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Kearney, Toronto

Can circularity save the fashion industry?

KEARNEY

Real change can only be achieved when sustainability is accounted for at every stage of the value chain, especially encouraging consumers to buy fewer clothes in the first place. The future of fashion is circular.

When we think about the world's biggest polluters, it's no surprise that the energy industry takes the top spot. But fewer of us would guess the runner-up: the fashion industry.¹ The advent of fast fashion—where mass-market players react to the latest trends by rapidly producing inexpensive clothing—has left brands in this space facing an uncomfortable balancing act: enticing consumers to buy more clothes while presenting themselves as champions of sustainability.

Many fashion initiatives simply scratch the surface of real sustainability; others are blatant attempts at greenwashing. Replacing plastic bags with paper bags will not help fight the climate crisis. Even the initiatives that have a lasting impact on carbon emissions or water usage are often offset by the brands' continuous drive for growth. Real change can only be achieved when sustainability is accounted for at every stage of the fashion value chain, especially educating and incentivizing consumers to buy fewer clothes in the first place—and keep them for longer. The future of fashion is circular.

In this paper, we take a close look at the claims made by Europe's 100 largest fashion brands—claims that they have moved to a more circular model and secured their sustainable future along the way.² Our Circular Fashion Index (CFX) ranks these brands on eight measures based on their efforts to extend the life span of their garments. We also examine the potential impact of these circular strategies on the environment. Above all, this is a call to action to fashion brands and to consumers to make a tangible—and credible—positive contribution to the environment.

Many fashion initiatives simply scratch the surface of real sustainability.

¹ ["UN launches drive to highlight environmental cost of staying fashionable,"](#) UN News, 25 March 2019

² Euromonitor's top fashion brands in Europe for 2019

Figure 1

Most consumers buy 17 items of clothing each year

	Items purchased (per capita and year)			Items owned (per capita)			Item's average life span (years)		
	Total	New	Reused	Total	New	Reused	Total	New	Reused
Jackets and coats	1	1	<1	8	7	1	6.9	6.1	16.6
Jeans	1	1	<1	9	8	1	8.9	8.2	14.6
Trousers and shorts	3	3	<1	10	9	1	3.6	3.2	7.9
Sweaters	2	2	<1	13	12	1	5.8	5.2	11.7
Shirts and blouses	3	3	<1	13	11	1	4.6	4.0	10.2
Tops	3	3	<1	28	26	2	9.1	8.5	11.3
Other, including dresses and suits	3	3	<1	17	15	2	6.2	5.6	11.1
Total	17	16	1	97	88	9	6.2	5.6	11.1

Notes: Based on a Kearney survey of 8,000 German adults in May 2020. Numbers may not resolve because of rounding. Other excludes underwear, nightwear, and swimwear.

Source: Kearney analysis

How our fashion consumption is destroying the environment

We all know we need to take positive steps to halt the progress of the climate crisis. And we all understand the importance of separating our trash, avoiding plastic bags, biking to work more often, and even cutting down the amount of meat we eat. So, why don't we think about the environment when it comes to our clothes?

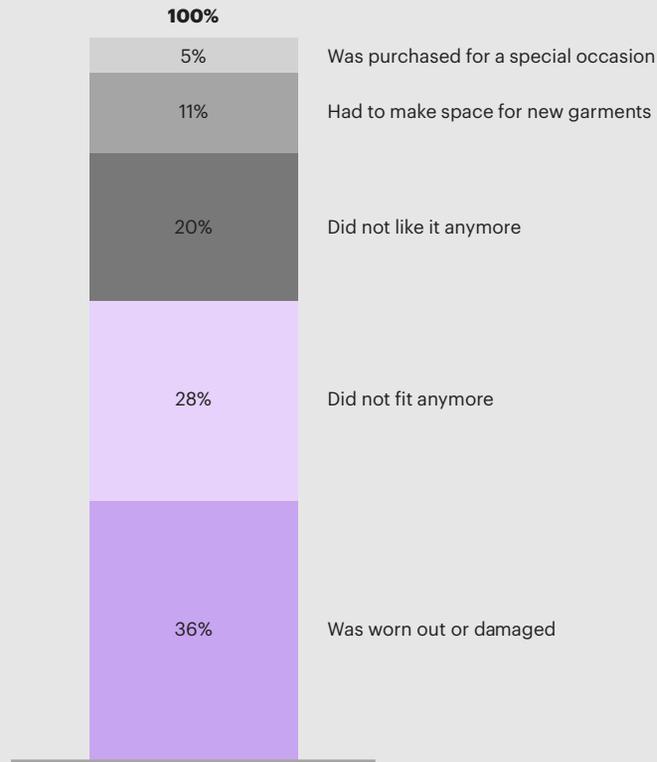
In 2019, Europeans spent €225.9 billion on clothes (excluding underwear, nightwear, and swimwear), with a particular focus on fast-fashion brands such as H&M, Zara, Uniqlo, Primark, and Boohoo, all of which have seen tremendous growth in recent years.³ These companies have enticed consumers to buy more items, more often, in order to stay stylish or just buy cheap products—and we've responded by doing exactly that. In Germany, the average consumer buys about 17 items of clothing a year—most of which are brand new (see figure 1). These 17 pieces then join the 97 items that are already hanging in our closets. And then there's the top quartile of the population who buy 23 items or more per year, adding to the 145 items or more that they already own.⁴

³ Euromonitor's European fashion retail sales for 2020

⁴ To validate the survey results, we asked focus groups to state the amount of clothes they own and then actually count them in their closets. Our research showed that respondents consistently underestimated the number of items they own by 35 percent. In other words, from a psychological perspective, it's fair to assume that for every third item that we buy, we might already have a similar one in our closet that we're not aware of or don't want.

Figure 2

Consumers get rid of garments for a variety of reasons



Source: Kearney analysis

After an average of about six years, consumers sell these items, gift them to someone else, or throw them out altogether, although quality issues mean that many clothes might not even last that long. Consumers have different motivations for disposing of their garments: around 36 percent believe they are worn out or damaged, while around 28 percent say they no longer fit (see figure 2). But 20 percent dispose of garments because they no longer like them, and 11 percent simply want to make space in their closet for new ones. And that means that one third of the time, we get rid of clothes that we could still feasibly wear.

That consumption pattern comes at a heavy environmental cost. According to a variety of sources, the global fashion industry produced 1.2 billion to 1.7 billion tons of carbon emissions—more than the aviation and shipping industries combined.⁵ And that represents 3 to 5 percent of the world’s CO₂ emissions.⁶ When it comes to water consumption, the picture is even worse: the fashion industry accounts for about 11 percent of all fresh water used for industrial purposes.⁷ The manufacturing process itself also requires vast amounts of oil and toxic chemicals. On top of this, the industry has a shocking track record when it comes to ensuring humane work conditions and animal welfare and is one of the worst culprits behind the millions of microfibers that end up in our oceans.

⁵ “A new textiles economy: redesigning fashion’s future,” Ellen MacArthur Foundation, 28 November 2017; “Pulse of the Fashion Industry,” Global Fashion Agenda, 2017

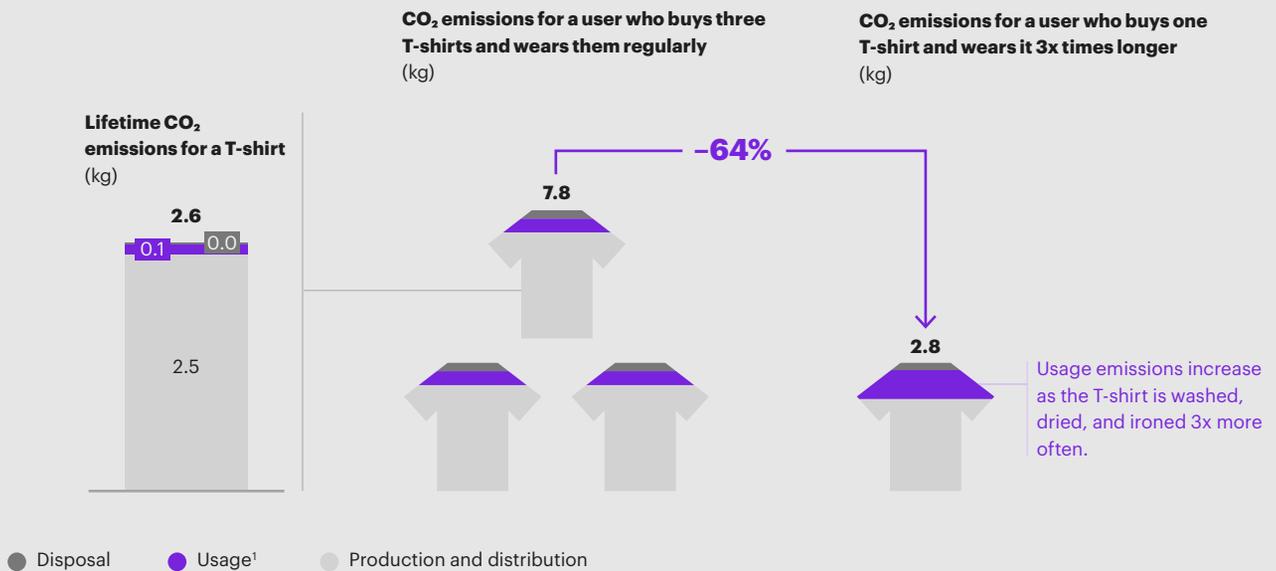
⁶ “Annual greenhouse gas emissions by sector,” CAIT Climate Data Explorer

⁷ Annual freshwater withdrawals, World Bank, 2014

Figure 3

One item of clothing has a substantial carbon footprint

CO₂ emissions



¹ Washing, drying, and ironing

Sources: Mistra Future Fashion; Kearney analysis

Against the backdrop of these challenges, the industry is slowly starting to change, as shown by initiatives such as **Global Fashion Agenda, Better Cotton Initiative, Fashion For Good, Mistra Future Fashion, and Ellen Macarthur Foundation**. Reducing their environmental impact is slowly becoming top of mind for many fashion executives and has triggered numerous initiatives along the value chain, including avoiding plastic bags in stores, choosing more sustainable cotton, and using fewer toxic chemicals for processes such as dyeing or finishing. These measures are more than just a step in the right direction: they also help support the brand's profitability along the way. And they're all designed to tackle the pollution that comes with the production and distribution process, which is responsible for 94 percent of the emissions produced through the entire value chain.⁸ Some early successes are already visible: **Adidas** reduced its absolute carbon emissions by 12 percent between 2015 and 2018, and **Kering**—owner of **Gucci, Saint Laurent, and Balenciaga**—reduced its emissions by 36 percent.⁹

But producing new clothes will always carry an environmental cost. With the world's population on track to reach 8.5 billion people by 2030, combined with rising household incomes (especially in India and China), the total output of the fashion industry will only increase.¹⁰ As a result, the fashion industry's CO₂ emissions are expected to swell by more than 60 percent by 2030, speeding up the climate crisis and eating up the emissions savings of numerous activities.

The overarching goal is clearly to reduce the amount of clothes produced in the first place, especially in parts of the world where closets bulge with far more than we need, even given the desire to dress fashionably. Consumers need to wear clothes longer and need to buy fewer items. Damaged clothes should be fixed or used as raw materials, eliminating the need to produce new fabric. In fact, we believe the most powerful and sustainable way to reduce the fashion industry's carbon emissions is to drastically extend the life cycle of the clothes we buy and wear (see figure 3).

⁸ "Environmental assessment of Swedish clothing consumption - six garments, sustainable futures," Mistra Future Fashion, 2019

⁹ *The Green Company Report*, Adidas, 2019; *Sustainability Progress Report 2017–2020*, Kering, 2020

¹⁰ "World Population Prospects," United Nations, 2019; "Annual GDP Growth," World Bank, 2020



The Circular Fashion Index: measuring fashion companies' circularity efforts

Methodology

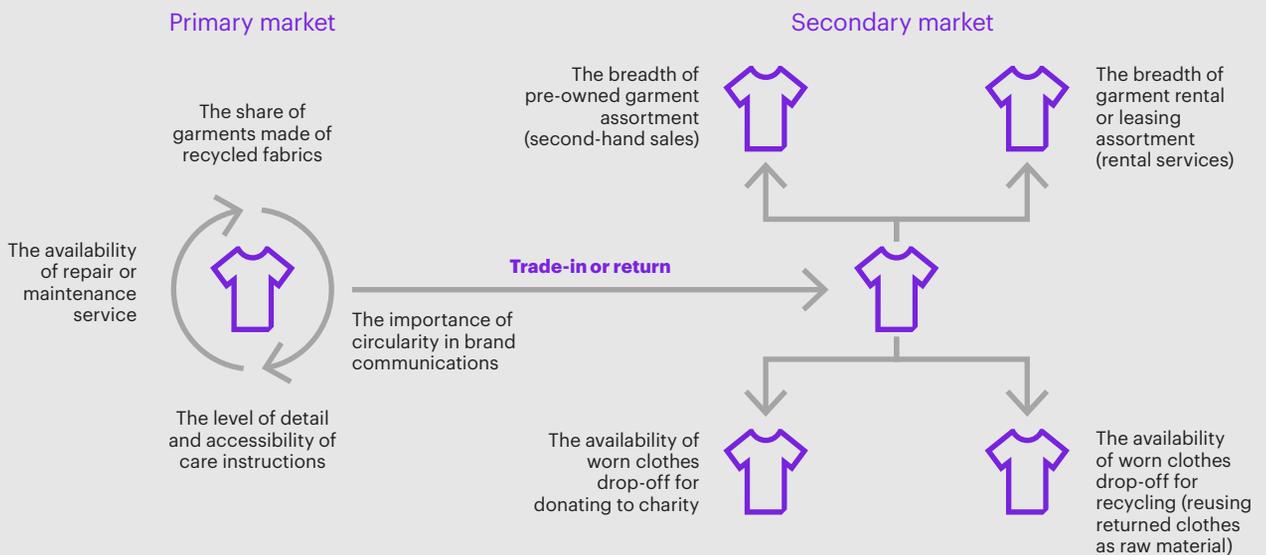
Our Circular Fashion Index (CFX) aims to measure the fashion brands' efforts to extend the life cycle of their clothes. A company's circularity performance is scored based on eight dimensions that affect the garments' longevity (see figure 4). These dimensions include two perspectives: the primary market (affecting new product sales to consumers) and the secondary market (such as the second-hand market or recycling). We've weighted the scores for each dimension, giving the most weight to second-hand sales, rental services, and reuse of returned clothes as raw material. Next, we've combined these scores to give us an overall score between one and 10, with one representing the lowest score and 10 the highest. We've classed the brands with scores between seven and 10 as leaders and those with scores between one and three as laggards.

CFX ranking

The CFX ranking provides an overview of the circularity performance of largest 100 fashion brands operating in Europe, regardless of their country of origin. The Index reveals that only three companies have achieved an acceptable score: **Patagonia, The North Face, and Levi's**. These three brands share a commitment to investing in sustainability and, in particular, to prolonging the longevity of their clothes, seeing sustainability as a business opportunity and an environmental requirement rather than a sacrifice or marketing campaign.

Figure 4

The Circular Fashion Index measures retailers' efforts to extend the life cycle of their products based on eight dimensions

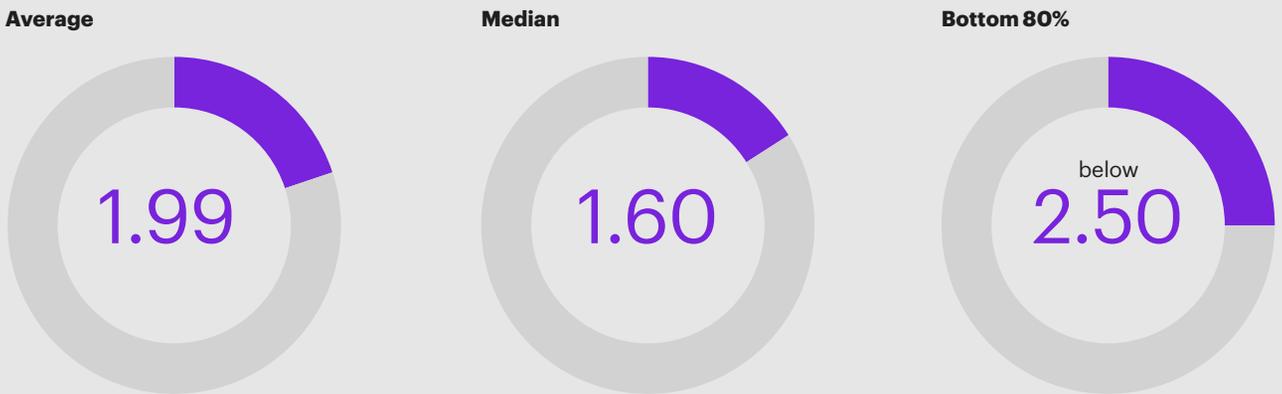


Source: Kearney analysis

Figure 5

Most brands score very poorly on the Circular Fashion Index

Overall results of the Circular Fashion Index ranking (on a scale of 1 to 10)



Source: Kearney analysis

These three leaders communicate openly that their products should last longer and encourage consumers to consider the environmental impact of buying another piece of clothing. As part of this drive, the companies encourage consumers to drop off their old clothes in a store, incentivizing them with coupons or discounts. Then, they sort the old clothes and either donate them, sell them as second-hand items, or recycle them. The top-scoring brands are steadily increasing the amount of recycled fabrics, such as polyester or cotton, that they use in their products. For example, for the 2020 spring/summer season, Levi's has launched the first collection that consists of 20 percent recycled jeans.¹¹

In addition, the three top scorers offer new services such as repair and maintenance of clothes, and they invest in new business models that focus on second-hand offerings, strengthening their circular efforts to prolong the life of garments.

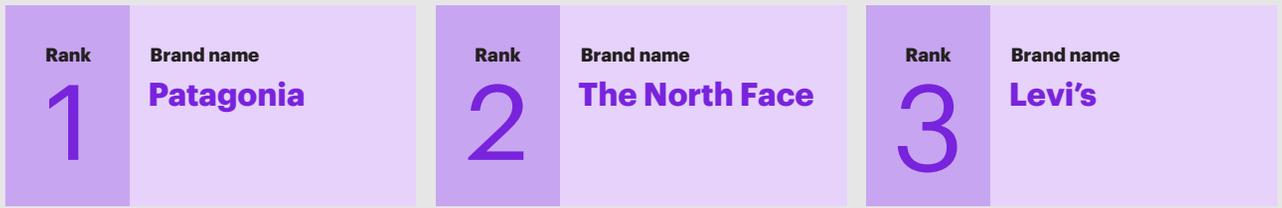
However, most fashion brands are achieving abysmal scores. In fact, the median score across all fashion brands in the CFI ranking is just 1.6. In fact, the bottom 80 brands earned a score of less than 2.5 out of 10 (see figures 5 and figure 6 on page 8). Only 15 percent use recycled materials to a credible extent: 46 percent do so, but only for a few selected items or a few product features, and 39 percent use no recycled materials whatsoever. Communication and promotion of circularity efforts are the easiest and fastest measures to implement, yet 47 percent of brands don't do it at all. Only 14 companies do it credibly, and 80 percent settle for giving the minimum amount of care instructions required by law.

¹¹ "Your new Levi's will now be part old, recycled Levi's," Fast Company, 2020

Figure 6

The bottom 80 brands earned a score of less than 2.5 out of 10

Kearney's Circular Fashion Index 2020



Rank	Brand name	Rank	Brand name	Rank	Brand name	Rank	Brand name
4-10	adidas	31-40	Bershka	61-70	Bonprix	91-100	Beymen
4-10	COS (by H&M)	31-40	Boohoo.com	61-70	Camaïeu	91-100	Defacto
4-10	Decathlon	31-40	Dorothy Perkins	61-70	Desigual	91-100	Gloria Jeans & Gee Jay
4-10	Esprit	31-40	Hunkemöller	61-70	Guess	91-100	Kik
4-10	H&M	31-40	Kiabi	61-70	Next	91-100	Koton
4-10	Lindex	31-40	Mango	61-70	Olymp	91-100	La Halle
4-10	Okaïdi	31-40	Reserved	61-70	Replay	91-100	Matalan
11-20	Burberry	31-40	s'Oliver	61-70	Takko	91-100	O'Stin
11-20	C&A	31-40	Schiesser	61-70	Topshop	91-100	Pepco
11-20	Gant	31-40	Zara	61-70	Vero Moda	91-100	Zolla
11-20	Gap	41-50	Cubus	71-80	Calvin Klein		
11-20	G-Star	41-50	Giorgio Armani	71-80	Calzedonia		
11-20	Gucci	41-50	KappAhl	71-80	Diesel		
11-20	Intimissimi	41-50	Marc O'Polo	71-80	Louis Vuitton		
11-20	OVS	41-50	Massimo Dutti	71-80	Mavi		
11-20	Prada	41-50	NKD	71-80	Primark		
11-20	Uniqlo	41-50	Stradivarius	71-80	Promod		
21-30	Etam	41-50	Superdry	71-80	River Island		
21-30	Hollister	41-50	Triumph	71-80	Springfield		
21-30	Jules	41-50	Unit. Colors of Benetton	71-80	Van Vaan		
21-30	Marks & Spencer	51-60	Armand Thiery	81-90	Bonita		
21-30	Nike	51-60	Cache Cache	81-90	Celio		
21-30	Pull & Bear	51-60	Gerry Weber	81-90	Dolce & Gabbana		
21-30	Puma	51-60	Hugo Boss	81-90	Dressmann		
21-30	Ralph Lauren	51-60	Jack & Jones	81-90	Lacoste		
21-30	Tommy Hilfiger	51-60	New Look	81-90	New Yorker		
21-30	Twinset	51-60	Oysho	81-90	Peacocks		
		51-60	Pimkie	81-90	Piazza Italia		
		51-60	Tom Tailor	81-90	Terranova		
		51-60	Under Armour	81-90	Tezenis		

Source: Kearney analysis

The results are even worse for circularity actions that require a higher commitment. Only eight companies offer extensive repair services, yet this is where luxury brands such as Prada, Burberry, and Gucci score the highest, driven by their very demanding clientele and supported by their high prices and margins. The least common circularity actions are those that require introducing a new business model, such as introducing a rent or lease offer or a second-hand sales offering. Just five companies considered renting services, and only one, Lindex, achieved a credible score beyond the end of the testing phase. Second-hand sales are slightly more common, with 12 companies testing or already running this service.

Consumer sentiment is shifting as people want to dress not only fashionably, but also in an ethical and sustainable way.

What fashion brands need to do now

The results of our Index may seem daunting at first, but they reveal that fashion companies do have the power to become more circular—and Patagonia, The North Face, and Levi’s are the living proof. Consumer sentiment is shifting as people want to dress not only fashionably, but also in an ethical and sustainable way. Sustainability is moving away from being a nice-to-have brand attribute toward becoming a must-have business strategy and operational practice.

So, what can companies do to embrace circularity? We recommend 10 immediate actions, most of which are already happening across our Europe 100 panel but only sporadically. In the short term, fashion brands can start with easy-to-implement measures such as educating consumers about how to treat their clothes properly. Fashion giant **H&M**, for example, publishes detailed care instructions and repair tips on its website. Next, companies need to encourage consumers to wear clothes longer and restyle them more often instead of chasing the latest trends. **Lindex** tells its customers to make “conscious” purchases by only buying what they really need (see appendix: Interview: Anna-Karin Dahlberg, corporate sustainability manager for Lindex on page 14). And Swedish start-up **Asket** was founded on the premise of conscious consumption. In 2019, it unveiled a gigantic billboard on Stockholm’s main shopping area saying F*** Fast Fashion. But fashion brands don’t have to go to such dramatic lengths to become sustainable. Another way to achieve this goal is to reduce the amount of product launches per year and to take pressure off the consumers to be on trend. In a recent case in point, **Giorgio Armani** announced it would go back to a traditional summer/winter-rhythm, with many other designers following suit.

Education and communication are a good start, but fashion brands must also address design issues in order to credibly embrace circularity. This means creating longer-lasting collections based on designs that can be worn on multiple occasions and can be easily restyled. Product quality, such as durability and no discoloration, also plays a crucial role in encouraging consumers to wear their clothes longer.

In addition, fashion brands need to re-examine their use of traditional materials such as polyester and cotton in favor of exploring more environmentally friendly options such as recycled or biodegradable materials. Recent years have seen the emergence of fabric alternatives made from wood (**Lenzing**), mushrooms (**Amadou** and **Boltthreads**), algae (**Algalife** and **Algiknit**), and fruits (**Pinatex** and **Orange Fiber**).

To truly become circular, brands need to invest (either directly or through partners) in reverse logistics to collect clothes and prevent them from ending up in a landfill. They can also extend the longevity of garments by establishing repair services, as **Patagonia** and **The North Face** have done, enabling customers to send in or drop off damaged clothes and have them repaired by experts in days (see appendix: Interview: Dan Goldman, global head of strategy for The North Face on page 14).

Crucially, unwanted clothes don't have to be destined for landfill. The second-hand market is maturing. Although 30 percent of transactions are still happening within the circle of friends and family, several exciting start-ups (**ThredUp**, **TheRealReal**, **I:Collect**, and **Vinted**) are professionalizing this burgeoning market (see appendix: Interview: Paul Doertenbach, managing director of I:Collect GmbH on page 16). The thrift shop around the corner is now a thing of the past. More consumers are seeing the benefit of second-hand clothing as they seek out more unique and sustainable alternatives—not necessarily always much cheaper, too. Even luxury brands such as **Burberry** are embracing this trend. **Zalando**, Europe's largest fashion online retailer, just launched a pre-owned business where consumers can buy and trade-in clothes.

And for consumers who want to change their look on a regular basis, rental models are an intuitive option. Companies such as **Rent The Runway**, **Le Tote**, and **Glam Corner** give customers an opportunity to rent a few items for a limited amount of time in exchange for a monthly subscription fee. Once the items are returned, the company has the clothes professionally cleaned and then rents them out to someone else. This means users can refresh their wardrobe on a regular basis without actually buying new clothes—and harming the environment in the process.

Lastly, garments that are damaged beyond repair can still be used to produce new ones. Some innovative companies, such as **Pure Waste Textiles**, **Circular Systems**, **Tyton BioSciences**, and **Worn Again**, have developed solutions to transform textile waste into virgin-quality recycled fabric. In the long term, we anticipate that recycled fabrics will become the rule rather than the exception.

What consumers need to do now

Changes to the fashion industry's business model could go a long way in the fight to win the war against global warming. And unlike many other industries, consumer behaviors have the power to make a tangible impact. So, before we go shopping, we need to take a good look at our closets. As our research shows, people forget about 35 percent of the clothes they actually own. We need to think about when—and why—we would wear the item we are about to buy. Let's pay close attention to quality (more expensive doesn't automatically mean better) and to materials, choosing clothes made from more recycled and biodegradable fibers. We need to understand how the clothes are made and how to best look after them. In general, we need to choose fashion brands that are leading the way when it comes to circularity (see appendix: Interview: Dario Pirovino and Dario Gruenenfelder, co-founders of Muntagnard on page 17).

Of course, buying new clothes is not our only option. Thrift shops aren't what they used to be and can offer great deals and unique pieces. Rental models are great for occasionwear and baby clothes. And before we decide to get rid of our clothes, we should try to have them professionally cleaned or repaired. Also, we must think about whether someone else could wear that item and trade it in instead.

The key to a more sustainable future is to wear only pieces that we truly love and cherish—clothes that express who we are. We don't change our personality multiple times a year, so why change our clothes more frequently than we need to?

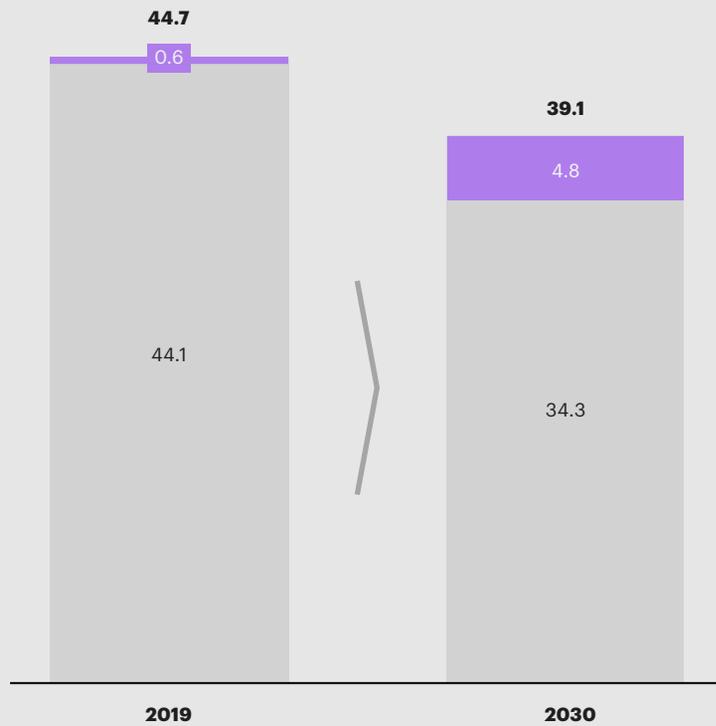


Figure 7

The market for outerwear is expected to shrink

Outerwear sold in Germany (€ billion)

- Secondhand
- New



Note: Excluding underwear, nightwear, and swimwear; adjusted for inflation of 1.5 percent
 Sources: Euromonitor; Kearney analysis

Modelling the CO₂ impact of a more circular fashion industry

So, what would happen if the fashion industry and consumers alike heeded our call to move toward circular business models? A significant leap forward is within reach, as demonstrated by the top-three brands in our CFX ranking. To understand the impact of such a transition, we assumed that the industry on average improves its efforts in circularity (as measured by the CFX) until 2030 to mimic what these three are already doing. Our model considers the German fashion market and reveals two major effects of a shift toward circular business models by 2030.

First, the average life span of new garments is extended by 80 percent, leading to a 56 percent drop in the number of new garments purchased each year. For example, a shift in brand communication and promotion away from short-lived fashion cycles and toward conscious long-term consumption influences consumers to dispose 45 percent less garments per year because of the loss of appeal (“I didn’t like it anymore”). Moreover, accessible repair options and better care instructions increase the longevity of each item.

Second, driven by customer demand, the proportion of garments that consumers buy second-hand increases to about 22 percent of the overall purchased items (from 5 percent today). The available offers become more professional and convenient and allow the brands to charge a premium, which leads to an increase in the second-hand prices that consumers pay.

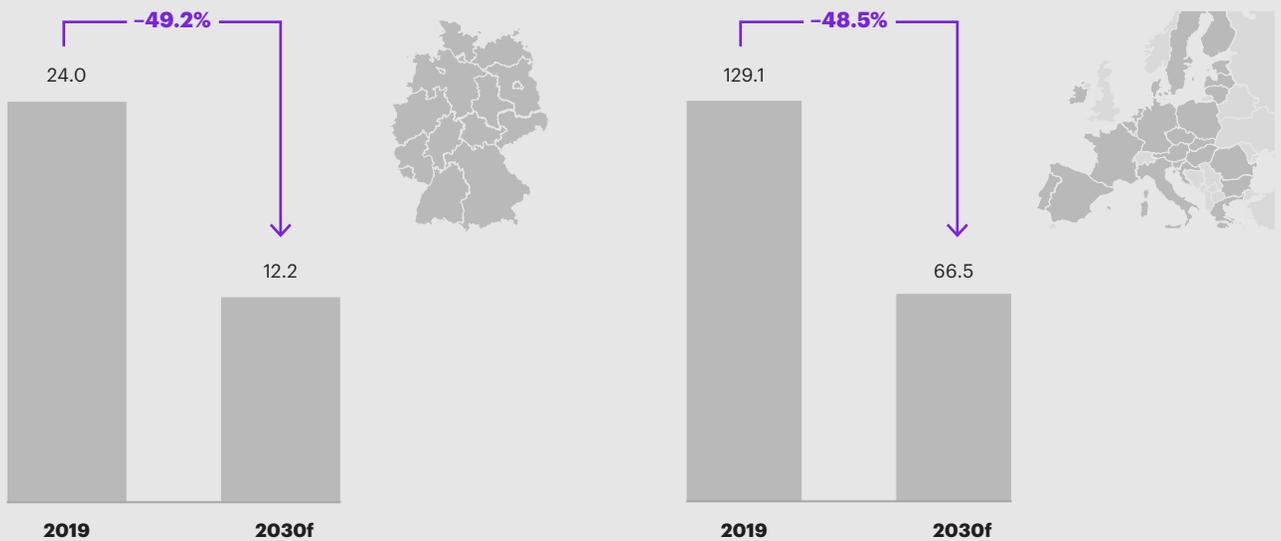
These effects have major implications for the future of the fashion industry. Based on the assumptions above, we anticipate that the overall market volume of outerwear in Germany will decrease by 13 percent (see figure 7).¹² Conversely, we expect the second-hand market to expand eightfold to €4.8 billion—a massive growth opportunity for first movers that embrace this shift.

¹² “Inflation (yearly) estimate Germany,” Organisation for Economic Co-operation and Development, 2020

Figure 8

Circular fashion could cut the industry's carbon dioxide emissions almost in half

CO₂ emissions of outerwear consumption (million tons)



Note: Excluding underwear, nightwear, and swimwear

Source: Kearney analysis

The economic outlook highlights that most brands will have a hard time under these circumstances, but the environmental impact paints a more optimistic picture. We estimate that in 2019, the German clothing consumption of fashion caused 24 megatons of CO₂ emissions. If the kind of shift we've described takes place, these harmful emissions would be reduced by 49 percent to 12 megatons. This reduction is equivalent to the annual CO₂ emissions of around 6 million passenger cars—or one out of every eight cars in Germany.¹³ A similar change across Europe's fashion consumption would reduce CO₂ emissions by about 63 megatons—more than 1.5 times the entire emissions of Switzerland (see figure 8).¹⁴

All of these savings stem from a reduction in the unnecessary consumption and production of new clothing. Similar effects are to be expected for other environmental impacts such as chemical pollution and water usage. Combining the efforts toward circularity with a push toward more carbon-efficient value chains across the industry would allow the European fashion industry to transform from an ecological problem child into the epitome of a sustainable industry.

The European fashion industry can save 63 megatons of CO₂ emissions—more than 1.5 times the entire emissions of Switzerland.

¹³ [Inländerfahrleistung Kurzbericht](#), German Federal Motor Transport Authority, 2018

¹⁴ ["Estimate for 2018 CO2 emissions per country,"](#) European Database for Global Atmospheric Research, 2019

Now is the time to act

Today's fashion industry is one of the world's greatest polluters, and as consumers, we must bear some responsibility for that. Our rather selfish desire to follow fashion trends was only checked when the COVID-19 pandemic forced us into lockdown, which gave us the opportunity to reflect on our behavior. So maybe we don't need to follow all of the latest trends. How many clothes do we actually wear, and how many are just gathering dust in our closets? The good news is that our behavior as consumers can push the fashion industry in the right direction. And although the industry will be occupied with short-term recovery measures over the coming months, the pandemic offers the perfect chance to abandon the fast-fashion business model and move instead toward a circular business model.

In this new business landscape, fashion brands that act swiftly and decisively will be among the winners. Consumer sentiment, technological innovation, regulation, and the climate crisis are all paving the way toward circularity. Any half-hearted attempt to reduce carbon emissions is easily offset by a growing world population and rising household incomes. Now is the time for a radical rethink on sustainability.

A huge amount of clothes comes from a profusion of indistinguishable brands. Fashion brands that cannot credibly explain how they are not harming the environment will lose relevance, with many going out of business, which—harsh as it may sound—will lead to a better world in the long run. But brands that make a concerted effort now to adopt circular business models will be well-positioned to build the competitive advantages that are crucial at a time when a circular economy has become a matter of survival in the fight against the inevitable impact of global warming.

Authors



Mirko Warschun
Partner, Munich
mirko.warschun@kearney.com



Martin Fabel
Partner, Berlin
martin.fabel@kearney.com



Saskia God
Consultant, Berlin
saskia.god@kearney.com



Frederic Dittmar
Consultant, Zurich
frederic.dittmar@kearney.com

The authors wish to thank Peter Pfeiffer, Ewa Kaczynska, Sarah Gang, and Niklas Moormann for their valuable contributions to this paper.

Appendix

Interview: Dan Goldman, global head of strategy for The North Face

What drives The North Face's sustainability efforts?

Ever since The North Face was founded in 1966, we've always been a purpose-led company. A big part of our values has always been advocating for and protecting the environment. This love of wild lands is engrained in our DNA and something we've always taken seriously. In addition to our advocacy on raising environmental standards and setting aside more public land for conservation, we've worked hard over the years to convert a large proportion of our product line to being made from sustainable materials. We've also launched product collections made from recycled water bottles found in national parks or wool from sheep farmed through climate-beneficial practices where carbon is sequestered and soil health is improved.

We've also continued to increase our commitment to circularity, which is focused on the idea of extending the life of products so they don't end up in landfills. This was our original intention when we became one of the first major brands to offer a lifetime warranty on our products. It was also the motivation for creating our Clothes the Loop program, which encourages our consumers to drop off their unwanted clothes at a The North Face store so we can then donate them. In addition, it was the reason we launched The North Face Renewed—our "recommerce" platform where we take products that have been returned or damaged and professionally clean, fix, and then resell them.

Some might say that The North Face Renewed would cannibalize existing sales. Have you seen such an effect in the past 18 months since the launch?

The North Face Renewed's mission is all about keeping our high-quality products out of landfills and enabling more people to explore. Consumers are attracted to The North Face Renewed for many different reasons, including sustainability, finding unique pieces you cannot buy anywhere else in the world, and great value. So far, we've found that many of the purchases are incremental. However, even if we were to see signs of cannibalization, we still believe this is the right thing to do for the consumer, the brand, and the planet. We're very excited about the opportunities ahead for The North Face Renewed.

How would you describe the customer's mind shift toward circularity?

People are becoming increasingly comfortable with wearing secondhand clothes. In the past, they might not admit to wearing something pre-owned, but now more consumers are taking pride in it, either because it showcases their commitment to sustainability or their savviness as a shopper. Many of the roots of this newfound acceptance really come from the global financial crisis of 2008–2009, when consumers started to brag about finding great deals rather than wanting people to believe they paid full price, as they had done previously. At the same time, the circular economy has become increasingly professionalized, with the emergence not just of brands like The North Face Renewed, but also digital marketplaces such as Rent the Runway, thredUP, and The RealReal. All these initiatives have made pre-worn products more accessible as well as educating consumers on the fact they can find high-quality products that come from trusted sources. There is also a growing number of different circularity business models such as rental, renewal, and upcycling that give consumers multiple different routes to join the circular economy.

How do you see COVID-19's impact on this mindset shift? Will it accelerate or decelerate it?

The impact of COVID-19, like all recessions, is helping consumers reset both their budgets and their personal values. As a result, we expect to see customers increasing both their comfort-buying of pre-worn products and their prioritization of sustainable options. During the pandemic, consumers around the world have witnessed some positive environmental impacts created by the reduced level of human activity, including better air quality, cleaner water, and the return of wildlife to parks. One positive outcome of COVID-19 may be helping more consumers understand that their individual actions can make a difference to their communities and to the world around them.

What are the next steps for The North Face to become more sustainable?

Our commitment to our brand purpose and values will continue to be at the heart of what we do. We're committed to continuing to scale The North Face Renewed, ensuring an increasing part of our product line is made from sustainable materials, and launching new innovation that not only has best-in-class performance, but also is made in more sustainable ways than ever before. One example was our launch last year of FUTURELIGHT™, which is a breakthrough waterproof material technology that is not only truly breathable, but also one of the most sustainable jackets we've ever built—giving the consumer the best of both worlds.

Could you please elaborate on your collaborations with other industry players?

One aspect that's special about the outdoor industry is that there is typically a higher degree of collaboration than in other industries when it comes to pushing forward together on sustainability, as we all share a strong interest in protecting the environment. For instance, we frequently come together to advocate for environmental policy and wild land protection. We've also worked on developing higher standards for the way that we all do business. One example of this is the development of the global Responsible Down Standard, which ensures that down and feathers used in clothing come from ducks and geese that have been treated humanely. But we don't want to stop there; we want to move the whole fashion industry forward. The North Face is big enough to make a real difference in the world, and we strive to lead by example.

Interview: Anna-Karin Dahlberg, corporate sustainability manager for Lindex

What was Lindex's path toward circularity in the past 10 years?

Sustainability has always been an essential part for how Lindex does business, and we consider ourselves early adopters with regard to sustainability and circularity. In 2013, we set ourselves a goal: by 2020, 80 percent of our garments would be made of sustainable fibers. We also launched take-back schemes in all Swedish stores, together with our partner Myrorna, where customers can return garments from any brand to our stores as well as any other textiles, such as bedsheets and towels. Our aim is to implement this scheme in all our markets. Going forward, we are ramping up the role of circularity in our design strategies.

How do you think COVID-19 is influencing consumer behavior with regard to sustainability?

We are slowly recovering from the shock of COVID-19, and it has been a tough spring, leaving many industry players fighting for survival. Nonetheless, sustainability is a real focus for us, and we believe it's one that will pay off. We are quite positive that COVID-19 makes consumers consider their buying behavior more carefully. We also believe that if consumers want to consume sustainably and buy fewer garments, they may also consider more carefully the kind of brands that they look for.

How do you handle the mismatch between consumers' will for sustainable garments and their hesitation to pay more for them?

At Lindex, we've chosen not to pass on the cost of sustainable fibers to our customers. Instead, we try to mitigate rising costs through strategic procurement. If we raise prices for certain types of garments, then we also try to provide a value add, for example, through different design choices. We look at our product as a package of different attributes: it has to look good with a nice print and a nice color, and it needs to have the right price and sustainable fiber. Therefore, sustainability is not the only attribute that has to work for the product: if a customer buys a blouse in recycled polyester but never wears it, then their purchase is not sustainable as a whole.

Do you think that the fashion industry can solve its pollution problem by itself or are governmental policies necessary?

I think that regulatory support would be very beneficial because there are so many systemic challenges faced by the fashion industry. However, any legislation has to be approached in the right way; for example, through incentives such as tax breaks for companies that are already working toward sustainability. I believe that encouragement works better than punishment. In the end, both the stick and the carrot are necessary for change, but right now, I see more sticks than carrots.

“In order to benefit from the transformative change to enable a circular economy, companies need to commit to investing across the whole value chain.”

**Paul Doertenbach, managing director,
I:Collect GmbH**

Interview: Paul Doertenbach, managing director of I:Collect GmbH

What is I:CO's mission with regards to sustainability in fashion?

I:CO was founded in 2009. Back then, only curbside collection was available for worn clothes in Germany and Europe. Many garments were, and still are, disposed of by the consumer and end up in landfills or waste incineration plants. So we developed an alternative take-back system specifically for the companies that put garments into circulation in the first place. This system allows consumers to return garments to where they originally bought them, backed by the incentive to underline the value of the resources used in the garments. Our partners collect the worn garments. Then we sort, reuse, and recycle discarded clothes in accordance to the waste hierarchy—creating a circular supply chain in the process.

What does your ideal cooperation partner look like?

There are several factors to consider here. First, the take-back system must be operated profitably in order to be truly sustainable. This means we need a certain volume of worn garments to make the business model work. Second, we can only work with companies that have incorporated circular economy strategies into their overall strategy. We cannot work with companies that do this for marketing reasons or that want to effectively outsource their sustainability ambitions to us. In order to benefit from the transformative change to enable a circular economy, companies need to commit to investing across the whole value chain.

Are costs the main reason for companies not to cooperate with I:CO?

In the past, the only currency in retail was revenue per square meter. Fortunately, this mindset has changed as the focus on circularity has increased. However, not everyone has properly grasped the benefits of a circular business model for their company—and without that understanding, working together and convincing management of the benefits to their organization is very difficult. That's why it's critical for us that executives understand the concept of circularity: so that it can become part of companies' DNA.

What needs to happen in the fashion industry for it to become more sustainable in the future?

I am quite satisfied with the development over the past 10 years and therefore optimistic for the future. Key initiatives such as the Sustainable Apparel Coalition (SAC) are moving in the right direction by benchmarking brands, which is a critical first step toward effective collaboration. Brands need to come out of their silos and collaborate right along the supply chain with the common understanding that circularity is a necessity. It's certainly easier for a global brand to create an impact in the supply chain because they have more market power than a small brand that does not have these levers. Therefore, collaboration is key to creating more circularity across our industry and must be intensified. Initiatives such as the SAC and Textile Exchange Conference have made good progress in this regard, but there is still more work to be done. We need appropriate policies and regulations, better knowledge and awareness of this topic, deeper collaboration and integration across the supply chain, a solution for who carries the cost, and a robust technical infrastructure.

Where does I:CO go next?

Recycling innovation is currently top of our agenda. We're looking at ways of incorporating innovative technical infrastructure and equipment to our sorters worldwide. Our focus is on finding optimum solutions for preparing and processing clothing that no one wants anymore and not just for the top 20 percent of second-hand garments.

Interview: Dario Pirovino and Dario Gruenfelder, co-founders of Muntagnard

What drove you to start a sustainable fashion brand from scratch?

We both quit our jobs in consulting because we wanted to work on something more haptic: developing a product from scratch. After evaluating many different business options, we got hooked on the textiles industry—not because it's the most attractive industry from a financial and competitive perspective, but because of our growing interest in the area: textiles and clothes are products that we use and wear every day, and the industry has an enormous impact on the environment and society in general.

Having conducted many interviews with experts and visited numerous conferences and industry events, we realized that most sustainable innovations and sustainability approaches were incremental in nature rather than holistically thought through. Even without any prior deeper knowledge of textiles and clothing, we still felt that most of the green initiatives showcased by the companies and brands were simply not going far enough toward tackling the global sustainability challenges that we're facing. We quickly realized that most industry endeavors represent either greenwashing or simply a poor understanding of the underlying issues involved.

When we began in 2018, we started to think more constructively about our sustainability criteria, deciding that all our fabrics, trims, and materials should be organic and biodegradable, and, if possible, a clothing piece should also be designed for recyclability. In addition, we wanted to exclude cotton from the very start in order to force ourselves to think outside the box and come up with alternative solutions, but also because of cotton's immense environmental impact.

We set out to prove that even more complex items such as a jacket can be made to meet these exacting criteria. From that moment on, we strived to create the best possible jacket, which we now call LANA—a product for people looking for sustainable options without having to sacrifice quality, comfort, or style. On pitching this idea to numerous experts and brand owners, we repeatedly got answers like: "Nice idea, but if it was possible, someone would already be doing it," which only increased our motivation.

We sourced materials and fabrics, but not all of them met our criteria, so we decided to develop our own. We bought 1.3 tons of Swiss wool and created a whole new supply chain from scratch with some great partners in Switzerland and Northern Italy, developing our bespoke, exclusive fabric in a process that took more than a year. Due to the time it took, we decided to develop a simpler product in the meantime, leveraging the expertise we'd gained along the way. We created a T-shirt called LEGNA, which consists of only one fiber throughout the product: wood-based Lyocell from fabric to yarn and even to care label—to create a product that is both biodegradable and recyclable.

For us, building this brand has been mainly an extension of our own interests, our motivation for quitting our secure career jobs to follow our own path and our passion for starting Muntagnard. Sustainability and advancing innovative solutions that create a circular economy are at the core of everything we do. We strive to rethink products from material to function to develop the best possible version we can. This might often represent a more difficult and longer route than many are willing to take. But we see this as the central *raison d'être* behind us establishing ourselves in the textile market and producing products differently. It's less important to us whether we develop something completely new ourselves, drive innovation in cooperation with other organizations, or simply combine and use innovative, marketable products and solutions from others to create a new product. Above all, we want to create truly sustainable products without sacrificing quality, comfort, or style and push sustainable development to the next level.

What is sustainability to you?

Sustainability has many elements for us. In general, we dislike terms like "100 percent sustainable" as this is simply not achievable when creating new products. For us, it's about finding a more sustainable solution that's integrated across all the processes we're involved in as well across the life cycle of our products. We try to optimize the activities within our supply chain of any material we use and any stakeholders we choose to work with, focusing single-mindedly on reducing the impact of the way we work. As a result, we translate our sustainability efforts into a range of approaches.

On a product level, it starts with thinking of the function a product needs to have and then setting out criteria to make it as sustainably as possible. Materials need to be recyclable, reusable, and biodegradable. Whether it's on the sewing yarn, care label, or print, we don't want to compromise. What's more, we wouldn't be comfortable with our products if we didn't understand how they came into existence. So we focus on understanding each and every step in the creation of a fiber, fabric, and other materials, with the aim of allowing full transparency of the partners and processes that are involved in transforming a raw material into a finished product. This ambition takes an unbelievable amount of effort, which we definitely underestimated, but is necessary for us to understand how and where we can—and need—to improve. And creating transparency is the only way we can monitor our production processes and develop our products according to our ambitious criteria: knowing how it's currently done and where we have room for improvement. For example, in fabrics, we aim to know the partners and understand the processes behind their creation: from raw material and fiber creator, yarn producer, knitting/weaving mill, and dye and finishing house right through to the confection company. A simple "made in"—outlining only the location of the final confection site—is not enough for us.

We strive to create lasting partnerships with partners we can trust. Because we want to be able to visit them regularly and interact with them even more, we chose to focus on European producers due to the shorter travel distances and the cultural similarities involved. We made this choice not because there are no Asian producers that are producing as sustainably as their European counterparts, but because we don't want to travel across the world on a regular basis, have production facilities spread across different continents, or even produce in such countries to keep the costs low. Nor do we intend to hide behind certificates and do just enough to attain them especially as they sometimes fall short of meeting our own rigorous criteria. Instead, we want to transparently show how and where we produce our products and leverage standards of certificates in each production step where this makes most sense.

On a brand and company level, we aim to reduce transportation and distribution, and only use biodegradable packaging. As we move forward, we want to optimize our "return a product" program, ensuring products can be repaired, recycled, or disposed of properly whenever they reach the end of their useful life.

How would you describe the people who shop at Muntagnard? Are they different from the ones who shop at fast-fashion companies?

They are mainly LOHAS (lifestyles of health and sustainability) across various age groups or professions. Our customers value products with a story and solve sustainability issues without necessarily being “eco” per se. They buy our products more consciously and thus value it more and ideally take better care of them for longer. But of course, look and feel are also key to Muntagnards and Muntagnardas. Our customers might still turn to fast fashion to buy certain items every once in a while but definitely far less often than others. Our clothes are for people that don’t follow impulses and trends. Above all, Muntagnard is for customers who want peace of mind when buying and wearing our sustainable clothes without having to sacrifice quality, comfort, or style as a result.

“The big challenge for customers in this drive is to understand the profusion of sustainability claims and certifications so that they know who and what they can trust.”

**Dario Pirovino and Dario Gruenenfelder,
co-founders of Muntagnard**

How do you think big fashion brands will change over the next years? Are you optimistic or pessimistic that the industry will get real about sustainability?

We believe the trend toward sustainable practices will continue. However, our own experience of creating transparency in the supply chain and along the practices in each of them has shown us that the complexity and opacity of the industry means that huge overhauls are very difficult for big fashion to achieve. They’re also accountable to investors and other stakeholders so that they cannot just “risk it all” by switching raw materials, production partners, or supply chains straightaway. This huge effort takes years to complete as well as a total turnaround in culture and business strategy for many companies. The scale of the challenge cannot be underestimated. But we think that many companies will launch well-intentioned initiatives or even product collections that are more sustainable. Given their scale, even shifting just part of their immense operations to more sustainable practices and processes can have tremendous benefits for the environment. This is something that small brands like us don’t have the scale to achieve so easily. However, the risk of greenwashing or not going all the way is still there. The big challenge for customers in this drive is to understand the profusion of sustainability claims and certifications so that they know who and what they can trust. We anticipate that the trend of collaborations between sustainable brands and big fashion brands will continue, creating interesting collections that are actually worth exploring.

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