Sustainability in the Apparel Industry
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The global apparel market employs approximately 75 million people worldwide, and represents a key industry that forms the basis of many economies. In 2012, the global market for apparel was valued at around $1.7 trillion, with over $361 billion in retail sales in 2013 in the United States alone.\(^1\) As the manufacturing process and supply chain for the production of ready-made clothing have seen dramatic shifts over the past 50 years, apparel companies have been forced to adapt to a number of changes.

These changes have been driven by several factors, including new, digital-age technologies that have resulted in increasing levels of mechanization in the garment manufacturing process. In addition, the spatial distribution of manufacturing operations has changed dramatically, with US employment in apparel manufacturing and related industries declining by over 80% from 1990 to 2011.\(^2\)

This decline has corresponded to increases in employment in the textile and garment manufacturing sector in Asia and other regions of the developing world.

These employment increases have largely taken place in China, which has grown its textile labor force by 2 million workers since 1980.\(^3\) Other countries with large increases in textile, clothing and footwear-related employment include Malaysia (597% increase), Bangladesh (+416%), Sri Lanka (+385%), Indonesia (+334%), and the Philippines (+271%).\(^3\) The figure below shows the countries from which the United States sources the majority of its apparel imports. The top exporting countries are China (41.8% of US apparel imports), Vietnam (9.8%), and Bangladesh (6.8%).

As apparel manufacturing has expanded in the developing world, serious issues related to human rights and environmental degradation have emerged.

The Conscious Consumer: A Business Case for Sustainability

In the 21st Century, news coverage of the textile and garment manufacturing industry is increasingly dominated with stories of child labor, environmental contamination, human trafficking, and a myriad of other modern issues that plague the industry. As consumers have become more educated on these topics, confidence in modern apparel production practices have eroded.

These issues are not unique to the apparel industry. With the general public’s increasing awareness of issues related to social and environmental sustainability, consumers are displaying emerging preferences for products that they perceive as being more sustainable than those sold by competing companies.

Industry leaders in climate change sustainability reported 18% higher returns on equity, 50% lower volatility of earnings, and 21% stronger shareholder dividend growth than peers with lower sustainability performance. Nearly two-thirds of consumers say their perception of a company is strongly affected by its environmental and social sustainability strategies. In addition, surveyed companies with strong sustainability programs have 55% higher employee morale and 38% higher employee loyalty.

In particular, public concern about issues such as environmental degradation and abusive labor practices are shaping consumer preferences for textiles and apparel in the 21st century.

Polling by Gallup has shown that around 69% of surveyed U.S. consumers reported having concerns about the quality of the environment.

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“If you focus on the goal and not the process, you inevitably compromise....For me, profit is what happens when you do everything else right.”

- Yvon Chouinard, founder Patagonia, Inc.
Industry Response

In light of these emerging trends in consumer preference, numerous sustainability initiatives are being undertaken within the textile and garment manufacturing industry. These initiatives are being developed with the goal of decreasing the environmental and social burdens associated with the production of modern clothing.

The organizations that are leading the effort range from groups representing fiber producers, such as Cotton, Inc., to large apparel retailers. Some of the top apparel manufacturers are devoting significant time and energy to assessing and improving their environmental performance.

These companies are adopting sustainable practices and engaging in progressive planning activities in response to increasing consumer demands for responsibly-sourced products. The following sections profile two top companies representing different sectors within the apparel market: Patagonia, Inc.\(^7\) and Levi Strauss & Co.\(^8\)

Cotton Incorporated, a company funded by cotton producers in the United States, has a strategic goal of promoting the use of cotton fibers in consumer products. Cotton, Inc. has funded a number of studies that have investigated the environmental impacts of cotton production in the U.S.

In 2009, the associates at Paradigm worked with Cotton Incorporated through the University of Arkansas to conduct life cycle assessments of the cotton production supply chain.\(^9\) The individual LCA studies included assessments of the greenhouse gas production and energy use associated with the production of modern clothing. In addition, an assessment of the terrestrial, aquatic, and human toxicity impacts resulting from the production of cotton was also performed.\(^9\)

Cotton, Inc.’s investment in LCA studies demonstrates a growing resolve to improve sustainable performance within the textile and garment manufacturing industries.

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Patagonia, Inc., an outdoor apparel company based in Ventura, CA, has been both an icon and a leader in the corporate responsibility movement for decades. Yvon Chouinard, the founder of Patagonia, decided to implement sustainability initiatives in the 1990s before the majority of his customers demanded it. That level of foresight allowed Patagonia to maintain an untarnished reputation as a sustainability leader while its competitors struggled with the social and environmental fallout resulting from irresponsible business practices.

In 2007, Patagonia launched the Footprint Chronicles® program to improve supply chain transparency and reduce the social and environmental impacts related to its products. Similar to Cotton, Inc., Patagonia uses LCA methodology to evaluate environmental impacts and highlight opportunities for improvement across their product supply chains. Enhanced transparency is an effective first step towards improvement.

Establishing progressive alliances like 1% For The Planet separates Patagonia from its competitors. The badge is reserved for companies that have pledged 1% of sale revenues to the preservation and restoration of the natural environment. Patagonia initiated that pledge in 1985 and created a non-profit in 2002 to encourage other businesses to join their philanthropic goal. To this day, the companies involved have awarded over $46 million to environmental groups while maintaining their profitability and renewing their social license to operate.

Patagonia’s mission statement says: “Build the best product, cause no unnecessary harm, and use business to inspire and implement solutions to the environmental crisis.” Their acknowledgement that product supply chains cause harm, and their commitment to minimizing their impacts, is a refreshingly honest admission from a highly profitable company. All product supply chains have negative externalities, but responsible management creates a competitive advantage while conserving resources for future generations. Patagonia’s success is quickly becoming a blueprint for other aspiring apparel companies.

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Levi Strauss & Co. wasn’t always a leader in corporate sustainability, but today they have one of the most comprehensive CSR departments in the apparel industry. Their initiatives include a restricted substances list, water quality standards for suppliers, and even financial incentives for suppliers who improve their environmental, health, safety and labor standards. They’ve earned the respect of other companies, NGOs, and most importantly, their customers.¹³

In 2010, Patagonia and Walmart began a multi-stakeholder initiative with the goal of creating an index for social and environmental performance. Levi Strauss was soon invited to join, and it helped the coalition develop an industry-wide standard for simplified apparel LCA’s. The Sustainable Apparel Coalition is tasked with defining, measuring, and implementing practical sustainability standards that support the interests of all its stakeholders. In 2012, the coalition released the Higg Index, which can help organizations standardize how they evaluate the environmental performance of apparel products across the supply chain at the brand, product, and facility levels.¹⁴

The Levi Strauss Sustainability Team crafts the company’s sustainability strategies in partnership with leaders from their various internal divisions. The team defines global targets, measures progress, and implements strategies for responsible progress. Levi Strauss doesn’t draw a line between what’s environmentally sustainable and what’s economically sustainable.

Planning for Sustainability within Your Company

The case studies explored in this publication illustrate the importance of sustainable development for a company that wishes to maintain its social license to operate. Crafting a sustainability plan is an essential step in the process of maximizing the competitive advantage gained by adopting sustainable business practices. Improving your company’s sustainability performance includes five key steps: (1) review existing products and operations, (2) prioritize the issues that are important to your business, (3) draft and implement a sustainability plan, (4) track your performance, and (5) share your achievements with your customers. Sustainability planning is an iterative process, and your company’s sustainability plan should be updated as your performance is tracked and additional insights are gained. In addition, communicating your results to consumers is an important—and often overlooked—step in the planning process.

Those suppliers who partner with us in building a responsible supply chain will be the suppliers who will grow with us.

- Mike Duke, former CEO Wal-Mart Stores, Inc.
About Paradigm Sustainability Solutions

The associates at Paradigm utilize a robust skillset to develop sustainable solutions that lead to measurable results. Our associates can help your business draft a sustainability plan that is right for you, and help you effectively communicate performance improvements to your customers. Our associates have partnered with top companies, producer groups and government agencies to develop sustainability solutions for a wide range of organizations. The associates at Paradigm are experts in strategic planning, life cycle assessment, supply chain analysis, risk assessment, and stakeholder engagement.

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