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Strategy & Marketing Consultants

The impact of sustainability in fashion: Doing good for your bottom-line

Simon-Kucher Sustainability Study – Summer/Fall 2019

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Recent news: Sustainability is no longer an aspiration within fashion; it will continue to become the standard

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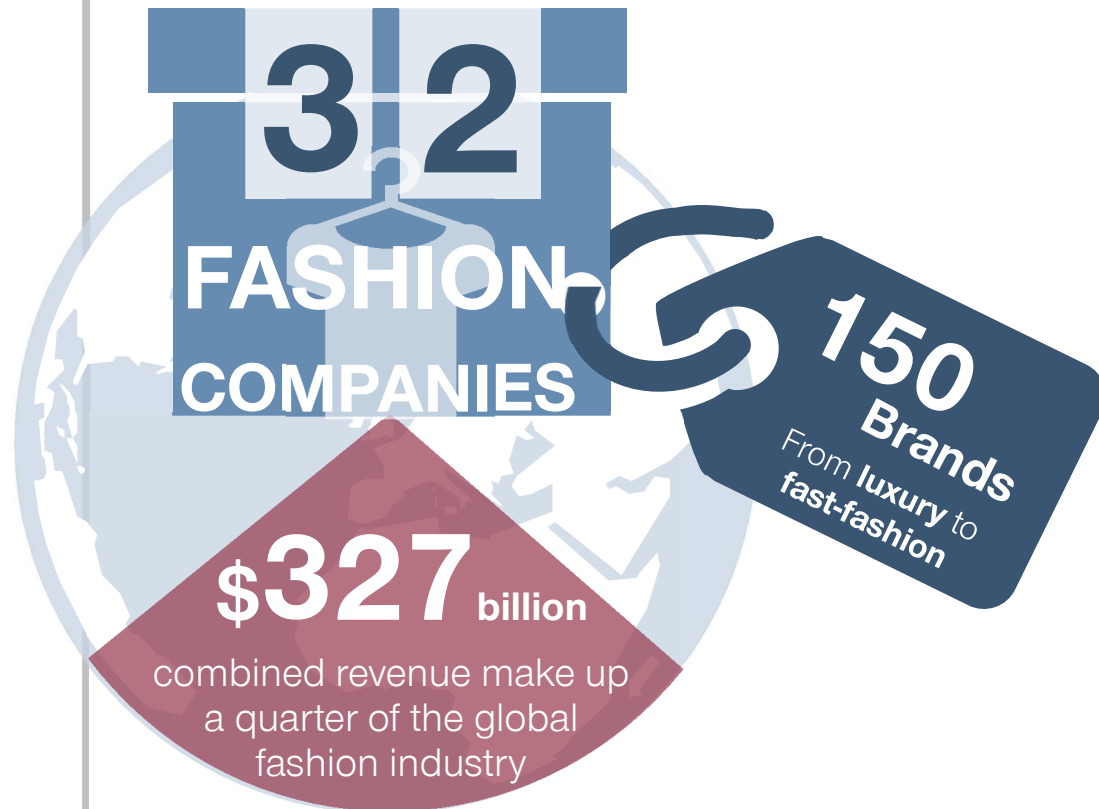
150 Brands Have Joined Emmanuel Macron's "Fashion Pact" to Make the Fashion Industry More Sustainable

AUGUST 26, 2019 1:43 PM
by EMILY FARRA



In July, Amber Valletta partnered with Stella McCartney and Extinction Rebellion to broadcast an urgent message about climate change.

Photographed by Johnny Dufort / Courtesy of Stella McCartney



Recent news: Mission-driven companies are paving the way and seeing market success; profit-driven companies are close behind

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Mission-driven

Patagonia got \$10 million in GOP tax cuts. The company's donating it for climate change awareness

By [AJ Willingham](#), CNN
Updated 11:47 AM ET, Thu November 29, 2018



(CNN) – Patagonia, the outdoor company that specializes in premium outerwear and environmental awareness, is making a big statement about climate change. A \$10 million statement, to be exact.

Patagonia's environmental actions have attracted a devoted following to the brand

How Allbirds went from Silicon Valley fashion staple to a \$1.4 billion sneaker start-up

Published Tue, Dec 18 2018 · 12:56 PM EST · Updated Tue, Dec 18 2018 · 3:03 PM EST



Allbirds' mission of simple and sustainable footwear has propelled their rapid growth in a space dominated by large brands

Profit-driven

Zara wants all its clothes to be made from sustainable fabrics by 2025

Jazmin Goodwin, CNN Business
Updated 5:34 PM ET, Fri July 19, 2019



New York (CNN Business) – Fast fashion retailer Zara is going green. All of the cotton, linen and polyester used by Zara will be organic, sustainable or recycled by 2025, parent company Inditex announced this week.

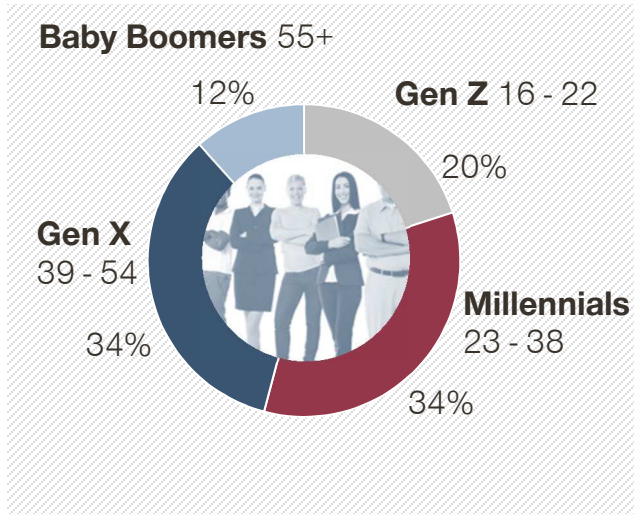
Zara's announcement cements that even the most cost-conscious brands see sustainability as a value driver

Source: "Patagonia got \$10 million in GOP tax cuts. The company's donating it for climate change awareness" AJ Willingham. CNN Business. How Allbirds went from Silicon Valley fashion staple to a \$1.4 Billion sneaker start-up". The Independent. "Zara wants all its clothes to be made from sustainable fabrics by 2025" Jazmin Goodwin. CNN Business.

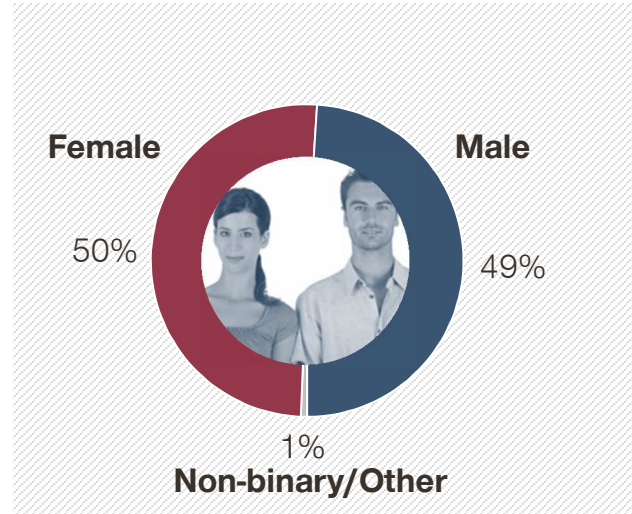
Simon-Kucher Sustainability Study: We surveyed 750+ consumers across demographics on the topic of sustainability and CSR*

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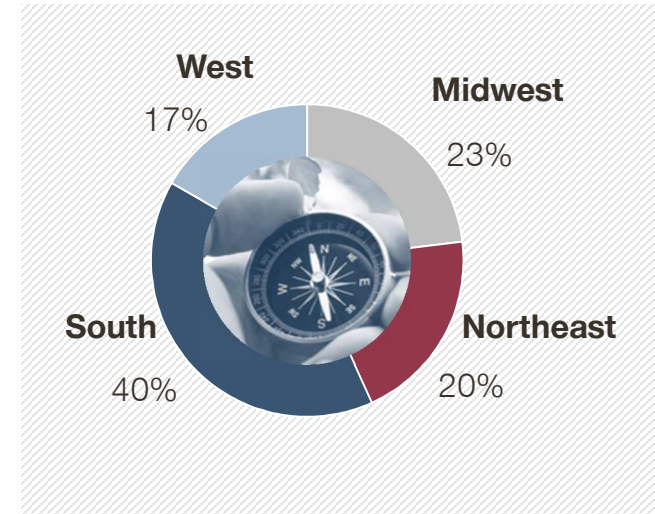
Age Demographics



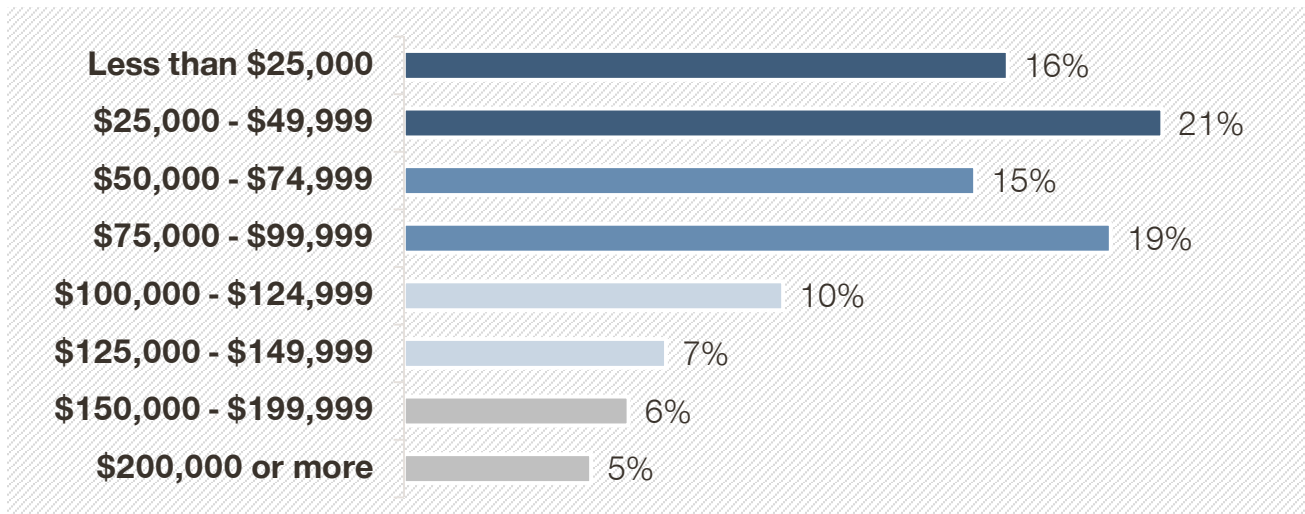
Gender



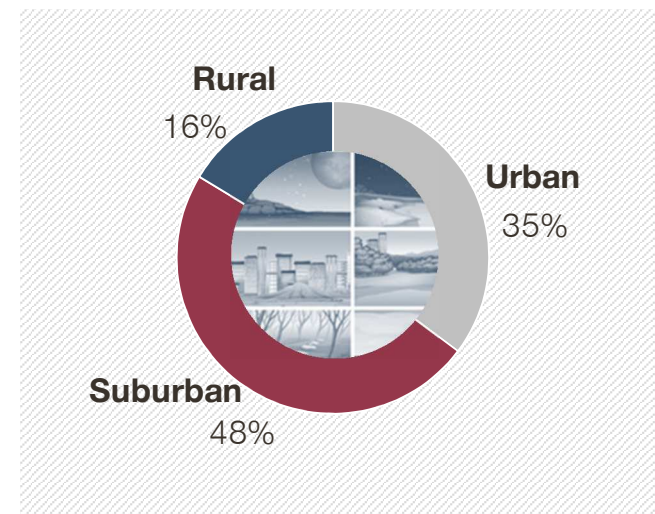
Geographic Regions**



Household Income



Urbanicity



Source: Simon-Kucher Sustainability Study – Summer/Fall 2019 (N = 789)

* Corporate Social Responsibility

**Geographic Region: Representative of relative population of each of these regions

Executive Summary:

Key takeaways

1

50% of millennials and higher income consumers are the ones that primarily seek out/research corporate social initiatives

2

Sustainability in materials/processes is a top 2 cause that consumers care about across all corporate social initiatives

3

Fashion brands can charge significant premiums for a sustainable clothing, companies built around the cause can charge even higher

4

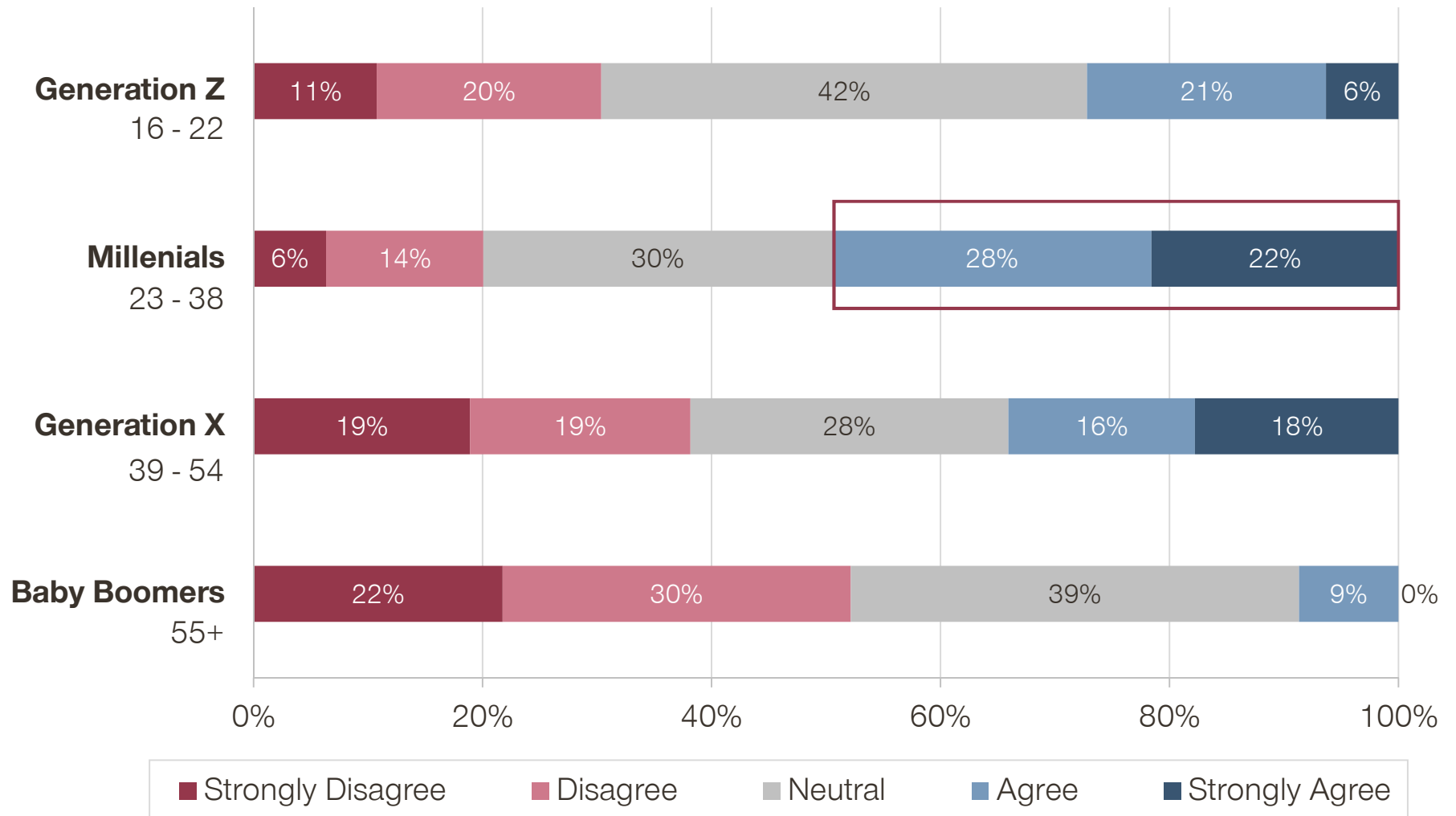
80% of Gen Z consumers are willing to pay a premium for sustainable apparel despite still being relatively new to the workforce

5

Only 42% of consumers expect sustainable clothing to contain mostly sustainable material

1 50% of Millennials actively research a company's CSR behavior

"I actively seek out/research the Corporate Social Responsibility behavior of companies"

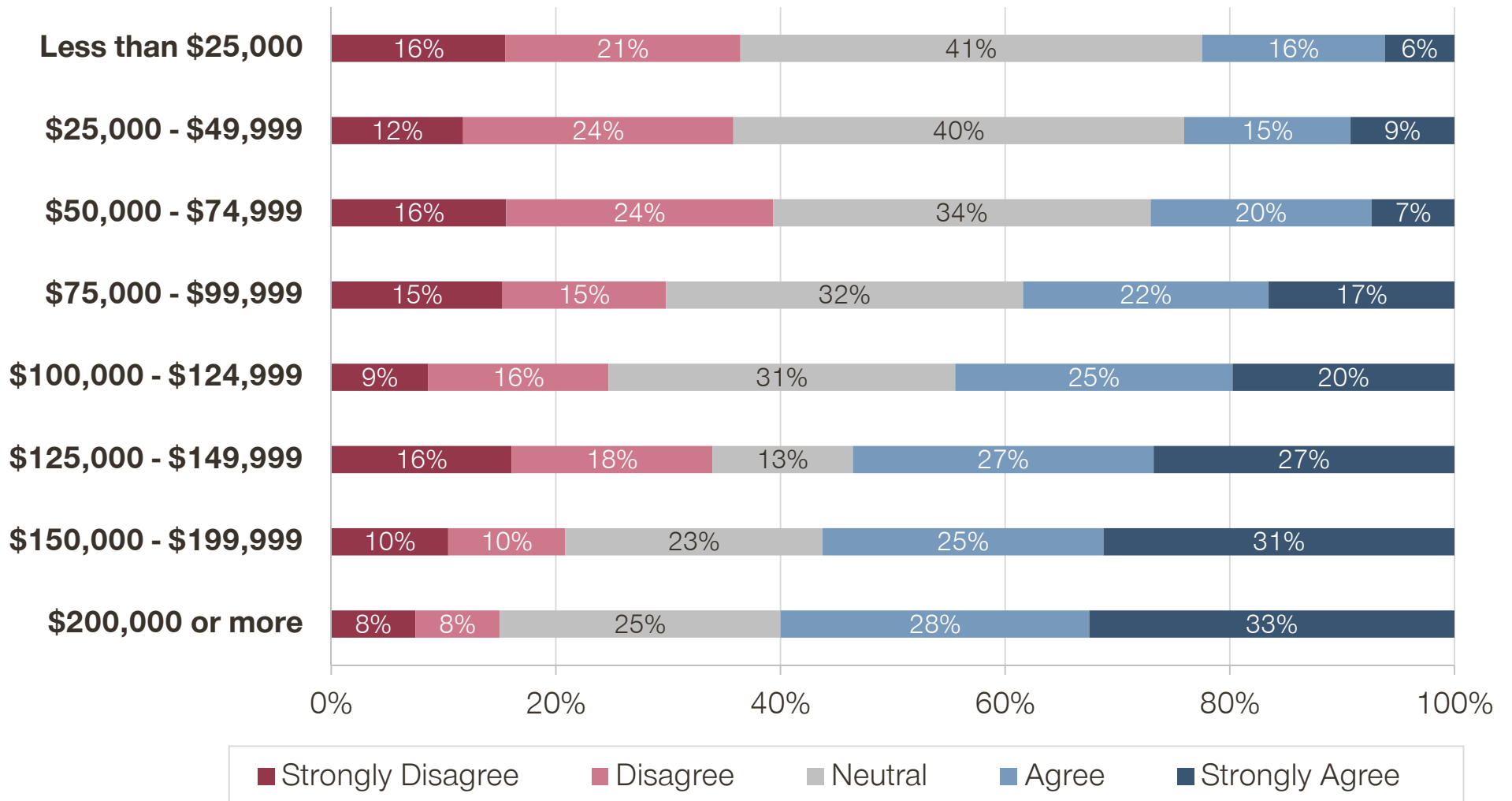


Source: Simon-Kucher Sustainability Study N = 789.
Q: Which of the following Corporate Social Responsibility causes are important to you?

1 CSR also trends positively with higher income consumers; i.e. they care more about CSR

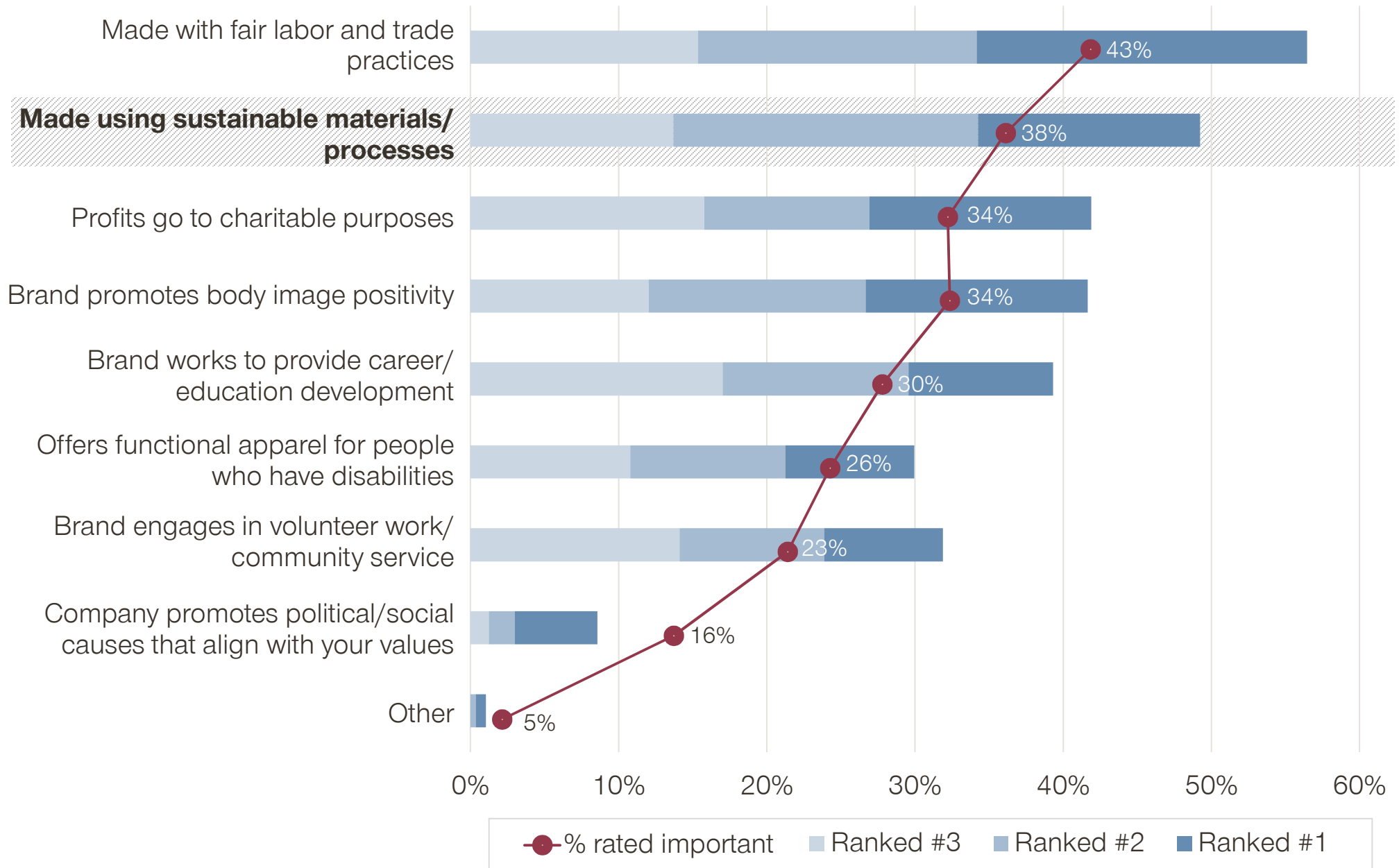
"I actively seek out/research the Corporate Social Responsibility behavior of companies"

Income



Source: Simon-Kucher Sustainability Study N = 789.
Q: Which of the following Corporate Social Responsibility causes are important to you?

2 The number one cause is still fair labor and trade practices; sustainability follows in second place



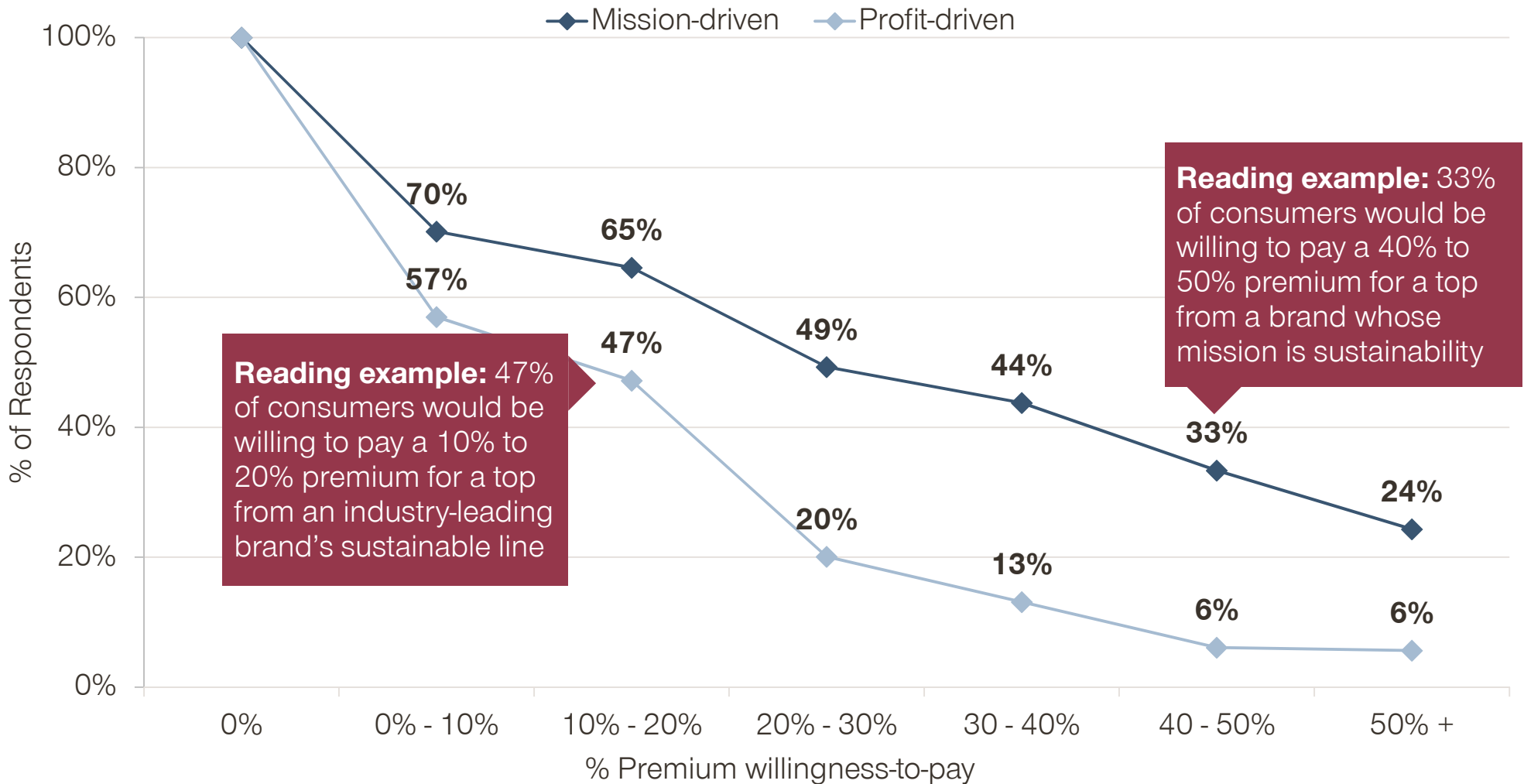
Source: Simon-Kucher Sustainability Study N = 789.

Q: Which of the following Corporate Social Responsibility causes are important to you? Q: Rank each category for how much it factors into your purchasing decisions for apparel/footwear.

3 Majority of consumers are willing-to-pay premiums for sustainability across both types of companies



Tops: % Premium in willingness-to-pay indicated by respondents



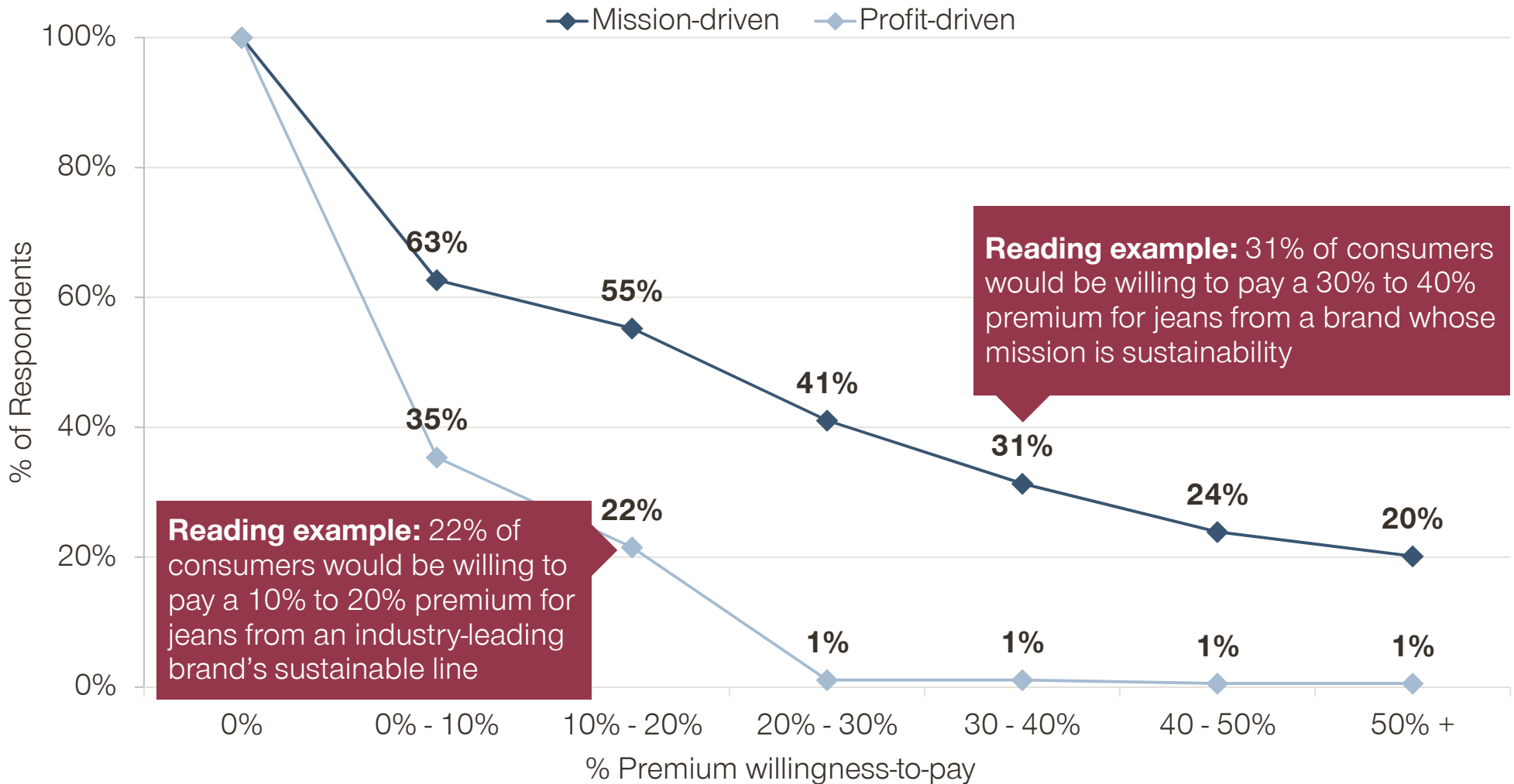
Mission-driven: An apparel company that makes sustainability central to its mission (e.g. claims by Allbirds, Rothy's)

Profit-driven: A profit-driven brand offering a sustainable clothing line (e.g. claims by H&M, Zara)

3 Premiums for sustainability are witnessed not just in tops (shirts) but also in bottoms (jeans)



Bottoms: % Premium in willingness-to-pay indicated by respondents



Mission-driven: An apparel company that makes sustainability central to its mission (e.g. claims by Allbirds, Rothy's)

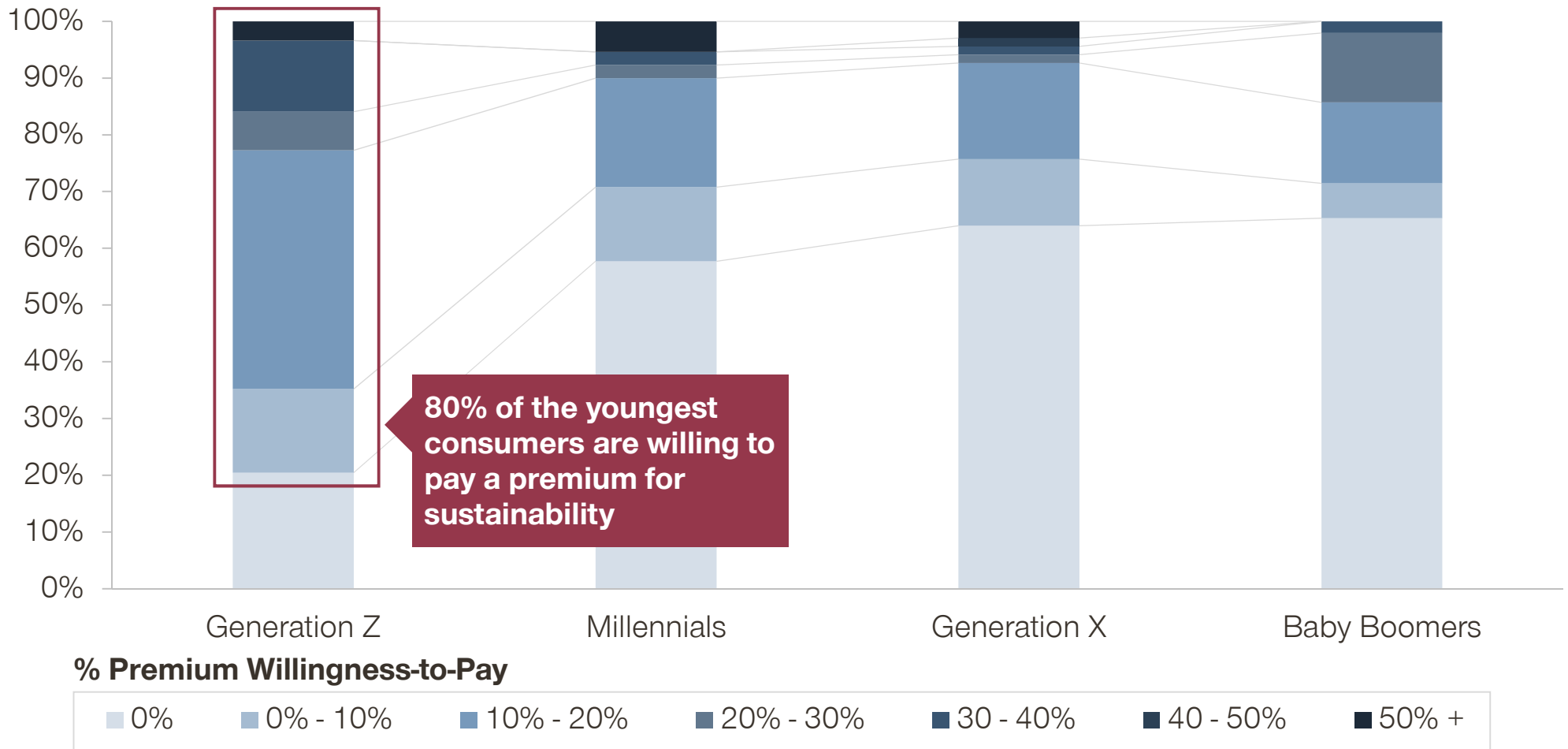
Profit-driven: A profit-driven brand offering a sustainable clothing line (e.g. claims by H&M, Zara)

Source: Simon-Kucher Sustainability Study N = 789.

4 Younger consumers have higher willingness-to-pay for sustainability despite still being new to the workforce

Apparel: % Premium in willingness-to-pay indicated by respondents

% of Respondents

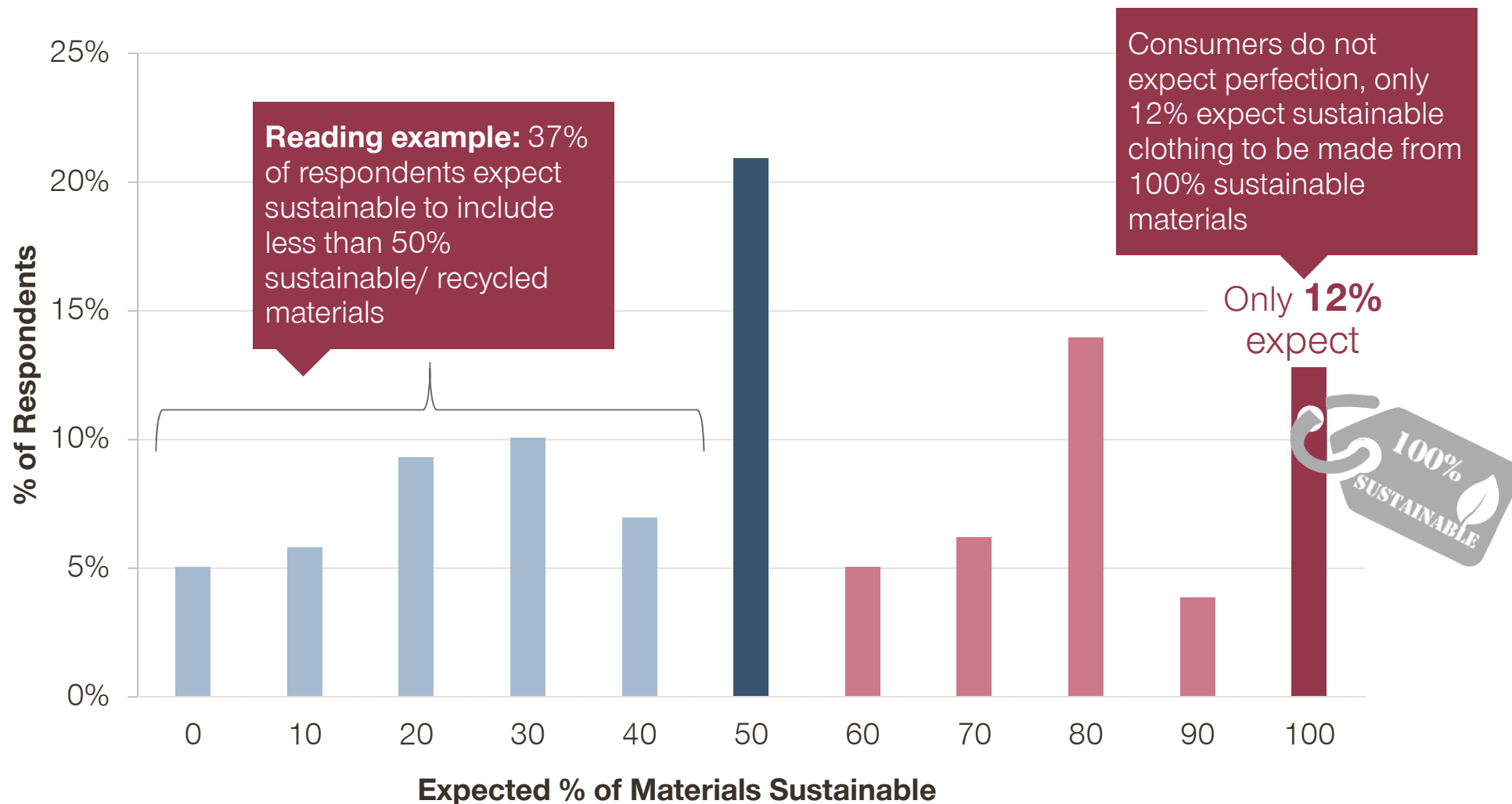


Source: Simon-Kucher Sustainability Study N = 789.

5 It is not all or nothing, expectations on what sustainability implies run the full spectrum

“What would you assume is the percentage of fabric actually made from sustainable or recycled materials?”

Distribution of Expected % of Sustainable Materials Used (Rounded to nearest 10%)









Source: Simon-Kucher Sustainability Study N = 789

Q: What would you assume is the percentage of the fabric actually made from sustainable or recycled materials?

Simon-Kucher & Partners at a glance

Best consultancy at topline improvement

<p><i>Financial Times</i> </p> <p>Marketing, brand, pricing</p> <p>1 Simon-Kucher & Partners on par with McKinsey & Company</p> <p>Boston Consulting Group</p> <p><small>Source: Financial Times, list of the UK's Leading Management Consultants, January 2018</small></p>	<p><i>brand eins/Statista</i> </p> <p>Marketing, sales, pricing</p> <p>1 Simon-Kucher & Partners</p> <p>Boston Consulting Group McKinsey & Company</p> <p><small>Source: brand eins Thema special edition: Consulting – industry report from brand eins Wissen and Statista, online survey, 2014 - 2019</small></p>	<p><i>Capital</i> </p> <p>Marketing, sales, pricing</p> <p>1 Simon-Kucher & Partners on par with Boston Consulting Group McKinsey & Company</p> <p><small>Source: Capital, survey of the best consultancies in France, 2016, 2018 (conducted every two years)</small></p>
<p><i>Forbes</i> </p> <p>Marketing, brand, pricing, sales</p> <p>Simon-Kucher & Partners</p> <p>★★★★</p> <p><small>Source: Forbes, survey of the best management consulting firms in the US, October 2016, 2018 (conducted every two years)</small></p>	<p><i>MT Magazine/Erasmus University</i> </p> <p>Strategy consulting</p> <p>1 Simon-Kucher & Partners</p> <p>Boston Consulting Group McKinsey & Company</p> <p><small>Source: MT Magazine/Erasmus University: MT1000 2018, survey of the best strategy consultancies in the Netherlands, Dec. 2018</small></p>	<p><i>Bilanz Magazine/WGMB</i> </p> <p>Marketing and sales</p> <p>1 Simon-Kucher & Partners</p> <p>Boston Consulting Group McKinsey & Company</p> <p><small>Source: Bilanz Magazine/WGMB: survey of the best management consultancies in Switzerland, January 2019</small></p>

World leader in pricing

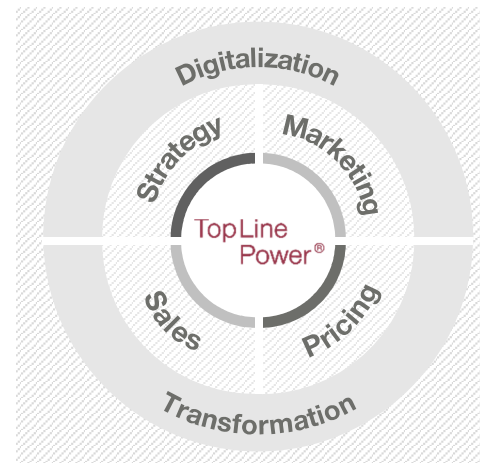
<p>World leader in giving advice to companies on how to price their products</p> <p><i>BusinessWeek</i></p>	<p>The world's leading pricing consultancy</p> <p><i>The Economist</i></p>
<p>Pricing strategy specialists</p> <p><i>The Wall Street Journal</i></p>	<p>In pricing, you offer something nobody else does</p> <p>Professor Peter Drucker</p>

Global presence

38 offices worldwide, >1,300 employees, \$360m revenue in 2018



>3,500 projects in the last three years



- Growth and competitive strategies
- Product portfolio (re-)design
- Pricing excellence
- Sales strategies and sales channel optimization
- Customer-centric digital approaches
- End-to-end transformation toward commercial excellence
- ...

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Thank you!

The Simon-Kucher & Partners Sustainability Study – Summer/Fall 2019 was designed, conducted and analyzed by Shikha Jain, Alex Crawford, Chris Moody, Jonathan Yao, Dillon Smith and Zachary Sebek

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