



What does it mean to be 'radically transparent' in fashion? Cottonbro (2020) ©

REPORT

11 Dec 20

## WHY TRANSPARENCY IS A MUST FOR LUXURY FASHION FANS

High-end fashion brands have generally not performed as well as fast fashion on transparency rankings. With exclusivity and a sense of mystique among the segment's unique selling points, luxury labels have long been more comfortable with opacity. But could consumer pressure force a change?

Location **Global**



### ⊗ Highlights & Data

- While definitions of sustainability can change and vary between brands, transparency is straightforward – and increasingly important in buying decisions
- Transparency may contradict the exclusivity that high-end brands often cultivate, but proof of sustainability may be seen as added value among consumers
- In addition to sharing details about pay and conditions across all suppliers, people want brands to be explicit about how they're tackling their existing problems
- **80%** of European consumers think that fashion brands should publish the factories used to manufacture their clothes (*Ipsos MORI, 2018*)
- **62%** of luxury shoppers would choose a brand that supports sustainability over one brand that doesn't when picking between two similar products (*Statista, 2019*)
- **52%** of Gen Yers and **45%** of Zers say they always research for background information before buying fashion (*McKinsey & Company, 2019*)

### Scope

In November 2020, sustainable fashion advocacy organisation Remake released its inaugural transparency report. Surprisingly for many, it gave Everlane, a company known for its reasonably priced basics and transparent approach, a meagre 22 points out of a possible 100, classifying it in the 'Offenders' category. [1] Michelle Gabriel, an adjunct professor of sustainable fashion business strategy at Glasgow Caledonian New York College, describes one of Everlane's factories as sounding "too good to be true." She explains how it is intentionally located deep inland in China's Sichuan province, because that's where it's workforce comes from, how it has solar panels, windows (a novel feature in many factories, sadly), and a working farm where cafeteria produce is grown. [2] Additionally, the building is LEED-certified and there are outdoor aerobic exercise machines and a basketball court. [3] Gabriel, who has 16 years of experience working with brands on sustainable supply chains and sourcing, has visited the facility herself – but why the low score from Remake? The Sichuan facility is but one of Everlane's factories and perhaps it's not 100% representative, but there seems to be more to it than that.

A portion of Remake's entry about Everlane reads: "Publishing photos of its factories tells us nothing about the wellbeing of workers, how much they are paid, or how the brand monitors conditions." [4] This comment highlights a fundamental issue in the conversation around transparency. The concept is centred around the need for full disclosure of all activities, policies, and labour conditions across the supply chain, including first, second, and third tier suppliers. So, even if a brand is doing great things in this space, "if it's not in the public domain, then it doesn't matter," says Ayesha Barenblat, the founder and CEO of Remake. [5]

Transparency is increasingly a leading consideration for people when choosing a fashion brand.

### Featured Experts

#### Michelle Gabriel

Michelle Gabriel is a sustainability strategist and adjunct professor of sustainable fashion business strategy at Glasgow Caledonian New York College. She has more than 15 years of experience in operations, supply chain, sourcing, design, and product development for apparel, product, and hospitality brands.

#### Ayesha Barenblat

Ayesha Barenblat is a social entrepreneur with a passion for building sustainable supply chains that respect people and the planet. With over a decade of leadership to promote social justice and sustainability within the fashion industry, she founded Remake to ignite a conscious consumer movement.

### Sarah LaBrecque

Sarah LaBrecque is a freelance journalist and editor based in Hertfordshire, UK. She spent 6.5 years at The Guardian on the sustainable business desk and later was a commissioning editor at Guardian Labs. She writes mainly on sustainability and parenting, and has a particular interest in sustainable fashion.

**Get in touch** if you'd like to speak to an expert from our network.

According to a 2018 survey of 5,000 European consumers, 80% think fashion brands should publish the factories used to manufacture their clothes. [6] And 52% of Gen Yers and 45% of Zers say they always research for background information before buying. [7] For luxury fashion brands, the road to transparency might be even longer than for fast fashion due to the secretiveness around 'proprietary information'. Staying silent gives them an air of mystery, which fits well into a narrative of exclusivity. However, as the 2020 State of Fashion report highlighted, sustainability is a crucial consumer concern, with "platitudes and promotional noise" from brands no longer cutting it. [8] Indeed, 45% of US luxury consumers surveyed in 2018 said sustainability was an influential factor when making purchases. [9] So, as demands for transparency grow, along with related concerns around social and environmental sustainability, will luxury brands emerge from the shadows?

----

### Radical transparency and sustainability

Some brands have embraced **radical transparency** by giving consumers a behind-the-scenes look at everything from the costs of production to the environmental impacts of their operations. "Social media has enabled a certain transparency," says Stephanie Phair, the chief customer officer at Farfetch. "You can no longer control your luxury messaging within borders." [7] But as a fundamental starting point, there's a need to define the baseline of transparency and how it links to sustainability. In the fashion context, Gabriel believes the definition of sustainability has a tendency to shift. "It's best thought of as a journey, a process, a framework – for operations, marketing, or consumer-driven choices," she says. "[It's] about improving their output to the world, generally." [2]

However, Gabriel also believes that it's almost impossible to truly achieve. "I would argue that maybe a brand can never be sustainable in the signed, sealed, delivered kind of way. That's why I like to think about it as a journey because it's a shifting definition that changes all the time as we discover new technologies and new ills or come to terms with things we've made or decisions we've put forth in the past." Transparency, she says, is more finite. It means, first of all, awareness of everything going on in your supply chain and, secondly, disclosing that information publicly. [2]

From Barenblat's perspective, labour conditions lie at the heart of both transparency and sustainability. She has spent 15 years on the inside of the industry, running the fashion vertical at international consultancy BSR, where she helped brands integrate CSR into their core business processes. Later, she worked as a buyer relations officer for the International Labour Organization. "Sustainability – the way we define it – is, first of all, intersectional. We look at environmental justice and human rights justice side-by-side," she says, explaining that brands will often separate the social and environmental sides when they are very much interlinked. "If you want to talk about gender justice and climate justice, you have to talk about how you're treating your workers in the communities where your product comes from." [5]



People expect brands to take responsibility for their entire supply chains  
Pew Nguyen (2019) ©

### Transparency pioneers

Whereas mass market fashion brands understand that they don't exist without the consumer.

as you go up the echelons. there is an increasingly pervasive mentality that brands 'bestow culture' upon the people, says Gabriel. This attitude may contribute to the tendency to remain secretive. Opening themselves up, therefore, could mean an unpleasant shake-up of their world-view. "You exist due to exclusivity. So, when you start to consider things on an inclusive basis, it really changes the dynamic in which you even think you exist," Gabriel adds. [2]

Nevertheless, some progress is being made. According to Fashion Revolution's 2020 transparency index, fast fashion brands may be leading the charge, but luxury labels are also making strides. Gucci was the highest-scoring luxury brand, with a score of 48% (the average for the 250 brands analysed was 23%). This represented an eight percentage point gain for the company from 2019, which was largely due to receiving 100% on the policy and commitments section. Meanwhile, Ermenegildo Zegna was the first luxury brand to publish a detailed supplier list. [10]

Some small challenger brands are also making waves within this space. Tengri, for example, was created with the express purpose of supplying nomadic Mongolian yak herders with a sustainable source of income. Providing a market for yak fibre over more common goat fibre, which is used for cashmere, means these herders can continue their traditional way of life. [11] Christopher Raeburn of House of Raeburn, meanwhile, has been prioritising sustainability for his entire career. One of his collections, released in 2020, consists entirely of repurposed materials with provenance information for each garment obtainable via a QR code. [12] Yet though some small brands are making good progress, the wider luxury sector is lagging. Of the ten labels that received a score of zero from Fashion Revolution, three were luxury brands: Tom Ford, Max Mara, and Bally. [10]



Factory photos don't go far enough in proving a brand's ethical creds  
Nappy (2019) ©

### Do luxury consumers care about transparency?

For luxury brands to become more transparent, there arguably needs to be demand from consumers. Gabriel believes that many luxury shoppers see sustainability as a trend, added value, or even a talking point that's often related to quality. In this sense, companies that build sustainability into their brands and communicate it well can provide luxury consumers with that talking point, helping them maintain the all-important exclusivity dynamic. She explains that this is valuable "because not every brand offers sustainability." [2] She uses the example of **Gabriela Hearst**, the Uruguayan designer who has built sustainability into her eponymous brand and is making progress towards transparency.

Like Raeburn, Hearst has introduced **digital identity labels inside her garments**, allowing customers to scan a QR code and access information about the materials used, the country of origin, production processes, and certifications. Given the choice between Ralph Lauren Purple Label and Gabriela Hearst, Gabriel says many people are probably going to choose the latter "because her sustainability stuff is a value-add to you. And it's something that you can speak to – 'Well, this gorgeous gown was made by hand'. [Sustainability is] not a divergent conversation from how anyone speaks about luxury, with its quality and its longevity." [2]

A study published in the *International Journal of Management Reviews* looked at how



sustainable luxury is marketed. It similarly found that there's a tendency for consumers in this segment to assume that a brand is practising sustainability because of the high-quality nature of the products. "Evidence shows that consumers fail to seek out sustainable luxury products, often assuming that luxury goods have few significant negative impacts and do not come from exploited workforces," it reads. Although the study concludes that luxury buyers don't generally seek out sustainability, incorporating it into messaging in a quiet, understated way could work favourably for brands. Additionally, it notes that "luxury products focused on high standards of quality with an emphasis on craftsmanship can provide a solid basis for environmentally responsible messaging." [13]



Accessible info can help convert more people into conscious consumers  
Sam Lion (2020) ©

### **Disclosure is the foundation of transparency**

The meaning of transparency for luxury brands is no different than what it means for fast fashion. It requires full disclosure – and not just the locations of their factories and tier one suppliers, but their tier two and three suppliers as well. "Publishing your tier one supply base is very important because, obviously, we want to know where your product is coming from," says Barenblat. "But we know a lot of the violations happen in tier two and tier three and at a commodity level. So, we actually need full transparency, not just what you cherry-pick. Your tier one suppliers are probably where the best conditions are." [5] [Tengri's website](#) reveals that 4,500 nomadic herders based in the Khangai mountains of Mongolia supply its yak and camel fibres. Details regarding payment for herder families are stated as well as the name of the family-owned mill in Yorkshire that weaves the fibres into fabrics.

Barenblat also believes that transparency should be worker-led rather than brand-led, with fair representation from garment workers in multi-stakeholder initiatives such as the Better Cotton Initiative, the Sustainable Apparel Coalition, and major sustainable fashion conferences. She has seen a tendency for brands to co-opt the conversation, which results in green-washing. "A lot of brands talk about publishing their tier one supply base, which [they think] somehow means they have achieved transparency and, therefore, sustainability." [5] With exclusivity and its associated opacity serving as the calling card of the luxury market, full disclosure may seem contradictory. Profit margins notwithstanding, however, a \$2,000 garment that was stitched by someone making less than the living wage isn't a good look.

Yet Barenblat frames it positively. "If you are perpetually in violation of child labour or non-payment of wages and you're transparent about that, it doesn't matter. I want to know what your goals are and how you are going to improve upon them," she says. [5] For brands such as Tengri and Gabriela Hearst, fibres come from known sources, which speaks to concepts of heritage and rarity. Hearst sources wool from her family's ranch and employs Uruguayan women artisans, while Tengri's nomadic herders gather only approximately 100g of fibre from each baby yak once a year. The people engaged in these heritage activities contribute to the noble feeling of these brands, which could, in turn, help to justify the high price points.







How can luxury brands avoid accusations of green-washing?  
Ivan Oboleninov (2019) ©

## Insights and opportunities

### ***Think small***

According to research from 2019, 62% of luxury consumers in ten countries ‘agree’ or ‘completely agree’ with the statement ‘for the same product, I would choose a brand that supports sustainability rather than a brand that does not’. [14] To capture the attention of this group, transparency will be key. But as a company grows, the concept inevitably becomes more elusive. In a previous role, Gabriel was responsible for supply chain transparency for US brand Mara Hoffman. She says that even for a small company with sustainability front-of-mind, it was still difficult to trace everything back to the fibre level. “We kept our supply chain very, very narrow in terms of materials. They needed to be regionally located, we worked with only a few mills, [and yet] it was still really, really hard,” she says, adding that multinational conglomerates face far greater challenges. “I think the industry and workers – everyone that’s really a stakeholder in this process – would benefit from more smaller companies and fewer big companies.” [2]

### ***Make it consumer-focused***

“The luxury consumer cares less about the details and doesn’t have time... to do the legwork,” says Gabriel. With this time-poor consumer in mind, brands would be wise to make their communications simple and clear. For instance, with the scan of a smartphone, a Gabriela Hearst customer has easily accessible information about their garment’s supply chain journey. Although it’s only a snapshot, it can help bring the customer on board, something that Gabriel feels has been lacking. “There’s not much to date that is consumer-focused. Everything is B2B-focused, everything is meant to empower people within a business right now. And nothing is intended to be understood by the consumer,” she says. [2] Barenblat agrees, saying: “We believe sunshine is the best disinfectant. Put it out in the public domain in a non-jargon way so the everyday citizen can understand.” [5] The websites of small brands such as [Elvis & Kresse](#) and [Tengri](#) use clear language to communicate their costs, sourcing, and ethos.

### ***Let others help shape your narrative***

Access to online information has made luxury shoppers adept at sniffing out green-washing. Brands that seek complete control over their narratives run the risk of being seen as co-opting the conversation. In the creation of Remake’s transparency report, it found that disclosure around gender and labour rights, as well as diversity and inclusion, was often lacking, with a focus on capsule collections and materials serving to distract consumers from these gaping holes. [15] Influencers such as Susie Lau, meanwhile, stand ready to bridge the gap between brands and their fans. By disclosing as much as possible across the entire spectrum of sustainability, customers and experts can make up their own minds about where a company needs to improve. And perhaps what emerges is a narrative that is more organic, more authentic, and – importantly – less opaque.

## Related behaviours

**Radical Transparency:** People want organisations to place honesty first

**Signal Cynics:** People want more than ‘brand purpose’

## Sources

1. [Remake](#) (November 2020)

2. Interview with Michella Gabriel conducted by the author

2. Interview with Michelle Gabriel conducted by the author
3. [Everlane](#)
4. [WWD](#) (November 2020)
5. Interview with Ayesha Barenblat conducted by the author
6. [Fashion Revolution](#) (2018)
7. [McKinsey & Company](#) (February 2019)
8. [The Business of Fashion](#) (November 2019)
9. [Statista](#) (April 2019)
10. [Fashion Revolution](#) (2020)
11. [Tengri](#)
12. [GQ](#) (June 2020)
13. [International Journal of Management Reviews](#) (February 2019)
14. [Statista](#) (April 2019)
15. [Remake](#) (November 2020)

## RELATED



### 2021 EXPERT OUTLOOK ON LUXURY

04 Dec 20



Can luxury brands remain relevant in an ever-changing climate? Is slow fashion the future of luxury? How are Gen Zers revolutionising the meaning of luxe? In this part of the 2021 Expert Outlook, we speak to three experts about how people are rewriting the rules of luxury.



### DEEP DIVE: LUXURY REFRESH

20 Nov 20



In the Luxury Refresh Deep Dive, we explore how high-end consumption is changing as a result of COVID-19 and consider the impact of personal values on HNWIs' spending habits in the near future. How can brands deliver the opulence they seek while being conscious of the pandemic context?



### ENTIREWORLD: TIMELESS BASICS FOR THE ECO-LUXE

20 May 20



As people spend more time at home under lockdown, loungewear is experiencing solid growth. But beyond being just a comfortable indoor option, they're becoming a status symbol for shoppers – Entireworld's pastel hues and eco-friendly basics tap sustainability-keen luxury buyers.



### HOW ARE PEOPLE CONNECTING WITH LUXE BRANDS AT HOME?

01 May 20



The widespread disruption caused by COVID-19 has forced brands in the luxury sector to rapidly rethink how they connect with customers. With high-end shoppers unable to peruse stores and attend exclusive events, how are labels adapting to stay relevant and ensure long-term loyalty?

