

Economics

The business of (fast) fashion

RecyCOOL Lessons

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The business of (fast) fashion

Description:of the lesson

With this lesson, you will get essential information about how the fashion industry is organised and the importance of transportation and logistics in the company's economic growth. You will also gain insight into your spending habits.

Objective:

The objective of this lesson is to explore how important well organised transportation and logistics are for a brand's competitiveness and economic success.

After this lesson you will be able to

- understand economic success of fashion brands
- explain economic growth in fashion industry
- comprehend the role of transportation and logistics in the garment production process

Tools and materials:

Paper, pen and some of yours recently bought fashion garments.

ECONOMIC GROWTH OF FASHION INDUSTRY

Economic growth is an increase in the amount of goods and services produced per head of the population over a period of time.



A good economy leads to a country's economic growth.
What is economic growth, and how significant is economic growth for the country's stability and prosperity?
Does it have to keep growing?

Economic growth means increasing the quantity and quality of economic goods and services that a society produces.

The 'goods and services' term means all that is useful to us; everything we have or wish to have and was produced or done by someone for someone.

'Fashion is one of the past decade's rare economic success stories. Over that period, **the industry has grown at 5.5 percent annually**, according to the McKinsey Global Fashion Index.

What is the fashion industry's job?

The fashion industry produces apparel, from everyday clothes to expensive haute couture. It has a massive impact on the global economy.

The fashion industry is a multi-billion dollar one, and it greatly benefits the economy because of the number of jobs it creates and the amount of money it generates.

What is the role of transportation in the economic growth of a brand? For brand competitiveness in the world and for its economic success, transport and logistics are vital elements for a brand's growth. **Transport logistics, transport time, and transport costs are essential in planning all levels of an item of clothing's life.**

Here we will try to explain this.

How does the fashion industry function?

The fashion supply chain consists of four levels:

- **the production of raw materials, principally fibres and textiles but also leather and fur**
- **the production of fashion goods by designers, manufacturers, contractors and others**
- **retail sales**
- **various forms of advertising and promotion**

But the fashion industry is also a pioneering case of fragmentation of the production process. **Without well-organised transportation and logistics such production will be impossible.**

The fashion industry levels, as mentioned above, are divided into specialised activities, and each activity is located as conveniently as possible. **Costs, quality, reliability of delivery, and transport costs are essential variables when choosing the production location.**

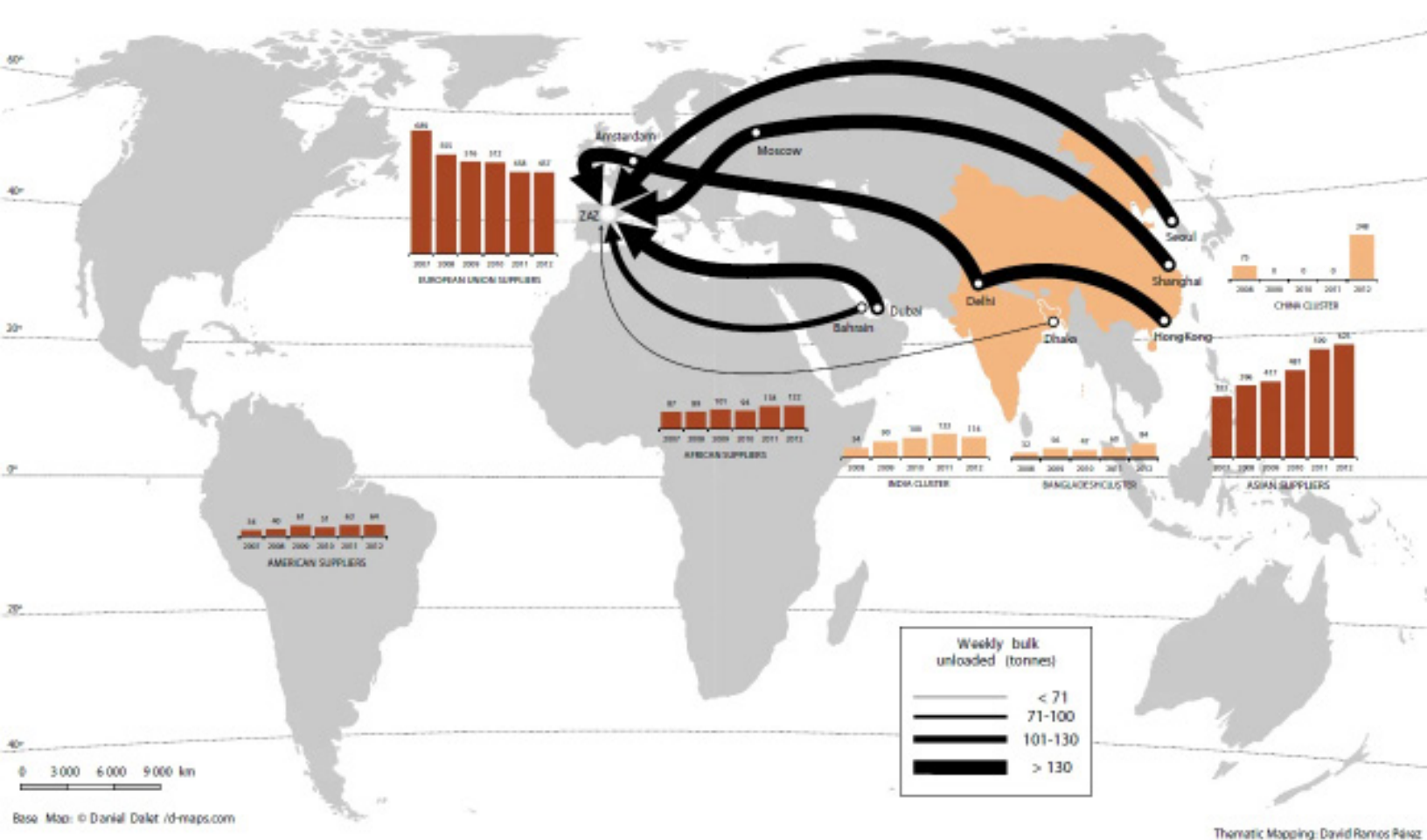


Photo credit: [David Ramos Perez](#)

Weekly cargo received regularly at the Plataforma Europa in flights to Zaragoza airport.



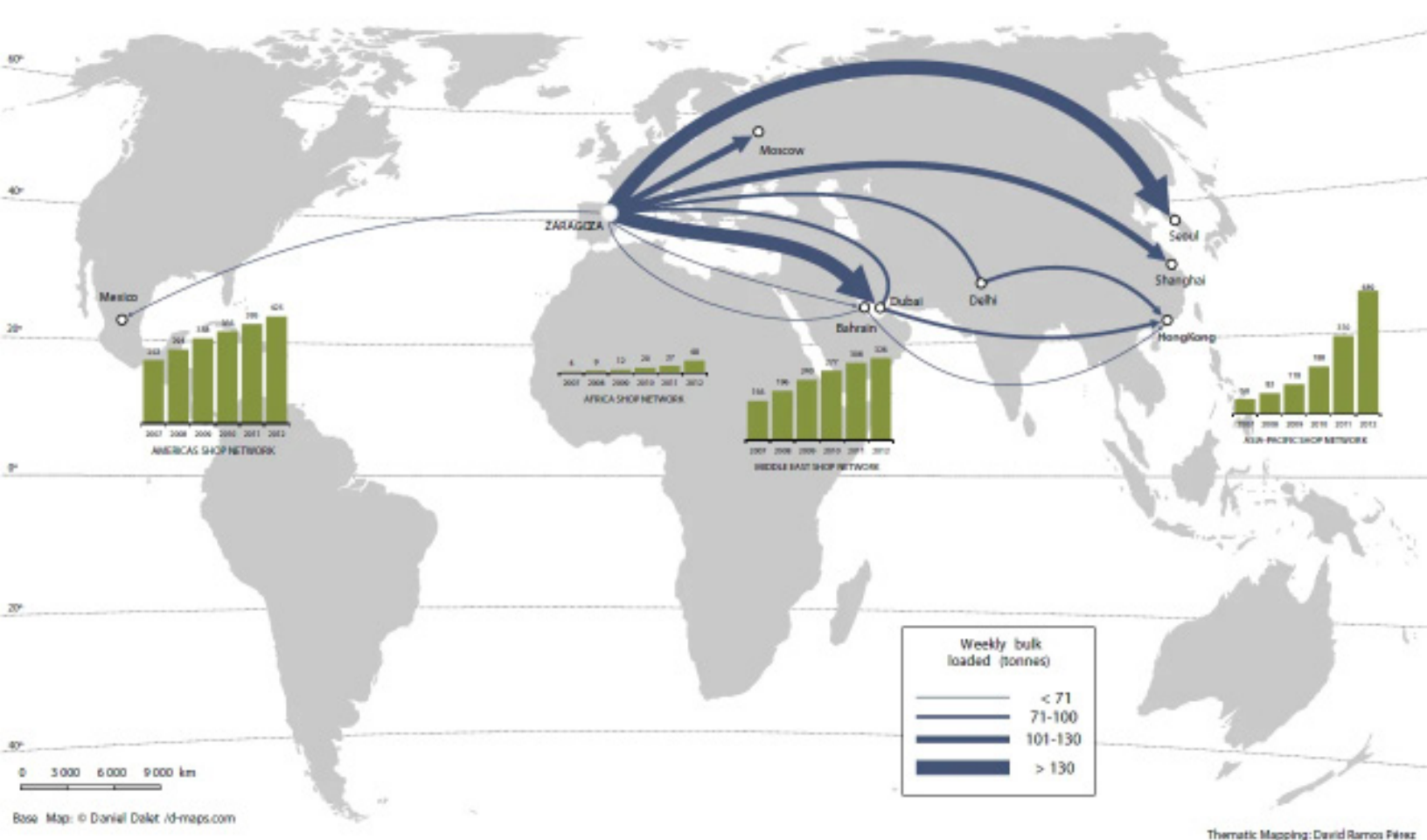
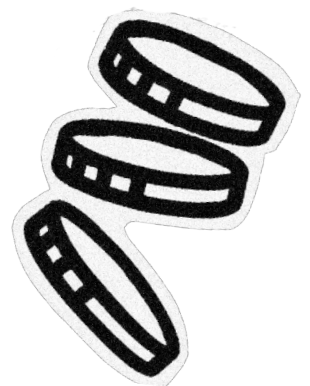


Photo credit: [David Ramos Perez](#)

Weekly cargo sent regularly at the Plataforma Europa in flights from Zaragoza airport.



The economic success of the world's famous fast fashion brands is primarily based on good logistics and transportation, as well as by putting pressure on suppliers to keep material and labour costs low and churning out garments quickly and at low prices (if you want more details on this you can find them in other lessons).

The global production network was invented for the smooth worldwide flow of information, raw materials, components and finished products. The fragmentation of the production process, or all the stages of one collection production, like purchasing raw materials, designing, cutting, dyeing, sewing, quality control, ironing, packaging, and labelling, are made where cheapest as possible.

Transportation and logistics are crucial for the brand's global production network and provide the company with competitiveness and global expansion. When the manufactured products are basic or predictable (i.e. t-shirts) and restocked only once a season, the production chain spreads more or less around the world. China, India, and Bangladesh are the brand's usual choices where all processes are very cheap, so transport costs can easily be built into the costs of production.

For the apparel of unpredictable demand, or high fashion content, the place of manufacture is not determined only by cost but by punctuality, and the quality of the service provided. So a brand may choose to source from Eastern Europe, Turkey, Mexico and the Dominican Republic, among others, due to a closeness to importers (brands) from the European and North American markets.

Task

We've learned that the role of transportation in the economic growth of the fashion industry is vital. This is why it is carefully planned. How do you travel every day? Can you plan a daily route that will be profitable economically and in terms of time?

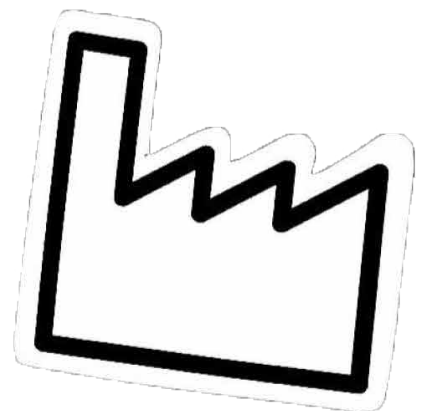
The task of this lesson is to:

- **analyse your daily travels**
- **find the way to economise your daily routes**

Firstly, write down all the places you have to go to on a regular day and the time you have to be there (school, music school, football practice, visiting family and so on).

Then, try to organise your day so you can do as much as possible in one go. The destinations that do not require you to be present at the certain time can go in between the destinations that require you to be on time.

Please consider the modes of transportation, comparing their cost and time consumption. Write down your old and new travel plans on paper and compare them. How much time and money would you save?



Note for better understanding

The garment's final price comprises many elements: the cost of raw materials with its transportation (raw materials include basic fabrics but threads, zippers, buttons, etc.), labels, and packaging. **The final price includes labour and transportation costs to the warehouse and from the warehouse to the point of sale.**

A brand goal is to optimise production costs so that the final price of the garment is as affordable as possible for the customer. Being competitive in the fashion world is a matter of speed and affordability. **Unfortunately, for this reason, brands may use unfair and unethical purchasing practices in negotiations with suppliers like squeezing the prices down to produce the garment for less.**

This means lowering the costs of labour. **These unfair purchasing practices are a key cause of unfair working conditions in facilities.** Brands may push for more clothes to be made and a lower cost, which creates a stressful environment in production facilities.

It is important that brands understand their purchasing practices have a direct impact on suppliers' ability to guarantee wages and safe working conditions.

If you want to read more about ethical purchasing practices, check out the [Ethical Trading Initiative](#). You can also [watch this video by Oxfam](#) to understand the impact of brands' purchasing practices on workers in the supply chain.

The solution to these problems lies in developing a modern approach to the fashion industry based on sustainability, innovations and collaboration.

Changing our buying habits, choosing a sustainable way of life in general and caring for people that make our clothes (including reassurance that they are paid living wages) will undoubtedly bring changes in the business decision-making of the fashion industry. **As a result of such changes is well-being for people and the planet we live on.**

Whilst this lesson focused on transportation and the economy, if you want to learn more about the impact of brands' reliance on fossil fuels, you can check out these resources:

- [Fossil Fashion Scorecard by STAND.Earth](#)
- [Dirty Fashion by Changing Markets Foundation](#)



Reflection

The impact of transportation on the fashion industry has both positive and negative sides.

Can you imagine the existence of the (fast) fashion industry without well organised transportation and logistics?

The negative side of transportation is that it also represents extensive energy use and burns most of the world's oil. It causes air pollution and contributes to global warming.

Transportation brings the development of the country's economy, economic growth and employment opportunities.

The increasing consumption which we witness is a result of economic growth.

The question is whether economic growth has to be above the population's well-being?

'It is growth that is responsible for each generation being better off than its parents' generation, economists say. "More growth is better, period," Robert Gordon, a Northwestern economist, told me.'

However, a group of economists disagrees with this thesis because they prove that economic growth does not mean a decline in poverty in the world.

Recently, a wave of change has passed through the fashion industry, driven by fundamental truths about its implications for the planet, humans and animals. An increasing number of brands are rejecting the principles of fast fashion. A more sustainable way of making clothes is becoming their goal.

Are you aware that a fast-fashion business can only survive thanks to customers?

We all have to become aware that it is not sustainable to continue supporting and feeding the growth of some individuals at the sacrifice of others and the environment.

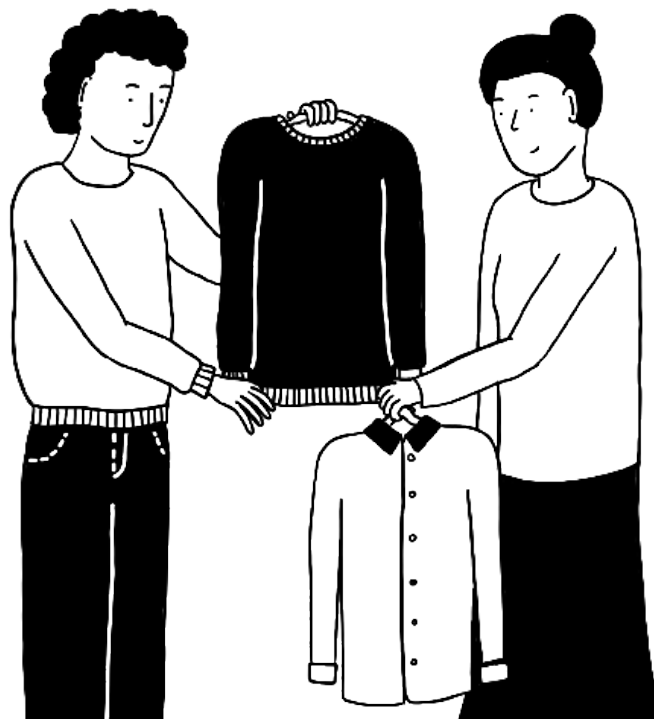
We should change our consumer habits and prefer sustainable options over cheap ones. At the same time, fashion brands should focus on sustainably producing items to minimise the harmful effects of rapid production and respect the people who make the clothes in terms of paying full and fair, living wages and ensuring them healthy and safe working conditions.

After all, it seems that everything is in our hands.

So, explore, find new facts, make a change in your habits, or in short:

BE CURIOUS – FIND OUT– DO SOMETHING

(Fashion Revolution)



Resources

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