Sustainable Fashion

How important is sustainability to fashion consumers?

An overview of the audiences, brands and individuals shaping this conversation.

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Introduction

Reducing the impact of climate change is one of the enduring problems of our times. After decades of neglect, businesses have started to make sustainability a priority: **in 2014, 49% of company CEOs ranked it as their most important or top three priority*.**

Nowhere is this pressure more keenly felt than the fashion industry. Frequently lambasted for the wasteful consumption habits promoted by 'fast fashion', the production of cheap, disposable clothing is only set to increase. **Garment production is predicted to grow 63% by 2030, with the textiles industry projected to account for more than a quarter of the world's carbon budget by 2050**.**

These sped-up production cycles also have a human cost: over 50% of garment workers in countries like India and the Philippines (where the fashion industry makes up more than a third of total manufacturing jobs) are not paid the minimum wage.

Consumer awareness of these problems, however, is on the rise. Globally, data indicates that **66% of fashion enthusiasts would pay more for sustainable or eco-friendly products, 13% more than the average consumer†**. But this doesn't always translate into action, particularly among 18-24 year olds whose appetite for fast fashion remains as voracious as ever.

As a result, it is up to brands to educate and empower young consumers on how to live their values, while satisfying the sustainability needs of more affluent and selective 25-44 year olds.

*McKinsey's Global Sustainability Survey (2014)
**Global Fashion Agenda & Boston Consulting Group's Pulse of the Fashion Industry (2017) report
† Based on GlobalWebIndex data on consumers with an interest in fashion (Q4 2017)

KEY DATA

A Closet Full of Clothes, but Nothing to Wear

The average number of times a piece of clothing is worn has fallen 36% since 2000

Fast Fashion Waste

25% of Millennials wear an item for less than six months before disposing of it

Excess Baggage

60% of German and Chinese citizens said they own too many clothes

Defining Sustainability

What is sustainability anyway? The Ethical Fashion Forum, an organisation championing social and environmental standards in the fashion industry, groups it into three main categories*:

Environmental

Minimising the environmental impact of business operations, throughout the supply chain

e.g. reducing toxic pesticide & chemical use, utilising eco-friendly fabrics, minimising water usage, energy efficiency, protecting animal rights**

Social

Increasing the capacity and wellbeing of the people & communities behind fashion

e.g. promoting fair wages, working conditions & workers' rights

Commercial

Producing quality products or services that meet market needs and demands, and are fairly marketed

e.g. countering fast fashion, creating sustainable supply chains, raising awareness of sustainability practices

*As outlined on the EFF's website **Animal Rights is identified as a separate distinct category elsewhere in this report

Executive Summary

- Overall, **fashion audiences are more comfortable with paying extra for sustainable products compared to the average consumer.** Fashion lovers who purchase from Luxury and Mid-Market brands over-index by the widest margin for their willingness to invest in sustainability, but even their High Street fashion counterparts were 22 percentage points more likely to shop in this way than average.
- However, there is a disconnect between Mid-Market consumers' enthusiasm for eco-friendly products, and engagement with this online. Mid-Market consumers made up just 14% of the brand segment share of voice, with few retailers gaining a significant footprint across this group. Whether this is a result of these brands not addressing sustainability adequately on a business level, or simply low awareness of these initiatives among consumers, **there is an opportunity to own the position of ethical brand leader in the mid-market.**
- **Asian consumers also represent a big opportunity for retailers looking to increase their cachet abroad, particularly in the luxury market.** Vietnam, India and China were the top sustainable consumer countries. One factor contributing to this could be closer geographical proximity to human rights disasters linked to the fashion industry, such as the Rana Plaza incident in Bangladesh that claimed the lives of 1,134 garment workers. This isn't to suggest that Asian consumers will embrace sustainable fashion with open arms in a similar way to other products: for example, there is a stigma in China around recycled and vintage clothes. As a result, highlighting textiles innovation may be a better angle - such as the use of organic cotton and Tencel, a material made from wood cellulose, in garments.

KEY AUDIENCE OPPORTUNITIES

Male Luxury Brand Buyers

43 percentage points more likely to buy eco-friendly products. This audience is aged 18-35, with many living in Asian countries

Asian Fashionistas

The consumer region most willing to invest in sustainable products. However, threads better be on-trend: this audience wants their favourite brands to make them feel 'cool or trendy', over-indexing 47 percentage points vs. the average consumer

Executive Summary

- One of **the biggest threats to continued progress in making clothes more sustainable is apathy among North American fashion consumers**. While willingness to pay more for eco-friendly products dipped slightly across most regional brand segments in Q4 2017 (vs. Q1), it was down by 11 percentage points in North America. In the US, just 50% of fashion enthusiasts said they would pay more for ethically made clothing.
- Interestingly, **the cost of sustainable fashion may not be the main barrier to entry for North American consumers**. Fashion audiences in Europe and Asia whose income fell into the bottom 25% of earners were, on average, seven percentage points less likely to buy sustainably, ostensibly due to having smaller budgets. However in North America, low earners were equally likely to purchase these products, perhaps due to high awareness among students and younger entry-level workers of fashion's impact on the environment. Instead, the largest disparity came from those with earnings in the Mid-50%: just over half of this audience were not willing to pay more for sustainably sourced products, while 44% said they would. This was the reverse of the trend across other regions.
- **European High Street consumers were the only segment whose desire to spend more on sustainable products increased over 2017.** A positive move, initiatives by retailers like H&M and widely publicised criticism of poor labour practices (e.g. reports that garment workers had allegedly sewn notes about not being paid into clothing by Spanish retailer Zara) may have contributed.

KEY AUDIENCE OPPORTUNITIES

European High Street Brand Fans

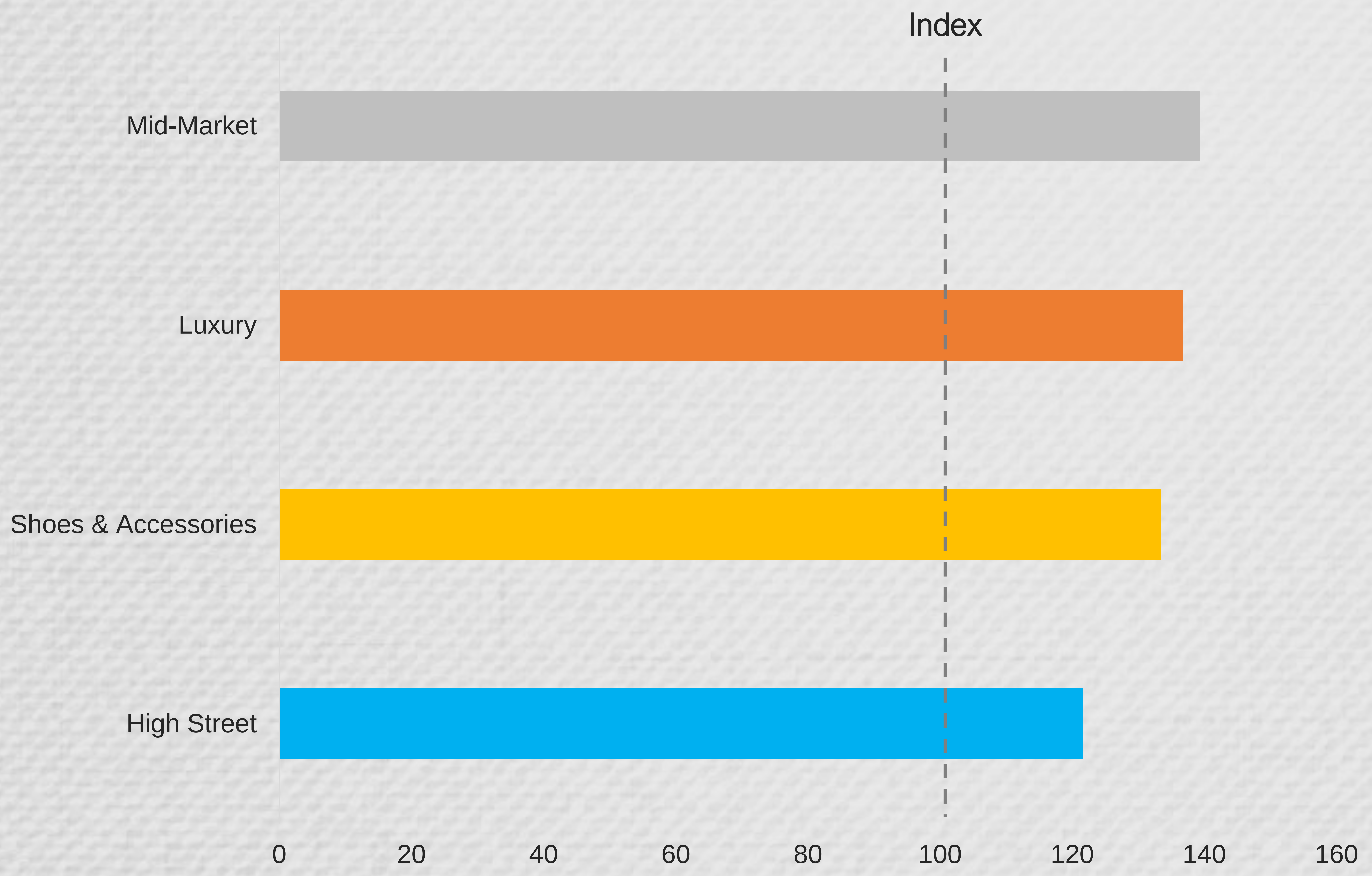
The only brand segment to see a positive evolution in their desire to shop sustainably during 2017

What kind of fashion consumers are most likely to shop sustainably? Do fast fashion buyers care about how their clothes are made?

We examined four different brand and product segments, based on individuals who have purchased items from corresponding retailers within the previous 1-2 years and rank fashion among their personal interests.

Fashion audiences are more ethically conscious than the average consumer

Intent to pay more for Sustainable products by segment (vs. All Consumer Average)*



- **Individuals who purchased products from a mid-market fashion brand (e.g. Ralph Lauren & Tommy Hilfiger) were most willing to invest in sustainable products**, indexing at 39 percentage points more vs. the average consumer. Notably, Tommy Hilfiger customers were 80 percentage points more likely to pay extra for ethical products compared to the average.
- This contrasts with the findings of a 2017 Global Fashion Agenda/Boston Consulting Group report, which identified mid-sized fashion brands as having some of the lowest scores for their sustainability efforts.** **Our data underlines that mid-market consumers' do have an appetite for ethical goods**.
- Reflecting their fast fashion grounding, **those who bought items from high street brands were least willing to pay more for eco-friendly products**. However, they still indexed 22 percentage points higher than the consumer average.

*Base: "I would pay more for sustainable/eco-friendly products" (All affirmative responses)
**Global Fashion Agenda & Boston Consulting Group's Pulse of the Fashion Industry (2017) report, based on its proprietary market segment pulse scores

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Asian countries have the greatest appetite for sustainable fashion

Luxury audiences in **North America** were seven percentage points more likely to buy sustainably than High Street buyers. Only half of consumers in the US agreed that they would spend more if goods were ethical.

Brand segments in **Asia Pacific** outperformed those in other regions. Mid-Market audiences (83%) and Luxury (79%) had the most positive responses.

European audiences were consistent across segments. 63% of Luxury consumers were willing to invest in sustainable goods, which may have contributed to Italy ranking top (56%) in the region. The UK ranked lowest at 46%.

KEY

61% APAC — Proportion of audience who would pay more for sustainable or eco-friendly products, based on the average % of all brand segments per region

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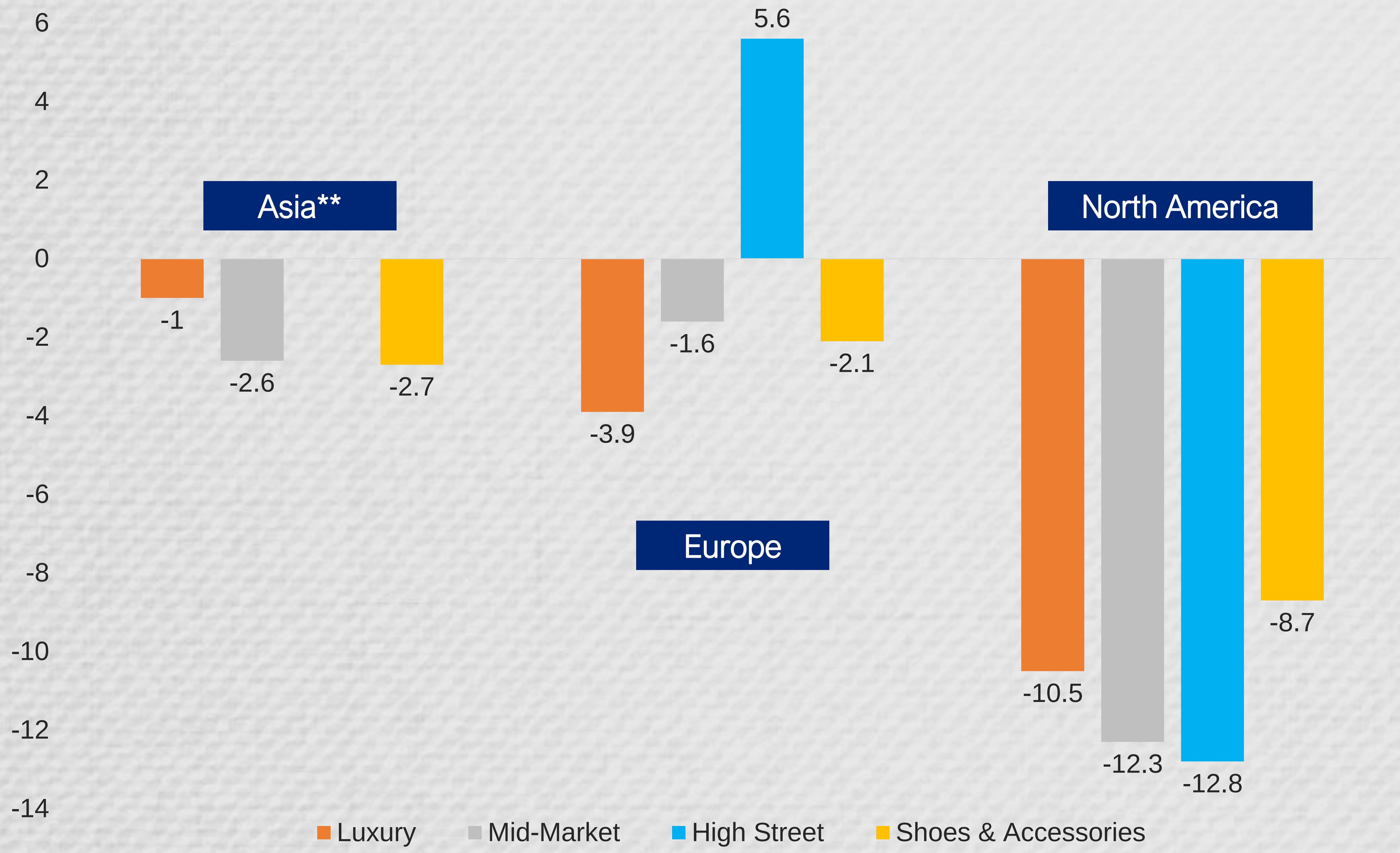
While enthusiasm for sustainability wanes among North American consumers

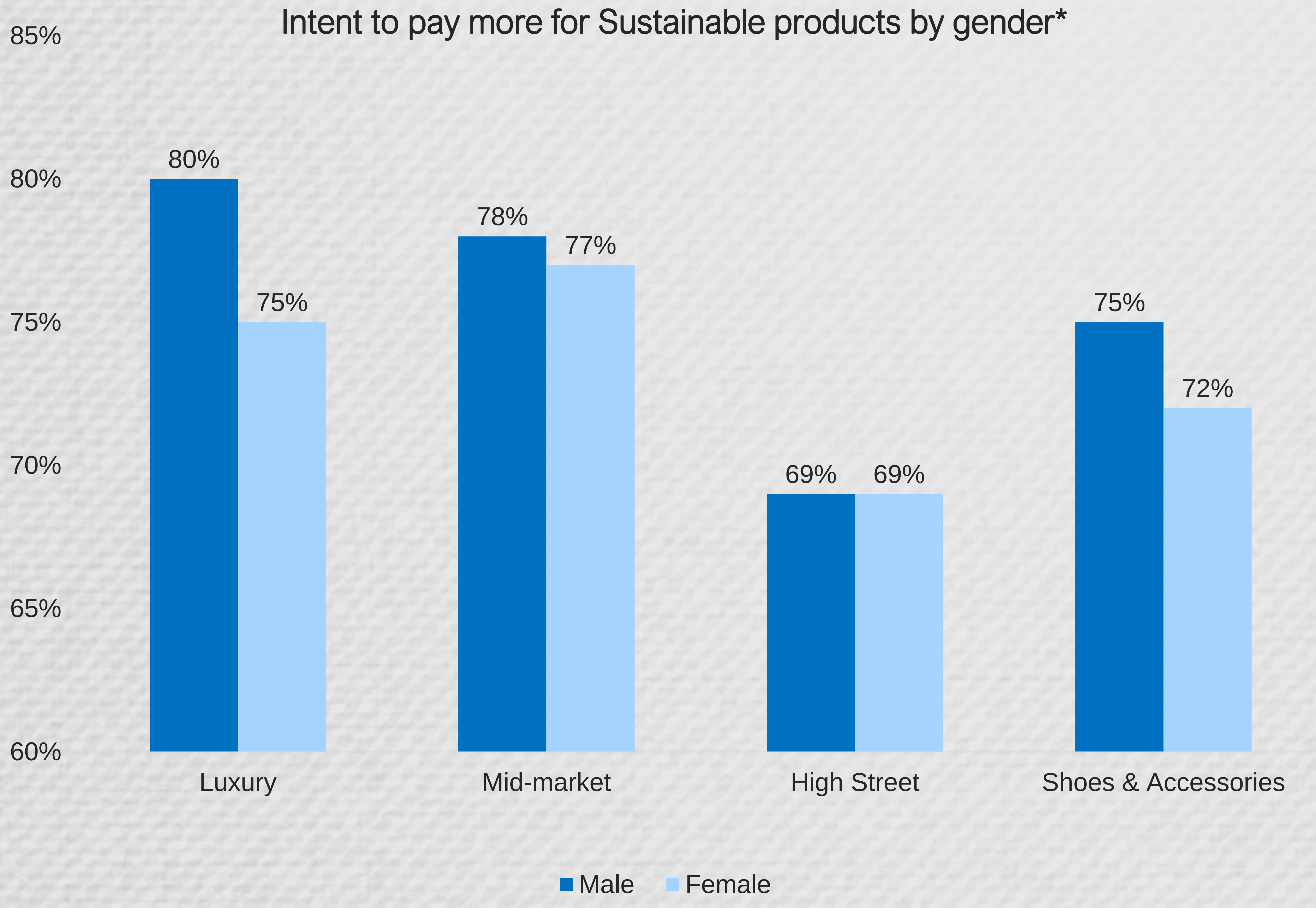
Change in % of audience willing to pay more for sustainable products (Q1 vs. Q4 2017)*



- 2017 saw a negative trend in the proportion of fashion audiences willing **to pay more for eco-friendly products. This was particularly pronounced in North America, where intent declined by an audience average of 11 percentage points** between Q1 and Q4 of 2017.
- The **greatest downtick in intent to buy sustainably occurred among high street brand consumers from this region**, down 13 percentage points from the beginning of the year. While the reasons for this are unclear, it could be down to the perception of ethical products as being more expensive; compared to Q1, fewer people planned to invest in major purchases like jewellery (down five percentage points), but intent to buy clothing was up 11 percentage points. This could suggest some financial belt-tightening.
- By contrast, **European consumers of high street brands were more willing to purchase sustainable products** at the end of 2017.

*Base: "I would pay more for sustainable/eco-friendly products" (All affirmative responses). **No Q1 data available for the High Street segment in Asia

Male luxury consumers prove receptive to sustainable products



*Base: "I would pay more for sustainable/eco-friendly products" (All affirmative responses)

- Overall, attitudes towards paying more for sustainable products did not vary by gender.
- However, when brand segments became a factor, **male luxury fashion purchasers emerged as an audience particularly invested in sustainability**: 80% said they would pay more for sustainable clothes, 43% more than the average consumer. This was also five percentage points more than female luxury consumers.
- Some of the top things this audience wanted brands to provide included **innovative new products (36% - 19 percentage points more than the average fashion enthusiast), as well as help improving their image or reputation (over-indexing by 16 percentage points)**. As a result, this audience may be receptive to new ethical fabrics and production techniques that boost their credibility.

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Consumers of Luxury and Mid-market fashion are embracing sustainability, but is this enthusiasm matched by retailers?

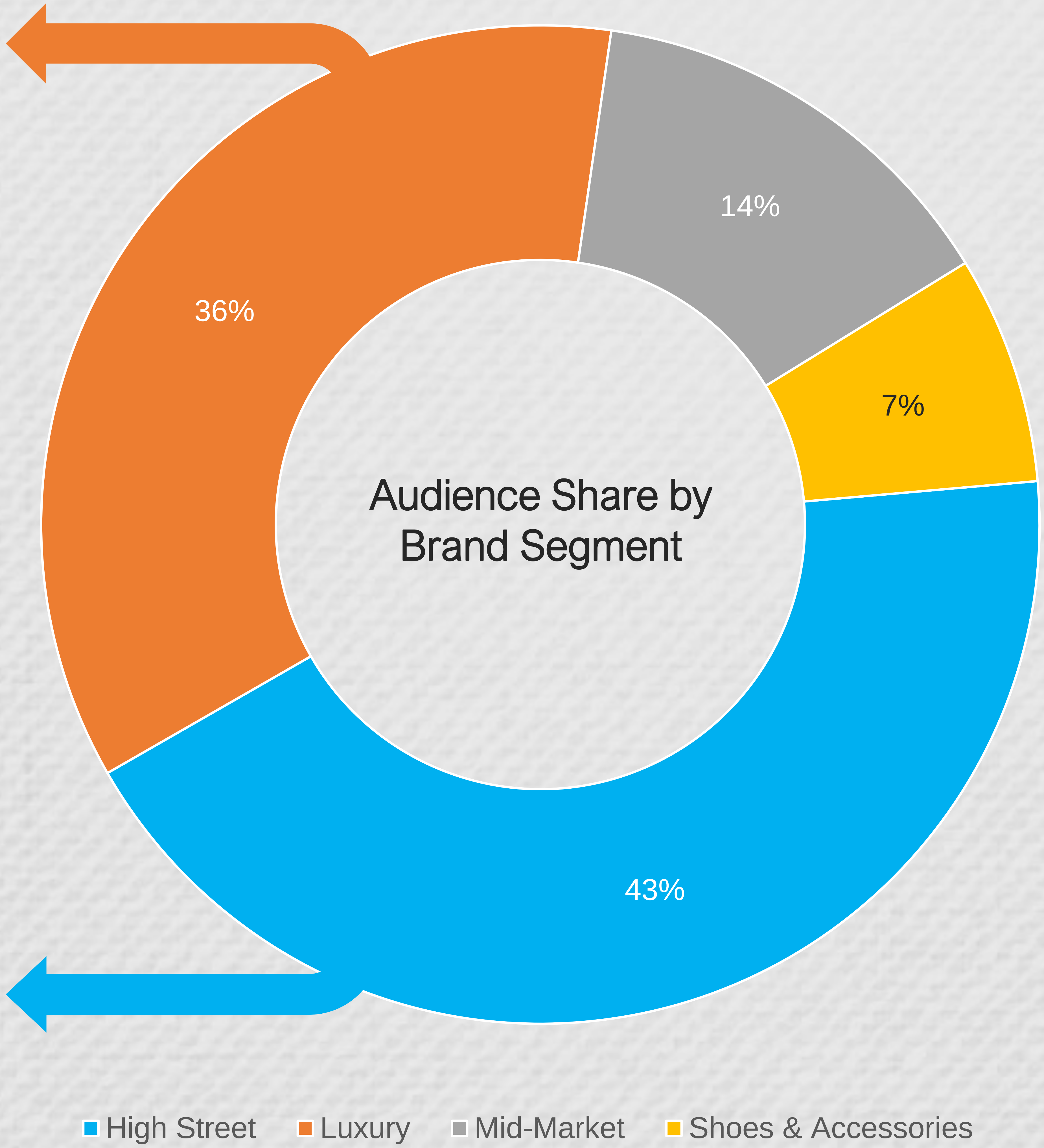
Which brands are pushing the sustainable fashion agenda online?

Key brands boost penetration across the High Street & Luxury audiences

28% of the Luxury audience addressed Environmental Sustainability

16% engaged with Animal Rights content

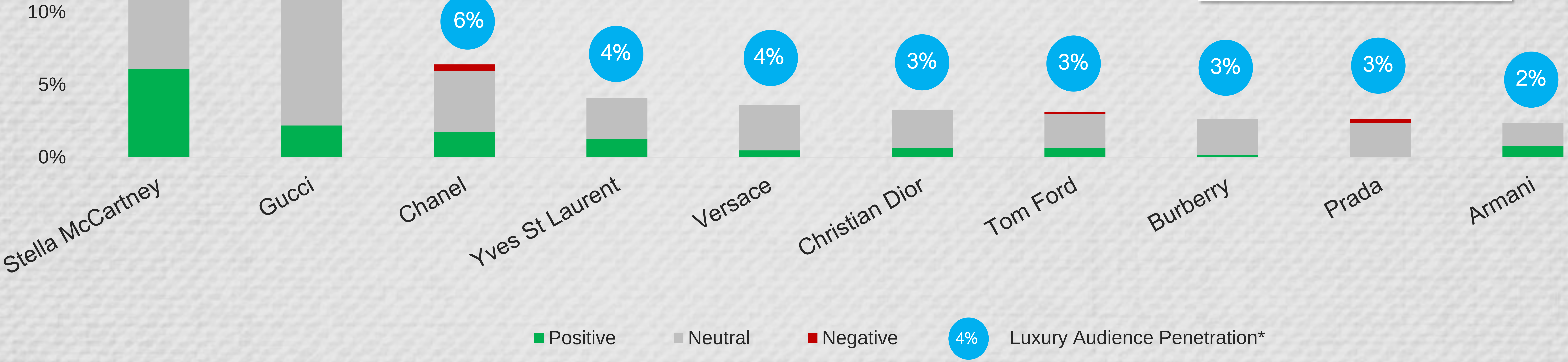
The High Street Fashion segment discussed sustainability in a broad sense



- **High Street brands gained most traction overall with the sustainability audience.** This was down to the efforts of a handful of retailers – three brands accounted for half the audience share – but not all of this was positive in tone. Opinion around H&M, for example, was divided despite the retailer's strong corporate record of engaging with sustainability initiatives.
- Similarly, **audience share for the luxury segment was clustered across a handful of brands.** Thanks to a career-long commitment to ethical fashion, Stella McCartney represented more than a quarter of the luxury audience segment, with a particularly strong environmental sustainability footprint.
- **Shoes & Accessories had a weak relationship with sustainability.** Just 14% of those talking about this brand segment did so in connection with sustainability. Timberland was the top cited brand, after experimenting with recycled plastic in its shoes.

Stella McCartney has a wide lead across sustainable luxury

Sentiment by Luxury Brand*



Stella McCartney cemented her status as a leading proponent of sustainable fashion. However, **she had most impact with environmental activism (32% of all people mentioning her referenced this)**, such as encouraging the use of recycled fabrics, than Animal Rights, a topic she is usually synonymous with.

Gucci's decision to ban real fur in its products was a key topic for 67% of users citing the brand.

*As a percentage of the overall luxury brand audience segment

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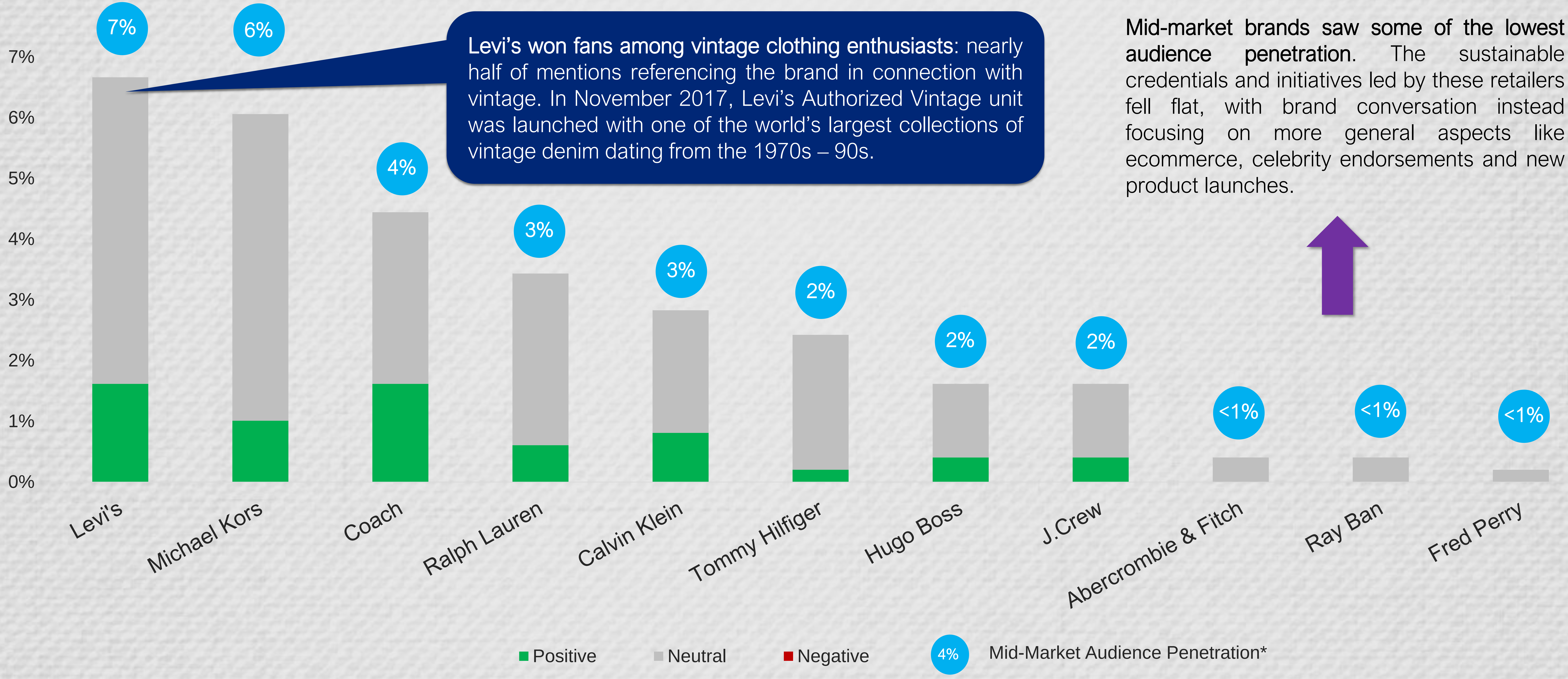
Mid-Market fashion brands see little traction with the eco-conscious

Sentiment by Mid-Market Brand*



Levi's won fans among vintage clothing enthusiasts: nearly half of mentions referencing the brand in connection with vintage. In November 2017, Levi's Authorized Vintage unit was launched with one of the world's largest collections of vintage denim dating from the 1970s – 90s.

Mid-market brands saw some of the lowest audience penetration. The sustainable credentials and initiatives led by these retailers fell flat, with brand conversation instead focusing on more general aspects like ecommerce, celebrity endorsements and new product launches.

*As a percentage of the overall Mid-Market brand audience segment

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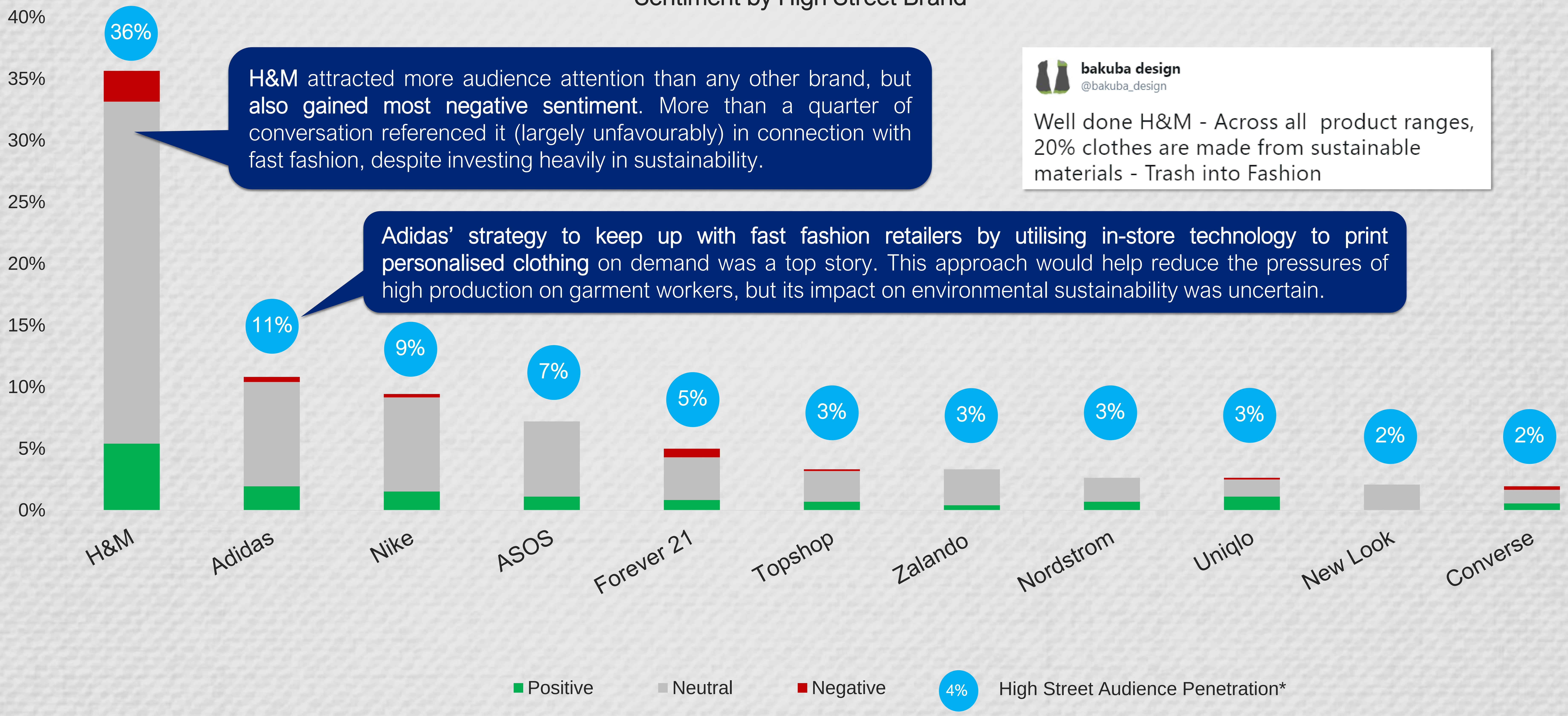
H&M's initiatives fail to detract from its fast fashion reputation

Sentiment by High Street Brand*



H&M attracted more audience attention than any other brand, but **also gained most negative sentiment**. More than a quarter of conversation referenced it (largely unfavourably) in connection with fast fashion, despite investing heavily in sustainability.

Adidas' strategy to keep up with fast fashion retailers by utilising in-store technology to print personalised clothing on demand was a top story. This approach would help reduce the pressures of high production on garment workers, but its impact on environmental sustainability was uncertain.

bakuba design
@bakuba_design

Well done H&M - Across all product ranges, 20% clothes are made from sustainable materials - Trash into Fashion

*As a percentage of the overall High Street brand audience segment

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Ethical shopping strategies and buying sustainable fashion on a budget is a concern

Reddit: Key Sustainable Fashion Terms

KEY

Materials & Fabric focus

Cost focus

- Fashion sub-reddits like r/femalefashionadvice saw significant traffic around the topic of buying sustainably. Requests for ethical brand suggestions and retailers to avoid were popular threads.
- One of the biggest barriers to entry for fashion consumers looking to buy more sustainably is the higher cost of items compared to fast fashion garments. This is illustrated by the prevalence of the words *"afford"*, *"cost"* and *"price"* in Reddit conversations around the topic, accounting for around 8% of Reddit audience conversation. One user lamented: *"I was looking into clothing options that aren't "fast fashion" that's affordable...150 dollars is affordable for a dress? 48 dollars for a tank top? 325 for a jacket!?!?! Thats insane. 30 dollars is a splurge for me. So what am I supposed to do?"*
- Those who had adopted this strategy acknowledged that new ethically made items were expensive, but purchasing from vintage or thrift stores as well as reducing the number of items bought per year could help.

Content and paid media are vital tools in growing awareness of new sustainability initiatives and product lines.

But achieving reach and credibility with eco-conscious consumers requires some extra help: **sustainable fashion lovers are 72% more likely than the average internet user and 10% more likely than regular fashion enthusiasts to discover brands via celebrity endorsements**.

So who can sustainable fashion brands partner with?

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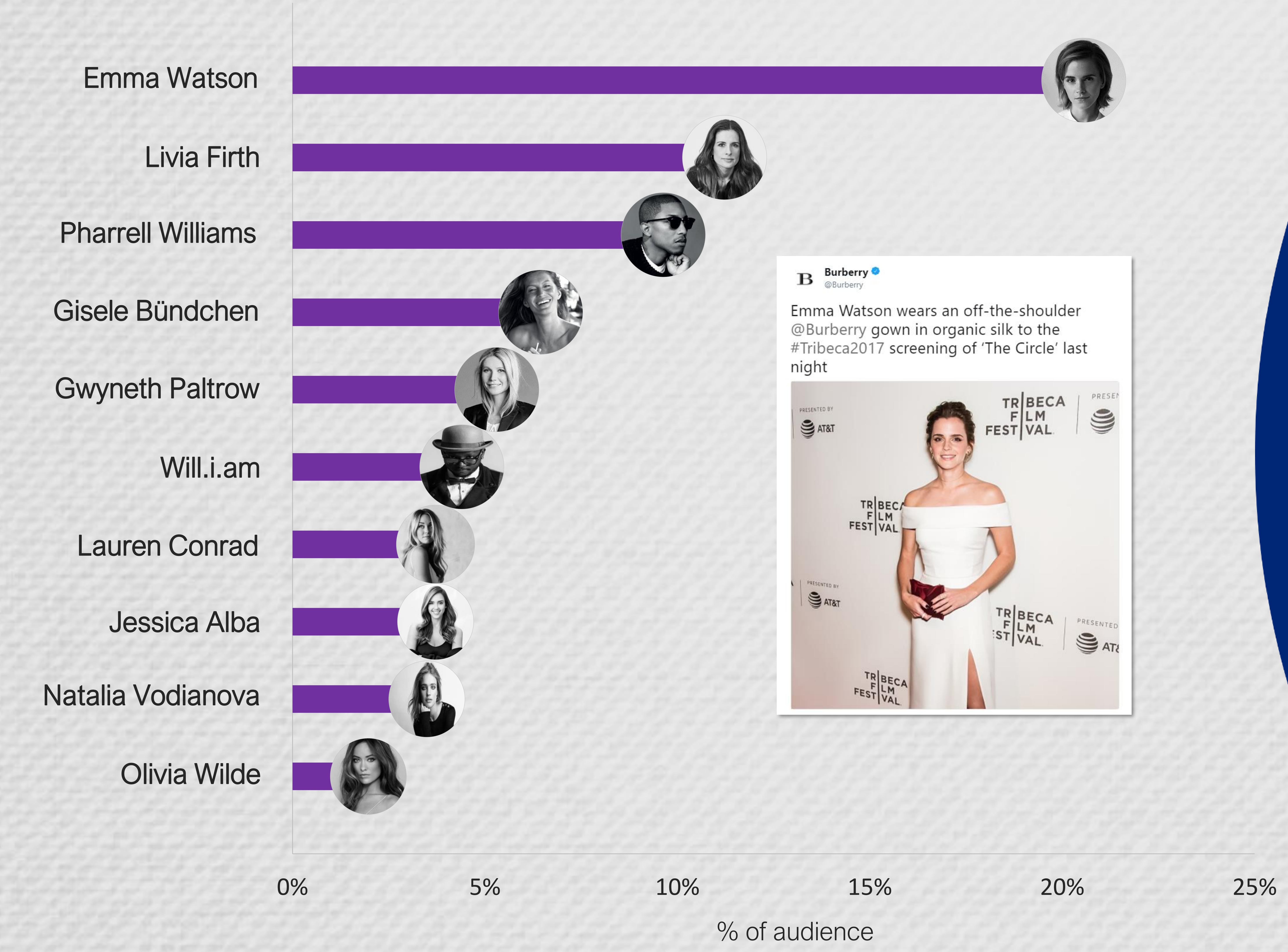
Emma Watson has most affinity with sustainable fashion lovers



Burberry
@Burberry

Emma Watson wears an off-the-shoulder @Burberry gown in organic silk to the #Tribeca2017 screening of 'The Circle' last night

- **Emma Watson** came out top among sustainable celebrity fashion ambassadors, with **21% of the audience talking about the actress.** Watson has been an enthusiastic champion of sustainable fashion, frequently spotlighting ethical designers on her social channels, including her dedicated @the_press_tour Instagram account. This makes her an ideal partner for brands looking to highlight their sustainable credentials.
- **Pharrell Williams**, the highest ranking male ambassador, **was referenced by 10% of the audience**. His role as Head of Imagination at denim brand G-Star RAW, where he's been involved with designing jeans constructed from recycled plastic, bolstered his position.
- While her profile was lower than other ambassadors, actress **Nikki Reed gained most positive sentiment from the audience** following the launch of her Bayou With Love jewellery line, made from recycled computer parts.

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