Filipino Gen Z Consumer Behavior towards Ukay-ukay and Their Role in a Circular Fashion Economy

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Abstract: The fashion retail industry heavily relies on an unsustainable business model of maximizing production, fueling the throwaway culture, regardless of environmental costs. As a compromise, the secondhand fashion industry (ukay-ukay), is an interesting sustainable alternative since it reduces waste and recirculates clothing—two integral grounds for a circular economy (CE). However, studies assessing Filipino consumers’ perception of ukay-ukay as a CE are limited, making their role and a CE’s subsequent potential indeterminate. Thus, this study analyzes Filipino Gen Z consumers’ motivating factors of perceived value, the dynamics of individualism, and investigates their role in the ukay-ukay CE. This quantitative study collected data from (100) Filipino Gen Z consumers using an online questionnaire for each value. Then, a correlational and causal research design consisting of descriptive statistics, simple linear regression, multiple regression analysis, mediation analysis, and moderation analysis was used. Generally, this study found that Filipino Gen Z consumers’ perceived values of second-hand clothing significantly influence their attitudes towards participating in a circular economy, and illustrated in specific categories how and to what degree. These positive experiences, perceived values, and purchase behaviors were found to translate to purchase intention while spreading throughout the community due to word-of-mouth intention. Altogether, this research has verified past empirical findings and contrasted these against the context of Filipino Gen Z consumers. It also concludes that several motivators to purchase second-hand clothing overlap, attracting and retaining consumers into a repeating fashion cycle, validating previous research on the role of consumers in a circular economy.

Keywords: ukay-ukay; circular fashion economy; secondhand clothing; consumer behavior; Gen Z
1. INTRODUCTION

1.1. Background of the Study

Despite the fickleness of trends, everyone likes to be in style. The ever-changing fashion industry captures this demand precisely, making it unsustainable by nature. To demonstrate, the industry solely generates 5% of the world’s total landfill percentage and will continue to do so should it follow through with its traditional linear business model. Concerning this, the secondhand fashion industry has been thriving as an environmentally friendly alternative. Secondhand fashion is about reusing, representing the collection, sale, and exchange of used fashion products (Goldsmit, 2015), thus disposing of it, generating value from it, and “closing the loop” (Vehmas et al., 2018)—fulfilling the requirements of a circular economy. It is then logical to presume that a circular fashion economy seems promising for the Philippines with its prominent ukay-ukay (secondhand fashion) culture. However, studies assessing Filipino consumers’ perception towards ukay-ukay as a circular economy or a closed-loop business model is limited. There is a need to investigate the mental calculus, such as the motivating factors or the perceived values of Filipino consumers in purchasing ukay-ukay to figure out the role of Filipino consumers in a circular economy and how to achieve that ideal. Therefore, to fill in this gap, this study aims to analyze Filipino Generation Z consumers’ motivating factors of perceived value, the dynamics of individualism, and their role in the circular fashion economy with regards to the circular mechanisms of ukay-ukay.

1.2 Review of Related Literature

1.2.1 Ukay-ukay (Secondhand Clothing in the Philippines)

“Ukay” comes from the term “halukay,” which, when translated, means to dig up because a customer has to “dig up” to find a worthy, stylish item suitable for them at a bargain price (Locsin, 2007). In a cultural context, when living in a country that values social rank, affordable designer imported clothes tickle consumers in achieving the dream (Locsin, 2007). The proponents of this study hypothesize that Filipino Generation Z consumers familiar with ukay-ukay culture have unique contextualized opinions regarding circular fashion given their exposure to the purchase of secondhand items early on.

1.2.2 Sustainability and Circular Economy in the context of Secondhand Fashion

The current linear economy employs a take-make-dispose blueprint that takes what a person needs, makes a profit from the goods produced, and disposes of all they no longer need—often at the expense of the environment. Corona et al. (2019) defined the circular economy as a widely-regarded sustainable economic system where economic growth is detached from resource use by reducing and recirculating natural resources (p. 2). The secondhand fashion industry is a successful arm of collaborative consumption, a physical manifestation of what a closed-loop system in fashion would look like in a circular economy (Machado et al., 2019). As the fashion industry is looking for more sustainable alternatives alongside consumers being more concerned about their fashion consumption decisions (Machado et al., 2019), the circular economy opens opportunities for sustainable fashion business models (Vehmas et al., 2018).

1.2.3 Consumer Attitudes towards Secondhand Fashion

Perceived value, as the consumer’s overall assessment of a product based on individual perceptions, is considered a strategic imperative for businesses (Forrester & Murray, 1999). In their research in Korea, Kim et al. (2021) assessed consumers’ value and risk perceptions, product attitudes, and behavioral intentions toward circular fashion while uniquely including the moderating factor of individualism found in Generation Z as moderating factors. Their identified dimensions of perceived value were the emotional, social, epistemic, and environmental values, based from Sheth et al.’s (2019) framework. To elaborate: emotional value is the consumer’s perception of value from positive feelings associated with shopping or wearing products (Choo and Park, 2016), social value is the consumer’s perception of value from the apparent utility of being associated with a service or product towards certain demographics (Sheth et al., 1991), epistemic value is an observer-consumer’s perception of a product’s uniqueness, novelty, or rarity (Kim et al., 2021), and environmental value is the consumer’s perception of value on the environment’s connection with humans and thus the need to sustain it (Stern et al., 1995).

Uniquely, this study will include the functional dimension, a product's physical and practical consumption related to its price, quality, and function, that was discarded...
from Sheth et al.’s (1991) framework in Kim et al.’ study and was instead considered a risk factor. This is because Kim et al.’s (2019) study itself concluded that functional risk does not negatively affect consumer attitudes towards circular fashion (p. 16) and it also coincides with studies on ukay-ukay on analyzing purchasing intent to be significant because of affordability (Abueg, 2005; Locsin, 2007; Valdez et al., 2014). Independent of this, their study validated several other hypotheses; positive product attitude positively impacts word-of-mouth intention, positive product attitude positively impacts purchasing intent, and word-of-mouth intentions positively impacts purchasing intent.

Apart from the direct relationship between positive perceived value and purchase intention, Kim et al. (2021) also found out that consumers also have a tendency to share their experiences with other consumers (word-of-mouth intention). This is important to assess as sharing these experiences is an integral part of the circular economy. Distinctively, the study focuses on how these hypotheses would fly when applied to the context of Filipino Gen Z consumers.

1.2.4 Generation Z

Gen Z has particularly distinct values and characteristics, people born between 1996 to 2010 (Francis and Hoefel, 2018), such as individualism (Sladek & Grabinger, n.d.). From this definition, it is easy to assume that individualistic people are unlikely to tap into circular fashion. However, note that Generation Z, along with millennials, is the generation that values sustainability the most to date (Hodgson, 2018; Francis & Hoefel, 2018). This market of consumers must be researched into given its unique behavioral dynamics.

1.2.5 Consumer Role in a Circular Secondhand Fashion Economy

The crux of Machado et al.’s (2019) research to examine the role of consumers was to investigate the relationship the three independent motivating factors of consumers (economic, critical, and hedonic and recreational) to prove that each is interconnected with the other rather than independent. Through this interconnectedness, Machado et al. (2019) were able to conclude that secondhand fashion consumers were so involved in the secondhand fashion economy that they were able to enter a virtuous cycle of promoting and participating in the circular economy (p. 393).

However, their work is limited to single region data collection and small participant selection—insensitive to demographics such as age, social classes, culture, and location. There is also a lack of specific connections of consumer attitudes towards consumer behavior due to the research being unstructured. This present study can contribute and supplement the research of Machado et al. (2019) in understanding the role of a consumer from a marketing perspective. In particular, this study aims to build on the research gap by focusing on a certain age demographic (Gen Z), structuring a quantitative study based on Kim et al.’s (2021) study with revisions, and exploring the role of Filipino Gen Z in a circular secondhand economy of ukay-ukay.

2. METHODOLOGY

2.1 Theoretical Framework

Figure 1
Research Framework

The variables of this study were mainly lifted from Kim et. al.’s (2021) study. The variables were chosen based on their relevance to the study; some variables were discarded as they were not the focus of the study and were excluded due to time constraints.
2.2 Participants and Sampling

The study was conducted at De La Salle University-Manila, Metro Manila. Moreover, it was specifically conducted with Generation Z participants, ages 16 to 25. The respondents of the study consisted of one hundred (100) Filipino ukay-ukay consumers chosen through purposive sampling.

2.3 Research Design and Instrument

This quantitative study used a correlational and causal research design. Moreover, using consumer behavior data, the study also investigated the role of Gen Z consumers in a circular fashion and the impact of culture on consumer attitudes and behavior. The researchers utilized Google Forms to create an online survey questionnaire to collect data from Filipino Gen Z ukay-ukay consumers. Respondents will have to answer a series of questions mostly based on the works of Kim et al. (2021) and a portion of Yu and Lee’s (2019). The questionnaire consists of two parts; the first one to four questions per category to be rated on a scale in order to assess perceived value (emotional value, social value, epistemic value, environmental value), product attitude, behavior intention (WOM intention, purchase intention), and individualism based on personal traits and behavior.

2.4 Data Analysis

The statistical treatment of the data consisted of descriptive statistics, simple linear regression, multiple regression analysis, mediation analysis, and moderation analysis. A simple linear regression analysis will be used to discover the significance of the independent variable with the dependent variable and the variance of the independent variable with reference to the dependent variable.

On the other hand, the multiple regression analysis will also be used to assess the relative contribution of each factor, such as variance and significance, to the overall fit. The formula to be broadly used is: \( y_i = \beta_0 + \beta_1 x_{i1} + \beta_2 x_{i2} + \ldots + \beta_p x_{ip} + \epsilon \), where \( y_i \) are the dependent variables (word of mouth intention, purchase intention, product attitude), \( x_i \) are the explanatory variables (perceived values, individualism), \( \beta_0 \) is the y-intercept at time zero, \( \beta_p \) is the slope coefficients for each explanatory variable, and \( \epsilon \) is the model’s error term (\( p > 0.05 \)).

Mediation analysis using the Preacher and Hayes approach was also utilized. Using the said approach, it will be determined if there is a significant direct and indirect effect within the variables. A significant indirect effect and insignificant direct effect indicates a full mediation, thus fully explaining the relationship, showing that without the mediator, there is no relationship, while a significant indirect and direct effect signifies a partial mediation, thus only partially explaining the relationship. On the other hand, an insignificant indirect effect automatically implies no mediation.

Compared to mediation, a moderator variable affects the strength and direction of the variables' relationship. With a hypothesis to check moderating values, moderation analysis through multiple regression will determine if the moderator variable has a significant moderating effect on the relationship between the dependent and independent variable.

3. RESULTS AND DISCUSSION

### Table 1 Multiple Regression Analysis: Perceived Value and Product Attitude

<table>
<thead>
<tr>
<th>Model Fit Measures</th>
<th>Overall Model Test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td>R</td>
</tr>
<tr>
<td>1</td>
<td>0.839</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Model Coefficients – Product Attitude</th>
</tr>
</thead>
<tbody>
<tr>
<td>Predictor</td>
</tr>
<tr>
<td>Intercept</td>
</tr>
<tr>
<td>Emotional</td>
</tr>
</tbody>
</table>

Multiple regression analysis was conducted to determine the impact of consumer’s perceived value on product attitude. Results shows that five predictors taken together significantly affect product attitude, \( F(5,94)=44.8, p<.001 \), explaining 70.5% of the variance. Specifically, only emotional value is significantly associated with product attitude (\( B=69, t=10.23, p<.001 \)). These results are in line with Machado et al.’s (2019) findings that the predictors' perceived values overlap, motivating consumers to participate in a circular economy. Thus, owners of ukay-ukay businesses could alter their business models into ones that cater to the five predictors of a consumer’s perceived value, specifically...
prioritizing their consumers’ emotional values due to their significance.

Table 2
Simple Linear Regression Analysis: Product Attitude and WOM Intention

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R²</th>
<th>Adjusted R²</th>
<th>F</th>
<th>df1</th>
<th>df2</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.767</td>
<td>0.588</td>
<td>0.584</td>
<td>140</td>
<td>1</td>
<td>98</td>
<td>&lt;.001</td>
</tr>
</tbody>
</table>

Simple linear regression was used to discover the impact of product attitude towards WOM intention. The analysis revealed that product attitude has a significant positive relationship with WOM intention ($B=0.85$, $p<0.01$), accounting for 58.80% of the variance, $F(1,98)=140$, $p<.001$. This finding, like past studies, verifies the notion that consumers must first have a positive experience and perception with the product to promote it to others. As such, it can be concluded that entrepreneurs must focus on optimizing their consumers’ product attitude so that their willingness to share their experiences with other consumers will be greater. This approach may also be useful in marketing and in advocating for a circular economy.

Table 3
Simple Linear Regression Analysis: Product Attitude and Purchase Intention

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R²</th>
<th>Adjusted R²</th>
<th>F</th>
<th>df1</th>
<th>df2</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.847</td>
<td>0.717</td>
<td>0.714</td>
<td>249</td>
<td>1</td>
<td>98</td>
<td>&lt;.001</td>
</tr>
</tbody>
</table>

In the same way, simple linear regression was also conducted to discover the impact of product attitude towards purchase intention. The analysis revealed that product attitude has a significant positive relationship with purchase intention ($B=0.94$, $p<.001$), accounting for 71.70% of the variance, $F(1,98)=249$, $p<.001$. This expected finding suggests that ukay-ukay businesses must cater to a demographic that is more inclined to having a positive perception on ukay-ukay and circular fashion to entail definite purchases. A societal advancement towards a circular economy is also within their favor due to the expansion of their targeted demographic. Not only will these businesses prosper, but so can the environment in terms of sustainability.

Table 4
Simple Linear Regression Analysis: WOM Intention and Purchase Intention

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R²</th>
<th>Adjusted R²</th>
<th>F</th>
<th>df1</th>
<th>df2</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.702</td>
<td>0.493</td>
<td>0.487</td>
<td>95.2</td>
<td>1</td>
<td>98</td>
<td>&lt;.001</td>
</tr>
</tbody>
</table>

Simple linear regression was conducted again to determine the impact of WOM intention towards purchase intention. The analysis revealed that WOM intention has a significant positive relationship with purchase intention ($B=0.70$, $p<0.01$), accounting for 49.30% of the variance, $F(1,98)=95.2$, $p<.001$. Such a discovery is similar to Machado et al. (2019) and Kim et al.’s (2021) conclusions affirming that WOM intention is correlated with positive product experiences or attitudes, therefore increasing likelihood of purchases.

Table 5
Mediation Analysis: Product Attitude Mediating Perceived Value and WOM Intention

<table>
<thead>
<tr>
<th>Effect</th>
<th>Label</th>
<th>Estimate</th>
<th>SE</th>
<th>Lower</th>
<th>Upper</th>
<th>Z</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indirect</td>
<td>$a \times b$</td>
<td>0.675</td>
<td>0.119</td>
<td>0.4492</td>
<td>0.910</td>
<td>5.70</td>
<td>&lt;.001</td>
</tr>
<tr>
<td>Direct</td>
<td>$a'$</td>
<td>0.204</td>
<td>0.120</td>
<td>-0.0159</td>
<td>0.457</td>
<td>1.69</td>
<td>0.090</td>
</tr>
<tr>
<td>Total</td>
<td>$c + a \times b$</td>
<td>0.879</td>
<td>0.108</td>
<td>0.6572</td>
<td>1.077</td>
<td>8.11</td>
<td>&lt;.001</td>
</tr>
</tbody>
</table>

Additionally, mediation analysis was utilized using the Preacher and Hayes approach to determine if product attitude mediates the relationship between consumers' perceived value and WOM intention. The analyses reveal that consumers’ perceived value is not directly ($B=0.20$, $p=n.s.$) but indirectly related to WOM intention through product attitude ($B=0.68$, 95% CI [.4492 to .910]), thus implicating a full mediation. This mediation can be explained by the idea that consumers must have a positive experience with a product for a significant WOM intention. As the product attitude and perceived value of a consumer are linked in terms of emotional values, it is logical for these two concepts to be significantly linked to WOM intention. Furthermore, this finding emphasizes the value of prioritizing product attitude in a business model given its significant, positive impact on these two phenomena.
between social value and individualism. Moreover, the predictor implying prioritization of the individual over a collective. Furthermore, moderation analysis through multiple regression was used to examine if individualism has a moderating effect on the relationship between consumers’ perceived social value and attitude toward circular fashion. The results show that individualism does not have a moderating effect on consumers’ perceived value and product attitude ($B=-0.23, SE=0.12, p=n.s.$). This is an unforeseen finding; nevertheless, it can be deduced from this finding that there may be a disconnect between perceived value and individualism, possibly due to predictors not necessarily implying a prioritization of the individual over a collective. Moreover, the predictor social value is related to worth placed by a collective. As individualism is related to a divergence to social norms, it is coherent to see a disconnect between social value and individualism.

Similarly, to determine if product attitude mediates the relationship between consumers’ perceived value and purchase intention, mediation analysis was also utilized using the Preacher and Hayes approach. The analyses reveal that consumers’ perceived value is not directly ($B=0.09, p=n.s.$) but indirectly related to purchase intention through product attitude ($B=0.81, 95% CI [0.551 to 1.108]), thus implying a full mediation. Subsequently, it can be deduced that a consumer’s perceived value is relatively insufficient to motivate them to purchase if the consumer is not with a positive product attitude. As such, the importance of product attitude is worth noting since it is a greater motivator for purchases rather than perceived value. Entrepreneurs can utilize this by ensuring that their products truly yield tangible results on sustainability rather than merely advertising as such to target consumers’ perceived values.

Table 6. Mediation Analysis: Product Attitude Mediating Perceived Value and Purchase Intention

<table>
<thead>
<tr>
<th>Effect</th>
<th>Label</th>
<th>Estimate</th>
<th>SE</th>
<th>Lower</th>
<th>Upper</th>
<th>Z</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indirect</td>
<td>$a+b$</td>
<td>0.8310</td>
<td>0.143</td>
<td>0.551</td>
<td>1.108</td>
<td>5.680</td>
<td>&lt;.001</td>
</tr>
<tr>
<td>Direct</td>
<td>$c$</td>
<td>0.0095</td>
<td>0.103</td>
<td>-0.0102</td>
<td>0.301</td>
<td>0.882</td>
<td>0.378</td>
</tr>
<tr>
<td>Total</td>
<td>$a+b+c$</td>
<td>0.9015</td>
<td>0.129</td>
<td>0.645</td>
<td>1.153</td>
<td>6.988</td>
<td>&lt;.001</td>
</tr>
</tbody>
</table>

Table 7. Moderation Analysis: Individualism Moderating Product Attitude and Purchase Intention

<table>
<thead>
<tr>
<th>Effect</th>
<th>Estimate</th>
<th>SE</th>
<th>Z</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product Attitude</td>
<td>0.9614</td>
<td>0.0571</td>
<td>16.84</td>
<td>&lt;.001</td>
</tr>
<tr>
<td>Individualism</td>
<td>-0.0122</td>
<td>0.0582</td>
<td>-0.210</td>
<td>0.834</td>
</tr>
<tr>
<td>Product Attitude* Individualism</td>
<td>0.1950</td>
<td>0.0692</td>
<td>2.817</td>
<td>0.005</td>
</tr>
</tbody>
</table>

Lastly, moderation analysis through multiple regression was conducted again to examine if individualism has a moderating effect on the relationship between consumers’ attitude toward circular fashion and purchase intention. The results show that individualism significantly moderates the relationship between product attitude and purchase intention ($B=0.20, SE=0.07, p=.005$), and while product attitude is significant on all levels, it has a higher effect on purchase intention when individualism is high ($B=1.10, SE=0.08, p<.001$) compared to when it is low ($B=0.83, SE=0.07, p<.001$) or average ($B=0.96, SE=0.06, p<.001$). This finding is interesting given the disconnect between individualistic values and consumers’ perceived value. Nevertheless, individualism may be linked to product attitude rather than perceived value simply because the former has broader or less specific implications, along with the divergence from purchasing store-bought apparel, a conventional mode of acquiring clothing. The significance of individualism may also be linked to Gen Z consumers valuing their personal beliefs of sustainability, thus participating, and having a positive attitude towards a circular economy.

4. CONCLUSIONS

Altogether, this research has verified past empirical findings and contrasted these against the context of Filipino Gen Z consumers. Generally, it found that Filipino Gen Z consumers’ perceived values of second-hand clothing significantly influence their attitudes towards participating in a circular economy, and illustrated in specific categories how and to what degree. These positive experiences, perceived values, and purchase behaviors not only translate to purchase intention, but are also spread within and outside the community due to word-of-mouth intention. Specific to their context, the research also puts into light how individualism truly is a moderating factor in their product attitude and
purchase intent due to the emphasis on the consumers’ individual beliefs. Lastly, this study also concludes that several motivators to purchase second-hand clothing overlap, attracting and retaining consumers into a repeating fashion cycle, validating previous research on the role of consumers in a circular economy.

The proponents recommend that second-hand apparel business owners use these findings to modify their business models in optimizing their consumers’ purchase intent and behavior. This can be through tapping into a consumer’s emotional perceived value by prioritizing a good shop ambience and ensuring that consumers are likely to always find great items in the selection of clothes instead of simply bringing prices down. This is for them to get positive feelings and be motivated to purchase the item and eventually share it with others. Advertising should focus on what an individual is likely to feel once they purchase an item as opposed to cultivating the social, epistemic, environmental, and even functional values. This can also be through directly marketing towards individuals already interested in secondhand fashion given that a positive product attitude is likelier to translate to purchase intention. Also, future researchers are suggested to apply a larger, more varied sample size and a qualitative study on consumer motivations in their research model. An analysis of consumers’ perceived risk and different dimensions of individualism is also recommended.

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6. REFERENCES


