

The Next Normal | Video transcript

The future of sustainable fashion



Anna Granskog

Consumers will increasingly expect—and demand—an emphasis on sustainability from fashion brands. Circular business models won't be optional.

Sustainability and brand loyalty

Miriam Lobis: One word to describe how younger generations will change the fashion business is “sustainability.” They will have completely new demands as to what it means to be an end-to-end sustainable brand.



Miriam Lobis

Karl-Hendrik Magnus: This industry is about emotional attachment, loyalty, and excitement for brands. And we are very convinced that, in the future, brand love and brand loyalty will very much be dependent on the sustainability attributes that a brand enables or builds with its consumers.

Anna Granskog: There will be clear growth in different types of sustainable fashion consumption. One is obviously products that are made out of more sustainable materials: it could be recycled materials, or it could be lower-CO₂-impact materials, such as organic cotton instead of regular cotton. But it could also be what we call circular business models—basically, resale, rental, and to some extent, repair and refurbishment.

How circular business models could go mainstream

Karl-Hendrik Magnus: What will really move the needle on circular business models is the circular consumer experience. As soon as some brands enable great ways of returning your garments into a circular cycle—not having to carry them back to the store but having them picked up, without any hassle, at your doorstep—and with a brand actually knowing what you have in your wardrobe, bidding for that, and sending you reminders of what would be great to bring back into the circularity cycle, then the experience will become so pleasant that mass participation of consumers will happen.



Karl-Hendrik Magnus

Miriam Lobis: Imagine that your style adviser tells you, “You haven’t worn these blue shoes in a while. Don’t you want to resell them?” Then, instead of having to position them in a nice spot and having to take photos and think about the description, [an online platform] actually makes a perfect suggestion, saying, “Look, these are the shoes that you bought. These are some of the pictures of the original ones. Here’s the perfect description.” And it will just be 20 seconds, and your item is up on the platform. And once the wardrobes of millions of consumers are connected, your personal style adviser can actually find and identify the person for which these blue shoes would be the perfect addition to their wardrobe, so the reselling process will be done in a second. And that’s the moment when end of ownership really will be big scale.

Actions to take now

Karl-Hendrik Magnus: Roughly 55 percent of all levers that are in our hands to reduce emissions are actually saving money for the industry. They will, over the long term, not always be negative and only costing money but will save money. Yes, they will still require up-front investments, but they are positive in terms of payback.

Anna Granskog: Up to 40 percent of garments are not sold at full price but at some degree of discount. And some garments end up not being sold at all. Cutting overproduction in half from where it is today would make a huge contribution toward a lower carbon footprint of the industry.

Miriam Lobis: What I would ask all the CEOs in the fashion industry to do is really take that end-of-ownership thinking seriously and consider how will it disrupt their business model: How can a brand make sure that it will be well represented in that ecosystem?

Karl-Hendrik Magnus: It’s not only a need but also, I believe, a huge opportunity for this industry to reinvent itself and create things that are exciting to the consumer.

Anna Granskog: Of course, it will be interesting to see whether it will be the established players that will eventually be the winners of the circular models, or whether we will see completely new players, “born circular.” But there’s not so much time to sit and watch. Rather, it is getting to be time to take action.

Anna Granskog is a partner in McKinsey’s Helsinki office, **Miriam Lobis** is a partner in the Berlin office, and **Karl-Hendrik Magnus** is a senior partner in the Frankfurt office.

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