What are the Fundamental Strategic Considerations to be made in producing a viable Business Model within the Fashion Industry in line with Society’s aspired Growth towards a Sustainable Economy?

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Declaration of Authorship

1. This report, as part of the graduation project aimed at attaining the BA title from the Amsterdam University of Applied Sciences, has been written and/or compiled solely by me.

2. This project report (or any amended form of it) has never before been submitted by me or anyone else in the framework of a learning assignment aimed at the attainment of a certificate or degree, within the AMFI program or elsewhere.

3. The work that was necessary for the realisation of this project was performed entirely by me. All the data that has been collected are original.

4. All quotes from other sources are recognisable in the report by quotation marks and the sources of all my information have specifically been indicated.

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Amsterdam, the Netherlands
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Preface

I would like to express my eternal gratefulness to the people that continuously kept interest for the making of this thesis.

The most inspiring questions of the study were raised through discussions with the people around me.

Their frustrations, curiosities and particular instincts around the subject at hand, are what produced the final outcome of this paper.

Also, the boundless web.
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Executive Summary

Long story short, since the beginning of the industrial revolution and the introduction of mass manufacturing, the fashion industry became a race for maximizing outputs and decreasing costs. The machines gave way to producing at scale, lowering costs and increasing efficiency, introducing an industry foremost driven by speed. The research examines the effects of modern societal, economic and environmental landscapes on consumer purchasing behaviours, as well as their role in the formation of industry entrants. Within the development of these paths, the study developed a future outlook of the industry within the realm of sustainable fashion.

In line with technological advancements with focus on communication and production, consumer demand is what remains key in shaping the future of the fashion industry. The research construes the core principle of fashion and style as a means of self-representation: honest, coherent and consistent. Driven by ideals, brand names and celebrity influences, the current fast fashion model promotes the representation of who we strive to be rather than a representation of the individual consumer. The speed and ease of which the industry offers these possibilities has become impractical and wasteful, producing incoherent brand identities, and on a larger scale, moved the fashion industry away from its true purpose for existence.

As technology gave way to new platforms for communication and exchange of opinions and ideas, consumers became increasingly aware and sceptical of market place offerings. This, in turn, built demands for sustainable business functions and ethical methods for production. New forms of consumption behaviours grew to being, including the sharing, exchanging and lending of goods. Currently, an industry driven by purpose, meaning and values is slowly growing to being. Although monetary objectives remain key to enduring vitality of a business, an increasing number of business models now embrace a triple bottom line (3BL) approach: considering people and the planet in addition to profit, as core strategic objectives of the organization.
Whilst rethinking their purpose and goals within the industry, with high debts and low hopes for decent employment within the industry, young professionals take on the role of entrepreneurs as a way of entering the industry. Granting increased mobility, freedom and added responsibilities within the workplace promotes creative efficiency outside of the production line, allowing possibilities for substantiated value creation of the product.

Consumers are beginning to place higher value on their garments and demanding increasingly transparent, honest and consistent brand identities. In meeting demands, increasing numbers of care labels on products and lengthy corporate social responsibility agreements on company websites have functioned to raise awareness and conversation about the current landscape of the industry. The issue remains in the lack of institutional trust as largely provoked by the recession. Over-bombarded of horror stories and shock-effect advertising, consumers have developed negative connotations around the subject of sustainability as they principally function to guilt-trip into action. Within that lies the paradox. Just as consumers easily move on from seasonal trends offered by the fast-fashion industry, they have grown wear of the subject of sustainability. With the sole answer of slowing things down, change is taking too long for in order for consumers to actively contribute to a sustainable fashion industry. With the immense web for communication and global networks, businesses can now not only offer consumers a fuller experience, they will reach higher levels of performance in doing so.

The report concludes that re-establishing product offerings as a collaborate incentive from the designer as a skilled craftsman and the consumer as the thought-provoking end-user, in place of a profit-driven hierarchical system for conducting business, could become a solution for rapid product innovations. Consumers and industry professionals alike aspire to creating a sustainable fashion industry. Sceptics that we are, ill creatures that thrive on other people’s failures to verify our own success, we continue to point fingers. The solution lies in collaboration, technology and global networks. Our society operates at an immense speed; the fashion industry is falling behind.
Research Question

What are the Fundamental Strategic Considerations to be made in producing a viable Business Model within the Fashion Industry in line with Society’s aspired Growth towards a Sustainable Economy?
Introduction

Purpose
To gain insight into the significance of business models in making a lasting societal impact with focus on business strategy, innovation management, and economic theory within the fashion industry.

Aim
To product insight in line with society’s aspired growth towards an increasingly creative, collaborative and sharing economy.

Rationale
The advancement of information technologies (ICT) allow for a new way of creating and delivering value. This has promoted the development of unconventional exchange mechanisms, transaction architectures and organisational structures (Zott. C., Amit. R., and Massa, L. 2011). In turn, this has opened way to a new way of thinking about business models in terms of consumer, supplier and internal operations. In the fashion industry, the consumer now often takes an active role in brand developments and representation. This can be seen in the case of bloggers and the development of brand ambassadors: the Internet gave them a voice. New communication channels and interactive media platforms also make it easier for brands to listen to consumers and meet the demands of the market. The media landscape of the 21st Century has brought about the growth of new mobile technologies, Social Media servers such as Facebook, Instagram and Twitter and information webs such as Wikipedia and Google. These new media platforms offer people a place for sharing, interacting and communicating with each other and society. Also, it offers people a place to collectively create and build upon each other’s knowledge (Gorenflo, N. 2010). As a result, managers are bound to re-evaluate traditional organizational methods and ultimately, work towards reinventing their Product Value Proposition (PVP) in order to not only meet the demands of a new generation of consumers, but also, a new generation of industry professionals. The new workforce aspires not to profit from society, but to find ways in which to develop it.
**Broader Relevance**

Over the last few decades, increased demand for quantity, speed and low-costs have driven industry professionals to make rapid organizational decisions, cut costs and speed up the traditional supply chain system. As a profit-oriented engine, the industry became increasingly competitive and unethical. As a result, there is a growing demand for transparent functions from people such as environmental activists, eco-warriors, and bio-hackers. Surrounding this increasingly present desire by society as a whole, the 21st Century’s tech-boom is making the scalability of this dream a reality. With new platforms and tools for communication, the next generation workers are predicted to be the most efficient workforce yet and power of their devices is predicted to be 32 times stronger than it is today (Singh, A. 2014).

Although there is limited evidence to ground predictions on what technology could enable us to build, many debates surround the future of our creative economic landscape. Societal, economical and technological progression has and always will be driven by the sharing of knowledge and information between the people. Today, technology enables not only the sharing of information faster than ever before, but also the storing. With openness for collaboration, sharing of information and knowledge, and increased trust in society, we can transform the way we do business, what we know as consumerism and re-purpose our standard of living (Birkegaard, A. 2015). Moving from the traditional ownership-based paradigm we know as our current economy, the New Growth Theory introduces a sharing-based way of consuming and doing business (Botsman, R. 2014). This theory promotes the sharing of tangible and intangible items between closed circles as well as strangers. The ability to transfer the knowledge and information of what is not far from becoming the entire global population is the ability to solve problems at an immeasurable rate.

**Methodology**

The research analyses the developments of sustainable business models with respect to but not exclusive to the fashion industry. With global outlook, and cross-industrial insights, the research investigates current debates, speculations and opinions as expressed by theorists, economists, psychologists, consumers, and industry professionals. The secondary data gathered is a collective assortment from the web, academic literature, books,
documentaries, films, and informative videos. The primary research was done continuously throughout the writing of this report by personal observations of the hypothesised market shift in terms of product offerings and venture creations with focus on the city of Amsterdam. Interviews were conducted with business owners and further investigation was carried out through conversations with consumers and people of the Millennial age group, those born between the years of the early 80’s and the early new millennium.

**Limitations**

The subject of research is one highly relevant in future outlook of the industry, yet limited knowledge surrounds the issues at hand raising challenges in its pace for execution. The potential contributions and achievements of the target group at hand are still in formation, and as a prediction of their future impact on the industry may not only be inaccurate but also biased. The primary observations of the research are restricted to the city of Amsterdam, whilst secondary research generalizes world views and looks at global markets as a unified whole.

**Structure**

The research takes the form of a practical thesis on the subject of economical, societal and technological developments in terms of growing demand for change, the coming of the Millennial workforce, change in education models, and shifts in organisational structures. Further research examines the general desire for a sustainable society that is in essence fundamental to our psychological behaviour as human beings. The outcome of the report proposes ways in which business models with capital gain as core incentive be altered or re-structured to focus on sustainable internal and external growth. The research will focus on the effects of a sustainable business model in terms of internal operations, the product value chain and methods of communication.
1. New Industry

The first part of the research gives a general overview of current technological and economical developments, in line with global psychological and societal growth. First, a brief analysis of the demands, skills and believes of the Millennial workforce and how these function to shape certain radical changes within modern working environments and organisational structures. More specifically, a look at entrepreneurship in line with economic growth, clarifying increased government incentives in said direction. Moreover, a look at the increasing need for a restructured educational system as a cause of these developments. The evidence provides an explanation for the root cause of such a radical shift in belief, and further suggests three pillars of a modern education framework. In order to substantiate the theories outlined in part two of this thesis, the fundamental factors leading up to society’s current phase of mass-production, over-consumption and fast-fashion are examined. This takes the form of a psychological analysis in terms of the evolutionary factors that came to shape our modern consumerist behaviours. Finally, a breakdown of opinions as formulated by leading economists and researchers on the merits and perils of our technologically dependent society.

1.1 The New Generation

In order to illustrate the societal landscape of which we move towards, we must first give a descriptive analysis of the workforce that will come to shape it. The following sub-chapter outlines the Millennials desires and motivations in working towards a sustainable economy. Thus, we look at which specific societal events functioned to shape those desires and a description of the broad skillset acquired through such events and experiences. The research further examines the results of these developments in terms output, with focus on entrepreneurship. Finally, a reflection on how these points translate into buying and consumer behaviours.

At the end of every economic cycle enters a new generation work force. The upcoming young generation witnessed an economic suffering, an environmental meltdown and a torturous manufacturing industry. Their opinions, beliefs and desires were formed on the basis of a broken society and economic system. As a result of the societal climate the Millennials grew up in, they are self-directed and result-oriented. They are in constant
search for advancement opportunities, speed and efficiency (Dhawan, E. 2012). Initially, with low hope for employment with industry entrants, young graduates were forced to look elsewhere to sustain themselves financially. As globalization and technology radically placed businesses in a phase of transition, new industry standards began to take form, where innovation and cross-sectorial skills are two key factors to success. In this sense, the Millennials are reforming working positions and organisational structures as a whole, causing an apparent shift in career objectives towards product development and venture creation.

According to Robert A. Baron (2014), many individuals choose to become entrepreneurs and work on their own rather than work for a big corporation. The Millennials have built a need to escape traditional working environments, perceived as dull and meaningless, and not only do something they enjoy, but something of purpose. Meanwhile, companies struggle to retain a loyal workforce, and continue to increase budgets whilst lowering productivity (Schawbel, D. 2013). The topic of entrepreneurship has strong roots in several academic fields including economics, psychology, sociology, and strategic management. Fundamentally, entrepreneurship is dependent on the identification, evaluation, and development of opportunities in the creation of economic or social value (Shane, S. 2012). Recent discussions around enthusiastic start-ups debate the likelihood of long-term success for the increasing number of entrants, with limited research for backing. The question remains whether the subject of sustainability is a permanent reformation of society, or another market trend. In light of this deficit of academic evidence, the EU is currently funding a EUR 4.7 million research project allocated to fourteen research institutes in order to examine these trends and define the potential of entrepreneurship in building a sustainable economy (TUM, 2013).

It is important to be recognized, that the entrepreneurial process is not limited or exclusive to the setting up of new business ventures, but could also be undertaken within existing companies or other market mechanisms (Baron, R. 2014). Today, companies embrace intrapreneurship to drive innovation within their organizations. This trend is largely driven by the Millennial age group, and their desires to reinvent the business world (Schawbel, D. 2012). A notorious example is the one of Google, where employees are motivated to
actively contribute to all steps of the decision making process, making it an open business culture often associated with start-ups. The office facilities encourage interaction between employees and are designed in open, playful and colourful spaces. As entrepreneurial activity is directly correlated with economic growth, governments actively seek ways in which to promote entrepreneurship as they recognize the potential contribution to the overall wealth, standard of living, and well being of the nation (Shane, S. 2012). It all comes down to intrinsic human motivation: entrepreneurship maximizes links between effort, performance and rewards. In contrast, aside from their salary, employees within large corporations see significantly less benefits in the work they do.

In terms of consumer behaviour, also referred to as the ‘Cheap Generation’, the Millennials are escaping the confines of traditional society. For example, the housing and automotive industries have been two particularly important drivers of the economy over the past few decades. Studies show that whilst car sales plummet amongst the new generation, the share of young adults investing in a property from 2009-2011 is half the amount it was 10 years ago (Thompson, D and Weissman, J. 2012). However, the fundamental reason for this change in demand can also be perceived as a result of high student debts, low hopes for employment and general distrust in the financial system. Instead, the Millennials have started ‘saving’ their money through spending on experiences instead of material goods (Sharf, S. 2014). Experience-based consumerism places greater value on the experiences gained from a purchase over the proprietary ownership of it (Bos, M. 2012). With their highest essentials in the palm of their hand, increased trust between peers, and the increased sharing of information and knowledge online, the Millennials found ways in which to travel, explore, and meet new people; all whilst producing the highest levels of output in respect to work.
“They pretend to pay us and we pretend to work”

– Soviet Political Joke
1.2 New Education Models

In light of these findings, the research subsequently examines the root-cause for the shift in mentality amongst young professionals. Mainly, the increased use of technological platforms at a gradually earlier age, shaping our continuous need for speed and efficiency. Also, with the Internet as a collective hub of information, we begin to place higher value on skills such as creative thinking and social skills over memorized factual knowledge. Further analysis contemplates the possibilities for a reformed education framework focusing on three essential pillars for learning as outlined by Dutch consulting agency AT Kearney. As expressed by Douglas Thomas, Associate Professor at the Annenberg School for Communication, in the documentary film Collaboration: On the Edge of a New Paradigm?:

“Innovation is about imagination, it is about world building, it is about the ability to see things differently than they are. Our current school system of learning does not offer any opportunity for this to happen. When we find those students, we medicate them. We call them ADD or ADHD and tell them that they are daydreaming and can’t concentrate, can’t focus, can’t do the boring repetitive tasks. We devalue that. We don’t encourage innovation.” (Birkegaard, A. 2015)

It is clear that the goals we wish to achieve as a society demand a type of skillset that simply did not exist up until the turn of the century. With increased exposure to different types of medias, children consume more information than ever before (Menon, N. et al 2014). In this way, they subconsciously commence the factual learning process at an ever-younger age. Educational institutes maintain a structure that promotes pedagogical methods that no longer benefit children’s progressed minds. However, these new skills are not limited to technological competencies, but also those more prominent in our daily lives.

In his book, A Whole New Mind, Daniel Pink (2006) argues that people with a stronger right-brain ability will be more successful in our new economy as we move away from a digital age into a conceptual age. In the latter, creativity, innovation and design skills are more strongly valued than knowledge, logic and analysis. “The future belongs to a
different kind of person with a different kind of mind: artists, inventors, storytellers—creative and holistic ‘right-brain' thinkers whose abilities mark the fault line between who gets ahead and who doesn't” Pink contends. In line with Pink’s theory, AT Kearney (2014) outlines three pillars of a successful education framework: (1) theory and knowledge; (2) emotional and social skills; and (3) technological competency.

The first pillar, theory of knowledge (1), is simply the knowledge one acquires. Traditionally, education models have emphasized that the more knowledge the student retains, the better said student is predicted to succeed. Today, knowledge is accessible at the touch of a button. Granted, students need a certain level of knowledge in making connections and conclusions between the information they retrieve. However, education systems need to filter and prioritize in order to accommodate other skills and competencies that the students increasingly need to acquire, such as emotional and social skills (2). This module focuses on the ability to translate acquired knowledge in the real world and develop creative solutions to complex challenges. This translation process, or synthesis of information, is the students’ ability to produce something from the information they have, which, in turn, is when society benefits (Pink, 2006). Thus, the importance of emotional and social skills is principal to the continuation of innovation. As human interactions become gradually more virtual and less face-to-face, skills such as networking, diplomacy, conflict resolution, constructive criticism, creativity, flexibility and team building become increasingly important (Menon, N. et al 2014). Technological competency (3) is the ability to directly apply knowledge by technological means. The evident limitation of the third pillar is funding. However, in the advent of collaboration with ICT companies and re-distributed governmental support, the possibility prevails. Moreover, the introduction of such technologies creates opportunities for savings as well. Instead of blowing budgets on literature material such as books, today, most information needed to teach in classroom can be found for free online.
“Dividing an elephant in half does not produce two small elephants.”

- Peter Senge, American systems scientist
  Cambridge, Massachusetts
1.3 The Learning Organization

Having established a distinct understanding of the fundamental factors that came to shape the Millennial desires and beliefs, the research will continue to examine what the future holds for these workers. First, with focus on business environments and organizational structures, we look at the traditional hierarchal organisational model. In turn, the text examines a more collaborate structure for working, where learning is essential as a core business function and general company value.

In any social dimension, governmental, societal or institutional, a natural form of power-division comes into being. With a brain programmed for status, prestige and growth, wherever you live, your social group will always have a low and high-ranking person (Lisney, R. et al. (2011). The person of highest power attains the place at the top of the hierarchy, under which his subordinates of subsequent levels are situated beneath him. In traditional business models, a triangular form of this kind is visualized as a pyramid. From a functionalist perspective, hierarchies offer a system in which three major problems within group work are solved: disagreement, motivation, and individual behaviours. The belief is that, first, by allocating control to one of the group members; decisions can be made more easily. Second, said leader should have the capability to intrinsically motivate his subordinates with his rank. Lastly, hierarchies are thought to facilitate intra-group coordination as different individuals are denied certain responsibilities and freedoms, in the case of “too many cooks in the kitchen” (Anderson, C. and Brown, C.E. 2010). Although the framework of hierarchical control is likely to persist in the development of our societal system, heavy debates surround the topic of traditional leadership styles.

“In the old way of thinking, employees make themselves valuable through what they know. But in the new way, people make themselves valuable by seeking opportunities to work with others and tapping into the expertise that others possess. In the old way, content is owned and protected. In the new way, content is developed through participation; it is fluid, contextual and leveraged to create opportunities through ongoing collaboration.” (Rick, T. 2014)
System scientist Peter Senge argues that the key issues facing managerial operations is that simplistic frameworks are applied to complex systems. Rather than seeing the corporation as a whole, focus is allocated on its specific parts: “a better appreciation of systems will lead to more appropriate action” (Senge, P. M. 2010). His proposition for the Learning Organisation aims to eradicate the theory that only someone in a senior management position can do the thinking for an entire corporation. Employees of all levels are encouraged to deliver higher results through tacit work, based around the principles of liberty, humanity and a collective thinking (Mason, M. K. 2015). Senge (2010) describes a fundamental problem in our tendency to blame our problems on external factors, instead of looking at internal operations, actions and problems. In this way, he explains that we must become less disconnected and more inter-connected, with the aim to distinguish patterns of change instead of looking at change as isolated events.

In a highly uncertain, complex and increasingly competitive workplace, enterprises have to find different ways of working: faster, better and at lower costs. Parallel to the accelerated advancement of technology, organizations build a need for more tacit work environments, in which common sense and intuition plays a leading role in performance. Tacit knowledge is the ability to translate various sets of skills that may have been acquired over a longer period of time, such as learning how to speak a language, or riding a bike. This type of operational work demands a high level of synthesis, judgement and multifaceted interactions by the individual worker. Consequently, skill requirements have shifted from manual and cognitive tasks, towards an expert way of thinking (Wood, D. 2013). What we see is a continuous strive for learning and development on a personal, group and organizational level.

Box 1: The 5 Disciplines of a Learning Organization

1. Personal Mastery: being objective, having patience, and focusing our energies.


4. Team Learning: openness, dialogue, and collective learning

5. Systems Thinking: considering the organization holistically and not in isolated parts.

Peter Senge, (2010)
“We have all got this weird mental illness called consumerism, we have all gone collectively psychotic”

– Geoffrey Miller, Professor of Psychology
University of New Mexico
1.4 A Consumerist Society

Moving the focus of the report away from the worker and towards the consumer, the fourth part of this chapter outlines the factors that shape our consumerist behaviours. First, a look at how medias function as a reflection of our societal zeitgeist, which innately form our societal desires, believes and outlooks on our lives and the world as a whole. Through these different medias, our constant yearning for development is reflective in what is presented to us, producing aspirational images and worldviews that rest of society strives to follow. With this understanding, the research takes form around the fundamental psychological factors that shape human desires for continuous consumption and material possession: continuous growth, change and development. These factors in turn come to shape the fundamental problem our planet now faces, a yearning for personal development, and in this light, over-consumption of material goods.

At an ever-younger age, children have become the principle targets for marketers. In 2004, budgets for advertising for children had reached an estimated 15 billion dollars in the U.S. market alone. Since then, advertising has taken on new forms through different media channels, making reliable estimates difficult to dilute. With focus on entertainment mediums such as television, movies and music, the subconscious mind is to a large extent influenced and shaped by the information, opinions and ideas presented to us (Evans, A. 2012). The information presented to us is often highly reflective of the current mood, desires and Zeitgeist of that generation and era (Stewart, A. 2009). As consumption is driven by an inherent need for self-development, advertising convinces consumers that above-average products can compensate below-average traits (Lisney, R. et al. 2011).

As we actively work to promote our intelligence, creativity and emotional stability, consumption is the force with which we respond. In this way, meaning and satisfaction is fulfilled through material consumption (Chapman, J. 2005). Edward Bernays found a way to manipulate the masses by linking mass-produced goods to people’s unconscious desires (Calvert, S. L. 2008). Inspired by his cousin’s, Sigmund Freud, ideas about human beings, he assumed that in the same way propaganda could be used for war, it could also be used for peace. With the negative connotation associated with the term propaganda, he came up
with a new term. In 1920, he was the first person to coin the term Public Relations (Leonard, A. 2007).

Our compulsive consumption behaviour can be narrowed down to two subconscious motivators: survival and procreation. In terms of survival, we have secured our position as the most powerful species on the planet, we have developed agriculture for nourishment, and we have developed medical systems to take care of disease. Having established products and services for our basic needs, our survival instincts instead take competitive forms in our individual pursuits for profit or status. Hence, we work more, we produce more, and we consume more. In terms of procreation, all our efforts are channelled into the economy. The goods that we buy become our props for mating, our means of promoting ourselves beyond conversation. Thus, consumption can be seen as “something incredibly natural and normal for a stimulus species such as ours to do” (Chapman, J. 2005).

However, this natural process has begun to take the form of something toxic, as our need for more seems to continue. In a study carried out by behavioural scientist Warren M. Hern (1993), the human species is compared to a cancer on the planet, displaying all major four characteristics of a malignant process that ultimately kills the organism that supports it. As long as our economies grow, we pretend not to notice. Inclined with our desire for procreation, our brain has an inbuilt aspiration towards growth. In our highly mobilized, computerized and globalized supply system, we loose touch with where the things in fact come from. In the same way we are naturally inclined to stimulate it our brain, the systems we have built for production and consumption are inherently driven by volume and production. Constant acceleration of these processes has been the main driver of competition. As a result, we become captives of an ever-evolving consumerist system.
1.5 Technological Future

The last part of this chapter discusses the possibilities brought to being by technological advancements and newly established media platforms. The research gathered is primarily based on the opinions of leading practitioners, Erik Brynjolfsson and Robert Gordon, in the fields of economic theory and development. With these theories and speculations, a conclusion is drawn on what integral steps need to be taken for driving society towards sustainable economic development.

Heavy debates surround the estimated future of our global development. The type of innovations introduced to us in the 21st Century are arguably far more significant than anything we have seen in the last ten years and are likely to see going forward (Gordon, J. 2012; Cowen, T. 2011). Countless amounts of intangible items or services have been delivered to us by technological developments such as free streaming, accessibility, and fun applications. These items may increase our quality of life, however, their capability for driving increase in employment and productivity is extensively debated (Cowen, T. 2011). From one perspective, the economic impact of modern innovations stands no comparison to those of the past. For example, an application on your phone is of less use to the economy than air-conditioning and interstate highway systems: the first opened up new areas for work; the latter vastly increased the productivity of the supply chain (Gordon, J. 2012). This is not forecasting an end to innovation, but rather a decline in the usefulness of future inventions based on inventions of the past.

Conversely, in his examination Brynjolfsson (1993) introduces the Productivity Paradox, which outlines that a decreasing unemployment rate does not signal the end of growth, “it is simply the growing pains of a radically reorganized economy”. Technology is a unique innovation in itself, as it allows society to function at an unforeseen pace. In this way, productivity has been decoupled from employment. A number of new inventions function as free services, such as Google, Wikipedia, and countless of music, movie and media files, and therefore do not translate into traditional GDP statistics. Thus, many economist theorists diagnose this as the “end of innovation” (Gordon, J. 2012). In order to unlock the technologies’ full potential, however, it is no longer enough for new generation managers to redesign factories as we may have had to in the past. From this perspective, the next
generation of workers are going to have to reinvent organizations in order to incorporate and grow alongside technology.

Ultimately, the value of the web is not inherent in its technological functions. Rather, it is inherent in the interactions and collaborations that people have used the technology to do. An open society promotes the sharing of knowledge and information though ICT channels as a product of globalization, active networking, and various forms of innovation. As knowledge is increasingly collated through interactive technologies and communication networks, we witness the emergence of an ‘information society’ (Halme, K. et al. 2014). An information society emphasizes the importance of continuous learning through the sharing, interaction and collaboration between individuals and firms, as knowledge is recognised as the principle driver of productivity and economic growth (OECD, 1996).
1.6 Conclusion

As we become increasingly aware and educated about the world that surrounds us, we develop an inherent need to partake in its long-term sustainable development. The economic crises, for one, reshaped consumer behaviours, societal attitudes and political agendas globally. Objectives such as sustainability and wellbeing became priorities amongst many and demands for new corporate systems grew into being: increased governmental incentives towards innovation, creativity and entrepreneurship. As a new generation of workers enter the playing field, they demand higher gains from the work they do in terms of learning and personal developments, reshaping the meaning of wealth and value. The literature gathers that the link between effort, performance and rewards is directly correlated to entrepreneurship in the sense that it fulfils our intrinsic human motivations for advancement opportunities, speed and efficiency (Dhawan, E. 2012). The research effectively distinguishes patterns in societal development over time that increasingly demand open working environments over traditional hierarchical structures. As presented in the case of Google, where the office environment is set up to the illusion of a playground, it has been proven that interactive work facilitates, such as co-working spaces, have a positive impact on productivity, collaboration and inspiration. Thus, a significant amount of young professionals are driven, but also motivated by governmental incentives, to become entrepreneurs and work independently rather than within a big corporation. The significance of this development is inherent in the possibilities that this brings to being, through the increased use of technologies, openness for collaboration, and self-reflection.
2. New Growth Theory

The following chapter examines ways in which growth can be achieved through restructured economies, mainly in terms of newly established technological means but also general willingness for cooperation, with motivations for long-term sustainability of our planet as core incentive. The New Growth Theory further explores the role of knowledge and technology as a driver of productivity and economic growth. In this sense, part two of this thesis focuses on our continuously changing society. The research outlines the four most relevant economies that grew to being in line with the evident need and continuously growing demand for a restructured consumerist system, as described in chapter one. First, the Circular Economy (1) discusses society’s current approach to consumption and lists five considerations in producing a business model as an integral model of circular activity. In turn, the Sharing Economy (2) promotes a system in which consumers replace sellers. The collective sharing of services and products through newly established online platforms promotes the positive affluence of valuing access over ownership of human and physical resources.

Subsequently, in line with developments for collaborate consumerist system we witness an increased necessity for peer trust, personal security and the validation of information forming the rise of a Reputation Economy (3). The fourth system revisits the notion of economic growth in line with technological advancements and discusses the opportunities embedded in the active engagement of society as whole through the sharing of information and knowledge through online platforms. The Knowledge Economy (4) promotes co-creative functions to act as stimulants towards a new meaning of success, promoting collective thinking over individual gains. Finally, the research investigates new modules for trade and discusses the possibilities for a open-trade system in which nations can trade without barriers and limitations of entry, promoting a system of free trade, in contrast to a fair trade system which similarly aims to lessen poverty, improve working conditions, the environment, and distributive justice. As trade is directly correlated with progressions in innovation, the research explores which module for trade holds greater potential in structuring a more sustainable economic system.
“You have to sow and then reap, sow and then reap, and sow and then reap. Now we only reap.”

- Birger Lindberg Moller, Professor of Biology
  University of Copenhagen
2. Circular Economy

The Circular Economy presents a restorative system for an industrial economy through design or intention of the product/service, where biological and technical nutrients are separated in the biosphere. This economic incentive proposes a new waste management system, which replaces society’s current “take-make-dispose” approach with a circular process (Clift, R. and Allwood, J. 2011). Introducing a circular process for sustainable growth, the following sub-chapter examines the willingness of consumers to partake in this movement as drawn together by the Nielson Group¹. Firstly, annual sales of a variety of retailers who do or do not promote sustainability initiatives, followed by consumer incentives will be examined. Thereafter, a global outlook of these trends and differences between generations will be assessed.

In order to meet the demands of a growing global population, this model focuses on how to reduce the flow of materials through the economy. That is, managing materials more intelligently throughout the entire value chain: “The circular economy aims to eradicate waste—not just from manufacturing processes, as lean management aspires to do, but systematically, throughout the life cycles, uses of products and their components” (Zils, M. 2014). Within this line of thinking, product vendors are required to think of their resources as assets rather than products and their customers as users rather than buyers. The challenge then becomes that of how to maximize value along the chain and to continuously find a way to re-introduce assets as new products. “It makes little business-sense to discard product assets after only a few months instead of maintaining the customer relationships during multiple cycles” (Lacy, P. et al. 2013).

Box 2: 5 Considerations in making a Circular Business Model

1. How can we design our products with asset recovery in mind?
2. How can we develop product lines to meet demand without wasting assets?
3. How can we source material in regenerative loops rather than linear flows?
4. How can we develop a revenue model that protects value up and down the chain?
5. How can we get our customers to cooperate with us?

Lacy, P. et al. (2013)

¹ Leading global information and measurement company, provides insights & data about what people watch, listen to & buy, with HQ in NYC and Diemen, NL.
The Nielsen (2014) study revealed that brands that claim sustainability initiatives on packaging or actively engage in CSR marketing efforts show an increase in sales. A year-by-year analysis of annual sales of 34 retail brands in nine countries show that companies that actively promote sustainability actions show an average increase by 2%, whereas more idle companies show only a 1% increase in sales (Rayapura, A. 2014). The adjacent study examined 30,000 consumers in 60 different countries on their stance on sustainable actions in the retail industry. According to Amy Fenton, global leader of public development and sustainability at Nielsen (2014), there is a significant global demand for social purpose. As one of the controlling factors of our purchase decisions, this behaviour provides opportunities for meaningful impact within our communities, but also as a mechanism for market growth.

Willingness of participants to pay more for sustainably produced products is less in Europe and America than other continents such as Asia-Pacific, Latin America and Middle-East/Africa. Europe and America show just above 40% willingness whereas the latter three reach between 63-64%. Another gap can be detected between generations, mainly support by the fact that 51% of global respondents were Millennials. With these numbers, the survey revealed that in largely developing regions especially, Millennials show to be three times more agreeable than Generation X (age 35-49) and 12 times more agreeable than their cohort, the Baby Boomers (age 50-54). Fenton further explains that the question of motivation has already been answered: “Consumers do care and show that they do through their actions. Now the focus is on determining how your brand can effectively create shared value by marrying the appropriate social cause and consumer segments” (Nielsen, 2014: p.2).
2.2 Sharing Economy

Information and Communication Technology (ICT) gave rise to a new form of consumption in which people share or exchange goods and services online. The Sharing Economy introduces new concepts that to a large extent reform the meaning of wealth by devaluing material possessions and increasing incentives for the sharing of services or goods between consumers. The following sub-chapter questions the motivations for such initiatives from an economic perspective, but also the consumers’. These findings bring to light issues related to trust and security, but also open up possibilities for decreased spending, increased interaction between peers, and thus, increased cooperation and further development.

The Sharing Economy deals with the concept of generating access instead of ownership to human and physical resources. Only through increased trust and transparency between people is what is referred to as Collaborative Consumption (CC) made possible. This recently developed openness and willingness for co-operation is expected to alleviate problems such as mass-consumption, environmental pollution, and poverty, as costs for economic coordination within communities is lowered (Hamari, J., Sjoklint, M. and Ukkonen, A. 2015). The downside of the Sharing Economy mainly takes form of a way to evade tax laws and regulations, creating increased competition by other industry players (Baker, D. 2014). In light of this new development, traditional industry players are pressured to find creative ways in which to cut costs in place of shortening the value chain, creating higher value for lower cost.

Although this new form of venture generation has been notable in industries such as the automotive, service and tourism, it holds little ground in the realm of fashion. In fact, the sharing of fashion goods presents a number of obstacles. Although the leasing, renting or swapping of more expensive or luxurious items such as bags, suits, dresses and winter or activity wear, everyday garments do not present the same business opportunities. Primarily, as garments quickly lose their aesthetic ability and hygienic perception through repeated washing or perhaps maltreatment, these products become difficult to exchange between consumers. Further, garments are personally acquired items that function as a representation of the user, and therefore attain a certain level of proprietorship and
therefore higher value to the owner. In this way, consumers do not commonly wish to share their clothing with other people, particularly not with strangers on the web. Further, garments, unlike vehicles and accommodation, are inexpensive material goods that are, in today’s fast-fashion environment, easily acquired, and therefore not worth the effort and organization behind the sharing of said items.

In a recent study on the consumer potential of CC, Pieter van de Glind (2013) identified the motives of Dutch collaborative consumers and measures the consumer potential of CC within the municipality of Amsterdam. His results show that current users of sharing platforms are motivated by practical need, financial gains and appraisal. As engagement in these platforms mainly offer opportunities for helping, interacting and connecting with new people, one of the main intrinsic motives for these users show to be social benefits. Through social networks and review/recommendation platforms, people subconsciously consume the thoughts and opinions of those around them. Success stories are shared and good services are recommended. On the other hand, general disappointment, bad service and/or mistakes are highly scrutinized. In the past, companies and brand personalities were built on institutional trust. In this way, brands gained a form of power with which they could shape product perceptions and control consumer-spending behaviour. With the uprising of ICT’s and strengthened educational systems, consumer confidence in established hierarchies eroded. In its place, the rise of decentralized platforms took place on the principle of peer trust.

The formation of online communities has decreased the fear of interacting with strangers. Instead, people actively search for and engage with strangers in order to bypass traditional institutions (Botsman, R. 2015). In a survey conducted by PricewaterhouseCoopers (PwC)\(^2\) (2015) amongst American consumers, 62% of participants agree to be more sceptical towards brands today than they were in the past. Whilst general trust in brands and the general societal system is on a decline, trust between peers, or what can be referred to as Peer Regulation comes to being (Badger, E. 2015). Peer regulation is the principle of trust as shaped by electronic word-of-mouth (eWOM). For example, a user will be increasingly

\(^2\) World’s second largest professional services network (as measured by 2014 revenues) and is one of the Big Four auditors, along with Deloitte, EY and KPMG.
inclined to take use of a service offered online if other users have recommended it. The results of the study further illustrate that young adults, aged 18-24, show the greatest willingness towards the Sharing Economy (Badger, E. 2015). Out of the 44% of total respondents that were actually aware of the Sharing Economy, 86% agreed that the sharing economy makes life more affordable and 83% agreed that the Sharing Economy makes life more convenient. This is highly reflective upon the Millennials behaviour and desires for inexpensive but valuable standards for living. As discussed in chapter one, the Millennials are finding ways to escape the traditional confines of society in terms of business environments, consumer behaviours and living situations, and the Sharing Economy has presented several viable options of doing so.
“Isn't ethical fast fashion just a big fat oxymoron?”

– Lucy Siegle, journalist and writer on environmental issues

United Kingdom
2.3 Reputation Economy

In line with increased lack of security as a result of increased trust between peers, the Reputation Economy introduces a module in which users can collectively warrant providers. This system promotes the active engagement of all users through online platforms, but is therefore also highly dependant upon the input of each user. Sharing platforms allow people the ability to form judgement based on other people’s reviews and recommendations. In this way, your reputation defines your credibility as a provider: not highly dissimilar of how brands establish trust with their customers. Thus, the research further questions the credibility of established retailers and ultimately, emphasises how general distrust in society triggered demands for fully transparent business functions.

As consumers became less affected by traditional marketing methods and more sceptical towards the information presented to them, gaining customer loyalty became increasingly difficult. Author Robert Putnam (2000) argues the reason for this decrease in trust is the lack of active participation by members of society: with the rise of the television, people retracted into their homes and took less active role in community activities and collaborate developments. With the birth of the computer, however, people now have a chance to start ‘participating’ again and partake in discussions. In a study carried out by Carrie James, research director of Good Work\(^3\), results showed that majority of young people have a strong stance of distrust towards the media. In the case of bad service being delivered by product or service sharing companies, the fault or blame is placed with the institution and not the person offering their services. “We are currently in a trust dance between people increasingly trusting direct connections with other people but falling back on the role of the established institution when peer trust fails. Brands have to figure out how to play in both worlds” (Botsman, R. 2015).

We are entering an era where your online presence defines your societal status. This is a world in which value is defined through the pictures you post, the contacts you acquire, and the comments you make online. In this sense, reputation is becoming a form of currency (Gorenflo, N. 2010), moving society away from a monetary economy, towards a

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\(^3\) Founded in 1991 as a nonprofit corporation in Durham, North Carolina.
reputation economy (Birkegaard, A. 2015). Transparent structures, through open online ratings and reviews for example, inspire good behaviour and trust. This can be seen through new types of exchange and sharing platforms introduced in the previous sub-chapter, such as Airbnb, for exchanging or renting apartments to strangers; Uber, offering car sharing services between strangers; and Kickstarter, facilitating crowd-sourced funding opportunities between strangers. The core success driver of these platforms is our ability to acquire sufficient information about said ‘stranger’, in order to trust the terms of the agreement being made (Klein, J. 2014). Interestingly enough, as an example, there is a connection between the decline of serial killers and the rise of the sharing culture (Popper, B. 2013). With this development, societal anxieties have been alleviated by the fact that user information is listed, recorded and easily tracked down through our technologies. In this way, the user can be reassured of the genuine intentions of the provider through his profile and reviews.

In line with increased demand for sustainability and transparent business functions, more and more influential retailers have launched sustainable initiatives of their own. However, as the largest players in the industry, the scalability of their claims is unrealistic. H&M in particular received significant amount of scepticism from stakeholders around the actions taken towards sustainability. Rapid-response production systems, developed by high-fashion retailers such as H&M and Zara, and their reputation on low-wage production in some of our poorest economies have to a large extent been held responsible for environmental and social degradation (Siegle, L. 2012). Thus, many have perceived the introduction of sustainable initiatives such as the garment collection scheme, in which H&M retrieves unwanted garments of any quality and brand for recycling, as a well-executed publicity stunt. Although this is only a minor step in the right direction, an influential retailer such as H&M has at least triggered a mainstream debate, and in this way encourages consumers to place greater value on their garments as assets and not throwaway products (Donatelli, J. 2013). As a general measure, people have a tendency to prioritise what they want and what is easy, over what is right. It is the industry’s responsibility to make a product offering that makes the right thing the easy thing.
In the case of Patagonia, the company takes use of their own website to educate the consumer on the process behind the product. Through videos, blogs and information posted in the companies ‘Footprint Chronicles’, Patagonia became as transparent as they could. “If you’re not talking about what is wrong, you are not telling the whole story” (Dumain, J. 2013). In reaching their sustainability goals, the company confronted consumers with the facts. Patagonia revealed all the toxic chemicals they put into their clothing and told the full story behind the product. By getting the information across in a confronting way, much like shock advertising, the company generated heavy conversation around the topic of sustainability. As consumers becomes less affected by advertising, new media strategies demand that companies be fully transparent about their operations. The project has allowed the company to reach record profits.

2.4 Knowledge Economy

The following sub-chapter revisits motivations for sharing in terms of economic growth. The Knowledge Economy promotes the importance of continuous learning and introduces technology as a principle driver for the sharing of information. Further explored is the role of tacit knowledge in innovation management. In doing so, the research questions the ability of transferring such knowledge to other users for co-creation purposes and the effectiveness of face-to-face interactions.

The Knowledge Economy introduces an interactive model in which producers and users interact through both codified and tacit knowledge. Hereby, information can be extracted based on learned-behaviour and procedures of consumers. Today’s availability for smart technologies, as well as future outlooks such as wearable-tech products, provides alternative platforms for data-collection and analysis. Consequently, the main driver of the Knowledge Economy can be grounded upon the tacit knowledge of society as a whole. Tacit knowledge differs from explicit knowledge, which can easily be explained such as a fact or definition, in the sense that it cannot easily be transferred to other users. The role of tacit knowledge in innovation management becomes clear as one sees the value of the combination and integration of different knowledge components (Hartmann, E. et al. 2004). Today, knowledge is stored, synchronised and developed by society as a whole.
online. In this way, we are able to more efficiently communicate and learn from each other, and with each other, for increasingly collective purposes.

Co-creativity in a smaller sense, for example in daily conversations, builds comfort around the subject of transparency, honesty and trust. In fact, this type of communication creates bonding experiences, releasing a neurotransmitter in our brain. This neurotransmitter, called Oxytocin, triggers curiosity around the question “what if”. In this sense, we build up new ideas around the meaning of success, cultivating a higher level of risk taking and innovative thinking (Glaser, J.E. 2015). Various debates among researchers have taken place on the role of ICT’s in tacit knowledge sharing between individuals and firms. Some argue that even if sharing of tacit knowledge via modern ICT channels is made possible, it will not replace face-to-face interactions (Selamat, M. H. and Choudrie, J. 2004). On the other hand, advocators of ICT contribution to tacit knowledge sharing argue that, in line with globalization, face-to-face interaction are no longer as effective, or valuable, as they used to be. Today, the use and optimization of ICT is inevitable (Panahi, S., Watson, J and Partridge, H. 2012). By actively contributing to our online community, through online social networks, blogs and wikis, we are building a platform on which people can freely express their ideas, perspectives or believes. In this way, information is more widely accessible, tangible and useful for both individuals and organizations.

The high-end outdoor clothing brand Patagonia is an example of a brand that uses active collaboration to stay in tune with the growing e-commerce market. Patagonia found that their products were being sold and resold through sites such as the American multinational corporation, eBay, which provides a consumer-to-consumer and business-to-consumer sales service through the Internet. Alan Marks⁴ describes eBay as a platform foremost built on community, and explains that with 100 million active users, trading, selling and buying goods on a daily basis, the entrepreneurial spirit takes a global form. In this sense, he illustrates that there is a growing desire amongst people to actively contribute to the collaborative movement. The way to do so: online (Panahi, S., Watson, J and Partridge, H. 2012).

⁴ Senior Vice President of Global Communications and Sustainability at eBay
Today there is a long list of online resellers such as eBay where sales of products take place outside of most companies control. To tackle this issue, Patagonia found a way to collaborate, instead of compete, with eBay. Rick Ridgeway\(^5\) witnessed that with the beginning of the recession, consumers started buying not only less stuff, but also products with longer durability and even used items. By putting sustainability ahead of profit, Patagonia actively encourages their consumers to buy \textit{fewer} clothes. By emphasising the durability and longevity of their products, the company builds a strengthened brand image. The partnership, as stated by eBay CEO, John Donahoe (n.d.), is based on the hypothesis that “the greenest product is one that already exists.” Since its launch in 2011, approximately 70,000 people have become active partners to Patagonia by taking a pledge to the project and exceeding 57,000 Patagonia items have found a “second life” in the US and UK (Lowitt, E. 2011). The Common Threads Pledge aims to reduce environmental impact by educating consumers about the effect of consumption on our environmental responsibility, our role as a society and increase consciousness of product life cycles.

\(^5\) Vice President of Environmental Initiatives at Patagonia
2.5 A Free vs. Fair Module for Trade

The final sub-chapter of the second part of this report acts to describe current debates on the subject of trade. As a main driving force of global expansion and economic resurrection, trade has fuelled competition, innovation and economies of scale. Businesses as much as individuals have reaped the benefits of lower prices and wider product offerings, and resources have been taken for granted (OECD, 2012). First, a look at trade expansions over time based on global GDP rates, followed by an outline of two primary drivers for trade. Finally, the research questions the merits and perils of a free-trade system to function in place of fair-trade as a greater stimulant for innovation.

At its essence, trade between nations stimulates innovation and societal development in the sense that it allows for exchange and interaction between the people (UNCTAD, 2012). However, largely driven by commercial activity and economic growth, global trade has developed regulations and policies such as tariffs, quotas, and environmental working standards. Trade expansions can be measured by the share of international trade in world GDP, which rose from 5.5% in 1950 to 20.5% in 2006. The World Trade Organization (WTO) explains that the two primary drivers for the expansion in open trade are technological changes and investment policies.

The first, gives way to reduced costs for transportation and communication. The latter, facilitates participation of developing countries in trade agreements by significantly reducing or even eliminating taxed, restricted or prohibited trade. In this way, more countries can be involved in the process of manufacturing a product as more trade is embodied in the process (WTO, 2009). The fashion industry is not only highly driven by trade in the terms of production and manufacturing, it is also hugely inspired by trade in the sense of culture, design and innovation. The exchange of goods and services between nations is in certain aspects the exchange of culture and heritage between people. In this way, trade promotes innovation and collaboration.

The merits of a free versus fair trade economies are one of the largest debated over the 19th, 20th and 21st Century. Free trade promotes efficiency and emphasizes the notion of products as finite resources by allowing economies to specialize on their strengths and build
comparative advantage based on those specific strengths. In this way, free trade encourages the lowering, or even abolishment, of regulations in order to allow for a more open flow of goods and exchange. Open markets have already been established between the countries of the European Union (EU) and the European Economic Area (EEA), and the North American Free Trade Agreement (NAFTA) with positive economic results.

In political terms, free trade advocates are sceptical towards government programs that redistribute wealth. Fair trade advocates argue that exchanges between developed and less developed economies occur along uneven terms and are more open to government actions in order to work in the fairest equitable way. Fair trade organizations, such as the European Fair Trade Organization, the Fair Trade Foundation and the World Fair Trade Organization, reason that fair trade systems lessen poverty, improve working conditions, the environment, and distributive justice. In the eyes of free trade campaigners, in a system of voluntary exchange the demands of justice would be met. In this way, nations can fully concentrate on what they produce best, and exchange these products for those that other nations to best.
“There are no passengers on spaceship Earth. We are all crew.”

–Marshall McLuhan, Canadian philosopher of communication theory
2.6 Conclusion

According to the research, there is a noticeable shift in behaviours towards more circular thinking and sustainable living. New platforms for sharing of information have allowed users to participate in these movements with more ease than ever before. Within these platforms, users can actively review, recommend and evaluate their experiences in the form of eWOM. It is clear that the user willingness towards the sharing of products/services is high, and motivations can be narrowed down to convenience, decrease in costs, and increased networking opportunities between peers. In this sense, it is evident that people are social creatures. In the same way we are inspired by other people, we are influenced by their decisions and actions. The question remains how to efficiently target the appropriate consumer segment with a suitable social cause.

With an increasingly open-societal structure, we have already established immense hubs of knowledge, referred to as the Internet. As a product of globalization and active networking, it is clear that the value of the web is not inherent in its technological functions, but rather, in the collective advancements that people have used the technology to produce. Whilst these platforms offer a place where people can freely express their ideas, perspectives or believes, what remains is still the issue of security and trust. However, with the increased optimization of these services, people take on a form of electronic identity through which their activity is recorded and easily traced, lessening crime rates and public anxieties. Co-creativity in a smaller sense, for example in daily conversations, creates bonding experiences by releasing a neurotransmitter in our brains. Better known as one of our four ‘happy’ chemicals, Oxytocin builds comfort around the subject of transparency, honesty and trust, further triggering curiosity around the question “what if?” In this sense, we build up new ideas around the meaning of success, cultivating a higher level of risk taking and innovative thinking. (Glaser, J.E. 2015). In this sense, we build up new ideas around the meaning of success, as a long-term objective rather than temporary financial gain, cultivating a higher level of risk taking and innovative thinking.

Now, what if our clothes became a true representation of who we strive to be, what we want to stand for, believe in and support, and not simply by their aesthetic appeal. If we are, as the research points out, maturing and becoming a more educated society as a whole,
it would make sense if consumers valued clothing for more than their seasonal relevance. Appearance is a narrow way of discriminating other people for what they look like instead of who they really are or what they stand for. Identity should not be classified by one's country of birth, place of upbringing or past-achievements, but rather our future goals and what we strive to accomplish as a part of our all-encompassing society. Target groups as incorporated by business strategies have already been redefined as to portray someone’s lifestyle and interest rather than age and even gender. Through rewarding engagement, purposeful activities and the sharing of our experiences online, we can connect with people based on our common interests, beliefs and activities.
3: New Business Models

The final part of this thesis explores possibilities for new business models in line with circular thinking, openness for co-creativity, and the increase of purpose driven actions. Firstly, a definition of the business model as strategic framework, potential for development by future generations and finally the usefulness of such a model in terms of value creation will be explored. Secondly, a deeper insight into the concept of a sustainable business model with focus on the logic behind it, current drivers and the stimulators needed for driving it forward. A case study on the Dutch independent retailer Geiten Wollen Winkel then functions as an example of such a model and explores the believes, motivations and willingness of the founders towards a collaborate economy. Revisiting the subject of technological developments, the research investigates the enthusiasm behind business models for e-commerce and thoroughly examines eight significant factors of e-loyalty. In line with a maturing workforce and change in consumer demand, the research further explores the shifting Product Value Proposition (PVP) and lists four integral trends that are reshaping modern retail strategies. Finally, we witness an increased demand for transparent functions from all stakeholders with respect to the traditional supply chain and the development of the value chain. Enlarging the example of Patagonia as a case study as introduced in Chapter 2, the findings illustrate how perceived value of a product can be amplified through experimental techniques.
3.1 The Business Model Ontology

As a fairly recently developed strategic tool, the business model is a difficult concept to define. Fundamentally, business models represent a potential source of competitive advantage for any type of business (Markides, C. and Charitou, C.D. 2004). One theorist would say, “a good business model begins with an insight into human motivations and ends in a rich stream of profits” (Magretta, 2002). In a review carried through at the IESE Business School, the authors co-examined what had previously been subject to discussion of the term *business model*, only to find some very scattered results.

The lack in consistency throughout the research resulted in no universal definition of the term. 44% of the publications gave conceptualized sketches of the model by splitting its components, but none in fact gave concrete definitions of the term. Since the model initially generated some concrete studies only in 1995, the concept gave rise to a multitude of possible interpretations: “This lack of definitional clarity represents a potential source of confusion, promoting dispersion rather than convergence of perspectives […] on business models” (Zott. C., Amit. R., and Massa, L. 2011). Another study distinguished two viewpoints on the term: simply the way a company does business; and the conceptualization of the way a company does business by breaking it up in multiple interrelated components (Osterwalder, A., Pigneur, Y & Tucci, C.L. 2005). The first viewpoint is inward looking, activity/company oriented. It focuses on what the company is doing and how they are going to do it. The latter describes the value created, more customers oriented or outward looking. For the sake of clarification, the authors propose a holistic definition of the term:

“A business model is a conceptual tool containing a set of objects, concepts and their relationships with the objective to express the business logic of a specific firm. Therefore we must consider which concepts and relationships allow a simplified description and representation of what value is provided to customers, how this is done and with which financial consequences.”

From this perspective, a business model is not the flat structural template it comes across to be from its name. In fact, a business model can be seen as a set of stories that tell the
journey of producing value of a specific product/service to the end-user. The novelty presented by concrete and innovative business models is that they are to be built up over time and improved over generations to come (Magretta, 2002). From this point of view, the business model concept is a framework for developing a long-lasting corporate strategy in order to continuously create, deliver and capture value over time.

3.2 Sustainable Business Model Archetypes

Having defined the principles of what exemplifies a business model, the research further examines and aims to define business models with sustainable purposes. Fundamentally, the Sustainable Business Model Archetype places sustainable thinking embedded in the core values and functions of a business, rather than to function as a strategic marketing tool. The following information describes the factors that contribute to building such an organizational environment, and lists an example of how this can and has been done in the fashion industry. Further, the main issues established companies face in meeting such integral changes, and the factors influencing the fashion industry’s ability for change.

The Sustainable Business Model (SBM) archetype has been described as the “groupings of mechanisms and solutions that may contribute to building up the business model for sustainability” (Bocken, N.M.P. 2014). These archetypes are founded on a triple bottom line (3BL) approach and thus, take into account a wider range of stakeholder interests, including environment and society (Elkington, J. 1998). One will find multiple examples of innovative business models that are founded on a 3BL approach. Most of these contribute significantly in delivering sustainable solutions to corporate strategies. However, no defined pattern or attributes have yet been established in order to facilitate categorization. In his research, Bocken (2014) outlines eight archetypes that should form an SBM: maximising material and energy efficiency; creating value from ‘waste’; substituting with renewables and natural processes; delivering functionality rather than ownership; adopting a stewardship role; encouraging sufficiency; re-purposing the business for society/environment; developing scale-up solutions.

The first step in the direction of building in the direction of ethical production is triggering awareness and attention, but also know-how. Stella McCartney was recently labelled
fashions latest ‘Change Agent’ by online magazine, the Business of Fashion (Amed, I. 2015). Her latest initiative excludes all leather and animal goods from her collection, making her company the first sizeable sustainable luxury goods brand. It took McCartney a considerable amount of time, 15 years to be exact, to develop her own fully sustainable business model. As a matter of fact, it was perhaps her ability to effect change outside of her own business that has had the biggest impact within the industry. In her collaborations with Adidas and H&M for example, McCartney stayed true to her personal values and believes, influencing how large corporations act towards sustainability.

It is apparent that the radical type of change the industry needs to undergo takes time. The main issues companies face are government legislations, and working to scale (Borromeo, L. 2015). In certain terms, it is easier for a smaller brand to position themselves as a sustainable company as they are not working against economies of scale. Nonetheless, in order for transparency to become a business norm, it will require a combination of radical thought and smart decisions, creative and directional design and a lot of consumer pressure to transform government legislations. As consumer demand is ultimately driven by product offerings, industry professionals must take the leap to start the conversation.

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6 Fashion News, Analysis and Business Intelligence from the leading digital authority on the global fashion industry.
“There is no business to be done on a dead planet.”

- David Brouwer, Sierra Club Executive Director
  San Francisco, California
3.3 Interview: Geiten Wollen Winkel

An interview with a newly established independent retailer was carried through in order to evaluate motivations of the industry professional, her observations on changes within the industry and consumer purchasing behaviour. The discussion refers to competitive brands in the market, both of comparable size and bigger conglomerates, and her stance towards their product offerings. Her comments are not only reflective of the business model she presents, but also her personal values as a business owner and her outlook on the future of the fashion industry. The interview emphasizes aspirations for learning, collaboration and change.

Lavinia Bakker developed her own sustainable clothing initiative with her twin sister, Abigail, in 2013. The aim was to provide consumers with ecologically made, yet affordable, basics. Introducing their concept through various pop-up events around Amsterdam, the business took off to a quick start. Originally, the sisters had their heart set on opening the store in Haarlemmerstraat, one of Amsterdam’s more exclusive shopping streets offering smaller boutiques and innovative concepts west of Amsterdam Centraal, only to find another three initiatives at play in that area. Instead, the sisters explored the eastern part of the city. Ironically enough, the sisters replaced what used to be a butchers shop on the Utrechtsestraat with their ‘Green’, ‘Honest’ and ‘Vegan’ values.

What differentiates the Geiten Wollen Winkel is that the sisters try to transform the topic of sustainability from a serious subject into something playful and informative. The name in itself is an example of how they hope to differentiate their brand. Consumers are curious and open to the story behind the name: transforming something grey and boring to something fun and exciting. The Dutch expression “Geiten Wollen Sokken” in its literal translation means socks made from Goat Wool. However, the expression is widely used to describe or stereotype people with a preference for ecological products and a sustainable way of living. Thus, the term has attained certain negative connotations attached to it, often used to describe a subject to be ‘boring’, ‘brown’, ‘slow’, or ‘hippie’. Dutch consumers instantly recognize the link between the name of the store and are intrigued. With the word ‘store’ (winkel) in place of ‘socks’ (sokken), the name speaks for itself. The Geiten Wollen Winkel (GWW) offers sustainable, recycled or reused products ranging from basic ready-
to-wear to creative home accessories, such as lamps made from parts of an old bike and soft blankets made from recycled denim.

Although Lavinia expresses her personal deepest concerns for the industry lie in animal rights, her business model focuses on child exploitation. Diplomatically, she explains that to do business, she needs to think more commercially: “People are open to organically produced food as they are concerned for their own health, but they don’t think twice about the lives of others.” Lavinia raises the issue that the main factor that discourages people to fully partake in this movement is inconvenience. People subconsciously make uninformed purchasing decisions as they are used to finding their basics at retailers such as H&M. As previously discussed, the more educated consumer claims to be more resilient to traditional marketing methods. With their more recently developed sustainability lines, however, H&M convinces the consumer that they are working ethically because the product is made from organic cotton. But the question remains: who is picking the cotton from the field?

This in itself formed the sisters’ long-term goal is to compete with profit-driven retail conglomerates such as H&M and ZARA. GWW works as an independent boutique and in this way are able to cut the mark-up of their product offerings. Prices range between EUR 14,95 - 29,95 for basic T-shirts, and EUR 44,45 - 64,95 for hoodies and sweatshirts. GWW’s own products are produced from materials such as GOTS certified bio-cotton and Lyocell (Tencel), but also recycles and resells other sustainable brands. Perhaps the key for Lavinia in competing with these bigger retailers is her openness and willingness to work together with initiatives similar to her own. In reality, this is what differentiates the sustainable garment industry to the profit-driven one. With a desire for change, these new retailers realize that the strongest front they can establish is a collective one. In fact, Lavinia explains that she is well familiar with other small business owners of her calibre in and

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<td>Nukuhiva: inspired by the ecological paradise Nuku Hiva Island, an idyllic place where nature and people live together in balance (Dessing, F. 2008);</td>
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<td>Atelier Sukha: the name of which was inspired by Buddhist monks in India and Nepal (Mertens, I. 2014);</td>
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<td>Studio JUX: aims to make fashion fun, in all parts of the fashion chain (Helmink, C. 2006);</td>
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<td>NHTK: Nobody Has To Know, no gender, no sex, no age, no size (Jiske, H. 2015)</td>
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around Amsterdam, and refers to them as her friends and not her competition. Ultimately, they are all working towards a common goal. By sharing each other’s stories and best practices, industry players can feed off one another for inspiration as for how to create their own sustainable business model.

Discussing the Dutch openness towards a Shared Economy and Collaborative Consumption, Lavinia hopes that Amsterdam can make a lasting impact as a shareable city: “Amsterdam is a city people dream about, aspire to, and follow. I believe we can inspire the rest of the world to take the same initiatives we are trying to at the moment. It is a long and slow process, but at least we have started.” The core driving force behind this development is openness, trust and co-operation. With this in mind, the GWW targets the higher educated as their willingness and enthusiasm for these initiatives is greater. Alongside this, the GWW aims to educate the younger generation around the ages of 15-18 year old. As they begin to formulate their consumer behaviour and habits, Lavinia feels it is important to make sustainable decisions a norm by making the topic of sustainability a more light-hearted discussion.
3.4 Attaining E-loyalty with E-commerce Business Models

Increased use of technology led to a spur in online ventures and created substantial openings for new market entries. Majority of these start-ups were of high initial investment, lacking substantial prior research and evidence for strategic development. The following sub-chapter lists advantages and disadvantages of business models for e-commerce, but more crucially, identifies eight factors that function as motivators for e-loyalty.

The initial use of the Internet as a commercial platform sparked an explosion of optimism for new business model initiatives. It became apparent to most industries that those that did not take advantage technology would soon become obsolete. As technology tends to reduce costs, it redefines the economics of business model generation. However, the instalments of technological features call for high investments. Products that are especially difficult to portray online are those that usually require prior physical assessment based on specific needs or requirements of the individual, such as fashion items (Nagaty, K.A. 2010). Although e-commerce has boomed in the realm of fashion, the need for physical assessment remains. Thus, brick and mortar store environments remain as an essential channel for communication.

Simply put, if a business model is defined as the framework through which a company generates revenue, an e-commerce business model (EBM) is the way of doing so online (Nagaty, K.A. 2010). EBM’s are not constrained by time or physical location, and thus, can be conducted at any time from any place: opening up a new realm of market opportunities. Having been developed from plain text websites to interactive platforms, EBM’s offer new forms in which to attract current as well as potential consumers. However, with EBM’s come a range of obtrusive factors. Mainly, increased price competition and decreased customer loyalty (Kuttner, R. 1993). In terms of competition, with instantaneous access to information of other products, vendors and prices, consumers are granted the possibility of instant comparison. In this way, consumers are able to compare product offerings of sellers worldwide. Further, imitators have the possibility to quickly adapt to new product offerings and steal innovations as fast as they appear (Bloomberg, L.P. 1998). As customer loyalty is recognized as a principle driver of
profitability (Reichheld, F. and Sasser, E.W., 1990), detailed studies have investigated the fundamentals of e-loyalty in an online business-to-consumer (B2C) context.

The 8C’s of E-Loyalty, as listed in Box 4, were identified as to have the biggest impact on customer loyalty. On an operational level, Customization (1) refers to the ability to recognize individual users and tailor product offerings, services and overall shopping experiences. Studies show that customization in fact creates the illusion of a wider product range as it focuses on what the consumer is looking for, reduces frustration and confusion and gives the impression of quality (Shostak, G. L., 1987). Contact Interactivity (2) refers to user-friendliness of a website and the response rate of the vendor. Much like in a physical store, consumers look for guidance, opinions and recommendations. Interactivity dramatically increases the information presented to the consumer, which aids the final purchase decision (Deighton, 1996), but also allows the specific user to actively contribute to the knowledge repository. However, the sharing of information and knowledge between consumers can be as profitable as it can be harmful. As stated by Poleretzky (1999): “In the physical world, if I make a customer unhappy, they’ll tell five friends, on the Internet they’ll tell 5,000.” Thus, Customer Care (3) becomes increasingly important for e-retailers as competitive sellers are only a mouse-click away. Services within customer care include availability of products, status of orders, and efforts in reducing disruptions within the offered services (Bolton, R.N. and Drew. H, 1992).

Further, in order to facilitate the exchange of opinions and information in terms of offered products or service, e-retailers have set up what can be referred to as virtual communities. In the form of social entities, these Communities (4) have been recognized to have the potential to increase e-loyalty (Balasubramanian, S. and Mahajan, V. 2001). The ease with which a customer is able to share his opinion through comment links, buying circles, and chat rooms, facilitates

<table>
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<th>Box 4: The 8C’s of E-Loyalty</th>
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<td>1. Customization.</td>
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<td>2. Contact Interactivity.</td>
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<td>3. Customer Care.</td>
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<td>4. Community.</td>
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<td>5. Cultivation.</td>
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<td>6. Convenience.</td>
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<td>7. Choice.</td>
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<td>8. Character.</td>
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(Srinivasana, S.S. et al. 2002)
eWOM generation (Hagel, J. and Armstrong, A.G. 1997), enables a feeling of belonging, and creates the perception of identification through said group (Battacharya, C.B. et al. 1995). As mentioned in Chapter 2, in essence, these virtual communities function as extensive databases in which every transaction made, opinion formed and words spoken, is stored. Companies can take use of these databases to effectively Cultivate (5) their consumers (Berger, 1998). With this information, it is relatively cost-effective and time-efficient for companies to provide relevant information and incentives for the specific user. By doing so, the retailer’s understanding of the customers’ interest increases with each ‘cycle of stimuli’. In this way, the knowledge bank is continuously enhanced to suit the specific user, lessening the incentive to switch to another retailer who then has to build such knowledge from scratch.

From the users perspective, information buried too deeply within the website, or in an illogical format, is a sign of low quality. Close to a third of consumers leave a website if it is too complicated to navigate (Schaffer, 2000). Thus, convenience (6) refers to the extent to which a customer is able to navigate the website. A convenient website should facilitate the fast completion of a transaction, minimize customer efforts, and provide a short response rate. Moreover, in contrast to a conventional retailer, e-retailing offers users a broader range of products as first, they are not limited by space, and second, they can form alliances with other virtual suppliers that may sit on higher inventories. Extensive availability of Choice (7) can therefore act a dominant factor in the users choice of e-retailer. Last, but not least, is the aesthetic ability of the website to provide Character (8) to the user. Character is particularly important as websites are a flat medium and can easily become dull in appearance. The presentation and image of an e-retailer can be sufficiently enhanced by the use of unique characters and symbols such as creative logos and imagery as to ease user-experience.
“Whether we are talking about style of a person, of clothing, or a product or service, whether it invokes liking or dislike, we can still appreciate the brilliance of great style. Honest, coherent, and consistent.”

- Don Norman, former VP at Apple and Professor
  University of California, San Diego
3.5 The Shifting Product Value Proposition

The following sub-chapter aims to define and compare the principles of the Supply and Value chain, two managerial tools that are interchangeably used to control production processes and maximise margins. Having examined the principle operations for the flow of goods, the research is directed at modules for attaining costumers. The literature examines customer demand and satisfaction, and lists four relevant trends shaping modern retail strategies: (1) Faster Retailing; (2) Mobile Retailing; (3) Experience Retailing; and (3) Innovative Retailing. These trends are highly reflective of the Millennial workforce and questions how these consumers can best be retained.

Since the emergence of the “Fast Fashion” model approximately two decades ago, the core success factor for apparel companies focused on the maximising supply chain effectiveness. The Supply Chain is a tool that was developed in the 1980’s for managerial supervision of total flow of goods from suppliers to end-users whilst improving efficiency and reducing waste (Abtan, O. et al. 2013). Supply chain developments examine the total cost for production and ways in which said costs could be reduced in areas of cutting, manufacturing and logistics. Development of these systems has potential to shorten lead times between concept development and product in-store. Michael Porter first introduced the concept of the Value Chain in his research on competitive strategy in 1985. This framework focuses more on market demand in order to determine the best ways in which to create product value for the end-user. Thus, the fundamental difference between the Value Chain and the Supply Chain is in principle that they flow from opposite points of the production chain (Feller, A. et al. 2006). The Value Chain also examines ways in which perceived value can be added through creative promotional techniques: “While supply chains focus primarily on reducing costs and attaining operational excellence, value chains focus more on innovation in product development and marketing.”

Ultimately, a viable business model aims to compliment the specific company’s unique strengths, motivations and corporate culture. Business models and the supply chain structure within them will therefore vary from company to company depending on corporate priorities. However, three general characteristics can be found to build up some of the most efficient supply chains in today’s volatile marketplace: fast, flexible, and lean
Many companies have been pro-active in increasing product value through improved Corporate Social Responsibility (CSR) policies. In majority of cases in the past, however, this has been a forced initiative as a stunt for public CSR rankings that, despite their somewhat questionable methodologies, attract wide publicity (Porter, M.E., and Kramer, M.R. 2006). For example, Positive Luxury awards a butterfly mark to high quality brands that have sustainability as an integral part of their business. These types of regulation systems provide a certain rank for retailers, a stamp of approval one could say, in terms of sustainable activities. These ‘stamps’ however, will not suffice for much longer. Retailers will have to be more creative in their targeting techniques as the consumer becomes increasingly educated about the production line.

The Deloitte group (2015) identified four relevant trends shaping modern retail strategies. The first, Faster Retailing (1) emphasizes the previously discussed “Fast-Fashion” model in which consumers consistently demand faster deliveries, but also faster response rates. Although companies such as Amazon and Google start offering same-day deliveries, this is unlikely to become a norm for most retailers. As a matter of fact, what is of higher importance to consumers than same-day deliveries of products is quick access to information. With an increasingly educated consumer group, the retail sector starts focusing less on selling and more on educating the consumer on their purchasing decisions (Spenner, P. 2011). Shaped by the increased use and development of mobile products, it is perhaps no surprise that what is referred to as Mobile Retailing (2) is quickly growing to become one of the industries largest sales and information channels. Predictions reveal that by the year of 2018, mobile e-commerce sales will have reached the same size the entire e-commerce market reached only a year ago (Deloitte TT Ltd. 2015). Wearable product developments such Google Glass and the Apple Watch open new possibilities for consumer interaction and product consumption. Perhaps the most important factor in this development is the introduction of mobile payments in-store or online. With this in mind, retailers’ biggest challenge may become trust, transparency and security as violation of privacy becomes customers biggest concern. Further, as ‘Mobile Retailing’ becomes the new norm, consumers expect to find access to information at any time on any device.
In today’s unstable market place, retailing no longer focuses on only the product. Consumer demand has shifted towards the likes of entertainment, education, emotion, engagement and enlightenment. As listed in Box 5, one of the nine building blocks of Alexander Osterwalder’s Business Model Canvas (2008) poses five questions on how to introduce the consumer to the brand, not only on how to communicate with them, but also on how to interact with them post purchase. Within Experience Retailing (3) retailers explore creative ways in which to enhance the buying experience. Typically, this is done through fashion shows; music festivals and events; tablet and interactive displays; unusual Social Media campaigns; and product/marketing co-creation (Deloitte TT Ltd. 2015). Co-creation is a way of accessing creative and fresh ideas through business-to-business (B2B) or business-to-consumer (B2C) co-creation. This strategy engages consumers, raises their level of self-efficacy and, ultimately, product satisfaction and brand loyalty (O’Grady, L. 2012). In fact, co-creation design as a new form of value creation is an increasingly successful strategy for growth. According to a study carried out by the European Commission, the key components at the basis of a system for co-creation are dialogue, access, transparency, and risk-benefits (Dervojeda, K. et al. 2014).

Innovative Retailing (4) comes to being through continuous development of technology and increased competition. With the continuous development of innovative business models within the retail industry, merged with new technologies and innovative competition, there is no single module for success. What will continue to replace traditional model, is the blurring of sectors and single product retailing (Forssstrom, B. 2005). In fact, the key success factor for majority of retailers in the near future is adaptation and co-creation (Jarvi, K. and Pellinen, A. 2011). As consumer demand escalates, so does the speed of innovation. Retailers can aim to recruit the ‘right’ talent with the right skill set for successful execution. Reality proposes that the appropriate talent

**Box 5: Channel Phases**

1. **Awareness:** How do we raise awareness about our company’s products and services?
2. **Evaluation:** How do we help customers evaluate our organization’s Value Proposition?
3. **Purchase:** How do we allow customers to purchase specific products and services?
4. **Delivery:** How do we deliver a Value Proposition to customers?
5. **After sales:** How do we provide post-purchase customer support?

Osterwalder, A. (2008)
be found externally. As discussed in Chapter 1, solutions produced by a single expert mind are less prone to success than those generated by multiple amateurs. The ‘amateurs’ have the change to combine their different skillsets in producing a viable solution, whereas the expert stands alone. Thus, openness to collaborations, partnerships and specialized resources becomes an integral part of any innovative business model in order to stay ahead of competition.

3.6 Conclusion

The literature investigation brought to light some key findings in terms of sustainable business models in the competitive market place. The business model concept can be defined as a framework for developing long-lasting corporate strategies in the continuous creation, delivery and capture of value over time (Magretta, 2002; Osterwalder, A. et al. 2005; Zott. C. et al. 2011). In traditional business structures, you have a business plan, project groups, a few independent projects, milestones to be achieved within a given time frame, and investors to satisfy. In the innovative, co-creative communities, there exists a different approach to problem solving (Moller, B.L. 2015). When the dynamics of the group shift from a monotonous set of skills, to a more diverse set of people from different backgrounds, with different experiences and thus, different opinions and ideas, naturally, the solutions and ideas that are brought to the table will become more varied.

In line with the growing openness towards diversity and collaboration, people become increasingly empathic in producing ideas with social or environmental purpose. Parallel to an increase in entrepreneurial activities, this trend has reformed business model strategies to incorporate a triple bottom line (3BL) approach. By taking a wider range of stakeholder interests into account, this development presents increased opportunities for setting meaningful objectives (Bocken, N.M.P. 2014; Elkington, J. 1998). Bocken (2014) defines these objectives to compromise the following eight measures: maximising material and energy efficiency; creating value from ‘waste’; substituting with renewables and natural processes; delivering functionality rather than ownership; adopting a stewardship role; encouraging sufficiency; re-purposing the business for society/environment; developing scale-up solutions.
In respect to customer reach, in her interview, Lavinia Bakker emphasizes the importance of educating the younger consumer groups with respect to these objectives. As the main channel of reach, e-commerce presents opportunities in doing so. The issue remains how to effectively retain consumers and establish lasting e-loyalty. Out of the eight factors defined to have the biggest impact on e-loyalty (Srinivasana, S.S., Anderson, R., and Ponnavolub, K. 2002), it can be concluded that there is a persistent need for affiliation and self-efficacy. This can be reciprocated through establishing the sense of character and community through continuous possibilities for interaction, cultivation and convenience. Within these interactive communities, with co-creativity and collective thinking at its core, transparency becomes key. Transparent business functions have over the past few years become a form of marketing, where businesses promote their objectives as means of which to generate revenue. However, the future of these developments contend that transparency in business become a means to an ends, and not the end or output, in itself. Executed correctly, transparency should be a means by which to generate room for collaboration, efficiency and innovation.
"You weren't an accident. You weren't mass-produced. You aren't an assembly-line product. You were deliberately planned, specifically gifted, and lovingly positioned on the Earth by the Master Craftsman."

— Max Lucado Christian author, writer and preacher
San Antonio, Texas
Conclusion

In order to distil the fundamental strategic considerations to be made in producing a viable business model in line with society's aspired growth towards a sustainable economy, the research first examined the factors that have influenced this societal demand. The literature research proved the increased demand for purposeful business operations by a new generation of workers in the form of entrepreneurial activity. The research further examined this demand through detailed investigation of the factors that came to shape these beliefs: economic disruption, decreased institutional trust and in turn, increased demand for transparent business functions. Herewith, a closer look at the possibilities brought to us by increased transparency and the sharing of information, openness for collaboration, and the revaluation of our finite resources.

According to Geert Hofstede’s (1983) theory of cultural dimensions, western cultures are defined to be substantially more individualistic than most Asian cultures in terms of commitments, working environments and measures for success. How is it that we have become so self-absorbed as to neglect the needs of those around us and instead focus on personal financial gains? According to my personal understanding of the research conducted, the Millennials are changing these perspectives. Ultimately, we are all driven by profit, and money will continue to provide us with the things that we believe make us happy. However, what has for centuries been at the centre of focus for leading professionals, now takes on two complementary objectives. Besides Profit, the triple bottom line (3BL) approach introduces People and Planet as essential considerations in business operations (Elkington, J. 1998). In today’s economy, where transparency becomes a business norm, a company can no longer be regarded as successful when only the demands of one pillar are met.

At its essence, fashion creates a sense of community and belonging. In the same way people search for a sense of belonging in the offline world, we strive to establish networks through online communities and platforms. As we remind ourselves that technology is another man-made tool produced by our collective skillset as human beings rather than an obstruction to our nature, it is now a question of how we can use these tools for further societal development. Our constant aspirations for learning, continuous drive towards
growth, and our eternal yearning towards societal developments are reflective in our nature and are all indicators of the curious species that we are. Through increased open-access to information and decreased regulations and control of content we now have the ability to collectively build upon and develop the knowledge and information that we have co-jointly produced and recorded through our online systems. As users more actively engage in online content, society begins to value the power that comes with cooperation, mobility and freedom in the workplace. The Millennial workforce demands a more flexible schedule, whilst remaining connected to the office through their devices. In this line of thinking, traditional hierarchical structures to a large extent become obsolete. More and more workers strive for attaining a self-directed working environment, with increased responsibilities, teamwork and flexibility, escaping the traditional model of delegation, and promoting a system of continuous learning.

Parallel to this, technology grants consumers the access to a greater variety of products and services than ever before. The endless amount of product offerings increases competition between sellers, amplifying and construing majority of marketing efforts as a result. What has been building up for decades, has now become a competitive industry in which consumers are without a place to submit their trust. Instead, they rely on word-of-mouth and peer reviews, or eWOM, as they place greater trust in their fellow global citizens than hierarchical institutions. As a result, we enter an era where experience-consumerism takes a principle role in commercial activities. Consumers, mainly but not exclusive to the Millennials, increasingly demand purposeful activities as motivation for investment. That is to say, they are more willing to pay for the story behind the product, than the product by itself. More and more however, consumers have lack of faith in the story told by brands. Thus, active engagement in the making of the product has become a principle way of establishing added value, for example though the sharing/exchange/leasing of services and goods, the customization/personalization of product lines and greener supply chain operations.

The focal question in the making of a business model centres how to most efficiently generate value to the consumer. In slowing fashion down, the essential element is to motivate consumers to pay more for fewer items. But when the consumer no longer places
emotional value on the products they acquire, the question becomes how to remind them to do so, or generating a new form of value. The slow fashion movement is still at an early stage of development. There is an apparent stakeholder demand but limited knowledge as for how to proceed in its growth. Sustainable products represent durability, value and sentiment. In this way, consumers are reminded to consider their purchasing decisions, which is slowly altering consumer behaviours away from excessive consumption. Full transparency in all areas of the business allows stakeholders a more holistic perspective of the business, maximises stakeholder value, and employee incentives. This promotes increased openness for collaboration and collective thinking, increased self-reflection, self-awareness and in turn, self-efficacy of employees. Herewith, greater attention to detail in terms of output, generating substantial opportunities for internal as well as external collaborations towards sustainable development through unprecedented ideas and creative solutions. Open networks and co-creation design thinking not only increases possibilities for efficient production, but also functions as a tool for more long-lasting customer loyalty.

The paper defines transparency as the means by which to generate room for collaboration, efficiency and innovation. In this sense, collectivist thinking through increased freedom, purpose and value of the ideas and opinions as expressed by the users of goods, gives way to the technological expansion of the industry. As a laggard of technological reliance, the industry will soon find its role in societal development and environmental relief, in place of the destruction of the both. First, organizations will embrace entrepreneurship and modern networking platforms as key features for creative input. Further, redefining the meaning of value and wealth as the holistic wellbeing of the individual, purpose and reason for being instead of monetary safety alone, will boost employee satisfaction, creativity and output. In the same sense, placing greater value on the function and purpose of the specific product by narrowing product offerings, will aid companies in reconnecting with their reason for existence, or brand identity. Going back to the essence of fashion: generating lasting value for the end-user.
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