



**BoF Professional** Member Exclusive: articles & analysis available only to you. [View the archive.](#)



THIS WEEK IN FASHION

## How Sustainability Became Fashion's New Battleground

BY BOF TEAM

SEPTEMBER 27, 2019 17:11

The industry has long treated climate initiatives as a secondary concern, but as scrutiny from consumers and regulators heats up, finding a way to strike the delicate balance between environmental impact and growth is becoming a business imperative.

*Hello BoF Professionals, your exclusive 'This Week in Fashion' briefing is ready, with members-only analysis on the key topic of the week and a digest of the week's top news.*

**LONDON, United Kingdom** — During normal times, the world's largest fashion companies treat fashion week as an opportunity for their star designers to duke it out in a sometimes brutal seasonal popularity contest.

This September, big fashion faced off over its sustainability actions. At the culmination of a month of shows in Paris this week, climate was front and centre.

Companies' actions ran the gamut from token gesture to major policy shift, but there's no denying the tangible influence that climate concerns are having on the industry.

In New York, Gabriela Hearst ran a carbon neutral show; in London, Burberry Group PLC did the same, offsetting the emissions generated by models and guests travelling specifically for the event; Dior's Maria Grazia Chiuri transformed her show space into a forest of trees that were later replanted in sustainability projects around Paris; industry associations including La Fédération de la Haute Couture et de la Mode and the British

Fashion Council made fresh commitments to working towards a cleaner industry.

In Paris this week, fashion titans LVMH Moët Hennessey Louis Vuitton and Kering SA were pitted against each other, as the owner of Louis Vuitton, Dior and other luxury houses gave a combative update on its climate actions just days after Gucci-owner Kering announced plans to go carbon neutral.

Fashion's sustainability wars are taking place against a backdrop of mounting global concerns over slow progress in efforts to halt climate change. A new United Nations report issued this week warned that climate change is heating oceans and altering their chemistry so dramatically that it is threatening sea life, fuelling hurricanes and floods and posing profound risks to coastal populations. The last four years are the four hottest on record.

[Can Stella McCartney Change LVMH From Within?](#)

[Can Influencers Sell Beauty Better Than Brands?](#)

A speech by teenage climate activist Greta Thunberg has succeeded in competing for column inches in the same week Democrats announced they were launching an impeachment inquiry against President Donald Trump and the UK's Supreme Court ruled that Prime Minister Boris Johnson acted unlawfully when he suspended parliament just weeks ahead of the scheduled Brexit deadline.

Fashion's role in contributing to the world's climate woes is becoming increasingly inescapable. Behind the glitz and glamour, the industry is a problematic tangle of waste and pollution. Clothes are often made from oil-based fabrics or water-intensive crops like cotton. Manufacturing frequently involves toxic chemicals and energy-intensive processes. Vast quantities of discarded clothes end up in landfill every year.

Consumers and regulators are beginning to pay attention. Earlier this year, French President Emmanuel Macron enjoined Kering Chief Executive Francois-Henri Pinault to build an industry coalition to tackle fashion's climate impact. This September, London Fashion Week was upstaged by a series of photogenic protests by environmental activist group Extinction Rebellion. Investors and executives are becoming increasingly vocal about the importance of catering to a new generation of consumers who expect companies to demonstrate their products have minimal negative impact on the environment.

In a challenging retail environment, it's a complex problem for brands to tackle. There's a fundamental and intractable tension between the economic imperative to pursue growth and ethical commitments to reduce impact. To make fashion more sustainable often requires upfront investments in improving supply-chain processes or developing new technologies. The pay off can be uncertain and long term in a highly competitive industry where many companies are simply struggling to stay afloat. Though consumers say they care about the environment, it's not clear if they'll pay to make sure it's protected.

Even for those doing well, squaring the circle between the image of excess and indulgence sold by the luxury sector without hurting the planet is a particular challenge. Kering has been one of climate's most progressive advocates and has worked diligently to measure and reduce its footprint, but its growth has outpaced those initiatives. In a highly competitive environment, it's hard for companies to commit to costly changes that others are not compelled to follow by regulation.

It's also something companies can't ignore anymore.

Social and environmental policies are becoming an increasingly essential part of a company's strategy and an important risk-mitigation tool, buffering companies against consumer scrutiny, investor concerns and potential regulatory change.

If the industry doesn't step up, it is likely governments will step in and provide a blunt resolution to the tension between responsible operations and growth. Regulatory scrutiny of the industry is increasing and France is on course to ban the destruction of unsold goods, a common and controversial practise within the industry.

Brands that are taking steps to measure impact across supply are likely to find themselves out ahead in putting together credible and targeted action plans to tackle fashion's climate problems in the most efficient and economic manner. They may also end up out ahead on new retail models gaining traction like resale and rental.

It's an issue for which there is no quick fix, and the battle lines drawn up today will take years to play out. But in fashion's new climate wars, brands can't afford to lose. Such pressures are already playing out with dramatic effect in other industries. Take the rise of electric cars' impact on the automotive sector, or the increase in renewable energy's impact on coal.

"The [fashion industry] is right at the heart of that disruption," Mike Barry, former director of sustainable business at Marks & Spencer, told a sustainable fashion round table hosted by eco-focused brand Deploy. The changes this will enforce are systemic. "It's not just about being a little bit less bad, it's fundamental change in the future," Barry said.

## THE NEWS IN BRIEF

## FASHION, BUSINESS AND THE ECONOMY

**Kering commits to carbon neutrality.** The French luxury conglomerate said Tuesday that it is going carbon neutral, paying to offset emissions it can't currently eliminate in its operations. The announcement comes just weeks after the company's biggest brand holding, Gucci, said it would spend \$8.4 million to offset its emissions, raising questions about why its parent company had not followed suit. Kering's moves reflect broader shifts within the industry as fashion comes under increasing scrutiny for its environmental impact.

**Richemont buys Buccellati to bolster jewellery business.** The Swiss luxury-goods maker has bought the Milan-based jeweller from Chinese investment company Gangtai Group for an undisclosed price. Bernstein Analyst Luca Solca said Richemont probably paid less than the €230 million (\$250 million) Shanghai-based Gangtai paid for Buccellati several years ago. Richemont already owns Cartier and Van Cleef & Arpels, and the new addition strengthens its position in the branded-jewellery market, which has proven a more resilient sector than watches during economic downturn.

**Gucci faces backlash for straitjackets and tax scandal.** The Italian fashion house faces possible backlash for showing straitjackets, meant to make a statement about self-expression and not to be sold in stores, at Milan Fashion Week. Model Ayesha Tan Jones held up "Mental Health Is Not Fashion" on her hands going down the runway, and posted on Instagram that straitjackets symbolise "a cruel time in medicine when mental illness was not understood," calling Gucci's use of the imagery "hurtful and insensitive." Meanwhile, Italian fiscal authorities are probing more than a dozen of Gucci's current and former executives over an alleged tax-avoidance scheme.

**Paco Rabanne debuts menswear in Paris.** Creative Director Julien Dossena launched menswear on Thursday during Paco Rabanne's Spring/Summer 2020 show, as the brand capitalises on the success of its womenswear line. The men's collection will be distributed exclusively by five retailers and in Paco Rabanne's own e-shop, with the line delivered to stores globally in December this year. The collection will be expanded gradually, with the brand targeting for at least 25 percent of its revenues to come from menswear within the next five years.

**Kering trims Puma stake, while Amazon Fashion partners on athleisure brand.** Kering has moved to reduce its remaining stake in Puma by issuing a \$550 million bond that can be exchanged for shares in the German sportswear brand. Kering still has a 15.7 percent stake after spinning off 70 percent of Puma to its shareholders last year. Meanwhile, Amazon Fashion has partnered with Puma to launch a new athleisure brand, Care Of. The line, which launched this week as a pilot collection in Europe, spans men's and womenswear, and comprises of 50 styles ranging from T-shirts and leggings to sneakers and outerwear. A US launch is planned for next month.

**Nike profit and revenue beat estimates as direct selling gains momentum.** First-quarter revenue and profit beat estimates on Tuesday as Nike's strategy to sell directly to consumers powered growth. The company's "Nike Direct" push to sell more products through online platforms such as Amazon, rather than wholesalers, has been well received on Wall Street. Shares of the Oregon-based company rose more than 5 percent to \$91.84 in extended trading.

**Boohoo profit jumps as younger shoppers fuel sales.** The online retailer, which raised its full-year revenue forecast earlier this month, said pre-tax profit rose 83 percent to £45.2 million (\$56.24 million) for the six months ending August 31. Manchester-based Boohoo has been an online success story with millions of active customer accounts across brands, drawing in more younger consumers who shop on their mobile phones and share fashion tips through social media.

## THE BUSINESS OF BEAUTY

**Ipsy's \$500 million in revenue is driven by influencers.** The beauty subscription service's business has reached \$500 million in annual revenue, more than tripling in size since 2015, thanks to its popular "glam bag" service hyped by beauty influencers and bloggers. Each month, its 3 million members pay a fee and receive a pouch with five product samples from smaller, up-and-coming brands. It also sells full-sized items on its e-commerce site. Ipsy, which does business as Personalized Beauty Discovery Inc, has garnered interest from buyers and, last year, Bloomberg reported the business was exploring options for an exit and could fetch about \$2 billion if sold.

**The \$100 tube of toothpaste is here.** The global toothpaste market was valued at \$26 billion in 2018 and is expected to reach \$36 billion by 2024, and a new crop of more decadent products is now carving out a share. Aesop's Dentifrice Toothpaste (\$17), for example, contains cardamom and wasabi extract to freshen breath. Italian brand Marvis, sold at Barneys and Sephora, has apothecary-chic packaging and flavours like jasmine, ginger and liquorice (\$12). French brand Buly 1803's fluoride-free toothpastes (\$29) are sold on Net-a-Porter. And, most recently, Kendall Jenner launched a line of oral care products called Moon, stocked in Ulta since May.

## PEOPLE

**Kylie Jenner pulls out of Paris Fashion Week due to hospitalisation.** The makeup mogul was due to launch a new cosmetics line with French luxury label Balmain at Paris Fashion Week. Jenner said on Twitter that she was sick and unable to travel to Paris to [launch the Kylie X Balmain](#) line of eyeshadows, lip liner and lip gloss at the Balmain show as planned with Creative Director Olivier Rousteing. The line is to be worn by Balmain models walking the runway for the Spring/Summer 2020 collection.

**Rent the Runway executive steps down after delivery failures spark customer backlash.** The company's head of supply chain Marv Cunningham is [leaving after a wave of complaints](#) from customers over late or missed shipments from the fashion rental service. Cunningham, who joined in October 2018 as chief supply chain officer after working at Target and Amazon, is stepping down from his position at the end of the month. In recent weeks, hundreds of customers left frantic comments on social media about missing dresses they'd chosen for events. Rent the Runway is now [refunding and giving out \\$200 in cash](#) to customers who have had their orders cancelled, even as it warned the disruptions are likely to continue.

**EBay CEO steps down amid ongoing operating review.** Devin Wenig took over in 2015 and made bold promises of returning the marketplace to prominence, but the results [have been slow going](#). Wenig has been under pressure from activist Paul Singer, who has been pushing the company to spin off some of its businesses, including StubHub and the Classifieds Group. Chief Financial Officer Scott Schenkel was appointed interim CEO, while the company seeks a permanent candidate. Shares fell 1.6 percent in early trading in New York.

**Ted Baker taps Debenhams executive for CFO.** Rachel Osborne, a retail industry veteran with more than two decades of experience, [will join](#) Ted Baker once a date is agreed for her exit from department store Debenhams, where she is also chief financial officer. She has been at Debenhams for only a year. Debenhams said its current Group Finance Director Mike Hazell, who has been with the company for nearly a decade, would replace Osborne. She is leaving at a time the group is going through a restructuring under company voluntary arrangement.

## MEDIA AND TECHNOLOGY

**Vox Media Acquires New York Media.** The group behind New York Magazine, and home to websites The Cut, Grub Street, Intelligencer, The Strategist and Vulture, has been [acquired by Vox Media](#). Neither company would disclose the value of the deal. While consolidations in media typically mean cutting costs, the companies announced plans to bring a print magazine, websites, a podcast and streaming television deals together into a modern media company. New York Media is said to have been losing as much as \$10 million a year before a recent upturn.

**Louis Vuitton partners with Riot Games for e-sports tournament.** Vuitton Creative Director Nicolas Ghesquière is [designing clothing for](#) characters in the popular fantasy video game League of Legends, part of a new partnership between the LVMH unit and publisher Riot Games. The first of these outfits, called "skins" in gaming parlance, will be unveiled during the League of Legends World Championships, which end in Paris in November. It is the first time that Riot Games has let a luxury brand place designs within its games.

**Condé Nast China responds to corruption accusations against Group Publisher Paco Tang.** A leaked email from an unnamed Condé Nast China employee addressed to President Sophia Liao claimed to have "evidence of [Tang's] corruption and bribery." A screenshot of the email — posted on Weibo on September 23 — appears to have been sent to Condé Nast China names like *Vogue* China's Editor-in-Chief Angelica Cheung, in addition to top Chinese executives of global luxury brands. The message [makes several allegations](#) against Tang, including embezzlement of \$1 million to \$1.4 million in Condé Nast company funds.

**Tatler in Asia hires Joe Zee amid rebrand.** Former Yahoo Fashion and Elle Editor [Joe Zee is joining Tatler](#), one of Asia's prominent society magazines which publishes in 8 international markets, as global artistic director. The title is rebranding and hiring experienced names from the American publishing industry to get a leg up on its competitors in the region's growing luxury market. Edipresse Media Asia will be renamed Tatler Asia Group in January and is the parent of *Tatler* editions in Hong Kong, mainland China, Singapore, Taiwan, Malaysia, Indonesia, Thailand and the Philippines.

*BoF Professional is your competitive advantage in a fast-changing fashion industry. Missed some BoF Professional exclusive features? [Click here to browse the archive.](#)*

YOU MIGHT LIKE



12 SEPTEMBER 2019

### Gucci Looks to Set a New Trend on Carbon Neutrality



26 SEPTEMBER 2019

### LVMH Gets Competitive About Sustainability



16 SEPTEMBER 2019

### In London, Is Extinction Rebellion Out-Marketing Fashion?



13 SEPTEMBER 2019

### New York's Fashion Week Revamp: Did It Work?