

TRAINING FICHE

02. THE WEIGHT OF ECONOMY IN CLOTHING

(Sections in italic only for internal use, not to be published)

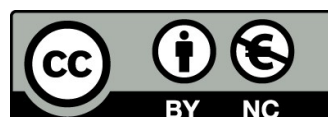
Area	<i>Clothing</i>
Level	<i>ADVANCED</i>
Topic	<div style="border: 1px solid black; padding: 5px;"> <div style="background-color: #92d050; height: 20px; margin-bottom: 5px;"></div> <div style="background-color: #4f81bd; height: 20px; margin-bottom: 5px; display: flex; align-items: center; justify-content: center;"> 2. Economic implications of RC production and consumption </div> <div style="background-color: #e64980; height: 20px; margin-bottom: 5px;"></div> <div style="background-color: #ffff00; height: 20px; margin-bottom: 5px;"></div> <div style="background-color: #ff8c00; height: 20px; margin-bottom: 5px;"></div> </div>
Module	<div style="border: 1px solid black; padding: 5px;"> <div style="background-color: #92d050; height: 20px; margin-bottom: 5px;"></div> <div style="background-color: #4f81bd; height: 20px; margin-bottom: 5px; display: flex; align-items: center; justify-content: center;"> The weight of the economy in Clothing </div> <div style="background-color: #e64980; height: 20px; margin-bottom: 5px;"></div> <div style="background-color: #ffff00; height: 20px; margin-bottom: 5px;"></div> <div style="background-color: #ff8c00; height: 20px; margin-bottom: 5px;"></div> </div>
Keywords	Clothing; Economic Implications; Fashion industry; Global economy; Economic growth; Impacts; Business models; New business models
Introduction (500-1000 characters including spaces)	The fashion industry represents an important part of our global economy, with an estimated value of more than 2.5 trillion \$USD and employing more than 75 million people worldwide. This sector is still growing since consumers bought 60% more clothes in recent years when compared to 2020. This growth can be explained by a rising affluence

With the support of the Erasmus+ programme of the European Union. This document and its contents reflect the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein.



Co-funded by
the European Union

Legal description – Creative Commons licensing: The materials published on the CARE project website are classified as Open Educational Resources' (OER) and can be freely (without permission of their creators): downloaded, used, reused, copied, adapted, and shared by users, with information about the source of their origin



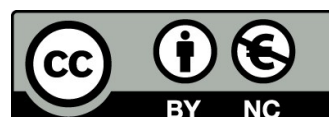
	<p>of cheap garments produced mostly in emerging economies, and an increased disposability, since consumers only keep the clothes for half of the time as they used to do.</p> <p>Due to the increased concern about the environmental impacts of this industry – which can be translated into economic losses – brands and companies are starting to integrate sustainability aspects in their business models. New business models, based primarily on sustainable or circular concerns, are also emerging.</p>
<p>Economic Impacts/Benefits (1000-1500 characters including spaces)</p>	<p>The economic impacts of the fashion industry require a shift throughout the value chain and the implementation of more sustainable business models.</p> <p>One of the most important actions the industry could apply is decoupling revenues from raw material production, meaning that the use of resources should not be dependent on natural resources but rather on using the materials that already exist in the garments. This can be achieved by reselling, renting, repairing and remaking clothes. All these business models reduce greenhouse emissions, pollution and biodiversity losses.</p> <p>These business models impact local economies considerably. By repairing or customizing clothes, customers are supporting and promoting local businesses such as seamstresses and small repair shops. For brands, implementing circular business models can lead to a diversity of revenue streams by offering new services such as restoration or customization. Also, there is an increased customer loyalty since the company is not selling just a piece</p>

With the support of the Erasmus+ programme of the European Union. This document and its contents reflect the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein.



Co-funded by
the European Union

Legal description – Creative Commons licensing: The materials published on the CARE project website are classified as Open Educational Resources' (OER) and can be freely (without permission of their creators): downloaded, used, reused, copied, adapted, and shared by users, with information about the source of their origin



	<p>of garment, but a prolonged relationship with its product and the owner.</p>
<p>Good practices (1000 -1500 characters including spaces)</p>	<p>Although there are more and more brands concerned with the economic value chain of what they produce, it is difficult to catalog any fashion brand as an example, due to the lack of transparency of their processes and commercial practices. In this context, some brands deserve to be mentioned because they present aspects that can be considered as good practices, even if some may not be totally transparent:</p> <ul style="list-style-type: none"> • Naz is a Portuguese sustainable fashion brand under the moto “creating democratic fashion for a mindful tomorrow”. • Harvest & Mill’s is another brand that manufactures locally to reduce its carbon footprint and uses low impact non-toxic dyes or no dyes in all of its products. Nevertheless, it is unclear whether it ensures payment of a living wage in its supply chain. • Similarly, and despite Econscious uses a high proportion of eco-friendly materials and audits in the final stages of production, there is no evidence it ensures payment of a living wage in its supply chain. <p>For further options, check Good on You, an online directory that rates fashion brands-based Planet, People and Animals sustainability.</p>
<p>Current and future challenges (1000 -1500 characters including spaces)</p>	<p>In order to fully apply successful circular business models, companies’ revenues need to be decoupled from production and resource use. Therefore, they need to implement take-back systems to start using their own products as a source of materials and components to be reused in “new” garments. Only by owning and receiving</p>

With the support of the Erasmus+ programme of the European Union. This document and its contents reflect the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein.



Co-funded by
the European Union

Legal description – Creative Commons licensing: The materials published on the CARE project website are classified as Open Educational Resources' (OER) and can be freely (without permission of their creators): downloaded, used, reused, copied, adapted, and shared by users, with information about the source of their origin



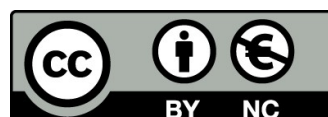
	<p>back their own products, can brands achieve the benefits that these practices present. However, there are obstacles to accomplish this, especially because products are not designed to withstand the number of cycles they can go through in a circular business model. And, also, because supply chains are not prepared to receive back garments as they are made to be one-way (company to customer). Moreover, it is important to address the large number of garments this industry produces since its business model relies on making and selling tons of cheap products in order to be profitable. However, this model needs to change, and will certainly change in the future, because real implementation of circular business models implies that brands must stop producing the quantities they currently do. Circular business models and their services will need to be applied to substitute revenue streams these companies rely on in order to be profitable.</p> <p>Due to all of these factors, now and in the future, brands ought to rethink their business models to incorporate new circular practices, since without adjustment, prototyping and innovation, the transition will be harder and the effects postponed.</p>
Language	<i>English</i>
Partner	<i>UA</i>
Further references	<p>https://www.mckinsey.com/capabilities/strategy-and-corporate-finance/our-insights/what-matters-most-six-priorities-for-ceos-in-turbulent-times</p> <p>https://ellenmacarthurfoundation.org/fashion-business-models/overview</p>

With the support of the Erasmus+ programme of the European Union. This document and its contents reflect the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein.



Co-funded by
the European Union

Legal description – Creative Commons licensing: The materials published on the CARE project website are classified as Open Educational Resources' (OER) and can be freely (without permission of their creators): downloaded, used, reused, copied, adapted, and shared by users, with information about the source of their origin




<https://www.mckinsey.com/industries/financial-services/our-insights/global-banking-annual-review>

With the support of the Erasmus+ programme of the European Union. This document and its contents reflect the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein.



Co-funded by
the European Union

Legal description – Creative Commons licensing: The materials published on the CARE project website are classified as Open Educational Resources' (OER) and can be freely (without permission of their creators): downloaded, used, reused, copied, adapted, and shared by users, with information about the source of their origin

