

THE INFLUENCE OF PERCEIVED CSR AUTHENTICITY ON PERCEIVED BRAND LOYALTY THROUGH PERCEIVED BRAND AUTHENTICITY IN THE FAST FASHION INDUSTRY

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ABSTRACT

The *fast fashion* model business has represented a profound revolution for the *fashion* industry over the past few decades. The term "fast fashion" itself has been used by academics and practitioners to consider a business model, which has been increasingly adopted over the years in the *fashion* system, which combines high collection level updates, style/design satisfaction, and a sharp reduction in inventory and time (to distribute it) to the market. The *survey research* method in this study will be supported by a questionnaire as a data collection tool. Hypothesis 1 was carried out with the aim of testing Perceived CSR Authenticity positively affects Perceived *Brand Authenticity*. Hypothesis 2a was carried out with the aim of testing Perceived CSR Authenticity positively affects Brand Trust. Hypothesis 2b was carried out with the aim of testing Perceived CSR Authenticity to have a positive effect on Positive WOM. Hypothesis 3a was carried out with the aim of testing perceived brand Authenticity positively affects Brand Trust. The 3b hypothesis was carried out with the aim of testing Perceived Brand Authenticity to have a positive effect on Positive WOM. Hypothesis 4a was carried out with the aim of testing Perceived Brand Authenticity mediating the positive influence of Perceived CSR Authenticity on Brand Trust. Hypothesis 4a was carried out with the aim of testing Perceived Brand Authenticity mediating the positive influence of Perceived CSR Authenticity on Positive WOM. Based on the results of the respondent assessment of the Brand Trust variable obtained through the questionnaire, H&M, Uniqlo and Zara need to strengthen CSR activities to make consumers feel safe to trust them.

Keywords: *fast fashion, perceived brand authenticity, brand trust*

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INTRODUCTION

The *fast fashion* model business has represented a profound revolution in the *fashion* industry over the past few decades. The term "*fast fashion*" itself has been used by academics and practitioners to consider a business model, which is increasingly being adopted over the years in the *fashion* system, which combines high collection-level updates, style/design satisfaction, and a sharp reduction in inventory and time (to distribute it) to the market. This business strategy aims to reduce the number of processes in the buying cycle and quickly incorporate new *fashion* products into stores to meet consumer demand (Park & Kim, 2016).

Now, the *fast fashion* industry is becoming increasingly important for the world economy. The *fashion* industry is reportedly the third largest industry in the world after the automotive industry and the technology industry. Global sales revenue in the *fashion* industry reaches USD 180,000,000,000 (eighty billion US dollars) annually or 4% of the total global GDP (*Gross Domestic Product*) (Krismawan, 2021). In Indonesia, based on data released by CNBC Indonesia (2019), the *fashion* industry contributes 18.01% or Rp 116,000,000,000,000 (one hundred and sixteen trillion rupiahs) to Indonesia's creative economy.

The existence of the *fashion* industry then becomes contentious because it has become the second most environmentally polluting industry in the World, threatening our planet and

resources (Benn et al., 2014). This happens because of the large amount of production caused by the large market demand. Long Nasiry (2019) thinks that poor product quality and its derivative waste are the cause. This assumption is supported by the Neumann et al (2021), *Environmental Audit Committee* (2019) which states that low quality, increased frequency of high disposal, and the worsening environmental impact of *fast fashion* as low-grade materials are less likely to get a "second life" and are more likely to end up in landfills.

As much as 85% of textile waste in America ends up in landfills. Within 10 years, there was an increase in textile waste by 40%. In Canada, textile products account for 10% of waste (Weber et al., 2017). In the *South East Asia Fashion Sustainability Report 2021* by Fashion Revolution Singapore and Oxford Development Consultancy (ODC), 92 million tons of waste are generated by the fast fashion industry and around 79 trillion liters of water are consumed annually to produce *fast fashion* products. Because of this, the *fashion* industry is accused of being responsible for one-third of all microplastics in the oceans and 20% of wastewater in the world. In addition, labor is a hot issue for the *fast fashion* industry. Often producers neglect work safety, working hours, and decent wages for their workers. Not only are wages substandard, but they are also found to be paying wages that are often late.

Due to its various problems, the textile and garment production process in the *fashion* industry pays much attention to sustainability. Sustainability involves complex and capricious environmental dynamics that affect human livelihoods and well-being, which simultaneously intersect with ecological, economic, and socio-political dimensions, both globally and locally. *Corporate Social Responsibility* (CSR) is a form of sustainable corporate commitment from companies that run ethically and contribute to a development that improves the quality of life of the workforce with their families and local communities, as well as the wider community. Consumers' growing attention to CSR tends to influence their perception and purchasing behavior. As a result, companies face pressure to respond to consumer attitudes by conducting CSR activities.

Various *fast fashion* brands have made efforts to do CSR for their sustainability. CSR itself is important for consumers. Consumers assess a company's CSR activities when making purchasing decisions (Shah & Khan, 2020). However, often consumers actually doubt the CSR activities they carry out because their activities are considered only to get a good image of the company, not sincere activities to the community. To overcome consumer doubts regarding a company's CSR activities, a company's CSR actions must be authentic and consistent with the company's core values (Alhouti et al., 2016; Jose et al., 2018; Safeer & Liu, 2023).

Authenticity has been at the forefront of modern marketing communications due to the growing demand for sincere, honest, and transparent business (Perez *et al*, 2020). This shows that authenticity has become important in the lives of consumers today. The company's CSR activities are well assessed when the perceptions of various stakeholders are also good. Dawood (2020), explains that previous organizations relied solely on the traditional marketing mix. Later, they paid great attention to CSR to gain customer loyalty. It is more likely that the feeling of loyalty among customers will soar if they consider the organization ethical and responsible within its community (Lacap & Alfonso, 2022). Socially responsible brand behavior can lead to benefits for key organizations, such as increased consumer confidence and positive word-of-mouth promotion (Iglesias et al., 2020; Safeer & Liu, 2023). Consumer trust in a brand (*Brand Trust*) is obtained through fostering consumer trust and confidence that the

product is able to meet the promised value. A company's CSR actions can also positively influence consumers' perceptions and encourage them to spread PWOM about their brand (Iglesias et al., 2020). A positive feeling toward a quality brand will make consumers loyal to a brand that produces PWOM.

PWOM is one of the elements of *Perceived Brand Loyalty*. PWOM significantly and positively affects brand engagement so that it has an impact on *Brand Loyalty*. In addition to PWOM, *Brand Trust* also helped build *Brand Loyalty*. Trust is generally considered a significant indicator of customer loyalty (Tan et al., 2022). Previous studies have revealed that marketing researchers examine loyalty using different ideas, such as consumer *Brand Loyalty* (Iglesias et al., 2020), *repurchase intentions*, *word of mouth*, and *price premium* (Safeer et al., 2021d). However, previous studies have rarely associated 2 ideas, namely *Brand Trust* and PWOM which are key antecedents and contribute to *Brand Loyalty* (Safeer & Liu, 2023). *Perceived Brand Loyalty* has several advantages, such as increasing sales volume and *revenue*, limiting competitors, and limiting consumer acceptance of competitors' marketing activities (Lahtinen et al., 2020; Safeer & Liu, 2023).

Perceived Brand Authenticity is one of the next things to note. Recent studies consider *brand authenticity* as a subjective evaluation by consumers based on their interpretation, knowledge, input and personal tastes (Yang & Battocchio, 2021). *Perceived Brand Authenticity* is one of the important antecedents of a brand's psychological ownership because authentic branding helps individuals to establish whom they are by providing meaning and identity for their lives (Kumar & Kaushal, 2021; Morhart et al., 2015). Therefore, if consumers feel a brand is more powerful, they will have a higher level of trust in the brand than their competitors and consumers feel more confident and safe when they buy an authentic brand (Safeer & Liu, 2023). Thus, brands that are authentic have a greater chance of gaining consumer trust, which can translate into *Brand Loyalty* for global brands.

Based on this background, it is important to know the relationship between *perceived CSR authenticity*, *Perceived Brand authenticity*, and *Perceived Brand Loyalty* in the *fast Fashion* industry. Previous research has discussed a lot about the relationship between brand authenticity and brand *loyalty*. However, not many researchers have associated it with *perceived CSR authenticity*. In addition, not many researchers have become *Brand Trust* and PWOM as part of *Perceived Brand Loyalty*. This research will refer to a previous study by Safeer and Liu (2022) entitled *Role of Corporate Social Responsibility Authenticity in Developing Perceived Brand Loyalty: a Consumer Perceptions Paradigm*. However, this study will use the *Fast Fashion* industry as a research object by eliminating moderation variables from previous studies.

METHOD

The *survey research* method in this study will be supported by a questionnaire as a data collection tool. The analysis unit of this study is consumers who know and have purchased H&M, Uniqlo, and Zara products and care about environmental and social issues.

This research refers to previous research from Asif Ali Safeer and Hancheng Liu (2022). This study examines the influence of perceived CSR authenticity variables on *perceived brand loyalty* (*brand trust* and PWOM) through *perceived brand authenticity*. In this study, the dependent variable to be studied is *perceived brand loyalty* (*brand trust* and PWOM).

Meanwhile, the free variable or independent variable studied is *perceived CSR authenticity*. In addition, there are mediating variables or intervening variables studied, namely *perceived brand authenticity*.

The data used in this study are primary data. The population in this study were individuals who knew and had purchased products from H&M, Uniqlo, and Zara. Sampling was carried out using *purposive sampling*, namely, samples taken using certain criteria, namely respondents had known the H&M, Uniqlo, and Zara brands, in the past year bought products from these brands, and cared about social and environmental issues.

Theoretical hypothesis testing is used to test the influence of each independent variable on its dependent variable. The hypothesis is carried out by stages:

- 1) Ho: $b_1 = 0$ Independent variables do not affect dependent variables; and
 - 2) Ho: $b_1 \neq 0$ Independent variables affect dependent variables
- Decision:
- 1) If the p-value of $t < 0.05$ then Ho is rejected; and
 - 2) If the p-value of $t > 0.05$ then Ho is accepted.

RESULTS AND DISCUSSION

The results of the analysis related to the study of the research hypothesis can be seen in table 1.

Table 1. Research Hypothesis Testing

	Hypothesis	Coefficient	T_{statistics}	P-value	Decision
H1	Perceived CSR Autenticity positively affects <i>Perceived Brand Authenticity</i>	0.788	24.000	0.000	Hypothesis supported
H2	Perceived CSR Autenticity positively affects the Trus Brand	0.335	4.517	0.000	Hypothesis supported
H3	Perceived CSR Autenticity positively affects Positive WOM	0.089	1.135	0.128	Hypothesis unsupported
H4	<i>Perceived Brand Authenticity</i> positively affects the Trus Brand	0.604	7.794	0.000	Hypothesis supported
H5	<i>Perceived Brand Authenticity</i> positively affects Positive WOM	0.763	11.655	0.000	Hypothesis supported
H6	Perceived Brand Authenticity mediates the positive influence of <i>Perceived CSR Authenticity</i> on Brand Trust	0.476	7.159	0.000	Hypothesis supported
H7	Perceived Brand Authenticity mediates the positive influence of <i>Perceived CSR Authenticity</i> <i>Perceived</i> on Positive WOM	0.602	9.998	0.000	Hypothesis supported

Source: Data Processed

Hypothesis 1

Hypothesis 1 was carried out with the aim of testing whether Perceived CSR authenticity positively affects *Perceived Brand Authenticity*. The processing results obtained an estimated coefficient of 0.788 which means that the increase in Perceived CSR Authenticity will increase Perceived Brand Authenticity and vice versa the decrease in Perceived CSR Authenticity will decrease *Perceived Brand Authenticity*. The p-value of the statistical t of $0.000 < 0.05$ then H_0 is rejected and H_a is accepted so that the hypothesis that states Perceived CSR Authenticity has a positive effect on *Perceived Brand Authenticity* is proven. These findings support research conducted by Kim & Lee (2020) and Safeer *et al* (2022) which showed a positive influence of Perceived CSR Authenticity on *Perceived Brand Authenticity*.

Hypothesis 2

Hypothesis 2a was carried out with the aim of testing *whether Perceived CSR authenticity* positively affects Brand Trust. The processing results obtained an estimated coefficient of 0.335 which means that an increase in Perceived CSR Authenticity will increase Brand Trust and vice versa a decrease in Perceived CSR Authenticity will decrease Brand Trust. The p-value of the statistical t of $0.000 < 0.05$ then H_0 is rejected and H_a is accepted so that the hypothesis that stated *Perceived CSR Authenticity* has a positive effect on Brand Trust is proven. These findings support research conducted by Markovic *et al* (2018) and Safeer & Liu (2022).

Hypothesis 3

Hypothesis 2b was carried out with the aim of testing *Perceived CSR authenticity* to have a positive effect on Positive WOM. The processing results obtained an estimated coefficient of 0.089, which means that increasing Perceived CSR Authenticity will increase Positive WOM and vice versa decreasing *Perceived CSR Authenticity* will decrease Positive WOM. The p-value of the statistical t of $0.128 > 0.05$ then H_0 is accepted so that the hypothesis that states *Perceived CSR Authenticity* has a positive effect on Positive WOM is not proven, so this finding cannot support the research that has been carried out by Markovic *et al* (2018) and Safeer & Liu (2022).

Hypothesis 4

Hypothesis 3a was carried out with the aim of testing *whether perceived brand Authenticity* positively affects Brand Trust. The processing results obtained an estimated coefficient of 0.604 which means that the increase in Perceived brand Authenticity will increase Brand Trust, and vice versa the decrease in *Perceived brand authenticity* will decrease Brand Trust. The p-value of the statistical t of $0.000 < 0.05$ then H_0 is rejected and H_a is accepted so that the hypothesis that states *Perceived brand Authenticity* has a positive effect on Brand Trust is proven. These findings support research conducted by Gate *et al* (2019), Hernandez-Fernandez & Lewis (2019), and Safeer & Liu (2022).

Hypothesis 5

The 3b hypothesis was carried out with the aim of testing *Perceived Brand authenticity* to have a positive effect on *Positive WOM*. The processing results obtained an estimated coefficient of 0.763, which means that increasing *Perceived Brand Authenticity* will increase *Positive WOM*. and conversely the decline in *Perceived Brand Authenticity* has decreased *Positive WOM*. The p-value of the statistical t of $0.000 < 0.05$ then H_0 is rejected and H_a is accepted so that the hypothesis that states *Perceived CSR Authenticity* has a positive effect on *Positive WOM* is proven. These findings support research conducted by Markovic et al (2021), Morhart et al (2015), and Safeer & Liu (2022).

Hypothesis 6

Hypothesis 4a was carried out with the aim of testing *Perceived Brand Authenticity* mediating the positive influence of *Perceived CSR Authenticity* on *Brand Trust*. The processing results obtained an estimated coefficient of 0.476 which means that the increase in *Perceived CSR Authenticity* will increase *Brand Trust* by being mediated by *Perceived Brand Authenticity* and vice versa the decrease in *Perceived CSR Authenticity* will decrease *Brand Trust* by being mediated by *Perceived Brand Authenticity*. The p-value of the statistical t of $0.000 < 0.05$ then H_0 is rejected and H_a is accepted so that the hypothesis that states testing *Perceived Brand Authenticity* mediates the positive influence of *Perceived CSR Authenticity* on *Brand Trust* is proven. These findings support research conducted by Add-El-Salam (2020), Markovic et al (2021), and Safeer & Liu (2022)

Hypothesis 7

Hypothesis 4a was carried out with the aim of testing *Perceived Brand Authenticity* mediating the positive influence of *Perceived CSR Authenticity* on *Positive WOM*. The processing results obtained an estimated coefficient of 0.602 which means that increasing *Perceived CSR Authenticity* will increase *Positive WOM* by being mediated by *Perceived Brand Authenticity* and vice versa decreasing *Perceived CSR Authenticity* will decrease *Positive WOM* by mediating by *Perceived Brand Authenticity*. The p-value of the statistical t of $0.000 < 0.05$ then H_0 is rejected and H_a is accepted so that the hypothesis that states testing *Perceived Brand Authenticity* mediates the positive influence of *Perceived CSR Authenticity* on *Positive WOM* is proven. These findings support research conducted by Add-El-Salam (2020), Schallern et al (2014), and Safeer & Liu (2022).

CONCLUSION

Based on the results of the respondent assessment of the *Brand Trust* variable obtained through the questionnaire, H&M, Uniqlo and Zara need to strengthen CSR activities to make consumers feel safe to trust them. In addition, more massive publications on sustainability the company has done need to be done.

Based on the results of the respondent assessment of *PWOM* obtained through questionnaires, H&M, Uniqlo and Zara need to rethink their company strategy so that consumers will spread positive word of mouth to others. Improving the quality of materials and more authentic models can be one of the strategies.

Based on the results of respondents' assessment of the Perceived Brand Authenticity variable obtained through questionnaires, H &M, Uniqlo, and Zara need to provide more information about the uniqueness of the company's ideology. Publication and socialization need to be done more, not only on the company's website.

Based on the results of the respondent's assessment of the Perceived CSR Authenticity variable obtained through questionnaires, H &M, Uniqlo, and Zara need to move away from CSR programs that are only profit-seeking or improve the company's image. CSR activities that contribute more to society and the environment will be considered more authentic and sustainable by consumers.

This research is limited to using only the variables Perceived CSR Authenticity and Perceived Brand Authenticity in forming Brand Loyalty which in this case is measured using Brand Trust and Positive WOM. To improve the quality of the resulting model, it is recommended to include other variables both independent variables and other mediation variables such as Customer satisfaction, Customer Engagement into the Brand Loyalty model. In addition, the object of research in the next study can be added with more fast fashion brands, or it can compare fast fashion brands with sustainable fashion brands.

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