

Investigating the Effect of a Fashion Brands' Supply Chain Transparency Disclosing Strategy on Fashion Brand Evaluations

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Introduction: According to McKinsey and Company (2019), apparel producers may have between 1,000 and 2,000 suppliers, and maybe even upwards of 20,000 to 50,000, if their sub-suppliers are included. Due to the complex nature of the global fashion supply chain, most of the journey of fashion products is invisible to the consumers. Even though retailers do not always volunteer transparency; however, supply chain transparency (i.e., suppliers, products, and price) has become a paramount concern among brands, consumers, and stakeholders (Jestratijevic et al., 2022). Previously a few studies have been conducted to understand consumers' evaluation of environmental practices in fashion industry (Haque & Park-Poaps, 2019, 2022), however, there is a lack of research regarding how supply chain transparency information and disclosing strategies (opaque, ambiguous, and transparent) affect consumers' attitude and their evaluations of fashion brands. Based on this gap in the literature, this study aims to employ signaling theory to investigate how a brand's information disclosing strategy affects attitudes toward the brand, perceived price fairness, and brand equity. Also, this study examined the relationships between attitudes toward the brand (A_{Brand}), perceived price fairness (PPF), and brand equity (BE). Specifically, this study also examines the moderating effect of consumer aliteracy (CA) on the relationships between information disclosing strategy and A_{Brand} .

Literature Review: According to signaling theory, information asymmetry results in markets wherein one entity has information (the signaler) that another entity would like access to (i.e., the receiver) to make better decisions (Spence, 1973). In the apparel industry, information asymmetry exists as the extent to which the detail of a brand's (signaler) supply chain is communicated to consumers (receiver) varies across fashion brands. For instance, brands may choose an opaque (OPQ)(little relevant information), ambiguous (AMB) (unclear information), or transparent (TRA) (detailed information) strategy (Lamming et al., 2001) to disclose a variety of information to consumers including corporate social responsibility, price, and labor policies. A brand's efforts to be transparent affect A_{Brand} , as well as their PPF, brand association (BA), brand loyalty (BL), and perceived quality (PQ) (Jung et al., 2020; Keller, 1993). Furthermore, A_{Brand} can be a crucial antecedent of BE (Beristain & Zorrilla, 2011). Moreover, A_{Brand} and PPF may also be influenced by their aliteracy level (i.e., choosing not to read despite knowing how to read) (Applegate & Applegate, 2004).

Methodology: A one-way (information disclosing strategy: TRA vs. OPQ, AMB) between-subjects design was employed. Three stimuli were created to manipulate the information disclosing strategy variable and differed in how much information was disclosed to participants regarding the environmental and social costs of production, auditing practices, and so on. Scales

with acceptable psychometric properties were adapted to measure the dependent and moderating

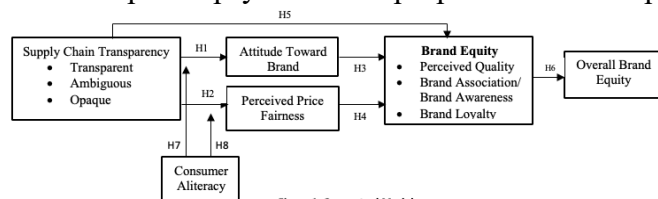


Figure 1: Conceptual Model

variables. With IRB approval, a pilot study was conducted to determine the effectiveness of the manipulating variables (i.e., degree of transparency). Results showed that all three scenarios were successfully perceived differently by the

participants. Data were collected from college students attending a southeastern university in the U.S. The final sample consisted of 116 responses. Participants were randomly assigned to one of the three treatments. A series of one-way ANOVA, a one-way MANOVA, and regression were conducted to test hypotheses (see Figure for H1-H8).

Results: ANOVA results suggested that the information disclosing strategy had an effect on consumers' attitudes toward the brand ($F_{(2,114)} = 7.054, p < .001$) in that the mean scores of A_{Brand} were highest among those who viewed TRA strategy ($M=5.45$), followed by AMB ($M=5.20$), and OPQ ($M=4.68$), respectively. Furthermore, the ANOVA result showed that A_{Brand} due to TRA strategy was significantly different than the AMB and OPQ strategy. However, according to the results, even though PPF varies across the TRA strategies, they are not significant ($F_{(2,114)}=.573$); thus, H1 was supported, while H2 was not supported. Further regression analysis showed that A_{Brand} had a significant positive influence on PQ ($\beta=.689^{***}$), BA ($\beta=.382^{***}$), and BL ($\beta=.252^*$), supporting H3. Similarly, PPF significantly influenced PQ ($\beta=.227^*$), BA ($\beta=.311^{***}$), and BL ($\beta=.212^*$), supporting H4. In testing H5, MANOVA results also showed that the dimensions of BE such as PQ ($F_{(2,114)} = 3.67^*$; $M_{\text{TRA}}=4.87$ vs. $M_{\text{OPQ}}=3.51$ vs. $M_{\text{AMB}}=4.50$), BA ($F_{(2,114)} = 5.23^*$; $M_{\text{TRA}}=3.94$ vs. $M_{\text{OPQ}}=3.26$ vs. $M_{\text{AMB}}=3.50$), and BL ($F_{(2,114)}=4.86^*$; $M_{\text{TRA}}=3.48$ vs. $M_{\text{OPQ}}=2.64$ vs. $M_{\text{AMB}}=2.97$) were significantly varied across the information disclosing strategies. Thus, H5 was supported. Results also showed that each of these dimensions had a significant positive influence on consumers' overall brand equity [$R^2=.639, F_{(3,113)}=26.02^{***}$], supporting H6. A univariate analysis was performed to test the moderating effect of CA level on the relationship between disclosing strategy, and A_{Brand} and PPF. A mean split was employed to separate participants into two groups of CA ($M < 3.88$: Low vs. $M \geq 3.88$: high). Results showed that the degree of CA did not moderate the relationship between information disclosing strategy and A_{Brand} ($F_{(2,114)}=2.21$). Thus, H7 was not supported. For H8, results from a univariate analysis further showed that the degree of CA moderated the relationship between information disclosing strategy and PPF ($F_{(2,114)}=3.67^*$), where the mean scores of PPF were highest for low aliteracy level (i.e., less reluctant to read) for TRA strategy than the low aliteracy level in OPQ strategy ($M_{\text{TRA-Low Aliteracy}}=5.62$ vs. $M_{\text{OPQ-Low Aliteracy}}=5.18$), supporting H8.

Discussion: According to signaling theory, the degree to which a brand is transparent about their supply chain results in a separating equilibrium (Spence, 1973) as consumers have more positive brand attitudes and evaluations of those brands that are more transparent. However, level of transparency does not have any significant impact on consumers' perceived price fairness which can be explained by the obscure nature of cost breakdown which may confuse the consumers and their price fairness perception. The results show that the dimensions of brand equity include

consumers being more aware of the brand, feeling more loyal to the brand as well as perceiving its quality when the information is more transparent corroborating the findings from Beristain and Zorrilla (2011). Regarding the moderating effect of consumers' aliteracy level, this study suggests interesting findings that if the disclosing strategy is more transparent and consumers have a high aliteracy level (i.e., consumer is reluctant to read the information), then their perception of price fairness is low compared to the consumers who are less reluctant to read (i.e., low aliteracy). This moderating effect is also similar when the disclosing information is opaque or has zero transparency. Therefore, this study suggests that brands should communicate in such a way so that the consumers feel less reluctant to read the sustainability information (Su et al., 2022b, 2022a). This study is somewhat limited by its sample in terms of generalizability as only college students from one university were included in the study.

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