

Fashion and new business models

Fashion by its very definition needs to reflect the present and offer a glimpse into the future. Yet when it comes to being a sustainable industry, more needs to be done for it to catch up.



The earth is straining under pressure from people and their products, making environmental management one of the biggest issues we face. People have been urged to consider how they use transport, heat and cool homes and use plastic. Another less apparent, but highly relevant issue, is the way we dress. The ease with which we can buy clothes and footwear cheaply online has driven strong growth in the fashion industry.

Writing in [Forbes in 2019](#), Gulnaz Khusainova noted: "Fashion has a sustainability problem. In 2015 the industry was responsible [for the emission of 1,715 million tons of CO₂](#). It's about 5.4% of the 32.1 billion tons of global carbon emissions and just second after the oil and gas industry. Global apparel and footwear consumption are expected to nearly double in the next 15 years—and so its negative impact on the environment."

Four separate ING reports on the developing circular economy shed some light on why the fashion industry continues to operate this way.

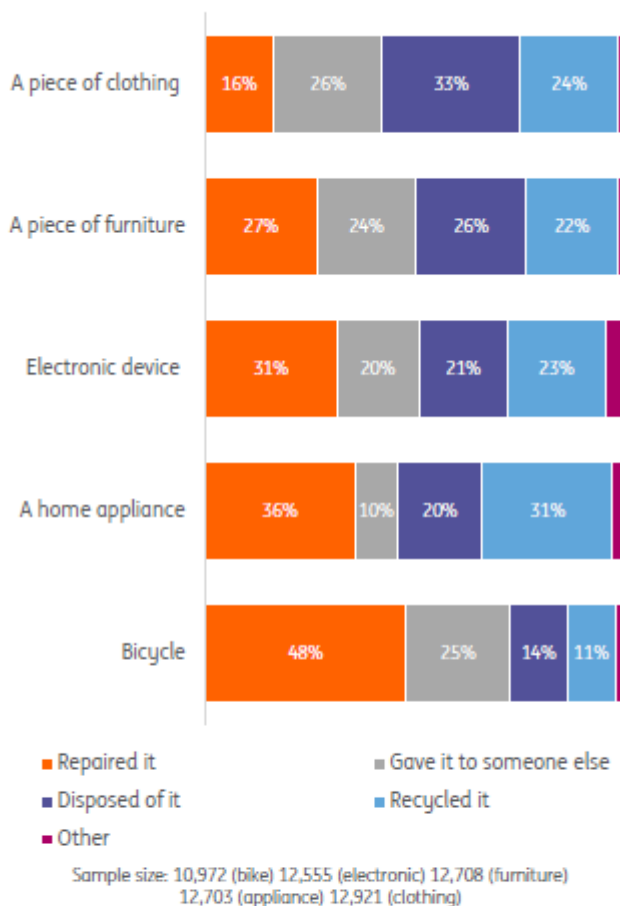
The three Rs

The circular economy is based on the principle of the “Three Rs” – reduce, reuse and recycle. This approach ideally works across many different products ranging from clothes, furniture, white goods and cars. But there is a case to argue that clothes don’t easily fit into this way of thinking. Evidence suggests attire and footwear are often seen as disposable rather than recyclable.

Don't darn it

When asked what happened to a variety of items when they broke, clothing was least likely to be either repaired or given to someone else compared to furniture, an electronic device, a home appliance or a bicycle. This was one of the findings of the ING International survey title “[Circular economy: Consumers seek help](#)”. The November 2019 survey asked nearly 15,000 people in 15 countries across Europe, the USA and Australia about their attitudes to reusing and recycling.

The last time any of these items broke, what did you do?



European responses only. Only responses from those who had owned this item before shown. Those who responded 'it never broke' were removed.

Environmental attitudes

Similar results were found in a separate [2020 survey](#) by ING's wholesale bank on consumer attitudes to the circular economy. The survey asked around 15,000 people globally how important various considerations were when buying either clothing, food or electronic items. Environmental impact (at 33%) and the brand's environmental reputation (at 31%) lagged behind price (56%), quality (54%) and convenience (41%). Results recorded for food and electronic items were similar. Environmental issues are not top of mind when it comes to buying clothing.

Making clothing stand out

Several reasons could be behind a lack of understanding the environmental impact clothing has and society's growing acceptance of fast fashion.

One aspect is salience. Many cannot make the connection between what they wear and waste. Asked what they saw as the most pressing problem for the environment from a list of plastic waste, climate change, air pollution, depletion of natural resources and loss of biodiversity, plastic waste was considered broadly as important as climate change, according to the nearly 13,000 people across Europe in the ING International Survey. I recognise that clothing is not in the list respondents could choose from, but the high ranking of plastic waste is easy to understand. Plastic waste is rightly front of people's minds. It is easy to see as we experience it every day and the [Blue Planet effect](#) plays an important role. Behavioural scientists call this [salience bias](#).

Make no mistake. Plastic waste is a problem. But there can be further problems if people believe recycling their plastic waste alone means they are doing their bit for the environment. Again, behavioural scientists have a phrase for this. It's called [moral licencing](#). It's a failure to link all your actions to the result you are trying to achieve.

Change is not easy. You cannot dress it up

It's easy to call for people to change their behaviour and do their share for the environment. But it is not easy. Several factors make changing behaviour difficult. In discussing the [headwinds to the circular economy](#), Mark Cliffe, the head of ING's New Horizon Hub, notes that financing circular economy business models is complex. Business models need to be redesigned. This includes the clothing industry. Consider one important challenge. Repairing and altering clothes often requires skilled labour. But the costs of labour have increased over time while the price of materials has tended to fall. It can be cheaper to buy new rather than repair.

When you think more deeply about the challenges faced by making circular business models work, it is little wonder that Mirjam Bani and Marieke Blom from ING Netherlands argue that [the world economy is becoming less circular](#). They argue that without policy intervention, the circular economy will shrink further.

Shrinkage is not what you want when it comes to clothing. The same can be said for the circular economy. Just as we care for the clothes we wear, we should do so for the planet on which we depend. We need to approach business and finance differently to make this possible.

Author

Alissa Lefebvre

Economist

alissa.lefebvre@ing.com

Deepali Bhargava

Regional Head of Research, Asia-Pacific

Deepali.Bhargava@ing.com

Ruben Dewitte

Economist

+32495364780

ruben.dewitte@ing.com

Kinga Havasi

Economic research trainee

kinga.havasi@ing.com

Marten van Garderen

Consumer Economist, Netherlands

marten.van.garderen@ing.com

David Havrlant

Chief Economist, Czech Republic

420 770 321 486

david.havrlant@ing.com

Sander Burgers

Senior Economist, Dutch Housing

sander.burgers@ing.com

Lynn Song

Chief Economist, Greater China

lynn.song@asia.ing.com

Michiel Tukker

Senior European Rates Strategist

michiel.tukker@ing.com

Michal Rubaszek

Senior Economist, Poland

michal.rubaszek@ing.pl

This is a test author

Stefan Posea

Economist, Romania
tiberiu-stefan.posea@ing.com

Marine Leleux
Sector Strategist, Financials
marine.leleux2@ing.com

Jesse Norcross
Senior Sector Strategist, Real Estate
jesse.norcross@ing.com

Teise Stellema
Research Assistant, Energy Transition
teise.stellema@ing.com

Diederik Stadig
Sector Economist, TMT & Healthcare
diederik.stadig@ing.com

Diogo Gouveia
Sector Economist
diogo.duarte.vieira.de.gouveia@ing.com

Marine Leleux
Sector Strategist, Financials
marine.leleux2@ing.com

Ewa Manthey
Commodities Strategist
ewa.manthey@ing.com

ING Analysts

James Wilson
EM Sovereign Strategist
James.wilson@ing.com

Sophie Smith
Digital Editor
sophie.smith@ing.com

Frantisek Taborsky
EMEA FX & FI Strategist
frantisek.taborsky@ing.com

Adam Antoniak
Senior Economist, Poland

adam.antoniak@ing.pl

Min Joo Kang

Senior Economist, South Korea and Japan

min.joo.kang@asia.ing.com

Coco Zhang

ESG Research

coco.zhang@ing.com

Jan Frederik Slijkerman

Senior Sector Strategist, TMT

jan.frederik.slijkerman@ing.com

Katinka Jongkind

Senior Economist, Services and Leisure

Katinka.Jongkind@ing.com

Marina Le Blanc

Sector Strategist, Financials

Marina.Le.Blanc@ing.com

Samuel Abettan

Junior Economist

samuel.abettan@ing.com

Franziska Biehl

Economist, Germany

Franziska.Marie.Biehl@ing.de

Rebecca Byrne

Senior Editor and Supervisory Analyst

rebecca.byrne@ing.com

Mirjam Bani

Sector Economist, Commercial Real Estate & Public Sector (Netherlands)

mirjam.bani@ing.com

Timothy Rahill

Credit Strategist

timothy.rahill@ing.com

Leszek Kasek

Senior Economist, Poland

leszek.kasek@ing.pl

Oleksiy Soroka, CFA

Senior High Yield Credit Strategist

oleksiy.soroka@ing.com

Antoine Bouvet

Head of European Rates Strategy

antoine.bouvet@ing.com

Jeroen van den Broek

Global Head of Sector Research

jeroen.van.den.broek@ing.com

Edse Dantuma

Senior Sector Economist, Industry and Healthcare

edse.dantuma@ing.com

Francesco Pesole

FX Strategist

francesco.pesole@ing.com

Rico Luman

Senior Sector Economist, Transport and Logistics

Rico.Luman@ing.com

Jurjen Witteveen

Sector Economist

jurjen.witteveen@ing.com

Dmitry Dolgin

Chief Economist, CIS

dmitry.dolgin@ing.de

Nicholas Mapa

Senior Economist, Philippines

nicholas.antonio.mapa@asia.ing.com

Egor Fedorov

Senior Credit Analyst

egor.fedorov@ing.com

Sebastian Franke

Consumer Economist

sebastian.franke@ing.de

Gerben Hieminga

Senior Sector Economist, Energy

gerben.hieminga@ing.com

Nadège Tillier

Head of Corporates Sector Strategy

nadege.tillier@ing.com

Charlotte de Montpellier

Senior Economist, France and Switzerland

charlotte.de.montpellier@ing.com

Laura Straeter

Behavioural Scientist

+31(0)611172684

laura.Straeter@ing.com

Valentin Tataru

Chief Economist, Romania

valentin.tataru@ing.com

James Smith

Developed Markets Economist, UK

james.smith@ing.com

Suvi Platerink Kosonen

Senior Sector Strategist, Financials

suvi.platerink-kosonen@ing.com

Thijs Geijer

Senior Sector Economist, Food & Agri

thijs.geijer@ing.com

Maurice van Sante

Senior Economist Construction & Team Lead Sectors

maurice.van.sante@ing.com

Marcel Klok

Senior Economist, Netherlands

marcel.klok@ing.com

Piotr Poplawski

Senior Economist, Poland

piotr.poplawski@ing.pl

Paolo Pizzoli

Senior Economist, Italy, Greece

paolo.pizzoli@ing.com

Marieke Blom

Chief Economist and Global Head of Research

marieke.blom@ing.com

Raoul Leering

Senior Macro Economist
raoul.leering@ing.com

Maarten Leen
Head of Global IFRS9 ME Scenarios
maarten.leen@ing.com

Maureen Schuller
Head of Financials Sector Strategy
Maureen.Schuller@ing.com

Warren Patterson
Head of Commodities Strategy
Warren.Patterson@asia.ing.com

Rafal Benecki
Chief Economist, Poland
rafal.benecki@ing.pl

Philippe Ledent
Senior Economist, Belgium, Luxembourg
philippe.ledent@ing.com

Peter Virovacz
Senior Economist, Hungary
peter.virovacz@ing.com

Inga Fechner
Senior Economist, Germany, Global Trade
inga.fechner@ing.de

Dimitry Fleming
Senior Data Analyst, Netherlands
Dimitry.Fleming@ing.com

Ciprian Dascalu
Chief Economist, Romania
+40 31 406 8990
ciprian.dascalu@ing.com

Muhammet Mercan
Chief Economist, Turkey
muhammet.mercan@ingbank.com.tr

Iris Pang
Chief Economist, Greater China
iris.pang@asia.ing.com

Sophie Freeman

Writer, Group Research

+44 20 7767 6209

Sophie.Freeman@uk.ing.com

Padhraic Garvey, CFA

Regional Head of Research, Americas

padhraic.garvey@ing.com

James Knightley

Chief International Economist, US

james.knightley@ing.com

Tim Condon

Asia Chief Economist

+65 6232-6020

Martin van Vliet

Senior Interest Rate Strategist

+31 20 563 8801

martin.van.vliet@ing.com

Robert Carnell

Regional Head of Research, Asia-Pacific

robert.carnell@asia.ing.com

Karol Pogorzelski

Senior Economist, Poland

Karol.Pogorzelski@ing.pl

Carsten Brzeski

Global Head of Macro

carsten.brzeski@ing.de

Viraj Patel

Foreign Exchange Strategist

+44 20 7767 6405

viraj.patel@ing.com

Owen Thomas

Global Head of Editorial Content

+44 (0) 207 767 5331

owen.thomas@ing.com

Bert Colijn

Chief Economist, Netherlands

bert.colijn@ing.com

Peter Vanden Houte

Chief Economist, Belgium, Luxembourg, Eurozone

peter.vandenhoute@ing.com

Benjamin Schroeder

Senior Rates Strategist

benjamin.schroeder@ing.com

Chris Turner

Global Head of Markets and Regional Head of Research for UK & CEE

chris.turner@ing.com

Gustavo Rangel

Chief Economist, LATAM

+1 646 424 6464

gustavo.rangel@ing.com

Carlo Cocuzzo

Economist, Digital Finance

+44 20 7767 5306

carlo.cocuzzo@ing.com