



SUSTAINABILITY IN FASHION RETAIL

The Fashion Industry has the dubious **distinction of being the 2nd largest polluter**. The "**Global Fashion Agenda (GFA)**" and "**Boston Consultancy Group (BCG)**" predict that presuming the current rate of solid waste during production and at the end of use, the **Fashion Industry's share of solid waste will increase by 62% between 2015 and 2030**, with an **additional new 57 million tons** of waste generated annually. Of this waste, only about **20% is likely to be recycled annually**.ⁱ So, the need for sustainability is real.

Broadly, there are two ways the industry can address the need:

- **Sustainable Production/Processing:** Adopting inclusive, environment-friendly practices for producing raw materials, processing, and manufacturing
- **Reducing Waste:** Ensuring that there is a substantial reduction in waste generated in the process. Broadly tackled through:
 - **Proactive Elimination:** Creating designs or adopting processes that reduce wastage (e.g., use of 3D to reduce samples or laser to create Denim Wash effects)
 - **Reactive Elimination:** Using recyclable raw materials that can be brought back into production (e.g., Isko's R-TWO collection of recycled materials)



In McKinsey's Apparel CPO Survey 2019, **Sustainability & Transparency** was ranked #1 amongst the choice for the Top 3 areas of sourcing adjustment within companies.ⁱⁱ There are multiple examples to highlight the industry's willingness to improve upon its sustainability record and adopt better practices that help advance the cause. Some of the initiatives are listed below:

- **Sustainable Apparel Coalition** established to standardize industry-wide practices and provide the benchmark for calculating Sustainability Scores
- **Fashion Sustainability Platform** established by **World Wildlife Fund (WWF), Sweden**, in partnership with **Google**
- **Partnership for Cleaner Textile (PaCT)** established to help Bangladesh garment manufacturers to make a better and informed decision about water consumption
- **Company Sustainability Performance Report or similar** released by companies like Kering, H&M, etc.; Mud Jean's "Cradle to Grave" lifecycle analysis, unique platforms like the one released by the brand 7 for All Mankind
- **Forums & Events** such as the Copenhagen Sustainability Summit

“ In the future, consumers should have access to the total sustainability information of a product. ”

- H&M CEO Karl Johan Perssonⁱⁱⁱ

For the initiatives to succeed, **retailers, manufacturers, and consumers** have to play their part:

- **Retailers:** Will need to implement practices that ensure clear visibility across the entire value chain, direct control over the 2nd and 3rd level suppliers and conscious effort to adopt more "sustainable" raw material sourcing practices and being transparent about the entire value chain. E.g., H&M has set a target to use cotton only from recycled or sustainable sources by 2021
- **Manufacturers:** Will need to introduce practices aimed at environment-friendly manufacturing processes and make the necessary infrastructure investments
- **Consumers:** Will have to make a conscious decision to buy products that are "green" or patronage brands that exhibit a shift towards adopting and encouraging sustainable practices. One recent survey showed that sustainability does invoke a positive response from shoppers. 75% of consumers view sustainability as very important, and more than a third have walked away from their preferred brand over environmental or social issues (BCG Study).^{iv}

However, this shift will not be smooth. There are two key challenges:

- **Price:** Products using sustainable practices are likely to be priced higher because of the cost associated with adopting sourcing and manufacturing practices that are carried out under stringent supervision and follow pre-set norms
- **Differentiation:** How does a consumer get to differentiate a sustainable product from others? What information source (public or otherwise) does s/he rely on to choose such products in the marketplace and make an informed decision? Case in point: all garments sold on Zalando's retail platform will need to have SAC Sustainability scores

To overcome the above, **transparency and commitment to the cause**, will play a vital role, as under:

- **Transparency:** Retailers have to be open to declare their material source and manufacturing practices. Some initiatives are in place, albeit with limited success (as per Fashion Transparency Index-2019, only 35% of the 200 listed Brands have disclosed their tier-1 source).^v
- **Commitment:** Consumers on the other hand, will have to be vigilant and supportive of the additional price tag associated with the products coming out of the sustainability initiatives across retailers. They will have to move away from the current behavior wherein sustainability concerns are not the biggest drivers of purchasing behavior - only 7% of consumers see them as a critical factor. Instead, quality and value continue to be the top considerations.^{vi} (BCG Study)

Technology will play a significant role in the **promotion, adoption, and continuance** of these initiatives. 3D, AR, etc. are already making an impact in minimizing waste in product development. Similarly, RFID is facilitating transparency by helping track materials from their source to end user. In addition, mobile apps are being used to display detailed product information and the brand's sustainability practices assisting customers to make an informed decision while making their buying choices.

ITC Infotech's Sustainability Solution helps to create a data driven business process that provides clear visibility to the sustainability scores during the development process. This helps brands to make sustainability claims supported by verifiable product development data, thereby increasing credibility, enhancing brand value and improving consumer loyalty.

In conclusion, while the **Fashion Industry** has covered some ground in addressing sustainable products and manufacturing practices, there is still a long way to go. **COVID-19 is likely to accelerate the process**, and the industry will move forward using the latest technology platforms to achieve its goals. In doing so, transparency from the retailers and commitment from customers will be the key drivers that will help sustain the initiative.



Reference:

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- iii <https://www.reputation-inc.com/our-thinking/hm-ceo-karl-johan-persson-in-the-future-consumers-should-have-access-to-the-total-sustainability-information-of-a-product>
- iv <http://globalfashionagenda.com/Pulse-2019-Update>
- v https://issuu.com/fashionrevolution/docs/fashion_transparency_index_2019?e=25766662/69342298
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