CHAPTER 3

Sustainability in Global Value-Chain Management: The Source of Competitive Advantage in the Fashion Sector

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1 Introduction

Value is today a crucial aspect of market success for fashion companies. The products and services they offer are consumer focused and seek to maximize the value offered to customers, by satisfying as many of their needs as possible (Vargo and Lusch 2004). However, value is what the consumer perceives, in that the same product offers different value

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depending on the consumption situation and on the individual profile, needs or behavior of the consumer. The benefits and characteristics according to which the individual defines the product's value are different, and can also change over time (Woodruff 1997). Thus some consumers value the design, exclusivity or prestige of the brand, while others value the origin of the raw material or the sustainability practices used by the company during the manufacturing process (Brun et al. 2008).

Companies are aware that value is created throughout the production process; therefore, as Payne et al. (2008) point out, it is a continuous and direct process involving the various agents that make up the value chain. Consequently, the accepted concept in the business management context is currently "value chain" rather than "supply chain". However, globalization trends in the fashion sector have led to relocation of the supply and production process (Brun et al. 2008). A large number of fashion companies have outsourced and transferred part of their production activities to developing countries, especially in the African continent (Dunning and Lundan 2008).

In spite of the cost savings obtained through access to quality raw materials or labor at low cost, managing a broader and more international value chain is difficult. International fashion companies must respond to the demands of increasingly responsible consumers (Caniato et al. 2012) while increasingly relying on their suppliers and sub-suppliers—companies of varying origins, sizes, and corporate cultures (De Brito et al. 2008). The lack of infrastructure or barely qualified personnel can severely damage the management of the chain, when it is seeking to create and add value to the finished product.

New approaches to value-chain management strongly recommend close integration and strong collaboration between all members of the chain, as a way to make the production process more efficient. It is that sharing of information and jointly designing and developing different actions that not only reduces time and costs of the process but also increases the value added to the product throughout the process.

In this context, international companies—as well as buyer companies—must be aware of the benefits that collaboration with local suppliers can bring, not only by improving the production process through training and investment, but also by exploring social and environmental issues of the country in question, in order to improve product sustainability and hence corporate image. It is in the global market, where one of the main attractions for the customer is the sustainability of the product, that a sustainable company can improve its reputation and image.

2 The Concept of Global Value Chains in the Fashion Sector

Today's fashion companies are consumer-centric, meaning that business strategies are designed to satisfy consumers' needs. It is therefore essential to know them and how they value the product. To provide value all agents involved in the production process need to work in a coordinated and collaborative manner.

Fashion companies are specialized in their core business of design and distribution, guaranteeing that an essential part of the product value is efficiently created. But another part of their activities, the supply and production function, can be outsourced to other independent companies or relocated to the company's factories located abroad. To ensure that the value-creation process occurs continuously, the organization needs to exercise a high degree of control over all those activities that traditionally it does not perform. That is why the creation of value does not simply depend on the company having a perfect knowledge of the market and its customers. It is increasingly conditional on the efficient management of the value chain, and thus the type of relationships that the company maintains with the different members that comprise it.

2.1 What Is the Value in Fashion Products?

The concept of value has acquired great relevance in the management of any business, but especially in the fashion industry. From a strategic point of view, value is a critical element of the companies' survival and future success. Companies offer value to their clients through the products, services and ideas in their commercial offer, while clients show a preference for, buy from and are faithful to the offer (understood as a combination of goods and services) that gives them a differential value (Gummerus et al. 2017; Ravald and Grönroos 1996).

The literature states that value is a complex concept, especially when it is analyzed in the context of the relationships between different kinds of agent (Peña et al. 2017; Oliver 2014). However, this analysis allows us to offer a definition: "Value is a perception, the result of the agent's overall assessment of the utility that the relationship brings to him, based on the evaluation of the perceptions of what he receives and what he gives in return" (Jiménez-Zarco et al. 2007; Peña et al. 2017).

In the first instance, the company's ability to create value will depend on the degree of its knowledge of the clients. Companies should first differentiate between consumers—industrial or final—and note that their value perception is entirely different (Payne et al. 2008). The nature of the agent defines the desired benefits and costs, and the importance thereof, thus determining the net balance of this valuation. The economic nature of the companies determines that the benefits sought in the relationship are of an economic, competitive and strategic nature (Aaker 2012; Oliver 2014), while for the end customer, the value offered by a fashion product lies in the utility it provides according to a wide range of different consumer needs (Wu et al. 2014).

The end customer is complex, and not always rational, presenting a variety of needs that have to be met through the acquisition of fashion products. The work of Maslow, though dating back to (1943), still shows how the needs of the consumer can be classified hierarchically according to their nature. According to this model, the basic human needs are located at the bottom of the pyramid. As these needs are met, higher needs and desires appear, which occupy the upper parts of the pyramid. The established hierarchy marks the path that the individual must follow to respond to all their needs. In this way, basic physiological needs are met first. Once these are satisfied, needs relating to security arise, then those to do with affiliation and affection, with recognition and finally with personal self-realization. In this way, a product can satisfy multiple needs: for instance, a garment of a specific brand can range from covering the body or fighting the cold to dressing up to feeling socially accepted, or even personally attractive, given the design, or the type of materials used to make it.

At a strategic level, to manage the value that their products offer, companies must take into account that:

1. Value is a subjective concept, which depends on (a) the importance that the need has for the consumer (Jiménez-Zarco et al. 2007) and (b) the consumer's perception of the product and its ability to respond to their needs. Thus, perceiving higher value in a fashion product increases the consumer's preference for it over competitor products.
2. Value perception is personal. It depends on individual characteristics, time and the circumstances in which people evaluate products (Peña et al. 2017; Shin et al. 2017). This is why the perceived

value is different for each person, and for the same individual the perceived value changes over time, or before a change in the purchasing situation.
3. Both the product's attributes and the services that accompany it increase the perceived value.
4. The same product can satisfy different needs in an individual consumer. At a strategic level, fashion companies note that value is created and incorporated throughout the product creation process. Different agents participate in this process and contribute value thanks to their know-how and collaborative practices. As competition has intensified, companies have realized the importance of coordinating all activities linked to the production process, so that each contributes to the creation and distribution of value for the consumer on an ongoing basis (Llonch 1996).

2.2 *Sustainability as a Determinant of Product Value for the Consumer*

The ability of the product to meet the different needs of the consumer determines its value. However, over time, as the type of needs that it has been looking to satisfy has changed, so too has the way that people determine its value. In pre-industrial society, demand outstripped supply and the end consumer sought to satisfy their most basic needs. Now, however, the individual's ability to choose different purchasing channels for a large number of products makes them establish value based on products' ability to satisfy needs of a social and personal nature—needs that are located at the top of the pyramid.

Consumer value has a significant influence on consumer decision (Tasci 2016). The more needs that can be met by characteristics of the product, the greater its value, and the greater the likelihood of it being purchased. However, the decisions faced by consumers are complex and diverse, and are not resolved simply by using a single one of various existing criteria such as product function, price, brand, and so on. All the evaluation criteria are required to make the most appropriate choice.

At the end of the last decade, it was clear that existing production and consumption models had been exhausted. The severe damage caused at a social, economic and environmental level showed the need to produce and consume differently, more sustainably. At this point the figure of the responsible consumer emerges, with a social and environmental

awareness that leads them to value the product differently by considering the origin of the raw materials, the design, method and place of production, the amount of energy consumed, and so on.

The responsible consumer sees the sustainability of the product as a determining element of its value. Sustainable products are those that allow for the regeneration of raw materials and do not contribute to pollution and toxicity in any form (Fuller 1999). That is, they are products that use materials grown naturally—(without pesticides), use energy-efficient, non-polluting production processes, can be recycled and employ well-remunerated labor.

2.3 The Creation of Value in the Production Process

Over time, the agents that participate in the product creation process change. From the suppliers that supply the raw materials to the distributors who provide the product for the consumer at the point of sale, different areas of the company all contribute to the creation of value. The correct management of these production and sales processes, but above all of the relationships that occur along this chain, called a *value chain*, will depend not only on the survival of the company but also on its future success in the market.

The globalization of the fashion industry means that a significant number of value chain members are geographically separated, forming a global value chain (GVC). As we shall see, this phenomenon has had great importance for the African continent, with a key proportion of international fashion companies establishing their supply chain in African countries. It is proximity to Europe, the presence of a large low-skilled labor force and low wage costs that have made African countries attractive to the large fashion multinationals.

2.4 The Global Chain in the Fashion Industry: From Supply to Complex Value Chain?

According to Matevž et al. (2012) and Kandampully (2003), in today's competitive landscape, individual companies no longer compete in the global marketplace, but "instead, it is networks that compete, and competitive advantage in such a scenario is largely determined by the competitive position of the network to which the firm belongs. This fact is particularly true in international exchanges, such as the fashion sector,

where specialization and outsourcing have increased the importance of efficient management of the relationships among the network members" (Nagurney 2010).

Initially, the network is configured as a supply chain, in which all agents—individuals, companies, resources, activities and technology—are involved in the creation and sell products to consumers. Thus their activities range from the delivery of raw materials from supplier to manufacturer, through to delivery to the distributor and finally to the end user (Davenport and Brooks 2004).

However, current consumers buy and are loyal to those products and brands that show their ability to give value. This is especially important in the context of fashion, where social and psychological dimensions determine the individual's purchase of the product, the needs it satisfies and the type of value it provides (Kastanakis 2014). Companies should design strategies to enable all members of the supply chain to participate actively in the process of creating value. The chain thus has broad aims that reach beyond the efficiency of production and delivery processes to the creation and continuous delivery of value for the client. We move from a *supply chain* to a *value chain*.

Companies like Inditex or H&M show a high commitment to sustainability through collaboration with leading international initiatives such as Textile Exchange, the Better Cotton initiative or Organic Cotton Accelerator to promote the use of sustainable raw materials. They also have codes of conduct and compliance programs, strictly enforced with suppliers, regarding the use of both raw materials and sustainable production practices. Thus, to continually improve their supply chain, companies routinely audit and assess suppliers, going to exhaustive lengths to train suppliers and auditors.[1]

Gereffi and Fernandez-Stark (2011) point out that each member of the chain has to participate in the creation of value, in such a way that synergies are generated jointly. According to this idea, the value chain can be defined as the set of all of the people, activities and resources involved in the production of a good or service and its supply, distribution and post-sales activities (Horvath 2001). In other words, the value chain comprises the full range of activities that are required to bring the

[1] As an example visit the Inditex website, https://www.inditex.com/en/our-commitment-to-people/our-suppliers/continuous-improvement.

product from conception through design, raw materials and intermediate inputs, marketing, distribution and support to eventual consumption (Stein and Barron 2017).

Intensive competition in today's global markets has forced international companies to focus on management of their value chains. This is especially relevant in the fashion industry, due to the sector characteristics: short product life-cycles, volatile and unpredictable demand, tremendous product variety, and long, polluting, inflexible production and supply processes (Sen 2008). But advances in ICT and transportation technologies have also motivated the continuous evolution of the value chain and of techniques to manage it effectively.

Years ago, companies' response to customer demand was based on forecasts, with the resultant risk of over- or under-stocking. Value chains were not as complex as they are now; raw materials were provided to one or more factories where items were produced, shipped to warehouses for intermediate storage, and then shipped to retailers or customers. For instance, Turker and Altuntas (2014) show that at the top of the textile and apparel subsector value chain are fiber producers using either natural or man-made (synthetic) materials. Raw fiber is spun, woven or knitted into fabric by the second member of the chain, the textile mills. The third member of the value chain is the apparel manufacturers or the manufacturers of industrial textile products. The final member is the retailers who offer the apparel and other textile products for sale to consumers.

Nowadays, the competitive environment of fashion is more uncertain than ever. Customers' keenness to welcome fashion goods rather than commodities has reduced the fashion product lifecycle. Consumers demand a constant renewal of the supply of fashion products (Amir 2011). Thus, companies in the sector, such as Zara or H&M, have to renew their offerings on a weekly basis with new designs, using new materials, and even expand their portfolio with new lines of complementary products. Further trends have appeared more recently, adding complexity and difficulty to fashion logistics management.

The use of offshoring and outsourcing reduces companies' ability to control specific crucial processes in product value creation, and has led in many cases to significantly longer lead times. While there is usually a substantial cost-reduction advantage to be gained, particularly in manufacturing, the effect on lead times can be severe (Fernie et al. 2010). It is not only distance that causes replenishment lead times to lengthen in global sourcing, but also the delays and variability

caused by internal processes at both ends of the chain as well as the import/export procedures in between. The result is longer GVCs with more inventory and the consequent risks of obsolescence that arise (Gustavsson et al. 2011).

3 The Global Value Chain: The Network Structure

Fashion companies are under pressure to seek efficient cost-reducing manufacturing solutions that at the same time improve service levels and increase the value that products offer to their consumers. Some companies, especially in the textile and apparel subsector, have moved to reduce significantly the number of suppliers with whom they do business (Sen 2008). A number of considerations have driven this supply-base rationalization, in particular the need to develop more responsive replenishment systems—something that is not possible when companies are sourcing from many suppliers. Other companies have opted for cooperation, increasing the integration of their chains and creating business network structures (Abbasi et al. 2014).

In 1981 Emerson defined the business network as a set of two or more connected business relationships, in which each exchange takes place between business companies that are conceptualized as collected actors. Connected means the extent to which "exchange in one relation is contingent upon exchange (or non-exchange) in the other relation" (Cook and Emerson 1978). Moreover, as Anderson et al. (1994) showed, two connected relationships that are themselves of interest can be both directly and indirectly connected with other relationships that have some bearing on them, as part of a more extensive business network. In the same vein, Castells (2001) and Gulati (2007) define a business network as the way in which the activity is organized, the strategic and organizational model based on the decentralization in a network of the activities of the company, where cooperation between the members favors the development of an efficient management of the network, with regard to both the processes and activities to be developed, and the relations between the members.

Abbasi et al. (2014) review the use of network design in the value-chain context, and show that these kinds of structures concern complex interrelationships between different chains' agents, such as production centers and distribution centers which are legally separate but

in operational terms are linked together by flow of forward materials, and feedback information. It also determines the number, location and capacity of facilities required to meet customer needs effectively.

According to Gunesekaran (1998), companies' survival in a competitive environment of continuous and unpredictable change depends on their capacity to react quickly and effectively to changing markets driven by customer-designed products and services. Thus, efficient network value-chain management should implement processes, tools, and training that enable it to respond quickly to customer needs and unforeseen market changes while still controlling costs and quality (Christopher et al. 2004). Interrelationships between all the entities upstream and downstream of the value chain should be perfectly integrated and managed through creating alliances between entities—information-system integration and process integration—to speed up response to customers, increase product variety and quality, and reduce costs.

Rasheed and Geiger (2001) shows how *efficient value-chain management* delivers major economic benefits to businesses as diverse as computer manufacturers, fashion retailers and construction firms. Benefits include such traditional value-chain functions as inventory control, purchasing and order fulfillment. The effects can also be perceived in other business areas, and can create efficiencies and cost savings across a wide range of business processes. Properly implemented, this strategic system must be conducted across the entire enterprise, from marketing and product design groups all the way through to the accounts receivable department. Further on, it must take place between all the companies, since optimizing entire chains will require a level of information sharing and collaboration among enterprises previously unknown in most businesses.

Collaboration among all members is the key to this new model of value-chain management. Whatever their size, function or relative position, companies cannot improve their operations until they understand the needs and real-time demands of the rest of the chain members (Horvath 2001). The ability to understand and offer a quick response to the changing needs of customers far down the chain produces such strategic benefits as improved project design and more effective marketing. But Hult (2011) shows that it depends not only on the company's competencies but also the way that relationships among the value chain members are managed. This author points out that value-chain management is considered a part of the customer value-creating process that delivers the proposed value to customers (Hult 2011). Higher levels

of collaboration and information sharing among the members result in greater integration of the value chain, increasing efficiency and hence the value that the final product offers the consumer.

Sometimes, in response to a strategic need of the company—mainly when it serves several markets—the value chain integrates members from different countries, becoming a GVC. According to Andreff (2009), the use of foreign suppliers by leading companies is not a new practice. It can be traced back several decades, but, it was not until the 1990s that outsourcing and offshoring practices started to define business models. Initially limited to sectors such as textiles, clothing and electronics, a decade later the globalization process was quickly expanding to various industries and involving firms from different countries. This process has been especially intensive in African developing countries, where international companies are increasing their competitive advantage through global sourcing.

3.1 Global Value Chain Benefits to International Fashion Companies

At a macroeconomic level, Nicita et al. (2013a) show how the liberalization of cross-border transactions, the advances in technology and information services, and improvements in transport logistics and services have provided firms with greater incentives to fragment production processes and to delocalize them. Over the last three decades, GVCs have increasingly gained importance in the economies of developing countries, especially those where there is a high amount of unskilled labor, as in African countries.

There are multiple strategic reasons for relocating production processes at the microeconomic level, because the network integrates agents of different geographical origins, and above all, with different organizational cultures that have different and conflicting objectives (Wirtz et al. 2015). The first, and possibly the most important, is that companies are creating truly GVCs that enable them to reduce their costs. From an economic standpoint, the emergence of a GVC is related to the concept of comparative advantage (Hugos 2018). By relocating production processes (i.e., R&D, concept, design, manufacturing, packaging, marketing, distribution, and retailing) to different countries, buyer companies can obtain some advantages due to access to the best available human or physical resources, with the aim of maintaining their competitiveness by

augmenting productivity and minimizing costs. Similarly, Hult (2011) notes that outsourcing companies can take advantage of lower production costs, freeing capital from non-core activities and generating large-scale efficiencies. Shipping, communications and tariff-related costs have also fallen over the years. Another reason is companies' need to respond to the uncertainty of today's global and hypercompetitive markets by improving product quality, increasing their product portfolio with new varieties (Mangan et al. 2016) and improving corporate reputation through the development of sustainable practices (Covin and Miller 2014).

In the fashion market, consumers look for innovative, exclusive products that also offer them unique experience (Sorescu et al. 2011) and in this sense, the GVC allows both fashion companies and local suppliers to achieve some competitive advantages. It enables international fashion companies to access new quality raw materials and skilled labor or incorporate some sustainable production methods that, although traditional in other countries, are innovative for them. Meanwhile, for local suppliers, belonging to a global chain not only allows them to access international fashion markets but also to access more innovative knowledge in the fields of production, distribution and sales (Caniato et al. 2012). Participation in a GVC also affects the reputations of the different agents that make it up. Koplin (2005) argues that society holds companies responsible for the environmental and social problems caused by them directly, but also by their suppliers. Thus, the development of environmentally or socially sustainable practices by one member of the value chain benefits the reputation of the others.

Despite their benefits, GVCs demand greater efficiency and competence from international companies and local suppliers alike, with hardly any guarantees of product activity continuity over time. Efficiency and skill are the bases on which the members of the chain build value over time. GVCs are fundamentally a business strategy for international fashion companies and are driven by their own business interest. International companies locate part of their production activity in developing countries that offer low-cost production at the same quality level (Leigh and Blakely 2016). However, this practice is changing, and nowadays low labor costs alone are not sufficient justification for maintaining the production process.

According to Nicita et al. (2013a), GVCs rely on sophisticated and competitive networks of goods and information flow and need a sound business environment that often is lacking in developing countries.

In specific business sectors such as the fashion industry, however, international markets are also increasingly demanding rapid access to a wide range of products with high added value. This is why Europe's international fashion companies are starting to seek: (a) new locations for their production centers geographically closer to their distribution points and (b) new suppliers who can offer, among other things, raw materials access, innovative and sustainable production practices or highly qualified labor—all of which add extra value to the product during the production process (McKinsey 2016).

Waiting time reduction has become a differential element in the fashion industry. International companies therefore value positively the incorporation of geographically close members into their chains. This is especially important in some subsectors of fashion such as textiles, where production in Africa is distributed across different parts of the territory. The greatest concentration of activity in the sector is found in the countries of the north—Morocco, Tunisia and Egypt—thanks above all to orders from major European fashion operators. In sub-Saharan Africa, clothing is focused on Ethiopia and Mauritius; in the south, in South Africa and the two countries it houses in its interior, Lesotho and Swaziland. International fashion companies such as Zara or H&M have moved from searching the African continent for sources of raw materials to incorporating local producers into their value chains—small craft workshops or sewing ateliers created by women—or to establishing production plants in some countries such as Ethiopia. Other subsectors, such as jewelry, have found not only raw materials but also a source of inspiration in Africa. Some of the most important companies in the sector worldwide, such as Cartier or Tous, have begun to collaborate with African designers to produce their collections. Local companies dedicated to the design and manufacture of jewelry, such as Pichulik, have also achieved international fame and market their products in Europe and the USA.

3.2 Global Value-Chain Opportunities and Risks for African Developing Countries

A substantial number of developing-country companies have managed to enter labor-intensive manufacturing segments of the GVC. For them, being part of the chain offers significant development opportunities through their products' access to international markets. For countries newly embarking on an industrialization path, the insertion

of their enterprises into GVCs through the relationships forged with foreign investors can provide an entry point onto the global industrial stage (UNCTAD 2007). Joining a GVC enables a country's producers to become more competitive, due to the opportunity to obtain modern management know-how and hands-on information on quality standards and technology (Mwirigi et al. 2016). Finally, local companies learn about consumer preferences and behavior patterns in the high-income markets for which their products are destined.

Moreover, the benefits are also perceived at the local level. Development and consolidation of a continuous productive activity favors the emergence of a complementary industry activity at the local level, enhancing economic and social growth (Cusolito et al. 2016). Such is the case of Ethiopia, where the involvement of H&M or Primark has created employment and generated wealth in the territory. According to the data published by ICEX (2016), the textile sector has consolidated in the country, with exports worth 160 million dollars in 2016 (6% of the total national GDP) and more than 37,000 jobs. Nicita et al. (2013a) show how local companies participating in the GVC can also create economy-wide externalities linked to value creation for both for the company and the developing countries, such as employment, improvements in technology and skills, productive capacity upgrading and more value-added export diversification. As we shall see in Chapter 5, the opportunity to improve the competitiveness of local companies encourages public institutions and governments to support foreign investment in the territory. Of the 130 textile factories in Ethiopia, 37 are foreign owned. Foreign companies are working to improve cotton plantations and develop the rest of the links in the value chain. Currently, the country's cotton production supplies 40% of industrial demand. Among the advantages of the sector are low energy and water costs.

However, the insertion of companies from developing countries into GVCs can be fraught with difficulties. As pointed out by Kaplinsky and Morris (2002), entry into global networks is defined by the rules established by the major international companies in the sector, rather than by the commercial policies of governments. The large retailing or manufacturing companies in the chain that distribute contracts to suppliers in developing countries very often establish parameters such as environmental and labor standards, quality specifications, and process standards.

Another barrier to entry for newcomers lies in whether they can forge relationships with the big buyers in these networks. The leading companies in GVCs may already be relying on an existing network of

suppliers. So their interest in incorporating new developing-country suppliers into the value chain may be low if relationships with their current suppliers are based on trust and reputation, because of high transaction costs rather than on competitive considerations such as production costs alone. Transaction costs can matter more than direct production costs, especially in product lines where quality and timely delivery are determining market factors and buyers have to make significant investments to monitor and strengthen the capabilities of their suppliers.

GVCs are often driven by multinational companies that are involved in several global chains. One strategic option for changing this situation is for African countries to position themselves as trusted suppliers or subcontractors of industrial inputs for global industrial networks. There is evidence that Africa's increased dominance is due to increased international production, especially the growing importance of the network of multinational enterprises (Kleinert 2003). For example, trade in intermediate goods has become the most important, with flows approaching 60% of total exports (WTO 2010).

3.3 The Operating Model of the Global Value Chain

According to Gereffi and Memedovic (2003) for the United Nations Industrial Development Organization (2003), industries have responded to globalization by setting up two main operating models: producer-driven and buyer-driven value chains (BDVCs). The producer-driven value chain (PDVC) is typically applied in high capital industries, for instance in hardware—as is the case for Apple—and is characterized by high barriers at the entry level (Gereffi and Memedovic 2003). The volume of investment required, especially as regards technologies and financial capital, hampers the prospects of any new company to easily enter and compete with them in their own market. The global firms operating in a PDVC are thus primarily interested in controlling the suppliers of their key raw materials or component suppliers as the basis of their production.

On the other hand, BDVCs are typically used by low capital-intensive sectors such as consumer goods, and that includes the fashion industry. According to Gereffi and Memedovic (2003), the international companies—retailers, marketers and brands—manufacturing fashion goods in developed countries establish complex strategies and value chains to leverage and use human capital capabilities and raw materials overseas, in

particular from developing exporting countries. The buyer-driven value chain is mainly driven by trade opportunities and international commercial agreements.

The BDVC applies to highly labor-intensive sectors, so global firms are compelled to operate overseas to meet manufacturing needs, without their own factories. In this way, the physical production of consumer goods is separated from design, marketing and retail. International brands, especially in the fashion sector, gain their profits mainly from the design and marketing parts of the business, none of which are outsourced, and where investment by the firm is the greatest. Globally, international fashion companies mainly control the product value chain, defining the rules that govern the relationships among the chain members. Hence, when such interaction between producers and consumers has no boundaries, and since value chains are international, firms need to act on a global scale.

3.4 The Relational Linkage Between Buyers and Suppliers

A vital issue in the management of value chains, especially those in which the international company assumes a leadership role, is how the relationships between its members are managed. Narayanan et al. (2015), Griffith and Zhao (2015), and Wowak et al. (2013), among others, have examined the influence of the buyer–supplier relationship on market performance, but few have analyzed the factors that influence this dynamic process of GVC development.

In the real world, a wide spectrum of company–supplier relationships can be found. The sharp fluctuations and disturbances in today's international business environment have caused the GVCs to seek an effective way to deal with undesirable uncertainties—both market and internal—that affect their performance. Value-chain design decisions are the most important strategic-level decisions in value-chain management, concerned as they are with the members of the chain, their complex interrelationships and, consequently, their degree of agility (Abassi et al. 2014).

Agility is defined as the ability to implement the changes necessary to respond to changes in the environment. But in the context of GVC management, the focus is also on improving flexibility and the speed and efficiency of response to changing markets. Agility is a term applied to an organization that has created the processes, tools and training to enable

it to respond quickly to customer needs and unforeseen market changes while still controlling costs and quality (Christopher et al. 2004). But it can also be used to explain the practice of—"partnering flexibility", defined as achieving high agility in selecting and switching to partners interchangeably in accordance with market uncertainty and changes in partners' behaviors or competences (Nejatian et al. 2018). According to Hernández-Espallardo et al. (2010), partnering with a single supplier may cause significant inflexibility, in that it limits the possible future options for both companies. Finally, note that agility brings three benefits to the buyer company:

1. It provides strategic alternatives for future decision making.
2. It helps the firm avoid partners' opportunistic behaviors.
3. It promotes higher supplier performance as a result of competition.

But sometimes, although the company may have the flexibility to change suppliers, the costs of doing so can be high. Sometimes, the participation of certain local suppliers in the value chain can provide significant benefits; in other cases, there are other limiting factors limit making it inadvisable for the international fashion company to change suppliers. This capacity will depend on some factors such as the type of relationships that have been established along the chain between the international company and the local supplier (Gopal 2018), the degree of support provided by the leading companies to their suppliers to comply with the established rules, the investments made by local companies to meet the requirements of international companies, or how easy it may be for foreign buyers to access the same supplies elsewhere. For example, African countries that are rich in raw materials such as organic cotton or precious metals and stones are in a better position. Resource-rich African countries can market their exclusive supplies of critical commodities to enter commodity-driven GVCs as a supplier.

The work of Takeishi (2001) and Kotabe et al. (2003) shows how the application of the relational approach to the management of the GVC favors cooperation among members while increasing the degree of chain agility. Collaboration among members is a fundamental element in the relationship. However, as indicate number of authors have shown, the motivation to develop collaborative behaviors may be different and depends on the power of each member and how it is exercised (in other words, the power structure).

Power is recognized as an essential factor in value-chain development and its integration (Matos and Hall 2007; Power 2005). In line with this argument, Maloni and Benton (2000) distinguish two broad categories of power: mediated and non-mediated power. The first represents the competitive and negative uses of power and is shown in the form of reward and coercive power. In contrast, non-mediated power occurs as a natural part of buyer–seller business transactions and does not necessitate intention from the source, such that the suppliers decide whether and how much the leading firm will influence them. The buyer company may not even be aware that non-mediated power exists (Benton and Maloni 2005), while in mediated power the company is aware of this power, and offers financial incentives or directed benefits to its partners, or makes use of its legal, legitimate and sanction rights over partners.

Thus, in the early 1990s Grönroos and Gummersson (Grönroos 1989, 1990a, b, 1995, 1996, 2000; Gummersson 1987, 1991, 1994, 1996, 1998) point out the benefits of voluntary collaboration between the members. These authors show that in industrial markets companies that show a willingness and desire to collaborate closely with other members of the chain improve the efficiency of their processes. Chapman et al. (2002) and Wang et al. (2010) go a step further and propose the need for chain members to integrate their information systems, so that specific logistics functions can be developed in an automated way. On the opposite side Usui et al. (2017) point out that to elicit collaborative behavior from suppliers for developing interfirm competence through relational ties, the leading firm needs to maintain some degree of power over them.

In relational governance, the power is non-mediated, although according to Benton and Maloni (2005), its origin may be of different forms: (a) expert, (b) referent, and (c) legitimate power. Expert power exists when the buyer company holds information or production expertise that the supplier or any other partner company values. Referent power implies that one firm desires identification with another for recognition by association (e.g., being the primary supplier of established global manufacturers). Finally, legitimate power, which includes both inherent and legal forms, is more relational and positive in orientation and implies that the target believes in the right of the source to wield influence.

A robust relational exchange between companies builds more favorable conditions for joint and collaborative competence as well as increasing the speed and the degree of flexibility in the chain, and reducing transaction

costs between members. As a result, firms are likely to make long-term relationship-specific investments to maintain a high level of relational governance within the value chain network (Kotabe et al. 2003). Sometimes companies respond to market challenges by developing new products or implementing new production processes. At the strategic level, this new relationship model enables creative innovation, where all GVC members develop an active role (Bakhshi and McVittie 2009).

4 Sustainability and Sustainable Development: A Source of Competitive Advantage for Local Suppliers

Twenty years ago, sustainability was not a general talking point among companies, but right now it has become a differentiating factor by which some companies compete. For other it can be a decisive factor, for example, in raising or retaining capital. But what is sustainability, and even more important (in that case), what does it mean for the companies at the strategic level?

Generally speaking, sustainability looks to protect our natural environment, and human, social and ecological health, while driving innovation and not compromising our way of life. But in business this definition has important strategic implications, both for the company and for all the members of the GVC. In this sense, note that sustainability issues are particularly sensitive for the fashion value chain, given the current fierce competition, intensive resource use and the exposure of penurious labor conditions in some regions.

4.1 The Concept of Sustainability and Sustainable Development

There is no universally agreed definition of what sustainability means. Indeed, there are many different views on what it is and how it can be achieved. But it is true that since the early 1980s there have been a growing number of studies, international reports, statements and agreements concerning the present and future well-being of Planet Earth, and which strongly recommend carrying out human activities in a sustainable manner. Notable among these documents is the Brundtland Report by the World Commission for the Environment and Development (WCED 1987) and the world's first Earth Summit in Rio in 1992.

Molinar et al. (2001) define sustainability as being about designing and organizing human activity in such a way that the complexity and interconnectedness of all systems are taken into account and the survival of any one system is dependent on the health of the others. According to Camagni et al. (1998), sustainability is a term that is associated with a dynamic, evolutionary or adaptive process involving a balance between the natural, economic and social environments (also known as the triple bottom line perspective).

Sustainability is generally concerned with both the health of the planet as a provider of life systems for humanity and the establishment of knowledgeable and empowered societies. It is a future-oriented outlook that emphasizes that the current generation of human beings should leave the Earth to their children in a condition equal to or better than the one they inherited. In this sense, the way to be sustainable is through sustainable development (Savitz 2013).

Kates et al. (2005) and De Brito et al. (2008) define sustainable development as development practices based on sustainability principles which enable the human needs of the present to be met without compromising the ability of future generations to meet their own needs. To guarantee correct human development, Medina-Muñoz and Garcia-Falcó (1998) point out that the process should: (a) take place over time and space; (b) embrace ecological, social and economic interdependence; (c) include intergenerational and interspecies fairness; (d) care and prevent technologically, scientifically and politically; and (e) develop safeguarding measures from chronic threats and protection from harmful disruption.

According to Longoni and Cagliano (2016), sustainable development rests on three pillars: economic sustainability, social sustainability and environmental sustainability. However, Medina-Muñoz and Garcia-Falcó (1998) recognize a fourth and fifth pillar, which might be identified as the institutional and cultural aspects. Finally note that along these lines, the Brundtland Report (WCED 1987) conceptualizes sustainable development as four interrelated strategies: (a) managing the impacts of populations on ecosystems; (b) ensuring worldwide food security; (c) managing ecosystem resources; and (d) creating sustainable economies.

4.2 Axes of Sustainability Development

The importance of sustainability is now widely understood, especially taking into account the limited resources, the deterioration of the environment and the growth of the population (Black 1998). According to De Brito et al. (2008), sustainable development has three axes:

a. *Economic sustainability.* Economic sustainability is having a prosperous and fair economy. Humans have a responsibility to guarantee that resources are preserved for human beings in the future. Thus they should maintain resources at the same or faster rate than they are consuming them, conserving and providing equal distribution of other resources so that others can also enjoy them.
b. *Environmental sustainability.* Materials taken from nature are used for human survival. Tietenberg and Lewis (2016) evidence that environmental sustainability is important because it involves natural resources that people need for everything, thus all their needs and desires are fulfilled by absorbing the resources from nature. But the continuous depletion of natural resources will have a massive impact on the environment. So nature needs to be regenerated to avoid degradation and scarcity of natural resources (Bergstrom and Randall 2016).
c. *Social sustainability.* Social sustainability is perhaps the most critical aspect of sustainability, due to its significance for the preservation of humankind in the future. According to Bramley et al. (2006), to maintain social sustainability, law and order must be preserved, and everyone should live by the social values created for the good of the people. Thus, respect and cooperation are based on achieving social sustainability, and with it the maintenance of social balance and stability, as well as healthy and strong human relationships.

4.3 Sustainability as a Global Competitive Advantage

Baker and Sinkula (2015) and McWilliams and Siegel (2011) point out that companies have a competitive advantage when they achieve a higher return on investment than their competitors, or are able to do so. There are two types of competitive advantage: cost and differentiation. On the one hand, companies have a cost advantage when they can sell their products and services at a lower price than the maximum price it could

command. On the other, a differentiation advantage is achieved when companies can offer differentiated products and/or services to customers, and—consumers in their turn are ready to pay an additional price which overcomes the additional differentiation costs. Strategically, companies desire both kinds of advantage but while the cost advantage position depends on internal company factors, and implies having the lowest costs in the industry, differentiation advantage has an external origin derived from consumer perception of unique value.

Competitive advantage can derive from one or more factors or sources. Barney and Hesterly (2009) and Porter (2011) show that among the sources of cost advantage are: scale economies; learning economies; efficient production process; capacity management; product design; and raw material and energy costs. As regards differentiation advantage, these authors point out that the sources include both tangible and intangible aspects of the product, brand or marketing strategy that are highly valued by potential customers, who are ready to pay an additional price for them (Barney and Hesterly 2009; Barney et al. 2011; Porter 2011). The tangible aspects refer to observable characteristics and attributes of the products and services, their performance, and complementary products and services, while intangible aspects include social, emotional, psychological and aesthetic considerations that consumers value, and which are present in any of their purchase choices.

Widely used by researchers in strategic management (Barney et al. 2011; McWilliams and Siegel 2011), the resource-based theory provides a model of how firms compete and achieve competitive advantages. According to Barney et al. (2011), this theory makes two underlying assumptions: (a) organizations competing in the same industry might be heterogeneous across the strategic resources and capabilities that they control and (b) these resources and skills might be not perfectly mobile and, thus, heterogeneity might be long-lasting.

There has been an active debate among management researchers and practitioners concerning the relationship between sustainable development and competitiveness. Generally speaking, the question is: can sustainability be a source of competitive advantage?

The prevailing view is that the goals of business and sustainability seem hopelessly irreconcilable, as being sustainable implies additional costs for enterprises and a loss of competitiveness. Recently, however, a new perspective has emerged in the literature on management, according to which sustainability seems a real source of both cost and

differentiation competitive advantage. Thus, sustainable enterprises can also achieve essential benefits such as ecological efficiency, cost reductions, capturing emerging green markets, gaining a first-mover advantage in their industries, establishing better community relations and improving their image (Jayanti and Gowda 2014).

In summary, in the changing economic environment, business strategies have been refined, allowing leading multinationals to embrace practices that focus not only on the financial aspects of their business but also the environmental and social ones. Companies embed sustainability practices to optimize their operations and generate cost savings, but also to respond to a consumer increasingly aware of economic, social and environmental problems. Nidumolu et al. (2009) demonstrate that sustainability saves money through resource efficiencies—the reduction of energy, water and waste consumption reduces carbon emissions and costs. However, what is even more critical is that strong sustainability practices support the ability to win new business. Thus, increasing numbers of companies are moving forward with sustainability initiatives and using them as a critical tool to differentiate, win and keep customers.

4.4 Sustainability and Company Value Creation

The emphasis on sustainability that recent years have seen from companies has not only been because of the positive effect on corporate reputation, but also as a driver of growth and continuous improvement of the company in competitive terms (Bové and Swartz 2010).

The number of companies from different sectors is increasing, with sustainability conceived from a more strategic perspective and with more significant long-term scope for the creation of value. In this way they have been able to integrate it into their daily activity, with potential benefits in areas and variables that go far beyond corporate social responsibility, such as reduction in operating costs, organic growth, or opening to new markets and products.

According to the report published by Bové and Swartz (2010), 57% of the companies consulted recognize that their company has integrated sustainability into its strategic planning process. The area where this integration is seen most clearly is in the mission statement and values, followed by the external communication. However, many companies recognize that they still have “unfinished business” when it comes to management of the supply chain.

However, the same report shows the benefits of integrating sustainability into the processes developed by the value chain. Thus 33% of the companies consulted recognize the positive effect of sustainability on the reduction of operating costs. The most affected areas are productive, with a decrease in energy consumption and the cost of operations. The report also notes how companies are seeking sustainability both in the development of new products and services and in the improvement of existing products. With both activities coordinated and a commitment to sustainability, the competitive advantage resulting from the operational improvement is greater than would be derived from a re-engineering of processes.

Based on these results, it seems clear that international companies that are leaders in many sectors are beginning to show a strong predisposition to integrate sustainability into each and every one of their main activities, areas and functions of the company's value chain and, above all, to base competition activities on that parameter of sustainability, which will catapult them, if necessary, towards the leadership of their sector. Also, and driven by that competitive desire for sustainability, leading companies are much more predisposed to direct and manage their entire portfolio of products and activities with the latest trends in sustainability, so they show an undoubted commitment to R&D in everything that refers to sustainability, innovation and development of business and products.

There is no doubt that leading companies conceive sustainability both from a competitive and a strategic point of view. The contribution of sustainability to the creation of value has led a large number of companies to become oriented towards sustainability, seeking to understand not only the key factors that drive the creation of value internally, but also the way in which the leadership, or the management of the value chain, can contribute to creating value—and a return—from sustainability.

4.5 Sustainable Management in Fashion Companies

There is increasing awareness of economic, social and environmental problems, but at the same time, the need to differentiate from the competition is compelling companies to transition away from more traditional business operations and towards sustainability along the GVC as part of their global corporate strategy.

4.5.1 Fashion Value-Chain Management and Sustainability

Sustainability initiatives are crucial for the success of companies' strategies, mainly when they involve sensitive business areas such as intensive natural resource use or poor labor conditions, as is the case for the fashion industry.

The fashion value chain is particularly sensitive to sustainability due to its inherent characteristics, as well as some specific trends that international markets have imposed (Caniato et al. 2012). The production process makes intensive use of chemical products and natural resources (land and water), generating a high environmental impact. Furthermore, the search for lower-cost production has led to a dramatic relocation of production sites to African countries (Nordås 2004). In particular, it has caused traditional European industries to practically disappear, and relocation has entailed loss of female employment in the European textile and clothing industries, especially for unqualified labor.

In recent years, fashion companies' sustainable orientation has helped to improve their performance in a context of strong international competition. Since 2008, and as a result of economic and social crisis, a strong social trend towards sustainability has been consolidated. From a marketing point of view, new "responsible" consumer and stakeholder profiles can be found that demand sustainable products, but also sustainable and socially responsible behavior by companies. These new demands affect company performance (Mentzer et al. 2001; Al-Mudimigh et al. 2004). In this sense, De Brito et al. (2008) point out that value-chain performance cannot be measured merely by financial ratios, nor simply by logistics indicators such as cash-to-cash cycle time, lead time, on-time delivery or percentage of satisfying deliveries. It is affected by broader issues arising from both the internal organization of each actor in the chain and the quality of the relationships between the actors.

Companies' Attitude Towards Sustainability

Developed countries have ample legislation on sustainability. As a consequence, a large number of companies have been involved with sustainability programs forced by legislation (De Brito et al. 2008), although their attitude toward this subject can vary greatly according to the three axes of sustainable development. While some companies show caution in relation to recycling, working conditions and CO_2, others prefer to be ready for the change, and are constantly updating the new rules at USA and European levels. Other companies understand the strategic side of

sustainable development and try to anticipate legislative changes to gain some competitive advantage from acting as first movers, thus transforming a constraint into an opportunity (Hill 2017). De Brito et al. (2008) even suggest that, impelled by the competitive advantage that sustainability might offer, some companies go beyond their legal obligations, encouraging regulators to set higher standards, thereby increasing competitors' costs and barriers to entry.

Today a sustainability orientation forms part of the mission and values of fashion companies who believe sustainability is part of their social responsibility and should be present in all the activities they develop. Corporate responsibility is about integrating social and environmental concerns into business strategy and operations. Companies apply sustainable management to establish a direct link between their general principles and guidelines, and the operational level. Within the value chain, the sustainable orientation mostly introduces new networking management systems based on the integration of all chain members, where there are shared sustainable values and the key function is responsibility management (De Brito 2007).

However, the responsible and sustainable management of the GVC is a complex process. As De Brito et al. (2008) point out, relocation strategies make the control of working conditions in the offshore production sites more difficult; or the smaller size of deliveries deriving from shorter delivery times may increase the amount of transport, and hence its environmental impact. Vermeulen and Ras (2006) show how different corporate cultures and particularly differences in ways of understanding sustainability can make the value-chain integration process more difficult. Finally, international companies must note that legal pressures differ in the various countries where they operate. They should comply with the most restrictive legislation and apply it to all value chain members if they want to reach and convince environmentally and socially conscious consumers.

The Impact of Sustainability on the Fashion Value Chain

De Brito et al. (2008) draw attention to the positive effect that sustainable management has on fashion GVC performance, with improved customer service and cost optimization, and the effective management of both the internal organization of each company and the external organization of the entire value chain.

Well-performing companies are those who effectively manage internal and external relationships (between functions and organizations) through improved coordination and total integration of the chain members. At the internal level, companies view differentiation, clean outputs, recycling and social fairness as the keys for all the axes of sustainable development organization. Product innovation and technology development can contribute to companies' internal sustainable management. Product innovation can be targeted to specific consumer markets, such as to the ecologically conscious customer (ecofashion). Technology development can introduce new machines and materials or revolutionize the production process, making it more efficient, cleaner and less costly (Sarma 2004).

The internal organization of companies can be oriented towards higher sustainability, and this orientation has effects on the external organization and the network of actors involved in the same value chain. De Brito et al. (2008) show that one of the main effects is the development of partnerships between the actors in the chain and with some professional organizations, broadening the chain 'space' or 'sphere' of coordination. Other evident effects concern the coordination of logistics and transport functions, as well as the creation of shared information systems between value chain members (Prajogo and Olhager 2012).

4.5.2 External Drivers of Companies' Sustainable Management

Companies can be proactive and show a high degree of sustainability orientation, but external drivers also force companies to make sustainability a strategic goal. Savitz (2013) shows how societal agents—such as governments, NGOs, stock exchanges—along with shareholders, investors, trading partners and customers are at first the main stakeholders to put pressure on companies to invest from a triple bottom line perspective (economic, environmental and social). Shrivastava (1995) states that governments, consumers and corporations play a crucial role in the drive for sustainable development. However, Benn et al. (2014) show that while companies put the achievement of sustainability on their agenda, they require ecologically sustainable political and economic systems. Benn et al. (2014) point out that:

a. governments, as well as selectively mitigating many environmental problems by undertaking appropriate programs, must also establish ecologically sustainable economic policies, and
b. consumers must be willing to consume fewer products and use them more wisely.

Apart from the structural shift in world energy markets towards renewables, or increasing awareness of climate change, and social and economic inequality, CEOs understand the business benefits of embedding sustainability practices into their companies. This is because independently of government policy, a vast number of companies drive sustainability initiatives across their organizations' companies and supply-chain value chains, looking to increase their environmental, social and governance (ESG) performance measure. Note that ESG performance has become the main criterion for measuring the sustainability and ethical impact of an investment in a company or business. This metric lets companies determine their future financial performance (return and risk).

4.6 Challenges of Sustainable Strategies in Fashion

According to Gardetti and Torres (2017), "Sustainable fashion is a part of the growing design philosophy and trend of sustainability, the goal of which is to create a system which can be supported indefinitely regarding human impact on the environment and social responsibility". It can be seen as an alternative trend to fast fashion (Joy et al. 2012).

A wide variety of approaches are used in the analysis of the fashion business, but from an economic and business perspective, fashion can be defined as a cycle that allows some mature industries, such as clothing and accessories, footwear or even cars, to be dynamic and maintain certain profitability over time (Fletcher 2013).

Sustainability is the main vector of differentiation for fashion companies in today's world context. In a fast-moving industry such as fashion, sustainability is a concept for designers to explore, breaking new ground in the environmental impact of the production supply, end use or lifecycle of the product. But despite the growing interest in sustainability issues within the fashion industry, currently there is no common definition of what sustainable fashion means. According to Green Strategy (2014), sustainable fashion can be defined as "clothing, shoes, and accessories that are manufactured, marketed and used in the most sustainable manner possible, taking into account both environmental and socio-economic aspects. In practice, this implies continuous work to improve all stages of the product's life cycle, from design, raw material production, manufacturing, transport, storage, marketing, and final sale, to use, reuse, repair, remake and recycling of the product and its components."

From an environmental perspective, the aim should be to minimize any undesirable environmental effect of the product's life cycle by (a) using renewable energy sources (wind, solar, etc.) at every product cycle stage; (b) ensuring natural resources such as water, energy, animals, plants, land, soil, and so on are used efficiently and carefully; and (c) maximizing the recycling, repair or remaking practices of the product and its components. From a socio-economic perspective, all stakeholders should be on the same page with good ethics, best practice and international codes of conduct, and should strive to improve present working conditions for workers everywhere—in fields, factories, the transportation chain and stores. In addition, fashion companies should contribute to encouraging more sustainable consumption patterns, fabric care practices and overall attitudes to fashion (Green Strategy, June 2014). But the main challenges that fashion companies face is to deliver a blend of both sustainability and elegance. As De Guedes and Roncha (2011) show, fashion products are the result of a long chain of stages, activities and technologies that sometimes rely on external partners scattered across the world (Caniato et al. 2012). In this context, the axes of sustainable development are particularly sensitive for the fashion retail GVCs (De Brito et al. 2008).

On the economic axis, the delocalization of production in developing countries in recent years has inverted the economic growth of the fashion industry in some African countries (Caniato et al. 2012). On the environmental axis, fashion sustainability development makes very intensive use of natural local raw materials, apart from the intensive use of chemicals such as for dyes (Nagurney and Yu 2012). Finally, on the social axis, local suppliers' integration into the value chain with the emergence of small local industries that are sometimes led by women favors the economic and social development of the territory.

There are many factors to consider when evaluating the sustainability of a material—renewability and source of a fiber, how a raw fiber is turned into a textile or even the working conditions of the people producing the materials. As we have seen, there are three types of sustainability economic, environmental and social. Though organic cotton is considered a more sustainable choice for fabric, as it uses fewer pesticides and chemical fertilizers, it remains less than 1% of global cotton production. Barriers to growth include the increase in the cost of labor and the reduction in the amount of cotton obtained (given their greater sensitivity to pests). The upfront financial risks and costs are

therefore shouldered by farmers, many of whom struggle to compete with the economies of scale of corporate farms (Kumar and Carolin 2018). But for a local supplier to win a more durable relationship with the lead firm, it needs to become cheaper, provide better quality and quicker delivery, and be more reliable than its competitors within an industry. Such process upgrading can lead suppliers to change their practices, moving upwards to a higher value-added segment in a GVC, for instance, specializing in the design and other requirement-specific production (Nicita et al. 2013b).

Non-policy factors are also among the determinants of a successful process and product upgrading. These include: (a) the length of the value chain to the final product; (b) the structure of the global supply chain; (c) the market situation; (d) the product characteristics; or (e) the comparative advantage, including geographical and/or population consumption assets (e.g., being close to a big market, having a large domestic market) (Nicita et al. 2013b).

Slow fashion, the alternative to fast fashion and part of what has become known as the "slow movement", advocates principles similar to the principles of slow food, which are:

- Good: quality, flavorsome and healthy food
- Clean: production that does not harm the environment
- Fair: accessible prices for consumers and fair conditions and pay for producers.

The slow fashion movement has an increasing number of followers. It is not a seasonal trend, but rather a philosophy of responsible clothing consumption. The movement educates citizens about the impact of garments on the environment, the depletion of resources and the impact of the textile industry on society. The term "slow fashion" was coined in a (2007) article in *The Ecologist* by Kate Fletcher, who compared the eco/sustainable/ethical fashion industry to the slow food movement: "some elements of the slow fashion philosophy include: buying vintage clothes, redesigning old clothes, shopping from smaller producers, making clothes and accessories at home and buying garments that last longer". Thus, new ideas and product innovations are constantly redefining slow fashion, so using a static, single definition would ignore the evolving nature of the concept.

According to Accenture (2017), four megatrends will lead the future of slow fashion.

1. "Power of Nature": the industry looking into materials that have always been regarded as waste as a more sustainable method of making new clothing.
2. "Rent a Closet": this trend reduces the purchase of new clothes and disposal of clothing, which means less waste.
3. "Long Live Fashion": the Vintage revival. Vintage clothing is a way of reducing the amount of clothing that is disposed of and ends up in landfills.
4. "Innovative Recycling": looking at waste as value. The industry is starting to create incentives for consumers to participate in the recycling of clothing.

According to these trends, consumers will increasingly want to know the origin of the clothes they buy: where they are manufactured, with what materials and by whom. The consumer will be immersed in the entire process from the time the garment is designed until it is purchased. Their behavior will be defined by the following rules:

1. Oppose fashion produced in supra-industrial quantities.
2. Look for craft products to support small businesses, fair trade and locally made garments.
3. Promote the recycling of clothing by buying second-hand or vintage clothing and donating garments that are no longer used.
4. Choose clothes made with sustainable materials and produced ethically.
5. Include classic clothes in our wardrobes that last longer.
6. Make our own garments: repair, customize and alter to lengthen their life.
7. Reduce clothing consumption: do not buy compulsively but choose special clothes of the highest quality.

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