

COLUMNS

Luxury brands best placed to take advantage of sustainable practices

May 24, 2017



Roxane Horton is principal of Buxton Horton

By **Roxane Horton**

Subscribe to **Luxury Daily**
Plus: Just released
State of Luxury 2019 **Save \$246 ▶**

Luxury brands are leading the way in sustainable practices, but the bar is set low. They will need to adapt if they are to avoid rising costs that will inevitably accrue from increasingly scarce resources and unsafe production methods.

The recent **Copenhagen Fashion Summit**, the flagship event of the Global Fashion Agenda (GFA), was committed to harnessing action on sustainability in the fashion industry.

This year's summit focused on efforts to transform the fashion industry from a linear production model take, make, dispose to a circular model.

Scope of the sustainability problem

Global consumption of clothing and footwear currently stands at 62 million tons. This is expected to increase by a staggering 63 percent to 102 million tons by 2030.

The fashion industry will have to adapt modes of production and disposal if it is to capitalize on the huge growth in demand.

Current practices have significant deleterious environmental and human impacts that are unsustainable.

The creation of an average kilogram (kg) of clothing uses 10,000kg of water and has a carbon footprint of 15kg.

At the other end of a garment's life, clothing waste is a problem that technology has still not found a way to solve.

Currently, 25 percent of clothing is incinerated, 57 percent ends up as landfill a potent source of greenhouse gas emissions and 8 percent is re-used in other forms such as insulation, but only 10 percent is recycled.

GFA and the Boston Consulting Group warn that business-as-usual may see a decline of EBIT margins of more than 3 percent.

Yet they say a focus on sustainability through more prudent use of scarce resources such as water, by treating workers fairly and by addressing other issues in the value chain could yield a projected \$179 billion-per-year upside

for the world economy.

The GFA states, "Fashion brands with targeted initiatives will be best placed to improve their environmental and social footprint and counteract the rising costs of apparel production."

Kering 2025 : Crafting tomorrow's luxury

Call to action

Participants at the Copenhagen Fashion Summit agreed to commit to four sustainable initiatives:

1. Implementing design strategies for recyclability
2. Increasing volume of used garments collected
3. Increasing volume of used garments resold
4. Increasing share of garments made from recycled textile fibers

Unique position

The luxury fashion sector is uniquely placed to adopt and build on existing sustainability initiatives.

Indeed, large luxury conglomerates scored better than others on the **Global Pulse Score**, a tool developed by the GFA and BCG to measure the environmental and social impacts of the fashion industry. This is thanks largely to better labor conditions at their production sites, which are generally located in higher-wage European countries.

The value proposition of luxury goods is one of quality, collectability and longevity. It represents the antithesis of disposability.

Additionally, there is already enviable sustainable leadership in the luxury sector. The **Kering** group is one of the five partners of the Global Fashion Agenda and a forerunner in sustainable strategy.

Kering on sustainable fashion: Clean by design

Engaging consumers

Smart companies will embrace sustainability initiatives as opportunities for greater consumer engagement.

Some of the Copenhagen Fashion Summit initiatives, such as repair services and on-demand tailoring, are already part of the luxury offering's DNA.

Promoting in-house repair and re-modeling services will extend the life of garments and offer incentive to bring consumers back into stores.

If proposals to make repair services tax-deductible come to fruition, the financial proposition becomes even more attractive.

There is consumer appetite for such measures.

Levi Strauss recently established Levi's Tailor Shops that offer repair and re-modeling services for old jeans.

Indie label Reformation has secured a cult following supplying sustainably produced clothing. 2 percent to 5 percent of their range is redesigned vintage clothing.

The resale and consignment market is dominated by luxury brand content.

Luxury houses could draw reselling in-house, perhaps selling alongside outlet pieces, and use it as an opportunity to remind customers of the richness of their brand histories.

Technology is set to revolutionize the concept of custom fitting.

Algorithms and artificial intelligence will transform current forecasting to allow highly specific optimized offerings that will better satisfy customers' needs.

Amazon recently filed a patent for an on-demand factory that would revolutionize efficiency and waste by producing only after a customer has ordered.

Kering touts its green creds

GREATER CUSTOMIZATION will yield higher full-price sell-through.

The challenge is now. The task of luxury brands is to stay ahead of the curve.

Recorded livestream for the Copenhagen Fashion Summit

*Roxane Horton is principal of **Buxton Horton**, a sustainability and human rights consultancy based in Brisbane, Queensland, Australia. Reach her at roxane.horton@buxtonhorton.com.*

© 2020 Napean LLC. All rights reserved.

Luxury Daily is published each business day. Thank you for reading us. Your **feedback** is welcome.