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Diploma Thesis

**Sustainable development and fashion industry - together
or apart? The empirical evidence analysis**

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CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

Faculty of Economics and Management

DIPLOMA THESIS ASSIGNMENT

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Economics and Management
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Thesis title

Sustainable development and fashion industry – together or apart? The empirical evidence analysis

Objectives of thesis

In recent decades numerous debates have been taken place around sustainable development and the necessity to support environmentally friendly ways of production. In this light, it becomes interesting to clarify what actions have been done with this regard in the sphere of the fashion industry, an industry that plays a significant role in the world economy. The analysis of interconnection between stated goals and achieved results, if any, becomes the main aim of this Diploma Thesis.

Methodology

The theoretical part of the Diploma thesis will be mainly based on a relevant literature review and the research of similar studies, using methods such as abstraction, inductive reasoning, analysis, synthesis, and deduction.

The practical part will rest on descriptive statistical analysis and qualitative thematic synthesis of the selected indicators and variables. The results of the conducted analysis along with the author's recommendations will be provided and discussed in the Diploma's conclusion.

The proposed extent of the thesis

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Keywords

Sustainable development, fashion industry, environment, animal abuse, economic impact

Recommended information sources

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Declaration

I declare that I have worked on my diploma thesis titled "Sustainable development and fashion industry - together or apart? The empirical evidence analysis" by myself, and I have used only the sources mentioned at the end of the thesis. As the author of the diploma thesis, I declare that the thesis does not break copyrights of any their person.

In Prague on 28.03.2021

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Sustainable development and fashion industry – together or apart? The empirical evidence analysis

Abstract

The aim of the diploma thesis is to analyze the current state of sustainable fashion and sustainable development in the fashion industry. The thesis describes the relationship between animals and the environment. There has been a lot of discussions and concerns about sustainable development and the need to support environmentally friendly production methods. The thesis is focusing on what is currently happening in the fashion industry. It identifies problems, shortcomings and exploring the sides, prospects and actions that have been taken in this direction in the field of the fashion industry. An industry that plays a significant role in the global economy and directions for further development in this topic.

The theoretical part is a review based on the literature related review about sustainability and animal use in the fashion industry. The practical part offers statistical analysis and qualitative thematic synthesis of selected indicators and variables. Based on the analysis results, together with recommendations, a set of actions is presented to promote sustainable development on this topic analysed.

Keywords: Sustainable development, Fashion industry, Environment, Animal abuse, Animal rights, Economic impact, Ethics policy.

Udržitelný rozvoj a módní průmysl - společně nebo odděleně? Empirická analýza důkazů

Abstrakt

Cílem této diplomové práce je analyzovat současný stav udržitelné módy a udržitelného rozvoje v módním průmyslu. Práce popisuje vztah mezi zvířaty a životním prostředím a také zahrnuje spousta diskusí o obavách o udržitelný rozvoj a potřebu podporovat ekologické výrobní metody. Práce se zaměřuje na to, co se v současné době v módním průmyslu děje. Identifikuje problémy a nedostatky, zkoumá strany, vyhlídky a akce, které byly v tomto směru módního průmyslu přijaty. Jedná se o průmysl, který hraje významnou roli v globální ekonomice a tato práce určuje směry dalšího rozvoje v této sféře.

Teoretická část je postavená na základě literární rešerše o udržitelnosti a používání zvířat v módním průmyslu. Praktická část nabízí statistickou analýzu a kvalitativní tematickou syntézu vybraných indikátorů a proměnných. Na základě výsledků analýzy a doporučení je představen soubor opatření na podporu udržitelného rozvoje na toto analyzované téma.

Klíčová slova: Udržitelný rozvoj, Módní průmysl, Životní prostředí, Týrání zvířat, Práva zvířat, Ekonomický dopad, Environmentální politika, Etické zásady.

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1 Introduction

The fashion industry is one of the main and largest in the world. It constitutes a reflection of society and becomes a mean of socialization, capable of influencing public opinion and social standards. Animal materials are widely used in the industry, but the process behind this use and its implications is rarely discussed. Ethics, sustainability, animal welfare are now gaining more importance in our society, which is gradually influencing the fashion industry. This topic needs to be explored and analyzed as there is a strong difference between approach, conversation and process. Over the past few years, significant transformations have taken place in the fashion industry market. The current situation is characterized by a continuing deceleration of growth rates in fast fashion, which is associated with both more conscious consumer behaviour and a natural increase in the level of competition.

There are several founders of the sustainable fashion movement who, since the founding of their label, have strived to create ethical products and have proven that there is no moral sacrifice to be fashionable. In addition to embodying sustainable fashion practices in their products, brands promote ideas about sustainability and awareness through various promotions. For example, the brand "Stella McCartney" organized a fundraiser for its latest collection to save the ecosystem of Gunung Loser, a national park on the Indonesian island of Sumatra. One of the first steps in the pursuit of fashion-conscious is to avoid the use of animal materials while adhering to a strict policy towards the use of natural fur. While not all brands are in a hurry to follow the example of their colleagues and give up animal skin. However, it is considered a huge shift in the industry that premium segments have opted not to use real fur. For example such as "Versace, Gucci, Burberry, Michael Kors, Calvin Klein, Giorgio Armani", etc. In addition to eliminating the use of animal materials, fashion brands are trying to become eco-conscious on other levels.

Through sustainable development, fashion brands seek to balance the three dimensions - people, profit, planet - for long-term success and sustainability. Organizations of all sizes across the country and around the world have embraced sustainability as a way to demonstrate their values, measure impact and results, and increase their competitive edge. They also cannot be sustainable without protecting the safety, health and well-being of their most important resource: workers. Nowadays, safety and health in the workplace

can be recognized in sustainable development strategies, but their importance is rarely emphasized. The integration of occupational health and safety into these innovative and proactive strategies provides an opportunity for transformation to create a truly resilient organization. But people also need to keep in mind that if a certain brand positions itself as sustainable, then this is not always the case. Some brands may only use the term verbally to gain consumer confidence. But in fact, they may not be such and do not correspond to the norms of this term.

This thesis includes analysis and research regarding the use of animals in the fashion industry. In doing so, it seeks to fully understand the matter, disassemble the consequences and determine whether there is a problem and how to solve it. Also, it is crucial to identify what theories could be a useful tool for companies and manufacturers who want to adhere to an ethical and transparent approach to consumers and why they are now thinking about this more and trying to change their choices, both the fashion industry and consumers, in favour of reasonable consumption in a sustainable manner.

2 Objectives and Methodology

2.1 Objectives

The main objectives of the thesis are to clarify what actions have been done with this regard in the sphere of the fashion industry, an industry that plays a significant role in the World economy. Due to the fact that in recent decades, numerous debates have been taken place around sustainable development and the necessity to support environmentally friendly ways of production. In this light, it becomes intriguing to clarify what actions have been done with this regard in the sphere of the fashion industry, an industry that plays a significant role in the world economy.

The analysis of interconnection between stated goals and achieved results, if any, becomes the main aim of this Diploma Thesis. To achieve this goal, the following research questions were formulated: Sustainable development and fashion industry together or apart? To understand how these two terms intersect and work with each other, including economics directly.

2.2 Methodology

The methodology of the thesis focused on a relevant literature review and the research of similar studies, using methods such as abstraction, inductive reasoning, analysis, synthesis and deduction.

The practical part will rest on descriptive statistical analysis and qualitative thematic synthesis based on financial and economic indicators with indicators of competitors in order to determine whether a company is performing better or worse than the industry average. Determination of individual financial ratios for a certain period is necessary to identify trends that may develop in the company. The results of the conducted analysis along with the author's recommendations will be provided and discussed in the Diploma's conclusion.

3 Literature Review

3.1 The concept of Sustainable development and fashion industry

Sustainable fashion is the process of creating, producing and consuming clothing while respecting the environment, ethically using human labour and animals, and supporting a “healthy” economy.

Environmental Responsibility for the environmentalism of products and production (use of eco-fabrics, reduction of the ecological footprint, refusal of toxic chemical paints and components, etc.)

Ethical responsibility for workers in the industry and animals (equality, working conditions and remuneration, local production, support of crafts, transparency, etc.)

The economy is responsible for building a “healthy” economy (supporting the economy of the production region, creating conditions for high labour productivity, environmental and social initiatives leading and environmental efforts, etc.)

A sustainable brand must stick to these three dimensions. If some of the directions are not developed, then the company is not sustainable. Fashion brands need sustainable fabrics, ethical and transparent manufacturing, and investing in environmental initiatives and initiatives that drive the economy and support the economy of the region in which the manufacturer is located (Mdpi, 2020). For example, the Stella McCartney brand works with Wildlife Works and the Wildlife Friendly Enterprise Network (WFEN), which protect forests and wildlife, promote economic well-being and promote conservation practices, and is a member of the Natural Resources Defense Council (NRDC), which aims to the protection of biosystems, as well as the brand employs women from economically undeveloped regions in order to improve their living conditions, and so on (Wildlifefriendly, 2014).

In turn, sustainable fashion is a whole system that includes manufacturers, distributors (brands) and consumers. All actions should be aimed at transforming the existing fashion industry, slowing down the pace of consumption, a new understanding of business and the creation of new business strategies, changing design processes as such, reducing waste from production to zero, using ethical and environmentally friendly practices. Consumers play an important role in this process, because, through their awareness, they change the pattern of clothing consumption and have an influence on the policies pursued by brands. Sustainability has a foundation, but no boundaries. This means

that each enterprise will have its own sustainability requirements. They proceed from the activity that the company conducts, as well as from its capabilities. The same can be said about consumers: for each of us, sustainability will mean something different.

Thus, within the framework of sustainable fashion, one can single out a movement that has many fans. It is called slow fashion and can be characterized as a business model of a brand, as a slow consumption of fashion products. This movement advocates slower clothing production and resource consumption, conscious consumption, reuse, recycling, smart clothing design and quality materials, rental, leasing, repair and other practices that slow down production and reduce waste (Mdpi, 2020).

3.1.1 Budget brands

Inditex

Segment: Mass market

Inditex is one of the world's largest fashion retailers with eight different brands - Zara, Pull & Bear, Massimo Dutti, Bershka, Stradivarius, Oysho, Zara Home and Uterqüe. Founded in 1963, starting from a small workshop. The first successful brand since 1980 – Zara. Identify themselves as committed to environmental responsibility including ethical and responsible standards when using animal products. Use animal products that are ethically handled on farms, in accordance with international animal welfare regulations. Do not use products of slaughtered animals that were slaughtered for the sake of skin, horns, bones, feathers, fluff, and so on. Also does not support testing of cosmetics on animals and ingredients containing the animal origin. Fur is not sold in Inditex stores. The company strictly adheres to the fur-free retail program.

Through discussions with PETA, the company has committed to phasing out a small number of products sold by their clothing brands that contain mohair so that all of their products will be completely mohair-free by the 2020 spring/summer campaign. In this way, the company has abandoned producers who do not adhere to strict standards of ethical treatment of animals. They discontinued the production of angora wool garments and the material was removed from their assortments. The leather that is used in their collections should only come from animals raised for food, not hides. (Inditex, 2020).

H&M Group

Segment: Mass market

Swedish clothing retailer founded in 1947. Has several different brands –(H&M, COS, Weekday, Monki, H&M Home, Arket, Afound, &Other stories). The industry is working hard to ensure sustainable sourcing, guided by our material ethics policy.

The H&M Group is committed to sustainable production and ensuring that social and environmental impacts are taken into account throughout the sourcing process. Production and sources of raw materials must comply with both local laws and international standards and must not lead to the degradation or destruction of ecosystems and biodiversity. Strive to ensure that the natural raw materials used in their brands' products are manufactured to promote sustainable development, respect human rights, conserve natural resources and help maintain biodiversity. Vulnerable or endangered animal species are prohibited. Cotton is bought from environmentally friendly sources. The use of organic silk also ensures that the trees are grown in an environmentally friendly way using natural and sustainable farming methods, with the same high quality.

This brand ARKET of the H&M Group was founded with the aim of simplifying the right choice and influencing positive change, informed consumer choice, sustainable fashion and inspiring people to a sustainable lifestyle. The brand uses materials from sustainable sources that are ethically sourced and certified and verified by third-party standards: Organic Content Standard (OCS) and Global Organic Textile Standard (GOTS) for Organic Materials, Recycled Standard (RCS) and Global Recycled Standard (GRS) for secondary raw materials. materials and Responsible Wool Standard (RWS) for wool (H&M Group, 2018).

3.1.2 Premium and Luxury brands

Matt & Nat

Segment: Premium

Matt & Nat is a Canadian organic and vegan accessory brand founded in 1995 with a passion for helping nature. Since the beginning of the brand, they strive not to use leather or other materials of animal origin, they use environmentally friendly materials such as cork, rubber, nylon, cardboard and bicycle tires, and also continue to experiment with materials. For example, the lining of their bags is made from recycled plastic bottles. Each season, they continue to explore new and innovative ways to be sustainable and green.

Matt & Nat position themselves as a vegan brand, so no animal products are used in their production. Headquartered in Montreal, Canada, it is an Abuse-Free Zone. Various types of vegan leather are used in production, such as PU (polyurethane) and PVC (polyvinylchloride). One of the factories is working on the SA8000 standard, and they hope that in the future this standard will become a major part of the product. They visit each factory and build personal relationships with their owners, as well as check conditions and discuss future innovations. On the last Friday of the month, employees host a vegetarian lunch, during which employees' birthdays are celebrated with vegan muffins. (MattNat, 2020).

Stella McCartney

Segment: Premium

Stella McCartney is one of the few vegetarian brands in the fashion world. The company does not use fur, feathers or leather and does not conduct any animal testing, strives to use materials of animal origin to a minimum, with the exception of wool and silk. Also strives for sustainability, taking into account the consequences of overproduction of animal products. On their website, they provide data on the negative environmental impacts of meat and leather production, the various toxic chemicals used to treat leather, and the risks to both humans and the planet. Developing sustainable alternatives is a complex process. The brand uses materials that do not contain PVC (the most dangerous plastic), due to the limited development of this industry, the company manufactures more than 50% of its products by hand. They use Eco Alter Nappa, an alternative to vegetable oil, which allows the brand to use less oil. (McCartney, 2017).

Versace

Segment: Luxury

The brand was founded in 1978 in Milan, the company Gianni Versace is one of the leading international fashion houses and a symbol of Italian luxury around the world. It designs, manufactures, distributes and markets fashionable and stylish products. The company looks to the future and strives to improve innovation through the company's responsibility to people and the planet. Versace is committed to an environmentally conscious and sustainable lifestyle. (Versace, 2016).

Sustainability is a fundamental part of the brand's journey into the future, and Versace is constantly exploring all aspects of its business model to serve customers in an innovative and responsible manner. This includes careful attention to the provenance and

conditions in which all of its products are manufactured and purchased to ensure that they meet the highest standards. Starting with the 2019 collections, Versace is gradually phasing out fur in its products. The company was inspired by new innovations and created a dress entirely from organic silk and ecological threads. (Versace, 2019).

Prada

Segment: Luxury

Prada is an Italian luxury fashion house that was founded in 1913 by Mario Prada. In May 2019, Prada announced that it would no longer use animal fur in its designs or new products, starting with the SS2020 women's collections.

“The Prada Group is committed to innovation and social responsibility, their fur-free policy, achieved through positive dialogue with the US Animal Welfare Society. "Focusing on innovative materials will enable the company to explore new frontiers of creative design while meeting the demand for ethical products." (Prada group, 2019).

The Prada Group joins a growing list of fur-free brands that are responding to changing consumer attitudes towards animals. The company did this in order to anticipate new consumers who are more careful in choosing eco-friendly products that respect the environment and animals. Prada's Announcement of Ditching Fur in Fashion Leads to Animal Welfare and Innovation for Future Generations.

3.2 Animals use in advertisement

Animals in advertising are gradually becoming a new trend. Even world-famous fashion brands are enthusiastically picking up these entertainments, which are used by their campaigns to be memorable, unusual and magical. Many fashion brands feature animals in their collection posters to help increase sales and improve brand image.

Advertising with animals is perceived easily, is well remembered and is gladly recommended to friends and acquaintances. The properties of flora and fauna, imitating wildlife, are an ideal guideline in advertising for the attractive assimilation of consumers of this information. Advertisers can appeal to any known all properties of animals, associating any animal with a certain symbol in what the public will believe, as well as at the beginning of a new stage in life. It is understood that this is the principle according to which people buy not the product itself, but the accompanying emotional series. To be effective, ads need to be compelling, not original. Customers often associate a brand with a

particular animal. Animals as people are an effective way to advertise clothing, accessories and everyday items.

Bulgari



Figure 1: Advertising for the Bulgari collection
Source: Source: Bulgari.com, 2014



Figure 2: Advertising for the Bulgari collection
Source: Bulgari.com, 2014

Louis Vuitton



The spirit of travel.
Download the Louis Vuitton pass app to reveal exclusive content.

LOUIS VUITTON

Figure 3: Advertising for the Louis Vuitton collection
Source: Louisvuitton.com, 2014



Sold exclusively in Louis Vuitton stores and on louisvuitton.com. 888 VUITTON

LOUIS VUITTON

Figure 4: Advertising for the Louis Vuitton collection
Source: Louisvuitton.com, 2014

Hermes



Figure 5: Advertising for the Hermès collection
Source: Hermès.com, 2014

As a result of the research performed, we can conclude that important is the assumption about the creative nature of the advertising image, which determines its similarity with the artistic image. In advertising, the implementation of a clear plan, limited by rigid frameworks, should be observed, making advertising creativity an only part of complex technology for choosing the visual, auditory and verbal components of the advertising image. The image in advertising is created taking into account the peculiarities of the mentality, the creation of an image of reality in advertising, the use of stereotypes.

Ultimately, the use of animals in advertising is a completely normal move, the only thing is, it may be appropriate or not, based on the situation, idea, implementation of the idea and product. Also, in modern conditions, advertising has become one of the important spheres of human social life. The most significant in this case can be considered the

economic, social, educational, aesthetic and psychological functions of advertising. The increased importance of advertising in the modern world requires advertisers to realize the degree of their social responsibility. Advertising takes many different forms for many people: a consumer guide, a market incentive, etc. Animals can also be used with great success as a persona to represent a product and to highlight the features of an advertising brand. Since for consumers, most often, this advertising carries a positive message, which has an atmosphere and trust in the brand.

3.2.1 The impact of animal (mis)use on workers' lives

Nowadays, it is very important to remember that the most sufficient resource and its huge impact on sustainability are the workers. Their importance is rarely mentioned, but they are the mechanism of this chain in the development of resilience in the fashion industry. In the fashion industry, some workers have to do dirty and hard work that affects their psychological state. Workers need to adjust to the process until it becomes bearable. He explains that workers' cruelty to animals, including when animals are skinned alive, can be attributed to drug use during work hours. According to the source, in the event of illness, the employees killed the animals by placing them alive in plastic bags, and no medical assistance was provided.

Based on the findings of a covert PETA investigation of American and Australian wool producers, which identified animal abuse and employee mental health as the root of the problem. Based on these publicly known cases, PETA recently launched a campaign to encourage farmers to conduct drug tests on their employees to improve the living conditions of animals and people. There are physical consequences for workers when working with materials of animal origin. For example, based on the situation that in the leather industry workers are often exposed to toxic gases, unsafe water and dangerous equipment. Leatherworkers have no laws or regulations to protect their rights and interests, and most of them may come into contact with chemicals such as tanning solution, acids, solvents or chromium, which, if inhaled, irritate the lungs, block the airways and can increase the chances of developing cancer, asthma, bronchitis and other serious illnesses. Also, if it comes into contact with the skin, chromium can cause allergic dermatitis and ulcers (PETA, 2017).

3.3 Animal welfare and rights laws

Member States of Europe have signed certain consents concerning animal health and protection requirements.

- *“Life has intrinsic value. No animal should be killed unnecessarily or be subjected to cruel acts or to unnecessary suffering”* (Animal legal & historical,1988). This rule says that a person should appreciate living beings without causing them pain.
- *“The Contracting Parties shall take all appropriate steps to minimize and control the capture or killing of wildlife ... ”* (Animal legal & historical, 1988). The explanation of the rule is that a person who catches an animal must keep it and catch it as fewer animals, not unlikely to them.
- *“The Contracting Parties shall take all appropriate steps to prevent cruelty and reduce suffering to the minimum in the transportation of any animal”* (Animal legal & historical, 1988). During any transportation, the animal must be in good conditions, without injury or suffering.
- *“In order to support worldwide participation in the Convention, Contracting Parties are encouraged to avoid trade in any animal or animal parts and derivatives with those States that are not participants in this Convention”* (Animal legal & historical, 1988). This agreement states that both parties cannot trade or sell derivatives on the terms of contracts, securities, and so on.

3.3.1 The United Nations goals

The UN for Sustainable Development includes a set of 17 global goals aimed at eradicating poverty, protecting and protecting the environment and ensuring prosperity for people around the planet. Each of the major goals includes several specific targets until 2030. Their achievement is controlled by estimated indicators after a certain period of time (United Nations, 2018).

Consider a few points in which the fashion industry will help you approach your goals:

Eradicating poverty in all its forms

The fashion industry must play an active role in improving the living standards and economic conditions of those groups of the population where it operates. This can be achieved through fair and equal pay for all employees. The fashion industry must make sure that none of them lives below the poverty line on a full-time basis.

Eradicate hunger, ensure food security and promote sustainable agriculture

Building sustainable food production systems require crops such as cotton to be organic. This will avoid contamination of soil and other crops, and will also prevent harm to animals. Also, the fashion industry should work with global agricultural organizations to provide them with sufficient agricultural land and thus solve the problem of hunger in the face of the growing population of the planet.

Ensuring a healthy lifestyle and well-being

Health and safety practices in textile and garment factories must be strictly monitored by independent bodies. In addition, it is necessary to revise the legal framework in the field of toxic chemicals and pollutants used in production. They pollute nearby water resources and cause irreparable harm to human and animal health.

Quality education

The fashion industry should become a model for many in the area of ethical business conduct. It is in her power to teach customers a more conscious approach to the choice of things, take care of their wardrobe correctly and, if necessary, repair clothes, on this basis, animals will suffer less, including. Companies working with low-income segments of the population should be active in creating and supporting educational programs (for example, professional courses). They also need to make sure that the level of wages provides opportunities for schooling and covers the cost of caring for the child.

Gender equality

In the fashion industry, most jobs are held by women. However, they are given low-skilled labour, while many management positions are held by men. It is important to ensure that women occupy and hold senior positions in the fashion industry, such as creative or executive directors. It is also very important to address the issue of sexual harassment. In particular, this is often encountered by models.

Issues with fashion sustainability today need to be seen not as obstacles to step over and go further, but as a unique opportunity for the industry to become an authoritative leader in sustainable development and a role model. It can show the world that a shared contribution to achieving global goals can truly change lives for the better.

3.4 PETA – People for the Ethical Treatment of Animals

PETA (People for the Ethical Treatment of Animals) - is the largest international non-profit charity organization for the protection of animal rights, founded in 1980 in the United States. Educates politicians, fashion business owners and the public about cruelty to animals and promotes animal friendliness. This organization believes that there are many serious problems in the world, and they all deserve our attention. One of these is animal cruelty in the four main areas in which the largest number of animals suffer for a long period of time: in laboratories, on industrial farms, in the clothing trade and in the entertainment industry. The organization's core beliefs that animals have rights and deserve to have their core interests taken into account, regardless of whether they benefit humans. According to the organization's supporters, animals are capable of suffering. Based on these beliefs, this organization believes that humans have no right to use animals for food, clothing, entertainment, experimentation, or any other purpose. PETA works through public education, cruelty investigations, research, animal rescue, legislation, special events, celebrity involvement, and protest campaigns. (peta.org)

Let's dive deeper into the use of animals in the fashion industry. Billions of animals suffer and die every year due to clothing and accessories. They are stripped of their skin to make skin, birds are restrained and plucked out of their feathers, and small animals are caged for life before being killed for their fur. Workers frequently beat and mutilate sheep, taking their wool and skins. The goats are cut their wool to get cashmere and mohair. All this is done in the name of fashion. Regardless of the type of material or its origin, if an animal is involved in the process, then it is terrifying cruelty. Thanks to PETA, the practice of wearing materials of animal origin is a thing of the past. The organization's activists and supporters have exposed systemic violence in the trade-in hides (leather), wool, down, cashmere, mohair and fur. Their research has revealed widespread and ruthless animal abuse. PETA is working behind the scenes with companies to convince the biggest fashion companies to move away from animal-made clothing. They are also taking radical action against leading brands to urge them to stop using animal-based materials. (PETA, 2017).

Today, people are more than ever as opposed to carrying animals. Buyers are ditching violent and environmentally toxic products in favour of environmentally friendly products. The vast majority of the billions of animals who are killed for their skin, wool, feathers, or fur endure all the horrors of factory farming. Sensitive living beings are forced

to live in cramped, filthy conditions, and every bit of freedom and autonomy is taken away from them. Animals suffer at the hands of workers, who may roughly handle, kick, and beat them. After a lifetime of torment, they're violently slaughtered via the cheapest means possible, including bludgeoning, anal electrocution, and gassing. Some are even dismembered and skinned alive. Trapped animals used for their fur can suffer for days from blood loss, shock, dehydration, frostbite, and gangrene or be attacked by predators before trappers return to kill them. Fur and leather items are often deliberately mislabeled. In countries where animal welfare laws are virtually non-existent, some producers have been known to kill dogs and cats for fur and leather. So if you wear animals, there's no easy way of knowing whose skin you're in. But you can be sure that no matter who they were, they didn't want to die to become clothing or accessories.

In addition to causing the suffering and death of billions of animals every year, the production of animal materials, including wool, fur and leather, is impacting climate change, land devastation, and resource pollution. Today, thanks to advances in textiles, sustainable vegan materials are virtually indistinguishable from and far superior to their animal counterparts. The reason many outerwear manufacturers have moved away from animal fur is that affordable vegan materials are much lighter, more durable, and more practical. In today's world, the vegan fashion business is flourishing today. Clothing and accessories made from hemp, bamboo and other animal-free materials are now common and affordable. They can also be made from innovative and sustainable materials such as cork, mushrooms, pineapple leaves, apple peels, other fruit waste, or recycled plastic. With so many materials to choose from for animals, there is no excuse for a violent and painful death due to fashion. To help animals that are used for the fashion industry, it is enough to come to conscious consumption in the fashion industry, thereby the demand will decrease for clothes made from living beings and fade into the background. This organization (PETA) works around the world to expose and end the use of animals in the fashion industry. Their actions are as follows:

- Innovative covert investigations are conducted to inform the public.
- Working with famous people and other activists in a wide variety of campaigns.
- Conducting bright, attractive campaigns, demonstrations and protests near fur shops.
- Long way to convince legislators to ban the cultivation and sale of fur and exotic skins.

- Rewarding designers, companies and buyers who use only vegan fabrics.
- Forging connections between big brands and vegan innovators.
- Awarded to innovative companies for creating new vegan materials and designs to support animal lives.
- Conducting panel lectures on ethics and sustainability at fashion universities to help educate a new generation of designers about the vegan fashion revolution.
- Exposing cruelty associated with all animal materials, including mohair, down, and short wool.

To sum up, PETA is a multi-faceted approach ensures vital victories for animals that have fallen prey to the deadly fashion industry, and the use of animals for clothing and accessories will soon be a thing of the past.

3.4.1 Animals as a product

The relationship between animals and the fashion industry is not usually discussed, and most consumers are unaware of the process that goes with their clothing and accessories.

3.4.1.1 Leather

The leather industry relies on animals such as calf, buffalo, hides, sheep, deer and kangaroos. Exotic and endangered species - mainly snakes, lizards, crocodiles and elephants - are almost extinct due to the high demand for their skins. Also includes a list of animals such as frogs, sharks, dolphins, camels, mules, cats and birds. More than others suffer from snakes, alligators, crocodiles and other reptiles, which are killed because of their skins, from which fashionable bags are made, for example. Snakes are usually nailed to trees, and their bodies are cut from one end to the other. Lizards are often decapitated and skinned from their bodies. Most alligator skins are obtained from farm animals that are raised in overflowing tanks or puddles of fetid, smelly water. Animals are shot or roughly killed with hammers.

There are several laws that protect reptiles from abuse, but even then they are often not enforced. For example, animals such as anacondas and crocodiles are subject to the rules of the Convention on International Trade in Endangered Species (CITES), for every animal legally killed for the purpose of trading in exotic skins, another animal will be illegally taken away.

3.4.1.2 Fur

Foxes, rabbits, minks, chinchillas and otters are used. Europe owns 58% of the world's fur farming. Large production volume reflects the different needs of the industry. Depending on the animal used, a different number of animals is required (European Commission, 2017).

Farm animals spend nearly their entire lives in tight, filthy wire cages. Farmers use cheap and brutal methods of killing, including strangulation, electric shock, gas and poison. Most of the fur comes from China to many countries, where millions of dogs and cats are beaten, hung, bleeding, and often skinned alive for their fur. Fur is often deliberately mislabeled, so it is impossible to know exactly whose fur you are wearing. Many wild animals that are hunted for fur do not die immediately from traps or hunting methods and are seriously injured. Hunters also suggest shooting animals in the face or belly to avoid damaging the fur, which is painful if not killed right away. The steel-jaw trap is banned in some countries but remains a popular method in Canada, the United States and Russia.

3.4.1.3 Feathers

Animals such as ostriches, peacocks, pigeons, geese and turkeys are used.

In the late 19th century and early 20th century, feathers were one of the most popular women's trends. The demand for the material led to the creation of farms where birds collected bread and then plucked it alive. Down is the soft layer of feathers closest to the bird's skin, primarily in the chest area. These feathers are highly sought after by down garment and quilt manufacturers. Most of the down and other feathers are removed from ducks and geese during slaughter, and birds in breeding herds and birds raised for meat can be plucked again while they are still alive.

3.4.1.4 Wool

Wool of sheep, goat, camel, rabbit, raccoon, beaver, angora rabbit, angora goat is widely used. Wool fibre production includes shaving, washing and yarn fibre.

Animal rights organizations have pressured the industry to tackle the underlying issues and create the parameters of what ecological wool is. The demand for organic wool is growing, but besides the possible cruelty to animals, the main question is whether there really is a need for such an amount of wool, since a large number of people do not live in

such areas with low temperatures. Shearers are usually paid on a volume basis, which encourages quick work without any regard for the welfare of the sheep. Careless cutting leads to frequent injury, and workers use a needle and thread to sew up the most severe wounds without pain relief. Strips of skin - and even nipples, tails, and ears - are often cut or torn off during clipping in animals.

3.4.1.5 Silk

Silk is of great importance in the history of costume and fashion. The most famous silk is obtained from the cocoons of silkworm larvae. The technique used is to place the cocoons in hot air, steam, or boiling water so that the silkworm dies without damaging the silk thread. After that, the thread goes through a series of processes to obtain a fabric - silk. Approximately 3,000 silkworms die to obtain every pound of silk (PETA,2018).

3.4.1.6 Cashmere

Cashmere is made from the soft undercoat of cashmere goats. Goats can be hand combed or sheared. For cashmere goat farmers, shearing is “very stressful” and deprives them of their natural isolation, leaving them vulnerable to cold and disease.

3.4.1.7 Mohair

Mohair, a long smooth fibre used in sweaters, hats and other accessories. Most of the world's mohair comes from South Africa and the United States (especially Texas), where Angora goats are sheared twice a year, starting as early as six months after birth (PETA, 2018).

3.5 Environmental threats

The fashion industry pollutes the environment, this spectrum discourages change and endangers the lives of many people and future generations. The environmental destruction in the fashion industry affects spectra such as :

Desertification

One of the most important environmental problems. this problem is defined as the degradation of drylands ecosystems as a result of human activities. Including agriculture, mining, overgrazing - too many animals graze in a particular area, for a long time and at the wrong time of the year, and there is also deforestation.

Animal remains

Industrial agriculture emits over 400 different toxic gases. The main ones are hydrogen sulfide, methane-ammonia and carbon dioxide, which are linked to global warming and health problems (Nds, 2018).

Illegal dumping of waste into clean water and soil also increases the risk to humans and animals. Nitrogen is emitted in large quantities from farms and is one of the main causes of acid rain. also, gases can pose other risks since for example methane can be easily ignited.

Sustainable species

There are also problems when it comes to species control. For example, goats are one of the least suitable animals for rent due to their tendency to graze the soil and damage crops with their paws. Some animals are not producing results in the short time the industry experts.

Lack of space

Due to the overconsumption of livestock products and population growth, the industry faces a shortage of land to raise, feed and kill these animals. This forces the animals to be kept in dire conditions and limits the ability to move towards more ethical treatment. The fashion industry is also using some endangered exotic species of animals, which is destroying ecosystems.

“Livestock production uses one-third of the world’s fresh water and the 30% of world’s ice-free surface, the developing world accounts the 75% of the global emissions from cattle and other ruminants and the 56% of the global emissions from poultry and pigs” (FAO,2017).

Taneria

It is one of the most polluting objects in the fashion industry. Leather, fur and feathers are treated with chemicals such as lime paste, chromium or acids. Most fashion brands have closed many European, Japanese and American tanneries and started operations in countries where labour is cheaper, leading to the opening of unregulated tanneries that pollute water and soil in certain regions. Thus, real fur requires a toxic dyeing process, much more energy, and produces a huge amount of animal waste.

3.6 Sustainable development in the economy

The main goal of sustainable development is to meet human needs and aspirations for a better life. The concept of sustainable development could not have become so widespread if there were no prerequisites both in the economy and in society.

The development model used in the 50 - 60s was focused on achieving economic efficiency. The efficiency of the economic system can pave the way for prosperity and end inequality, both within a single country and globally. However, it has been repeatedly pointed out low efficiency of the economic system based on disproportionately high costs of natural resources (Worldbank, 2003).

By the early 1970s, the growing number of the poor could remedy the situation, undertaken on a large scale and agreed at the global level. The next major development challenge was environmental protection. By the beginning of the 80s, an amount of information was accumulated indicating that environmental degradation is a major obstacle to economic development. Thus, the concept of sustainable development emerged from the combination of three main points of view: economic, social and environmental. Accordingly, the goals of sustainable development are often spoken of as environmental integrity, eco-efficiency and eco-justice (Worldbank, 2003).

From an economic point of view, the concept of sustainable development is based on the definition of income, in practical life, the definition of the level of income aims to indicate to people how much they can consume without making themselves poorer. This table shows changes in the most general strategic trends in the development of the economy of industries in the context of the transition to sustainable development.

Table 1: Comparative characteristics of the development and sustainable development of the industry
 Source: own elaboration, based on data from Tutor2u

	Development	Sustainable development
Basic conditions for the functioning of the industry	Availability of a stable supply of raw materials, basic technologies. Balance in the social and legal system	Social partnership. Increasing demand based on marketing principles, subject to the offered items, services, based on a flexible pricing policy
Industry structure	The presence of a sufficient number of buyers and sellers while maintaining barriers and cost structure to enter the industry	The presence of a large number of sellers and buyers with open access and international resources
Industry behavior	Commodity price competition taking into account the quality of products and services. Locality of flexibility and implementation of wear. Absorption and elimination of competitors	Competition of quality and consumer properties with a good price policy. The pace of collaboration processes is growing
The result of the industry	Production efficiency to ensure the reproductive process	The result of production is balanced on the production, technological and life processes with minimal damage to the environment and the involvement of renewable resources
Public policy	Support for individual and corporate entrepreneurship. The abundance of galogues , price regulation and monopoly restriction	Supporting integrated structures, networked organizational innovation, stimulating development infrastructures. Agreed taxes, uniform rules for business relations

3.7 Business economics and financial analysis methods

Return on Equity (ROE) is a measure of financial performance that shows how much after-tax income a company has received in relation to the total share capital shown on the balance sheet. (Harris Neil, 2007).

$$\text{Return on Equity} = \frac{\text{Net Income}}{\text{Average Shareholders' Equity}}$$

Figure 6: Return on Equity (ROE) formula

Source: Harris, N. (2007). *Business Economics: Theory and Application*. (n.p.): Taylor & Francis., page 46-48

Net income - the amount of income minus expenses and taxes. Shareholders' equity is calculated by adding equity at the beginning of the period.

The return on capital employed (ROCE) is a financial ratio that is used to measure the profitability and efficiency of a company's capital. Otherwise, the ratio can help to understand how well the company is making a return on its capital. (Harris Neil, 2007).

$$\text{ROCE} = \frac{\text{EBIT}}{\text{Capital Employed}}$$

where:

EBIT = Earnings before interest and tax

Capital Employed = Total assets – Current liabilities

Figure 7: The return on capital employed (ROCE) formula

Source: Harris, N. (2007). *Business Economics: Theory and Application*. (n.p.): Taylor & Francis., page 46-48

The return on capital employed (ROCE) is a financial ratio that is used to measure the profitability and efficiency of a company's capital. Otherwise, the ratio can help to understand how well the company is making a return on its capital. (Harris Neil, 2007).

The return on brand (ROB) is a metric used to measure the effectiveness of brand management that affects business processes, not investments. $\text{ROB} = \text{Net Income}/\text{Brand Value}$. (Harris Neil, 2007).

4 Practical Part

4.1 Sustainability in Fashion Industry

To begin with, today it is important to remember that the fashion industry does not function on its own, but is part of a larger process. Each of the stages of garment production - modelling, sewing, selling and direct use - creates certain problems and even harms people and the planet. To solve them, you need to go beyond one industry and start thinking globally. Proactive action and joint efforts are a solution to major global problems (housing, jobs, sanitation and education), as well as specific to the fashion industry (widespread human rights violations, gender, social and racial discrimination in senior management positions, destruction of nature by toxic waste).

In today's world, it is very important to control how fashion affects the global economy and the environment. If we closely consider this issue, then, in fact, the fashion industry is one of the most important "engines" of economic development. Fashion is a key component of the global economy, which is why it is so important to bring it to the attention of the UN sustainable development agenda. The fashion industry is one of the top job creators in the world, especially for women. It makes perfect sense to include the fashion industry in the sustainable development debate. With an annual turnover of \$ 2.5 trillion, the fashion industry uses natural resources on a massive scale like no other (un.org). At the same time, not so many people think about how much production pollutes the environment. That is why today there is so much talk about fashion, especially when discussing sustainable development.

In terms of sustainability, design, material selection workflow and ethics can influence many aspects of the production and consumption of products. So let's say, satisfying the needs of users, choosing materials and manufacturing technologies, taking into account the product life cycle from the beginning of the idea to the finished product. Designers can be seen as people who transform creative ideas into profitable products, requiring an understanding of consumer needs and communication skills when compiling a selection. Most often, designers hired by apparel companies have jobs based on a model design assignment that limited by many factors such as brand aesthetics, collaboration with manufacturers and sustainable ethical production of the model in the process. At present, sustainable development in order to meet the demand for environmental friendliness, fashion design scientists are actively studying alternative design approaches and

opportunities for integrating sustainability into clothing design processes. Over the past decade, a large number of practical and conceptual tools and guidelines have also been developed to help fashion designers put sustainability into practice.

The main idea and developed tools are that consideration of the entire life cycle of clothing already at the design stage can help fashion companies reduce environmental pressures and take social the consequences of their production. Given the constant growth in the production and consumption of clothing. The main factor is the decrease in the overall speed and volume of garment production. For example, the Waste and Resource Action Program (WRAP), “*extending the average life of a garment by just three months of active use of each element will reduce each carbon by 5-10%, water and wastewater traces*” (Wrap.org.uk, 2020). This complies with the requirements of the European Commission for Waste. One of the most important and talked about sustainable design strategies is volumes designed for durability. These strategies address physical and emotional resilience, timeless design, slow fashion, off-season, co-creation with consumers, versatility, customization, modularity, and tailoring. Using sustainable design tools and strategies to increase product life guides designers to reduce the need for new clothes, reduce production and minimize harm to the environment and animals. A large number of studies on sustainable fashion have shown interest in the circular economic model, according to this type, all materials, products and their components must circulate endlessly in closed circuits, presenting numerous opportunities to increase the cost to products and materials while reducing the need for virgin materials. Long-term design plays an important role in the circular economy.

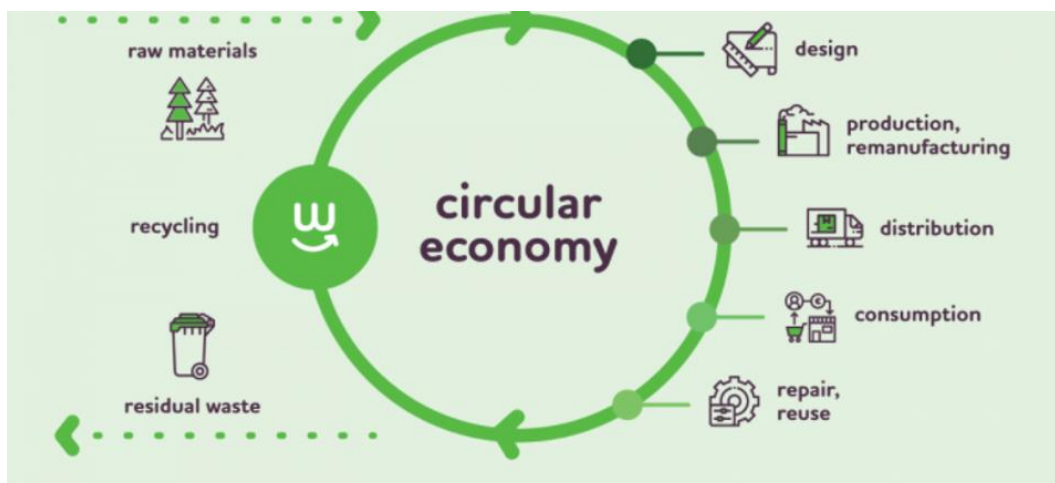


Figure 8: Consumers in the circular economy
Source: eupoliticalreport.ru, 2020

It is also of great importance for recycling, which is currently receiving a lot of attention. Practical and theoretical understanding of sustainable fashion is increasing. Including the capabilities and thinking of the company, norms, behaviour and expectations of consumers, also technological restrictions. This applies to alternatives to organic and recycled fabrics such as often more expensive than standard options since they are fabrics without harm to animals and rough handling, as well as to the surrounding atmosphere in principle.

4.2 Consumption of a sustainable fashion industry

Speaking about the conscious consumption of clothing, it can be noted that when disposing of a thing, there is an option for recycling a textile product, throwing it into a special container. The average consumer is very positive about donating their clothes, and typically many donate clothes to family or friends or donate to charity. Gender differences in attitudes towards processing, women are more positive about processing, while men find the process more troublesome. Brands that are environmentally aware and strive to uphold ethical consumption and production often use methods such as reuse, have a service where people can return used items to the store, get a discount. Stores recycle things and make new ones. By doing so, they demonstrate that rational consumption does not mean that the consumer should abandon fashion. Young consumers - towards the development of a sustainable consumption model. The purchasing power of young consumers (from 19 to 30 years old) has increased significantly over the past decades (Brusdal, 2008). Learned consumption habits at a young age are more likely to persist and last throughout the entire life cycle. In this way, young consumers become one towards more sustainable consumption.

The main reason is that young consumers are more open to change and be inspired by new ideas. Another reason is that with the change in the traditional flow of education, knowledge is no longer transmitted only from the older to the younger generations, but in some areas, the adult generation receives an important contribution from younger generations.

The main factors that are relevant to the buying phase process are:

- price-quality ratio

- materialistic values
- hedonic pleasure and utilitarian functional values of shopping
- functions of clothes
- general awareness of the impact on the environment and society
- the availability of sustainable clothing.

4.3 Brand benefits

Today the Mass Market is one of the most profitable in the world market. The products of this market are designed for the mass consumer. These are middle-income buyers who want to look stylish and respectable. As a result, consumer goods reach the largest audience of buyers thanks to affordable prices and ubiquitous distribution of points of sale. Mass marketing products differ from high fashion in the average level of quality and cost, which makes them affordable for most consumers. The relationship between price and quality is due to tough competition in this area of trade. These are recognizable brands, and their products are of fairly good quality at a relatively affordable cost. Mass advertising and the specifics of trade marketing attract potential buyers to the product. The immense popularity and wide range of services necessitate a conditional division of goods into categories:

Suite - Expensive goods made from high-quality materials, produced in limited quantities for wealthy clients.

Middle - Medium market, less expensive materials, reasonable price for people seeking prestige. The products are durable and easy to use.

Economy - Low quality at affordable prices. For people who want to buy essential goods without a pretence.

The middle market differs from the luxury class in the lower costs of production and advertising. Mass-market goods are named after well-known brands and have great recognition. These well-known brands with the development of the segment and dividing their brands and lines from economical to luxury, for example, Inditex Group and H&M Group are among others.

Pros: The mass market provides fashionable clothes that correspond to current trends at prices affordable for the average consumer. Presentable appearance, there is a level of quality of clothes, an individual approach of service to each client, the ability to choose clothes for non-standard sizes.

Cons: Individual tailoring is impossible, a large number of one model, confidence in the design solution.

For leading premium and luxury brands, authenticity is important and the inherent quality that reflects superiority has the greatest impact on brand choice when buying. Every detail in the chain of contacts with a brand creates a certain opinion about it; often luxury brands have an association among customers, their own image and an additional element that characterizes a particular brand. There is an association with a certain lifestyle, therefore, in the minds of consumers, it should be associated with people, events or products with high social status. Most often there are a couple of concepts of this market - this is functionality - it includes the physical characteristics of the product (high quality, interesting design). and another, social and emotional component, or image.

Pros: A characteristic feature of the premium and luxury class product is the original design, expensive packaging. This not only increases the prestige of the brand in the eyes of the buyer but also reliably protects it from counterfeiting. The main requirement is that they should not look "cheap". When choosing a name for a new brand, it is necessary to use images and concepts that cause a positive reaction and are easy to remember. The name should be original and sonorous, correspond to the status of the "premium" class, be liked by consumers and ultimately contribute to the promotion of the product. The types of products of these classes emphasize the high status of the owner and create a sense of superiority in him. A premium product is, first of all, a history that unites many generations, colossal work, respect and reverence for traditions. The consumer should feel the VIP-attitude of the manufacturer of this product to him personally.

Cons: High cost, which consists of the material component of the product (quality, packaging, functionality) and the brand itself. But the high price is not always reasonable and is worth the very quality of the product. Most consumers believe that high cost is a guarantee of high-quality standards. The willingness of consumers to spend more is due to the fact that many products of this class are often presented as a gift or purchased for a celebration. But in fact, food turns out to be at least 50% more expensive than consumer goods. Of course, such a difference in price is to some extent due to the cost of raw materials, additional technological processes and packaging, the rest falls on the "cost of the image".

4.3.1 Analysis of companies

This paragraph will analyze brands that have partially abandoned and continue to abandon animal materials, harsh treatment of the atmosphere, in favour of ecological materials, ethical attitude and sustainable development.

Also, how the revenue figures of these brands change from year to year due to numerous factors around, such as a change in the process of models and materials, a different approach to the performance of collections, new innovations and covid 19.

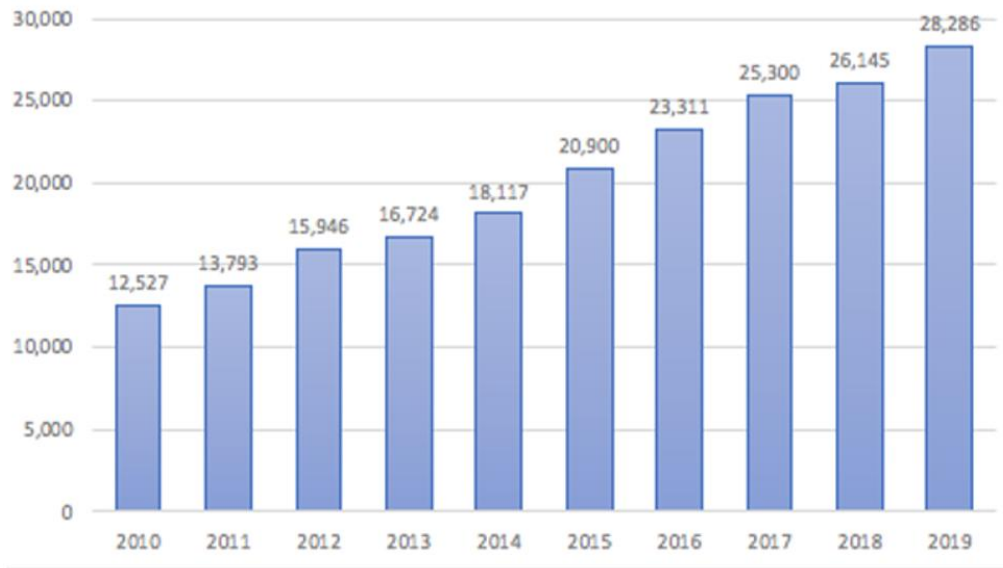
4.3.1.1 Inditex Group

Consider the world-famous company of large chain stores Inditex. This company has shops with service for any group of people from age to financial situation. Most people know these brands as Zara store, which has a different value category, from budget models and fabrics to high quality and expensive ones. The most expensive, high-quality and representative in this company are Massimo Dutti and Uterque. These brands are distinguished by their taste, the quality of expensive and original fabrics.

As mentioned earlier, since 2015, Inditex, in agreement with the animal welfare organization PETA, has been moving towards a more conscientious and ethical production and process of its collections, trying to replace fabrics of animal origin with ecological origin. creating fashion that meets more stringent environmental, health and safety standards. The sustainable development of the company is based on respect and promoting human rights, transparency and ongoing dialogue with stakeholders. Since September 2015, the Index has been pointing out to its customers that sustainability and respect for the environment are important for them in promoting and improving brands, and their attitude towards the environment has also become more noticeable thanks to the Join Life and introduction of containers for recycling used clothing in stores (PETA, 2019).

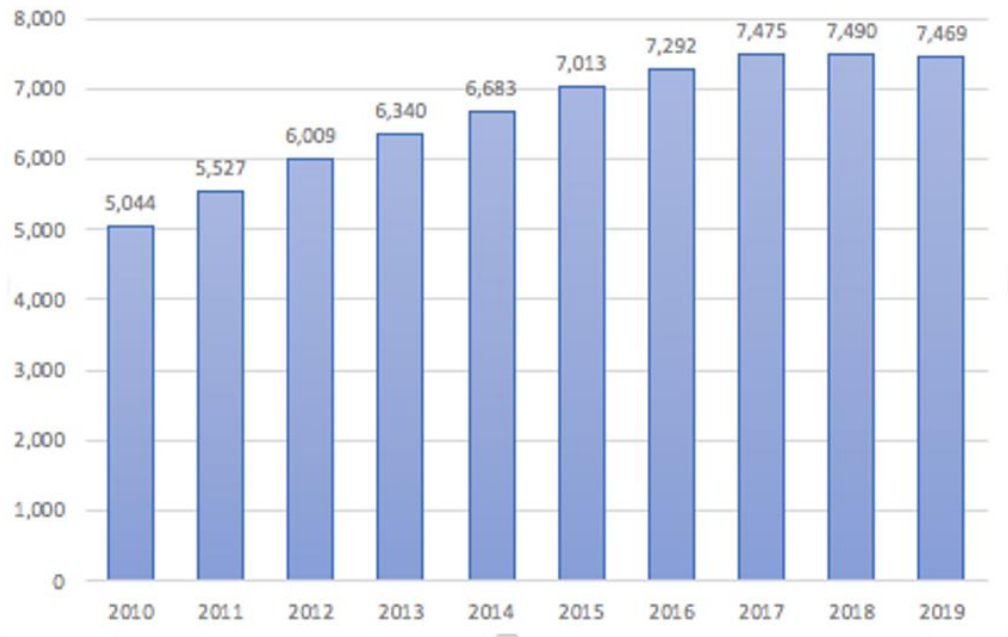
Based on the graphs below, you can draw attention to the stable growth every year in sales of all brands in total.

Table 2: Net sales, millions of euro,2010-2019, nominal value
 Source: own elaboration, based on data from Inditex



It should also be noted that each year Index opens new online and offline stores in different parts of the world, approximately 15 to 400 stores per year appear with their brands. Based on this, the company maintains a stream of sales and net income (Inditex, 2019).

Table 3: Number of stores, 2010-2019
 Source: own elaboration, based on data from Inditex



At Inditex, works to thrive communities and the environment in which they work. They are committed to achieving the Sustainable Development Goals (SDGs), in many areas of activity and processes. In the current situation caused by the covid-19 pandemic, the SDGs will be fundamental to a sustainable health recovery system, economy and economic sector after the crisis. In this new context the SDGs are very relevant (Inditex, 2019).

Almost all Inditex stores have expanded their platforms from offline stores to online stores, for example, in countries such as Africa, Saudi Arabia, United Arab Emirates, Indonesia, Serbia, Morocco and so on. Inditex is a huge company with over 200 markets around the world and in both hemispheres. Striving to create value, beautiful and ethically produced, high quality, fashionable products available to every consumer of any income. It is a unique company with a customer-centric model through flexibility, resilience and innovation. The goal of each brand of this company is to recreate economic, social and environmental values to maximize the requirements of all stakeholders.

Today, there is very tough competition in the fashion industry. For this reason, any company tries to hold on and not leave the business of the fashion market, thanks this, this company - Inditex, enhances new technologies and innovations for the development of each brand. The fashion industry is now pursuing an ethical and sustainable fashion trend. Thus, this company cares about ecology, the environment and the protection of animal rights.

But it should also be noted that at the end of 2019 and early 2020, a huge part of the economy was affected by the covid-19 pandemic. The index has worked with the International Labor Organization during its difficult months to find ways to support supply chain, manufacturing and development. Also in the post-pandemic phase, the company developed innovative solutions to adapt to changing shopping habits. When it comes to online and offline stores, the company provides quality for every consumer. Physical stores provide service and surprise people with architecture and central streets, locating most of their stores in central and popular shopping centres around the world. Online retailers strive to offer the same products for every version and every continent of the world using computers and mobile devices. Contributing to the advancement of human and labour rights towards sustainable development of the United Nations.

Contributing to the sustainable development of Index is directly related to the prosperity of the community and the environment in which work takes place. For this

reason, the company has contributed to the global sustainable development efforts of the SDGs. This chain shows the perspective and contribution of the work. They tend to be sustainable through transparency and ensuring that all information about the contribution and impact on the SDGs were as accurate as possible. *“At Inditex we believe Agenda 2030 remains of vital importance in the current situation caused by the covid-19 pandemic, as the SDGs will be fundamental to the sustainable rebuilding of healthcare systems, economies and economic sectors after the crisis. In this new context, the SDGs are more relevant than ever”* (Inditex, 2020).

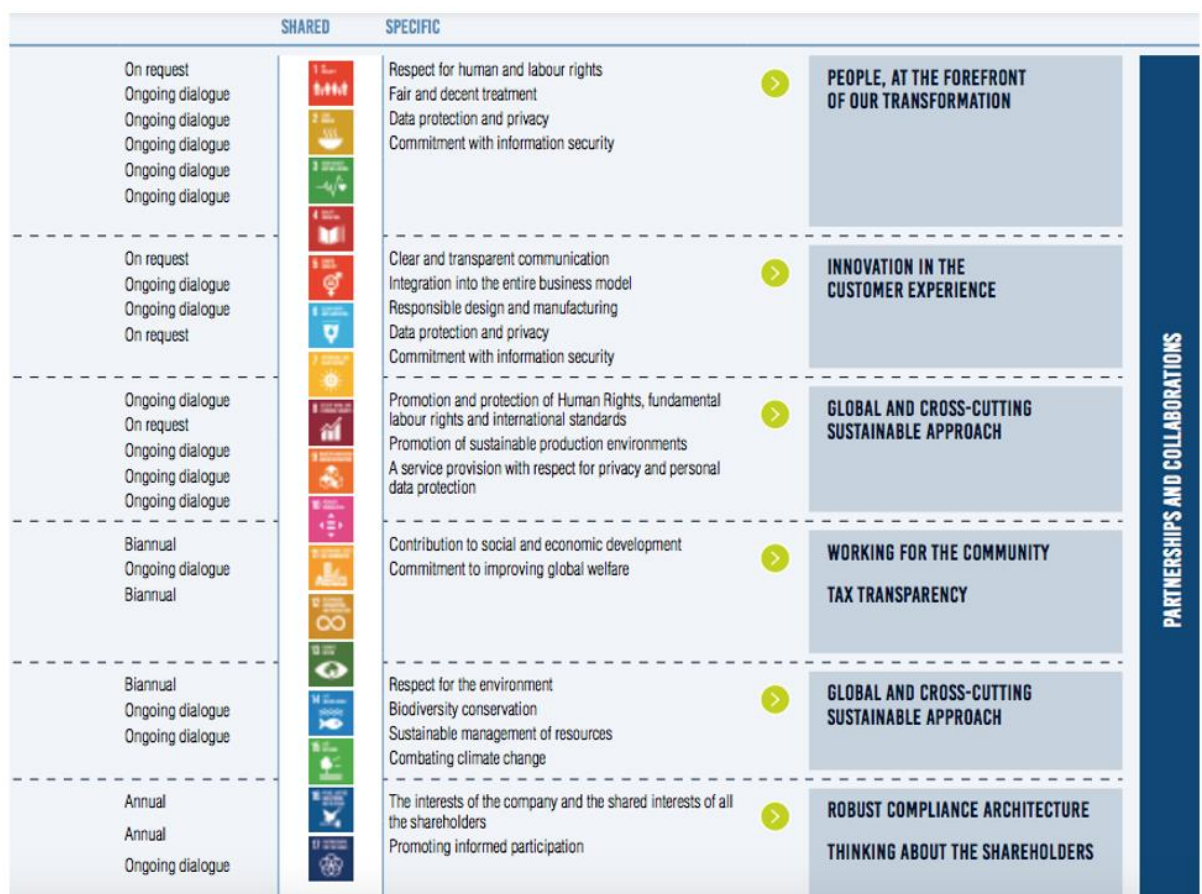


Figure 9: Inditex’s value creation model
Source: Inditex, 2019

The history of building the business of this company is based on the regular adaptation of changes associated with fashion trends, customer service, technology, organization and process.

People are the engine of all these changes, they are responsible for creating and strengthening uniqueness, for an entrepreneurial culture, teamwork, disposition of sustainability, striving for continuous improvement, innovation and more.

Client-oriented aspects of the company such as:

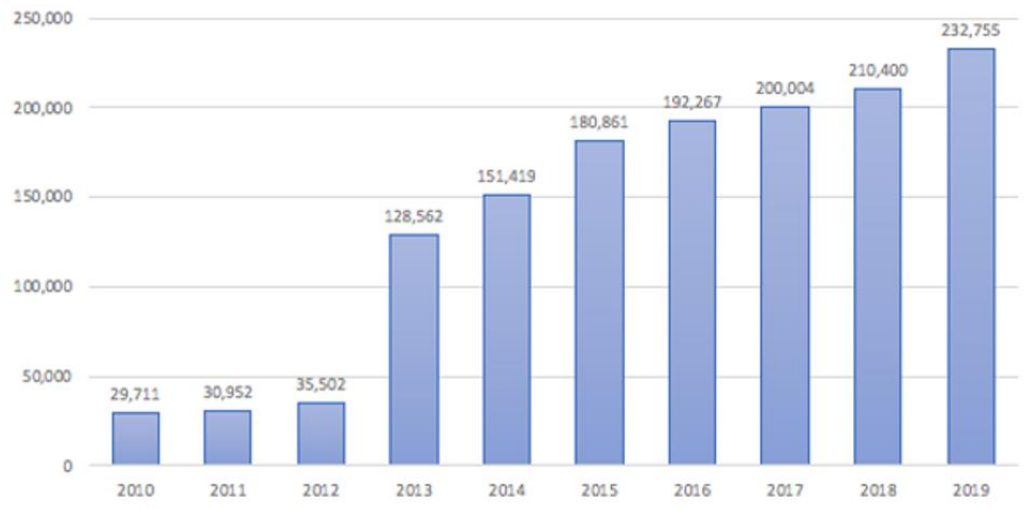
- Selection of clothes for modern trends
- For customer adaptation environmentally friendly materials and processes are used.
- Digital platforms with eco-efficient management using
- Advances towards decarbonization, and pre-and post-consumption processing program fabrics

The main way to create value is predisposition innovation with an open, flexible and decentralized model, among such core areas as technology and sustainability. The introduction of new technological tools allows equipping company brands with new opportunities to offer additional opportunities for clients. Inditex gives a guarantee of the well-being of people, suppliers and customers around the world and while preserving the planet: aiming to reduce environmental impact by increasing the use of raw materials from responsible and well-managed sources that preserve biodiversity and adhere to the highest standards of health and safety. An important task is to offer quality fashionable products for customers that will meet demanding standards in terms of sustainability and health and safety.

4.3.1.2 H&M Group

H&M continues to evolve and bear fruit every year, 2019 full-price sales increased and markdowns decreased, resulting in an improvement profits for a full year and a strong fourth quarter. Operating income increased 12 per cent for the full year and 25 per cent for the fourth quarter, and transformation activity remains strong. The company's cash profit increased by more than EUR 20 million compared to the previous year. As we can see from the graph the rate of development of the company's profit growth, one can notice stability or increase every year. This speaks of the good development and promotion of innovations and successes of the company and all its brands (H&M Group, 2019).

Table 4: Net sales, millions of euro, nominal value, 2010 -2019
Source: own elaboration, based on data from Inditex



The company sees its customers as the main priority, thanks to which H&M Group continues to invest, offers the best collections and models, increases the quality, prices and sustainability of its brands. Constantly testing new ideas and inspirations to make it easier for customers to shop. Various new services have been launched to help clients live a sustainable lifestyle, such as clothing repair and rental, custom-made clothing, the ability to return worn-out clothing to stores for recycling. Also improved online services, improved navigation, visibility, payment methods and fast delivery.

Regarding the sustainable development of the company, they are trying to develop new concepts for a long-term perspective, business model, increase profits and promote sustainable development since today this issue, technology and process in the fashion industry is important to consumers. The company is trying to move in this direction, thanks to the reduction of energy consumption, the wider use of renewable energy sources. Including the fact that all materials must be 100% recycled by 2030. H&M Group strives to be fair and an equal company, thus, since 2015, the company has been moving towards the development and use of technologies that help reduce the negative impact of the fashion industry on the environment and by 2030 fully come to 100 recycling fabrics, environmentally friendly fabrics and materials, also abandoning animals in their protection CDP named the H&M Group in the list of leading companies environmental transparency and efficiency, highlighting their work to reduce climate risks and contributing to the transition to a fossil-free economy. The H&M Group is also ranked among the 30 most sustainable corporations in the world in the Corporate Knights Global 100 Index for 2020,

which motivates them to do much more for the industry in terms of sustainability, ecology (H&M Group, 2020).

Each brand of the H&M group has its own personality. The H&M group includes H&M, H&M HOME, COS, Weekday, Monki & More Stories, ARKET, Afound and Sellpy. With their own unique identity and profile, the brands complement each other well. H&M offers a wide variety of styles and trends with concepts in fashion and accessories, beauty and sportswear, as well as interior items from H&M HOME. Some brands have materials from fully sustainable, recycled, ethical-driven products, while all brands already have a significant percentage of helping customers lead sustainable lives. We are convinced that sustainability and transparency are very important for today's increasingly interested and conscious clients. The H&M Group's sustainability vision is to lead change to cyclical and climate-friendly fashion as an honest and equal company.

Every brand in the H&M group is working on continuous improvement assortment and quality of customer service. Physical stores and online is becoming more and more integrated, making the experience inspiring and comfortable across all channels. Digitization and new technologies increased accessibility across all channels, and the ability to tailor the store experience to grab the attention of local shoppers through carefully curated material and service choices, store looks and local collaboration (H&M Group,2019).

Sustainability risks

The H&M Group has an ambitious sustainability strategy to move towards more sustainable fashion industry. This gives rise to opportunities and risks. Some of the main risks identified companies include scarcity of natural resources, climate change and its impacts, lack of respect for human rights in the supply chain, corruption, political and social instability in production and supply markets, changing consumption patterns and consumer attitudes. The latter factor can have a significant impact on the sales of the H&M group - both positive and negative - and the result will depend on how successful the company to work on a sustainable development strategy, including how well the company lives up to customer expectations regarding sustainability.

The company aims to supply 100% sustainable cotton by 2020. In 2019, 97 per cent of cotton was sourced from sustainable sources. Supply 100% recycled or other materials from environmentally friendly sources by 2030 (including commercial goods and packaging), the company reached 57 per cent in 2019. Also in 2019 the group increased

the share of secondary raw materials from 1.4 per cent to 2.2 per cent, reducing the proportion of new materials present in the group's products. The Textile Exchange's Corporate Fiber and Materials Benchmark Program include a Material Change Index (MCI) that tracks the development of the clothing, footwear and home textiles sector the search for environmentally friendly materials, as well as its compliance with the global goals of sustainable development and the transition to a circular economy. At the end of 2019, the H&M group entered the list of 16 companies from 170 people were recognized as leaders (material index level 4). In 2018, the H&M Group set itself the goal of making all packaging reusable by 2025 (H&M Group, 2019).

KPI	GOAL	2019	2018	2017
% recycled or other sustainably sourced materials (commercial goods)	100% by 2030	57	57	35
% recycled or other sustainably sourced cotton (certified organic, recycled or Better Cotton)*	100% by 2020	97	95	59
Tonnes of garments collected through garment collecting initiative*	25,000 t per year by 2020	29,005	20,649	17,771
% of renewable electricity in own operations*	100%	96	96	95
% change in CO ₂ emissions from own operations (scope 1+2**) compared with previous year*	Climate positive value chain by 2040	+8***	-11	-21
Tonnes of CO ₂ emissions from own operations (scope 1+2**)	Climate positive value chain by 2040	61,462	56,977	63,690
% change in electricity intensity (kwh/m ² per opening hour in store compared with 2016)*	-25% by 2030	-10.1	-8.2	-2.7

Indicators marked * have been reviewed by the company's auditors.
 ** Scope 1 and 2 are direct and indirect emissions of greenhouse gases from the group's own operations.
 *** In the company's own operations, such as for example warehouses, the emissions have increased by 8 percent due to increased usage of energy coming from natural gas and district heating. The H&M group continues to improve its electricity efficiency in the stores, reaching 10.1 percent reduction compared with baseline.

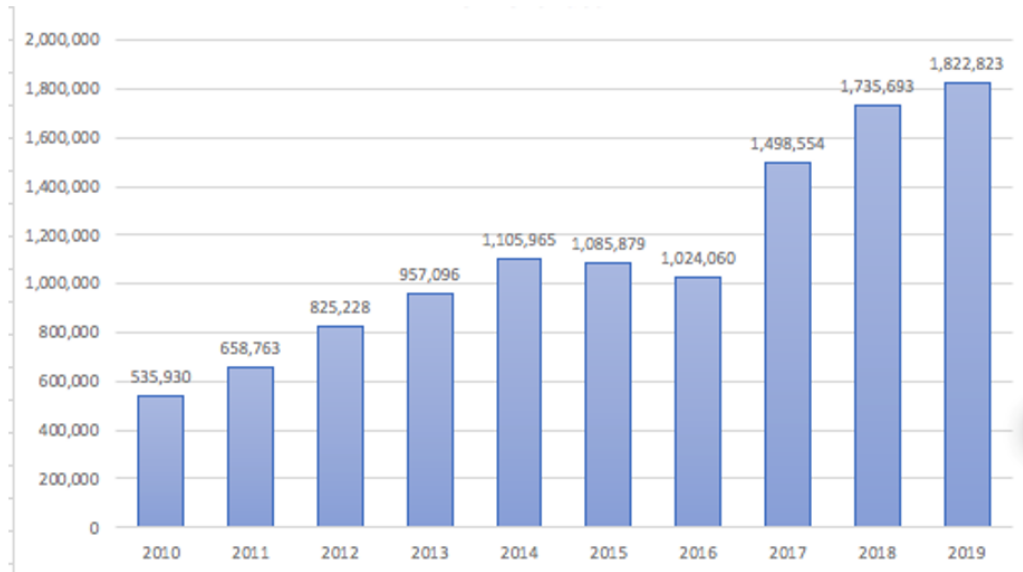
Figure 10: H&M Group's Circular & Climate Positive, 2017 -2019
 Source: H&M Group, 2019

4.3.1.3 Prada

This company belongs to the premium - luxury class and as mentioned earlier, since 2018 the company has been trying to go towards sustainable development and an ethical approach in the progress of its materials. In 2019, the company made important strategic decisions that, based on innovation and excellence, have led to the achievement of important results in the long term. Sustainable development, which is increasingly relevant to value creation, has made significant progress throughout the year in Prada.

The company presented two capsule collections of high symbolic value. One of them, Prada Invites, released a limited edition of new pieces in nylon, the brand's iconic material. Prada Re-Nylon Capsule Collection was created to announce an ambitious plan to move from virgin nylon to reclaimed nylon, and the Fashion Pact was signed, a commitment shared by leading fashion companies, for ecological trace (Prada, 2019).

Table 5: Net Sales, millions of euro, nominal value, 2010-2019
 Source: own elaboration, based on data from Prada Group



Net revenue for the year December 2019 was 1,823 million euros, which is 5% more compared to the previous period's revenues of 1,736 million euros in 2018 (Prada Group, 2019).

Analyzing the profits of brands together, it can be noted that the H&M group company ranks first among other companies.

Table 6: Comparative analysis of brand revenue, 2019
 Source: own elaboration, based on data from Inditex, H&M Group, Prada Group

	2019 mil. of euros
Inditex Group	28,286
H&M Group	232,755
Prada Group	1,823

This table shows which brand has what budget for 2019, since in the analysis above it was found out that brands from 2009-2019 had stable growth, somewhere there is less growth, as these indicators are affected many factors, for example, the decisive transition of brands to sustainable development, the unstable economic situation in the world due to the pandemic, new innovations, and so on.

Hence, it can be seen that the H&M Group brand has the highest income in million euros, as the brand has a higher market share, brand policy and ethics, ethics, environmental friendliness, which causes more demand from consumers.

4.4 Financial Ratio Analysis

Return on Equity, Return on Capital, Return on Brand

In this section, indicators will be calculated for 2019 for three companies according to these indicators - Financial Ratio Analysis - Return on Equity, Return on Capital, Return on Brand.

4.4.1 Inditex

$$\text{Return on Equity (ROE)} = 3,6/93,5 = 0,0385 = 4 \%$$

$$\text{Return on Capital (ROCE)} = 4,8/(21,684 - 5,383) = 4,8/16,301 = 0,2944 = 30 \%$$

$$\text{Return on Brand (ROB)} = 3,6/15,202 = 0,2368 = 24 \%$$

4.4.2 H&M Group

$$\text{Return on Equity (ROE)} = 3,1 / 57,069 = 0,0543 = 5 \%$$

$$\text{Return on Capital (ROCE)} = 4,1/ (33,58 -16,36) =4,1/17,22 = 0,238 = 24 \%$$

$$\text{Return on Brand (ROB)} = 3,1/13,1 = 0,2366 = 24 \%$$

4.4.3 Prada Group

$$\text{Return on Equity (ROE)} = 1,822/ 329,2= 0,005534 = 0,5 \%$$

$$\text{Return on Capital (ROCE)} = 306,779/ (4778,81- 10,77) = 306,779/4768,04 = 0,0643 = 6\%$$

$$\text{Return on Brand (ROB)} = 1,822/ 4,9 = 0,3718 = 38 \%$$

Analyzing the ROE obtained after applying the formula for the three companies are shown below.

Table 7: Comparative analysis of financial performance of three brands for 2019

Source: own elaboration, based on data from Inditex, H&M Group, Prada Group

	2019	Return on Equity (ROE)	Return on Capital (ROCE)	Return on Brand (ROB)
Inditex Group		4%	30%	24%
H&M Group		5%	24%	24%
Prada Group		0,5%	6%	38%

Note that the indicators for finding ROE differ slightly or sometimes near each other. But in any case, we see from the table that they differ in terms of the equity component.

Therefore, we can understand that a higher return on equity is always preferable, as it indicates the efficiency on the part of management in obtaining a higher return on a given amount of capital. The company H&M Group has the highest indicator, followed by Inditex and Prada Group with the lowest indicator.

Analyzing the ROCE, we see that Inditex gets the most decent return on its investment. Based on these indicators, the company allocates capital efficiently. Again, you can see that Prada Group has the lowest score.

ROB - The change in brand value makes it possible to understand the effectiveness of brand management, but it must be borne in mind that the company does not sell the brand directly because it is an intangible asset directly related to the company and its products. If a company sells its brand as an intangible asset to another organization, it discontinues branding activities for that brand as this function is transferred to the new brand owner. Thus, ROB allows you to understand how effective it is for a company to change the value of the brand associated with it.

In the conclusion of the analysis on these financial indicators, one can see that the values in different indicators for each company are different, but at the same time, it can be noted that the premium class company Prada group has the smallest indicators. This is also due to lower revenue turnover than those of Inditex and H&M Group. Which have competition in the fashion industry market. It should also be noted that the Prada group has a smaller consumer segment, but of higher quality, based on the prices of goods. Therefore, very realistic indicators were drawn in the table.

	P political	E economic	S social/culture	T technological	L legal	E environment
<i>Inditex</i>	Extensive trade agreements in the EU	Low cost of labor	Fashionable and recognizable brand	Technologies for the future of business	Ethics and sustainability	Investing in sustainable development
	Friendly political environment	Relatively affordable brand	Online shopping Fashion is local culture	Using the customer base		
<i>H&M</i>	Unstable political situation	Increased income	Celebrity brand promotion	Innovation technologies such as data analytics	Stricter norms and regulations for foreign companies in some countries	Sustainable development
<i>Prada Group</i>	Change of political power in the country	Exchange rate change	Brand awareness for consumers	Implementation of new technologies in online shopping	Brand patency	Recycling and sustainability

Table 8: PESTLE Analysis of Inditex, H&M Group, and Prada Group
Source: Own elaboration

4.5 Pestle Analysis

4.5.1 Inditex

4.5.1.1 Political factors influencing the Inditex brand:

Index is a Spanish brand, in a political context, one of the main advantages of running a company in the EU is the country's extensive trade agreements. This makes it incredibly easy to import raw materials and export finished goods within the European Union, but it also means that the brand can ship its goods around the world effortlessly and at a low cost. The EU free trade policy is of great benefit to Index.

Political failure can lead to market disruptions as it affects the economy. Political instability can also disrupt the supply chain and cause a number of difficulties for brands. Index overcame this difficulty by limiting its supply chain operations to the country of origin and neighboring countries. Thus, the threat of political upheaval was minimized. In countries where political unrest is regular, business is often at risk.

4.5.1.2 Economic factors affecting the brand:

Spain has one of the highest unemployment rates in Europe, which means it has relatively low labor costs - especially when compared to other Western European countries such as France, Germany and the UK. Since Index manufactures a large part of its production in Spain, the low labor cost thus minimizes costs and increases profitability. Which is a positive thing for this company.

This company is a well-recognized brand for various categories of consumers for a slightly high price. Index is considered a relatively affordable brand compared to other European fashion brands. This allows the company to grow and thrive even in poorer countries, for example, despite the slow Spanish economy, the company remains one of the most popular apparel brands in the country.

4.5.1.3 Social/cultural factors influencing the brand:

Index has won its fashion name for most of the buyers. The company, together with all its brands, it is fashionable and recognizable all over the world, which allows them to receive significant profits.

Online shopping is one of the main trends in the 21st century. More and more consumers want to order clothes with one click from the comfort of their home. In the

future, this site will become even more in demand. Therefore, this company needs to monitor the efficiency and ease of the online platform.

The company takes into account the values of society and culture, which are important for business. They explore new markets and cultures before launching any new product or investing in new markets. This reduces many business risks. Also, culture influences people's buying decisions and people are often choose to buy things related to their culture. Therefore, the company conducts its research and produces products that blend with the local culture.

4.5.1.4 Technological factors influencing the brand:

Technology is changing things around the world, making them happen at a faster pace, whether in terms of communication, transportation, or other aspects of day-to-day work. In 2014, the Zara brand began partnering with Toyota to apply just in time technologies to their manufacturing operations, as technology improves the firm's responsiveness, allowing the fashion company to respond more quickly to customer requests and better coordinate its supply chain and logistics activities. The company has also implemented a radio frequency identification (RFID) system to track inventory throughout the value chain. This allows store employees to track inventory in other stores or brands' website and improve the customer experience. RFID has simplified restocking order transactions and increased inventory speed.

The company is investing huge amounts of money to understand and analyze huge datasets to find effective ways to reach out to its customers. The company has a popular website through which it interacts with customers from all over the world. The company communicates with customers both via the Internet and through personal touchpoints with a customer database.

4.5.1.5 Legal factors influencing the brand:

This company has a strong focus on ethics and sustainability. Their goal is to establish these principles in all areas of their operations, as well as in the supply chain. Big brands like Zara have to follow certain rules and regulations. Compliance is a growing brand requirement and the company has invested in the same through supply chain management.

4.5.1.6 Environment factors:

Sustainable development, which began as a trend, has now become one of the most important challenges for businesses around the world. The green side of business is more important than ever. Inditex also invests in sustainability and is committed to making its stores 100% environmentally efficient. Under this plan, stores will use less energy and water compared to conventional stores. These warehouses will be equipped with energy-saving devices with improved disposal characteristics. They also strive to eliminate all types of hazardous waste from their supply chain system. In addition, Inditex has also invested in eco-friendly clothing or clothing made from organic materials using sustainable technologies.

4.5.2 H&M Group

4.5.2.1 Political factors for H&M Group company:

Most of the production of H&M groups is located in Turkey, Egypt and Lebanon. Lebanon was politically unstable before and after independence. There is a shift in the power of the supremacy over a period of time, which mainly leads to war and similar situations. US vs. China, the trade war is also a major concern for the entire industry. Its influence leads to an increase in the prices of textiles. The demand for workers is growing, they demand fair working conditions, a safe workplace and higher wages. In most cases, the overall effect is that the goods produced become expensive and thus buyers find a cheaper version of the goods.

4.5.2.2 Economic factors for H&M Group company:

Labor legislation varies greatly from country to country. In developing countries, the labor force is quite low, so the creation of manufacturing enterprises in these countries is beneficial. With the improvement of the economy around the world, the disposable income of people is increasing. They have a lot to spend on luxury goods.

4.5.2.3 Social/Cultural factors for H&M Group company:

Often people are interested in the brand that their favorite celebrity is promoting. Thus, promoting products via social media by their favorite character creates buzz around the brand.

4.5.2.4 Technological factors for H&M Group company:

It has become more convenient for consumers to buy goods through a mobile application. Reward points, either directly in the app that is used to order, or in the form of discounts is a good strategy mixed with technology to grow your customer base.

4.5.2.5 Legal factors for H&M Group company:

Each country has its own regulatory policy. Firms operating in these conditions must comply with the rules in order to be able to successfully conduct their business. For example, the H&M group has to cooperate with franchise partners in the UAE, Kuwait, Oman, etc. and follow their norms.

4.5.2.6 Environment factors for H&M Group company:

H&M group has a goal of using completely recycled material for the production of clothing.

4.5.3 Prada Group

4.5.3.1 Political factors for Prada Group company:

Prada is an Italian fashion brand. Each region has its own political situation, which the company should consider as a brand for efficient and profitable business around the world. In particular, the Italian government resigned due to the collapse of the political union, a change in political power could lead to significant changes in the policy that regulates the country's business. Political stability in the region where Prada operates is important because the entire supply chain of the fashion industry is regulated by law in that region.

4.5.3.2 Economic factors for Prada Group company:

Changes in the country's economy significantly affect the brand as well. For example, in 2008, during the global recession, the country and its economy collapsed and the recovery was very slow. In this case, interest rates rise, which complicates the functioning of the business. This can lead to a sharp change in the import and exchange rates in the market.

4.5.3.3 Social/ culture factors for Prada Group company:

Fashion in beauty ads has more to do with female shoppers, and this separation should also be considered when targeting. People are more focused on quality and brand. They don't care much or don't care about the cost of the product as they want to buy fancy items and their tendency to do the same more than ever.

4.5.3.4 Technological factors for Prada Group company:

The Prada Group has been innovating in technology from the very beginning. They were the first to market a 'fashion phone' with the first capacitive touchscreen in collaboration with LG. In April 2019, Prada confirmed that it is implementing the Oracle Advanced suite of technology solutions into its retail business. This is to give shoppers a better experience when they visit a Prada store to shop. A website giving a complete overview of the products they sell is also the result of cutting edge technology for them.

4.5.3.5 Legal factors for Prada Group company:

Intellectual property or designs developed by Prada must be patented or copyrighted to avoid being misused by competitors in the market.

4.5.3.6 Environment factors for Prada Group company:

Renewal of fashion products is what the Prada groups want to focus on. They have their own Re-Nylon project to bring together recycling initiatives around the world. In this project, Prada turns harmful waste from old carpets to fishing nets into iconic and stylish Prada products. Recycling different brands and giving them new life means going towards ecological fabrics.

5 Results and Discussion

The main issue of this thesis concerned, first of all, “ Sustainable development and fashion industry - together or apart?”. Thus, society realized that there is only one planet and it must be saved. If for a few more years, it is commonplace, shoppers for goods and reusable bags were perplexing, now it is becoming the norm. Society chooses the concept of conscious consumption and care for the environment. Following the ecology is very costly, it also requires attention to detail, but on the other hand, it opens up new opportunities for PR activities of brands and the economy. "Sustainable development", or "sustainability" - the desire to restore balance on the planet, affecting at least two aspects: the impact on the environment and the impact on society. In other words, a positive impact on one of the areas. It is very important to develop a development strategy towards the sustainability of the brand, as, today, great rates are gained towards the sustainability and protection of the planet. If the company cannot take responsibility for its actions, it has no future. The fashion industry shows directly that the environment must be reckoned with. As we know, the majority of consumers have become sceptical about fast fashion based on support towards sustainability, since collections are updated once a season, and clothes begin to be made at the sketch stage and these are often low-quality materials using animals.

As a result, a huge amount of clothing ends up in a landfill. Also, the production of things from cheaper materials and rigid production to obtain these materials is unsafe for the environment due to emissions of nitrous oxide, microplastics, into which some synthetic fabrics are broken down and hard formation with animals and the production of cotton requires a lot of water. Having studied the materials and on the basis of this work, it was found out that fashion houses of any class offered a solution to the problem. For example, the H&M Group company accepts clothes for recycling in its stores, and in return gives a discount on things from the new collection. A full transition to production from recycled raw materials by 2030 is also actively underway and planned. In addition, it should be noted that the company's brands are actively producing eco-lines of clothing from recycled materials, without harming the environment, where the environmental friendliness of the product is indicated on each product. The company strives and improves its production for the benefit of the environment and a future that is developing very quickly. Another fashion company, Inditex, has taken a big step towards sustainability by

signing the environmental agreement, as mentioned earlier. Joined the animal welfare community with PETA. The company's brands have introduced more collections that are marked on tags and alert people to environmental friendliness, recycling, and so on. The company also has the development of its strategies, production and is trying to come to the goal in the future as much as possible to get rid of the factors that pollute the planet and violate environmental rules. The last company that participated in the analysis was the Prada Group. It is a company with brands that is different from previous companies but does not lag behind in support of environmental protection and resources. This company has recently come to change its production in comparison with other companies, but it does it in small steps. Prada Group also has a goal to match the competition to achieve full sustainable development and use only naturally processed materials.

It should also be noted that going towards full awareness, branded items of expensive brands of 2000 will be in great demand among consumers, exactly those things that had the opportunity of "life and a new owner" a large number of times. It is worth highlighting that this concept of the basis of the thesis unites sustainable development and the fashion industry with small but very important threads, thanks to this concept and development in this area, the fashion industry needs to actively work within the company on its production, improve fabrics, thinking about the environmental friendliness of the planet, about preserving lives of animals, new innovations, to support consumer demands for brand promotion in the future, as development is progressing in a very fast-paced direction and more and more people are worried about this fact. It becomes important not to produce and buy more collections and things, but more practical and safer for the environment.

Thus, in the practical part, based on a comparison of brands, it can be seen that companies that are fast trying to introduce innovations in the company have stability in sales and earnings. Also, those brands that have agreements and obligations to organizations in support of animals and sustainability.

5.1 Recommendations

The fashion industry was among the most vulnerable sectors during the coronavirus pandemic. Manufacturers suffered from cancellation or suspension of orders, which in turn led to massive layoffs and factory closures, and the introduction of a self-isolation regime - to a sharp decline in the number of buyers in the first half of 2020 and the development and expansion of online promotion of the fashion industry. With growing losses, some companies may not be able to overcome this crisis. The pandemic has become a catalyst for global change in the fashion industry. Many large companies had to cut staff and close some stores. For example, the Spanish company Inditex Group was forced by the pandemic to temporarily close up to 88% of its stores, which led to a 44% drop in sales in the first quarter of 2020. Also, 80% of stores - the market giant H&M - closed their work. These companies and many others had to enter the online market on a massive scale, but this was not enough to compensate for the damage caused by the closure of offline outlets and the general economic downturn, which caused consumers to reduce spending on goods that are not essential (Guardian, 2020).

The impact of the crisis and the closure of the borders was felt by everyone without exception. However, domestic hardships in countries central to the supply chain such as China and Italy (which were hit by COVID-19 earlier than others) will have a decisive impact on the fashion industry. Italy's exports and domestic sales were down 30%, while Italy was the world's second-largest exporter of its products before the coronavirus outbreak (Europa.eu, 2020).

In terms of ecology and sustainability, the fashion market is the second largest and most polluted industry. In an effort to continuously increase sales, the designers released many collections, increasing production and sacrificing product quality and sustainability. Overconsumption has generated billions of tons of carbon (the fashion industry generates 10% of global carbon emissions and 20% of global wastewater). On average, brands produced 40% more items than they could sell (BBC,2020).

Including during the pandemic, talk about the sustainability of fashion and the sustainability of companies has intensified. For example, this is how the COS brand (one of the brands of the H&M group) became a partner of the VeChain blockchain platform, thanks to a joint project, customers could see the whole history of recycled wool sweaters. It was possible to trace the origin of the fabric and its further travels by scanning the QR

code on the tag. In the luxury segment, one of the first to go to the closed production path was decided by Gucci. Their first capsule collection under this concept is called Off Grid. Unisex clothing and accessories are made from recycled and bio-based materials such as econil. Today, everything goes to the point that if a brand is not sustainable, it should not exist in principle, since it will already be difficult for it to find a response in consumers. Brands are trying to come up with and use live broadcasts to help their customers and increase sales, and the sales process itself continues to change - people are not pushed towards the brand, but are drawn into its values and cultural space. Brands broadcast their attitude to music, art, innovation, ecology, and people come to it because they share these interests.

In conclusion to the stated above, what will happen next. Strong brands with ideas and loyal customers can survive, but other brands can. Also in the coming time will take place in a situation of another decline in purchasing power. Consequently, all this leads to the fact that everyone will save money: manufacturers, brands and buyers. In the near future, a strong surge in activity is likely to happen in the segment of resale. For example, in Asia, where, due to the deteriorating financial situation, many began to resell their designer items on large Internet sites, which gives the sale of sustainability on the other hand. Flagship locations will remain to maintain brand image, but most physical locations are likely to have smaller territories, sell region-specific products and issue online orders. In about ten years, about 50% of traditional stores will close their doors. At the same time, while maintaining this rate of development in 2025, 50% of clothing sales will go through the Internet, brands of mass markets will reduce production and increase the quality of fabrics to the end. The shift to sustainable fashion has become a conscious choice for some, but for many it has been driven by logistical and economic hardships due to quarantine measures, which is a serious strategy for the future. The key to success for brands in the future is flexibility and sustainability. This sudden reboot of the fashion industry could herald a return to traditional fashion values such as simplicity, beauty and uniqueness.

This current situation in the world hit the economy very hard and forced many service sectors, including the fashion industry, to reconsider their views in many spectra. But also, thanks to such experience, fashion brands will try in the near future to reduce to an average minimum a huge number of collections, the cost of resources for their creation,

to protect the planet and remain in a stable income in the coming years, also listening to consumers and supporting sustainable development, which goes to very important level.

6 Conclusion

In conclusion, it is clear that the trend towards environmental friendliness, reasonable consumption and sustainability is gaining momentum and demand. A large number of brands pay attention to optimizing production, processing raw materials, and supporting their customers in their efforts to help the planet.

Based on the new eco-reality, supporting such an initiative of the fashion industry is not just an empty adherence to fashion, but a necessity that plays a significant role. It was possible to deduce that the fashion industry is the largest area that pollutes our planet and today a society that is growing more and more in an attempt to save the planet. It is trying to come to sustainable development in the fashion industry, including instilling and spreading this trend. Thus, we observe what a huge market in the fashion industry, each brand, each company has a lot of competition and fights for the right to be the first in this area in terms of economic indicators. Based on this, as we found out, most companies are trying to stay afloat and introduce new innovations and technologies into their brands.

In particular, focusing on sustainable development among the fashion industry, brands enter into agreements with organizations that advocate ethical treatment of animals, for the preservation of the ecology and the environment, and enter the "game" with the fulfillment of this duty up to a certain year, going in small steps and moving on plant materials. For example, we know that leather production is damaging to the environment due to the enormous amount of greenhouse gas emissions used in the chemical processing of leather. Thus, the main solution to this problem is the sustainable awareness of the problem and the cultivation of artificial leather.

Analyzing and disassembling this problem in the theoretical part, we found out that organizations expose companies in toughness, which want to get beautiful material. But organizations and society show and argue that materials and fabrics can be artificial or naturally grown and no less beautiful and, most importantly, transparent in their production. Which also applies to brand headlines and boards as it relates to sustainability. Competition in the fashion industry market is very high among different segments, based on this, brands must develop such qualities for the future "sustainable development" as, develop their companies, brands, innovate within the framework of sustainability. In the near future, companies denying sustainability may not find a loyal audience. Since there are already a considerable number of consumers who choose exclusively ethical products

or are just entering this segment and are looking for opportunities for further development, their number will only grow. All this will lead to less harmful emissions into the atmosphere, the protection of animals, the maximum reduction in the amount of materials that suffer living beings and people in general. Moreover, these should not be just loud statements that are not relevant to the case, but real support in favor of sustainability, ecology, ethics. Because it is clear that sustainability and the fashion industry are directly related to each other and rotate in the development of the economy, gaining momentum every day and reaching the peaks in these indicators.

Based on my research and analysis that was conducted in this diploma thesis, the most stable in all aspects is Inditex. In the PESTLE analysis, it was very clear that Inditex is more adapted to face unexpected difficulties due to its major agreements and connections worldwide. To sum up, these 3 companies which were analysed are fastly moving towards sustainability among the fashion industry and they all promote wide sustainable development and believes in sustainable world.

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