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### Corporations Can't Pull the Wool Over Consumer's Eyes Anymore



A sign reading “Nature is making a comeback” at the Allbirds SoHo location in New York City. Photo: Rocio Fabbro.

All Patricia Dwyer wanted was a pair of comfortable shoes. She wasn't an environmental activist, and she didn't care about sustainable shopping, whatever that meant. But when she scrolled through Allbirds' website, she was taken by the brand's claims of environmentally conscious processes and sheep-friendly shearing practices behind its top-selling wool running shoes. And when she tried them at her local Walmart, one of Allbirds' authorized third-party retailers, she was sold. She was thrilled to know the exact carbon footprint behind the making of her new shoes and the positive environmental impact of every step she took in them – even if they did cost \$95, much more than she was originally planning to pay.

But when Spencer Sheehan, a Long Island-based lawyer who specializes in class action lawsuits, posted a call for plaintiffs on his Facebook page, Dwyer was taken aback. Sheehan shared a report from animal rights advocacy group, People for the Ethical Treatment of Animals. It claimed that Allbirds' wool supplier, ZQ Merino, was not transparent about its practices, mistreated sheep and operated in countries where animal welfare standards are ignored, such as

Argentina, Australia and South Africa, contrary to the brand's claims. It also argued that the assessment tool used by Allbirds inaccurately calculated its carbon footprint.

Dwyer was shocked. Why had she paid a premium for a product that she wasn't sure was better for the planet? With Sheehan's help, Dwyer filed a lawsuit accusing the brand of "greenwashing," misrepresenting its products as environmentally friendly. Dwyer didn't prevail in court; her lawsuit was dismissed for lack of evidence. She did not wish to comment on the case. But her lawyer said the lawsuit put the company on notice, ensuring that the voices of Dwyer and other concerned Allbirds customers were heard.

"At face value, you think that what companies say about their sustainability is true," said Josh Gay, a self-proclaimed Allbirds "fanboy" and one of several Allbirds customers who replied to Sheehan's Facebook post. "But sometimes corporations get ahead of themselves, and they make sustainability claims, then decide to turn a blind eye to it. I think, I'm hoping, that there's a little bit of a reckoning coming with society holding companies more accountable."

Dwyer isn't the only one to take a company to court over sustainability claims. This past year, [at least 16](#) "greenwashing" complaints and lawsuits were filed in the U.S., many of them class action, according to Truth in Advertising, a virtual non-profit that informs consumers about possible false advertising. Consumers lodged complaints against a range of businesses, from fashion companies, to airlines, to food chains and distributors. These cases illuminate how growing numbers of consumers are using their purchasing power and, at times, the legal system to push companies to embrace sustainable practices.

"Consumers are much savvier – you can't pull the wool over their eyes, so to speak," said Jennifer Lynes, associate professor at University of Waterloo's School of Environment, Enterprise and Development in Canada. "They're looking for transparency, authenticity, and the evidence behind the claims that the companies are making."

Several surveys conducted over the past four years have documented growing interest in sustainability, particularly in the fashion industry. In 2018, KPMG, a global advisory firm that

focuses on sustainable business, released a report summarizing global perspectives on sustainable fashion. Of survey respondents located in New York, London, Hong Kong, Shanghai and Tokyo, [64 percent](#) said they supported the idea of sustainable fashion. A 2022 survey [conducted by CGS](#), which provides business applications and outsourcing to companies, also found a surge in interest for sustainable products. Results of CGS’s survey showed that 79 percent of U.S. respondents believed sustainability to be at least “somewhat important” when shopping for apparel.

Allbirds’ advertisement of its sustainable sourcing spoke to Gay, a Pensacola resident who wanted to make more environmentally conscious purchases. Gay was convinced by the brand’s social media marketing, which highlights the natural elements of its products and the transparency behind the production process and raw material sourcing. He currently owns nine pairs of Allbirds shoes; his wife owns three. And he plans to continue buying from the company. He doesn’t believe that Allbirds intended to deceive its customers. For him, Allbirds is more transparent, environmentally conscious, and is doing more for sustainable fashion than most other companies. But the lawsuit has made him more wary of sustainability claims across the board.

“I will still buy them because they are the most comfortable shoes I’ve worn,” he said. “However, any time I see one of their claims about their carbon offset, or the sourcing of their wool or anything like that, I am a little bit more skeptical.”



Apparel display at Allbirds Soho in New York City. Photo: Rocio Fabbro.

Priya Raghbir, marketing professor at New York University's Stern School of Business and consumer behavior specialist, has also seen an increased demand for sustainability in the last several years. What used to be a handful of products made to please a niche market has become something of a mainstay for companies.

“A larger group of consumers – and a fairly large mainstream portion of consumers – are now finding that a green tag resonates with them,” Raghbir said. But not just any green tag. A green tag backed up by verifiable facts and real solutions to the environmental challenges facing industries.

In a recent [report](#), McKinsey & Company, a leading consulting firm, found that consumers rely mostly on company websites and product tags to evaluate fashion brands and apparel. But mixed messaging from companies, as well as overwhelming quantities of verification credentials and vague claims about sustainability get in the way of customers' ability to make decisions.

“The average consumer is not really able to ascertain a claim made by a company about its ‘greenness’,” Raghbir said. “And so, they rely on the company's claim, particularly if they trust the company.” This can lead, however, to ambivalent attitudes towards sustainable shopping. A lack of consensus over the definition of “sustainability” among both brands and consumers, according to McKinsey's report, further complicates the issue. A 2021 survey from marketing and consumer data company, Statista, similarly found that [nearly half](#) of respondents said they did not trust brands' sustainability claims.

“I think that greenwashing causes more harm than good,” Conner Elliott, assistant manager at Allbirds SoHo, said. “For me, it's the same as when somebody lies about being a victim of a crime. You're taking away from somebody who is actually hurt, or, likewise, from companies that are actually doing something positive. And you are taking away validity.”

Elliott, who has worked at Allbirds since 2021, could not comment directly on the lawsuit. Allbirds' corporate office did not respond to email inquiries.

Raghubir is hopeful, however, that customers will continue to grow savvier. “Consumers are going to find the ability to examine the claims independently,” Raghubir said. She believes consumers will be able to look through greenwashing, in search of verifiable statistics and other newly available information.

“And they will punish companies who are just trying to make a buck or two by latching onto greenwashing,” she added.

Chelsea Commodore, a marketing student at the State University of New York in New Paltz, did just that. She initially felt good about purchasing from H&M’s “Conscious” clothing collection. In stores, physical green tags attached to products boast about decreased water usage and recycled materials. She thought she could trust the company’s sustainability efforts. After all, H&M was a brand she knew and trusted.

Commodore later filed a lawsuit against the retailer following an independent investigation by business publication, Quartz, that found that H&M was falsifying the findings of its sustainability index. Based on the investigation, Commodore said that the Sweden-based clothes retailer altered sustainability statistics and deceptively misrepresented its products in stores. Commodore argued that she was misled into paying more for the “Conscious” products, thinking that she was engaging in sustainable consumption. H&M did not reply to repeated requests for comment.

When reached by email, Commodore’s lawyer declined to comment on the case, citing the ongoing litigation.

Commodore’s case has received considerable media attention. H&M, one of the largest fast fashion retailers in the world, has already received heavy scrutiny for its contributions to the negative environmental impacts of the fashion industry. Clothing and apparel production and waste are now considered among the major contributors to climate change. The clothing and textile industry is responsible for at least 8% of the world’s greenhouse gas emissions and uses

roughly 215 million liters of water in production, according to the [United Nations Alliance for Sustainable Fashion](#).



Discarded clothing covering a large swath of land in Chile, a major importer of second-hand clothing. Photo: [AP Photo/Matias Delacroix](#).

Fast fashion has dominated the fashion industry. The fast fashion market alone is currently valued at over \$99 billion, nearly 13 times the market value of ethical fashion, according to a study conducted by [Statista](#). The quick clothing turnover and increased demand for new, trendier pieces year-round associated with fast fashion has made the industry a lightning-rod for criticism about the environmental impacts of consumption and overconsumption.

Commodore’s greenwashing lawsuit is another challenge to the fast fashion industry’s poor environmental performance and documented human rights abuses. But Commodore’s case also highlights the positive changes that consumers can bring about in businesses.

“Companies care deeply about their reputation,” said Michael Vandenberg, a law professor at Vanderbilt Law School, who specializes in environmental governance and behavior. “Many companies are acting in response to retail consumers, not with the idea that they will actually purchase more of a particular good because it’s a greener good, but rather because they want to protect their overall reputation.”

Vandenbergh and Sheehan agree that widespread change won't be sparked by governments, courts or even the corporations themselves, but from changing social attitudes. In this way, consumers can signal to corporate leaders, regulators and even politicians, that there is growing concern about the environment and increasing demand for more environmentally conscious practices, at all levels.

“The lawsuits are aspirational,” Sheehan said. “I think that’s the best way to describe it. We’re trying to challenge the social practice of ‘greenwashing’ and it’s difficult.” However, Sheehan agreed that the lawsuits can represent evolving societal attitudes. And while the courts may not be the drivers of change, over time, their decisions could reflect changes in the society around them, Sheehan said.

For Vandenbergh, lawsuits are also a way to hold a “company’s feet to the fire” for environmentally damaging or intentionally misleading practices. But while many claims of greenwashing are legitimate, Vandenbergh believes they could cause unintended harm. By creating an environment where all sustainability claims can come under legal scrutiny, companies may be deterred from making even legitimate sustainability statements. This could prevent crucial social norms – and resulting industry-wide changes – from taking root.

“We have to be cautious about slamming statements about greenwashing,” Vandenbergh said. “There is a value in corporate managers believing that other corporate managers are acting in green ways, because that will cause them to act in green ways.”

The infectious nature of social norms, particularly around sustainability, indicates that changes in corporate practices could instead be sparked by bottom-up change. This places consumers in a central role, even in arenas in which they are not directly involved.

A new bill introduced in the New York Senate could make the state the first in the country to legally regulate the environmental and social practices of fashion retailers. The Fashion Sustainability and Social Accountability Act, proposed in January by Senator Alessandra Biaggi

and Assemblymember Dr. Anna Kelles, would require both fashion retailers and manufacturers with more than \$100 million in revenues operating in New York to disclose their environmental and social due diligence policies using science-based targets.

The bill is “a groundbreaking piece of legislation that will make New York the global leader in holding the \$2.5 trillion fashion industry accountable and ensuring labor, human rights, and environmental protections are prioritized,” Biaggi said in a [news release](#).

It is currently in the Senate Consumer Protection Committee and must then head through the Senate and Assembly, before being signed into law by the state governor. The act is sponsored by a wide coalition of state government representatives, alongside several other New York-based environmental non-profit organizations, including the New Standard Institute, and fashion designer Stella McCartney.

If passed, the law would serve as a tool to ensure corporate transparency and increase consumer trust. The bill itself highlights the impact of consumer attitudes on evolving norms.

“New Yorkers have a powerful role to play in ensuring industries are practicing ethical standards in labor and environmental sustainability while at the same time ensuring a thriving local industry,” Maxine Bédard, founder and director of New York City-based fashion sustainability non-profit, the New Standard Institute, said in a [statement](#) about the legislation.

While the sponsors of the bill consider it a significant legislative step to tackle the harmful effects of the fashion industry, it is a slow process that many consumers are not willing to wait for. Furthermore, the impacts of the act will be limited to a single state, while sustainability is a nationwide, and global, issue. Although not everyone has the resources or time to file a lawsuit, protest or lobby, people can vote with their dollars. While consumers have indicated that they are not yet prepared to pay substantially more for sustainable products, as KPMG found in its [2018 survey](#), they are willing to shift their individual consumption habits in other ways.



ThredUP, an online consignment company, has reported trends in second-hand shopping since 2017. Its most recent annual [Resale Report](#) found that nearly two-in-three fast fashion shoppers aspire to buy more second-hand items. Additionally, [41% of consumers](#) surveyed reported looking for second-hand apparel first, before buying something new. Both the lower prices and the environmental benefits of thrifting are main drivers of these more positive attitudes towards the practice — but social factors also play a major role.

“It’s more acceptable than it used to be,” Lynes said. “Now it's cool and trendy to shop at thrift stores.”

However, Lynes noted increased demand for thrift and vintage items has raised prices at corporate thrift stores, such as Goodwill and The Salvation Army. This has posed a threat to the equity of second-hand shopping, causing concern among shoppers who rely on the affordability of thrift stores. The the second-hand industry will have to grapple with these issues as the second-hand apparel market is expected to more-than double in value by 2026, according to findings from [Statista](#). This would make it the fastest growing fashion market, surpassing the pace of growth for both the fast fashion and ethical fashion markets.

GenZers and millennials lead the way in the thrift revolution, popularizing the practice across social media. For many of them, second-hand purchasing – both in-store and online – is the answer to the pervasiveness of the fast fashion industry and the litany of challenges facing sustainable consumption. In 2021, 42 percent of Gen Z and millennials surveyed by [Statista](#) said they were likely to shop second-hand for items, the largest of any age group. Virtual consignment shops, like Depop and ThredUp, have also helped thrifting become more accessible and somewhat eased affordability strains – especially for tech-savvy generations.

Gaia Rattazzi, a university student from Leeds, England, and founder of [@ssustainably\\_](#), a sustainable fashion educational account on Instagram with over 53k followers, believes second-hand purchasing sends a powerful signal to corporations.

“It’s more about how you get it rather than what it is,” she said. “As long as you’re giving new life to an item, it doesn’t really matter where it’s from. Fast fashion companies don’t profit off someone buying that statement piece that will last them years, they profit off people’s overconsumption and trendy pieces that they keep updating.”

“For me, it’s more about extending the life of my clothes, re-styling what I already have, and adding pieces second-hand,” she added.

Thrifting also impacts how people perceive themselves and their role in the consumption cycle. Rattazzi said she feels better when she makes the decision not to buy something new. And she’s not alone. According to the [Resale Report](#), 82 percent of consumers said they feel a positive emotion when they buy a second-hand item.

This is a thorn in the side of fast fashion retailers, who rely on rapid trend cycles and constant consumer desire for new products, Rattazzi said. By bringing new life to items, consumers are not only slowing down the clothing turnover process, but they can prevent apparel from ending up in landfills. Reports have found that textiles make up about 10 percent of landfills and approximately 90 percent of all textiles end up in landfills, Lynes said. Second-hand shopping also emits less carbon and reduces water and energy use.

Stone Reynolds, an employee at Second Street Vintage, a curated second-hand retailer in New York City’s Lower East Side, said that working in a thrift store has made him realize the widespread effects of the “thrifting phenomenon.”

“To say that thrifting plays a larger role in influencing corporations is an understatement,” Reynolds said. “It’s affecting how we wear clothes and how we see them.”

While demand for sustainable practices across industries is on the rise, it’s ultimately up to corporations and regulators to be transparent with customers and to implement changes. In this sense, Allbirds continues to be a leader. In 2020, it committed to reducing its carbon footprint to zero through a step-by-step, reported process that lets customers hold them accountable,

according to the brand's [Sustainability Report](#). Allbirds claims to be a quarter of the way to its goal, in what it calls “a game of inches.”

Rattazzi believes that companies must have a “holistic approach” to sustainability. For her, this means a slow and careful approach – like Allbirds’ “game of inches” – that looks at all aspects of a company, from the farmers who harvest raw materials, to the wage workers in factories and retail stores, to the CEO. For her, anything else “feels like a quick fix.”

“Business really needs to be revolutionized,” she said. “It is a big shift and it will take time, but companies really need to be serious about it. What we have so far is not enough. That’s where our voices become important – we can really fight for that change.”

## Sources

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Stone Reynolds, retail employee at Second Street Vintage Lower East Side

→ met in person.

Statements from Sen. Alessandra Biaggi and Maxine Bédard

→ <https://assembly.state.ny.us/mem/Anna-R-Kelles/story/101335>