

Case #8c. The International Fur Federation Faces a New York City ban

This case is based on the following article:

“Bans on Fur Threaten an Industry’s Rebirth”



Fur coats and hats on display in Manhattan’s fur district. Proposed legislation in New York City would ban the sale of fur for ethical and humane reasons. Photo: Spencer Platt/Getty Images
By Suzanne Kapner Wall Street Journal April 14, 2019

New York City could become the latest city to ban the sale of fur. There is just one problem: Consumers can’t seem to get enough of fluffy animal hides.

The U.S. production of fur used in apparel and accessories has been climbing for a decade and in 2018 reached its highest level in 17 years, according to Euromonitor International. Compared with a 2009 low, annual U.S. fur sales more than doubled to \$531 million last year.

Once mainly used in coats, fur is now used to adorn everything from sneakers to pillows to purses. Sales at **Canada Goose Holdings** Inc., known for its down parkas trimmed in coyote fur, jumped 50% in the most recent quarter from a year ago. **Macy's** Inc., which sells a number of fur products including mink coats and rabbit-fur keychains, has said fur sales are “fairly strong.”



Sales at Canada Goose Holdings, known for its down parkas trimmed in coyote fur, jumped 50% in the most recent quarter from a year ago. Photo: Christinne Muschi/Bloomberg News

“If they can afford it, they are buying it,” said Nick Pologeorgis, a second-generation furrier in Manhattan, noting that his customers include socially conscious millennials.

“From what I’ve seen with my friends, fur is not a dying trend,” said Nicole Farese, a 23-year-old resident of Nanuet, N.Y., who owns fur scarfs, fur-lined gloves and fur-lined loafers. She said she prefers to wear real fur rather than faux fur, because the fake stuff is made of chemicals and doesn’t biodegrade. “Real fur is better for the environment,” she said.

That hasn’t stopped cities including Los Angeles and San Francisco from banning fur sales. The state of California is considering a similar measure, as are New York state and New York City.

Pelt sales have waxed and waned over the decades, depending on fashion trends and economic cycles. They are down about 25% from a high of \$707.3 million in 1999, according to Euromonitor, which didn’t adjust the numbers for inflation.

Animal-rights activists say a turning point came in 2013 when the **U.S. Federal Trade Commission** settled charges against Neiman Marcus and several other retailers that were accused of selling real fur labeled as fake.

“That spurred lawmakers to take a look at this issue,” said Dan Mathews, a senior vice president with **People for the Ethical Treatment of Animals (PETA)**. “We look forward to the day when people won’t kill animals for fashion—ever.”

A handful of **brands have stopped using fur, including Michael Kors, Ralph Lauren and Gucci**, which in 2017 switched the kangaroo fur in its Princetown loafers to lamb’s wool. Josh Schulman, the president of Coach, said the brand plans to phase out fur by the fall in response to consumer and employee concerns. But he added that fur had accounted for only about 1% of sales.



Ugg boots sewn from sheepskin. ‘Virtually all legislatures that have banned fur—or are considering doing so—have exempted sheepskin,’ says the general counsel for Deckers Outdoors, which owns Ugg. Photo: david gray/Reuters

The local laws can be confusing. For instance, West Hollywood, Calif., passed a law that went into effect in 2013 that banned the sale of all fur, including sheepskin, which is what Ugg boots are made from. But sheepskin is exempt from the San Francisco and Los Angeles bans.

San Francisco's law went into effect in January but gives stores until 2020 to sell their inventories. The Los Angeles measure, passed in February, is set to take effect in 2021. Details of the New York bills will get hammered out in hearings in coming weeks.

“Virtually all legislatures that have banned fur—or are considering doing so—have exempted sheepskin,” said Tom Garcia, the general counsel for Deckers Outdoors Corp., which owns Ugg. “They recognize that, unlike luxury furs, sheepskin is a byproduct of food like leather.”

Los Angeles and San Francisco have also exempted fur from animals killed with a trapper's license such as coyote. The trappers, according to Canada Goose's website, are regulated and help prevent the overpopulation of coyotes, which can be harmful to pets and livestock. Canada Goose didn't respond to a request for comment.

Shoppers in those jurisdictions who can't live without mink, fox and other banned furs can find ways around the laws, for instance, by ordering from a retailer or e-commerce company located elsewhere.

“There are loads of loopholes,” said PETA's Mr. Mathews. “If people really want fur, they can get it. But the laws are starting to tighten the noose.”

As the legislative backlash against real fur has intensified, retailers have taken to advertising fur less. In November, the word “fur” appeared in six ads, compared with 111 ads for “faux fur,” according to Numerator, which tracked promotions at over 20 retailers. In November 2017, the gap was far smaller with “fur” appearing in 87 ads, compared with 114 for “faux fur.”

Fur trade associations say faux fur comes with its own problems.

“Fake fur is made from petrochemicals and plastic, which is very harmful for the environment,” said Nancy Daigneault, a vice president at the **International Fur Federation**, a trade group. “It will end up in a landfill and is not biodegradable. Real fur will decompose naturally.”

Actors in the Case

International Fur Federation

Brands that have stopped using fur

Brands that continue to use fur

PETA and other animal-rights activists

Cities (including New York, Los Angeles and San Francisco) banning fur sales

Federal Trade Commission

Case Questions

1. (8) Draw a power diagram for the case, following the model shown in Exhibit 8.2, with the actors identified above:
2. (4) Summarize what your power diagram tells you about the International Fur Federation (IFF)'s situation in the case in less than 150 words (**Summary means summary! Do not simply repeat what is in your diagram. Summarize key elements. Your summary should conclude with a statement about position, positive or negative, of the IFF, i.e., a “summary” of your summary in power terms.**)
3. (3) Is there any viable strategy for the IFF to persuade the New York City to not ban fur products? **If yes, explain. If not, explain why not.**