



Environmental Sustainability in Fashion Industry through Sharing Economy

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ABSTRACT

The fashion industry is among the leading global pollution contributors. Overproduction and underutilization of clothes have resulted in a phenomenon of environmental pollution through the release of toxic gases and dumping. The sharing economy offers an incredible solution to the problem. Renting clothes utilized for special occasions instead of purchasing new ones can reduce pollution created by the continuous production of new ones and premature dumping. The Business Model Canvas provides an overview of how the sharing economy can be implemented in the fashion industry.

Keywords: Sharing economy; environmental sustainability; fashion industry; sharing economy in fashion; sharing economy and sustainability; benefits of the sharing economy; fashion and pollution; pollution in the fashion industry.

1.1 Introduction

The sharing economy is soaring at a time when the world is experiencing climate change. Experts have pointed out many factors leading to climate change, especially the key contributors to global warming. The sharing economy provides efficient ways of dealing with many climate change contributors. The fashion industry is believed to be a major contributor to land and air pollution. It also attracts inordinate social and environmental costs. It is indicated that the impact of the fashion industry is observed in human rights, carbon emissions, water use, pollution, and gender inequality sectors, according to an update provided by Geneva Environment Network (2021). The challenges arising from the fashion industry are expected to increase since the production rate of garments continues to skyrocket. The application of sharing economy in the fashion industry provides a solution to reduce the overproduction of new clothes, and by extension addresses the negative implications of the same.

1.2 Significance of Sharing Economy in the Fashion Industry

The choice of sharing economy as an intervening model in the fashion industry is geared towards achieving environmental sustainability. The sharing economy is a pathway to eco-fashion. Technology, the key enabler of sharing economy is going to reduce the actors, activities, processes, and products in making clothes. The resultant effect will lead to safeguarding ecological integrity, animal welfare, social justice, and equity. Through sharing economy, clothes lending will take place thereby discouraging short-term clothing purchases. For instance, it will limit the habit of buying clothes for special events and never using them thereafter. The alternative will be to rent the garments. Targeted customers include women who are moved by certain fashion trends, tourists who want to test different clothes on different days while visiting places, celebrities who want to be seen in different clothes every time they make a public appearance, and brides and grooms. Many clothes owned by these people are not put to proper use and they mostly end up in dump sites or are burnt.

The sharing economy model encourages retailers in the fashion industry to exploit digital technology and shift from the conventional way of doing business. Understandably, the mode of business operation is profitably sustainable. However, it is a dangerous path to take. It ignores the industrial environmental impacts. Research conducted by The United Nations Economic Commission for Europe (UNECE) in 2018 indicates that human beings contribute 10% of carbon emissions. The research also shows that the fashion industry is responsible for polluting streams and rivers and drying up water sources. Even worse, 85% of textiles produced annually end up in dump sites and a significant amount of microplastics end up in the ocean.

The applicability of sharing economy in the fashion industry can be very impactful. Sustainability will occur when consumers become more financially and environmentally conscious (Jain & Mishra, 2020). Several business models and innovations can be applied to make it a success. Sharing economy will lead to the reduction of waste released into the environment, but the people to implement it are the consumers. Therefore, one way of marketing will be educating people on the need to shift from the traditional fashion industry to the models supported by the sharing economy. Everyone is encouraged to take part in environmental conservation. However, most youths are unaware that increasing clothes utilization by renting some is a way

of conserving the environment. The fashion industry can operate like Airbnb and Uber whereby people rent space for short-term use instead of buying it.

1.3 Implementation

The business boom in the fashion industry is worrying and the impact on the world is huge. However, the sharing economy provides hope for a drastic reduction in the production of clothes. It will hinder underutilization that results from hoarding clothes. The Business Model Canvas (BMC) template is

The Business Model- Economic Layer (Fashion Industry)



an important tool for demonstrating the successful implementation of sharing economy in the fashion industry. Its features include key partners, cost structure, key resources, key activities, value propositions, revenue streams, customer relationships, and customer segments. All the items interlink for business success. The figure below shows the BMC template that will be used in the implementation process.

In the fashion industry, the availability of ready-made or custom-made clothes is key, and the time to purchase the clothes should be flexible. With digital platforms created by businesses in the fashion industry, it is easier to reach out to many potential customers (Meraviglia, 2018). Social media platforms are marketing tools that can be used, but before the marketing process is done, there are fundamental factors that must be addressed. They include key partners who are manufacturers of cloth-making machines and cloth material suppliers. Businesses must identify companies to work closely with to achieve sustainability. People expect clothes to be cheap in sharing economy because of narratives that are being propagated. For clothes to be affordable, there must be mass production. The produced garments will be shared by different clients since they will not be buying them, but rather, renting them to use and return after the agreed time is over. Therefore, machines and materials will be needed.

There are specific clothes that will be rented and the rest will be sold. Retailers in sharing economy should identify the type of clothes that are usually used on rare occasions and start lending them rather than selling them. Having permanent owners of clothes that are rarely used leads to overproduction, and the impact caused to the environment is huge. Further, it leads to the overutilization of scarce resources. Some clothes that fall in this category include gowns used by brides during weddings, costumes used by tourists to celebrate diverse cultures, expensive clothes used by celebrities while making a special appearance to their audience, and some trending fashions that women prefer to have for a particular time.

Identification of clothes in sharing economy should be informed by empirical data from studies conducted through social media and other digital platforms like company websites. Data will provide information concerning diverse and universal consumer clothing preferences. Businesses are urged to have questionnaires posted on their social media accounts and websites to attract potential customers to share their views on the kind of clothes that they would like to be produced and shared. The participants should also be able to share their locations to facilitate the mapping of regional preferences. Such information allows businesses to know the kind of clothes to produce individual regions.

The fashion industry will use the principles of sharing economy that are used by businesses like Airbnb, Uber, and bicycle-sharing but are also applicable to conventional businesses. For instance, the overall cost of running a business will have to be estimated. The costs will include the costs of labor and raw materials, sales commissions to employees, rent, and business licensing costs. This information is included in the BMC template under the cost structure. Without understanding the amount of cost needed, it is very hard to run the fashion industry. For example, when dealing with employees whose payment is based on commission, firms need to know how the commissions will be paid. The cost structure is there to ensure that the business is sustainable since it informs revenue streams. The cost structure indicated in the BMC template can be sustained and the environmental impact is low because most clothes will be shared.

The key activity of Airbnb is to offer affordable accommodation whereas Uber connects riders with Uber drivers (Yaraghi& Ravi, 2017). In the proposed fashion industry, key activities will be selling and renting clothes. Much emphasis will be put on renting clothes to promote environmental sustainability. Although there will be selling of clothes, the business will emphasize discouraging some clothing purchases to prevent underutilization and wastage. Buyers will be requested by retailers to exchange their clothes for a price so that other people can rent them. Discussions will be done to

allow consumers to use platforms created by retailers in the fashion industry to share their clothes with other people. The platforms will be used by consumers to identify other consumers so that the clothes owned by people are not underutilized.

The fashion industry will have buildings, intellectual property, employees, and equipment as key resources. The information is presented in the BMC template. Buildings will be used to house equipment, provide space for key activities such as clothes making, and serve as distribution centers. Employees will be working from the industrial buildings. Since there is no space for consumer-to-consumer sharing of clothes, such transactions will be conducted virtually. The online platform will be used for facilitation and consumers will have to arrange their meetings. For business-to-consumer, the business that will be looking for consumers unless the consumer is willing to visit the facility. Clothing and clothing descriptions will be displayed online on the platform and logistic arrangements will be done by the supplier.

The fashion industry will not abandon all the strategies of the conventional business model. Accordingly, it will sell its intellectual property, empower its employees, and use efficient and effective equipment. Some fashion styles will be unique to a specific business. Such can be sold to other clothes makers to generate profits. Sharing intellectual properties prevents the wastage of clothing materials cut when trying to come up with a style (Brever, 2019). The clothing materials saved indirectly help in conserving the environment. For instance, the piece that is not destroyed will be used to make different clothing. As a trickle-down effect, water and other resources that would be used to make another material will be conserved. That is how sustainability is achieved in the fashion industry through the sharing of intellectual property.

The fashion industry is discouraged from coming up with fast fashion which lasts for a few weeks before new trends are introduced. Brewer (2019), notes that slow fashion is sustainable. Fashion is a form of art and should not be left to disappear regularly. Fast fashions can be kept for a while and then reintroduced into the market. The same clothes can be modified a bit and marketed as new fashion. Innovation should be a key facilitator in the fashion industry.

1.4 Marketing

The philosophy of doing business in the current world is changing. People no longer have to own properties that they use for short-term. The modern customer is inclined to renting assets and utilize them rather than getting permanent ownership. As the patronage and support of designers and boutique labels improve, the health of the industry also increases. The target demographic should be Generation Y and Millennials. These groups prefer access over ownership. They also have a strong stand on sustainable fashion. It is estimated that 81 pounds of clothing are disposed of in the United States every year (Benoualid, 2019). It can be argued that the disposed clothes are not fashionable. That is not true, and if true, the fashion industry should come up with luxurious clothes that can be shared.

Social media platforms contain a huge number of potential customers for exploitation by fashion retailers (Helal et al., 2018). It is through social media that the gig economy and peer-to-peer lending platforms acquire customers. The fashion industry is no different. It should utilize Facebook, Twitter, and Instagram to market its products. It can also create links that redirect consumers to download applications for use in transactions. The platforms used should also contain sections where consumers can leave comments that help businesses to strategize and improve their products and services. The main aim of marketing and improving service delivery is to make a business customer centered.

The use of emails and blogs can also serve as a way of marketing a fashion business (Desai, 2019). Customers can be asked to leave their email addresses or subscribe to the business's periodicals for updates. If customers are okay with receiving newsletters in their emails, then it can be a way of creating a loyal customer base. Lastly, marketers can use customers to reach out to other customers. This can be done through discounted referral programs. The measure can be an enabler for reaching out to many customers.

1.5 Importance of applying BMC

The BMC template has helped in laying down important items in sharing economy. It contains nine strategies, each focusing on particular fundamental issues, but in the end, they all interrelate. The BMC template included above explains how the sharing economy can enhance environmental sustainability in the fashion industry. It acts as a strategic plan that can be used as a summary of a business plan but should never be mistaken for a business plan. Since the main intervention that is being tackled by the paper is environmental sustainability, the key activities show how sustainability can be achieved. Instead of selling clothes as the main source of revenue, renting them is the main activity.

The BMC template also indicates preferred customers. In sharing economy, not every person is a customer because the business is too individualistic. The BMC indicates that women, brides and grooms, celebrities, and tourists are potential customers. The target consumers buy many clothes that they rarely use after an event. Therefore, to create a sustainable society, these people should rent clothes. Although BMC does not show how environmental sustainability can be achieved, it provides a skeleton that fashion businesses can build on.

1.6 Conclusion

The fashion industry is identified as one of the major contributors to global warming due to the emission of greenhouse gases such as carbon dioxide. Application of the sharing economy in the sector will lead to a reduction of emitted greenhouse gases. It will also lead to reduced dumping of clothes, some of which release pollutants that end up in large water bodies. The BMC template is important in creating a foundation for any business before implementation. For instance, in the fashion industry, it highlights important items that can help in achieving a sustainable environment by lending clothes.

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