

TRAINING FICHE

02. THE WEIGHT OF ECONOMY IN CLOTHING

(Sections in italic only for internal use, not to be published)

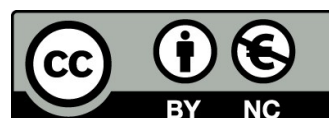
Area	<i>Clothing</i>
Level	<i>BASIC</i>
Topic	<div style="display: flex; align-items: center;"> <div style="width: 30px; height: 30px; border: 1px solid black; margin-right: 5px;"></div> <div style="background-color: #90EE90; width: 100%; height: 20px;"></div> </div> <div style="display: flex; align-items: center;"> <div style="width: 30px; height: 30px; border: 1px solid black; margin-right: 5px;"></div> <div style="background-color: #6495ED; width: 100%; height: 20px; padding: 2px;"> <i>2. Economic implications of RC production and consumption</i> </div> </div> <div style="display: flex; align-items: center;"> <div style="width: 30px; height: 30px; border: 1px solid black; margin-right: 5px;"></div> <div style="background-color: #FF00FF; width: 100%; height: 20px;"></div> </div> <div style="display: flex; align-items: center;"> <div style="width: 30px; height: 30px; border: 1px solid black; margin-right: 5px;"></div> <div style="background-color: #FFFF00; width: 100%; height: 20px;"></div> </div> <div style="display: flex; align-items: center;"> <div style="width: 30px; height: 30px; border: 1px solid black; margin-right: 5px;"></div> <div style="background-color: #FF8C00; width: 100%; height: 20px;"></div> </div>
Module	<div style="display: flex; align-items: center;"> <div style="width: 30px; height: 30px; border: 1px solid black; margin-right: 5px;"></div> <div style="background-color: #90EE90; width: 100%; height: 20px;"></div> </div> <div style="display: flex; align-items: center;"> <div style="width: 30px; height: 30px; border: 1px solid black; margin-right: 5px;"></div> <div style="background-color: #6495ED; width: 100%; height: 20px; padding: 2px;"> <i>The weight of the economy in Clothing</i> </div> </div> <div style="display: flex; align-items: center;"> <div style="width: 30px; height: 30px; border: 1px solid black; margin-right: 5px;"></div> <div style="background-color: #FF00FF; width: 100%; height: 20px;"></div> </div> <div style="display: flex; align-items: center;"> <div style="width: 30px; height: 30px; border: 1px solid black; margin-right: 5px;"></div> <div style="background-color: #FFFF00; width: 100%; height: 20px;"></div> </div> <div style="display: flex; align-items: center;"> <div style="width: 30px; height: 30px; border: 1px solid black; margin-right: 5px;"></div> <div style="background-color: #FF8C00; width: 100%; height: 20px;"></div> </div>
Keywords	Clothing; Economic Implications; Circular business models; Rental; Resale; Repair; Remaking
Introduction (500-1000 characters including spaces)	Clothing accounts for more than 60% of all textiles used and, in the last 15 years, its production has doubled in mature economies. Companies and fashion brands are starting to integrate sustainability or circularity components in their production processes and new business models are

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	<p>emerging to tackle these problems and embrace these concerns.</p> <p>Based on the Ellen MacArthur´s framework, there are currently 4 business models that circulate materials and products: rental, resale, repair and remake.</p> <p>Rental includes several schemes in which clothes are temporarily used by a customer, afterwards returning them to be used by another person. This can be done by peer-to-peer, large scale rentals and subscription models. Resale includes online and offline peer-to-peer sale, third-party marketplaces and own-brand re-commerce. Repair consists of returning a faulty or broken product to a usable state, and Remake happens when a product is created from existing products or components.</p>
<p>Economic Impacts/Benefits (1000-1500 characters including spaces)</p>	<p>The four circular business models - rental, resale, repair and remake - are already worth more than USD 73 billion and the market will still grow in the next few years. It is estimated that, by 2030, it will account for 23% of the global fashion market.</p> <p>As shown, there is an increased interest in these new circular business models since there is more information and awareness about the negative impacts of the fast fashion industry. Consumers are more aware of the impact of their purchasing choices, and, consequently, more demanding about sustainable and ethical practices, especially from big companies. In general, a more educated consumer will require more information and transparency in order to choose wisely where to buy the products they need. This will lead companies to change and improve their production practices and comply with the market criterion. Therefore, new</p>

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	<p>and future investments made by fashion brands need to take in consideration these changes, and companies that don't keep up with it will experience a decay in consumer perspective and on their revenues.</p>
<p>Good practices (1000 -1500 characters including spaces)</p>	<p>There are more and more emerging brands already reflecting on these problems within the clothing industry. However, it must be taken into account that it is not possible to catalog any fashion brand as an example due to the lack of transparency of its processes and the social and environmental practices of its businesses. Within this framework, some brands are worth being mentioned as they have aspects that can be considered good practices:</p> <ul style="list-style-type: none"> • One of these is Vinted, an online peer-to-peer marketplace to sell second hand clothes, very popular mostly among young people • Another one is the Portuguese brand Nae that uses sustainable materials to produce footwear, with no animal exploitation • Knickey is an organic cotton underwear brand, offering the best-fitting basics for everybody; its factories are certified by Fairtrade International - Small Producers Organizations', ensuring payment of a living wage in most of its supply chain <p>For further options check Good on You, an online directory that rates fashion brands based on Planet, People and Animals sustainability.</p>
<p>Current and future challenges (1000 -1500 characters including spaces)</p>	<p>Implementing circular business models will greatly impact the economic <i>status quo</i> of the fashion industry.</p>

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	<p>If the industry starts to shift and decreases its use of virgin materials, although there is a positive impact, small businesses (including farmers and workers at factories) will be the ones suffering the most economic impact. Therefore, this transition needs to be done while these workers are being trained and relocated to other new functions or jobs.</p> <p>Brands will also have to start offering different types of services - based on the 4 circular business models mentioned above - to show customers their commitment to a more sustainable and circular industry. This will also make it easier for customers to change their consumption habits and behaviors.</p> <p>This is the reason why, on the consumer side, most relevant challenges are related to the high prices of sustainable clothes - when compared to fast fashion ones - requiring a shift in the customer's mindset. Education and awareness campaigns will be important to explain why it is necessary to buy according to different criteria, not focusing mainly on cheap prices.</p>
Language	<i>English</i>
Partner	<i>UA</i>
Further references	<p>https://www.mckinsey.com/~media/mckinsey/industries/retail/our%20insights/state%20of%20fashion/2022/the-state-of-fashion-2022.pdf</p> <p>https://www.mckinsey.com/industries/retail/our-insights/state-of-fashion-technology-report-2022</p> <p>https://ellenmacarthurfoundation.org/news/circular-business-models-in-the-fashion-industry</p>

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