

An Empirical Study on Consumer Perceived Value of Circular Fashion

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Introduction: Sustainability has become crucial in the worldwide fashion business (Jia et al., 2020). It was estimated that the global apparel secondhand market was worth 211 billion US\$ in 2023 and would rise to more than 350 billion US\$ by 2027 (Statista, 2023). Consumers are giving more thought to ecological factors while making apparel purchases, consumption, and disposal decisions (Muthu, 2019). As consumers become more aware of the adverse environmental impact of fast fashion, circular fashion is becoming popular as sustainable fashion products (Dragomir & Dumitru, 2022). Circular fashion promotes sustainable clothing and accessories designed and produced for use, reuse, repair, repurpose, and recycling before biodegrading naturally. The circular fashion business model is revolutionizing the fashion industry by utilizing the closed-loop process to produce sustainable products (Dragomir & Dumitru, 2022). Brands like Patagonia, NIKE, Speedo, and BASF exemplify this approach (Muthu, 2019). Literature has highlighted the urgent need for a more in-depth investigation of consumer perceived value (CPV) of circular fashion products (Dangelico et al., 2022). Thus, considering young consumers are the emerging driving force of circular fashion trends, this study aims to explore young U.S. consumers' perceptions of circular fashion and their attitudes and intentions to engage in sustainable consumption. Specifically, the study has **two objectives**: (1) it investigates how young consumers' empathy and fashion involvement impact CPV of circular fashion, which further impacts attitudes; and (2) it examines how young consumers' attitudes and social influence affect their intentions to engage in sustainable consumption. Examining the antecedents and consequences of CPV of circular fashion contributes to apparel sustainability literature. Moreover, understanding how young consumers perceive circular fashion products helps companies to initiate sustainability innovations and offer circular products that meet the emerging powerful consumer segment (Chaturvedi et al., 2020; Pauluzzo & Mason, 2022).

Literature Review: CPV is defined as the consumer's overall assessment of a product's utility, and this perception is based on the value offered by the product and what consumers receive (Lin & Huang, 2012). The literature suggests that most CPV research has focused on five dimensions of perceived values: social, emotional, functional, conditional, and epistemic (Lin & Huang, 2012; Pauluzzo & Mason, 2022). However, our extensive review of existing literature on circular fashion reveals two specific aspects of CPV in the circular fashion context: aesthetic and green values (Chen & Chang, 2012; Kumar & Noble, 2016). In our study, we excluded conditional value as a factor of analysis due to its limited influence on consumer behavior regarding circular fashion (Tanrikulu, 2021). Conversely, literature suggests that consumers attribute distinct importance to functional value in terms of price and quality for circular fashion products (Lin & Huang, 2012). Thus, in our study, we included seven dimensions of CPV to examine CPV of circular fashion. The Theory of Reasoned Action (TRA) serves as the theoretical grounding for

the study. TRA emphasizes the linkages between consumer characteristics, perceived value, and attitudes in shaping intentions toward sustainable fashion practices. According to TRA, a consumer's intention to engage in circular fashion consumption is influenced by their attitude, which is affected by their perceived benefits (i.e., CPV) of circular fashion products; moreover, their CPV of circular fashion is impacted by their characteristics, such as their fashion involvement and empathy (Hwang & Griffiths, 2017). Previous literature highlights the impacts of fashion involvement (O'Cass, 2004) and empathy (Ndubisi, 2004) on consumer perceptions of fashion products. Moreover, in the sustainable consumption scenario, prior literature supports the strong impact of social influence on consumer intention to purchase sustainable products (Ramkumar et al., 2021). Figure 1 depicts the model with the hypothesized relationships.

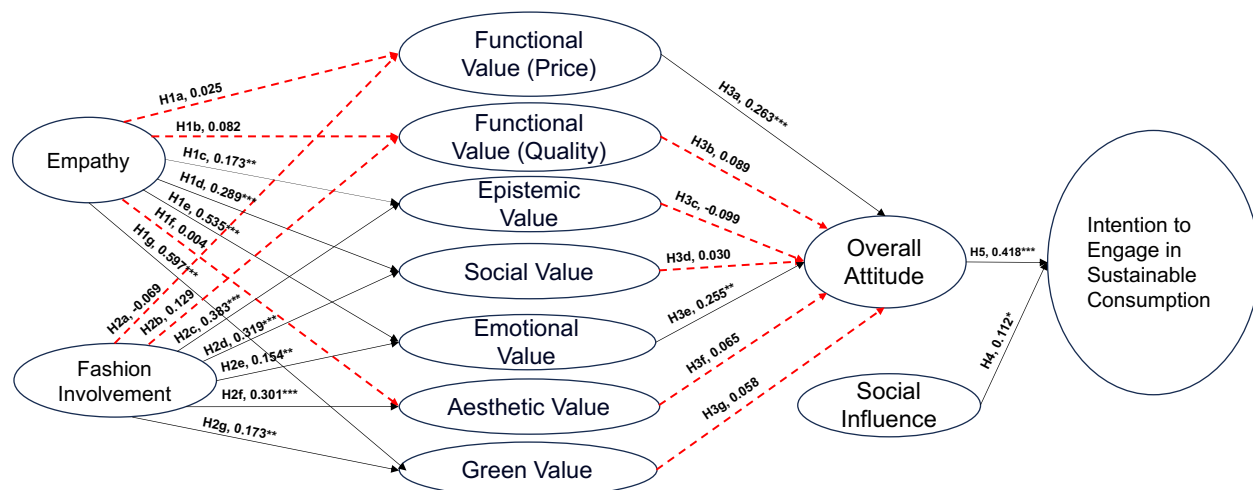
Research Method: An empirical survey-based research method was used. Twelve constructs, including 43 items, were adopted from previous literature (Chaturvedi et al., 2020; Chen & Chang, 2012; Hwang & Griffiths, 2017; Kumar & Noble, 2016; Lin & Huang, 2012; O'Cass, 2004; Pauluzzo & Mason, 2022). The items were measured using a Likert scale with five points. Upon IRB approval, the online survey developed using Qualtrics was distributed on Prolific, an online research platform to collect high-quality human data. A total of 393 responses were collected, and after data cleaning, 273 were valid responses for data analysis.

Data Analysis and Results: A two-step structural equation modeling (SEM) approach was used to analyze data. First, the assessment for the measurement model was accomplished by using confirmatory factor analysis. The model's fit statistics indicate that it was acceptable: $\chi^2/df = 2.24$, CFI = .86, and RMSEA = .06. The evaluation of the composite reliability coefficients and the values of average variance extracted shows that an acceptable level of reliability and validity for the constructs was achieved. Second, SEM was applied to analyze the structural relationships within the model. The statistical results (Figure 1) indicated that empathy positively and significantly impacts U.S. young consumers' epistemic, social, emotional, and green values. The results show no significant influence of empathy on functional value (price), functional value (quality) and aesthetic value. Fashion involvement positively and significantly impacts five dimensions of CPV (epistemic, social, emotional, aesthetic, and green values), but there is no evidence of the impact of fashion involvement on functional value (price) and functional value (quality). Furthermore, the functional value (price) and emotional value positively and significantly impact overall attitude. The results provide no statistically significant evidence of the effect of functional value (quality), epistemic, social, aesthetic, and green values on overall attitude. In addition, social influence and overall attitude affect consumer intention to engage in sustainable consumption.

Conclusion and Implications: The study investigates young U.S. consumers' perceptions of and attitudes toward circular fashion and their intentions to engage in sustainable consumption. The findings suggest that empathy and fashion involvement positively influence various dimensions of CPV, and the two dimensions of CPV such as functional value (price) and emotional value significantly impact consumer attitudes. Furthermore, social influence and consumer attitudes positively affect young consumers' intentions to engage in sustainable consumption. The study contributes to the apparel sustainability literature by examining the

antecedents and consequences of CPV in the context of circular fashion. It provides valuable insights for fashion companies to initiate sustainability innovations and offer circular fashion products that align with consumer perceptions and values. Future cross-cultural research could compare young consumers' perceptions of circular fashion from both developed and developing countries.

Figure 1: *Research Model*



Note. The solid lines indicate significant results. The dotted lines indicate nonsignificant results.
* $p < 0.05$. ** $p < 0.01$. *** $p < 0.001$.

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