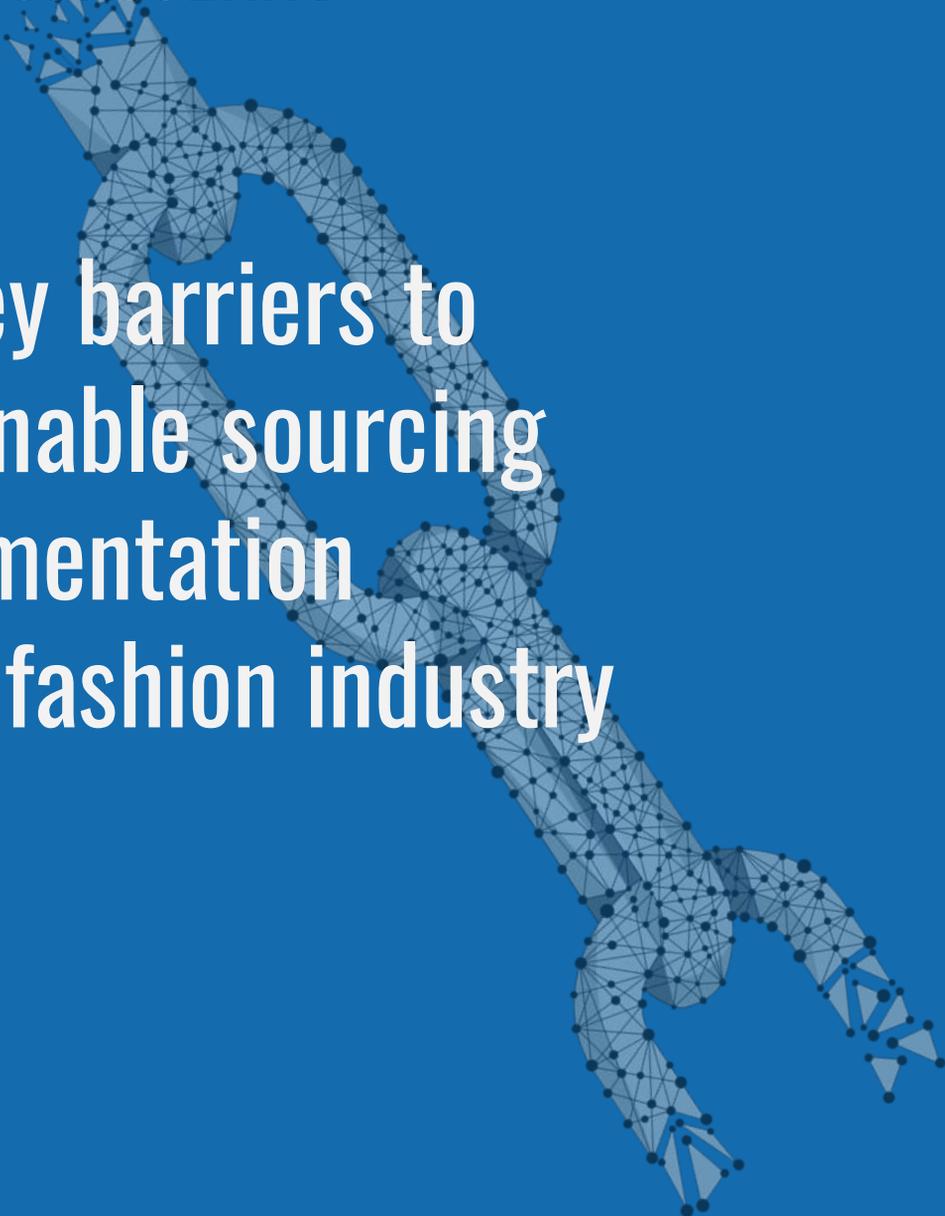


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The key barriers to sustainable sourcing implementation in the fashion industry



An Infosys Consulting Perspective
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Introduction

The modern fashion industry has evolved at a tremendous rate since the initiation by the father of Haute Couture, Charles Fredrick Worth in the 19th century. To date, one constant about the fashion industry is it is a powerful tool for one's expression. The immense global growth of the fashion industry due to ever-changing customer demand has resulted in the fashion industry being scrutinised for its unethical sourcing practices while overlooking sustainability. Even though fashion giants namely Esprit and Patagonia launched their clothing lines sourced through sustainable materials in the 1990s, the overall fashion industry still lacks a balanced approach toward sustainable production.

The disastrous incident of the collapse of Rana Plaza in April 2013 exposed the distressing truth of the fashion industry, which lacks safe and ethical sustainable sourcing practices. Moreover, the customer demand for fashion industry sustainability led to the Instagram hashtag #sustainablefashion quintupled in the US and Europe since 2016. The perilous COVID-19 pandemic has resulted in greater customer demand for not only environmental sustainability but also ethical sourcing. The time is now for apparel fashion and luxury retailers to transition to **Sustainable Sourcing (SS)** methods to maintain a competitive advantage in the market.

However, the transformation from traditional business models to sustainable sourcing models poses multiple barriers and challenges that must be identified and contemplated. A multitude of sustainable sourcing implementation advantages in the fashion industry are found in the extant literature; however, there exists a gap in the sustainability body of knowledge regarding the barriers that may hinder the effective implementation of SS practices in the apparel and fashion-luxury industry. Thus, after a thorough research, SS barriers have been identified and analyzed through a survey-based study conducted among SS professionals across the globe and which helped to determine their importance and ranking in the apparel and fashion-luxury industry.

Sustainable sourcing current state in the fashion industry

The fashion industry is under immense pressure and constantly coerced by the government, NGOs, stakeholders, and customers the adaptation of sustainable practices across their supply networks. However, the shortfall of sustainable materials has been reported as the foremost constraint by the chief procurement officers in fashion companies. The lack of conventional methods of managing supply chain environmental, economic, and social aspects has led to numerous acts of unethical and flaccid management of organizational resources by the fashion industry which has resulted in unfortunate consequences and elucidated the atrocious image of the alluring fashion industry. Case in point, in the 1990s Nike, was severely condemned by customers and the media after the revelation of the illegal and inhumane treatment of the workers by Nike suppliers.

The collapse of the Rana Plaza in Bangladesh in 2013 due to unsafe sourcing and production practices for the fashion giants namely Benetton, Walmart, Primark, and El Corte Ingles resulted in the demise of 1129 people and injured above 2500. Furthermore, there have been multiple instances when fashion retailers incinerated unsold stock and unused garments to sustain brand equity and protect their elitism. For example, in 2017, 12 tons of unsold stock was incinerated by H&M, and inventory worth USD 38 million was incinerated by Burberry to avoid price deduction. As every cloud has a silver lining, similarly, in the apparel industry 59% of chief procurement officers agree that responsible SS is a key parameter for attaining sustainability according to a 2019 survey by McKinsey.

Fashion industry's environmental footprint

Contemplating the tremendous and diverse requirement of raw materials that most fashion retailers fail to procure sustainability has led to the fashion industry being regarded as one of the most polluting sectors across the globe. A kilogram of cotton production requires 20,000 litres of as reported by the World Wildlife Fund and further research suggests that the water footprint of cotton production is “3644 m³ per ton of raw material”, and it triples for the finished textile garment. The fashion industry alone accounted for carbon emissions of 1.2 billion tons of CO₂, greater than the combined emissions of the global naval and aviation industry in 2019 as reported by Ellen Macarthur Foundation and further suggested by 2050 one-quarter of the global carbon emissions will be due to the fashion industry if current non-sustainable practices continue.

Moreover, the utilization of leather by the global luxury industry has been condemned in multiple instances for causing high carbon emissions, environmental degradation, and animal slaughter and tanning for sourcing leather through highly dangerous methods inclusive of lethal chemicals. Even though multiple fashion giants like Patagonia, Rent the Runway, H&M, Burberry, Doodlage, and Stella McCartney to name a few, have ongoing and long-term initiatives planned for transitioning to sustainable and ethical methods of sourcing materials, the under-supply of sustainable raw materials poses a greater barrier. There is an urgent need for the fashion industry to transition to SS which will in turn motivate their multi-tier suppliers to adopt sustainable methodologies and henceforth requires investigation of the main challenges of SS which can eventually aid the fashion industry to transform their current methods of sourcing, which is the main aim of this research.

Sustainable sourcing challenges, categorization & ranking in the fashion industry

The ever-changing lifestyle and demand from the customers to launch the latest products each season places the fashion industry in a difficult position wherein each section of the supply chain is enforced to deliver in unrealistic timelines to meet the demand which allows the fashion retailers to maintain their elitism in the high street fashion arcade. This results in the fashion industry sourcing goods from suppliers working in unsafe social and environmental conditions. The fashion industry that amended its ways to fulfil the unpredictable demands of the customers whilst disregarding sustainability is now the prime victim of irony at the hand of the same customer, but the one who is now more aware and deliberate regarding sustainability. However, as desirable as sustainability reverberate, the implementation of SS in the fashion apparel and luxury industry has numerous challenges and could be highly risky contemplating the unpredictable nature of the social, economic, and environmental initiatives. Moreover, if the organizations do not spend sufficient time analyzing the challenges elaboratively with partners and stakeholders before embarking upon the SS transition they could bear poor return on investments.

Thus, this research aimed in identifying 20 key barriers to SS implementation after extensively reviewing the academic and industrial peer-reviewed literature from 2017 to 2021.

Furthermore, the research employed a multiphase research methodology inclusive of exploratory factor analysis to categorize the 20 key barriers into 6 unique dimensions based on the 154 responses received through fashion sustainable sourcing experts across the globe as highlighted in the table below.

Factor	Dimension	The barrier to SS implementation
1	Management, government support and infrastructure barriers	<ul style="list-style-type: none"> Limited support from governing authorities Insufficient commitment from top management Lack of eco-literate and skilled employees Inadequate awareness Hard transition to new business models Inadequate infrastructure Social responsibility
2	Supplier barriers	<ul style="list-style-type: none"> Absence of suitable supplier training and reward system Weak partnerships and integration between SC partners Poor commitment and asymmetric information sharing from buyer/customer
3	Finance barriers	<ul style="list-style-type: none"> Cost of sustainable raw materials Rise in cost of investment Uncertain return on investment
4	Material barriers	<ul style="list-style-type: none"> Shortage of superior quality raw materials Undersupply of sustainable raw materials Complex material structure and composition
5	Sustainable packaging and human resource barriers	<ul style="list-style-type: none"> Cost of eco-friendly packaging Resistance to upskill and knowledge sharing
6	Certificates and customer perceptions	<ul style="list-style-type: none"> Certifications Customer perceptions

Secondly, the dimensions and the barriers were subjected to an analytical hierarchy process with the experts to attain their ranking.

Barrier dimensions ranking

Barrier dimensions	Relative weight	Rank
Management, government support and infrastructure barriers	0.3357	1 st
Supplier barriers	0.1218	4 th
Finance barriers	0.1649	3 rd
Material barriers	0.279	2 nd
Sustainable packaging and human resource barriers	0.0444	6 th
Certificates and customer perceptions	0.0541	5 th

Barriers ranking

Global rank	Global weight	Barrier	Global rank	Global weight	Barrier
1 st	0.1829	Undersupply of raw materials	11 th	0.0389	Resistance to upskill & know ledge sharing
2 nd	0.1260	Insufficient commitment from top management	12 th	0.0384	Cost of sustainable raw materials
3 rd	0.0680	Inadequate awareness	13 th	0.0361	Certifications
4 th	0.0606	Uncertain return on investment	14 th	0.0266	Social responsibility
5 th	0.0568	Rise in cost of investment	15 th	0.0236	Hard transition to new business models
6 th	0.0568	Poor commitment and asymmetric informetric sharing from buyer/customer	16 th	0.0226	Limited support from governing authorities
7 th	0.0527	Weak partnerships and integration between SC partners	17 th	0.0217	Lack of eco-literate and skilled employees
8 th	0.0521	Complex material structure and composition	18 th	0.0180	Customer perceptions
9 th	0.0472	Inadequate infrastructure	19 th	0.0123	Absence of suitable supplier training and reward system
10 th	0.0440	Shortage of superior quality raw materials	20 th	0.0055	Cost of eco-friendly packaging

CONCLUSION

This research concludes that the dimensions, 'Management, Government Support, and Infrastructure Barriers' are the most important dimensions, and the barriers namely, 'Undersupply of sustainable raw materials, 'Insufficient commitment from top management, and 'inadequate awareness' are the top three SS barriers. Mostly, the published SS literature on the fashion industry was focused on either specific sector, location, organization, and sustainability design and models. This research has filled a gap by providing a practical and modern outlook on the state of SS in the fashion industry which is independent of specific fashion sectors, locations, and organizations. This research has provided a foundation and practical list for the companies to prioritize either material, management, government, finance, suppliers, customer, or human resources barriers through ranking the specific barriers under these dimensions. This study could help fashion retailers to design and implement robust techniques and practices of sustainable sourcing in the supply network. Moreover, because the SS method similarities across some sectors including agriculture, energy, food retail, manufacturing, etc., could also benefit from the current study findings on SS.

MEET THE EXPERTS



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