Fashion Brand Compliance:

TRANSPARENCY IS ON TREND
Veracity Comes Into Vogue

Fashion today is a vehicle for any number of attitudes, concerns and beliefs. Beyond the outward style and expressions of a piece of apparel, a garment or accessory becomes a testament to what a given consumer supports or steers away from, a totem of luxury or sustainability in addition to a symbol of personal style. Most prominent in Western cultures, this new world of fashion holds tremendous opportunity for apparel and accessories retailers, but with that comes inherent risk. Establishing and maintaining a high-level of trust in respect to a retailers’ brand promise is critical to the long-term sustainability and growth of their business.

As the supply chain becomes more complex and consumers demand more transparency on the sourcing, components, ethical development and sustainable nature of the products they purchase, fashion retailers are challenged to bring new products to market fast while maintaining real-time, accurate information from their supply chains to ensure compliance across the board.

This report examines the state of fashion brand compliance and intends to provide retail leaders with tangible takeaways for navigating the risks and rewards of brand compliance in the modern fashion retail ecosystem.
The State of Fashion Brand Compliance
Not Just Another Trend

In recent years, up-and-coming brands have made their names by focusing on transparency—from Everlane’s open-book pricing breakdowns to H&M’s choice to reveal the factory where each piece in its Arket line was made. Meanwhile, industry mainstays like Selfridges and online retailers like ASOS have worked with suppliers to help shoppers cut through the supply chain noise through their respective Better Buying and Responsible Edit programs. Beyond the latest trend, the success of these retailers is just one sign of a larger shift toward transparency in fashion. Consumers, now more informed than ever before, are taking notice of fashion brands’ practices and policies and bringing new demands to the table.

In recent decades, industries such as food and beverage have faced increased demands from consumers, and these same shoppers are now questioning the brands touching every aspect of their lives, including fashion. As Western shoppers peruse the ingredients and nutritional details of their food, they’re now also turning their attention to the fiber makeup of their clothing and the labor practices of their preferred shoemaker. For fashion brands and apparel retailers, this spells a shift in how they must source, develop, market and retail products—as well as how they collect and manage data throughout that product lifecycle—in order to keep pace with today’s consumers and their changing attitudes.

This Season’s ‘It’ List

Roughly two-thirds (66%) of consumers will pay more for sustainable goods, and one-in-five (21%) global consumers say environmental friendliness is a key consideration. As well, 42% of millennials and 37% of Generation Z consumers say they want to know what goes into products and how they are made before they buy. While these statistics shed light on consumers’ growing causes of concern, they are also part of a larger push for transparency. In fashion, specifically, 67% of consumers say transparency is important to their purchasing decisions.
For brands and retailers that believe they are conducting business in transparent and trustworthy ways, perception may be half the battle.

Under The Magnifying Glass

The shift from brick-and-mortar to ecommerce has compounded the challenge for fashion brands, as 52% of millennials say they always research a product’s background information before buying. With detailed descriptions of component materials and brand policies just a few clicks away, the process of truly understanding what they’re buying and how it was made is now easier than ever for the consumer, in turn putting new pressure on brands to meet high transparency standards. This can open a Pandora’s box of consumer concerns, as a lack of information could raise questions and prove nearly as damaging as a real fault in policy or procedure along the supply chain. While a company built on ethical practices and utmost compliance but lacking an informative product description may see goods sit at the warehouse, a brand whose practices pale in comparison but are broadcast for all to see may win customers’ hard-earned cash.

A New Competitive Advantage

While consumers’ thirst for transparency is driving retailers to step up both in how they source products and communicate about their practices, it also opens the door for smart players to get ahead and use transparency as a competitive advantage. High street brands like Adidas, Lululemon and Gap, Inc, have been lauded for their high ethical standards, and 63% of consumers see shopping as a powerful mechanism for change, meaning using transparency to solidify alignment with consumers’ beliefs can pay off.

In today’s global fashion environment, no brand is free from risk. Should an incident occur, honesty remains the best policy. In fact, 52% of consumers have greater trust in retailers who respond immediately in the event of an issue or recall, according to Oracle Retail data. When issues arise with products they’ve purchased, 66% of consumers expect to be notified right away, and this rises to 72% amongst Baby Boomer consumers.
Navigating Risks and Rewards
Laws of the Land

French silk, Italian leather and American cotton all have their places in fashion. Of course, each one must also meet its native land’s regulations outlining the environmental standards by which it was produced, the procedures its manufacturer must adhere to and the guideposts for the wellbeing of the team that readies it for production. Once sewn into a wearable product, new issues emerge as designers avoid intellectual property infringement while aligning with the latest trends, and whether assembled domestically or abroad, the conditions of the seamstress must comply with local regulations. Once the item passes customs and is finally ready for sale, a global audience of consumers will pull every last thread in search of information.

While globally coordinated regulation is limited, apparel brands face a wide bench of requirements from the local and state or province level up through national legislation and international trade agreements, and must comply with all or face consequences beyond reputational damage and lost sales. Fashion law has emerged as a field of practice as well-known brands work to protect themselves from the $461 billion counterfeit goods industry, and fashion products, like apparel/accessories (15%), watches and jewelry (13%), footwear (12%), and handbags and wallets (10%) are some of the most frequently seized items at U.S. borders, together accounting for roughly half of all products seized.

Certified, Sealed, Delivered

Increasingly skeptical, consumers are turning to third parties to affirm brands’ claims and do their homework for them. Trusted by consumers as reputable sources, outside certification organizations’ seals and badges help consumers ‘cheat’ and quickly determine if products meet given sets of standards. More than three-quarters (76%) of consumers say independent certifications are the best means to verify company’s social and environmental claims, and different organizations set standards to verify all manner of product claims.
Seal The Deal

“But what’s behind that logo? Here’s what it takes to earn these prestigious seals of approval that catch consumers eyes:

**bluesign®** - “A bluesign PRODUCT is only offered by brands that have committed to the bluesign SYSTEM. A sustainable product of this type consists of at least 90% bluesign APPROVED textiles and 30% bluesign APPROVED accessories. The goal is to reach 100% BLUESIGN confirmed components. The entire product guarantees the highest degree of assurance to the consumer.”

**Fair Trade Certified™** - “Fair Trade USA is the largest certifier of Fair Trade goods in the United States. The Fair Trade Certified™ seal on clothing and home goods means the products are grown or made according to rigorous social and environmental standards. Furthermore, it ensures the people who produced them earned additional money with every sale to use for social and economic investments on their own terms. Fair Trade USA offers three certifications in the apparel and home goods sector: factory, cotton and full program.”

**GOTS** - “The Global Organic Textile Standard (GOTS) was developed through collaboration by leading standard setters with the aim of defining requirements that are recognized world-wide and that ensure the organic status of textiles from harvesting of the raw materials through environmentally and socially responsible manufacturing all the way to labelling in order to provide credible assurance to the consumer.”

**USDA Organic** – “Organic Certification allows a farm or processing facility to sell, label, and represent their products as organic. The organic brand provides consumers with more choices in the marketplace. The USDA protects consumer options by protecting the organic seal.”

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“By working with all actors in the supply chain to aggregate information in the Oracle Brand Compliance Management Cloud Service solution, retailers will be able to quickly identify ingredients, supply chains, sources and verify that the products are Fair Trade Certified in order to share and celebrate them with consumers.”

– Abby Ayers, Head of Retail Partnerships, Fair Trade USA

Watch On-demand Webcast on Ethical Sourcing
Fashion Brand Compliance

Challenges on the Horizon
Challenges on the Horizon

Just like in fashion, trends in consumer demand change with the times. Fashion brands should have emerging consumer concerns on their radar so they can be prepared.

- **Sustainability:** While environmental concerns have been on consumers’ minds for years, rising public focus shows no signs of slowing down, and the fashion industry is not immune. H&M, Eddie Bauer and other fashion powerhouses have come under fire for destroying excess inventory, and the fast fashion segment has become the target of proposed taxes aimed at curbing waste.

- **Ethical Production and Manufacturing:** Along the supply chain, apparel and accessories can come into contact with a myriad of processes and practices that can put retailers and brands at risk. From the use of dangerous dyes and excess water during production to controversial materials or unfair wages for workers, retailers and brands must consider the risks involved at every step of the manufacturing process.

- **Responsible Sourcing:** Before a product is sewn and assembled, its components already may present a threat for its eventual seller. British brand Boohoo faced both accolades and backlash when it announced a shift away from wool towards environmentally unfriendly, plastic-based faux fur.

- **Ethical Marketing:** Misrepresentation can be a greater sin that the original misdeed in the eyes of some consumers. Greenwashing, mislabeling and proclamations like Zara’s sustainability pledge have all shown that transparency in name only can backfire.

- **Circular Supply Chains:** In step with sustainability concerns, apparel brands are looking to retain market share and brand prominence as well as profits as resale comes into vogue. While J.Crew rewards customers’ in-store denim donations with discounts, Patagonia has come full circle with the launch of its Worn Wear store. Soon enough, shoppers may expect the same from all brands.
While consumer priorities will likely continue to shift and change with time, retailers and brands will continue to rely on information access and transparency to ensure and prove they are keeping up. To make this possible, increased quantity and quality of technical and compliance data will be key.

Managing Complexity

Don’t Wait for Trouble to Strike

The complexity and sheer volume of both clothiers’ supply chains and global legal and trade requirements have pushed the industry to the point where tracking product, component and sourcing data manually is no longer feasible. The risk of human error is too high, and the potential consequences of a mistake too severe. As fashion brands and retailers strive to bring products to market faster, they must take a proactive approach to brand compliance.

To do this, apparel brands have embraced enterprise-wide technology solutions that enable them to collaborate with their supply chain partners. Rather than idly waiting for a recall or issue to surface, fashion brands are now working with suppliers to regularly audit supply chains and practices meet and exceed standards when it comes to labor, conditions, components and other local and trade regulations. Taking the time to audit not just your own suppliers but each and every component (from fabrics to zippers to packaging) will allow you to rest easy knowing you are prepared. Should an issue ever arise, you’ll have the information you need at the ready to trace, locate and halt the issue at its source.

One Version of the Truth

Complete, accurate, real-time product information—spanning fiber suppliers to sew houses, weavers, and shippers—is absolutely essential to providing a complete and accurate view of a final product. Having a single source of data enables fashion brands to respond rapidly to any claims or issues relating to products or the supply chain. By deploying compliance lifecycle solutions in the cloud, users can access and interrogate the data in seconds.
The Bottom Line

Whether a fashion retailer already has an established reputation of transparency or they’ve decided to shift their strategy, having the right technology to provide complete visibility into the supply chain is imperative. When choosing a solutions provider like Oracle, fashion brands can rest easy knowing they have chosen a partner with a proven track record. Click here to learn why.

The Oracle Retail Brand Compliance Ecosystem

Over

1,000,000

Number of products developed and protected

Over 80%:
Share of the world’s primary private label suppliers using solution for at least one customer

Over 10,000:
Share of suppliers concurrently managing product specifications each day in the solution

Over 1,000,000:
Number of supply chain trading relationships visible through solution
About Oracle Retail

Oracle provides retailers with a complete, open, and integrated suite of business applications, server and storage solutions that are engineered to work together to optimize every aspect of their businesses. All of the top 20 retailers worldwide—including fashion, hardlines, grocery, and specialty retailers—use Oracle solutions to drive performance, deliver critical insights and fuel growth across traditional, mobile and commerce channels. For more information, visit [http://www.oracle.com/goto/retail](http://www.oracle.com/goto/retail).