Research on the Business Operating and Development of Sustainable Fashion Industry

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Abstract. The fashion industry is undergoing transformation, relying on the development of new materials and the upgrading of manufacturing processes to explore new spaces in the sustainable field. This paper studied sustainable fashion and analyzed the current development status and potential of the sustainable fashion industry by taking some companies as case studies, which included the overall market, sales, price strategies, business model and manufacturers, aiming to explore the promoting role of price or business model on the circular economy of the garment industry. The research, summarizes five factors that influence most consumers to buy clothing, and also Revealing the strong connection between consumer purchasing power and demand. Besides, sustainable fashion is sometimes more concentrated in certain categories, and some clothing categories have higher sustainability requirements than other clothing products. Last but not least, the analysis of business models and designers as well as the manufacturers were included to better evidence the potential and current condition for sustainable fashion. Finally, the work signifies the future development trend of the sustainable fashion industry and some better commercialization paths from multiple perspectives.

Keywords: Sustainable fashion Industry, Supply chain, Consumer behavior.

1. Introduction

1.1. Background

The fashion industry has done great harm to the planet: although we have doubled the amount of clothing produced in the past decade, it has been accompanied by a decline in the average life span of each piece of clothing. The fashion industry has been called one of the largest polluters in the world only second to oil, probably due to the fact that the plastic material of most clothes also contributes to microplastic pollution and disasters. The rise of humans' fast-paced lifestyle gave birth to the "fast fashion" trend. What fueled this fast fashion frenzy is all rooted in the linear economy - the extract, produce, discard model. Humans extract raw materials, create goods, and then discard them after use. It's a system that depletes resources and generates staggering amounts of waste. But here's the game-changer - the circular economy. It's all about sustainability, a continuous cycle of material circulation and utilization, with zero waste as the goal. The change comes in the form of sustainable fashion. The greener, more environmentally friendly business practice is not only important for the planet but also for a business's future success.

1.2. Related Research

In recent years, many sustainable fashion companies have emerged, attracting the attention of scholars. Kate et al. had a case study on Miranda, a supplier in New Zealand, and learned that Miranda had been aware of the importance of environmental protection in the fashion industry since 2012. She launched a T-shirt for her customers made from organic cotton, plant dyeing and vegetable prints. The authors concluded that the future of the sustainable fashion industry has potential, many merchants want to practice sustainable fashion, but they lack the customers to change their consumption patterns [1].

In terms of theory, Kirsi emphasized the ethics and importance of the practice in the field of sustainability, mainly divided into environmental ethics and values. What he also discovered is the basis for all choices, and the basis for thinking about business models and monetization options. The

sustainable fashion industry is in line with the values and ethics of consumers, so there will be business opportunities, and this is its way out [2]. Louise used the means-end theory approach to explore the link between consumers' actual behavior and their values. The author argued that more attention should be paid to consumers' performance and choices, rather than constantly asking them what they think about sustainability [3].

In addition, Karen et al. interviewed not only consumers but also fashion professionals and found that the environmental awareness of China is still in its infancy. But more importantly, the popularization of sustainable fashion has implications for them to devise marketing and sustainability strategies. Also, they introduced that they may have some bias in the findings because it is focused on the Asian region [4]. Nadine et al. presented the initial purpose of luxury is to deliver value through social and environmental sustainability. Therefore, the concept of sustainability has to become a priority for luxury brands as well. The authors analyzed and provided a comprehensive framework of luxury sustainability values. Luxury brands exist not just to meet the needs and priorities of consumers, but also to shape them, just as they shape fashion trends and thus society. Making consumers aware that their decisions have an impact on the environment is both an opportunity and a responsibility for the brands themselves [5].

More and more companies are paying attention to this field, Holly and Tsan applied a five-R framework to evaluate the initiation, implementation, and institutionalization of a local fashion company in Hong Kong. They found that fashion companies can seize competitive advantage through strategic management of environmental challenges. Also, the research done by them can help explain and conceptualize fashion companies' journals about going green [6]. Yunjeong and Kyung's analytical logic is to combine consumer aspirations for brands with fast fashion to better facilitate companies to set strategic goals for sustainable fashion. They selected three fast-fashion brands and used extensive web analysis to identify these brands and their sustainable fashion efforts. In network analysis, ZMET technology is used to extract keywords through in-depth interviews. Results showed that the center degree of environmental protection is the highest, and the center degree of recycling is the highest. In addition, Uniqlo has a high intermediate centrality, which proves that it has a high correlation with each keyword. In intimacy centrality, "eco-friendly," "eco-friendly fabrics," and "recycling" are the most important keywords, confirming that associations are concentrated around these words [7].

As the debate grows about whether COVID-19 will support the transition to a more sustainable fashion industry, Taylor et al. explored the direct impact of COVID-19 on the fashion industry and found that the impact is rapid and severe. The outbreak has had a dramatic impact on garment workers, both in terms of the speed of their garment production and the dynamic consequences of being forced to adapt to the outbreak. However, it is also unfair to them because they have to solve short-term problems such as inventory management. Thus, it’s hard for them to directly implement long-term goals. Ironically, as COVID-19 brings key functions such as production, transport and consumption to a halt, some brands may meet the upcoming Sustainable Development Goals [8].

1.3. Objective

This paper starts with the background of sustainable fashion and takes some companies as research objects to analyze the development status and potential of the current sustainable fashion industry. The second part of the introduction combs the existing research, summarizes the relevant literature of the author's analysis cases, and recommends other similar literature in combination with the characteristics of the sustainable development industry. The third part provides corresponding solutions and prospects for the future.

2. The Current Development Status of the Sustainable Fashion Industry

2.1. Marketing and Sales

Environmental protection has become a consensus among global consumers, in terms of raw materials and other aspects. According to Harvard Business Review, 65% of people say they are willing to pay for sustainable or environmentally friendly brands, but only 26% do so. There are several reasons why sustainable products cost more than ordinary products. Firstly, there is no cost advantage, which is the fundamental reason. Secondly, there is no complete recycling mechanism. Third, consumers have become less price-sensitive to sustainable clothing items because they do not care more about quality than price.

In 2018, 85% of luxury sales growth was driven by a new generation of consumers, mainly millennials and Gen Z, with a focus on sustainable practices, sustainable information and sustainable products. These consumers, who are accustomed to being open about their lives on social media, see themselves as brands and therefore choose labels that fit their personalized positioning, often claiming to only deal with sustainable brands (although our survey of a subset of millennials' buying histories suggests otherwise).

The paper interviewed and found that the main factors influencing Chinese consumers to buy clothing are pricing, design, brand image, product evaluation, and most importantly, quality. The majority of Chinese consumers pay the most attention to quality, especially safety and environmental protection in the production process

At present, developed countries are more inclined towards sustainable products, which is related to various factors. Sustainable fashion is more focused than our traditional clothing on producing certain categories of products, such as tops, bottoms and outerwear. There also seem to be countries that are more focused on producing a particular category of sustainable clothing. In the United States, for example, sustainable t-shirts, shirts, etc. are particularly popular; In France, underwear is more labeled as sustainable; In Germany, people have high sustainable requirements for outdoor casual wear.

2.2. Business Model

Accenture believes that three business models are suitable for the fashion industry, namely leasing, subscription, and second-hand. For mid to high-end products, leasing is an important indicator (related to usage frequency), and in low-end products, leasing models are becoming increasingly popular. Some companies have even withdrawn from the trial and buy model to attract consumers.

In addition, the subscription model is the main business model for high-end products, and has derived the industrial chain of second-hand recycling. With the continuous development of e-commerce, its scale is also constantly expanding.

2.3. Companies

There are many pioneers in creating and producing more sustainable, environmentally friendly and ethical clothing, such as the company ICICLE, which has been promoting eco-fashion for more than two decades. They make their clothes from natural fibers such as bamboo and organic cotton, and use vegetable dyes from nature to reduce damage caused by harmful chemicals. Another good example is Purcotton, which was founded in 2009. China's only high-end brand with a medical background. They have always insisted on using 100% natural cotton to produce healthy, skin-friendly and high-quality life care products.

Bosideng Group, the leader in China's down jacket industry, actively advocates a circular economy and explores new ways of industrial green development, thanks to its excellent performance in product quality improvement, supply chain, employee well-being, social responsibility and other issues, it has been awarded a high score by Morgan Stanley MSCI Index. It can be said that it has played a leading role in the sustainable development of China's garment industry. After the impact of the global novel coronavirus epidemic in the first half of this year, the topic of sustainable fashion

continues to heat up, and China has formed a development consensus on promoting the process of sustainable fashion. Sustainable fashion is playing an increasingly important role in brand building and value creation, and enterprises' commitment to the environment and society and their ability to fulfill their responsibilities have become the internal driving force to promote the sustainable development of enterprises. FUEN GROUP is also taking the lead in developing environmentally friendly fabrics and collaborating with other industries to promote sustainability. Their team of experts is working relentlessly to refine trends and create fabrics that not only look great but also have a significantly lower carbon footprint.

3. Suggestions and Prospects

3.1. Improvement of Commercialization

In the field of sustainable fashion, efforts should focus primarily on technological improvements in the supply chain. Technology can to some extent reduce its impact on the environment. But in the entire industry chain, outsourcing companies can affect the brand's influence when controlling costs, and it is necessary to let the design process lead the entire process. From the perspective of industry chain collaboration, while reducing costs, it also enhances the attractiveness to consumers. Looking beyond the supply chain to include consumer behavior can foster the development of sustainability-driven business models to support sustainable production and consumption [9]. Enterprises can change the traditional supply chain weight and increase the coverage and influence of the design process to the top level. Of course, design should also consider cost factors and better control and reduce them with outsourcing manufacturers, which will affect the consumption ability of a considerable number of users in order to launch more competitive products.

3.2. The Future Development Trend of the Fashion Industry

Diversity is an important trend in the future of the fashion industry. With the progress of society and the change in people's needs, the diversity and personalized demand of consumers for fashion products is also increasing. In the future, the fashion industry will pay more attention to meeting the needs of different consumer groups and introduce more diversified products and styles. At the same time, diversity is also reflected in the creativity and style of the designers. In the future, the fashion industry will encourage designers to be bold and innovative, break the shackles of tradition, and bring more diversified fashion choices to consumers.

Sustainability is another important trend for the future of the fashion industry. In the context of increasingly prominent global environmental issues, the fashion industry needs to shift towards environmental protection and sustainable development. In the future, the fashion industry will pay more attention to environmental protection and social responsibility, and promote sustainable production and consumption patterns. For example, the use of environmentally friendly materials, and the promotion of recycling and recycling will become an important development direction of the fashion industry. Consumers' attention to sustainable fashion is also increasing, and they are more inclined to buy products that meet environmental standards, which will further promote the transformation of the fashion industry to sustainable development.

Digitalization is one of the important trends in the future development of the fashion industry. With the continuous progress of science and technology and the popularization of the Internet, digitalization has penetrated various industries, and the fashion industry is no exception. In the future, the fashion industry will make greater use of the Internet and digital technologies to promote products, sell and provide personalized services. Online shopping, virtual fitting rooms, social media marketing and more will become common practices in the fashion industry. The development of digitalization will also bring more data analysis and artificial intelligence applications to help fashion brands better understand consumer needs and improve the ability to personalize products [10].

4. Conclusion

This study has presented how the price strategies and business models drove the sustainable fashion industry. The study identified the specific products that could trend the industry. Another finding is that for different strata of the market, the factors affecting its profitability are different, and different sales models and business models have different potential and attractiveness to different consumers. The third finding is the significant leadership role of manufacturers in the field of sustainability, and the promotion role of well-known brands has undoubtedly brought great benefits and business opportunities to the field of sustainability. The future development trend of the fashion industry will be diversified, sustainable and digital. These trends will drive the fashion industry to continue to innovate and adapt to the changes in consumer demand and the development needs of society.

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