GARMENT COLLECTION TOOLBOX

2020 CIRCULAR FASHION SYSTEM COMMITMENT
ACKNOWLEDGEMENTS
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ABOUT GLOBAL FASHION AGENDA
Global Fashion Agenda is a leadership forum on sustainability in fashion. Anchored around the world’s leading business event on sustainability in fashion, Copenhagen Fashion Summit, Global Fashion Agenda advances a year-round mission to mobilise the global fashion system to change the way we produce, market and consume fashion, for a world beyond next season. A non-profit initiative, Global Fashion Agenda collaborates with a group of Strategic Partners, including Kering, H&M, Target, BESTSELLER, Li & Fung and Sustainable Apparel Coalition on setting a common agenda for focused industry efforts on sustainability in fashion.

ABOUT I:CO
I:Collect GmbH (I:CO) is an international service provider for collection, reuse and recycling solutions for apparel and footwear, with national subsidiaries in Germany, the United Kingdom, Japan and the United States. Through its innovative take-back system and worldwide partner network, the company is able to both directly reuse clothing and shoes and to recycle and pre-process any valuable materials to reutilise them in different production cycles. Since 2009, I:CO has offered fashion brands and retailers sustainable product, end-of-use solutions and has helped lead the design of circular supply chains in the used textile industry.

ico-spirit.com

For further information please visit:
globalfashionagenda.com

For questions please contact:
commitment@globalfashionagenda.com
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INTRODUCTION

WHAT IS A CIRCULAR FASHION SYSTEM

Today’s linear “take, make, dispose” economic model is reaching its limits, and natural resources are becoming increasingly scarce, threatening the growth of the fashion industry.

A circular system restores and regenerates materials, in addition to providing opportunities to reduce environmental pressures and ease demand on natural resources while securing future supply and capturing the value of a product to the greatest extent possible.

The public is becoming increasingly aware of the environmental impacts of the fashion industry. Consumers expect the industry to address issues related to production, such as extensive water usage, toxic chemicals and garments accumulating in landfills. Implementing circularity offers an opportunity to evaluate and improve current business models as much as it provides a unique opportunity to create a close relationship with consumers.

An essential part of creating a circular fashion system is to set up collection systems, integrate circular design and consider how to manage end-of-use of garments. This can happen through practices that extend usage, for example resale, or through recycling worn-out garments and incorporating recycled post-consumer fibres into the production of new garments.

“IT IS ESSENTIAL THAT WE TAKE ACTION ON CIRCULARITY TODAY; EVEN THOUGH WE DON’T YET HAVE ALL THE SOLUTIONS FOR CREATING A CIRCULAR FASHION SYSTEM. IT’S ONLY THROUGH TESTING AND TRYING THAT WE WILL FIND THEM.”

- MORTEN LEHMANN
Chief sustainability officer, Global Fashion Agenda

UNITING STAKEHOLDERS FROM THE ENTIRE FASHION INDUSTRY

At Copenhagen Fashion Summit 2017, Global Fashion Agenda called on fashion brands and retailers to sign a commitment to accelerate the transition to a circular fashion system. As of June 2018, 94 companies and corporations had signed the 2020 Circular Fashion System Commitment (henceforth 2020 Commitment), representing 12.5% of the global fashion market. The 2020 Commitment contains four action points for the signatories’ targets:

**Action point 1:** Implementing design strategies for cyclability
**Action point 2:** Increasing the volume of used garments and footwear collected
**Action point 3:** Increasing the volume of used garments and footwear resold
**Action point 4:** Increasing the share of garments and footwear made from recycled post-consumer textile fibres

In the first year of the 2020 Commitment, Global Fashion Agenda focused on industry-wide collaboration and knowledge sharing as the pillars of future progress. As a result, four toolboxes have been developed based on each action point.

The aim of the toolboxes is to provide key insights, lessons learned and best practices from brands, organisations, companies and researchers to encourage and activate fashion brands to close the loop. The focus is on finding ways to loop products back into the fashion system by redefining the life cycle of garments. The toolboxes point out external resources and guides that can provide additional insights and useful tips. The toolboxes represent a starting point for fashion brands and retailers looking to explore circularity within their company, while informing and inspiring key departments within the company – from management and design to marketing. Moreover, they can also serve as a source of further inspiration for those already taking action.

The four toolboxes are aligned with the action points in the 2020 Commitment. Although they are presented separately, they are meant to be used continuously and simultaneously as all aspects of a circular strategy go hand in hand, just as aligning collection, design and the management of end of use is important.
This toolbox is designed to support fashion brands and retailers who would like to set up a garment collection scheme. Because no one size fits all, the toolbox is by no means a definitive manual on how to run a collection scheme but should be seen as a learning tool.
GETTING INFORMED

UNDERSTANDING THE VALUE OF USED TEXTILES

The value chain of used garments is as complex as it is for new garments. The business of collecting, sorting, reselling, exporting and recycling used garments has grown immensely in recent decades, but it still lacks transparency and traceability in the value chain. When setting up a garment collection scheme it is important to understand the value chain of used textiles and the key stakeholders involved so that you can make informed decisions about what the best route is for you.

KEY LEARNINGS

- Some companies have begun collecting but more are needed to push past the meagre 20% of textiles currently collected globally.
- Local reuse and rewear provides substantial environmental benefits.
- The second-hand textile market provides opportunities to gain additional value from products.
- Policy and regulations have a large impact on textile waste management in terms of what can be collected, how and by whom.

WHY FASHION BRANDS SHOULD COLLECT USED CLOTHES

Collecting used clothes is an essential part of creating a circular fashion system. Unfortunately, global collection rates of textiles are currently as low as 20%. As a result, valuable resources are ending up in landfills and incinerators. If the industry is to become circular, fashion brands need to use their influential role in the value chain to engage and incentivise consumers to bring back their used garments.

HOW A GARMENT COLLECTION SCHEME WORKS

First, customers drop off their used clothing in a store or send it through a parcel service. In some cases, customers are given a voucher or other incentives for bringing back clothes.

Then, the clothing is transported to a warehouse or other facility, where it is sorted to determine the next best use for each item.

Finally, the items are either resold as is, repaired, up-cycled, down-cycled or recycled, with a small percentage going to incineration or landfill, depending on the chosen model and partner.

Collected garments are sorted, sometimes based on 400 different criteria, at professional facilities. Most of what is collected finds new life, with only around 10% of collected textiles being sent to landfills or incineration. At least 40% of what is collected in the EU is typically sold for re-wear on global markets, with most of the rest being down-cycled for use in, e.g. insulation, industrial wipes and upholstery filling. It is estimated that less than 1% of materials used in clothes are recycled into new clothes.

TEXTILE WASTE FACTS

The Ellen MacArthur Foundation estimates that 48 million tonnes of clothes are thrown away every year.

The number of textiles dumped in landfills or incinerated is equal to a garbage truck load every second of the day.

The used-textile market was worth close to €4 billion worldwide in 2015.
“Widening the scope towards collecting every brand, every garment type and every kind of condition not only is a very convenient service for customers, but it also has the biggest potential to collect high volumes and thus have a significant impact on solving the problem of textile waste and accelerating a more sustainable fashion future.”

- PAUL DOERTENBACH
  Head of sales & account management, I:CO

KEY COLLECTION TYPES
Charities dominate systematised garment collection in most developed markets, but it is increasingly a focus of brands and retailers. Today, used textiles are collected by:

- Charities
- Commercial collectors and recycling companies
- Local authorities and municipal waste associations
- Kerbside collection
- Home pick-up
- Neighbourhood collection containers
- Brand mail-back
- Retailer drop-off

Other actors include illegal operators, short-term collectors and stand-alone events.

GARMENT COLLECTION SCHEMES ARE RELEVANT TO BRANDS OF ALL SIZES
Garment collection is a step companies of any size can take to become circular. Furthermore, collaboration between all brands is essential to reaching a sufficient volume of textiles collected to create a business case for resale or recycling.

THE ROLE OF LEGISLATION
Policy and regulations have a large impact on textile waste management in terms of what can be collected, how and by whom. Policymakers have shown an increasing interest in incentivising and enforcing regulations on textile waste management.

What is classified as waste varies between countries
Keep in mind that national and local waste regulations can vary across countries and regions and that used garments sometimes are defined as waste, which means that only local authorities and municipal waste associations can process it.

Some countries require a permit to collect textiles
Contact the national authorities, such as the Ministry of Environment or the Environmental Protection Agency to inquire about national waste regulations and current initiatives on garment collection.

CASE STUDY – ECO TLC
French companies that produce and import clothing, linen and footwear are legally responsible for ensuring the reuse and recycling of their products. They can either organise their own reuse and recycling programmes, which the French authorities must approve, or contribute financially to an accredited organisation to do it for them.

At present Eco TLC is the only organisation certified to provide a collective system for the industry. Its members pay an annual contribution based on the previous year’s volume and size.
CASE STUDY – SOEX

The SOEX Group’s German facility, a major destination for goods collected by I:CO, is the world’s most modern sorting and recycling centre, with about 25-30 truckloads of used garments and footwear arriving there daily. Located in Wolfen, Saxony-Anhalt, Germany, the facility measures 89,000 m² and has multi-level sorting, a digitally operated transport system and a mechanical recycling plant.

More than 700 employees sort each piece of clothing and pair of shoes by hand to categorise them according to their next best possible use. The goal: zero waste. The elaborate system applies 420 different criteria (e.g. apparel category, quality and materials) based on the German circular economy act and European waste hierarchy.

Clothing and shoes that can still be worn, which made up about 57% of the total input in 2016, are saved for secondary use and sold as second-hand vintage clothing or exported internationally. Non-reusable textiles, about 43%, are sorted for the next best recycling process. In particular, absorbent textiles are used for producing cleaning clothes. Other textiles are mechanically recycled on-site.

“We don’t use the word textile and shoe ‘waste’. Instead, we consider used clothes and shoes as resources that are either reused or turned into valuable products.”

- SOEX GROUP

CHALLENGES FACING THE SECOND-HAND TEXTILE MARKET

There is a clear lack of transparency and traceability within the value chain for used textiles, making it difficult to build public confidence in the collection of used textiles. The traceability of product and waste flows on a global level is inherently complicated due to the large number of actors and differences in transparency and regulatory frameworks. Illegal operators are a problem to a varying extent in many countries. Due to unclear regulations on collection, illegal and grey market players can work rather freely.

The flooding or dumping of second-hand textiles in developing markets can lead to crowding out the local textile industry. The low value of used textiles and the high costs associated with collecting, transporting and sorting clothes represent a challenge to the business case.
STRATEGY

SETTING A STRATEGY

Creating a strategy for garment collection includes several steps and needs to be aligned with your overall business strategy. When creating a collection strategy, it is important to involve relevant departments. Other practical issues include collection logistics, collection costs and setting tangible, realistic targets.

EXPLORING COLLECTING STRATEGIES

To find a garment collection model that fits your company, it is important to engage with various departments to determine what is realistic for your company size and structure. You also need to ensure that top management is on board and that you have a clear idea of costs, logistics and the targets for setting up a garment collection.

QUESTIONS TO CONSIDER WHEN DEVELOPING YOUR STRATEGY

- How can the garment collection scheme fit into your overall business strategy?
- What financial, social and environmental benefits should the garment collection scheme have?
- How do you engage customers in garment collection?
- Should the collected garments feed back into the production, be donated to a charity or be sold to a redistributor?
- What resources do you have available to set up a garment collection scheme?
- How should you define the key performance indicators of the garment collection scheme?

“The idea of collecting old Nudie Jeans came at the same time as we launched the repair service. We don’t believe in throwing away jeans; it’s a garment that only becomes more beautiful with time. Collecting them to sell second-hand or to make patches out of them became a natural part of our business. This is beneficial for us because we see the turned-in jeans as a resource. A product we can sell again, materials to use when repairing, but they also serve as inspiration for the design team for the prewashed denim that we are selling.”

- ELIINA BRINKBERG
  Environmental manager, Nudie Jeans

KEY LEARNINGS

- Choose a partner that matches your vision for circularity
- Match the collection scheme with the needs of your customers
- Clarify what items to include and exclude from collection based on the strategy for reutilisation, redistribution or recycling
STRATEGY

FINDING YOUR COLLECTION MODEL

Choosing the right collection model and collaboration partner is central to setting up your garment collection scheme. Each company will have their own unique approach. However, there are certain factors, such as company size and market segment, that will influence which model will be the most suitable for your company.

FACTORS INFLUENCING THE SELECTION OF A COLLECTION MODEL

- Size of your company
- Price point of your garments
- Your retail channels
- Objectives of the collection scheme and your overall circular strategy
- Existing garment collection schemes and local infrastructure
- Local regulations models

“The All-Product Recycling Initiative is a key activity implemented by UNIQLO. When we first started this initiative in 2006, we thought that we would recycle the donated clothing as material for the textile industry. However, most of the items we received from our customers were still very wearable. Wanting to extend their lives as clothes, we began sending them to people in need of clothing around the world. In line with our sustainability vision of Making the World a Better Place, we continue to challenge ourselves in seeking ways to make a difference.”

– VERONIQUE ROCHET
Global supply chain sustainability director, Fast Retailing

FOUR SUGGESTIONS TO GARMENT COLLECTION SCHEMES

<table>
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<tr>
<th>COLLECTION MODEL</th>
<th>INDEPENDENT IN-STORE/ONLINE COLLECTION</th>
<th>PARTNERSHIP WITH SOLUTIONS PROVIDER OR RECYCLING COMPANY</th>
<th>PARTNERSHIP WITH A CHARITY</th>
<th>INDUSTRY COLLABORATION</th>
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<tr>
<td>DESCRIPTION</td>
<td>Collecting, sorting and re-using the clothing and shoes in-store or through a parcel service</td>
<td>Collecting clothing and shoes in-store or online and passing them on to a third-party recycling company that resells or recycles them</td>
<td>Donating clothing and shoes to a charity that either redistributes them or sells them to a professional sorting and recycling company</td>
<td>This model is still under development, but some brands have shown an interest in finding more collaborative cross-industry approaches</td>
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| SUITABLE IF YOU  | - Sell clothes of high value  
- Are a small to medium-sized enterprise and have low collection volumes  
- Have the intention of reselling or up-cycling the clothes independently | - Have high volumes  
- Have low value garments and shoes  
- Operate across multiple markets | - Want to raise funds for charities  
- Are interested in a local approach  
- Are not looking to resell or recycle items themselves | - Operate through wholesale and have little control over retail  
- Are a multi-brand retailer |
| EXAMPLE          | Filippa K | H&M | Inditex |
**INSPIRATIONAL CASES**

**LEARNING FROM OTHERS IN THE INDUSTRY**

**ESPRIT GERMANY**

Esprit Germany has partnered with the company Packmee, allowing its customers to donate clothing via a free parcel shipment service. The clothing is resold and over half of the proceeds are donated to the German Red Cross. Customers can choose to receive an Esprit voucher for a 10% discount in exchange for donating their old clothes.

**PATAGONIA**

Patagonia’s customers can recycle their clothing at any of the company’s retail outlets or by mailing items directly to its warehouse. Clothes that are still in good shape are then washed before being resold through Patagonia’s Worn Wear programme. If items are beyond repair or cannot yet be recycled, Patagonia still encourages customers to bring them back to be recycled into something new or to be repurposed.

**UNIQLO AND UNHCR**

UNIQLO has partnered with UNHCR since 2007 to deliver clothing to refugees, evacuees, victims of disaster, expectant and nursing mothers, and others in need around the world. The two organisations entered into a collaboration when UNHCR, whose clothing programme was suffering due to budget cuts, agreed to accept UNIQLO’s second-hand clothing.

The collaboration has benefitted UNIQLO greatly due to the guaranteed, effective use of its donations. With direct responsibility for organising refugee camps, UNHCR identifies real needs and ensures that donations end in the right place.

Since launching the All-Product Recycling Initiative, UNIQLO had collected around 50 million items by 2016 for distribution from its approximately 1,800 stores worldwide. Before UNHCR receives the clothes, they are sorted into 18 categories, such as gender, tops, bottoms and size. Clothing unsuitable for redistribution is converted into refuse, paper, plastic or fuel. In terms of logistics, UNIQLO has partnered with a Japanese NGO relief clothing centre in Osaka that organises redistribution with forwarders and shipping companies to get items to their final destination.

A key aspect of setting up a system similar to the All-Product Recycling Initiative is finding a good implementation partner. UNIQLO also recommends adopting a company policy of managing the clothing loop in-house, from start (collection) to finish (distribution).

**VAGABOND**

Vagabond’s joint pilot concept with I:CO, called Shoe Bring Back, started in three stores in Sweden to allow close monitoring, with the logistic perspective in mind. The 100% positive feedback received from both customers and employees reflects how the concept strengthens the company’s core values and shows people that they can make a difference. About 2,500 “doors” represent Vagabond worldwide, approximately 40 of which are concept stores. The next step is to roll out the Shoe Bring Back concept to other countries, to explore innovative recycling solutions and to increase the general awareness and motivation for recycling shoes.

“Vagabond’s customers are clever, they are aware of the concept and they behave accordingly. It’s a win-win situation for everyone involved: departing customers can make a difference with the recycling of their shoes, but customers also get a little discount for their next purchase.”

– ULRIKA SIMONSSON
CSR manager, Vagabond

**H&M AND I:CO**

H&M, which partnered with I:CO to form the world’s biggest retail garment collection system, began pursuing its 100% circular strategy with the introduction of a global in-store garment collection in 2013. I:CO collects, transports, reuses and recycles on a local and global scale. Their shared vision of a circular textile industry has resulted in the collection of 39,000 tonnes of clothing, or the equivalent of 196 million T-shirts.

I:CO is a global service provider for a sustainable end-of-life solution for apparel and footwear. The German company offers fashion retailers a take-back scheme that includes collection at the point of sale and transport to sorting and recycling facilities.

It also supports fibre-to-fibre recycling projects, ensuring that nothing goes to waste. In its collaboration with the H&M group, for every kilo of textiles collected, EUR 0.02 is donated to a local charity. Since it also serves to help provide global infrastructure for a more circular fashion industry, 50% of the proceeds from the garment collecting initiative go to the H&M Foundation for circular innovation.

The system allows customers to drop off their unwanted garments – no matter what brand or in what condition – in almost any H&M store across the globe.

Jointly, H&M and I:CO provide an easy, attractive way to give clothes a second life. Customers are given a discount on their next purchase to incentivise participation.

Once dropped off, old garments are transported to the next sorting and recycling facility via H&M’s reverse logistics and I:CO’s global logistics network.
INTERNAL INVOLVEMENT

It is vital to involve the various departments within your company to achieve a successful, long-term garment collection scheme.

ININVOLVING INTERNAL DEPARTMENTS

Consider involving the following departments:

- **Design and product development** to gain a better understanding of how products can be designed to close the loop (See toolbox: Circular Design)
- **Marketing and communication** to embed circularity and the take-back messages in the brand’s external communication
- **Logistics** to find feasible solutions for the reverse logistics setup
- **Retail/omnichannel** to embed the initiative successfully in retail (e.g. collection bin location, in-store communication) and omnichannel environment (e.g. e-commerce, franchise stores). And to encourage store staff to work as ambassadors of your garment collection
- **CSR and sustainability** to understand how the initiative complements environmental sustainability and social responsibility efforts and messaging
- **Legal** to ensure all legal policies and requirements are met - the legal department is especially important for garment collection as legal frameworks are not always suitable for garment collections

“*For effective planning and implementation of a take-back scheme, a cross-functional team is required as close collaboration between a brand’s various functions will increase communication and enhance the effectiveness of the initiative.*”

- KERLI KANT HVASS
  PhD and advisor in circular economy and fashion

GETTING TOP MANAGEMENT ON BOARD

To create argumentation for top management you might want to demonstrate the need for action by highlighting that:

- The fashion industry is performing poorly in the end-of-use phase, according to the Pulse Score
- Competitors are already doing it or considering it

And showcase the strategic importance by underlining that:

- Introducing a collection scheme is a way to engage with customers and increase customer loyalty
- Interacting with your customers and your products at the end-of-use phase provides an opportunity for product feedback
- The clothes and shoes collected can be used to create new business opportunities/models and capture lost value
- Donations from the garment collections can contribute to philanthropic initiatives
- Garment collection is a stepping stone for closing the loop

“The important thing is to show top management the connection between the take-back programme and the overall business impact, such as corporate branding, our employees’ loyalty and new business opportunities.”

- VERONIQUE ROCHET
  Global supply chain sustainability director, Fast Retailing
STRATEGY

MANAGING COSTS AND LOGISTICS
It is important to consider logistics and costs before implementing your scheme – this is part of determining how your company best benefits from garment collection.

COSTS RELATED TO GARMENT COLLECTION
Costs will vary, depending on the type of collection scheme chosen. The key costs for any scheme derive from storage, transport, sorting and marketing. If a scheme requires the development of new skills in the company, additional costs may occur.

Direct costs can include:
- Collection boxes, packaging and other necessary materials
- Logistics and transportation
- Marketing

Indirect costs can include:
- Extra time spent by retail staff to handle the collection
- Storage of items in the shop or warehouse
- Staff training
- Incentive vouchers for customers

LOGISTICS
Logistics are a key component for a successful garment collection scheme. The starting point is to reverse your supply chain and consider how the collected garments can be handled.

- Identify useful existing resources and partnerships
- Make sure logistics and warehouse staff are involved in the planning
- Consider your carbon footprint when developing a logistics setup

“Ensuring the logistical viability of the scheme, both from an internal and external perspective, is the biggest concern. There’s no point in building a scheme that creates as many problems as it solves if it increases the amount of products being transported around the world, or if we cannot physically cope with it internally.”

– TARA LUCKMAN
Senior sustainability manager, ASOS

FOUR LOGISTICAL ISSUES TO KEEP IN MIND

1. **Collection:** Map out in detail every step of collection and consider convenience for customers and staff, whether it is online or in store. Make sure that there is clear signage indicating where and how to deliver garments.

2. **Storage:** Advise your store staff to change full collection boxes and store them in the shipping area or storage room. Ensure that the clothing is stored in clearly labelled sealed bags or boxes to avoid confusing it with new items.

3. **Transport:** Use reverse logistics to keep down costs. When new items are delivered, pick up collected garments so trucks do not go back empty.

4. **Sorting:** If you work with a service provider, third-party recycler or charity, they do the sorting. If you collect and sort items yourself the process requires time and effort.

CASE STUDY – I:CO
In the I:CO model with collection in-store, the logistics and operational set ups are individually integrated into the retailer’s existing processes, which includes communication with stores, coordination with warehouses and using streams of transport for the used clothes and shoes together with customer returns.

By having continuous collection instead of campaign-based programmes, routines and standard processes can make the operations smoother over time. Furthermore, using current reverse logistic streams from the stores to the distribution centres is both cost and CO2 efficient.
DEFINING TARGETS

If you are in the initial phase of setting up the scheme, knowing how customers will respond is difficult and makes setting precise targets a challenge. Establishing preliminary targets, however, provides clarity and direction for the scheme. Your targets will largely depend on what collection model you chose and should align with your garment collection scheme's key performance indicators. In general, targets should be linked to the volume of textiles collected and the number of customers engaged. Targets can also be linked to:

- Collection volumes, which can be set in tonnes, number of items collected or percentage increase
- Number of stores or e-tail platforms the scheme is active in
- Customer reach can be set by the number of customers participating in the scheme
- Funds raised for charity or other worthy causes

Make your targets public to increase transparency and to make your direction clear to internal and external stakeholders. This can be done through your website, social media, CSR or annual reports, and at conferences or via the communication platforms of external stakeholders, like the media and NGOs.

For more assistance with setting targets, watch Global Fashion Agenda's "Setting Targets" webinar. Examples of targets for garment collection can also be viewed on Global Fashion Agenda's website.
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COMMUNICATION
EVALUATION
THE ROAD AHEAD
ADDITIONAL RESOURCES

INSPIRATIONAL CASES

LEARNING FROM OTHERS IN THE INDUSTRY

INCREASING THE VOLUME COLLECTED

Marks & Spencer, as part of its Plan A strategy, has committed to helping customers recycle over 50 million items of clothing by 2020 through its garment collection scheme.19

H&M Group has set a global goal to collect 25,000 tonnes of textiles annually through their garment collection scheme by 2020. This goal represents an approximate increase on a yearly basis by a percentage from a baseline year. The company tracks the collected volume on a global level and for each of its individual sales markets.20

EILEEN FISHER has collected 800,000 garments since 2009 and has seen a steady increase every year. In 2016 they collected 170,000 garments, or the equivalent of 2% of their yearly production.21

EXPANDING YOUR REACH

Inditex’s garment collection scheme is currently active in 500 stores and is set to expand to 2,000 stores by 2019.22

MATCHING THE NEED

UNIQLO’s goal is to establish an elective distribution system by using a digital platform between UNIQLO and UNHCR to match the needs of UNHCR one-hundred percent and to ensure speedy donation.23

2020 COMMITMENT TARGETS

ASOS has set a target to launch a garment collection scheme and recycling programme for apparel in two key markets by 2020.

GUESS has committed to implementing an on-going, customer-facing product take-back programme in its retail stores in the United States and will expand the programme’s presence globally to at least three markets.
“We need to look at the whole picture. Because there’s room for improvement. Every year in the European Union, more than four million tonnes of textiles are incinerated or sent to landfills, and that’s a waste of opportunity.”

- KARMENU VELLA
European commissioner, Maritime Affairs and Fisheries
IMPLEMENTATION

IMPLEMENTING A GARMENT COLLECTION SCHEME

After outlining your strategy, the implementation phase can begin. Before implementing, you should have a clear plan for how to engage your store staff. Consider doing a pilot scheme before rolling out your strategy.

KEY LEARNINGS

• Shop-floor staff function as ambassadors for your garment collection scheme, therefore it is important to encourage and involve them.
• Piloting your garment collection scheme is a way to test internal processes and customer responses.

ENGAGING THE STORE STAFF

If you are running an in-store garment collection scheme the most important link in the value chain is the shop-floor staff. They act as ambassadors for the scheme by engaging directly with customers and managing garment collection, making them a key to the success of the programme.

Ensure that your store staff are on board by:

• Giving clear guidelines about the practicalities and by getting their input when setting up the logistics
• Informing them about the objectives of the scheme and what happens to the clothes, providing them with a better understanding of the environmental impact and the garments’ end use
• Giving in-person training, handing out written manuals or showing videos
• Incentivising the effort to increase collection rates through, e.g. internal competitions
• By checking in with them regularly to manage how the programme is going and receive any suggestions for improvement

“Inditex does not have public campaigns oriented to communicate its programmes to customers. Therefore, one of the main challenges is to train all the store staff to provide information about the spirit and the detailed implementation of this programme.”

- SERGIO BLECUA
  Sustainability department, Inditex

PILOTING THE COLLECTION SCHEME

Setting up a pilot scheme can be a good way to test internal processes, as well as customer response before rolling out a scheme in all your stores and markets. If you wish to pilot the collection scheme, you should:

• Test the scheme in one country first
• Let the pilot run for at least three months
• Start in an easy market

If you are a large retailer with multiple stores, testing with a pilot scheme in one of your key markets may be a good idea before rolling it out to all your markets.

If you are an online retailer active in multiple markets, it is also a good idea to do a pilot scheme in one market before rolling it out.

If you are a small retailer, it may be worth testing the scheme in one of your cities or flagship stores.

Once you have piloted your collection, you can evaluate it. Depending on what the aim of the garment collection scheme is, the success factors may vary. However, there are two key performance indicators:

• Customer engagement: What has the customer response been? Did you see an increase in collection rates over the pilot period?
• Internal processes: What feedback has in-store staff given? Did the scheme run smoothly without negative effects on the store’s daily operations? Do you have the internal capacity and resources to scale up the scheme?

Once management is on board and pilot learnings are incorporated, scale the scheme.
COMMUNICATION

MARKETING A GARMENT COLLECTION SCHEME

The customer is key in a garment collection scheme. Recycling clothes through a brand’s garment collection scheme requires a shift in behaviour, which is why involving and incentivising your customers to bring back their clothes is essential. Engaging with consumers about your garment collection can be done in several different ways.

KEY LEARNINGS

- Information about the practicalities of returning garments should be clearly visible to minimise confusion and questions.
- Information should be short, precise and informative to avoid overwhelming customers.
- Use encouraging messages and visuals that catch shoppers’ attention.
- Marketing the collection scheme should complement your existing branding.

NUDGING CUSTOMERS IN THE RIGHT DIRECTION

In a circular fashion system, the customer becomes the supplier, which is why involving and incentivising them to bring back their clothes and shoes is vital. Due to the current lack of customer awareness, with acceptance varying greatly between countries, brands must take on an educative role. If the value of used textiles is to increase, there needs to be a change in consumer perception of used textiles as waste to something that is a valuable resource. Incentives have proven to be important in motivating the customer to participate in garment collection programmes. Examples of incentives are vouchers, loyalty programmes and repair services.

IN-STORE PROMOTION

The shop floor is an important platform to communicate to your customers about the collection scheme.

If you are collecting clothes in-store, the collection box is not only a necessary practical item but also an important marketing tool. Make sure that the collection box is clearly visible, close to the cashier and easy to access.

Additional signs, brochures, posters and other marketing material can help to further inform and inspire customers to recycle their clothes and shoes.

ONLINE CHANNELS

Online communication channels are an excellent way to bring the garment collection scheme to life and to further inform your customers about its broader objective and impact.

CAMPAIGNS TO INCREASE AWARENESS

Campaigns can be a great way to spotlight the collection scheme and increase awareness. Campaigns that give customers a higher incentive (e.g. a higher discount) increase garment collection rates. Furthermore, local campaigns have shown to be more successful than global ones.
COMMUNICATION PRINCIPLES FOR A SUCCESSFUL GARMENT COLLECTION SCHEME
by Lucy Shea, CEO Futerra

1. Your customer is the hero (not you)
Too many companies take centre stage in circular initiatives. But garment recycling is not about making you look good; it’s about making your customer feel great.

2. Provide a functional, social or emotional benefit
It’s time to get creative about how you reward your customer. Only giving a five-euro voucher won’t cut it. The structural and social barriers to returning used clothes are multiple.

3. Garment collection should be fashionable
Your audience cares about their look. They aren’t hard-core environmentalists and are unlikely to be motivated by dull or simply imperative messages. Instead – talk about clothes. Offer your consumers the thrill of retail therapy without the side effects.

4. Love it for longer
This one is simple. Why only offer recycling when your customer can repair, care and wear for longer?

5. Make it fun if you want it done
Why have hundreds of thousands of women taken part in Swishing? These simple little parties have been a phenomenon in sustainability because of one thing: they are fun.

6. Be clear
Consumers respond to simple, clear instructions that make garment collection easy and convenient.

7. Say thanks
You must express true and authentic gratitude for the efforts your customers make. Writing thank you on the inside of your recycling bin lid isn’t good enough.
COMMUNICATION

RESPONDING TO CRITICISM

Industry stakeholders have often criticised efforts to start a garment collection scheme in the endeavour to work towards a circular fashion system. This section of the toolbox lists some of the most frequently raised critical remarks and provides information that facilitates discussion when responding if you are met with criticism.

MISCONCEPTIONS OF GARMENT COLLECTIONS

**Fashion brands should not be responsible for collecting clothing**

There is predominantly an economic and environmental responsibility associated with garment collection. Industry stakeholders increasingly expect brands to take responsibility for the full value chain comprising their activities, including the end of use of their products, to minimise the environmental impact. Shareholders often think that the biggest responsibility of brands is to make a profit, and garment collection schemes are increasingly projected to gain an indirect positive business impact due to higher volumes, increased consumer interest and collaboration with government.

**Garment collection schemes are fashion brand greenwashing**

Most brands have high ambitions and good intentions concerning their garment collection schemes. Brands should focus on more than garment collection as part of their sustainability efforts, by also representing it as an accessible, positive first step in the journey towards a circular model.

**Collection scheme vouchers fuel more consumption**

Offering a voucher creates an incentive for customers to bring back used garments. Without an incentive, the garments might end up in the bin.

Collection schemes are just an excuse for brands to continue producing cheap, low-quality clothing

Many fast fashion brands are acutely aware of their impact on people and the planet and want to do something about it. Garment collection is a way to invest in and test new circular business models that have less environmental impact and that gradually can deliver the same return on investment as the traditional linear model.

**Fashion brands with collection schemes are taking valuable income away from local charities**

Charities are by far still the largest collector of used garments. However, on average globally, only around 20% of all used garments are collected. There is still plenty of market share, especially for quality recyclables not yet targeted by many collectors. There is a need to increase industry-wide joint efforts to recover resources from used textiles.

**Increasing the volume of garments collected is not the way to go as the underdevelopment of recycling technology and infrastructure may lead to an unmanageable overflow of materials**

It is a bit of a chicken and egg discussion. It could rightfully be claimed that one of the main reasons for the lack of investment in sufficient technology and infrastructure is the relatively low volume of garments collected. If the volume increases, the right technology could be scaled up to help create solutions with the potential to help close the loop in the fashion industry.
EVALUATION

EVALUATING A GARMENT COLLECTION SCHEME

Reporting on the progress of your scheme to external and internal stakeholders is an important part of describing its impact and development. Experience shows that there is both a need and an interest from customers to understand what happens to the clothes once they are collected, which is also linked to motivation. It is a good idea to translate the impact into more tangible outcomes that your stakeholders can relate to. Reporting on progress can be done through annual reports, on your website, social media and in-store.

KEY LEARNINGS

- Translate the impact into tangible outcomes
- Be transparent about the progress you have made and the challenges you face

INTERNAL ASSESSMENT

A key performance indicator when it comes to your garment collection schemes is the success of the internal processes. Consider:

- Logistics: Have the logistics been running smoothly? If not, why and what can be improved?
- Staff: Is your store staff aligned with the process of collecting and storing the clothes? Have you provided them with clear guidelines?
- Marketing materials: Are the collection bins and materials working and attracting customers?

EXTERNAL ASSESSMENT

Another key performance indicator is the level of customer engagement. Some of the ways to evaluate impact include:

- Calculating customer participation
- Calculating the volume collected
- Environmental benefits
- Social benefits
- Calculating financial gain

CASE STUDY - REFORMATION

Reformation’s collection scheme drew a few hundred customers in the first two months. Since 2015, Reformation customers have saved 21.7 million gallons of water, 136 trees and 56,900 lb of CO2 by recycling 13,909 lb clothing. Reformation uses social media and its newsletter to communicate to its customers about the impact of the scheme.23

REVIEWING YOUR GARMENT COLLECTION SCHEME

- Customer engagement: What has the response been like from your customers? How can their feedback help you improve?
- Partners: Are you satisfied with your partners (e.g., collaborating with a service provider, charity, commercial recycler and other brands)? How can your partnerships be optimised further?
THE ROAD AHEAD

STEPS TOWARDS BETTER GARMENT COLLECTION

This toolbox demonstrates how garment and footwear collection schemes are an important step in creating a circular flow of materials. It also showcases the opportunity they represent for you, as a fashion brand or retailer, to take an active role in transitioning the industry to a circular fashion system. A united effort and collaboration is needed, and you can play a significant role.

BRANDS AS COLLECTORS

Acting as a garment collector puts you in a powerful role. The direct link to both consumers and the supply chain provides a unique opportunity to change the way our industry produces, consumes and disposes clothes and shoes. However, as with any new role, it requires time, testing and trial and error to find the solutions that best fit your company in its efforts to contribute to the fashion industry’s transition and to a more sustainable future for society.

“We need even more smart take-back initiatives if we are going to fix the leak in the circular economy. Many other industries face the same challenges in consumer recycling. But fashion should be setting the agenda. We have an unmatched ability to tell stories, capture the essence of the moment and make art through commerce. We need to bring the same creativity, joy and edge to recycling as we do to design.”

-LUCY SHEA
CEO, Futerra

CONSUMER PERCEPTIONS AND BEHAVIOUR

Shifting consumer behaviour and perceptions is essential to enhancing garment collection. This should be done by creating incentives for consumers to take part in creating a circular system.

REGULATION

Optimising and navigating legislation that currently hinders or challenges the collection and transport of used garments is important to ensure financial incentives to have collection schemes. This will require engaging policymakers to incentivise and amplify the role of fashion brands and retailers as collectors.

INDUSTRY-WIDE COLLABORATIONS

Finding industry-wide solutions for the collection of used garments that address the needs of different market segments, price points and company sizes is necessary and will require collaboration between fashion brands, retailers, governments, charities and recyclers. Collaboration is also required for finding solutions for how clothing and shoes can be looped back into the fashion system on a company- and industry-level. This will include finding ways to optimise the reuse and recycling of used garments to benefit your company, the industry, society and the environment.
ADDITIONAL RESOURCES

ACADEMIA
A variety of academic articles examine various aspects of garment collection, including:


CHARITIES THAT COLLECT CLOTHES
Charities have many years of experience with the collection of garments and taking donations from consumers. Some charities may also have an interest in collaborating in terms of receiving donations from companies. Ideas for charities and sources of inspiration are: Caritas, Red Cross, The Salvation Army, and Oxfam. See C&A Foundation’s list of charities that collect textiles in the EU.

COPENHAGEN FASHION SUMMIT 2017 – BREAKOUT SESSION: CUSTOMER ENGAGEMENT
This session collected knowledge from substantially different standpoints and discussed different ways and strategies for the fashion industry to communicate its sustainability efforts to customers in engaging formats.

TEXTILE COLLECTORS AND SORTERS
For companies wishing to collaborate with a textile recycler, further information can be found by getting in touch with Boer Groep, I:CO / SOEX, TexAid, or Wolkat

WEBINAR – GARMENT COLLECTION
Global Fashion Agenda facilitated a webinar in June 2017 in which Lydia Schmidt, I:CO; Cecilia Brännsten, H&M; Cynthia Power, EILEEN FISHER; and Sergio Blecua, Inditex, shared their experiences in setting up a garment collection scheme.

WRAP
WRAP Textile Collection Guide, a practical guide developed by WRAP, provides detailed information on what must be considered to set up garment collection. Tips and information target mainly local authorities and textile collectors but can be used as inspiration.
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