

The Challenges for Sustainability Marketing Approach: An Empirical Study in Vietnamese Fashion SMEs

Rajkishore Nayak, Long Nguyen, Tu Nguyen, Julia Gaimster, Tarun Panwar, and Rebecca Morris

Abstract—Customers are becoming more concerned about sustainable products while making purchase decisions especially in fashion and textiles. Therefore, large fashion brands are focusing to integrate sustainability concepts, which includes environmental, social and economic aspects into their business strategy and management. Many of the earlier publications focused on large fashion brands and in developed countries. However, there have been limited empirical study to examine the challenges faced by small and medium-sized enterprises (SMEs) in fashion and textiles to apply sustainability concept for their marketing activities. This study investigated the sustainability marketing approaches adopted by the SMEs particularly the fashion boutiques in Vietnam. We found that the fashion boutiques encounter limitations in the sustainable resources such as material and people with adequate knowledge. Furthermore, Vietnamese customers prefer to purchase clothes that are beautiful and wearable; and do not care about the sustainable approaches during the cloth manufacturing. It was also found that the fashion boutiques faced many challenges compared to large fashion brands to get certification on 100% ethical products.

Index Terms—Sustainable fashion, sustainable marketing, boutique fashion, small and medium sized enterprise.

I. INTRODUCTION

Vietnam is one of the emerging countries in the global textile and garment supply chain. Vietnam houses about 6000 textile and garment industries, large proportions of which are small scale enterprises (SMEs) with 200–500 employees [1]. Based on the ownership, the textile and garment industries in Vietnam can be classified as privately-owned (84%), foreign direct investment (FDI) (15%) and state-owned enterprises (SOEs) (1%) [2]. The major difference between the privately-owned and SOEs are the size of the company and the decision-making process [3]. The SOEs are bigger in size,

but the decision-making process is rather slow due to much more hierarchy. On the other hand, the privately-owned industries are decentralized and smaller in size with fast decision-making process. Even, there are many micro-SMEs with about 10 working people.

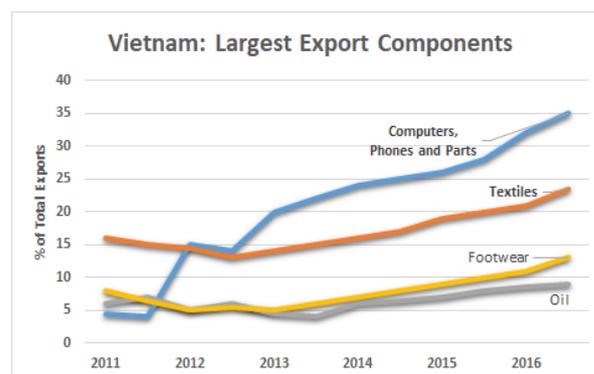


Fig. 1. Vietnam's export components from 2011 to 2016 [3] (source: General Statistics Office of Vietnam (2017)).

From Fig. 1, it can be observed that textile was the major export of Vietnam till the end of 2011, where it was superseded by the electronics sector [4]. This decrease in the export can be attributed to: (1) the lower cost of textiles compared to the electronics and (2) rapid growth of the global electronics market due to computerization of many operations. In an earlier report published in 1998 it has been stated that the textile and garment was the second after the oil export [5]. According to Vietnam Logistics Review (2017), Machine, equipment and spare parts ranked the first with \$34,505 million, followed by Cell Phones and accessories with \$24,982 million, Electronics and Computers with \$18,982 million, and Textile and garments with \$18,480 million in the fourth rank. Hence, it can be concluded that textile and garment export are always one of the major contributors to Vietnam's economy.

Vietnamese SMEs, particularly the fashion and textile industries cover two third of market jobs [6]. They become crucial contributors to poverty alleviation in several countries [7]. However, building a strong brand is more challenging for SMEs in fashion and textile sector compared to large high-profile brands [8], [9]. Although both have several common characteristics, large high-profile fashion brands have strong brand visibility, well-established products and distribution channels [8]. Thus, the small brands need to find some angles for their survival, growth and profitability.

In order to succeed in the global competitive environment, it is essential for the manufacturing industries and economists to understand the status of textile and garment supply chain in Vietnam. Although several papers have been published on the

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economic growth of textile and garment industries, labour related problems and the government policies in Vietnam [10]-[12], there has not been any publication that provides a complete knowledge on the supply chain management of Vietnamese textile and garment industries.

Scholars found that the applications of sustainability in business operations and marketing activities could help the brand to differentiate its product/services and have more competitive advantages in the marketplace [13], [14]. Nowadays, customers are more concerned whether the brands they purchase follow sustainable practices. Thus, the brand should address this concern by integrating sustainability concept into their business strategy and operations. Accordingly, sustainability marketing refers to the marketing strategy using the ethical practices of the business to promote for the brand and to improve brand value for target customers [13], [14]. Differed from green marketing [15] which focus on the environmental aspects, sustainability marketing follows the broader approaches considering social, economic, and environmental contributions of the brand [14].

However, recent fashion studies about sustainability marketing focus too much on the large high-profile brands such as The Body Shop [16], Marks and Spencer [14], H&M [17], which in turn, lacking the generalization of the findings for SMEs. Few attempts to develop the theoretical model of sustainability for SMEs [6], [18]. However, most are conceptual studies. In fact, some major issues about the reluctance from many SMEs to incorporate sustainability concept directly into their business to strengthen their business performance. But no empirical study examines the challenges for SMEs to apply sustainability concept for their marketing activities. Accordingly, this study aims to investigate the sustainability marketing approaches adopted by the SMEs in fashion boutiques. The aim of the study is to examine the challenges faced by the Vietnamese fashion SMEs in adopting sustainability marketing approach. The following research question was formulated in line with the research aim.

Research Question: What are the challenges that SMEs in fashion face to apply sustainability marketing in developing countries such as Vietnam?

II. METHODOLOGY

To address the research question, preliminary qualitative in-depth interviews with four business owners of SMEs involved in boutique fashion businesses were conducted. The selections of these boutique fashion business are due to 1) its reflection of local, ethical Vietnamese culture of handicraft and embroidery [19] which is aligned with the concept of sustainability, and 2) the popularity of their brands in the marketplace. Inspired by the framework of Triple Bottom Line (TBL) to measure sustainability marketing [20], a standardized interview protocol was used to ensure comprehensiveness among the interviewees. The questionnaire focused on getting insights about sustainability marketing definition, application, and challenges. It allowed us to compare different views and extract meaningful insights from. The interviews are then transcribed and coded by using

the qualitative data analysis software NVivo.

III. RESULTS AND DISCUSSION

The concept of sustainability is gaining increased global attention in the supply chain of fashion and textiles like the other sectors. Many times it might happen that firms' stakeholders hold the firm as a responsible party for any non-sustainable supply chain activity [21]. Stricter international and local regulations, customer awareness and increased competition are the main driving force behind sustainability [22], [23]. Hence, fashion brands are involved in research and development to achieve sustainable supply chain management (SSCM). The SSCM encompasses three areas: (a) environmental, (b) social and (c) economic, known as the triple bottom line (TBL) of sustainability [24], [25].

The SSCM integrates sustainability into the supply chain and can be defined as: "the management of material, information and capital flows as well as cooperation among companies along the supply chain while taking goals from all three dimensions or the TBL of sustainable development . . . into account, which are derived from customer and stakeholder requirements" [26]. The implication of SSCM can be different from one supply chain to the other depending upon the structure of the specific supply chain. As an example, the sustainability requirements of a supply chain for children's toys are reasonably different from the supply chain of a garment industry [27].

It is common in supply chain that some of the activities of the suppliers or sub-suppliers do not follow the guidelines of sustainability, which affects the reputation of a brand. The real example is about Mattel, an American multinational toy manufacturing company, who had to recall the toys due to the presence of some toxic materials. The investigation revealed that one of the subcontractors of first tier supplier was the source of these toxic products. Another example refers to the Zara's (Inditex group) main supplier, AHA. Inditex was frequently criticised for its working condition while they didn't take any responsibility for AHA's facilities [28]. Later, the Brazilian authority reacted to the case and announced that the company must know for whom they are producing the garments and provide good working condition.

The examples above illustrate the importance of sustainable supply chain management of both direct and indirect suppliers [21], [28]. Hence, an attempt was made to investigate the sustainability awareness of Vietnamese fashion and retail industries. This part of the paper will discuss on the status of Vietnam's garment and textile industries on the TBL of sustainability, and the views expressed by the stakeholders. Many of the earlier publications are only one dimensional focusing mainly on the environmental aspects. However, in this paper the views expressed by the five participants are included relating to all the TBL of sustainability.

Three dominant themes were identified, namely: (i) 'Limited resources' –there was insufficiency of required resources such as finance, technology and skilled manpower to accommodate the sustainability concept, (ii) 'Lack of customer understanding about sustainability' – Vietnamese consumers are not ready for the sustainability concept, and (iii)

'Negative perceptions towards the small brands' – negative subjective norms about the SMEs. The following section describes the three major themes.

Limited resources: Resource constraints are a big challenge for Vietnamese SMEs, particularly in fashion industry. Most boutique fashion brands can't follow the boom of fast fashion to compete with the large and famous brands. Instead, boutique fashion brands focus on the unique designs and product quality to serve the niches market. However, due to limited resources, they have to rely on the external suppliers for imported materials at higher prices, inconsistent quality and poor delivery time of the orders. This limits their opportunities to follow the changes in the industry and to address the market trends of ecofriendly products consistently. Hence, it reduces the competitiveness and healthy development of the brands.

Extract 1: *To do sustainable practices, you really need a team or resources that build from the ground zero. However, in Vietnam, you have very limited resources; we usually need to import organic fabric from other countries for the best quality of our design. But, you know, it is costly and not always meet our expectations.*

Lack of customer understanding about sustainability: While sustainability becomes an emerging trend recently around the world, Vietnamese consumer understanding and adoptions of sustainable lifestyle are still very limited. Due to its large young population, fast fashion is very attractive to Vietnamese customers with trendy fashion designs, low-priced garments, and affordable price. Conversely, low credibility of eco-labels and inadequate information about sustainability implementations are the main reasons preventing consumers from selecting boutique fashion brands.

Extract 2: *Consumers don't care about the ethnic part, they only need to buy clothes that are beautiful and wearable but not because they can donate to any charity groups. This is why we decided to change the ethnic part of the products to the add-in value.*

Negative perceptions toward the small brands: Vietnamese boutique fashion brands confront with several negative perceptions from stakeholders. First, Vietnamese media keep claiming many small businesses selling poor quality products imported from China which contained lots of harmful chemicals. This led to several negative subjective norms that small business including boutique fashion brands are unreliable, unethical, inconsistent quality, and have poor management systems. In the attempt to prove their good practice of sustainability, many brands try to achieve environmental and/or management certifications. However, the authorities and the certification services formulate more regulations, legislations, and strict examination process which, in turn, are only practical and useful for the large brands. Having negative perception from the authorities, most of the process for the certifications are too complicated, resource-consumed that go beyond the ability of boutique fashion brands to comply with.

Extract 3: *It is hard for us, a SME in Vietnam, to get*

certification for using 100% ethical products from manufacturing to design process. We can't find a way to persuade and communicate with the authorities.

IV. CONCLUSIONS AND FUTURE DIRECTIONS

A. Conclusions

In summary, challenges such as limited resources, lack of customer understanding on sustainability and negative perceptions towards the small brands reduce the efforts of SMEs to incorporate sustainability concept in their business model. Furthermore, the rapid development of fast fashion in Vietnam exerts exorbitant pressure on SMEs due to double jeopardy effects whereby smaller brands tend to attract less loyalty from consumers. This paper would be of interest to stakeholders including SME managers, marketers and social activists in the development of a green strategy for their business [29]. Also, it opens further research to find solutions to leverage the use of sustainability in economic, environment and society and the context of fashion and textile supply chain.

B. Future Directions

This study has considered only three stakeholders in Vietnamese fashion sector for establishing the preliminary study. This research can be extended by including more participants, other data collection methods such as questionnaire and covering further industry and retail participants' perspective. Due to the trend of technology especially in developing countries, future research can focus on implementation of new technologies to enhance the sustainability of supply chain. The impact of the recent changes in the foreign direct investment and trade agreements on Vietnam's fashion industry and sustainable development also need to be studied.

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