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## How to ensure sustainability is more than a slogan

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The annual Integral Conversation conference organised by Hong Kong-based textile and apparel giant Esquel Group this year heard how brands such as Patagonia are making sustainability more than a slogan.

For years, sustainability has been a buzzword across the fashion and textile industries. But exactly how can good environmental and labour practices be integrated into businesses to create profits and boost efficiency, rather than leave 'sustainability' as a slogan on a company homepage?

That was the challenge facing speakers at this year's Integral Conversation conference organised by textile and apparel giant Esquel Group in Guilin, southern China last month, where speakers from different industries, including fashion, healthcare and education, shared their experiences and opinions.

For Geoff Yang, Esquel's non-executive director and a founding partner of the US investment firm Redpoint Ventures, which bets on startup tech companies, the rise of the so-called 'sharing economy' is giving impetus to the realisation of sustainability within business and management practice.

"It improves productivity and efficiency through sharing resources. That's why we see services like cloud computing and ride-hailing services are on the rise," he says.

### Sharing economy

The fashion industry is no stranger to the sharing economy, as second-hand clothing stores have been around for decades. However it is new that brands like Patagonia are integrating such practices as a central part of their business strategy.

The American outdoor clothing brand now runs a programme that sells second-hand Patagonia clothing in US colleges and universities.

"We think there will be a whole new market that will emerge because we cannot assume we have unlimited virgin materials anymore. The planet has its limits and we will have to treat wastes in a different way. In this case the secondary market is developed to sort it out," says Patagonia CEO Rose Marcario.

Investors are already eyeing smart device-based services for flea markets. In Singapore, Carousell, a smartphone app for people selling used goods, including clothing, has completed its series B financing round of US\$35m. In China, the Alibaba Group invested more than CNY100m (US\$14.5m) this year to develop Xianyu, also an app for used goods.

Patagonia has been running an internal investment fund called '\$20 Million & Change' to finance companies that "are going to make the environment better." As well as clothing, the initiative invests in new companies in the food, water, energy and waste industries.



Set up three years ago, one of its investments has been in Beyond Surface Technologies, a fast growing Swiss company developing textile treatments for outdoor apparel based on natural raw materials.

### Recycling

Like other fashion brands, Patagonia is also a big fan of recycling. While it is nothing new that retail majors like Hennes & Mauritz (H&M) and Uniqlo have used-clothes recycling programmes in place, Patagonia relies on technologies to turn plastic bottles into clothing and other textile products.

In fact, "our polyester recycling programme achieved great success. It is scaled to a significant degree and it helps to get billions of plastic bottles out of the waste stream," Marcario notes. The US military, she adds, requests supplies of products – including textile items – made from recycled polyester.

Patagonia often works with technology companies, universities and even governments to innovate within its supply chain. However, as Marcario says, such developments can cost a lot of money. But are customers willing to pay for the extra green price?

Quite likely if a brand manages to connect with its customers at all levels, Marcario says. "Our customers are interested in buying a Patagonia wetsuit made of no petroleum-based materials but organic cotton. They are interested in what they can do to contribute to make things better," she explains, adding consumers might choose to buy something that cost a little more because they believe in the values behind the product.

"I think this is very important and we are seeing more young people coming to our brands," Marcario says.

Investor Yang agrees, saying it is vital to raise general awareness of sustainability so "customers view it as an attribute while they buy from brands, because they associate themselves with the brands."

Yang also adds that the reason Patagonia keeps winning over consumers despite its relatively high prices is that the company knows how to tell a story to make sustainability a part of its core values and to make it genuine and consistent with the brand.

"You cannot just tell people you make a sustainable product. It is meaningless if there is nothing behind it," he says.

### Greener supply chains

As an investor who has seen different projects across industries, Yang stresses the trend of mass customisation among manufacturers, including clothing makers, saying this promotes good green practice.

"Manufacturing lines are becoming smaller and faster, and technologies allow people to do customisation such as simple things like sizes and colours," he explains.

Esquel, for example, in October launched a new shirt brand called Determinant. The shirt is available in 16 sizes in its own online store at the Chinese e-commerce platform JD.com, compared with the standard three or four sizes sold for many off-the-peg brands.

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Yang says mass customisation can lead to less waste and better customer satisfaction overall.

And this kind of holistic practice is certainly what Patagonia has been developing – looking at greening its supply chain from design to production. "We look at the problems with certain fibres and fabrics and everything else that goes into our product," says CEO Marcario. But she also admits that even with support from suppliers, challenges remain.

"Organic cotton supply is one of the biggest challenges for us because we continue to lose the topsoil to grow organic cottons. We are very concerned about soil health. We'd like to see all parties join us on the journey of organic cotton."

#### China challenge

Another challenge is the China market. While Patagonia is no stranger to international markets, sales in China have been flat of late, and only account for about 10% of the company's total revenue.

The reason is that the company has been cautious about expansion and uses only one partner in the country, although Marcario says she believes there is huge potential in the market.

"Every market has different environmental issues they are dealing with, and every market is in a different level of environmental philanthropy, which we are most connected to. So we chose a trusted local partner who shares our values to approach the market carefully," she says.

Separately at the sidelines of the event, Esquel CEO John Cheh told just-style that the company is continuing to innovate to improve efficiency and productivity.

#### Original article:

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