker and Jaakkola, 2020; Chevtchouk et al. 2021). Becker and Jaakola (2020:637) conjoin both perspectives in their definition of customer experience as, "non-deliberate, spontaneous responses and reactions to particular stimuli". Despite scholarly debate over terminology, customer experience has gained much prominence, perceived as a strategic business priority and a key determinant of success (De Keyser et al. 2015). In an increasingly uncertain, competitive and digitally driven fashion landscape, firms have to find innovative ways to gain consumer attention and amplify their brand, creating unique experiential touchpoints to drive immersion has become more compelling, serving to reinforce the relevancy of Abbott's 67-year-old assertion today. According to a recent post-COVID survey, 75% of European shoppers and over 80% of Millennials and Generation Z said they would change their shopping behavior if stores were more experiential (L:SN Global, 2022). With the advances in digitalization, increasingly online and offline integration is seen as necessitating improvement in the customer experience journey. According to Martin Raymond (Co-Founder of The Future Laboratory), retail innovation in-store will be "less about selling products and more about providing us with enriching, emotional, ethereal and exclusive experiences" (L:SN Global, 2022). Despite the unprecedented growth of online environments for people to consume and commune in, which accelerated during the pandemic, it is claimed that store-based retailing still accounts for 70% of global fashion and footwear sales, showing its continued strategic importance in the increasingly connected customer experience (see paper 6 in relation to store-based experiences).

The *experience* theme is expressed in the final two papers (5 and 6). Cognate with a foci on young consumers that pervades this special issue, Julie Blanchard-Emmerson's paper *"It's the time you got to wear whatever you wanted": Pre-Teen Girls Negotiating Gender, Sexuality and Age Through Fashion* (paper 5) details the growing preoccupation and concerns related to pre-teen girls, premature sexualization and fashion consumption experience and the extent to which they rebel against stereotyped norms. It addresses the paucity of research that explores the ways in which fashionable clothes are understood and worn by girls and the impact on their self-identity. It seeks to consider girls' everyday practices of dressing in relation to gender norms, sexuality and how their own sexuality is negotiated through fashion. In doing so, it explores the embodied experiences of pre-teens with fashion and provides some novel insights on the notion of code-switching to reveal how girls construct multiple identities through fashion.

Cognizant with the experience theme, but shifting from an individual's embodied experience to the retail experience, the final paper (6) by Elisa Servais, Katelijn Quartier and Jan Vanrie examines the phenomenon of *Experiential Retail Environments* (EREs) in the fashion sector. Applying a discovery orientated research approach, the research aims to understand and define EREs, how they are triggered in-store and how the experiential dimension is integrated into retail design practices. It raises interesting insights regarding the lack of experience integration, with experiential determinants usually left to the retailer to instigate post store design. It calls for a more systematic approach to embedding experiential considerations within the retail design process.

This special issue highlights the coalescence of countless circumstances in precipitating transformation across the fashion industry; some forced and rapid, while others have been demanding longstanding change. Disruption is so multifaceted, there is not a simple solution to fashion system change, but it has imposed a spirit of revolution, resilience and resolve in fashion customers and businesses in embracing the predictability of the unpredictable in recent times. This special issue presents a snapshot of the macro trends driving innovation and experimentation that are influencing, reshaping and reimagining fashion business today, for a better tomorrow.

Disclosure statement

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Dr Bethan Alexander* and Charlotte Rutter
Guest Editors, Special Issue Fashion Practice

Bethan Alexander, Senior Lecturer in Fashion Retailing and Customer Experience and Research Coordinator, Fashion Business School, London College of Fashion, University of the Arts, London, UK. b.alexander@fashion.arts.ac.uk

Charlotte Rutter
Deputy Director of the Business School for the Creative Industries, University for the Creative Arts, Epsom, UK
Crutter2@uca.ac.uk

*Corresponding author

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