

Strategy Management for Sustainable Fashion in Facing Uncertainty

Young Dreamers

Author's names :

Syntha Rachma

Clara Calista

Felicia Elvita

Email contact of each participant:

rachmayntha@gmail.com

calistaclara77@gmail.com

felicialvita2307@gmail.com

Video-Presentation Youtube Link:

<https://youtu.be/1P7Cpbm-E1s>

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Statement of Authorship

“we hereby declare truthfully to my/our knowledge that this essay contains no other work or opinion that has been written or published before by another party, unless those that are explicitly quoted and mentioned in the quotations and references.”



Syntha Rachma



Clara Calista



Felicia Elvita

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I. Introduction

Sustainability means that biological systems can sustain unlimited biodiversity and productivity. This can be achieved by human life not utilizing and exploiting natural resources or the ecological balance that exists in the area (Youmatter, 2021). The most important aspect is to understand how to utilize existing environmental resources wisely so as not to deplete the reserves of environmental resources for future generations. There are three pillars in sustainability business: economy, society, and environment. Commonly it is better known as people, planet, and profit. For people, it is how companies affect and bring benefits to workers, laborers, and society. For the planet, it is how the company strives to create a business that is in harmony with nature and minimizes negative impacts on the environment. Lastly, for-profit, means how do companies benefit financially, which is certainly in line with the previous 2Ps (people and planet). Sustainability has become a critical component and has been applied in various industries, one of which is the fashion industry.

In fashion, sustainability is defined as clothing, accessories, shoes that are manufactured, marketed, and used in the most sustainable manner possible. Textiles as one of the main raw materials play an important role in fashion sustainability. However, the textile business process also raises a new problem. The textile business process begins with raw materials derived from natural fibers (wool, cotton and silk) and artificial fibers (polyester, nylon and spandex). The raw materials will be processed in such a way until becoming threads and fabrics. These threads and fabrics are given colour and coatings so produce good quality and attractive fabric threads. After coloring and coating, the textiles are ready to be used for garments.



Figure 1. Business Process in Making Garments

This happens because the textile manufacturing process uses high resources such as water, fuel, and various chemicals in a long production process, resulting in large amounts of waste. Untreated waste disposal causes water pollution. Fabric fibers from textile waste are also predicted to become a big contributor to plastics entering seawater (Un Partnership on Sustainable Fashion and the SDGs, n.d.). Every year, 40,000-50,000 tonnes of fabric dye are dumped into the river without treatment (Impact of dyes, 2016). This makes the clothing and textile industries become the

second-largest polluter in the world after oil (Environmental impacts of the fashion industry, 2021). The impact is that tens of millions of sea animals around the world have to be exposed to the dangers of chemical dye waste so that we can be stylish (Fakta Fesyen Global, 2021). Besides that, textiles also cause air pollution that occurs during coating, printing, finishing, and drying in new production (Thangavel and Duraisamy, 2014). This makes the fashion industry account for 10% of the world's total carbon emissions which have an impact on climate change and account for 20% of world wastewater that impact on the availability of clean water (Sinar Harapan.Co, 2020). Apart from textiles, it turns out that prices are also an issue of sustainable fashion because many people think that eco-friendly products have a higher price compared to products that use non-eco-friendly materials. This happens because eco friendly materials are indeed more expensive than polyester (Yuniar, N, 2020). Eco friendly materials such as linen, tencel and cotton are not as affordable as polyester because the processing takes more time and energy so if it is not used, it is easy to be processed and does not become waste (Yuniar, N, 2020). Sometimes eco friendly items become more expensive because of the costs that have to be paid to pay the designers who make these products. In the next section of the essay, we will discuss: how fast fashion production contribute to environmental problem, companies that start to implement sustainable fashion, different opinion regarding the price of sustainability fashion products, and recommendation to put forwards sustainability in the fashion industry.

II. Discussion

The main issue why we need to apply sustainability in the fashion industry is because of the waste that is resulted from the fast-fashion production processes. Ellen MacArthur, a researcher who focuses on studying the pollution of the fashion industry, estimates that the world's fashion business waste is worth the US \$500 billion annually. It is dominated by many fast-fashion outlets around the world. Zara, H&M, or Topshop are some of the fast-fashion outlets that are currently trending in most countries. However, fast fashion is the key contributor that drives the fashion industry to become one of the biggest polluters in the world. The fast-fashion industry is an industry that has rapid development. According to the Fashion United report, the industry holds 2% of Gross Domestic Production (GDP) world with a market value of 3 trillion dollars. However, From an economic point of view, fast fashion does make

clothing prices cheap and accessible to more people, but the negative impact is on the emergence of a consumptive culture and the waste that damages the environment. There is a ‘trade-off’ between low prices and environmental conditions. Therefore, many world fashion labels have also committed to implementing sustainable principles by launching initiatives and programs that are more transparent at all stages of their production. For instance, Zalora as the leading fashion e-commerce platform in Asia has also used its position and strengths to create a more comprehensive plan to bring positive change to the industry. This is evidenced by the release of the Sustainable Development Strategy to demonstrate responsibility for environmental impacts while inspiring customers to shop wisely. The strategy itself consists of ambitious targets for 2022 to 2025 which are divided into four main pillars consisting of an environmental footprint across its operations, sustainable consumption, more ethical sourcing, and a responsible workplace and community engagement. Other impressive points include reducing the volume of plastic packaging by up to 40 percent, incorporating more environmentally friendly materials, fully offsetting carbon emissions from operations to transportation, and ensuring that 50 percent of its products are verified as sustainable. Moreover, companies that used to be known as fast-fashion such as H&M also start to implement sustainability. According to Forbes, H&M is starting to change their brand image as fast fashion roots with a more environmentally conscious collection. They made their product with the material that is more eco-friendly like organic cotton, and recycled polyester. Furthermore, customers can also recycle their clothes that are no longer used at H&M stores, and they will get discounts on the next purchases. Overall, H&M has a goal to only use sustainable materials by 2030. Probably, it will bring conflicts to some companies that didn’t want to provide more cost to get eco-friendly material, because the price definitely will be higher compared to the mass-production one. However, based on the McKinsey research in April 2020 (Consumer sentiment on sustainability in fashion), 67% of respondents agree that the use of sustainable materials is an important factor when purchasing. 70% of respondents think a company should be transparent towards sustainability. 71% of respondents are fine to use their purchased products for a longer period and prefer to purchase durable items. It shows an interesting fact that the respondents which consist of Generation Z and millennials already have environmental consciousness. Based on this research, if we think from the long-term perspective, companies that have a sustainable fashion both in their materials and

products will generate more profit in the future, since most people prefer to purchase eco-friendly products. Nevertheless, right now we're still in the covid-19 pandemic, where all the businesses have experienced a loss in their financial performance. It includes the fashion industry. Hence, the companies need to have a strategy in coping with the pandemic. If we look at H&M stores based on *figure 2* below, they also experienced a loss in quarter 2 in the year 2020, it was when all of the countries had a strict lockdown regulation. However, as we can see in the graph, in Q3 they already recover, it is mainly because of the strong online sales.

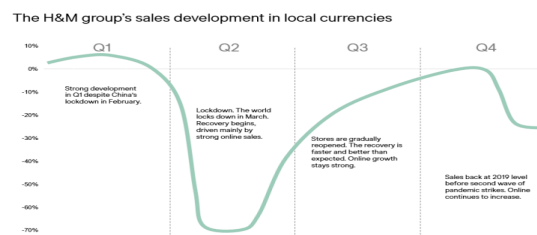


Figure 2. The H&M Group's Sales Development 2020 (H&M Group)

H&M still can survive in this pandemic, with various strategies. First of all, they focus on digital channels as most stores are temporarily closed. It resulted in online sales increasing by 50%. Moreover, H&M gives relevant and great offers to the customer. They offer a good combination of fashion, quality, price, and sustainability. In addition to that, they also adjust their cost management like adjusting their human resources, rent negotiations, and reviewing marketing initiatives. Lastly, H&M secured their additional credit facilities and increased share of investments towards digital and supply chain. Some of these strategies definitely can be applied to all of the fashion industry companies to survive in this pandemic.

Furthermore, the premium price of eco-friendly fashion products is also an issue for the customer. Some people are willing to pay more price, while others said it doesn't necessarily have to be expensive. Those who support this argument said to maintain the high-quality, the company needs to invest more in eco-friendly materials (Shen, 2014). Those who argue that it has to be a premium price because of the quality of materials, states that raw materials such as fibers, designer labor costs are important to maintain the quality of the products in this fashion area. According to Field and Nest (2020), nowadays many people are willing to pay more for eco-friendly products, instead of buying fast fashion products regularly. Because sustainable fashion products tend to have good quality products, which are sufficient enough to be worn comfortably (Field and Nest, 2020). In comparison, the fast

fashion quality is not as good as sustainable clothes. Hence, the money that the consumer spends on one sustainable fashion would be the same as buying several non-eco-friendly fashions. It can be assumed that sustainable fashion is also affordable. Besides, people assumed that sustainable clothes would use several famous designers which cost a lot. In reality, it is not always expensive that designers are needed in making the products. Companies could hire designers that have a lower wage rate or the designer that understands how important sustainability is. Many designers have been aware of the importance of sustainability in fashion and stand up for changes, such as Stella McCartney, Maison Margiela, etc (Gandhi, 2020).

III. Recommendation

From our perspective, we did not agree with the statements that sustainable fashion products are expensive. It is true that it will require more cost compared to the fast-fashion product, but it is because they use high quality materials as well. In facing this pandemic era, most people would buy a product that is affordable for them. Hence, we have some recommendations for sustainable fashion companies to reduce their cost by hiring a local designer that has a reasonable price. It is not necessary for the company to hire a famous designer just to make a good design. There are so many creative designers out there that are not famous but they can help companies to make a good eco-friendly product. Therefore, the cost to create the products would be reduced and they can set a lower selling price. In addition to that, as we are now in the industrial 4.0, where technology and digitalisation has a significant impact worldwide, the sustainable fashion industry can utilize online platforms to increase their sales. Based on this article, we already know that the fast-fashion industry contributed to significant environmental problems to our earth. Therefore, instead of just thinking for a short-term period, we need to have a strategy for the long-term. How can we say the business will be sustainable and the economy will be improved, if we harm the environment continuously. The economy also depends on nature itself. Besides, as more people start to be more aware of the environment, it will naturally make them wiser in choosing fashion they want to purchase.

IV. Conclusion

In this current situation, when uncertainty occurs all over the world, the sustainable fashion industry needs to maintain their existence. They could use the 3P program

(planet, people, profit) or triple bottom line to help their business survive in this situation. Planet or environment relate to our life, in other words when we protect our environment then it would bring more benefits to us such as a healthy and comfortable life. As for the people, it is the key important role for the company to develop their business, because support from the society is needed when this situation happens. Lastly, companies should raise their profit by increasing productivity and carrying out cost efficiency. Increased productivity can be achieved by improving the management work through reducing inefficient activity and saving the process and service time. So, when companies strive to achieve these 3P and try to adapt into the new situation, then the existence of an industry would be maintained.

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