

RGM NEWSLETTER

RITA GUNTHER | McGRATH

Everything Old Is New Again: Why Fast Fashion Is Facing an Inflection Point

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Dear colleagues,

When retailers ranging from Nordstrom to J. C. Penney and Macy's start to stock used clothing in their flagship stores, you know something in the zeitgeist has definitely shifted.

Where We Are Today: The Rise (and Fall?) of Fast Fashion

Aside from the retail apocalypse brought about by e-commerce, traditional fashion retailers have been dealing with two major trends that have upended their traditional business models. And now another big one is waiting in the wings.

The first shift for many retailers that traditionally appealed to middle-class buyers is the near-disappearance of the middle class. That means that companies like J. C.

Penney found themselves struggling to stay relevant to a shrinking pool of potential customers.

Another big shift that took a number of traditional retailers by surprise was the rise of so-called “fast fashion.” Pioneered by companies like Inditex with its Zara stores, fast fashion providers abandoned the conventional rhythms of apparel selling. There were once four defined seasons a year. Inventory shipped from Asia sold for top-dollar at the start of each season. Whatever didn’t sell ended up in the discount bin. Fast fashion changed the model. The flow from runway to shop floor was continuous so that adjustments to inventory, style, and whim could be made more readily in real-time. Further, these stores might stock only a few articles of any particular piece of clothing, creating a sense of scarcity among buyers.

As I’ve written about in my recent book, *Seeing Around Corners: How to Spot Inflection Points in Business Before They Happen*, clever business models aside, fast fashion companies also benefitted from another shift in buyer behavior, one which hasn’t attracted as much attention as the Zara-type business model. This is that, beginning in the early 2000’s, cell phones started to include cameras. And what were people doing with those cameras? An awful lot of snapping pictures of themselves and sending them to friends. And who wants to be in the same clothes photo after photo? No one. The influence of digital photography on people’s fashion choices is a great illustration of why thinking your major competition is within your own industry can create major blind spots.

Weak Signals of a Pending Inflection Point

All, however, is not well in the world of fast fashion. Today a \$2.4 trillion a year industry, a rising chorus of voices is condemning the model for disastrous ecological effects and horrible labor practices. A 2019 book *Fashionopolis* decried the industry and American shopping habits. Consumers send 14 tons of barely-used clothing to landfills, while at the same time shopping frantically, a practice the author, Dana Thomas, calls “fashion bulimia.”

Specific impacts of the sector include increased carbon footprint (much of this clothing is made from fossil-fuel based synthetics), huge amounts of water consumption, and pollution and waste piling up in landfills. The micro-plastics that the clothing disintegrates into, moreover, have been found in the deepest waters and the highest mountains. Researchers argue that textile dying is the second largest polluter of clean water after agriculture.

Change is afoot. There is an increased level of conversation and noise about sustainability in the apparel business. The activities range from the fairly modest (Stella McCartney's use of recycled plastic and bottles in her designs) to the extreme and dramatic (climate change activist group Extinction Rebellion staging a mock funeral procession to protest London Fashion Week). Protesters argue that we probably already have enough clothing for every human being on the planet as it is, without doing further environmental damage.

Which brings us to the emergence of something rather different. It used to be that if you wanted to get rid of clothing you were no longer using, you donated it to a charity or, if it was of good quality, you sold it to a consignment operator. Post-2008 and especially for a younger demographic, the stigma once associated with buying used clothing has evaporated. The Wall Street Journal in August of 2019 estimated that the secondhand goods market would represent \$51 billion in sales by 2023. Thirty-three percent of Generation Z would be making secondhand purchases. And 56 million women bought secondhand in 2018. This change in attitude has attracted startups to the secondhand market, including TheRealReal, PoshMark, and ThredUp. Like Dollar Shave Club and Harry's in shaving, or Warby Parker in glasses, these companies bring the direct-to-consumer model to the used clothing business.

[Read more](#)

Reading List

A curated roundup of interesting articles and books to get you thinking:

- **Don't Demonize Employees Who Raise Problems.** The key to growth and innovation? Embracing those divergent voices in your organization. ([HBR](#))
- **Tech Loses a Prophet. Just When It Needs One.** In this thoughtful tribute, Kara Swisher discusses why Clay Christensen's breakthrough ideas about management are more relevant than ever. ([The New York Times](#))
- **The New Disrupters.** By entering the market with products and services that are every bit as good as those offered by legacy companies, a new breed of disrupters is making it harder than ever for traditional businesses to compete. ([Sloan Management Review](#))

EXCLUSIVE OFFER

Now that the book launch is in the rearview mirror, we're beginning to finalize my 2020 speaking schedule. I have a few webinar slots remaining—and I want to open them up to you! I'm excited to offer this exclusive deal to you and your teams: **When you purchase 200 copies of [Seeing Around Corners](#), you'll receive a FREE two-hour interactive webinar from me on the topic of your choice.***

If you think this might be valuable to your company and would like to learn more, please contact Missy Pirrera at missy@ritamcgrath.com.

**Offered on a first-come, first-served basis. Webinar date subject to availability.*

Upcoming Events

March 26-27: [BRITE Conference](#) (New York)

Founded in 2008 to look at the intersection of brands, innovation, and technology, the BRITE conference has become a place where executives, entrepreneurs, academics, and students come together to discuss upcoming trends and innovations in business, technology, and society that are affecting the ways organizations build and maintain strong brands.

April 1: [Executive Next Practices Institute Innovations In Talent & Mobility Disruptor Spotlight Talks & Industry “Shark Tank”](#) (New York)

Held at HSBC Headquarters Manhattan, groundbreaking speakers will share spotlight talks on the best innovations in talent, mobility, and overall operations in the categories of emerging companies and enterprise level organizations.

May 4-8: [Leading Strategic Growth and Change](#) (Columbia Business School)

Have you ever worried about how to drive new growth or how to make a change initiative successful? In this five-day program, participants will learn how to thrive in rapidly changing and highly uncertain environments, gain insight into a current pressing change initiative within their own organization, and immediately begin to apply the learning to make rapid progress on the issue.

May 28: [Institute of Corporate Directors Conference](#) (Halifax, Canada)

Canada's premier informational and networking event for Corporate Board Directors will explore how the traditional definition of the Board's role and fiduciary duty are evolving and highly contested, boardroom decisions have increased implications for the economy, environment and society.

Interested in having Rita speak at your organization or event?

[Learn more](#)

In the Press

- Casper Cuts IPO Price Amid Growing Investor Doubts ([Marketplace](#))
- 11 Books That Will Change The Way You Think About Leadership ([Forbes](#))
- Seeing Around Corners: An Interview With Rita McGrath ([RTM](#))
- Rita McGrath on Having a Personal Board of Directors ([How I Work](#))
- Spotting Inflection Points in Your Industry ([Duct Tape Marketing](#))
- 13 Inspiring Books Chosen by the Best Small Business Owners on Amazon ([Business Insider](#))

Where there is uncertainty, there is also opportunity.



Here's to your next advantage! - Rita

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