



Consumers'
ADAPTATION TO
SUSTAINABILITY
in Fashion

EDITION 2021

VOGUE



BCG BOSTON
CONSULTING
GROUP

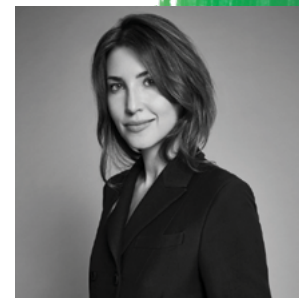
FOREWORD



OKTAWIAN ZAJĄC
MANAGING DIRECTOR & PARTNER | BCG

If we continue on the current climate trajectory, we may soon face catastrophic and irreversible changes. By 2050, over 570 cities could be at risk of a 0.5 meters sea-level rise and 250 million people could become displaced due to adverse environmental conditions. By 2100, we might, in turn, see a 30% lower per capita GDP than in a situation without additional warming. We can only avoid such a scenario if we act immediately. Although this has already been acknowledged by global superpowers and incorporated into business strategies, there is still a long way to go until human-caused climate change can become human-solved climate change.

Boston Consulting Group wants to play an active role in supporting sustainability, not only by aligning actions between companies, investors, and governments but also by inspiring change in consumer behavior. As Nelson Mandela said, "It always seems impossible until it is done"—the future is in our hands.



KASIA JORDAN-KULCZYK
CHAIRWOMAN | VOGUE POLSKA

The fashion industry largely contributes to the world's looming climate catastrophe, accounting for 5% of global carbon emissions and nearly 20% of wastewater. Recent years have shown a positive trend amongst industry's largest players who, under pressure from regulators, the public, and the media, began to introduce new standards into their value chains. However, these efforts were interrupted by the COVID-19 pandemic, which brought the world to a standstill. While coronavirus exerted a short-term positive net impact on greenhouse gas emissions, it has simultaneously hindered economic growth and weakened the financial situation of consumers, who have historically been one of the key drivers of companies' shifting strategies toward sustainability.

In this first edition of the Vogue Polska x Boston Consulting Group report, we are examining the behavior of consumers and brands throughout this extraordinary, redefining time for the world.

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ABOUT THE REPORT

THE CONSUMERS' ADAPTATION TO SUSTAINABILITY IN FASHION REPORT BY VOGUE POLSKA X BOSTON CONSULTING GROUP

takes aim at investigating the level of consumers' environmental consciousness, as well as ascertaining the extent to which their sustainability declarations match their actions. It also strives to determine how consumers' consciousness affects their purchase decisions and perception of companies that are or are not sustainable.

This report's intention was to focus on a growing European market with fast-changing consumer dynamics—Poland was selected as an example of such a market. We conducted comprehensive consumer research, the findings of which were further supported by a series of interviews with global stakeholders and the broad pool of BCG insights and knowledge related to global markets. As a part of the study, over 3000 Polish customers have been surveyed about their attitudes toward sustainability, especially in the context of the fashion industry.

The results, which are discussed in detail in subsequent sections of this publication, mainly focus on:

- Importance of sustainability for consumers and their reasons for supporting or rejecting more conscious shopping
- Consumers' views on sustainable fashion
- Price declaration and sensitivity within the local fashion market—whether or not consumers are willing to pay more for sustainable products as opposed to regular stock
- Emergence of several consumer segments differing in the level of their readiness to make climate-friendly choices
- Current and expected fashion industry response—what companies are already doing and what further actions they should undertake



EXECUTIVE SUMMARY

Over the past decade, pressure from international regulators, national governments, shareholders, and consumers has shifted sustainability higher on the agendas of global companies across all industries. The COVID-19 pandemic has had a brief positive net effect on climate change and sustainability efforts. However, further progress across the whole value chain and all stakeholder groups across industries is needed to sustain the change. It is thus encouraging that, despite the global pandemic, sustainability continues to be an ongoing priority.

Sustainability is especially important in the fashion industry, which is one of the top three most polluting sectors and generates around 5% of global carbon emissions. To meet their responsibilities to the planet, fashion brands and retailers are pushing for greater transparency and collaborations to achieve better environmental outcomes, such as through Kering's open source Environmental Profit & Loss account that shares knowledge across the industry. International partnerships such as the Fashion Pact are becoming frameworks to start, continue, and sustain the change on a global scale. Digitalization and innovations are allowing brands to redesign their supply chains and reimagine interactions with consumers. Moreover, companies are deploying new models of remote work, creating roles like a chief sustainability officer and embed-

ding circular business models into their core strategies.

Our Consumers' Adaptation to Sustainability in Fashion report focuses on consumers, who are crucial to the fashion industry's ecosystem as well as one of the key drivers of change. In the report, we examine the global forces and trends that are driving the consumers' declarations and actions. We also take an in-depth look at the fashion market in Poland, a fast-developing European economy with an increasingly affluent consumer base and vibrant ecosystem of innovative companies.

While Poland's fashion market grew by approximately 3% annually between 2015 and 2019, the market saw a 12% drop in sales between 2019 and 2020.¹ Despite being valued at roughly €8.2 billion in 2020, the fashion market remains challenging territory for retailers and brands, who must cater to customers who are price-sensitive but also harbor high expectations of quality. Based on our research, only 40% of consumers in Poland claimed to buy sustainable apparel. A large percentage of those who did not shop sustainably did not see eco-credentials as important factors in their purchasing decisions (69% of this group) or were put off by doubts about the ethical and environmental impact of brands (42% of this group). Confusion about the quality of sustain-

able apparel when compared to regular products (38% of all consumers) was also a blocker.

However, change is now afoot. The general environmental and ethical awareness of consumers has significantly increased in the past years, with 75% of respondents claiming that sustainability is an important everyday factor for them. This perception was especially dominant among entrepreneurs (more than 80% agreed) and women (78%, compared with 72% of men). Only 6% of consumers were not supportive of the sustainability agenda, while most others contributed through various personal actions. Based on the research, 61% of consumers say they limit single-use packaging, 43% claim to use alternative transport means such as bikes and public transport, and 31% declare that they have reduced their consumption of meat. At the same time, consumers who did not support sustainability explained that sustainable products come at higher price points and often come with limited choice of products and services.

Our closer look at the fashion industry showed that 56% of respondents associated the concept of sustainability with recycled and reused clothes. Meanwhile, many also linked sustainability with ecological product packaging (49% of respondents), sustainable textiles (46%), as well as a lack of harmful chemicals (40%). Yet the majority of consumers (73%) did not con-

EXECUTIVE SUMMARY

nect that shorter and more responsible supply chains are a critical sustainability factor—this may be due to a lack of understanding and broader knowledge of how the length and complexity of a supply chain impacts the level of emissions.

However, relatively broad knowledge and awareness about the environment does not directly translate into a willingness to pay more for such products. Therefore, this report also measured customer's sensitivity to paying a sustainability premium for fashion products, both offline and online. A majority of respondents (60%) said that they would pay a little more for the sustainability tag, and 6% claimed that they would pay significantly more. Consumers were also willing to accept higher premiums for sustainability when the brand resonated with their beliefs about how to make a positive difference to the planet.

Still, when asked to choose sustainable or unsustainable products at different price points, around one-quarter of customers still chose the unsustainable option over the sustainable one (22% for shirts and 26% for shoes), even when the two were equally priced. This was in line with the declared importance of sustainability by 75% of respondents. Our simulation showed that demand for sustainable fashion significantly dropped when the prices of such prod-

ucts rose by more than 10% in relation to the regular alternative. At the initial price increase of 10% relative to the unsustainable option, demand shrunk by 12% for sustainable shirts and 20% for sustainable shoes. Yet, at a 20% sustainability premium, demand dropped by 50% for sustainable shirts and 62% for sustainable shoes. A 50% price premium extinguished nearly all sales for both sustainable products.

Our research further found that the willingness of consumers to pay more for sustainable products varied with apparel type. Respondents were more sensitive to price when buying the more expensive shoes rather than the cheaper shirts. Moreover, conscious consumers—who declared sustainability to be important to them and often make such purchases—were more accepting of higher prices for sustainable apparel. Demand drop was also much smaller for those consumers with higher personal incomes. We also found that buying patterns were similar in both offline and online channels.

The textile industry has been grappling with the question of how to split the burden of additional costs of sustainable materials, production methods, and transport between producers, retailers, and consumers. Mass market players, such as H&M and Polish apparel retail group LPP, are leveraging their scale and access to innovations to make sustainable products

more affordable. For example, helped by the decreasing market price of organic cotton, and other more sustainable raw materials from certified sources and eco-friendly technologies the past years, LPP's flagship brand Reserved has been able to raise its share of sustainable products to more than 30% of its assortment and offer competitive prices. However, our research found that while a majority of the consumers (51%) asked for lower prices of sustainable apparel, our sensitivity analysis showed that there was still potential for a price premium of roughly 10% without losing a significant portion of the demand for sustainable apparel.

These declarations concerning sustainability and purchasing behavior of respondents allowed us to cluster consumers into distinct consumer groups. Our analysis of the sample group identified seven key profiles of consumers with characteristics in regards to sustainability in fashion. The segments are:

- Sustainable Adopters (6%)
- Unaware Activists (21%)
- Reasonables (9%)
- Materialists (22%)
- Greenwashers (16%)
- Pretenders (11%)
- Opponents (15%)

EXECUTIVE SUMMARY

Of these identified segments, 36% of consumers were eco-friendly across a number of dimensions (Sustainable Adopters, Unaware Activists, and Reasonables). Another 38% of respondents did not take actions in support of the planet but were willing to pay a premium for sustainable products (Materialists and Greenwashers). Finally, some 26% of consumers were unsupportive of sustainability (Pretenders and Opponents). However, while each of these identified segments represented a unique approach to sustainability, not all subsets naturally mapped onto specific demographic groups.

With a better understanding of the characteristics of their customers, retailers and brands can tailor their sustainable offerings and efficiently reach out to consumer groups. To achieve the industry's sustainability goals, brands need to both revamp their supply chains to reduce their carbon footprint and strengthen their interactions with customers. Brands should expand their sustainable product offerings to give consumers greater choice and bring out the fashion aspect of the sustainable segment. Moreover, companies should help customers navigate stores with clearer communication regarding which apparel is sustainable and how to find it. Big players need to also address the perception of inferiority of sustainable apparel by either improving its make or better communicating its quality to help customers jus-

tify long-term investments in durable products.

A more targeted consumer-facing strategy will support the fashion industry's continued efforts toward sustainability across the whole supply chain, with innovative production methods or with testing and rolling out new business models (such as rent, reuse, and resell) to provide more sturdy, high-quality garments at affordable prices. This will require a well-balanced business approach. Brands will need to satisfy the growing demand for sustainable offerings, meet higher environmental and ethical standards expected by customers, and maintain the profitability of their products. A first step will be engaging conscious-minded customers to encourage them to move beyond declarations and become sustainable actors. Moreover, retailers and brands need to clearly and openly communicate with the vast swathes of consumers that are confused about what sustainability means or how to best support it. As our research shows, 20%–30% of consumers were still unsure about which apparel meets sustainability standards. This gives brands great scope to reach out to these consumers but also carries considerable responsibility to educate them. By raising awareness about the importance and opportunities of sustainability we can ensure that every single one of us can **#BeTheChange**.





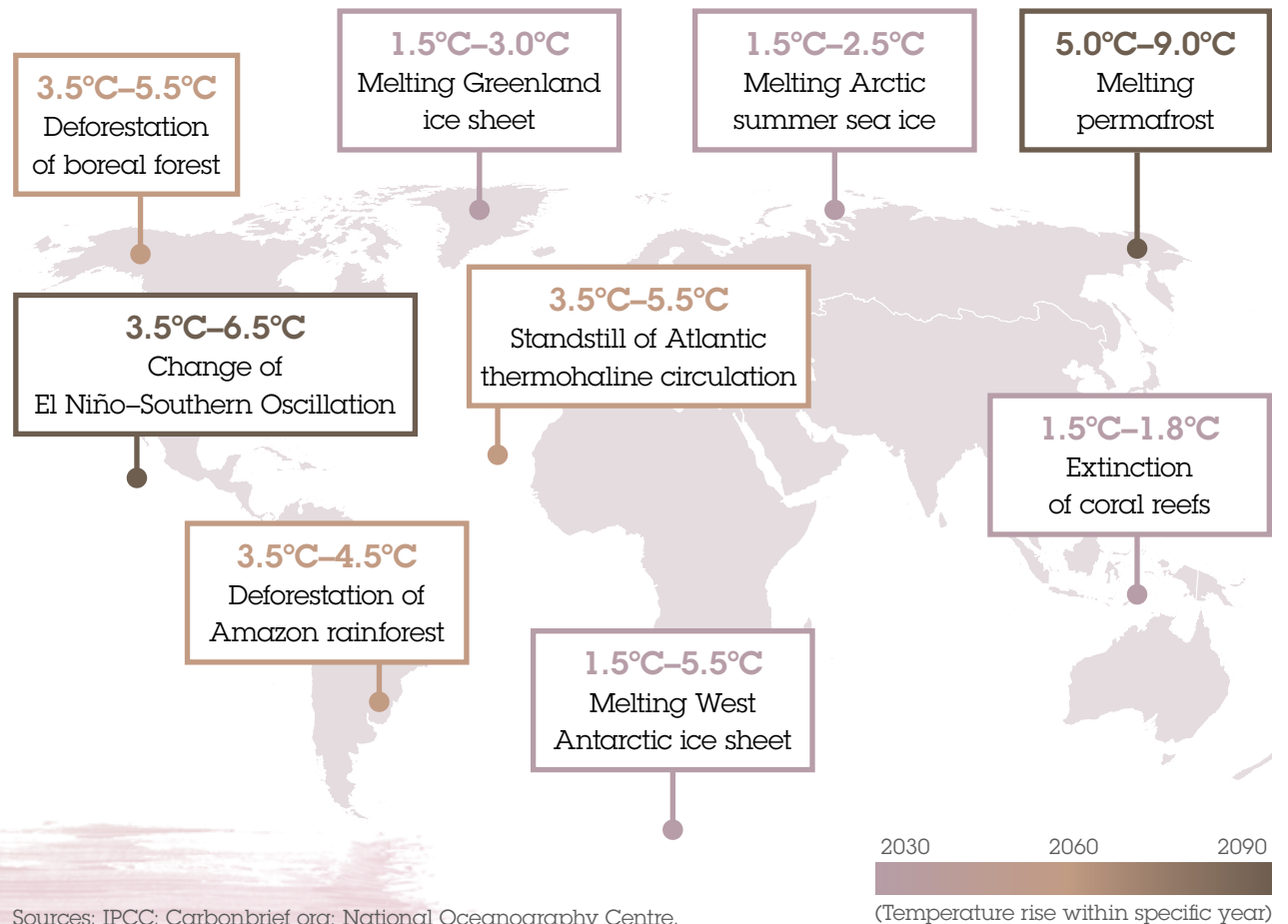
Scan the QR code below to access
a visual summary of our report



1. WHY SUSTAINABILITY MATTERS

SUSTAINABILITY IS BECOMING A DEFINING GLOBAL CHALLENGE

We live in a time of severe environmental uncertainty. The World Economic Forum lists extreme weather, climate action failure, and human-led environmental damage as the top three global risks by likelihood over the decade.² The pace of natural disasters has risen by roughly 3% over the past four decades, reaching 820 natural disasters in 2019, which took 9000 lives.³ The damages from extreme weather events hit almost €471 billion between 2017 and 2019—these are clear **#PlanetaryWarningSigns**.⁴ In the coming years, volatile weather and rising sea levels will lead to stranded assets and supply chain disruptions, as organizations race to hedge themselves against the changes. "If we fail to act, our grandchildren will not experience the world as we know it today. The predicted temperature increase of four degrees would alter every part of the world by 2100. Vast swathes of southern Europe and the United States would be swallowed by sand, snow would melt off Alpine slopes, and unprecedented migrations would begin," says Oktawian Zajac, managing director and partner at Boston Consulting Group (BCG) in Warsaw. Now, the coronavirus has unexpectedly helped nature to slightly recover.



1. WHY SUSTAINABILITY MATTERS

Less travel and consumption have produced a 7% carbon decline in 2020, the biggest annual drop ever recorded, as greenhouse gases plunged by roughly 2.4 billion tons since 2019.⁵ Some new ways of doing business may stick. Workplaces are experimenting with work-from-home policies and switching to video calls instead of excessive travel. A 40% reduction of business travel puts the aviation industry on track to meet goals pledged as part of the 2015 Paris Accord, experts say.⁶

However, evidence from past crises suggests that most emissions will also rebound once lockdowns are loosened. A forced decline in road transport, shipping, and aviation drove a global drop of carbon emissions by 5 million to 10 million metric tons in April 2020. However, by June 2020, emissions had bounced back to just 2 million to 3 million metrics tons below their pre-pandemic levels. Temporary drops in other industries also surged back during the summer.⁷ While the pandemic has drawn consumer attention to supply chains and hastened the shift toward online channels, much uncertainty about the stability of the post-recovery world remains.

The past months have prompted a series of meaningful climate declarations, most notably from the US and China, which together account for 43% of global emissions.⁸ America's

new President-elect, Joe Biden, signed an order to reenter the Paris Climate Agreement within hours of being sworn into office, and set ambitious targets such as net-zero emissions by 2050 and carbon-free power by 2035. China, which is responsible for 28% of global emissions, more than any other country, has also committed to carbon neutrality by 2060.⁹ Already in 2019, the European Union outlined plans to become the first climate-neutral continent by 2050,¹⁰ with 30% of its current €1.8 trillion seven-year budget earmarked for the green transition.

Change needs to take root in the most polluting industries. More than half of global emissions come from just eight supply chains: food, construction, fashion, fast-moving consumer goods, electronics, automotive, professional services, and freight, according to the latest report by BCG and the World Economic Forum.¹¹ In "How to Avoid a Climate Disaster," a new book published in February 2021, Microsoft co-founder Bill Gates has set out a manifesto for climate action to turn back decades of environmental destruction. According to the philanthropist's spreadsheet, just changing how we manufacture goods can reduce greenhouse gases by 31% of the amount needed to achieve net carbon zero emissions by 2050. Changes to the supply chain of the fashion industry, which is the third most-emitting industry, will be a crucial element of global change.¹² Ac-

cording to Robert van de Kerkhof, chief commercial officer at Austrian fiber producer Lenzing, there is no more time to waste: "For years we've been saying that it's 5 to 12, when actually, it's already 5 past 12."

SUSTAINABILITY IS ESPECIALLY CRITICAL IN THE FASHION INDUSTRY, WHICH GENERATES ABOUT 5% OF GLOBAL EMISSIONS

As the fashion industry grows, its negative effect on the environment intensifies. As its value hit a global value of almost €1.7 trillion in 2019, it emitted around 5% of greenhouse gases, the third-highest emissions after food and construction.¹³ As clothing production reaches levels 400% higher than two decades ago, waste is also piling up.¹⁴ Moreover, the industry is a thirsty one—production of a single cotton t-shirt uses 2700 liters of water, which is the equivalent of one person's water consumption for more than three years.¹⁵ These numbers make it clear that a **#TectonicShiftInFashion** is needed.

1. WHY SUSTAINABILITY MATTERS



of global CO₂ emissions coming
from the Fashion & Luxury industry



more clothes used
than 20 years back



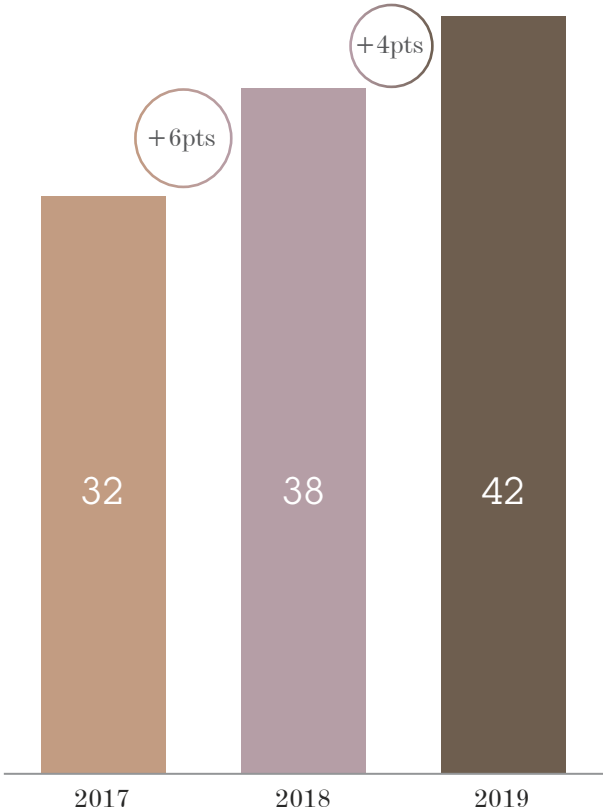
liters of water required
to produce one t-shirt

1. WHY SUSTAINABILITY MATTERS

Sustainability in fashion remains a complex and dynamic issue. According to the 2019 Pulse of the Fashion Industry report—a joint study by BCG, the Global Fashion Agenda, and the Sustainable Apparel Coalition—awareness has been rising in the fashion industry, which has been consistently improving its environmental and social footprint each year. Yet despite businesses and governments around the world stepping up their efforts to clean up the industry, there is still a long way to go.

The fashion industry’s continued growth (4% to 5% annually before the pandemic), driven mainly by increased consumption across Asia and developing economies, has been outpacing its shift toward greater sustainability.¹⁶ More concerning now, relative to previous years, fashion’s environmental progress has been decelerating. According to the 2019 Pulse of the Fashion Industry report, which shows progress toward advanced social and environmental performance, the industry’s total score increased from 38 to 42 of 100 available points, marking a slowdown from previous years (six-point improvement in 2018) as well as a widening of the gap relative to the sector’s growth.¹⁷ While top players in sustainability—mainly in luxury and sports—are blazing the trail, others still lag behind.

Evolution of Industry-Wide Pulse Score
(Pulse of the Fashion Industry 2019)
(Total points out of 100)



Source: Pulse of the Fashion Industry 2019, a report by Global Fashion Agenda, the Sustainable Apparel Coalition, and Boston Consulting Group.

Government activity and regulation are widely seen as prerequisites for the right amplitude of change—and authorities have increasingly been acting. The watershed moment came in August 2019 during a G7 summit of Heads of State. French President Emmanuel Macron rallied 32 major companies (and roughly 150 brands) in fashion and textile industries, including Kering, Nike, and Pandora, to commit to a Fashion Pact of common environmental action. In the year and a half since, despite the pandemic, the coalition has gained muscle and grown to 67 companies and more than 200 brands, accounting for one-third of the fashion industry.¹⁸

The European Commission has also identified textiles as a priority sector for its transition to a climate-neutral, circular economy. In January 2021, it began consulting stakeholders for a roadmap to make products more “durable, reusable, repairable, recyclable, and energy-efficient,” which is due to be adopted in the third quarter of this year.¹⁹ Meanwhile, the British government has also announced a voluntary Textiles 2030 agreement to launch in April 2021 for the fashion industry to commit to reducing its environmental footprint with “science-based” targets for emissions, waste, and textile circularity. “We are firmly committed to ending the ‘throwaway’ culture as we build back greener,” says Britain’s environment minister Rebecca Pow.²⁰

1. WHY SUSTAINABILITY MATTERS

The Fashion Pact's leader, Kering, which at the 2021 summit in Davos was named the most sustainable clothing and accessory corporation in the Corporate Knights' Global 100 index for the fourth year in a row, has been spearheading efforts. To improve collaboration and speed up change, the company has shared knowledge through an open source Environmental Profit & Loss account. For the first time, a growing number of companies, including Diageo, P&G, Mastercard, Nissan, Ralph Lauren, and Tyson Foods, are now making their own CSO appointments. As environmental and ethical standards are elevated, companies will be driven toward greater ownership, accountability, and collaboration to meet these expectations. Regulators and governments will also hold corporations accountable for their impacts to meet national sustainability goals.

COVID-19 HAS SHOWN THAT DESPITE THE PANDEMIC, SUSTAINABILITY REMAINS AMONG KEY PRIORITIES ACROSS THE FASHION INDUSTRY

Although the coronavirus ravaged global industry, the fashion sector has nonetheless continued its green efforts. As a result of lockdown restrictions, the industry's shift toward online channels has accelerated and reached up to 50% of sales in some advanced markets.

Stores have continued to optimize their footprints. During the lockdown, brands reached out digitally to their customers with innovations such as state-of-the-art mobile applications. A number of companies have deployed augmented reality (AR) technology to remotely test products. Examples include an AR-powered collection launch by Simone Rocha and H&M²¹ and American Eagle's shoppable Snapchat lens that allows customers to try on and buy jeans, both unveiled in early 2021.²²

Luxury brands are also pioneering digital forms of customer engagement. Louis Vuitton has livestreamed events through retailer platforms such as China's Tmall. To address the throw-away culture of fast fashion, companies have even started designing digital-only apparel. In March 2021, Gucci released the first virtual sneakers, which can be tried on through AR in its mobile app and worn virtually in photographs on social media for between €7 and €10.²³ Since autumn 2020, the company has also unveiled a number of digital wearables for video game avatars.²⁴

Yet, at the same time, the pandemic shook up global supply chains and brought additional pressure to costs and margins across the whole process. Retailers, who in recent years have been shrinking inventories to slash costs, have been left exposed by cancelled and delayed

orders. Reliance on foreign factories has left companies vulnerable to hikes in commodity prices, which they must either absorb or pass on to customers. One such commodity was cotton—which was up to 30% more expensive in February 2021 relative to 2020's average price²⁵—as well as air and sea freight, with container-freight rates in 12 key maritime lanes almost doubling from about €1850 to about €3400²⁶ per container between November 2020 and February 2021, according to the Freightos Baltic Index.²⁷ Retailers now face upcharges on orders placed months ago due to **#CommodityPriceVolatility**. Pressure has also been steadily mounting to increase transparency around material sources. In January 2021, the US banned imports of cotton from China's Xinjiang region, which accounts for one-fifth of global production, to crack down on forced labor and human rights violations in supply chains. These cost hikes have a direct impact on a retailer's margin and potentially on retail prices, which is a key challenge in the eyes of consumers when thinking about more affordable and accessible sustainable apparel—at least short-term.

Many retailers have thus been forced to rethink their relationships with vendors and manufacturers, but also to innovate their production methods. In February 2021, Mango announced that its new denim collection will

1. WHY SUSTAINABILITY MATTERS

save 30 million liters of water during the finishing process thanks to laser and ozone technologies. By 2025, the company aims to source all of its cotton sustainably and use half of recycled polyester.²⁸ "Large quantities of water are used in the process of clothing production, and quality can be negatively affected by the disposal of chemicals. Production can often lead to severe damage of the soil and water basins, as well as impact biodiversity in freshwater ecosystems. Thus, environmental efficiency and performance of materials used by the fashion industry should be improved and strategies for sustainable water use put in place," explains Mirosław Proppé, CEO at the World Wide Fund for Nature (WWF) Poland.

"We aim to be carbon-neutral by 2025 and are adapting a circular approach to not only how we craft and source our products, but also packaging, in-store materials, and the stores themselves. By 2025, all gold and silver in our jewelry will originate from recycled sources and today we are already at 60% to reach this goal," says Thomas Knudsen, managing director for Eastern Europe at Pandora.

In a similar vein, cosmetics producer Coty has partnered with an environmental technology firm to sustainably source ethanol for its perfumes from captured industrial emissions rather than through traditional agricultural methods.²⁹

Companies are also linking such ambitious targets to their overall KPIs. Prada has recently taken on a five-year loan for €90 million linked to sustainability performance targets that include reducing production waste and increasing its share of self-produced energy.³⁰

"What is the current response from the fashion industry? We see few brands and startups aspiring to invent and invest in new business models, being transparent about their supply chains, and investing into more sustainable fibers," explains Proppé from WWF. He thus calls for actions: "As the awareness and ambition among fashion brands increase, the industry should focus on completely closing the loop in the textile supply chain to make it more circular. We believe that, globally, a bold systemic change is urgently needed."

The COVID-19 disruption could now provide an opening to strengthen sustainability partnerships. Big brands are pairing with resale e-commerce sites to promote circular fashion practices. Alexander McQueen is working with Vestiaire Collective to resell its old styles on a dedicated Brand Approved page, while The RealReal, which works with Gucci, Stella McCartney, and Burberry, is supplying designers with recycled materials for new collections.³¹ New collaborations are driving better business models for the future.

Many business leaders have called for green efforts to be sustained through the pandemic. "COVID is no excuse to back off from sustainability," says Luis Casacuberta, managing director of Woman & Kids at Mango, who called for it to be among "key product priorities, together with quality and durability."³² Warns Natura &Co CEO Roberto Marques: "There is no other option for companies and leaders, we can't run a business in a dead planet."³³

CONSUMERS ARE A VITAL ELEMENT OF THE INDUSTRY ECOSYSTEM AND SUPPLY CHAIN

The pandemic has also caused shoppers to rethink some of their own practices. Consumers are buying less, becoming more selective, as well as opting for familiar brands which they trust and identify with. They are also demanding that brands act with clear purpose and vision that they can identify with and support. According to new research, customers stick with **#PurposeDrivenBrands**: 78% of customers are more likely to remember such a company, 72% said they would be more loyal, and 71% said they would buy from the purpose-driven brand rather than its competitors if cost and quality were the same.³⁴ Sustainable and ethical purchases are becoming one of the fastest growing trends in postpandemic consump-

1. WHY SUSTAINABILITY MATTERS

tion of fashion, making the “triple bottom line” increasingly what counts.

Customers also have their part to play in bringing about systemic changes. Our consumption of clothes is set to increase by 63% by 2030,³⁵ as we wear each item 40% fewer times than a decade ago.³⁶ That needs fixing: if we donated new or lightly used clothing, more than 60% of garments worldwide would no longer end up in landfills or incinerators. “Yet, a year after the outbreak of the pandemic, have producers not strayed from their previous course toward sustainable and environmentally-friendly fashion? Do customers still remember how big a role they have in changing the value chain and improving how the market works? Now more than ever they need to be the change they desire,” notes Kasia Jordan-Kulczyk, chairwoman of Vogue Polska.



1. WHY SUSTAINABILITY



1. WHY SUSTAINABILITY MATTERS

#WHATYOUNEEDTOKNOW

4°C



5%



71%



A four-degree Celsius temperature rise by 2100 will lead to a large chunk of the planet becoming uninhabitable. Ambitious climate pledges by China, the US, and the remaining G7 members must be complemented by bold action from governments, businesses, and organizations to drive change.

The fashion industry, which in 2019 emitted 5% of greenhouse gases, has the third-highest emissions. Over the last years, it has been increasingly driving the change through innovations within supply chains, collaborations such as the Fashion Pact, and the implementation of circular economy strategies, such as resale, rental, and repair.

COVID-19 resulted in the biggest carbon drop in global emissions ever recorded, accelerated the growth of e-commerce, and propelled firms' openness to innovative solutions such as AR technology, thus expanding the range of tools supporting sustainable actions. Consumers' environmental consciousness was boosted, with 71% of consumers claiming they would buy from a purpose-driven company over the alternative, provided cost and quality were equal.

2. SUSTAINABILITY—WHAT DOES IT MEAN FOR CONSUMERS?

IF THE GLOBAL POPULATION REACHES 9.6 BILLION BY 2050, THREE PLANETS WOULD BE NEEDED TO SUSTAIN OUR PRESENT STYLE OF LIVING



AS AWARENESS RISES, 75% OF US NOW RECOGNIZE SUSTAINABILITY AS AN IMPORTANT PART OF EVERYDAY LIFE

We live in a time of convenience and abundance. But in exchange for comfortable lifestyles unknown in the past, our generation needs to question the consequences of its choices. Our current habits may soon become untenable. If the global population reaches 9.6 billion by 2050, three planets would be needed to sustain our present style of living.³⁷

While consumers are paying greater attention to sustainability credentials of brands, retailers are also ushering them toward greener purchases. Patagonia, an outdoor clothing company, is **#ChangingTheNarrative** and has moved away from general advertising to activist promotion, with the company's CEO Ryan Gellert saying in January 2021 that "Growth is no longer a goal at the moment."³⁸ Rather than encouraging more sales, in 2017 the company launched a Worn Wear e-commerce platform for its used products, which can extend the life of garments by two years and cut its carbon, waste, and water footprint by 73%.³⁹ Some clothing brands are using humor to promote sustainability. Reformation flashes a slogan: "Being naked is the #1 most sustainable option. We're #2." The brand also activates customers

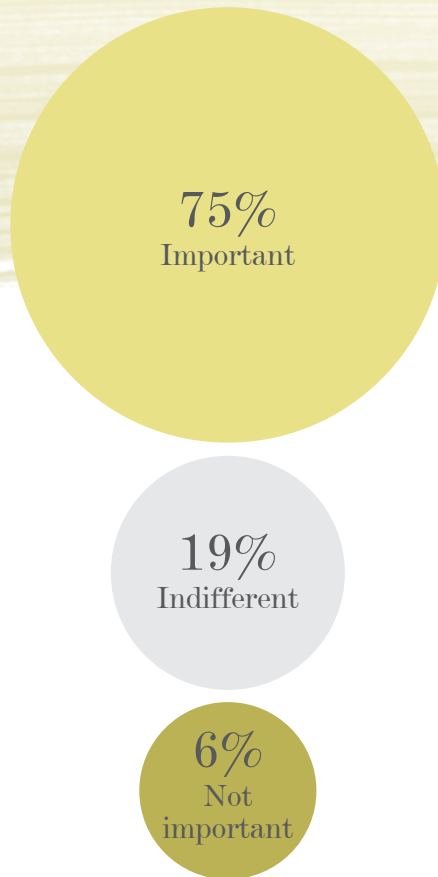
"Don't be so neutral," claiming that it wants to achieve climate positivity by 2025.

The move toward promoting sustainability extends across all industries and countries. For example, in the entertainment sector, Netflix has shared documentaries about environmental issues with clear calls to action from a raft of celebrities, including David Attenborough, Matt Damon, and Zac Efron. On the wave of these efforts, sustainability has become a matter of general concern. According to our newest research, 75% of consumers said that sustainability was important to them.

"Polish consumers definitely want to know more on what they can do in their everyday lives to help protect the environment. The fashion industry and clothing production are, however, still not seen as having a negative impact on the environment by most Polish consumers," says Mirosław Proppé from WWF. "Emerging awareness among consumers about the environmental impact of their shopping choices is most likely to happen on the rational level. Transferring that understanding to the emotional level, as well as translating it into more sustainable shopping choices, will require not just time but also enabling conditions," according to Proppé.

2. SUSTAINABILITY—WHAT DOES IT MEAN FOR CONSUMERS?

Q: How important is sustainability for you?
(Single choice question)



Especially in developing countries with rapidly expanding industries, it is important to create a blueprint for environmental and ethical economic growth. With its uninterrupted growth averaging 4.2% since it shook off communism in the early 1990s until mid-2019, Poland has been Europe's growth champion.⁴⁰ Poland's large domestic market and vibrant ecosystem of small- and medium-sized enterprises have propelled the growth of domestic industries. As disposable income catches up with Western countries, Polish consumers are ramping up spending on goods and services. Now is the time to ensure that both expanding production and consumption account for sustainable technologies and planet-friendly innovations.

SUSTAINABILITY ARCHETYPES: WOMEN CARE MORE ABOUT SUSTAINABILITY; ENTREPRENEURS ARE ESPECIALLY SENSITIVE TO ECO-TOPICS

While baby boomers and Generation Z are most aware of sustainability, caring for the planet spans all age groups. Whether you are a teenager barely out of school or a world-wise adult, green concerns matter equally across the board, as declared by 75% of respondents in our survey.

Female customers tended to care about sustainability more often (78% of respondents in this group) than male ones (72%). The study's findings echo current research on the eco-gender gap. Women were considered to be more empathetic and altruistic, extending their ethics of care to the planet. However, more recently, researchers find that this may also be a result of socialization to care about others and to display social responsibility, which makes women more likely to adopt environmental behaviors. Unsurprisingly, green movements have often adopted a female face, with Swedish climate activist Greta Thunberg inspiring legions of teenagers and adults around the world to rethink their lifestyles.⁴¹

Educational background also plays a part in shaping sustainability concerns. A clear majority (80%) of those respondents with a higher education were eco-engaged, compared with 67% of those with basic qualifications. According to experts at the World Economic Forum, education is the key to sustainable development. Financial incentives and technological advances can only go as far as catalysts. Learning, however, can reshape people's value systems to encourage them to uphold the principles of sustainability.⁴² In turn, neither income nor geographical distribution correlated with eco-friendliness in the study.

Source: Consumers' Adaptation to Sustainability in Fashion; n=3010; January 2021.

2. SUSTAINABILITY—WHAT DOES IT MEAN FOR CONSUMERS?

In terms of professions, manual laborers, farmers, and retired respondents cared least about sustainability (72%), while entrepreneurs and hiring managers expressed greater concern (83%). Social responsibility for employees may nurture greater care for the planet. An emerging generation of millennial entrepreneurs are tackling environmental issues in innovative ways, making green the C-suite standard.

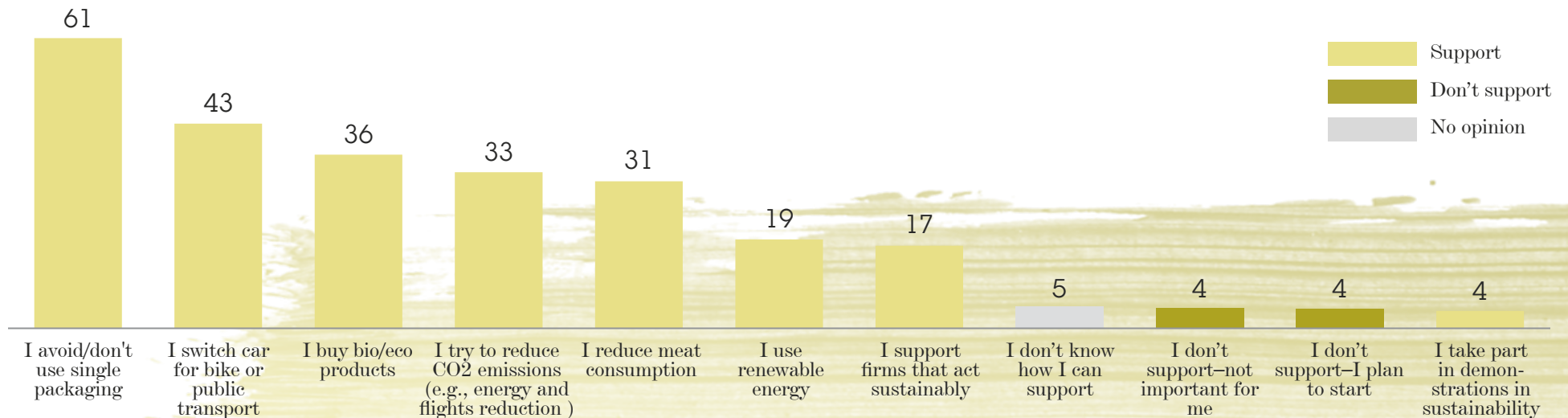
ACTIONS CAN BE SMALL GESTURES, SUCH AS LIMITING SINGLE-USE PACKAGING, OR DEEPER LIFESTYLE CHANGES, SUCH AS CUTTING MEAT INTAKE

While declarations from growing numbers of eco-minded consumers are encouraging, how do they translate into individual actions? Supporting sustainability can take on different

guises: some people donate to environmental causes, while others change their own ways.

Our study showed that many have begun a **#HabitRevolution** and have altered their daily habits. A majority of respondents (61%) said they avoid the use of single-use packaging, which is tricky to recycle and contributes to pollution. However, many developing economies continue to produce increased volumes

Q: How do you support sustainability? What actions do you take? (%) (Multiple choice question)



Source: Consumers' Adaptation to Sustainability in Fashion; n=3010; January 2021.

2. SUSTAINABILITY—WHAT DOES IT MEAN FOR CONSUMERS?

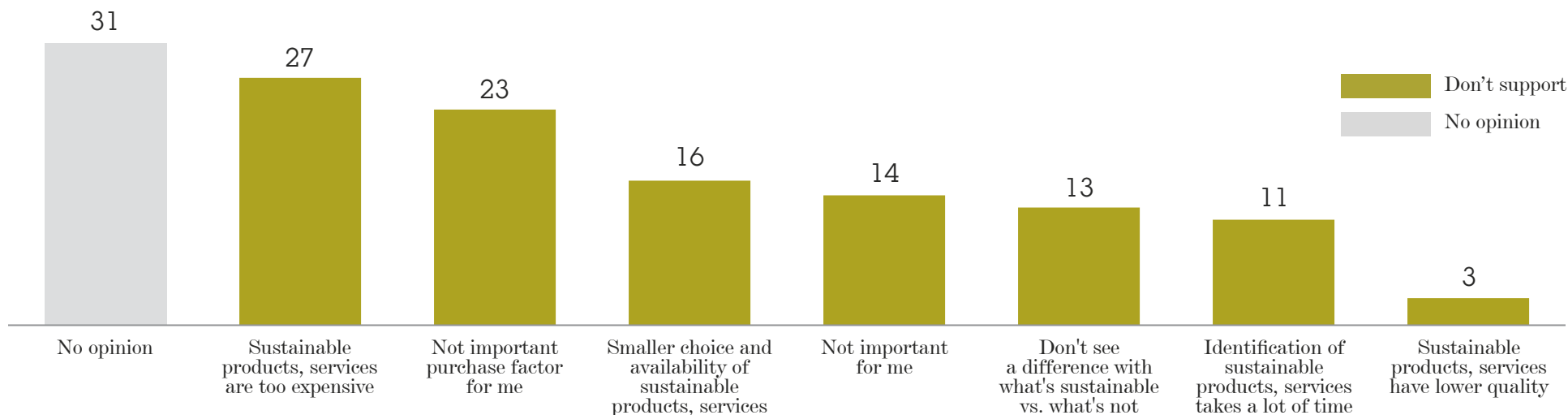
of such packaging. The average Polish person used roughly 160 kilograms of packaging last year, which is below the EU average of 180 kilograms, according to the Polish Economic Institute.⁴³ Yet, this has been growing dynamically by 12% each year, pushed up by increasing incomes and now greater demand for ready-made meals and deliveries during the pandemic, making such small swaps increasingly important.

In our survey, 43% of respondents said that they travel by alternative means, such as by bike or public transport. As motorization rates increase in developing countries, transport is becoming a key environmental battleground. Poland had 617 cars per 1000 inhabitants in 2018, the fifth highest figure in the EU, after Luxembourg, Italy, Cyprus, and Finland, and the bloc's largest increase since the 1990s.⁴⁴ To make matters worse, the country has the highest pro-

portion of cars older than 20 years in the EU—one in three—which are often more polluting than newer, low-emissions technologies.

In an effort to cut pollution and congestion, authorities in several countries are setting up schemes to persuade people to use public transport over their own cars. Estonia's Tallinn became the world's first capital city to offer residents free commutes.⁴⁵ Last year, Luxem-

Q: Why don't you actively support sustainability? (%) (Multiple choice question)



Source: Consumers' Adaptation to Sustainability in Fashion; n=3010; January 2021.

2. SUSTAINABILITY—WHAT DOES IT MEAN FOR CONSUMERS?

bourg followed suit to become the first country to do so. Elsewhere, cities are encouraging public commute on specific days, with Kraków dropping fees when the city registers poor air quality. New bike lanes are also crisscrossing cities. An increase of 20% in cycling worldwide could cut carbon dioxide emissions from urban passenger transport by nearly 11% by 2050 according to one study, an important reminder that **#ActionsMatter**.⁴⁶

Moreover, 33% of respondents said that they want to reduce greenhouse gas emissions by greater energy efficiency. If everyone switched to energy-efficient light bulbs, the world could save over €100 billion⁴⁷ per annum.⁴⁸ Many people are cutting back on flying—or offsetting aviation emissions. In his new book, Bill Gates notes that in 2020 he started using sustainable jet fuel and plans to atone for his family's flights in 2021 by "buying offsets through a company that runs a facility that removes carbon dioxide from the air."

As many as 36% of respondents said that they purchase eco-friendly products. But many are also making deeper changes to their lifestyles, including cutting meat from their diets (31%) for environmental reasons. The meat industry is the single largest cause of global deforestation, according to Greenpeace.⁴⁹ The industry's cutting of forests, along with methane emis-

sions from cows and fertilizers, accounts for as much greenhouse gas production as all the world's cars, trucks, and planes. Hastening the shift, restaurants and producers are now offering more plant-based substitutes to meat and dairy to meet growing demand.

In our survey, only 19% of respondents claimed to support sustainability efforts by switching to green energy. Renewables have plenty of room to grow in Poland. In February 2021, the Polish government adopted an energy strategy until 2040 to wean the country off coal, which provides around 70% of its power, and to bring it in line with European climate policies. Poland's share of renewable power capacity is forecasted to increase by over 65% between 2019 and 2024, mostly from PV and onshore wind farms, according to the International Energy Agency. The **#DecarbonizationTrend** is expected to accelerate when the country begins power generation with offshore wind turbines in the Baltic Sea and starts to shut down its obsolete coal power plants after 2025.⁵⁰

YET, MANY STILL DOWNPLAY SUSTAINABILITY BY POINTING TO HIGHER PRICES AND LIMITED CHOICE OF PRODUCTS, OR REMAIN INDIFFERENT

Even in the face of far-reaching consequences of environmental inaction, one-quarter of respondents (25%) remained non-supportive—of this 25%, 6% denied the importance of sustainability and 19% said they were indifferent to it. There appears to be an age threshold after which concern for the planet dropped. People aged 76 and older were much less engaged with green issues. As millennials increasingly indicate concern about the planet, baby boomers and previous generations consider environmental efforts daunting, revealing a clear **#GenerationalDivide**.

Zooming in on the 6% of respondents with a negative view of sustainability, 60% were male and 40% female. Two-thirds (67%) of those claiming sustainability was not important came from villages, towns, and cities with a population below 100,000 people. Education and earnings also appear as clear markers of negative attitudes toward sustainability. The profile was dominated by respondents with no education or only a basic one (73%), as well as mostly people with a monthly income below roughly €870⁵¹ (72%)—an income which Statistics Poland states is 35% below the average monthly salary of €1170⁵² in Poland. A large share of the group were manual workers and retirees, accounting for 46%.

2. SUSTAINABILITY—WHAT DOES IT MEAN FOR CONSUMERS?

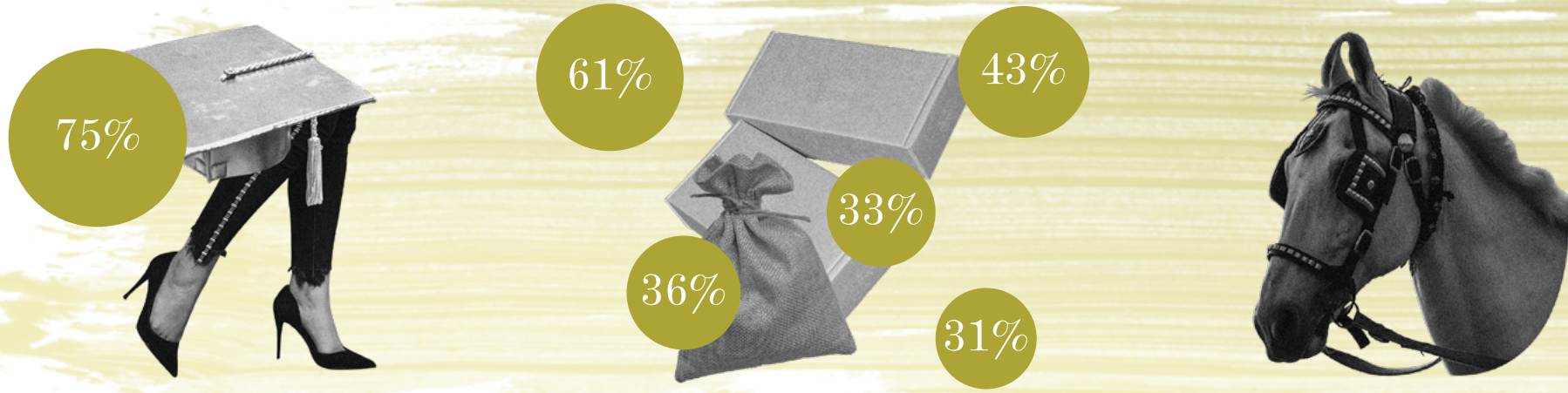
Environmental indifference was often excused in a number of ways. More than half of survey respondents who lacked interest in sustainability said it was hard to say why, or that the issue was simply not an important factor when shopping. Meanwhile, 27% explained that eco-products were too expensive for them, while 16% associated sustainable goods with limited choice. A further 3% said that such products were of poorer quality than regular ones.

While three-quarters of consumers represent a solid base for action, it is worth fighting for the unconvinced share of those not yet on board with sustainability. How we sell a greener future—through communication and education—must be a critical aspect of the sustainability agenda.



2. SUSTAINABILITY—WHAT DOES IT MEAN FOR CONSUMERS?

#WHATYOUNEEDTOKNOW



Sustainability is perceived as an important factor for 75% of consumers—females, holders of high education (master's degree, MBA, or PhD), and entrepreneurs are most positive about sustainability.

Reduction of single-use packaging (61%), use of alternative transportation means (43%), purchase of eco-friendly products (36%), reduction of emissions (33%), and reduced meat consumption (31%) are key actions that consumers claim to take in order to support sustainability.

Being environmentally indifferent and perception of high price and low choice are preventing group of consumers from supporting sustainability.

3. THE ROLE OF SUSTAINABILITY IN FASHION

While a majority of consumers voice full-throated support for sustainability, in the fashion industry their actions and aspirations are shaped by the wider ecosystem. On the one hand, the industry remains the third-largest emitter of greenhouse gases, producing almost 5% of total emissions.⁵³ On the other hand, shifting sustainability attitudes and ambitious eco-pledges by key players have made the industry a hotspot for green change. In March 2021, sportswear giant Adidas said that 70% of its customers considered sustainability to be important. To meet those expectations, the company said it would try to make nine out of ten products more sustainable by 2025

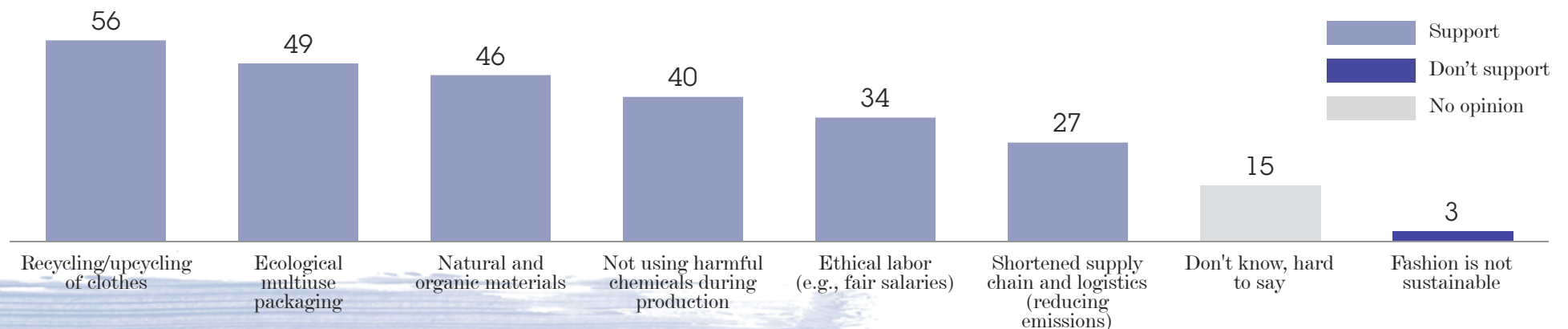
by using materials that are recycled or biodegradable.⁵⁴ Shoppers tend to also credit brands for which they have more affinity with being more sustainable. This points to the halo effect of customers ascribing positive characteristics to best-liked labels.

Based on our research, 56% of respondents associated the concept of sustainability with recycled and upcycled clothes (such as transforming by-products and waste materials into new ones). This recycle trend is visible more frequently among well-known companies. Moreover, many said they look out for ecological packaging (49%) as well as production

methods using sustainable textiles (46%), such as natural and organic fabrics, and without harmful chemicals (40%). "An increasing number of consumers pay attention to origin of materials and production methods. This trend is especially strong among consumers buying kids clothing," says Marcin Czaczycki, CEO of CCC, a leading footwear retailer in Central and Eastern Europe.

For now, only 27% of consumers linked sustainability with shorter supply chains, which directly produce lower net emissions. "What consumers do not realize is the number of entities involved in the fashion supply chain,

Q: What does sustainable fashion mean to you? (%) (Multiple choice question)



Source: Consumers' Adaptation to Sustainability in Fashion; n=3010; January 2021.

3. THE ROLE OF SUSTAINABILITY IN FASHION

which entails at least five different levels before reaching brands and retailers. Therefore, final consumers lack a clear understanding of the processes along the supply chain and how each directly links with sustainability,” says Robert van de Kerkhof from Lenzing.

Also, only 34% of buyers drew a connection to the labor aspect of production. Yet, how companies treat their workers is becoming more visible and consequential. For example, revelations about low pay in factories making clothes for Boohoo, a fast-growing British online retailer, wiped €1.59 billion off the brand's market value over two days in July 2020.⁵⁵ The scandal also prompted Next, Zalando, and Amazon to pull the ultra-fast fashion firm's products from their online marketplaces.⁵⁶

Our study also showed that there is scope for brands to reach out to almost one-fifth (18%) of consumers about the **#ValueOfSustainability** as well as to communicate how they themselves are going green. “It is our responsibility as retailers to broaden knowledge and educate consumers on what sustainability really means and how we can support this together. Education through channels, detailed information about products online, and building awareness are core actions we need to take,” adds Marcin Czychowski of CCC.

When considering sustainability education, companies may want to begin by educating the 15% of respondents who said they cannot pin down the meaning of sustainability in the fashion industry. According to Proppé from WWF, consumers need instruction about the variety of ways in which they can support sustainable actions. “We should move away from single-use fashion and stop buying things to make ourselves feel better or because something is trendy. We should educate that ecological clothes are also those from secondhand stores or SWAPs. Durable things of good quality, lasting for years—these are also environmentally-friendly clothes—even though they may not have certificates,” he explains.

A further challenge will be to win over the 3% of buyers who claimed to not believe that fashion can be sustainable. However, the limited scale of such responses is encouraging given the fashion industry's wide-reaching impact on the environment, but also its unprecedented efforts to evolve in past years.

“Sustainability in fashion brings a wide spectrum of topics under one umbrella. Amid all the green talk in the industry, consumers seem to already have a vision of what sustainability in fashion means to them. It is crucial to raise awareness and share our knowledge in the discussion on what drives consumers' engage-

ment in sustainable choices,” says Kasia Jordan-Kulczyk of Vogue Polska.

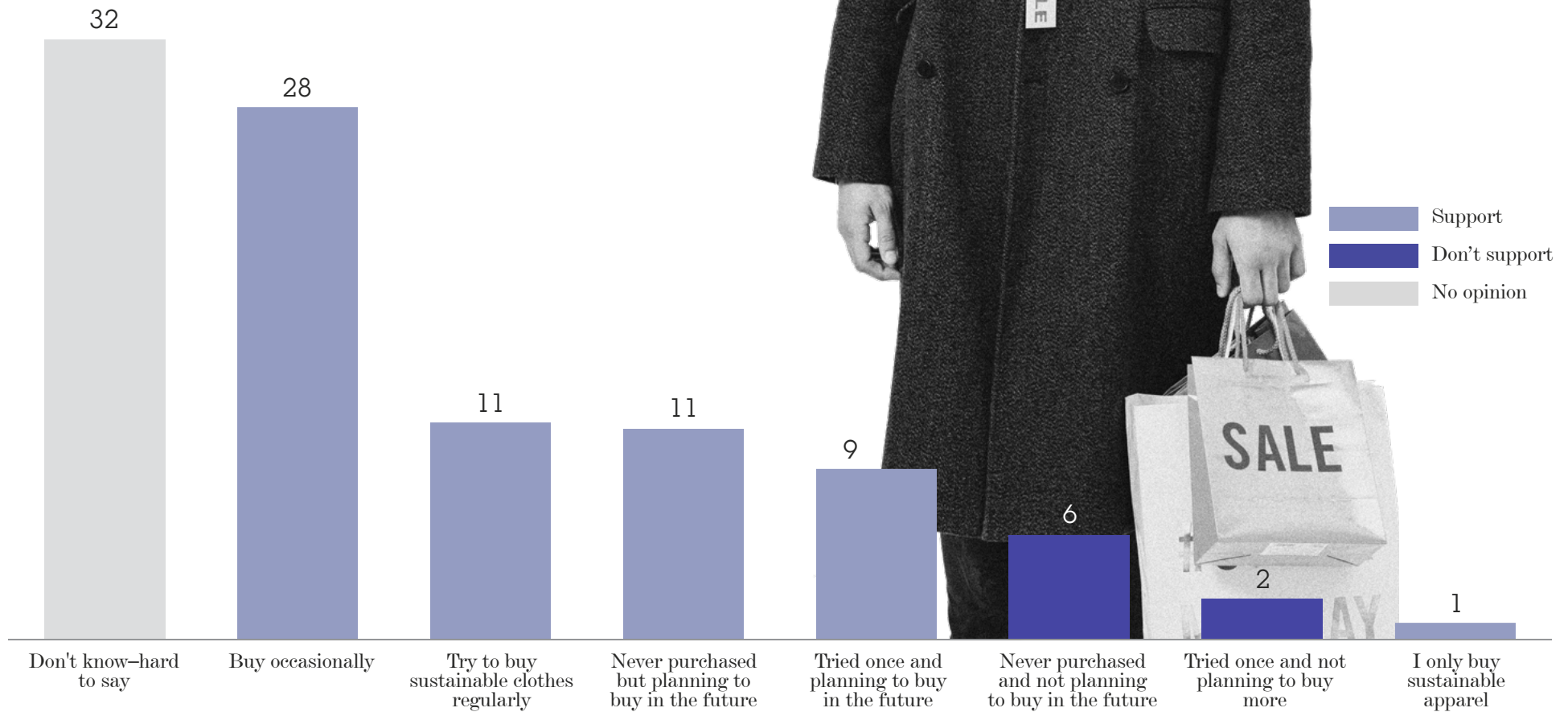
40% OF CUSTOMERS BUY SUSTAINABLE APPAREL, BUT MANY ARE CONFUSED ABOUT THE ETHICAL AND ENVIRONMENTAL CREDENTIALS OF PRODUCTS

Disposable income has sharply increased in Poland, growing 30% between 2016 and 2020,⁵⁷ allowing Poles to spend more on consumption. The footprint of both online and stationary stores is also increasing, and new retailers—across the discount, mass and luxury segments, such as Primark, Sloggi, or Hermès—are drawn by Poland's growing consumer base. As a result, the country's fashion market, which was roughly worth €11.6 billion in 2019, had been growing by approximately 3% annually in the five years prior to 2019.⁵⁸ However, customers in Poland's fashion market are both price-sensitive and demanding—their purchases are prompted by promotions, yet at the same time they have high expectations of quality.

As a result, at the same time as new entrants flock to Poland, a number of foreign retailers have also been leaving, including Aldo, Camaieu, Forever 21, and Marks & Spencer.

3. THE ROLE OF SUSTAINABILITY

Q: How often do you buy sustainable apparel? (%) (Single choice question)



Source: Consumers' Adaptation to Sustainability in Fashion; n=3010; January 2021.

3. THE ROLE OF SUSTAINABILITY IN FASHION

Despite the maturing Polish fashion market, whether local consumers are ready to start buying sustainable apparel remains an open question. According to our research, 40% of consumers were relatively amenable to buying sustainable fashion—with 28% of all respondents saying they buy such apparel occasionally, 11% saying they buy such apparel regularly, and 1% saying that their fashion purchases are entirely sustainable. Another 20% said they plan on buying such clothing more often going forward, and 8% said they have no such intention.

According to Thomas Knudsen, managing director for Eastern Europe at Pandora, Polish customers are catching up with the sustainability agenda that is already prominent in other markets. “Polish customers have in recent years developed stronger preferences for sustainability which is noticeable in our stores and through the conversations that we have with our loyal customers. While sustainability might not be the top enabler in the purchase process, it is a value proposition that is becoming more important to our customers and hence our continued brand positioning,” says Knudsen.

Readiness to act on sustainable declarations and buy eco-products in the fashion market differs across various age groups, yet city size doesn't appear to correspond to sustainability. Based on the sales analysis of leading Cen-

tral and Eastern Europe retailer Reserved, city size and location don't correlate with the share of sold sustainable apparel—indicating that it is rather availability and scope of sustainable collection that is key to the consumer. On the other hand, core target groups of the brand—in the age ranges of 25 to 34 and 35 to 44—are more frequently buying regular, non-sustainable products, while persons aged above 45 seem to be more willing to go for sustainable alternatives.⁵⁹

Yet, a plurality of respondents (32%) said they cannot specify the frequency of their sustainable apparel purchases. Beyond Poland, the difficulty faced by consumers to track their sustainable purchases—mainly because it is hard to tell which really fit the bill—has spurred the creation of platforms to help evaluate the environmental and ethical records of brands. For example, sustainable multi-brand retailer Wearwell generates suggestions for customers in its one-stop sustainable shop, while Good on You vets and promotes [#EthicalBrands](#) without selling directly. Such platforms strive to save customers time browsing environmental and labor certificates as well as to make them more confident about the impact of their wardrobes. As a result, consumers can find sustainable purchases and verify whether brands make authentic claims about their eco-credentials.

THE ENVIRONMENT, AS WELL AS FUTURE GENERATIONS AND HEALTH, ARE BECOMING PERSONAL PRIORITIES FOR SHOPPERS

According to our survey, 42% of buyers mainly opt for sustainable apparel to protect the environment. For many customers sustainability is a personal priority, which they often signal through buying behavior. Whereas for those shoppers for whom it is not, environmentally-friendly purchases can still make them feel better about indulgent spending.

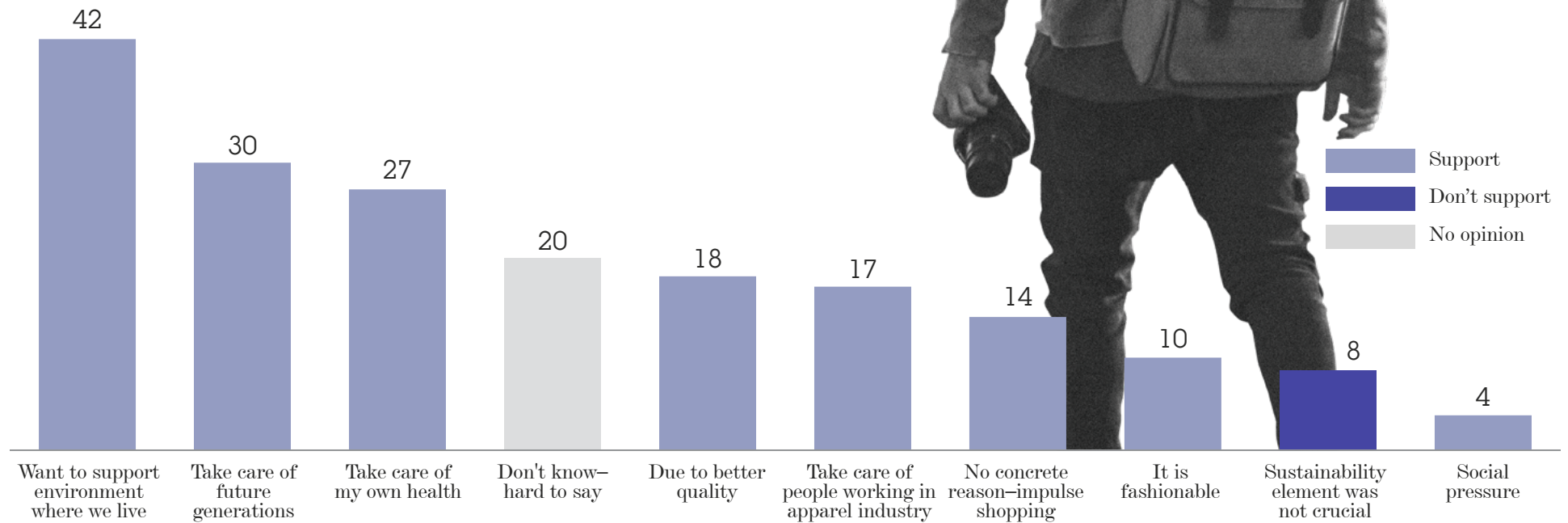
Another important motivation for sustainable apparel buyers was caring about the future generations (30%) as well as their own health (27%). One-fifth (20%) of respondents could not explain their eco-choices. Still, it is apparent that consumers want more than quality in apparel. They increasingly desire products and brands that align with their personal beliefs. Keen to match, some companies are trying to increase transparency for customers. Patagonia presents its global operations and suppliers to buyers and stakeholders through an interactive map of the company's textile mills and factories. Information about each spot includes its history with the brand, output data, as well as information about the number, genders and languages of its employees.

3. THE ROLE OF SUSTAINABILITY IN FASHION

Similarly Polish clothes brand Elementy pushes for full transparency by providing customers with a breakdown of the price of each of its items, including materials & labor, taxes, fixed costs and profit as well as charity donations. The company also discloses information about the manufac-

turing site and source of materials for each product in its shop.⁶⁰

Q: What motivated you to buy sustainable apparel? (%) (Multiple choice question)



Source: Consumers' Adaptation to Sustainability in Fashion; n=3010; January 2021.

3. THE ROLE OF SUSTAINABILITY IN FASHION

SUSTAINABILITY IS STILL NOT A KEY PURCHASING FACTOR, BUT LACK OF TRANSPARENCY ALSO CONCERNS CUSTOMERS

Zooming in on customers who have not made sustainable choices so far (17%), the main cited reason (69% of this group) was that eco-credentials were not an important factor in their purchasing decisions. A further 42% of such consumers said that they were unsure about which brands meet higher ethical standards, as greenwashing remains an industry-wide concern and contributes to [#SustainabilitySkepticism](#).

"Consumers require transparency to make conscious decisions. Thus, it is our responsibility as an industry to bring such transparency and trackability at every stage of the supply chain," says Robert van de Kerkhof from Lenzing. Customers are often confused about how the environmental impact of products is measured. Many brands still withhold information about the measures they use to arrive at blanket statements such as "reduced environmental impacts fabrics." Tags ranging from "sustainable" to "transparent" to "eco-friendly" lack an industry-wide definition that would allow for verification and regulation of these descriptions. However, increasingly even major players are being called out for selective and

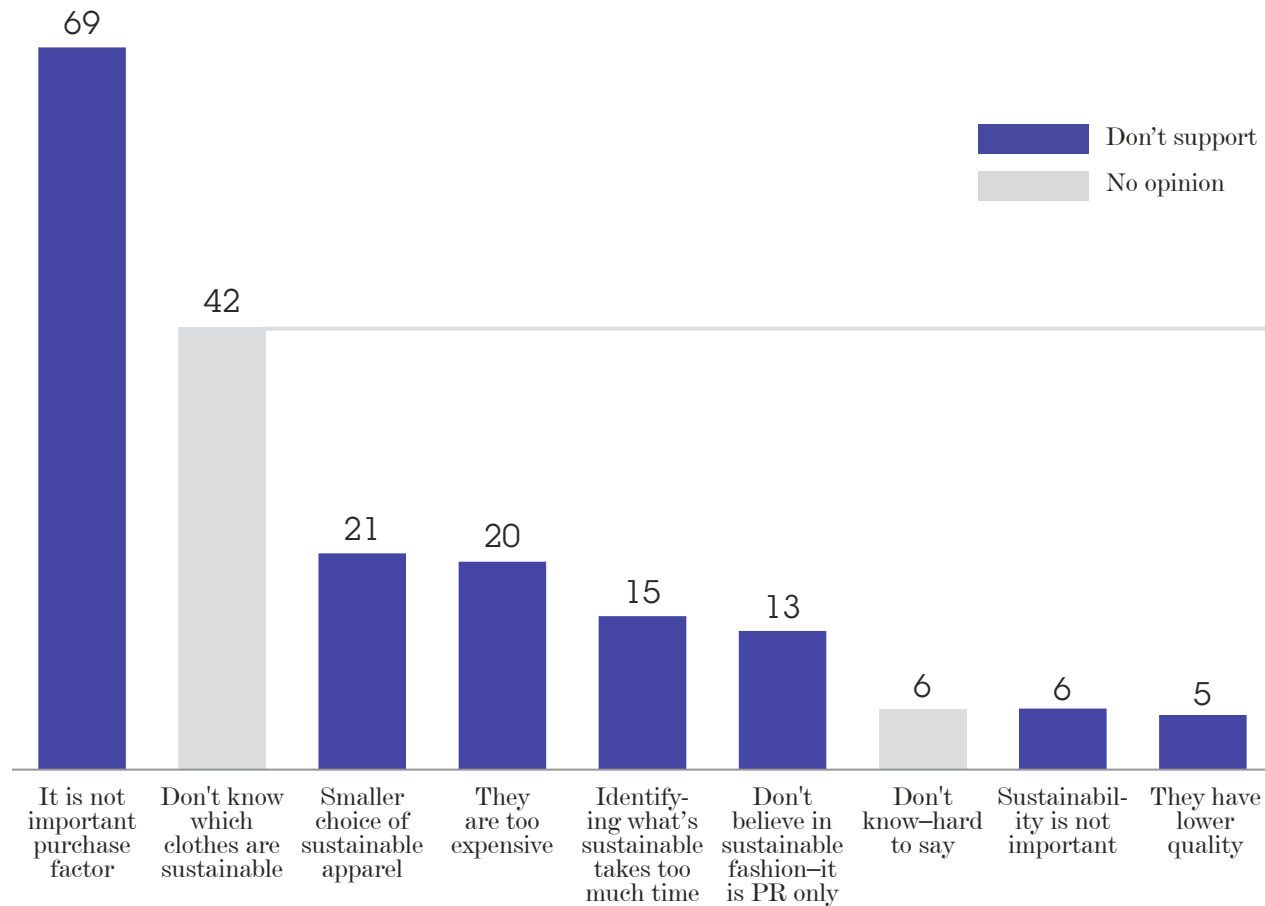
even misleading campaigns. Fashion Revolution's Transparency Index, promoted by Kering and Adidas, is one such attempt to encourage brands to disclose more information about their social and environmental policies to help clear up methodology for sustainability reporting.⁶¹

Finally, 20% of customers said that they believe sustainable apparel is either too expensive or too limited in range relative to regular product lines (21%). In order to address this challenge, market leaders are constantly increasing the share of sustainable offerings in their whole collection. Since 2017, LPP, a company with five international brands, has regularly increased its sustainable numbers, with sustainable apparel accounting for 19% across all five brands in 2020. In its flagship brand, Reserved, almost 32% of the assortment belongs to EcoAware with the plan to reach 50% in the next four years. Yet, this still doesn't necessarily reflect direct consumer switch. "Despite significant efforts of advancing the sustainable offer at Reserved, sales data analysis doesn't necessarily mirror its increasing importance in the eyes of consumers. Quality, style, and colors are dominant forces, with sustainability following only after," says Dorota Jankowska-Tomków, director of Procurement and Sustainable Development at LPP.



3. THE ROLE OF SUSTAINABILITY IN FASHION

Q: Why didn't you buy sustainable apparel? (%) (Multiple choice question)



Source: Consumers' Adaptation to Sustainability in Fashion; n=3010; January 2021.



42%
not sure which
brands are
sustainable

TRANSPARENCY AND TRACKABILITY AS KEY FACTOR ACROSS WHOLE SUPPLY CHAIN

Lenzing developed and introduced the technology for fiber identification that relies on the physical identification of fiber origin at different stages of the product on yarn, fabric, and garment level.

The blockchain technology enables brands and consumers to identify these fibers from Lenzing across each production and distribution step from fiber-to-retail of the finished garment or home textiles.

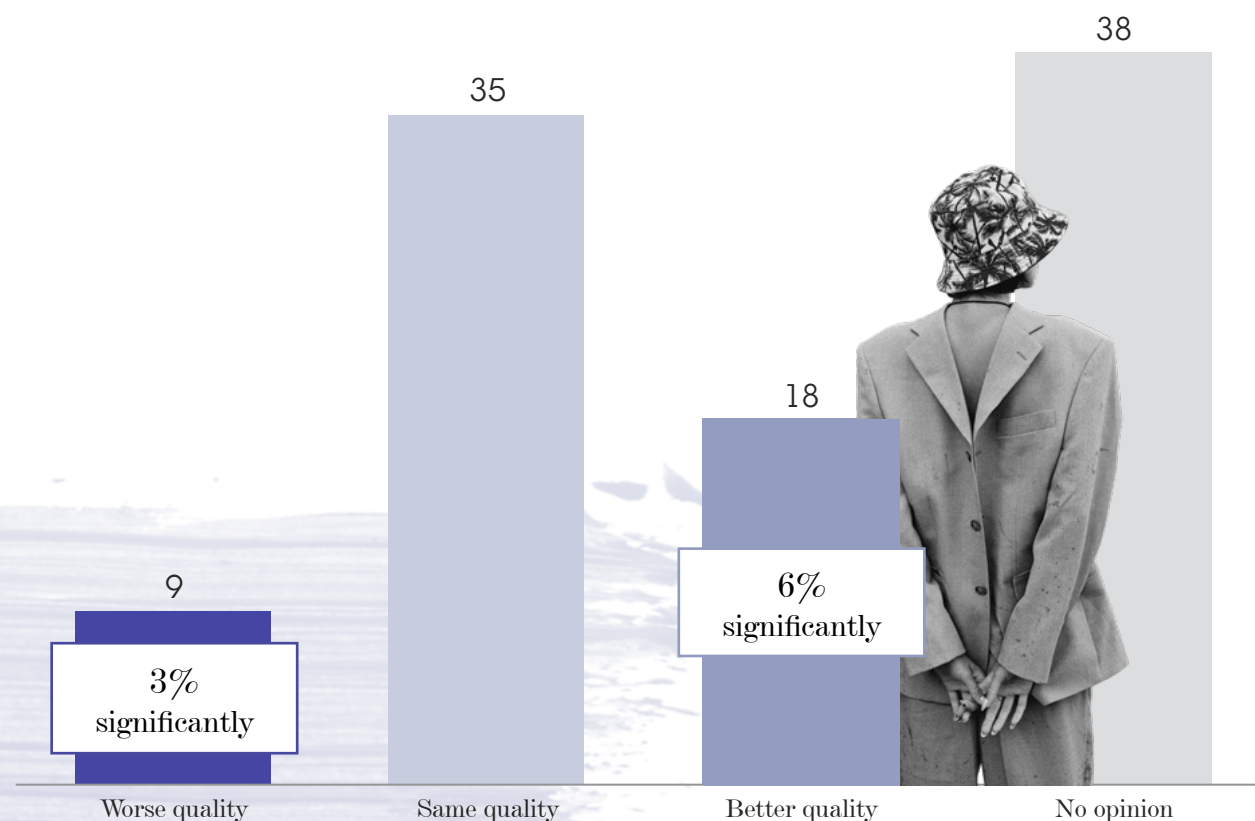
The technology allows consumers to verify the garment composition and the underlying textile supply chain at the point of sale, simply by scanning the barcode with a mobile device.

3. THE ROLE OF SUSTAINABILITY IN FASHION

QUALITY OF SUSTAINABLE APPAREL IS STILL QUESTIONED

Quality of sustainable apparel is still questioned by many customers, and, as mentioned in previous sections, inferior make is cited by 5% of respondents to explain their environmental indifference.⁶² When asked directly about quality, a large group of our respondents (38%) said they have no opinion or do not know how the quality of sustainable garments compares with regular lines. Moreover, 9% of respondents said that they believe that sustainable apparel is of worse make. However, growing numbers of Polish customers are being won over by sustainable collections. More than one-third (35%) see the quality of sustainable clothing on par with unsustainable garments, and a further 18% consider sustainable apparel to be superior.

Q: What is your perception on quality in regards to sustainable apparel?
(%) (Single choice question)



Source: Consumers' Adaptation to Sustainability in Fashion; n=3010; January 2021.

3. THE ROLE OF SUSTAINABILITY IN FASHION

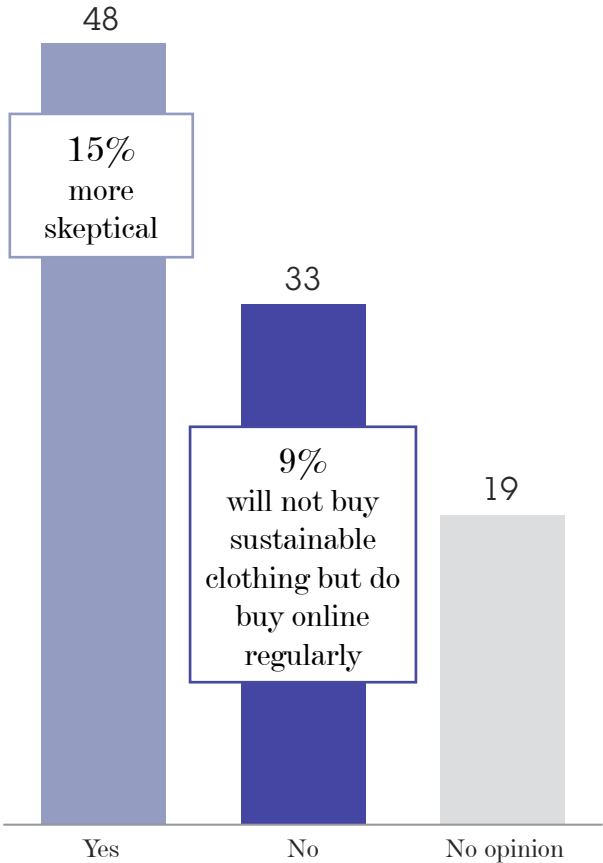
CONSUMERS ARE INCREASINGLY PERSUADED TO SHOP SUSTAINABLY ONLINE

With the growing importance of digital channels, further accelerated through the COVID-19 pandemic last year, more consumers than ever are shopping online.⁶³ Retailers are speeding up their online game and improving their websites to extend their omnichannel experience.

For example, CCC, the largest footwear retailer in Central Europe, used its e-commerce segment to heave through the economic fallout and retail lockdown caused by COVID-19 with sales shrinking by only 3% in 2020, compared with the 12% drop in the wider Polish apparel market. For the first time ever, CCC's online sales—which contributed 48% of total business last year—surpassed offline ones in the fourth quarter of 2020.⁶⁴

Companies across all fashion segments—from discounts, through mass, to luxury—are investing in online channels to drive greater consumer traffic and increase sales. In March 2021, Adidas announced a €1 billion investment into its digital transformation in the next five years, including to make its supply chain more agile for quicker delivery of online sales. With more than 150 million members in the brand's online program, CEO Kasper Rørsted says that the

Q: Would you buy sustainable apparel online?
(%) (Single choice question)



Source: Consumers' Adaptation to Sustainability in Fashion; n=3010; January 2021.

digital channel will operate more than 40% of the industry's sales by 2025.⁶⁵ E-commerce is becoming a key route to reach all types of customers, including low-cost apparel customers. PEPCO, an international fashion discount retailer, has announced plans to launch online store to address growing consumer demand across channels. Given the acceleration of e-commerce in fashion across segments as well as its growing share of total sales, it is crucial to understand how customers approach sustainability across channels, especially regarding their likelihood of such purchases as well as potential channel-specific blockers.

According to our study, channels did not sway customers on whether they made sustainable choices. The online route served 48% of customers buying sustainable clothing—a similar proportion to that of people buying regular clothing online. The result suggests that brand affinity and loyalty are key factors in making sustainable purchases. [#CustomerRelationshipsMatter](#) and given the opportunity, consumers will buy environmentally and ethically superior clothing from retailers they recognize and trust, both online and offline. However, of this 48% of customers purchasing sustainable clothing online, one in three respondents noted that they are more skeptical about buying sustainable clothing instead of non-sustainable garments. A further 9% of all respondents said

3. THE ROLE OF SUSTAINABILITY IN FASHION

that they would not buy sustainable apparel online, despite using the remote channel to buy traditional garments. The skepticism is likely related to customers having more qualms about the quality of sustainable purchases—which they cannot inspect remotely—as well as to a limited understanding of how they are manufactured.

As retailers move sales into their online channels, they will need to educate customers about their methodology for production and certification to clear the sustainable sales blocker. When expanding their channel strategies to omnichannel, retailers need to keep in mind that it brings additional sustainability challenges and responsibilities due to more complex supply chains, new road transport, and increased energy that impacts emissions. As such, the introduction of innovations and sustainable solutions across channels is critical. “The introduction and development of omnichannel has significant impact on the sustainable strategies of the companies. While constantly growing omnichannel, we are paying special attention to logistics and packaging aspects in the equation. Both CCC and eobuwie.pl use only ecological shoe boxes and shipping packages, eliminating plastic bags fully,” says Marcin Czyczerski, CEO of CCC. Innovations within energy effectiveness and the optimization of sales processes are critical to make a change and

reduce inefficiencies as well. One such initiative is CCC’s esize.me scanner: “Esize.me allows consumers to scan their feet both online and offline and reduce the risk of missed sizes, and thus returns,” explains Marcin Czyczerski.



3. THE ROLE OF SUSTAINABILITY IN FASHION

#WHATYOUNEEDTOKNOW



40% of consumers claim to be sustainable shoppers—driven mostly by willingness to help the environment, future generations, and their own health. Yet 8% of consumers are not even considering sustainability, with sustainability being a not relevant purchasing factor for them.



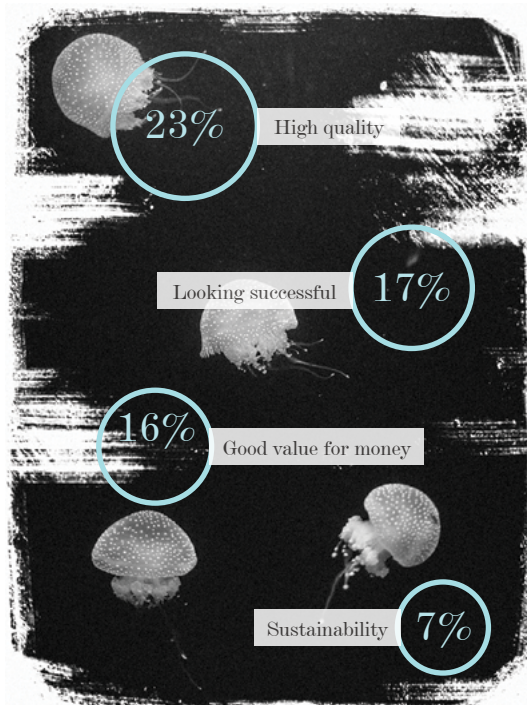
Brand affinity and loyalty affecting sustainable purchases within all channels, with the majority of consumers following their omni-channel patterns. Only 9% of consumers claim that they would not buy sustainable apparel online, despite being regular online users.



Between 20%–30% of consumers are having troubles with associating what sustainability in fashion means, if they shop sustainable apparel and what is the quality matter—pointing out clear opportunities for industry to close the gap.

4. ARE CONSUMERS WILLING TO PAY MORE FOR SUSTAINABILITY?

THE STUDY FOUND THAT SUSTAINABILITY IS THE SINGLE MOST IMPORTANT PURCHASING CRITERION FOR ONLY 7% OF CUSTOMERS—CUSTOMERS PRIORITIZED HIGH QUALITY (23%), LOOKING SUCCESSFUL (17%), AND GOOD VALUE FOR MONEY (16%) AS KEY PURCHASING FACTORS



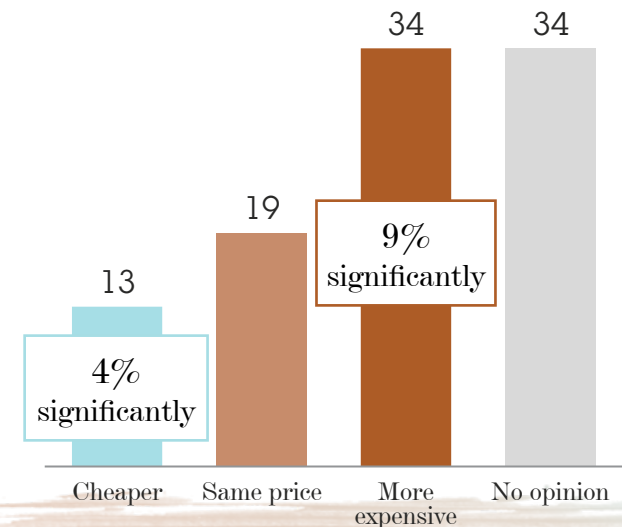
CONSUMERS SEE SUSTAINABLE APPAREL AS MORE PREMIUM BUT DECLARE WILLINGNESS TO SPEND MORE, RELATIVE TO REGULAR LINES

As customers become more aware and amenable to the concept of sustainable fashion, they begin to exercise their **#PowerofInquisitiveness** and inquire into the quality, certification, and price of such apparel. According to the Pulse of the Fashion Industry 2019 report, buyers expected brands to act on environmental, social, and ethical concerns.⁶⁶ However, sustainability appears to be a prerequisite to buy from a given brand, rather than the key driver of purchasing decisions. The study found that sustainability is the single most important purchasing criterion for only 7% of customers—which is in line with our new findings showing that only 12% of customers bought sustainable apparel regularly or exclusively. Further, in the Pulse of the Fashion Industry 2019 report, customers prioritized high quality (23%), looking successful (17%), and good value for money (16%) as key purchasing factors.⁶⁷ It is thus important to address key purchasing drivers such as quality and price in order to encourage customers to make sustainable choices.

Our study showed that the largest group of respondents (34%) said they perceive sustainable

apparel as more expensive than regular lines, while another 19% saw sustainable alternatives as similarly priced. Only 13% of consumers believed that sustainable apparel is cheaper. As with previous inquiries, one-third of respondents (34%) did not have an opinion on the topic, further underscoring the need for better education on the part of brands and communication with consumers.

Q: What is your perception on price in regards to sustainable apparel?
(%) (Single choice question)

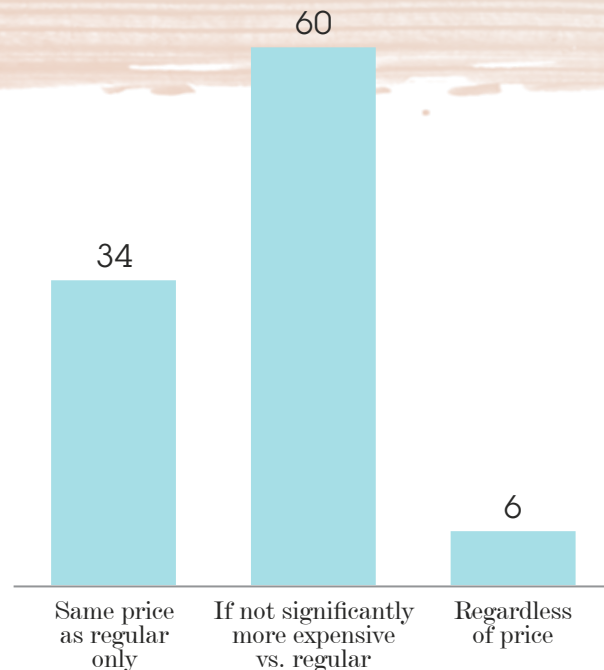


Source: Consumers' Adaptation to Sustainability in Fashion; n=3010; January 2021.

4. ARE CONSUMERS WILLING TO PAY MORE FOR SUSTAINABILITY?

"Looking at price and sustainability standards, we see a general tendency that consumers are willing to spend more on a given product if it resonates with their own beliefs on making a positive difference to our planet.

Q: When would you buy sustainable apparel?
(%) (Single choice question)



Source: Consumers' Adaptation to Sustainability in Fashion; n=3010; January 2021.

That said, there is a natural limit for how much a consumer is willing to invest in a **#SustainabilityPremium**, which to some extent follows the general economic differences between markets," explains Thomas Knudsen from Pandora. Marcin Czynczski of CCC confirms, "For conscious consumers, quality of the assortment and sustainable production are relevant aspects, with price following only after. Yet, the perception of sustainable fashion being significantly more expensive versus regular ones is misleading. We can see that sustainable shoes that have been produced from sustainable materials and through sustainable production methods are only €5 to €7 more expensive than regular ones."

This widespread view that sustainable apparel is more expensive than regular collections (34% of respondents) is in line with consumers declaring that they would spend more on such clothes. A majority of our respondents (60%) said they would pay a small premium for sustainability, and 6% claimed that they would even spend significantly more on sustainable garments. Yet, a remaining 34% of buyers said they would be willing to buy sustainable clothes only if they were no more expensive than regular lines. These price-sensitive consumers provide scope for the fashion industry to leverage its scale and mature supply chains to cut costs of sustainable products. "There's

a perception that sustainable fashion is expensive—this isn't necessarily the case," according to Brittany Burns of Fashion for Good, a non-profit, who argues that as innovations become mainstream, they will bring down prices of sustainable products.⁶⁸

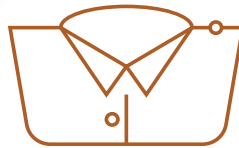
In this context, a number of mass market players, such as H&M and Polish apparel retail group LPP, are doubling down to make sustainable apparel more accessible and affordable.⁶⁹ Thanks to LPP's scale of sales and innovative solutions across the supply chain, as well as the decreasing market price of raw materials in the last years, the company's flagship brand Reserved has been able to offer eco-products at competitive prices. The Eco Aware line features, for example, organic cotton t-shirts at €5.50,⁷⁰ which is roughly the same price as for non-organic alternatives, as well as eco jackets, blazers, and coats at a price of roughly €65⁷¹—again, comparable to traditional lines at the store.

4. ARE CONSUMERS WILLING TO PAY MORE FOR SUSTAINABILITY?

APPROACH TO SIMULATION

Consumers for two groups of products (shirts and shoes) asked to buy sustainable or non-sustainable product at selected price points—simulation run both for offline and online

OFFLINE & ONLINE



Shirts

Regular
non-sustainable

Sustainable



Shoes

Regular
non-sustainable

Sustainable

SCENARIO 1

€11

€11

€44

€44

SCENARIO 2

€11

€12 (+10%)

€44

€48.5 (+10%)

SCENARIO 3

€11

€12.7 (+15%)

€44

€50.5 (+15%)

SCENARIO 4

€11

€13.2 (+20%)

€44

€53 (+20%)

SCENARIO 5

€11

€16.5 (+50%)

€44

€66 (+50%)

Price EUR (% change in price)

4. ARE CONSUMERS WILLING TO PAY MORE FOR SUSTAINABILITY?

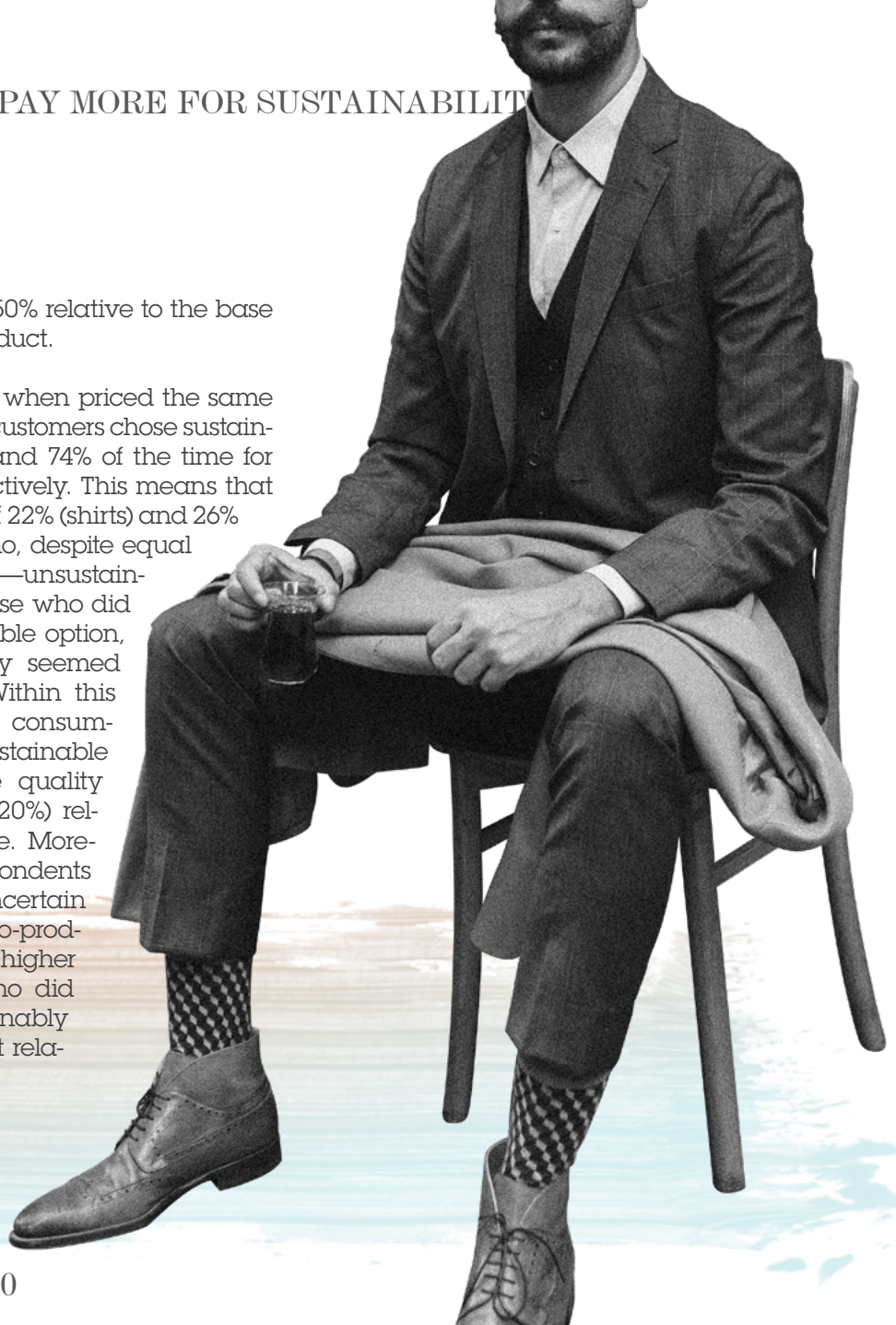
UP TO 25% OF CONSUMERS ARE NOT WILLING TO BUY SUSTAINABLE APPAREL EVEN AT REGULAR PRICES, MOSTLY DUE TO QUALITY CONCERNS

While customers claim they are willing to spend more on sustainable clothing, many do not follow through on this declaration. Our price sensitivity analysis considers whether consumer declarations translate into actions and potential spending on sustainable products. Our test considers two product categories—white shirts and shoes—across both offline and online channels. The plain shirt represented a cheaper product (starting at roughly €11)⁷² that is bought more frequently, as a classic example of fast fashion shopping. Meanwhile, the shoes stood for more durable goods that also come with a higher price tag (starting at roughly €44).⁷³

The study assessed how customer choices evolve at different price points. Respondents were given a choice between the two products: a regular piece of apparel and a sustainable alternative, with all other features (such as quality and the fashion aspect) of the garments kept the same. The experiment was repeated at five separate price points: first with both costing the same, followed by the sustainable product becoming more expensive at a premium

of 10%, 15%, 20%, and 50% relative to the base price of the regular product.

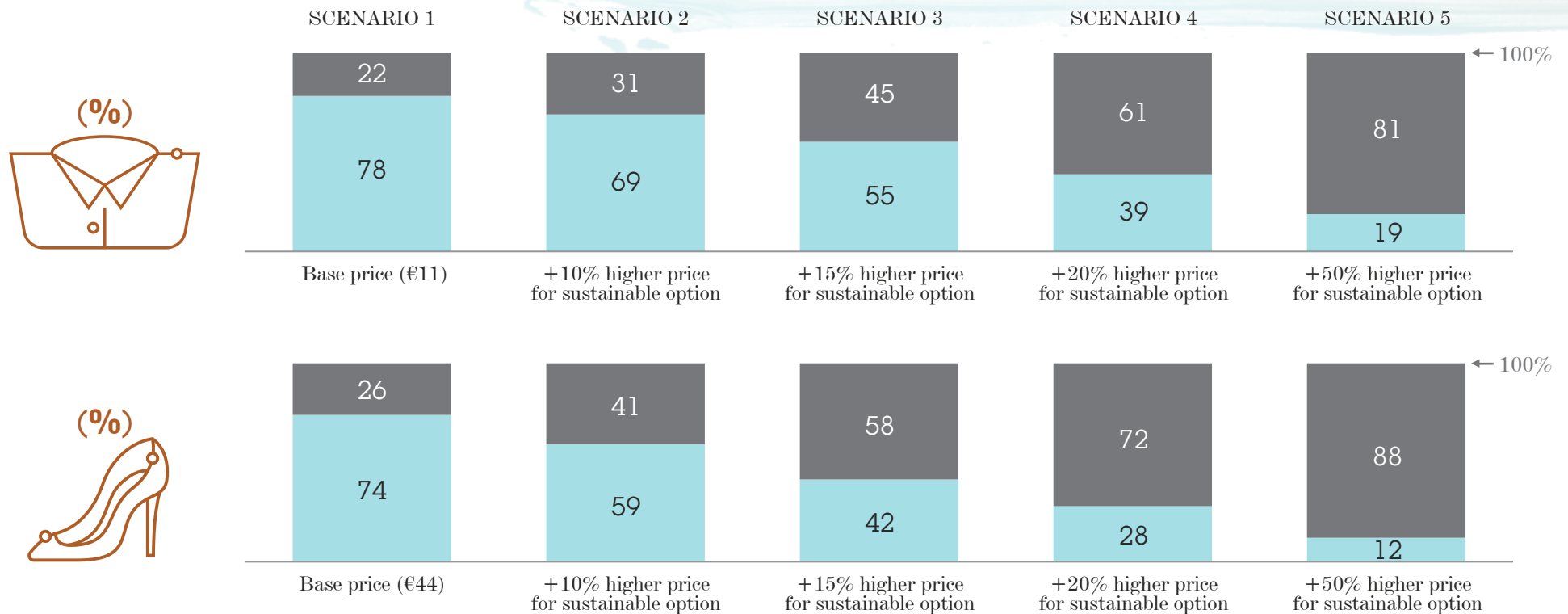
The study showed that when priced the same as traditional apparel, customers chose sustainable alternatives 78% and 74% of the time for shirts and shoes, respectively. This means that there was still a group of 22% (shirts) and 26% (shoes) of customers who, despite equal pricing, chose regular—unsustainable—products. For those who did not opt for the sustainable option, concerns about quality seemed to be a key barrier. Within this group, the share of consumers who believed sustainable products are of worse quality was 2.2 times higher (20%) relative to the full sample. Moreover, the share of respondents who claimed to be uncertain about the quality of eco-products was 1.3 times higher (49%) among those who did not want to buy sustainably at the initial price point relative to the full sample.



4. ARE CONSUMERS WILLING TO PAY MORE FOR SUSTAINABILITY?

WHEN PRICED THE SAME, GROUP OF 22% (SHIRTS) AND 26% (SHOES) OF CUSTOMERS STILL DECIDED TO CHOOSE REGULAR NON-SUSTAINABLE PRODUCT—MOSTLY DUE TO QUALITY CONCERNS

Share of non-sustainable and sustainable choices among consumers (%)



Source: Consumers' Adaptation to Sustainability in Fashion; n=3010; January 2021.

4. ARE CONSUMERS WILLING TO PAY MORE FOR SUSTAINABILITY?



DEMAND FOR SUSTAINABLE APPAREL SIGNIFICANTLY DROPPED WHEN PRICES JUMPED BY MORE THAN 10%

Our study also shows that the willingness of consumers to pay more for sustainable products varied with the type of apparel they bought. Respondents were more sensitive to price when

buying the more expensive shoes, rather than the cheaper shirts.

When buying shirts, a majority (69%) of consumers accepted a 10% price hike for sustainable products relative to the base price of regular apparel. This suggests low price elasticity, as only 12% of consumers who had initially been willing to buy sustainable shirts at the base price were put off by the 10% price increase. However, further price hikes for the sustainable shirts produced more significant drops in sales. A 20% price rise (to €13)⁷⁴ reduced the initial demand for sustainable apparel by 50%, while a 50% (to roughly €16)⁷⁵ increase on the base price led to a volume drop of 76% relative to initial demand.

#IncreasingPriceElasticity is even more apparent for the second product, shoes. Initially, 26% of customers did not want to buy the sustainable shoes even when they were priced on par with regular ones (roughly €44). As the prices of the two options (sustainable footwear and unsustainable footwear) diverged, demand dropped significantly. A 10% hike in the price of sustainable shoes relative to the base price reduced demand to 60% of all consumers—a 20% decrease relative to the initial group of sustainable consumers. Further, a price rise by 20% resulted in a 62% drop in sales volume for shoes, while a 50% price increase led to an

83% drop in demand.

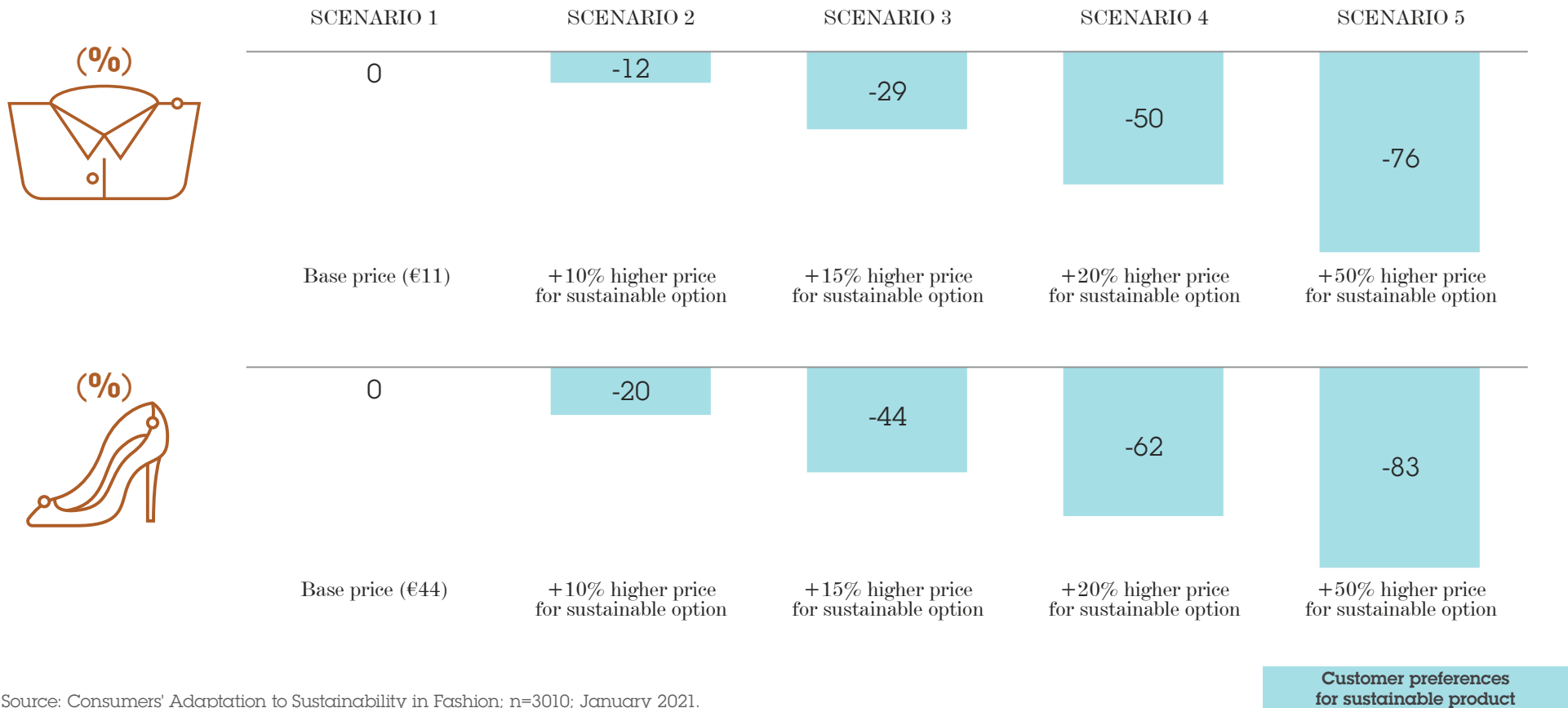
Initial demand for sustainable products was on a similar level for shirts (78%) and shoes (74%) and in line with the share of consumers who had previously stated that sustainability was important to them. Moreover, for both product groups, a 50% price increase for sustainable items, relative to the price of unsustainable ones, dried up almost all demand. When faced with a 50% price increase, only 19% of consumers chose sustainable shirts and only 12% opted for sustainable shoes. Consumers were more **#PriceSensitive** when buying shoes, but the sensitivity difference fell with further price increases for both products. This means that a 10% price hike of sustainable items produced a 70% higher drop in demand for shoes than for shirts, but that a 50% price hike of sustainable items produced only a 10% higher drop in demand for shoes than for shirts.

For both product types—shirts and shoes—channels did not meaningfully impact results, with offline shopping leading to just 1% to 2% less price sensitivity than online.

4. ARE CONSUMERS WILLING TO PAY MORE FOR SUSTAINABILITY?

SIGNIFICANT DROP IN DEMAND WITH PRICE INCREASES ABOVE 10%—WITH SHOES BEING MORE SENSITIVE THAN SHIRTS

Demand change as per price increase on sustainable apparel (%)



Source: Consumers' Adaptation to Sustainability in Fashion; n=3010; January 2021.

4. ARE CONSUMERS WILLING TO PAY MORE FOR SUSTAINABILITY

CONSCIOUS CONSUMERS ARE SIGNIFICANTLY LESS PRICE SENSITIVE THAN REGULAR CONSUMERS

The importance of sustainability as well as the frequency of sustainable purchases, as declared by consumers, both correlate with actual spending on sustainable products. This was true for both shirts and shoes, which each followed similar patterns.

For shirts, when there was no difference in price, customers who claimed that sustainability mattered to them chose the sustainable shirt 82% of the time, while those who regularly bought sustainable apparel opted for the sustainable option 85% of the time. Meanwhile, those who were less conscious about sustainability opted for the sustainable shirt only 53% of the time, even when it came at no additional cost relative to the traditional alternative. Those who said they avoided buying sustainably chose the sustainable option only 42% of the time.

Conscious consumers, who we defined as those who believe in the importance of sustainability and frequently buy such products, were less sensitive to price changes at lower price points. For this consumer group, a 10% increase in the price of the sustainable shirts led to a 7% drop in demand relative to when they were priced

on par with traditional alternatives. For consumers who were less conscious about sustainability, as well as those who avoided such purchases, a price increase by 10% for the sustainable option shrunk demand by 18%. Less conscious customers remained very sensitive at higher price points too: as the sustainable option becomes 15%, 20%, and 50% more expensive, sales drop by 39%, 56%, and 67% respectively versus the base price point. However, it is worth noting that such extreme results were only valid for fewer than 10% of all consumers in our sample.

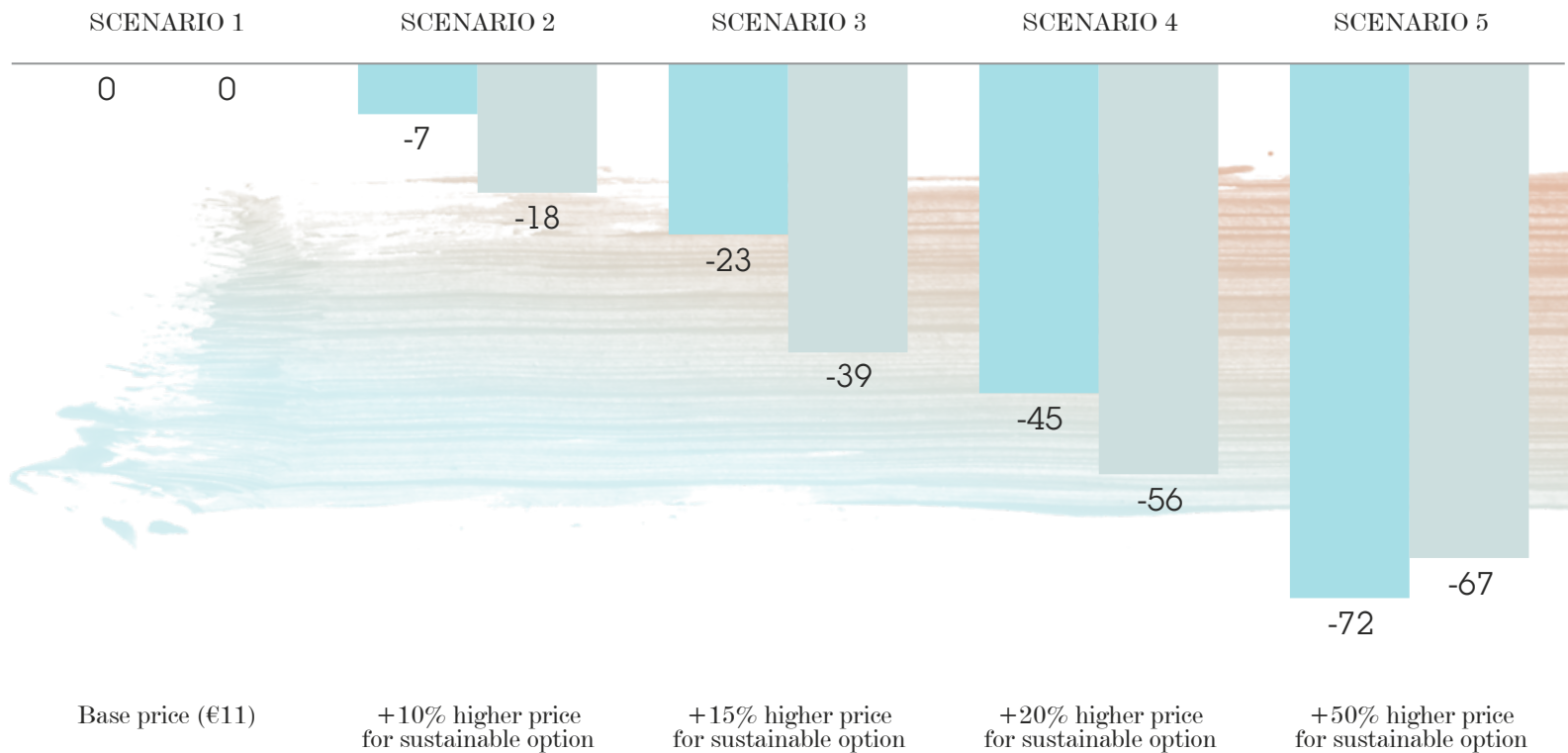
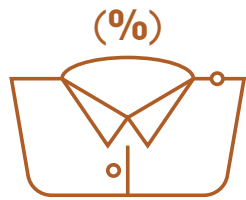
Similar patterns emerged when considering shoes. When there was no price difference, customers who said that sustainability was important to them as well as those customers who regularly shopped sustainably both chose the greener option 81% of the time. Meanwhile, those who were less conscious about sustainability chose the sustainable shoes only 51% of the time, despite no price difference. Those who claimed to avoid sustainable purchases opted for the sustainable option only 41% of the time.



4. ARE CONSUMERS WILLING TO PAY MORE FOR SUSTAINABILITY?

PRICE IS RELEVANT FOR BOTH CONSCIOUS AND LESS CONSCIOUS CONSUMERS—WITH THE DIFFERENCE BETWEEN BOTH DISAPPEARING AT HIGHER PRICE INCREASES

Drop of demand due to price increase for different groups of consumers—shirts (%)



Source: Consumers' Adaptation to Sustainability in Fashion; n=3010; January 2021.

Conscious consumers

Less conscious consumers



4. ARE CONSUMERS WILLING TO PAY MORE FOR SUSTAINABILITY?

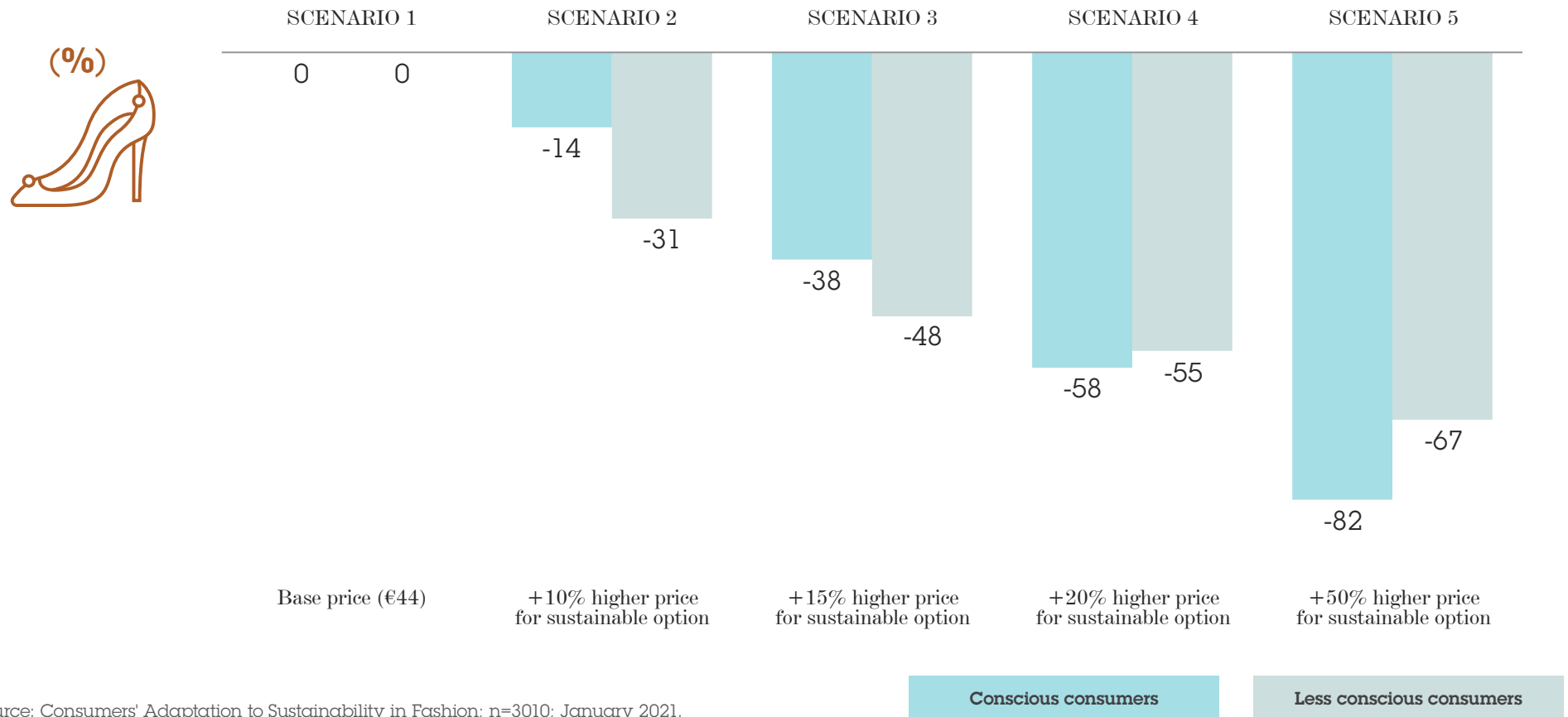
For conscious consumers, a 10% increase in the price of the sustainable shoes led to a 14% drop in demand relative to the initial price point. Whereas for those respondents who were less conscious about sustainability and for those who avoided eco-purchases, the 10% price rise shrunk demand for the sustainable option by 31%. These less conscious customers remained easily dissuaded from buying the sustainable option as prices rose ever higher, too—increases of 15%, 20%, and 50% resulted in respective demand drops of 48%, 55%, and 67% versus at the base price point. Interestingly, while shopping shoes, conscious consumers became more price sensitive at higher price points versus non-conscious consumers.

As before—for both shirts and shoes as well as conscious and less conscious consumers—a 50% price increase essentially extinguished demand for sustainable products. This held similarly across channels. However, price sensitivity for both more and less conscious consumers was stronger in the case of shoes relative to that of shirts.

4. ARE CONSUMERS WILLING TO PAY MORE FOR SUSTAINABILITY?

SHOES WITH STRONGER DEMAND DROPS BOTH FOR CONSCIOUS AND LESS CONSCIOUS CONSUMERS VS. SHIRTS

Drop of demand due to price increase for different groups of consumers—shoes (%)



Source: Consumers' Adaptation to Sustainability in Fashion; n=3010; January 2021.

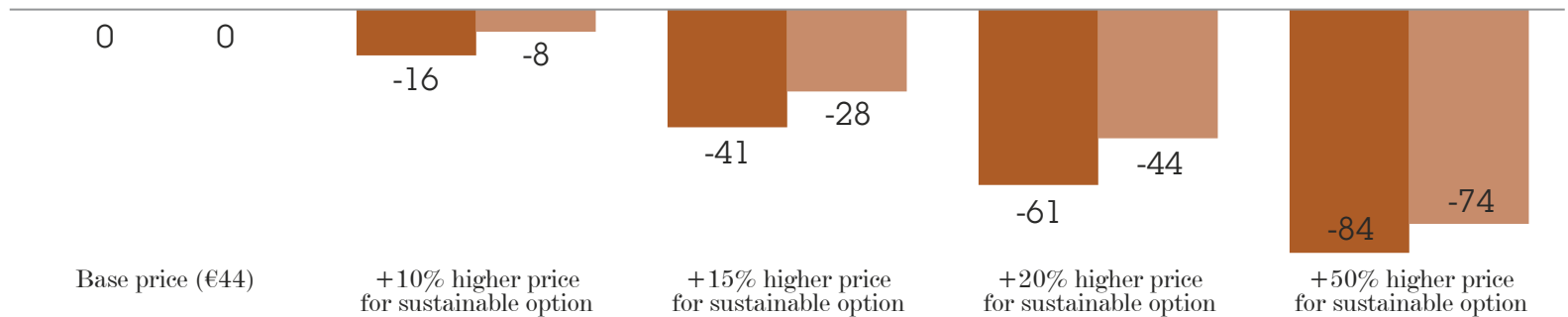
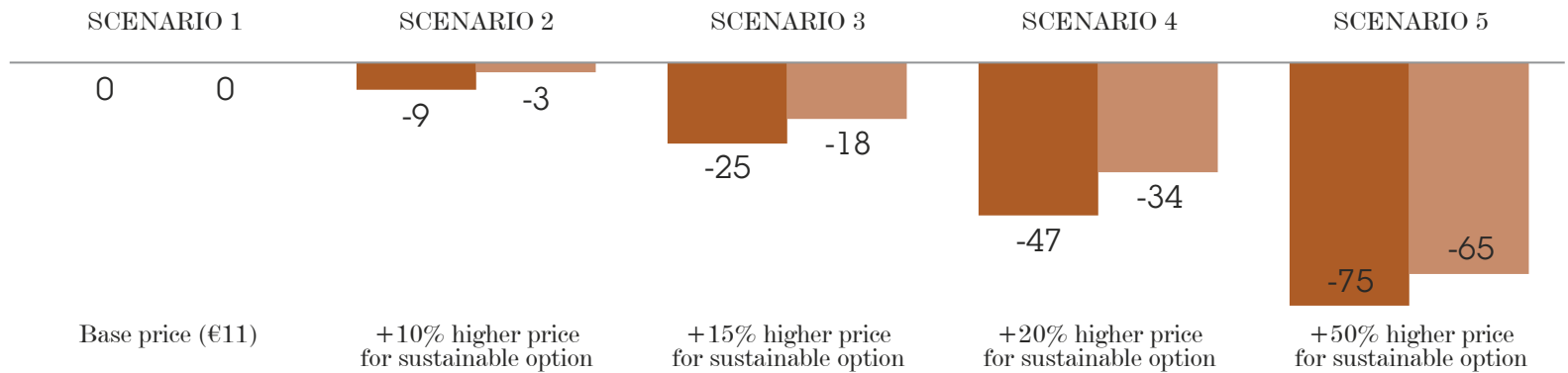
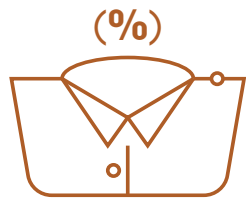
Another factor that was found to correlate with actual spending and price elasticity of demand was the income of respondents. For shirts, among those earning more than roughly €1080⁷⁶ each month, the 10% and 20% price hikes depressed demand by 3% and 34%, respectively. Whereas for those earning less than roughly €1080, the 10% and 20% premiums resulted in 9% and 47% fewer sales of shirts. Similar observations were made for shoes—among higher earners, the 10% and 20% price increases led to a demand drop of 8% and 44%, respectively. Whereas for lower-income respondents, the 10% and 20% price hikes led to a demand drop of 16% and 61%, respectively. Again, there was a similar correlation between the price sensitivity of shirts and shoes, as well as little difference in outcomes across channels. Various gender and education profiles did not produce strong correlations.

It should be noted that, based on analysis by WEF and BCG, net-zero supply chains would hardly increase direct consumer costs if decarbonization of the supply chains would occur in a comprehensive manner. In the fashion industry, 70% of fashion supply chain emissions could be abated at less than €10 per ton, which would lead to a cost increase for consumers between 1% to 4%, or the equivalent of €1 more for a pair of decarbonized jeans (equal to €40).⁷⁷

4. ARE CONSUMERS WILLING TO PAY MORE FOR SUSTAINABILITY?

INCOME CORRELATES STRONGLY WITH PRICE ELASTICITY

Drop of demand due to price increase for different groups of consumers (%)

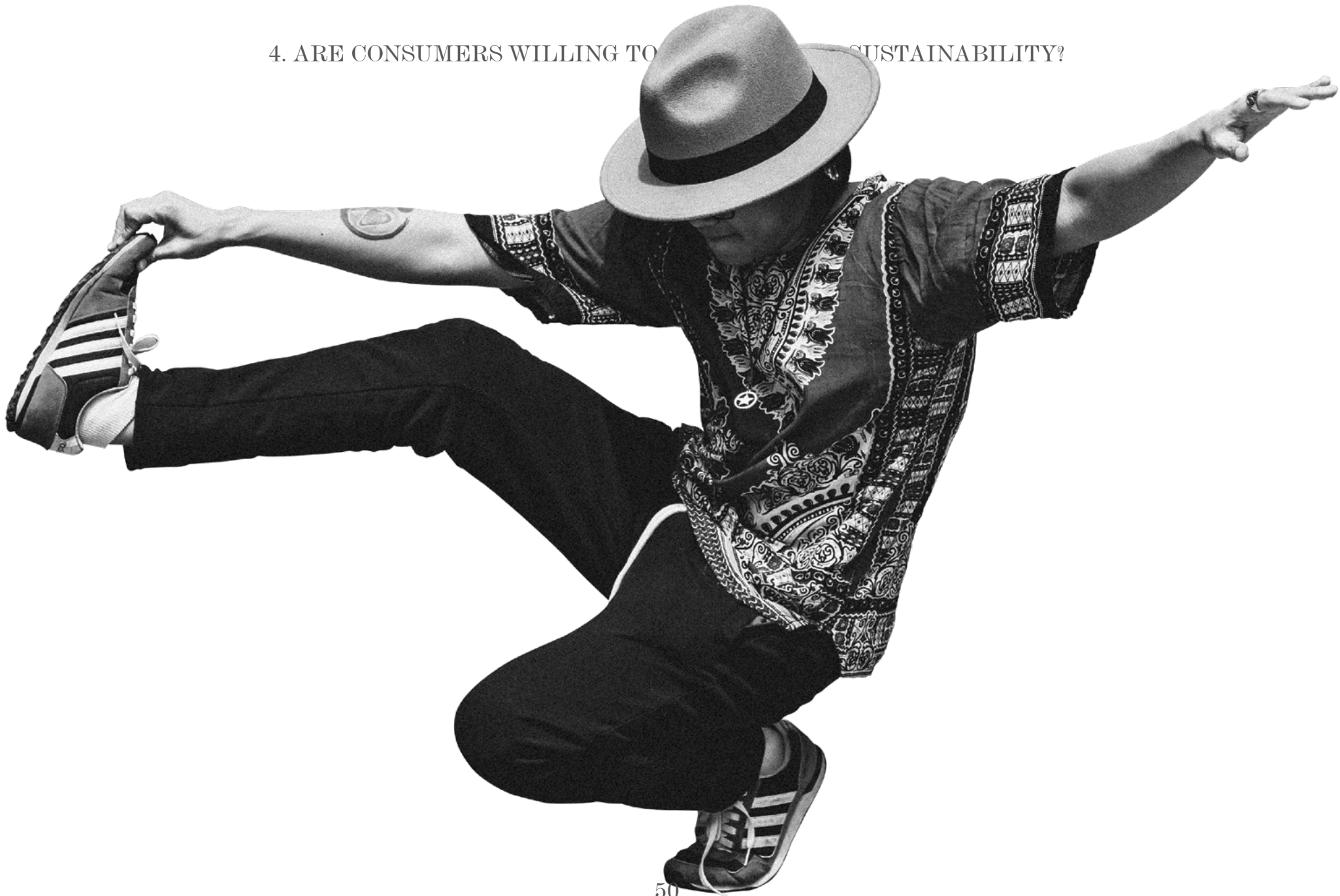


Source: Consumers' Adaptation to Sustainability in Fashion; n=3010; January 2021.

Below €1100

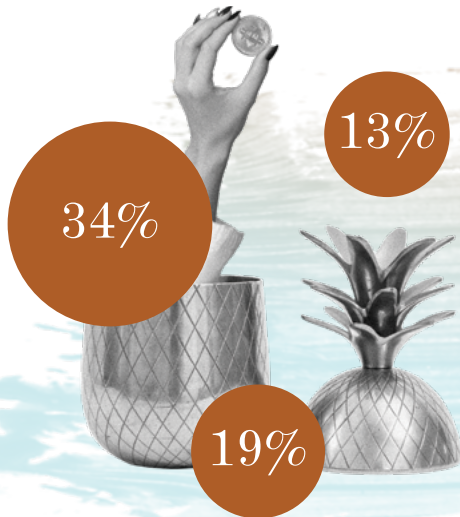
Above €1100

4. ARE CONSUMERS WILLING TO SUSTAINABILITY?



4. ARE CONSUMERS WILLING TO PAY MORE FOR SUSTAINABILITY?

#WHATYOUNEEDTOKNOW



34% of consumers perceive sustainable apparel as more expensive than regular apparel, while 19% see it as similarly priced, and only 13% believe it is cheaper. Yet over 66% of respondents claim to be willing to spend a premium for sustainable clothing.



Up to one-quarter of consumers are not willing to buy sustainable apparel even at regular prices, mostly due to quality concerns. An additional price increase of sustainable apparel by 10% negatively impacts demand by 12% for shirts and 20% for shoes.



Declaration of importance of sustainability, frequency of purchase, and income are the most important factors impacting demand elasticity for sustainable products.

5. WHO IS THE SUSTAINABLE FASHION CONSUMER?

Our analysis identified seven key groups of respondents with various **#ConsumerCharacteristics** regarding sustainability in fashion, based on both their declarations and actions. Each

segment was defined by core characteristics, including: stated importance of sustainability, frequency and type of declared actions taken with sustainability in mind, as well as purchas-

ing behavior and demand flows for samples of sustainable and unsustainable apparel. The seven identified consumer segments, ordered by attitudes toward sustainability, are:



5. WHO IS THE SUSTAINABLE FASHION CONSUMER?

1. Sustainable Adopters (6% of all respondents), who clearly stated that sustainability was a very important factor for them. Accordingly, these consumers claimed to have taken actions on a personal level to advance environmental goals and were willing to pay a premium for sustainable products.

2. Unaware Activists (21% of all respondents), who, despite not having declared sustainability as an important factor, acted in a conscious manner and were willing to pay a premium for sustainable apparel.

3. Reasonables (9% of all respondents), who stated that sustainability was an important factor and took a variety of actions to promote that goal, yet were put off sustainable products by their higher prices.

4. Materialists (22% of all respondents), who neither declared full-throttled support for sustainability nor devoted much efforts to such goals, yet were willing to pay more for sustainable apparel.

5. Greenwashers (16% of all respondents), who claimed that sustainability was very important to them, yet took little to no actions to support their declarations. These consumers, however, were willing to pay more for sustainable products to appear engaged.

6. Pretenders (11% of all respondents), who loudly backed the importance of sustainability, yet did not act in a way to further their stated goals or show willingness to pay a sustainability premium.

7. Opponents (15% of all respondents), who downplayed the importance of sustainability and took no actions in this regard, which included being unwilling to buy sustainable products even if the price was not higher than regular ones.

Of these identified segments, 36% of consumers were pro-sustainable across a number of dimensions (Sustainable Adopters, Unaware Activists, Reasonables). Another 38% of respondents did not take actions in support of the planet, but were willing to pay a premium for sustainable products (Materialists and Greenwashers). Finally, some 26% of consumers were unsupportive of sustainability (Pretenders and Opponents). However, not all observed segments naturally map onto specific demographic groups.



5. WHO IS THE SUSTAINABLE FASHION CONSUMER?

SUSTAINABLE ADOPTERS

Strong adopters of sustainability, with sustainability being an important driver of their actions—willing to go the extra mile or pay a premium to support sustainability

6%
of total
sample

Demographics

- More often seen in big cities (36% in cities above 200k), yet with mixed representation of income buckets
- Strong over-representation of consumers with high education, such as a master's degree, PhD, or MBA
- Mostly females (60% of sample—which is +7pp vs. full sample)

Key characteristics of the group

- Very dedicated to sustainability and able to act with sustainability in mind most of the time—support sustainability whenever possible
- Broad awareness and knowledge of sustainability, with understanding of how to support sustainability and why it's important to do so
- More aware than other groups of social aspects of sustainability, such as labor aspects
- Aware that you need to pay a premium for sustainability and are willing to pay it—even if the price is significantly higher (20%–50%)

#EARTHALLY

#CONSCIOUSCONSUMER

#SUSTAINABILITYACTIVIST

5. WHO IS THE SUSTAINABLE FASHION CONSUMER?

UNAWARE ACTIVISTS

21%
of total
sample

Unaware supporters who, despite not declaring sustainability as an important factor, unconsciously act in an eco-conscious manner and are willing to pay a premium for sustainable apparel

Demographics

- Over 70% of the group is from smaller cities and villages
- Strong over-representation of low-income groups (below €645) and some higher education
- Equal representation of female and male

Key characteristics of the group

- Very skeptical of sustainability when asked, claiming that sustainable products are expensive, have low choice, and that they are not even sure what is sustainable—hold the most skeptical opinion on the topic aside from the Opponents group
- Unaware of what sustainable choices they make, mostly choosing sustainable products with "no opinion/no reason" or emphasizing that it was not a key purchasing driver
- Often indicate that they are not sure if they buy sustainable products or not
- Despite skepticism, very engaged in actions and often end up paying a premium for sustainable products

#QUALITYQUESTIONER

#QUIETSUPPORTER

#ECOINFORMED



5. WHO IS THE SUSTAINABLE FASHION CONSUMER?

REASONABLES

Strong sustainability supporters with a broad knowledge and understanding of the role of sustainability, who focus on personal sacrifices and actions yet who are more price conscious

9%
of total
sample

Demographics

- Youngest group, dominated by females
- High share still at university or only recently post-university
- Low to medium income (can be correlated with career step)

Key characteristics of the group

- Very aware and supporting of sustainability—both declaring it and acting on it
- Broad sustainability knowledge and understanding of its importance
- Freely support non-material sustainability actions but very pragmatic and conscious of cost when asked to pay a premium
- Price sensitivity of this group seems to be driven by their current career status and income position rather than their attitude toward sustainability—they will make extra personal sacrifices over monetary ones

#ACTIONSNOTMONEY #SACRIFICINGFORSUSTAINABILITY #PRICECONSCIOUSNESS

5. WHO IS THE SUSTAINABLE FASHION CONSUMER?

MATERIALISTS

22%
of total
sample

#Instagroup with a focus on cool product rather than sustainable values—oblivious to the role and importance of sustainability and not acting in a sustainable manner besides willingness to pay maximum premium price for popular product

Demographics

- No very strong indications in regards to demographics
- Over-representation of higher income consumers in the segment
- Second youngest group of consumers (after Reasonables)

Key characteristics of the group

- Sustainability holds no strong role or importance to them
- Don't neglect sustainability openly, yet don't take many actions to support it
- Able to pay the most premium for sustainable product versus other groups
- Specify quality as a key aspect more frequently than others
- Focus on popular product rather than the values behind it



#QUALITYDRIVEN

#SUSTAINABLESPENDER

#TRENDSCOMEFIRST

5. WHO IS THE SUSTAINABLE FASHION CONSUMER?

GREENWASHERS

Self-focused supporters with strong declarations on the role of sustainability, whose words are not supported by sustainable actions except ones that affect what is important for them (such as quality standards)

16%
of total
sample

Demographics

- Medium-size cities
- Medium- to high-income consumers with over-representation of high education such as MBA or PhD
- Over-representation of females, being one of the oldest segments

Key characteristics of the group

- Strong declarations on the importance of sustainability, supported by broad knowledge
- Yet very limited actions on sustainability matter—with a focus on self-serving actions that are affordable
- Higher focus and awareness of quality drives willingness to pay a premium for sustainable products (rather than being driven by values)



#VOCALSUPPORTER

#ILLUSIONOFSUSTAINABILITY

#QUALITYQUESTIONER

5. WHO IS THE SUSTAINABLE FASHION CONSUMER?

11%
of total
sample

Demographics

- Mainly from bigger cities
- Strong over-representation of consumers with higher education, such as a master's degree, PhD, or MBA

Key characteristics of the group

- Most extreme in claiming that sustainability is very important, yet not willing to act on this at all (second-least engaged group)
- Very rarely buy sustainable products and unwilling to pay even a small price premium for them, despite being wealthier than other groups
- No clear indication as to why this group is not acting on sustainability despite broad awareness and knowledge of the topic

PRETENDERS

Loudest professors of the importance of sustainability—lecture others yet not willing to act on their own words or pay a sustainability premium, despite being wealthier and more educated



#WEALTHYWANNABE

#ENVIRONMENTALLYDISENGAGED

#SUSTAINABLYSTINGY

5. WHO IS THE SUSTAINABLE FASHION CONSUMER?

OPPONENTS

Strong disbelievers of sustainability—do not see the importance of it or of acting on it and are unwilling to pay a premium for sustainable products

15%
of total
sample

Demographics

- Relatively equal spread across cities types
- Low education and low income
- Over-representation of males, being one of the oldest segments

Key characteristics of the group

- Strong declaration that sustainability is not important—supported by lack of actions
- Every second Opponent was not acting on sustainability at all, while others were acting randomly
- Avoid buying sustainable products and deny importance, role, and benefits of doing so
- Claim sustainable products are too expensive and of no better quality versus regular products
- Lack of awareness, knowledge, and understanding of sustainability

#UNINFORMED

#SUSTAINABILITYSTUBBORNNESS

#ECOCYNIC

5. WHO IS THE SUSTAINABLE FASHION CONSUMER?

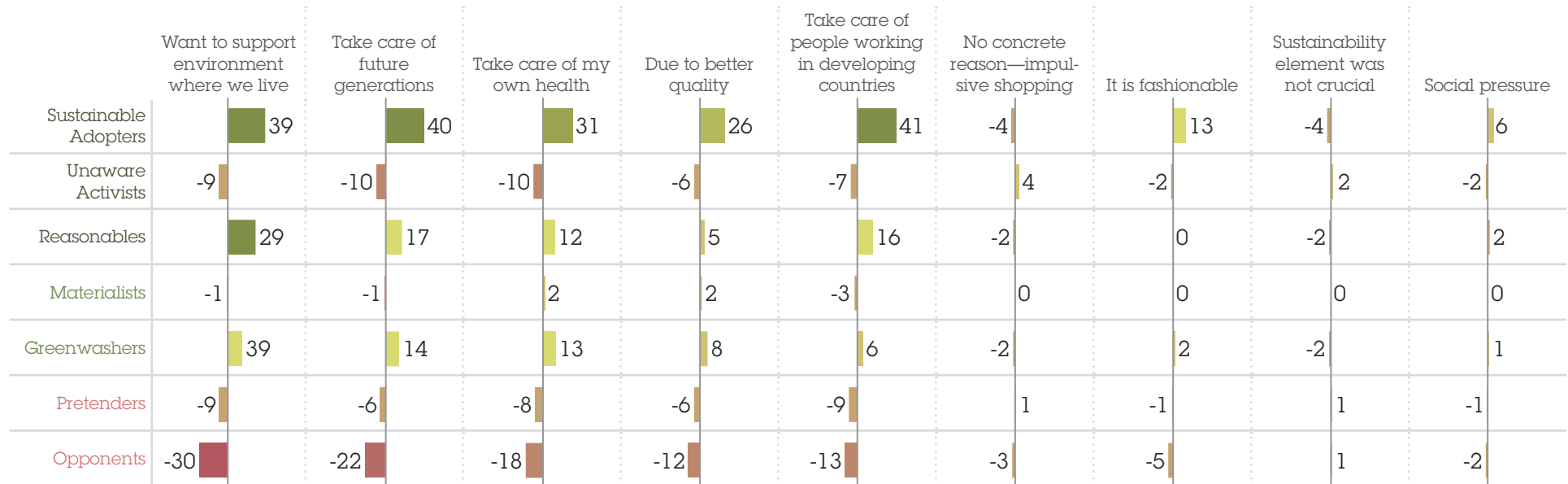
According to the research, we can observe that most groups appear to act as you would expect them to: **Materialists** are motivated to buy higher-quality products, which tend to be more durable and hence more sustainable. In turn, **Unaware Activists** tend to declare little care for the environment or future generations, and instead state “no reason” for their sustainable ac-

tions. What may appear counterintuitive is that motivations of **Greenwashers** to support sustainability do not stem from a fashion to do so, which would be consistent with their attempts at keeping with the eco-trends. However, it appears that **Sustainable Adopters** are more inclined to jump on the bandwagon. Meanwhile, despite the deep-rooted pragmatism

of the **Reasonables** segment, these consumers—along with Sustainable Adopters—have both environmental and societal concerns deep at heart. Finally, **Opponents** shun sustainability largely because they are much less concerned about the environment (by 30 percentage points) than the average consumer.

Q: Why do you support sustainability? (percentage point) (Multiple choice question)

Difference between the average survey response and the answer in the specific segment



Source: Consumers' Adaptation to Sustainability in Fashion; n=3010; January 2021.

5. WHO IS THE SUSTAINABLE FASHION CONSUMER?

We also analyzed how respondents differ in terms of the actions they undertake to support sustainability. Many activities, such as buying biological and ecological products or using a bike to get around, tend to be widely adopted across all segments. Meanwhile, other actions are more clearly aligned with particular groups. For example, using renewable energy and supporting companies is by far most

popular among Sustainable Adopters and Reasonables. Avoiding single-use plastics is also a very popular action among Sustainable Adopters (96%), while also practiced by one-fifth of Opponents.

Brands and retailers need to understand these different groups of consumers—from their interests to their expectations regarding social

and environmental responsibility. Comprehensive mapping is crucial to tailor business strategies, product mix, and communication to each segment. A targeted approach will allow companies to deploy more efficient educational and sales strategies in order to balance local consumer expectations with brand profitability. It is time for **#FashionToAdapt**.

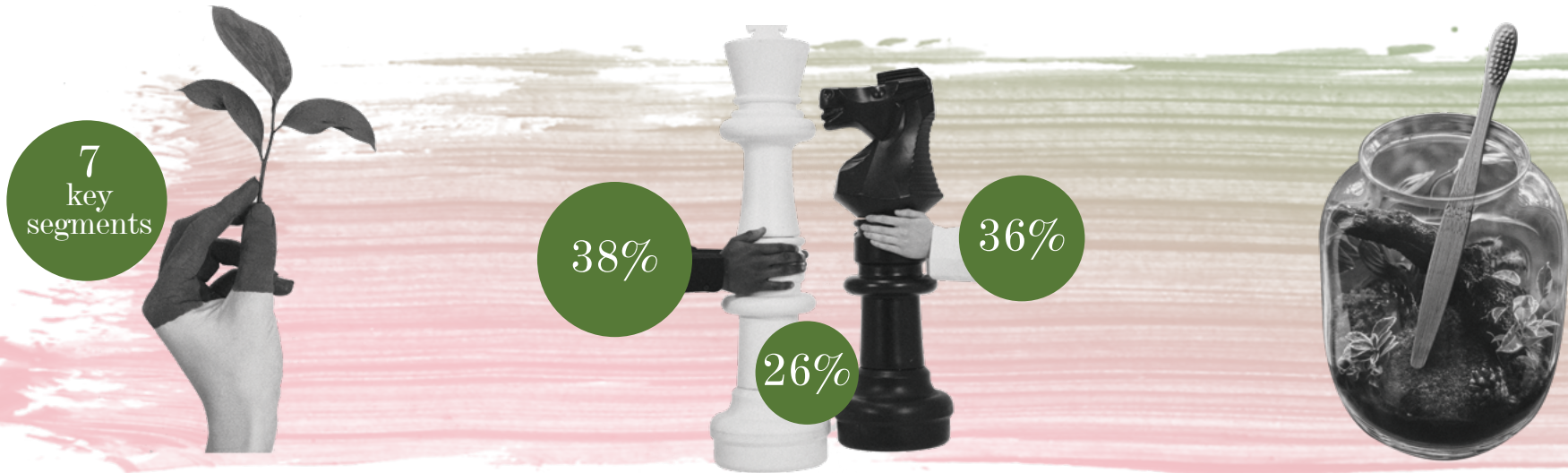
Q: How do you support sustainability? (%) (Multiple choice question)

	I avoid/don't use single packaging	I switch car for bike or public transport	I buy bio/eco products	I try to reduce CO2 emission	I reduce meat consumption	I use renewable energy	I support firms that act sustainably	I take part in demonstrations for sustainability
Sustainable Adopters	96	84	91	86	82	55	70	25
Unaware Activists	63	41	24	31	24	15	8	2
Reasonables	93	76	74	68	62	36	46	10
Materialists	52	31	28	18	24	13	9	2
Greenwashers	76	57	57	42	42	23	22	4
Pretenders	61	37	30	27	23	15	13	2
Opponents	20	15	2	6	3	4	2	0
Average	61	43	36	33	31	19	17	4

Source: Consumers' Adaptation to Sustainability in Fashion; n=3010; January 2021.

5. WHO IS THE SUSTAINABLE FASHION CONSUMER?

#WHATYOUNEEDTOKNOW



7 key segments of consumers with unique characteristics were differentiated considering their level of awareness, meaning of sustainability and actions, or lack of them in regards to sustainability.

Within the segments, 36% of consumers being identified as eco-friendly, 38% claiming to support sustainability yet with limited actions behind it and 26% of consumers being unsupportive.

Regardless of segments, core sustainable actions seem to be already taken by a significant majority of consumers and are becoming the market standard (for example, buying eco-products).

6. WHAT WOULD IT TAKE TO CHANGE THE PATTERN?

SUSTAINABLE ACTIONS ARE CRUCIAL, BUT CUSTOMERS WANT TRUE PURPOSE

The coronavirus pandemic has shown that bold changes are possible—even overnight. Supply chains were rewired, manufacturing reimaged, and unchartered business travel and work-from-home policies rolled out. In the current climate of change, consumers demand that brands commit to concrete action backed by genuine purpose.

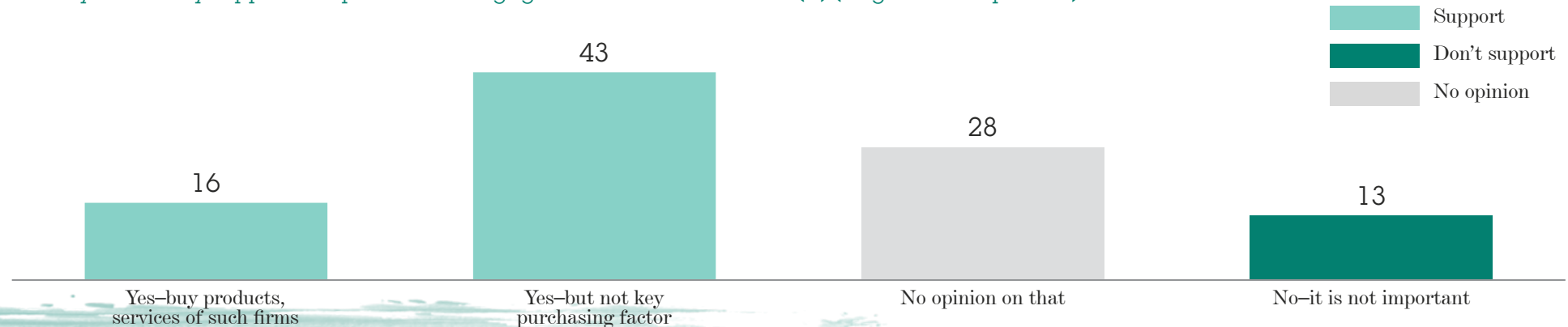
Customers are engaging in due diligence to sift out truly green brands. The share of consumers who seek out information about whether

a brand they buy from is socially responsible has increased from 45% to 56% between 2013 and 2019.⁷⁸ So-called greenwashing—when companies flaunt the language of sustainability devoid of real commitment—is also being sniffed out. For example, Compare Ethics provides an online platform for consumers to examine brands promises, such as using recycled materials or paying a living wage. Sales of clothing through the site jumped by 150% in June 2020 compared with May 2020.

Our survey confirms that consumers are flocking to sustainable companies. Of respondents, 59% said that they are supporting companies

that act in a sustainable manner—with just 13% claiming that they do not care about green credentials. However, sustainability is also growing into a more holistic concept. While climate remains an important focus, more emphasis is now also being placed on supporting community causes, fair labor practices, and greater transparency across supply chains. During the pandemic, consumers were particularly taken with brands which donated money for research (62% of respondents across all countries) and medical supplies (60%) and which took early steps to protect their workers and consumers (60%).⁷⁹

Q: Do you actively support companies that engage in sustainable actions? (%) (Single choice question)



Source: Consumers' Adaptation to Sustainability in Fashion; n=3010; January 2021.

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Customers want green actions to be backed by #TrueBrandPurpose. A majority of our survey respondents trust that companies engage in matters of sustainability—with 44% saying that brands are driven to have a real impact on the environment, and 17% saying that managers and owners believe in the green agenda. Only 2% of respondents said they doubt

company engagement. Yet, a large group of customers still suspect that companies commit to sustainability for more utilitarian ends, including improving their own PR (39%), attracting young consumers (38%), increasing traffic (38%), and impressing investors (21%). If consumers doubt the ethical motives of companies, brand image will suffer and eco-efforts

will fall flat. “There is no halfway for companies on the way to sustainability—once they decide to communicate the efforts to customers, they need to go all in. Even small inconsistencies will be spotted by consumers and used against the companies which commit that sin,” says Marcin Kotlarek, partner and director of BCG Warsaw.

Q: Why do you believe companies engage in sustainability? (%) (Multiple choice question)



Source: Consumers' Adaptation to Sustainability in Fashion; n=3010; January 2021.

6. WHAT WOULD IT TAKE TO CHANGE THE PATTERN?

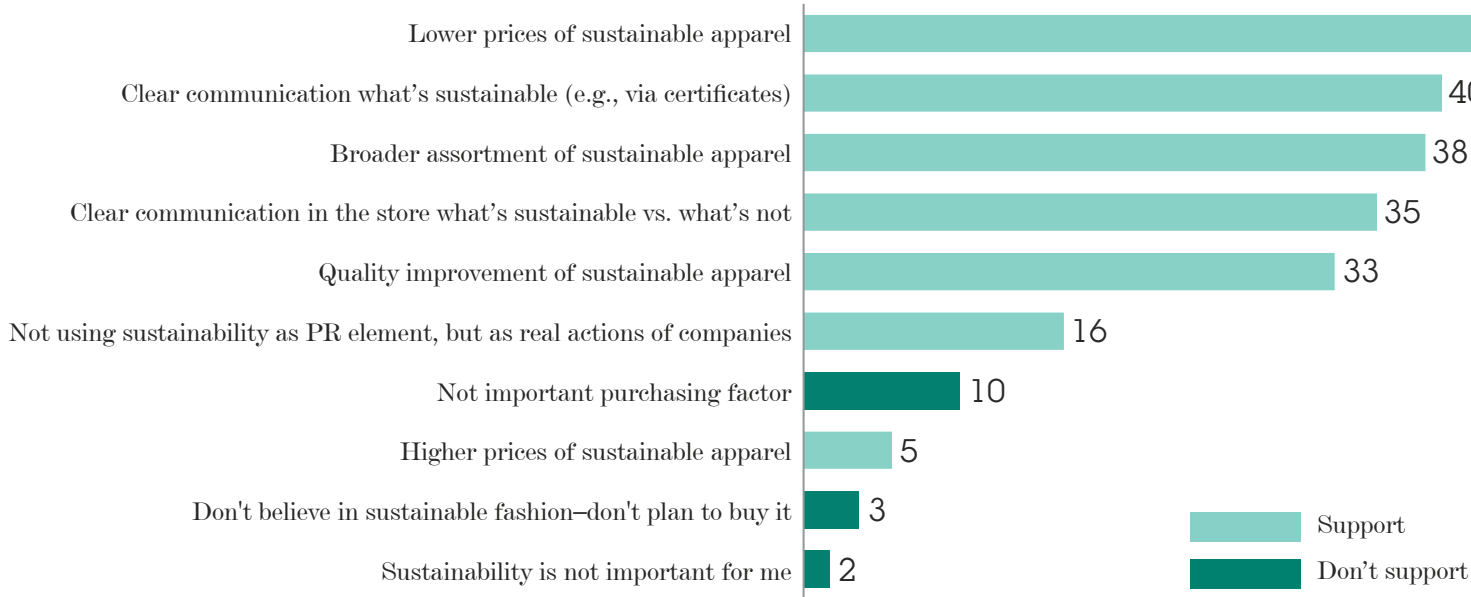
SUSTAINABLE EFFORTS NEED TO BE BETTER SHOWCASED THROUGH CLEAR COMMUNICATION, MORE CHOICE, AND IMPROVED QUALITY

Our new epidemic and economic realities have reenergized the sustainability agenda. We sur-

veyed customers to see what it would now take for them to rally behind further green efforts. A majority (52%) of respondents said that they seek more durable and better-quality products that they can use for longer. Only 27% of respondents disagree. Respondents also said that they would be encouraged to strengthen their support if brands improved the quality of their

sustainable range (33%) and broaden their sustainable assortment (38%). Yet in many cases, it is the perception of inferiority that remains problematic, meaning that brands need to educate customers about how sustainability and quality go hand-in-hand to bolster efforts.⁸⁰

Q: What would encourage you to further support sustainability? (%) (Multiple choice question)



Source: Consumers' Adaptation to Sustainability in Fashion; n=3010; January 2021.



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To drive sustainable outcomes, brands need to better showcase their ongoing efforts. Customers expect greater clarity on which products are sustainable (40%) and communication about the green offerings available in stores and where they are located (35%). As one such example of communication, in March 2021, H&M launched a product concept called Innovation Stories to showcase innovative designs and sustainable new materials.

While a majority of the consumers (51%) ask for lower prices of sustainable apparel, our price sensitivity analysis shows that there is still potential for a price lift of 10% to 15% without losing significant demand for the clothing segment. Additionally, companies are experimenting with new business models, such as repair, renting, and resale, to offer buyers access to a broader assortment and often unique pieces at more accessible prices. By addressing these, companies can get more in line with conscious customers and involve them in the process of change.

Our analysis leads to five key avenues to engage with consumers for future-looking players:

1. Companies should **expand their sustainable offerings** to give consumers greater choice and bring out the fashion aspect of the segment.

2. Brands should **help customers to navigate stores with clearer communication** about which apparel is sustainable and how to locate it. For example, in February 2021, Ocado online supermarket launched a special virtual aisle stocking certified B Corporation brands to meet growing customer searches for sustainable groceries. On the other hand, FARFETCH, as part of the Conscious Collection onsite, allowed consumers to shop using associated filters on labels and detailed information at the product level

3. Companies need to **address the perception of inferiority of sustainable apparel** by either further enhancing or better communicating its quality to help justify the long-term investment in durable products, thus fighting the fast fashion trend of 40% of clothes in our wardrobes never getting worn, according to the UNECE.⁸¹

4. Brands need to **over-communicate their sustainability agenda** to educate consumers about their in-house sustainability drive. The industry also needs to unify and clarify its environmental standards, as right now 20%–30% of customers claim to be confused by formal documents such as certificates. A clear message about what is being done and how it is being tracked would help customers to sift through the noise.

TO DO LIST FOR COMPANIES TO ENGAGE CONSUMERS

- 1** Expand sustainable offerings—greater choice and fashion aspect 
- 2** Help customers to navigate stores with clearer communication about which apparel is sustainable and how to locate it 
- 3** Address the perception of inferiority of sustainable apparel, better communicating its quality and actual improvement of quality 
- 4** Over-communicate sustainability agenda and as industry unify environmental standards 
- 5** Test and rollout new business models—such as rent, reuse, and resell—to provide more sturdy, high-quality garments at affordable prices 

6. WHAT WOULD IT TAKE TO CHANGE THE PATTERN?

5. The industry needs to continue testing and rolling out new business models—such as **rent, reuse, and resell**—to provide more sturdy, high-quality garments at affordable prices. At the same time, brands should develop smart strategies to mitigate the risks of cannibalizing their own seasonal assortments.

Broadening the awareness on sustainability and educating consumers about what it really means, how they can support it, and what is really sustainable is not only critical for companies to accelerate the change but also their responsibility. “As an international company, we understand our responsibilities and impact to the planet and at the same time are aware of our role when it comes to building education of consumers, regardless of where they see or within which channel they buy our products. It is a starting point in the communication with the consumers, effective, and, most importantly, transparent,” says Marek Piechocki, co-founder of LPP. This communication includes detailed information on products’ sources and characteristics and a clear view of sustainable activities across the whole consumer journey. “Only the conscious consumer can make sustainable and conscious choices. Leading sustainable education is critical, especially since currently sustainable shopping is rather value added and not a driving force,” adds Marek Piechocki.

Yet, at the same time, we need to remember that such changes on such a remarkable scale require time, resources, and business justification that must be backed up by consumers’ actions. “Marketers and retailers face a difficult challenge requiring a well-balanced approach. On the one hand, they need to satisfy the growing customer demand for sustainable offering. On the other hand, they are to carefully manage the demand-profitability trade-off, due to a steep price sensitivity and the early stage of operating model innovations, resulting in often higher costs of goods sold,” says Marcin Kotlarek, partner and director of BCG Warsaw.

CONSUMERS ARE BECOMING MORE OPEN TO RE-COMMERCE, GIVING BRANDS NEW CHANNELS TO CONNECT AND SELL

As brands experiment with new circular business models, customers are proving to be open to the changes. Practices such as reusing, reselling, and renting grant buyers access to fashion that is more affordable and better for the planet.

“There is an environmental silver lining for the global secondhand market, which has a very interesting potential to substantially grow over the next five years. As brands experiment

with new circular business models, customers are proving to be open to the changes—62% of fashion consumers declared willingness to buy more from fashion brands that partner with secondhand players, and this trend is likely to continue to grow in the coming years.

The global secondhand fashion market is expected to grow to €54 billion by 2024, marking a 18% CAGR from €24 billion in 2019



Source: ThredUP.
2020 Resale report.

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Reusing, reselling, and renting grants buyers access to fashion that is more affordable and better for the planet,” says Oktawian Zajac, managing director and partner of BCG Warsaw.

In our survey, 45% of consumers say they are willing to repair old garments instead of buying new ones, compared with 30% who are not. Brands are beginning to offer such services in-house to meet growing demand for aftercare. In February 2021, London-based luxury online retailer FARFETCH partnered with The Restory to offer repairs and restoration services for posh purchases through its e-commerce platform.

More fashion-conscious customers are also choosing to buy preowned garments. Just last year, over 10 million new customers began buying secondhand around the world.⁸² The growth of the preowned market has significantly outpaced the general apparel mar-

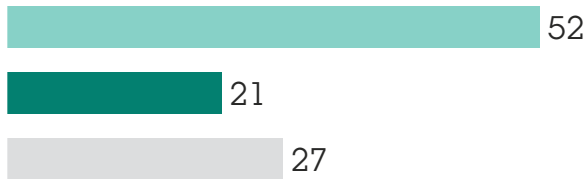
ket, growing 21 times faster over the past three years. The global secondhand fashion market is expected to grow to almost €54 billion by 2024, marking a 18% CAGR from €23.6 billion⁸³ in 2019.⁸⁴ In Poland, this **#ResaleOnTheRise** trend is growing significantly with apparel, with shoes and fashion accessories being the most popular categories in the resale market. “According to PMR research from 2020, every third Pole bought clothes in secondhand shops within the last three months. It was driven not only because of financial reasons but also due to increasing importance and need to manifest a pro-ecological approach. This trend has been noted by traditional retailers, pure online players, or marketplaces as Allegro,” says Celestyna Lendo-Zachariasz, fashion segment director at Allegro.

New models of accessing fashion pieces at more affordable prices—through renting,

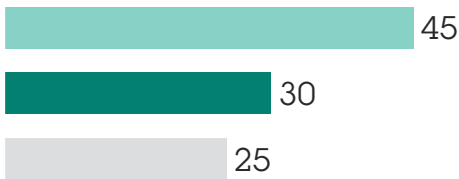
reusing, and reselling—are taking hold particularly in mature markets, with the preowned sector even doubling year-on-year in some of the most developed economies. There, glossy boutiques are promoting re-commerce experiences, such as through the See You Tomorrow pop-up at Nordstrom’s flagship NYC store in 2020 or the permanent space for secondhand clothing at the Selfridges department store on Oxford Street in London. According to the 2020 True-Luxury Global Consumer Insight report, 45% of respondents across 10 countries said they are considering renting luxury items and 62% said they were interested in the preowned market.⁸⁵

FARFETCH, a global platform for luxury, is actively moving toward circularity by introducing a series of circular economy initiatives, such as FARFETCH Second Life, FARFETCH Fix or FARFETCH Donate. “We believe that the

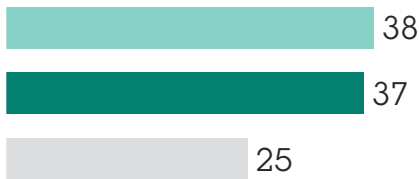
I will buy more durable and better quality products (%)



I will more often repair clothes vs. buying new ones (%)



I will buy more secondhand clothes (reuse and resell) (%)



Source: Consumers' Adaptation to Sustainability in Fashion; n=3010; January 2021.

Yes

No

No opinion

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future of fashion is cleaner, more conscious, circular, and inclusive. As one of our 2030 Goals, we have committed to becoming more circular than linear. The services that help our customers extend the life of clothes, FARFETCH Second Life, Donate, and Fix, are a key part of that 2030 commitment. And we know customers want them—a FARFETCH customer survey in September 2020 told us that half of our customers had bought or sold a preowned item within the last year,” says Thomas Berry, director of Sustainable Business at FARFETCH. According to the Conscious Luxury Trends Report by FARFETCH, conscious product sales grew over three times faster than the FARFETCH marketplace average in 2020 (versus 2019) and now one in ten products on FARFETCH qualify as Conscious. “Based on the research we conducted in 2019, we know the number one factor consumers take into account when buying more consciously is quality and durability (68%), followed by labor standards (42%), and then material standards like organic or recycled (28%),” adds Thomas Berry. In terms of price, in 2020, conscious products were purchased at full-price, more than the FARFETCH marketplace average.⁸⁶

Yet in the less developed Polish market, where secondhand products still have many negative connotations, consumers remain more skeptical. In our survey, 38% of respondents

were on board with these trends, while 37% said they were not. Yet a number of companies engaged in circular fashion are gaining recognition in Poland. Pioneering endeavors include the luxury resale platform Keep the Label, as well as Mandel Store, which helps to fix up its purses and puts them up for rent and resale. Its tagline goes: “We change, so the planet doesn't have to.”

Mandel's founder, Monika Kalicińska, says that interest in the company's circular products (used, repaired, and renewed) is constantly growing: “Drops are sold within hours of being added to the catalogue.” According to Mandel, a bottleneck to growth is not consumer willingness, but limited supply of products and returns. “Sustainable consumers are still a niche group, yet we can see a gradual change of awareness in the market,” says Kalicińska. Price plays a defining role for the company in regards to circular products, with used items priced at 60% to 75% of their regular retail price, attracting immediate consumer traction.

Online-only players or marketplaces are also not shying away from sustainability, as 82% of online consumers claim to shop or buy preowned goods online.⁸⁷ Allegro, a leading marketplace in Poland, introduced a project called Allegro Lokalnie that allows consumers to buy and sell preowned goods. “The Resell market

in Poland is growing significantly, also online. In Allegro Lokalnie, the number of offers in the Fashion category grew over six times within the last year. A similar trend we can observe in a number of sellers—every half a year this number doubles,” says Karol Czapryński, C2C & Classifieds director at Allegro Lokalnie. Price and broad choice are core drivers for Allegro Lokalnie, with the average price being 57% to 59% cheaper versus new apparel, shoes, or accessories. “Looking at resell, our consumers are mostly looking at three core aspects—good quality (62%), state of products with no signs of usage (61%), and low price (56%), with brand being less relevant. Ensuring the high quality of resell products is critical, as 46% of consumers claim to shop less, yet shop higher quality items. This trend is being especially strong for the target group of females above 35 years old,” adds Karol Czapryński.⁸⁸

Pioneering brand collaborations are also empowering circular practices. In February 2021, Alexander McQueen and Vestiaire Collective teamed up to launch a “Brand Approved” collection to resell the designer's original garments. In an uncharted approach, pieces will be directly authenticated by Alexander McQueen and each will carry an external Near-Field Communication tag to allow buyers to handily check and confirm the authenticity of the preowned products.⁸⁹ Top players are

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putting money where their mouths are. “Pre-owned luxury is now a real and deeply rooted trend, especially among younger customers. Rather than ignoring it, our wish is to seize this opportunity,” said Kering’s chairman and CEO François-Henri Pinault after his group took a 5% stake in Vestiaire Collective in March 2021.⁹⁰

“Easily accessible and affordable repair and re-use services, along with sustainable fibers used by producers, are essential elements of the new *modus operandi*,” says Proppé from WWF. “The European Commission highlights this in the Circular Economy Action Plan for textiles, along with incorporating eco-design rules in the production of textiles to make them more circular.”⁹¹ The plan also highlights the need for incentives as well as support for product-as-service models, as well as increasing the transparency of the sector through international cooperation,” Proppé explains.

Socially responsible companies are actively testing and introducing other types of circular initiatives that aim to build awareness among consumers, but that also can be introduced in broader scale to ensure significant environmental impact. CCC, the leading shoe producer and retailer in Europe, in July 2020 tested a new initiative called “Give your shoes second life” that aimed to gather used shoes from consumers. Consumers could leave preowned

shoes in special boxes in the store and in return consumers received a voucher for shopping in CCC stores. “The initiative was very well received by the consumers who were aware that they were supporting the environment by giving back their preowned shoes and that the shoes would be used for further circular initiatives. This pilot shows us how important environment and circular methods are for consumers and allows us to further test and then introduce new opportunities for preowned shoes,” says Marcin Czysterski, CEO of CCC. This pilot, that was run in 11 stores, gathered over ten tons of preowned shoes. “Currently, 90% of materials and waste is subject to recycling or other recovery processes,” adds Marcin Czysterski.

Re-commerce creates new channels for brands to locate and connect with customers and to offer new programs, such as buybacks and additional post-season sales options. This is also true for the mass market in fashion, as key players are introducing circular practices in response to consumer trends. For example, H&M group’s COS brand launched its own resale platform in September 2020, where customers can buy and sell the shop’s clothes while paying a 10% operational fee.⁹² In January 2021, another one of the Swedish group’s brands, ARKET, started renting out children’s clothing through a partnership with Amsterdam-based Circos, which

provides a subscription service for kids and maternity apparel. In March 2021, Benetton also unveiled its new ultra-eco concept store in Florence, which the company says will focus on upcycled materials and energy efficiency to “set the benchmark for the future of retail”.

The openness of consumers to new business models allows brands to generate additional revenue, drive traffic, and grow and loyalize their client base. The key challenge now is to build on the momentum for sustainable evolution created by the pandemic. “Market leaders are responsible for creation of trends and education of consumers—also when it comes to sustainability. We cannot wait for consumers in order to make product changes,” says Dorota Jankowska-Tomków, director of Procurement and Sustainable Development at LPP. While the need for companies to take proactive measures is very real, these actions need to follow consumer declarations in order to achieve sustainable progress across the whole chain. With almost one-third of consumers still declaring that they are uninterested or confused about sustainability, it is critical to raise awareness and push for education. As James Omisakin, co-founder of Compare Ethics, says: “There’s no choice now but to place the planet first. Senior leaders know that without synergy, nature will ultimately disrupt and disarm business efforts.”⁹³

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ENDWORD

Human activity has caused an unprecedented pace of carbon dioxide emissions, which are now being pumped out into the atmosphere at levels unseen for millions of years. To successfully prevent catastrophe, everyone needs to act: consumers, governments, companies, and investors.

The world's largest asset manager, BlackRock—which is estimated to be in charge of more than €7.2 trillion in assets under management—has recently substantially increased pressure on firms to lower their environmental impact. It now requires them to not only demonstrate greater fluency in climate risk but also to present a credible plan for the transformation of their business model into a low-carbon one. This example illustrates that full transparency and genuine commitment to climate action have become the new standard when trillions of dollars of investor money are at stake.

While it is now possible to allocate emissions to a specific entity or location, this does not mean that responsibility can be split easily. On the contrary—climate change presents a paradigmatic problem of shared responsibility.

To ensure that six-month summers do not evolve from fantasy to reality by 2100, greenhouse gas emissions must fall by 45% by 2030 to eventually reach net-zero by midcentury. These goals can only be achieved if key stakeholders remain determined and their efforts concerted.

Oktawian Zając |
Managing Director & Partner BCG

A breakthrough in the world's fight against climate change cannot take place without the participation of consumers and businesses operating within the fashion industry. Although it is only the beginning of our struggle for a better tomorrow, it bodes well for the future that as many as 75% of the consumers we surveyed already regard sustainability as an important topic. A further reason for optimism is that 66% of those surveyed claim that they are willing to pay more for eco-friendly and ethical apparel items, while 59% express their support for brands that actively engage in climate action. Additionally, 40% of respondents say that they perceive themselves as customers whose purchase decisions are driven by sustainability.

It is, however, worrisome that a group of 20%–30% reports difficulty in defining what sustainability really means and consequently does not

know how to best comply with its rules. This goes to show that there is still much to be done with regard to consumer education. While these processes might be challenging, facilitating them is absolutely essential for humankind and for the planet.

Kasia Jordan-Kulczyk |
Chairwoman Vogue Polska

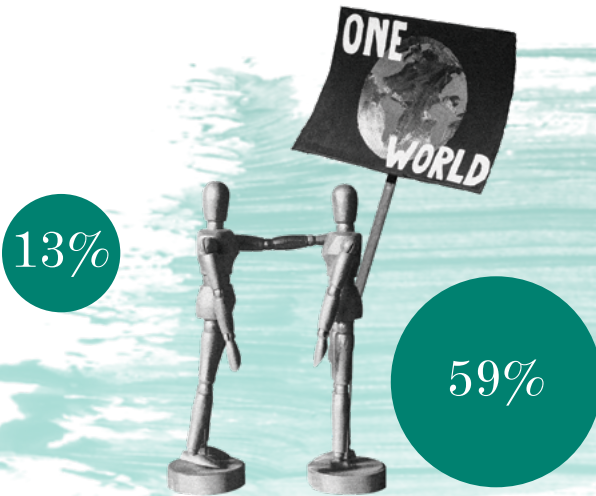


6. WHAT WOULD IT TAKE TO CHANGE



6. WHAT WOULD IT TAKE TO CHANGE THE PATTERN?

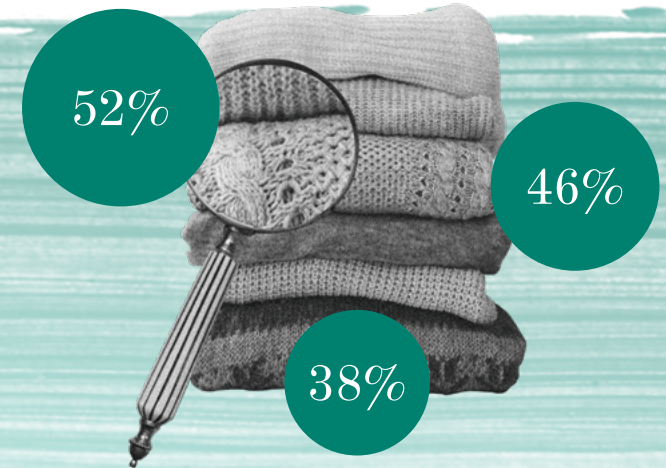
#WHATYOUNEEDTOKNOW



59% of consumers claim to support companies that act sustainably, with only 13% not seeing this as an important factor. Consumers hold extreme opinions—while many believe that companies acting sustainably is for a good cause, others see sustainability initiatives as PR-driven actions.



Lower prices of sustainable apparel, improved communication around what's sustainable vs. what's not (both via certificates and in stores), and a broader assortment of sustainable fashion are all key change drivers to support sustainability.



52% of consumers postpandemic are looking for more durable and better-quality products, yet they are still more skeptical toward new emerging models such as repair (46%) or reuse (38%).



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METHODOLOGY

THE CONSUMERS' ADAPTATION TO SUSTAINABILITY IN FASHION REPORT BY VOGUE POLSKA X BOSTON CONSULTING GROUP

largely elaborates on the results of a comprehensive study conducted among over 3000 respondents across Poland. The survey was executed between the 8th and the 15th of January 2021 by applying the computer-assisted web interviewing method to the representative group of internet users aged 16 and above.

The survey attempted to determine consumers' perceptions of sustainability in everyday actions and in regard to fashion through a series of single and multiple choice questions. Additionally, the survey sought to determine how customer choices evolve at different price points. To that end, respondents were asked to pick between two products: a regularly priced non-sustainable apparel item and a sustainable alternative. All other features (such as quality and the fashion aspect) of the garments were kept the same. The experiment was repeated at five distinct price points: first with both pieces of apparel costing the same, followed by scenarios where the sustainable product became more expensive at a premium

of 10%, 15%, 20%, and 50% relative to the regular one, whose price remained at base value. This simulation was performed for two types of products—a cheaper shirt and more expensive shoes, both for offline and online channels.

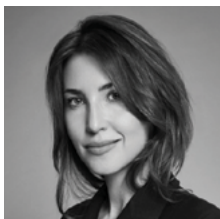
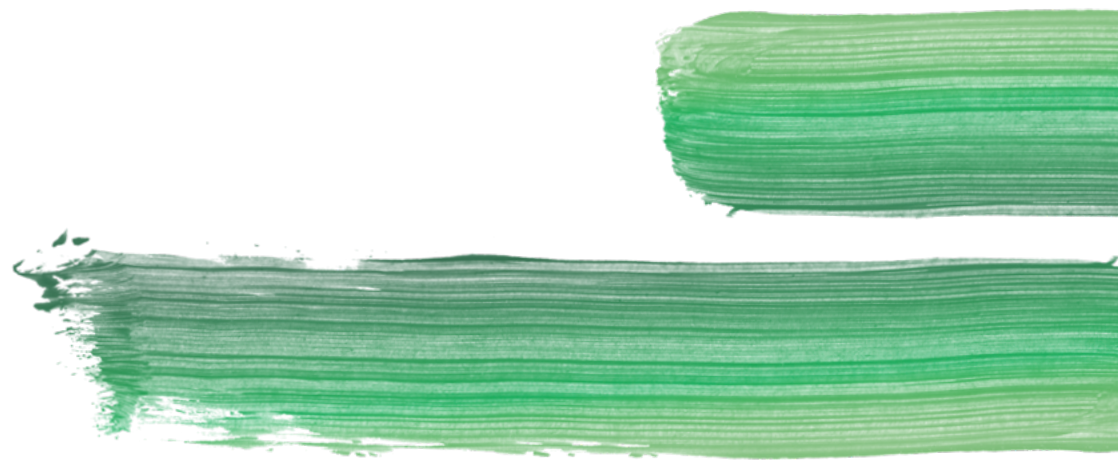
As far as segmentation is concerned, the study was conducted on a sample of 3010 respondents by using a hierarchical cluster analysis method in agglomerative clustering. In this approach, every respondent is at the beginning treated as one cluster. Subsequently, closest pairs of clusters are identified, indicating the most similar groups among participants. Segmentation subsets were developed based on preselected questions regarding such issues as:

- Perceived importance of sustainability
- Number and scope of sustainable actions undertaken
- Type of sustainable actions undertaken
- Demand elasticity and preferences while shopping for sustainable products

Additionally, the results obtained were supplemented by in-depth interviews with the representatives of fashion brands, who shared how their companies respond to shifting consumer expectations regarding sustainability.



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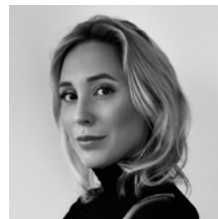
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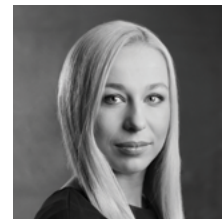
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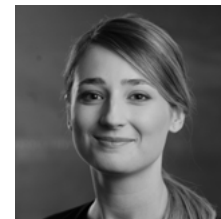
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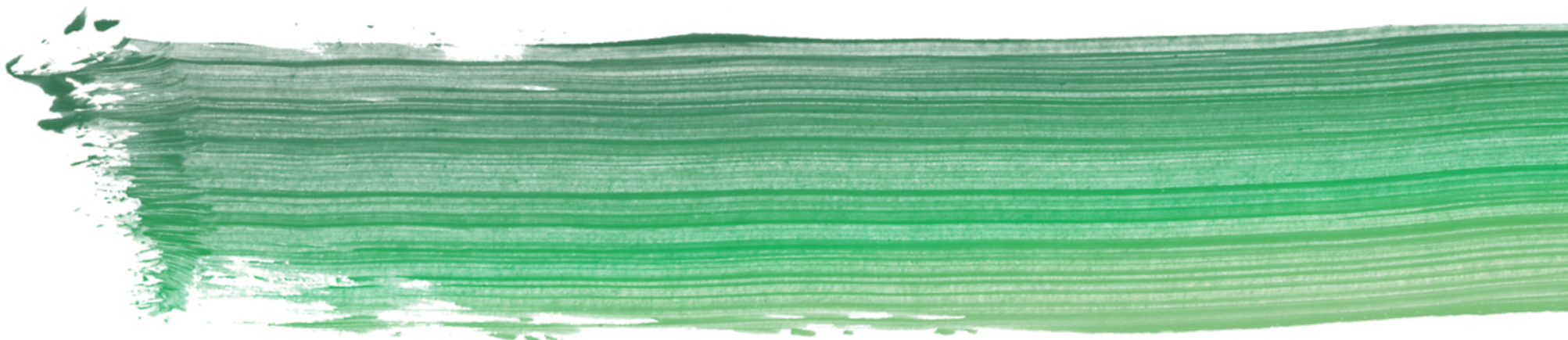
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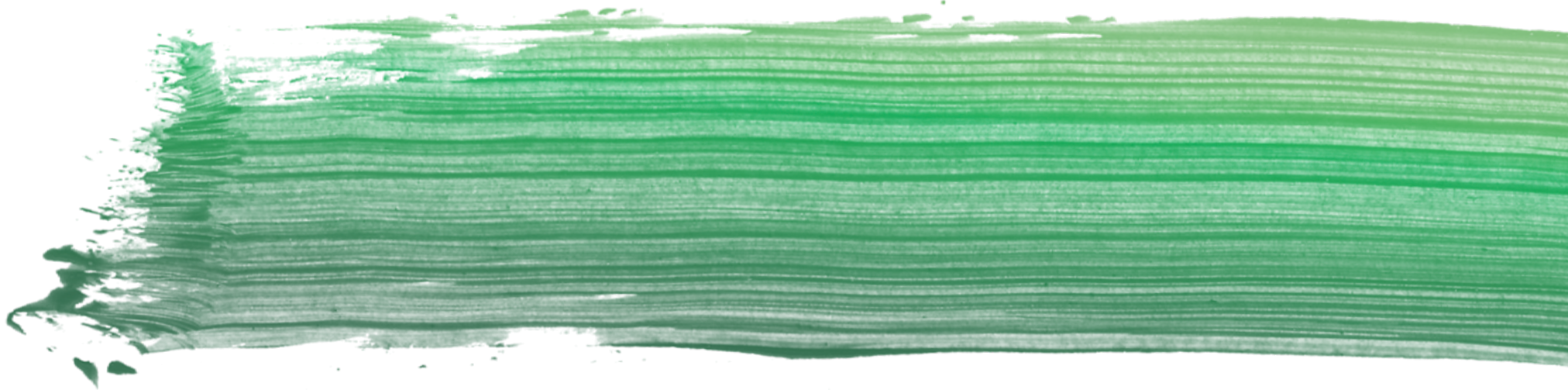
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