

The Cost of Sustainable Fashion in Brown Thomas

Global Operations and Supply Chain Management

Nicole Kluck INHC BSC
4-24-2022

Contents

Introduction.....	2
Chosen Company and Industry	3
Code of Ethics.....	4
Cost of sustainability.....	5
Analysis of Leather in the BT supply chain.....	6
Postponement in the High Fashion Industry	8
Process changes to consider.....	9
Conclusions.....	10
Bibliography	11

Introduction

Fashion has gotten a bad rap over the years with its international shipping and questionable manufacturing and disposal practices. While consumer ideas and company developments are shifting this picture, we have a long way to go. But if we look at the trends of high fashion brands, the ones that set the trends, we see a shift in these habits. Brown Thomas is an excellent example of this. This essay aims to dissect the company and see just how sustainable their practices are by firstly looking at the company and products they sell, as well as the parent companies they are under. Their Code of Ethics will then be analysed, exploring the values of the company and how this follows through with their many sustainability and ethical partnerships. Costing will then be investigated to determine their price effectiveness on sustainably labelled products, and how Brown Thomas is pursuing these efforts before looking into one key product that is often met with controversy in these areas and how it can help mitigate climate change. We will then consider postponement in the fashion supply chain and how high fashion uses this in manufacturing to their benefit, and finally looking at some of the process changes they could implement to continue their sustainability quests before closing with final recommendations and conclusions.

Chosen Company and Industry

The Ireland based Brown Thomas (BT) is a high-end fashion outlet whose shops were estimated to be worth €242 Million in 2018 after a company restructuring. (Mulligan, 2018) They opened their doors in Ireland in 1849 and are owned by parent company Selfridges, hosting other brand name chains with 25 stores in 5 differing countries. (Selfridges, 2022) Of the seven Ireland based stores they have up to 1200 employees who work directly for the company, and as many as 4000 from third party international businesses. As many as 5 million customers visited their Irish stores and they hosted 35,000 online visitors in 2020. (Brown Thomas Arnotts, 2021)

Mapping out their factory bases, they have 446 workers in packaging across 7 factories, 4 of them in China, and one each in Ireland, the UK, and Slovenia. In private labelling they have 2,724 workers across a total of nine factories with four in Ireland, three in China, and one in each Egypt and Estonia. All of these are subject to quarterly reviews to analyse opportunities for improvement and further transparency efforts. The 20/21 report uncovered instances of child labour, exploitation by way of verbal abuse and excessive overtime, as well as one factory death in which was stated that until appropriate conclusions have been reached engagement with the partner would continue. When long standing reports of forced labour in a specific area of China were investigated, the company discovered that one of their suppliers did indeed use materials and labour from that location. To combat this, they installed certified sourcing schemes and essentially halted sourcing and production from that location. (Brown Thomas Arnotts, 2021)

Code of Ethics

The Selfridges code of ethics is part of their international initiation to unify teams across the company including, partners, suppliers, buyers, and groups they engage with. They have helplines available across the platform to report and solve misconduct issues amongst the group. This aids in the vision to reinvent retail and create a sustainable future for customers fostering trust and reliability in their customers. This is paired with an aspirational set of standards amongst the company to follow with corporate governance practices and engage in ethical behaviours. (Selfridges Group, 2020)

Transparency and traceability are at the core of their ethical resolutions plan. Products are set to be fully sourced by responsible and ethical producers in 2025, with environmental impact certifications to create a circular economy. Their ethical trade requirements aim to eliminate animal welfare issues, human rights with emphasis on modern slavery issues, as well as harmful environmental impact. (Selfridges, 2022) To achieve these standards, they have partnerships with multiple groups like Sedex, the sustainable apparel coalition, FSC(Forest Stewardship Council) and PEFC (Programme for the Endorsement of Forest Certification), and BCI (Better Cotton Initiative). (Selfridges Group, 2020) However, with 99% of their business coming from third party support, they recognize the risks of human labour issues are extremely high and aim for a zero tolerance policy in compliance with regulations. (Brown Thomas Arnotts, 2021)

Cost of sustainability

As a store BT are looking at sustainability issues very carefully. BT company head of sustainability compares carbon use in the world to a bank, with natural resources as a monetary value that needs to be replenished. Placing an economic figured on the natural resources, or natural capital of the earth, puts these targets into a differing perspective. The company themselves bases their carbon reduction practices and goals off science-based figures, instead of government-based tax targets, which happen to be significantly lower than what science experts recommend, meaning the true cost of their carbon offsets are included in their products on the shelf. (Maxwell, 2020)

Brown Thomas is already using sustainability efforts in packaging and shipping, but the focus here are the products themselves and the lack of solidarity used to create them when the demand for leather goods in developed countries is rising while the amount of processing in underdeveloped countries is increasing. (FAOUN, 2016) This is where BT shines in product sustainability, with leather company Kering already supplying to high fashion brands like Gucci, Saint Laurent, Bottega Veneta, Balenciaga, Alexander McQueen, and Brioni, many of which you will find in the BT stores. (Kering, 2022) In their 2020 report Kering stated as being in alignment by 73% with their standards, and a 90% leather traceability record across the board. (Kering, 2020)

Analysis of Leather in the BT supply chain

Leather goods are a staple in the fashion accessory industry, and BT prices for these products are not for pocket cash, with many handbags in the €1000-3000 range. By 2025 they plan to have all their leather products either from recycled sources or directly sourced by the Leather Working Group, a company that grades tanneries through strict traceability and protocols. (LWG, 2022) (Brown Thomas, n.d.)

Leather goods come from a highly complex supply chain. Since it is an animal product and by product of animal agriculture it starts at the farm and can travel internationally before even reaching processing. From processing plants, it is traded with global tanneries, which ship orders across the world yet again to manufacturers, that are fulfilling orders for wholesale and retailers that the products must be shipped to. (ILM, 2021)

Sustainability practices are being implemented amongst companies across the globe, managed locally by sustainability departments in the governing country and coordinated by the group under order. Of the total Kering groups revenue 52% of it alone comes from leather products. (Kering, 2020) Of nine tanneries contacted for a differing study, it was discovered that the sustainability practices for all of them were similar, with emphasis on reducing water consumption in processing followed by proper chemical management. (Moretto, et al., 2018) Tanneries in the Netherlands have placed strict environmental and labour standards, raising supplier prices. However, this historically initiated companies to change their sourcing to elsewhere like India and Bangladesh in the first place, shifting the environmental issues, not fixing them. And while sustainability initiatives are being put into place globally, they are often backed by regional industries aiming to boost sales. (ILM, 2021)

Not only is Kering paying attention to their practices and sourcing they are also proponents of regenerative agricultural practices. This is the proven theory that agriculture can not only reduce its climate impacts but reduce them completely if the carbon cycle is managed properly with water, land, and livestock. (Newton, et al., 2020) (Paustian, et al., 2020) (Rhodes, 2012) Kering aims to incorporate one million hectares of farm and range land into their supply chain by 2025, as well as work on habitat restoration projects from previously disturbed land areas, and incorporation of new plant materials in their products coming from these regenerative based farms and locations. (Kering, 2022)

Postponement in the High Fashion Industry

The fashion industry is not a stranger to postponement practices. Many in the fast fashion industry use postponement to mitigate market risks and compress order to delivery times to reduce over production. But with all the scrutiny and data piling up against the fast fashion industry the question could be opened as to whether this method of supply management is sustainable within the industry. While postponement does reduce risks in sales and manufacturing uncertainty, it does not take into consideration outlier risks like what the industry saw during Covid, leaving us with extra-long fulfilment and distribution times due to backlog and company shutdowns across the globe. (Aftab, et al., 2017)

Fashion brand Benetton is stated to have use postponement practices when releasing new runway styles. By limiting colours and styles early in the release stage of development they can deduce how much product to prepare and have it ready and shipped within 5 weeks after a new trend has released. (Kong and Allen, 2007)

However, in the quality fashion industry planned postponement may not be as relevant. High fashion brands like Gucci are not designed for obsolescence, with pieces created to be passed down for generations, and since these brands are trend setters in the industry, they essentially choose what is in style. Exclusivity keeps these products desirable, and when quantities of a certain product component are low manufacturing cost rise to reflect this. (Why is Gucci so expensive?, 2020)

Process changes to consider

While this sector of the fashion industry is considerably more ethical, there are still flaws in their system. Brown Thomas is making strong efforts to reduce their risk of slave labour involvement, but these issues are still coming up, and are likely to continue if production remains in countries of conflict and unethical human resource management. (Brown Thomas Arnotts, 2021) Price reflection on many pieces from their responsible production sources is a great step, but until these countries take the initiative to shut down practices that leave labours working for less than a living wage (Why is Gucci so expensive?, 2020) we can hypothesise that they will continue.

Localizing and relocating production to better managed countries, especially in manufacturing to reflect proper human resource management, would increase prices, but it may also slow the greater demand forcing these countries to shift their unethical production practices. Clothing company Patagonia is a great example of this, shifting to as many localized and well monitored partnerships to better manage the supply chain and reduce ethics issues within the textile industry, and they now only work with 45 different suppliers across the globe. (Patagonia, 2015)

Conclusions

Compiling all this information we can see how Brown Thomas is bringing hope to the fashion industry. Their stellar company practices and views on sustainability are as stellar as the brand names they host on their shelves and hiring a full-time company sustainability manager could soon, and should, become a regular corporate practice. With the improvements we are seeing in product material development we can surmise that leather goods are not the only way they are shaking up the fabrics industry with Kering's dedication to the regenerative agriculture sector and changes we are likely to see in the agriculture industry with other companies pushing for climate friendly sourcing. Their postponement practices are not as integral as they are in other fashion sectors, but with their practices and status in the industry they do not need to be. It could also be questioned that if product postponement needs to be implemented that we should question the sustainability of the practice itself, to get to the core of why postponement is necessary. Their process changes leave us with little to recommend, since this company is already focusing on climate and company sustainability from a holistic perspective. But we can question the efficacy of other industries from this analysis. Cheaper, in this case is not always better, and if globally we can figure out how to better support these types of companies and manage the regulations that dissipate poor practices we may be on our way to a sustained climate once again.

Bibliography

Aftab, M. A., Yuanjian, Q. & Kabir, N., 2017. Postponement Application in the Fast Fashion Supply Chain: A Review. *International Journal of Business and Management*, 12(7).

Brown Thomas Arnotts, 2021. *Brown Thomas Arnotts Modern Slavery Statement*. [Online]

Available at:

<https://bta.a.bigcontent.io/v1/static/FINAL%20BTA%20Modern%20Slavery%202021%20A4%20Presentation>

Brown Thomas, n.d. *Positive Change*. [Online]

Available at: <https://www.brownthomas.com/magazine/issue-22/sustainable-materials-positive-change.html>

Common Objective, n.d. *Fashion's Impact on Animals*. [Online]

Available at: <https://www.commonobjective.co/article/fashion-s-impact-on-animals>

FAOUN, 2016. *World statistical*. [Online]

Available at: <https://www.fao.org/3/i5599e/i5599e.pdf>

ILM, 2021. *When it comes to sustainability, the leather sector has some cracks*. [Online]

Available at:

https://internationalleathermaker.com/news/fullstory.php/aid/9657/When_it_comes_to_sustainability,_the_leather_sector_has_some_cracks.html

Kering, 2020. *Activity Report*. [Online]

Available at: <https://keringcorporate.dam.kering.com/m/68ef7bdcca533a4e/original/KERING-RA2020-EN.pdf>

Kering, 2020. *Kering Sustainability Progress report 2017-2020*. [Online]

Available at: <https://keringcorporate.dam.kering.com/m/242e491bd51cfae0/original/Kering-Sustainability-Progress-Report-2017-2020.pdf>

Kering, 2022. *Discover Kering*. [Online]

Available at: <https://www.kering.com/en/group/>

Kering, 2022. *Stage 3: Restore & Regenerate*. [Online]

Available at: <https://www.kering.com/en/sustainability/safeguarding-the-planet/biodiversity-strategy/stage-3-restore-and-regenerate/>

Kong and Allen, 2007. *Learning from Supply Chains; Benneton SpA and the apparel industry*. [Online]

Available at: http://www.kongandallan.com/en/us_pdf/LFSCBS0707U.pdf

LWG, 2022. *Home*. [Online]

Available at: <https://www.leatherworkinggroup.com/>

Maxwell, D. D., 2020. *Building A Green Future with Dr. Dorothy Maxwell, Head of Sustainability at Brown Thomas & Arnotts* [Interview] (16 May 2020).

Moretto, A. et al., 2018. *Designing a roadmap towards a sustainable supply chain: A focus on the fashion industry*. [Online]

Available at: https://re.public.polimi.it/retrieve/handle/11311/1062216/630333/11311-1062216_Moretto.pdf

Mulligan, J., 2018. *Retail figures: Brown Thomas business believed to be valued at €242m after corporate reorganisation*. [Online]

Available at: <https://www.independent.ie/business/irish/retail-figures-brown-thomas-business-believed-to-be-valued-at-242m-after-corporate-reorganisation-37643142.html>

Newton, P. et al., 2020. *What Is Regenerative Agriculture? A Review of Scholar and Practitioner Definitions Based on Processes and Outcomes*. [Online]

Available at: <https://www.frontiersin.org/articles/10.3389/fsufs.2020.577723/full>

[Accessed 2021].

No Kill Magazine, n.d. *What is regenerative fashion? Here are our fave brands*. [Online]

Available at: <https://www.nokillmag.com/articles/what-is-regenerative-fashion/>

Patagonia, 2015. *Patagonia Clothing: Made Where? How? Why?*. [Online]

Available at: <https://www.patagonia.com/stories/patagonia-clothing-made-where-how-why/story-18467.html>

Paustian, K. et al., 2020. *Climate Mitigation Potential of Regenerative Ag is Significant*. [Online]

Available at:

<https://static1.squarespace.com/static/5f90d6a90795c927511f7f1e/t/60349f967f294f10542841aa/1614061462284/Climate+Mitigation+Potential+of+Regenerative+Ag+is+Significant++Response+to+WRI.pdf>

[Accessed 2021].

Rhodes, C. J., 2012. Feeding and Healing the World: Through Regenerative Agriculture and Permaculture. *Science Progress*, Volume 95.

Selfridges Group, 2020. *Code of Ethics*. [Online]

Available at: http://selfridgesgroup.com/wp-content/uploads/2020/11/SG_COE_final.pdf

Selfridges, 2022. *SG*. [Online]

Available at: <https://selfridgesgroup.com/>

TIME, 2016. *The Developed World Is Missing the Point About Modern Slavery*. [Online]

Available at: <https://time.com/4374377/slavery-developed-developing-world-index-slave-labor/>

Why is Gucci so expensive?. 2020. [Film] Directed by Top Trending. s.l.: Youtube.