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## The Truth Behind Fast Fashion: A Solution to the Issue

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The Truth Behind Fast Fashion: A Solution to the Issue

Senior Project Submitted to  
The Division of Social Studies  
of Bard College

by  
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## **Abstract**

This paper acknowledges the dominance of large fast fashion retailers in the clothing market. Due to globalization, there have been significant changes over the years as a result of their implementation of the clothing industry. This paper reveals that retailers have held enormous amounts of wealth and power without any oversight. Permitting them to profit from the absence of rules and laws everywhere in the world. A market with perfect competition has been drastically changed to one where maximizing opportunities for profit is the only goal. The industry has suffered greatly as a result of their willingness to pursue such gains, and this shift has created enormous problems. We come to the conclusion that more policies must be put into place in order to balance a competitive market populated by retailers like Zara and H&M.

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## Chapter I: Introduction

Our world's clothing industry has undergone significant change, especially over recent decades. This same period has been marked by an increase in globalization—fueled largely by a push for neoliberal trade policies—which has resulted in the outsourcing of industry to underdeveloped countries. Over the same period, the dynamics of the fashion industry have changed, forcing retailers to demand low prices and flexibility in design, quality, delivery, and speed of market entry. The number of fashion “seasons” has increased, mass production has come to dominate, and the structural characteristics of the supply chain have changed. Due to retailers' performance for customers in the market, these businesses have become so well-established due to the competition derived from the clothing that people are continuously shopping for. As a result of this development over time a market that was once known for producing clothing for the purpose of being able to feel warm and cozy has changed to one where people can now look stylish and fashionable in society. As a consequence of this new change, our world has fundamentally changed. Fast fashion is a development that has led to some serious issues and is a result of the apparel industry's new transformation. Its widespread production is well known to have a negative impact on the entire world and is not sustainable. Unexpected labor practices are the direct cause of demonstrably poor practices, which in turn lead to a denial of human rights. This is yet another significant issue in developing countries due to how quickly the market alters. On the other side, fast fashion has also given the clothing sector fresh perspectives. The fast-paced technique has significantly altered the shift and pace of how

clothing is created. Customers have enjoyed being able to make modest purchases that have given them stability in their life.

This paper examines the connection between the enormous fast fashion monoliths and the dynamic strategies that have helped them dominate the sector. The clothing industry has undergone a significant transformation as a result of constantly implementing new strategies to maximize profits and adopt a new method of clothing production and manufacturing. This paper aims to provide an analysis to understand how fast fashion is significantly overtaking the clothing industry. Fast fashion is an issue that requires well-planned policy solutions. By investigating and analyzing a policy that allows a balance within all parties of the fast fashion industry, it can be determined that corporations are the primary issue that is escalating conflicts globally.

Many of the various topics I will be covering in this research paper will be related to one another as a result of this new transition. The first chapter discusses the foundations of fast fashion and how the apparel industry changed consumer, supply chain, and retail behavior. The industry has become very fast paced as a result of the introduction of ready to wear. After a significant transformation in the garment industry, chapter two examines the issues that have resulted from fast fashion. The greater good of those who stand to gain from the fast fashion strategy ultimately has an impact on workers, developing nations, and general standards of living in order to satisfy the demands of consumers in developed nations. This leads to a case study of two businesses that are well known for their fast fashion business practices. Given their market influence and dominance in the fashion sector, H&M and Zara are important to present as

case-studies. The final chapter addresses the issue of policies that either need to be changed or developed in order to foster a more sustainable fashion industry and whether that can coexist with “fast” fashion.



## Chapter II: A History of Fast-Fashion

The garment industry has long been acknowledged for its high worker intensity and low capital requirements. The industrial revolution altered fashion with the introduction of numerous new technical innovations. Instead of being made to order, clothes are mass produced. Since the 1980s, clothing manufacturers in the industrialized core have sought greater diversity and fashionability, but the current quick trend has improved this strategy even further. This is due to the fact that fast fashion is manufactured using different lead periods, production runs, and patterns such as designer ready-to-wear (Tokatli 2008; 23). Fast fashion sourcing and buying decisions are made more difficult due to the hurry with which decisions must be made and the innovation that must be executed in the retail venue. Since fashion buyers want and thrive on constant change, new goods must be regularly available. Due to the years of globalization in the garment industry and the significantly lower labor costs in developing nations compared to developed ones, clothing companies have turned their focus to producing in these nations. There is an incentive for clothing companies to move production elsewhere because of the lax laws and regulations in these countries (Ghemawat et al. 2006; 3). Due to this new change in globalization, which has shifted manufacturing to be fast paced and efficient while at the same time being very cheap, this new model has paved the way for many businesses that have thrived in this industry. The fast fashion model has spread so widely that it is now considered the standard in the clothing industry.

In light of this, the fashion industry has adopted a new selling strategy in which new inventory is frequently released throughout the year at prices that are significantly lower than

those of other fashion-related industries. (Sull & Turconi 2008). It is typically described as having a short shelf life, being inexpensively created, produced swiftly under subpar working conditions, and sold in large quantities. It is a word used to describe clothing designs that, in order to capitalize on trends, move incredibly swiftly from suppliers to consumers. Fast fashion has made it possible for anybody to buy the hottest new style or the next great thing for a reasonable price (Sheridan et al. 2006; 302). Because of the rise in consumer purchasing power, particularly among the younger generation, it has come to be widely accepted as something that is usual and natural and has been strongly encouraged in many economies. Clothes can now be produced anywhere in the world thanks to the fast globalization of the apparel industry (Tokatli 2008; 24). Fast fashion has taken over the clothing industry as a result of its ability to meet consumer demands so cheaply. It is undoubtedly beneficial because it has improved access to clothing for people of different income levels. The success of retailers largely depends on how quickly fresh items can be stocked in shops. Time is becoming a more important competitive aspect for businesses in the fashion sector. Merchandise is displayed floor ready on hangers with tickets attached and development cycles are getting shorter and more efficient (Bruce et al. 2006; 329). As a result, as people continue to consume fashion and engage in the apparel industry, fast fashion is growing significantly. Despite being widely regarded as a success in the field and corporate America, the industry has serious flaws that will be discussed in more detail in the following chapter.

### ***Multi-Fiber Agreement***

The rise and approval of the fast fashion industry are essential to acknowledge, as this was not possible due to the Multi-Fiber Agreement (MFA). The international trade agreement

involving the export of textiles and clothing to other countries is alluded to at the outset of this agreement. The post-Second World War policies that heavily regulated trade in textiles and apparel were transformed by progressive trade liberalization, beginning with NAFTA in 1993 and followed by the ending of the General Agreement on Trade and Tariffs (GATT) in 1994. The MFA was governed from 1974 to 1994 and expired on January 1st 2005. It structured quotas and imposed them to restrict the amount of output that developing countries could export to developed countries. The production organization in global commodity chains has changed due to solid retailers using their purchasing and negotiating power to demand-supply flexibility. As this became the standard for market competition, it eventually created a balance for retailers and foreign countries (Appelbaum 2005, 3). The goal was to maintain market equilibrium and prevent disruptions due to the cheap nature of fabrics, textiles, and garments and their mass production. Some might argue that the MFA also foresaw the global imbalancing that would emerge in the absence of a cost wedge in the global marketplace. It is not a coincidence that the rapid emergence of fast-fashion that followed the expiration of the MFA, as companies commenced a race-to-the-bottom for which countries would minimize labor and environmental regulations of production to ensure profit maximization in the new “free” trade world.

The establishment of this agreement was critical because it lets other nations import and export goods to a certain degree. As a result, developed nations like Bangladesh were able to diversify their sources of income and control their economies' growth. Before the foundation, there was hardly any export production, but high-quota investment began to increase in certain nations (Van et al. 2003; 5). The World Trade Organization (WTO) replaced GATT, and although special arrangements continue to exist between countries in the form of preferential trade

agreements, the overall trend has been toward freer trade in apparel. This decentralized production strategy allowed emerging countries to participate in the global garment market (Appelbaum 2005; 5). Businesses are gradually seizing control of the most labor-intensive link in the supply chain due to the competitive advantages that lower labor costs provide. Exports and employment have increased for emerging nations due to growing globalization and the MFA, helping these nations advance. Because many of these nations were so reliant on the global garment market, the fashion industry significantly contributed to the growth of their economic structures.

There would not have been any opportunity for the clothing business to expand in developing nations because it provided more options for their economies without the involvement of the World Trade Organization taking action on the clothing sector as a result of the MFA. The MFA is crucial to discuss, particularly at the beginning of this essay, because when fast fashion first emerged and retailers began to see the opportunities of outsourcing to developing countries there was a need for a policy in which to maintain the level of production of clothing globally. This was important because if every nation decided to produce clothing there would be an overproduction of clothing that would increase extreme disruption in the market making it even more difficult to sustain and balance. The MFA gave opportunities for allowing and predicting which nations could thrive in the global market for the garment industry. Without it, quality control would deteriorate noticeably because globally competitive countries like the United States and Europe would be free to invest abroad in any nation. In a market where competition is fierce, like the one for fast fashion, having these limits for certain countries

enables market competitors to identify which developing nations could assist them in maximizing their opportunities and satisfying supply and demand.

### ***How has fast fashion changed the clothing industry?***

Consumers have changed dramatically over the course of years due to the emergence of fast fashion. It has changed the decision-making process for consumers by giving them more options to choose from at a much lower price compared to other brands that charge higher prices. Despite this, consumers have a very low awareness of the impact of their purchase decisions and this is simply because of the low cost to purchase a clothing item that satisfies their desires and falls within the trend. (Annamma, et al 2012; 283) The industry has shifted drastically to clothes that are now being sold by the trend of the social aspects in the world that we live in today. Buying these clothes at an insanely affordable price is very beneficial to the consumer but in the long run it does not help the market for the clothing industry nor does it help with the economy as a whole. Generally, these companies will never quit to maximize their profit. Retailers are constantly seeking to find the lowest price to produce clothing pieces that will have an insanely high profit-margin compared to other stores (Bhardwaj et al. 2010; 166). This is caused by the fact that competition is by finding the lower price. These stores can change the market as a whole, causing consumers to be aware that the prices are much cheaper than if they were to go to a specific store. Once consumers begin to fall under the tricks of seeing these cheap clothing pieces other stores will tend to copy the prices of what is being sold in order to fall within competition. Because of competition, the fast fashion sector will never reach a point of equilibrium. Even while the least costly pair of shirts at one store might only cost you \$10, there will likely be another store selling the identical item for less.

Customers desire a particular appearance but don't want to spend the high price tag associated with it, retailers like Zara will attempt to copy the high-end brand design. This pursuit of trying to copy other designs is the way in which the bad of fast fashion has developed to maximize and gain profit because of the foundation in which luxury brands have brought to the table. Therefore, in establishing affordable pieces for consumers, they will look for alternative options that match the precise appearance given as a result. Young customers' profound wants for fashion have been gratified, yet sustainable fashion is not produced as a result. Fast fashion is a major component in promoting trends, which leads them to propagate quickly to new fashions (Annamma et al. 2012; 287). Every week, fast fashion has made it possible for customers to shop at these affordable retailers for brand-new, reasonably priced, and stylish clothing. Over the last twenty years this approach has expanded quickly. It satisfies the growing demand from consumers for fashionable apparel at reasonable prices. It has changed the approach of shopping that was considered to be an occasional event to something that can happen in our daily lives as an entertaining activity. Due to their strict quality control, these high-end luxury brands have changed their target markets to include more affluent and sophisticated audiences who can purchase their products. By making clothing more affordable and producing the exact same design that these high-end stores are offering, these affordable fashion retailers like Zara and H&M have caused consumers to lose the concept of what luxury brands are (Mrad et al. 2020). Why would customers spend thousands of dollars on a single item when they could purchase several various outfits for the same cost, extending the useful life of the products they purchase. People's perceptions of what they should buy have dramatically changed, favoring inexpensive items over high-quality goods. Fast fashion has brought about this change, which has enabled the

sector to expand quickly. Brands and retailers are falling into this style using all possible means to acquire more customers and maximize their profit as much as possible (Bhardwaj et al. 2010; 170).

Due to the retailers' need of getting products out to customers as soon as possible, these products don't have the same worth and quality as they did in the past because of the mass manufacturing approach. Fast fashion has given rise to clothing that is not long-lasting, healthy, and sturdy. According to Bhardaj, the fashion industry is extremely competitive today, and the constant need to replenish product lines has forced many retailers to increase the number of seasons, or the frequency with which the entire inventory in a store is changed. Fashion retailers are encouraging customers to visit their stores more frequently with the concept of "Here Today, Gone Tomorrow" as small collections of merchandise become more popular (Bhardwaj et al, 167). This concept means when the apparel is first worn, the effect is meant to be achieved meaning the style that is currently trending is making the individual feel up to date and stylish with current trends. The product that is fulfilling its purpose for consumers is only temporary because it will no longer be the same once it needs to be cleansed and laundered. All of this is a part of the ploy used by large stores to conceal the fact that the clothing they sell is mass made and therefore not among the finest items. The success of the industry has been attributed to fashion apparel retailers' ability to forecast customer demand and fashion trends well in advance of the time of actual consumption. This is referred to as "ready-to-wear," in which the apparel is designed to coordinate with the prevailing fashion and the weather of the season in order to increase sales for stores and ensure a prosperous season in the future (Tokatli 2008; 22).

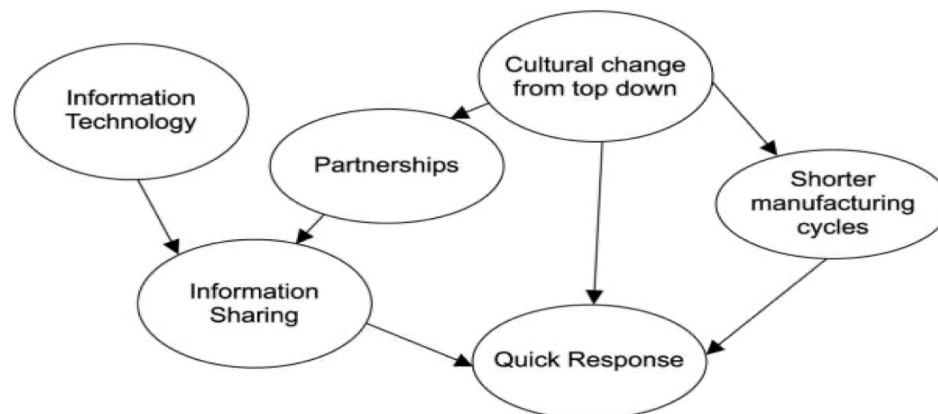
There is truly only one group from the fast fashion industry that is the true winner of how fast fashion has been in place. Retailers care more about getting the clothing pieces out to the public as soon as possible without even informing them. Fast fashion encourages shoppers to make snap decisions about their purchases. This enables these retailers to withhold information about the precise steps they are taking to reduce their environmental effect. Transparency and communication are lacking, particularly with regard to what it takes to get massive amounts of clothing out to consumers. A side of fast fashion retailers that is not discussed enough in literature is *how* retailers are able to grow. The level of market competition is to blame for everything. Other fashion apparel shops must transition from what is known as product-driven fashion to buyer-driven chains in order to thrive in a competitive market. Due to the unusual ways in which high-value research, design, and marketing have been combined, revenues have increased, enabling businesses to act strategically by cooperating with factories abroad. (Taplin 2014; 248). The business has become less focused on the clothing piece that is produced to attract consumers to buy but now the strategy that is involved to strategically attract customers. Whether it is marketing, promotions, or even getting the product out to customers as fast they can, this is the driving force behind fast fashion.

As customers continue to purchase clothes from these retailers this is the fundamental reason why the market has become very competitive due to fast fashion. As the industry continues to expand, the corporation continues to devour the wealth and power to organize the supply chains to function incredibly faster. The drawback of this is that while customers can appreciate the products and services, fast fashion affects the people who make the clothes for these companies.



### *Changes in the Supply Chain*

Retailers' success and customers' satisfaction with the accessible, reasonably priced clothing options has been largely attributed to the impact of fast fashion on the supply chain. Market dominance and innovation control considerations influence the organizational relationships within the apparel supply chain (Doeringer & Crean 2005). This is as a result of increased retailer demands leading to increased supply chain competition. To satisfy all parties and maintain profitability, manufacturers must continue to be efficient, quick, and flexible. Therefore, in order to meet the needs of all parties there has been a new implementation based on the production process which involves a system known as *quick response* (QR) that has allowed fast fashion to operate the way it is.



**Figure I:** Components of Quick Response (Sheriden et al. 2006; 304)

QR is defined as a “A state of responsiveness and flexibility in which an organization seeks to provide a highly diverse range of products and services to a customer in the exact quantity, variety, and quality, and at the right time, place and price as dictated by the real-time customer demand (Christopher et al. 2004; 372). In order to quickly and accurately meet demand, QR is based on a precise understanding of market demand and the compression of

important lead times, as depicted in Figure 1 above. However, internal production systems have received a lot of attention in QR initiatives (MacCarthy et al, 2010). To respond to the shifting demands of a fiercely competitive, unpredictable market, it has made it possible to make demand-driven decisions. In order to better and more quickly respond to the rapid change in the retail business, quick response places a strong emphasis on partners' ability to communicate with one another more quickly. Flexibility and efficiency are needed since large orders for apparel are arriving from abroad on the other side of the globe as a result of retailers relocating production offshore (Gustafson et al. 2005; 37). The advantage of quick response for retailers is the shortening of all time periods between the design of clothing and the time it is sold to buyers. The method of managing competition in the apparel sector depends on it. In an effort to lessen supply chain forecasting mistakes, it offers improved service and product provision.

Thanks to this new, quick response strategy, supply chains can react quickly to create trends that let people express themselves through their clothing. Businesses that operate in sectors where supply and demand are largely deterministic must be able to react quickly to market conditions. Businesses can better meet the needs of their customers, cut costs, and stay ahead of the competition by offering a more responsive, efficient, and sustainable approach to production and delivery. Retailers seek for enhanced supply chain optimization and channel integration, which will increase expectations on the turnaround times of manufacturers. Manufacturers who now include cheap prices on the requirements for subcontracting lists have given retailers the chance to promote accessible, fashion-focused products. The industry has undergone a significant change as a result of the effective technique that allowed retailers to distribute products as quickly as possible. Customers are constantly exposed to product updates,

which changes their perspective and inspires them to search for the newest items that will make them feel fashionable (Sheridan et al. 2006; 303). The shortcut to achieving this goal is to shorten the time that passes between the creation of the clothing and its sale.

### **Chapter III: Issues in the fast fashion Industry**

#### ***Unfair Labor Practices***

Although consumers are aware of the benefits of fast fashion, it is evident that another aspect needs to be discussed to appease clothing retailers. Fast fashion is widely acknowledged as the root cause of today's unfair labor practices within the apparel industry. Fast fashion retailers have come under fire for manufacturing their products using unethical labor. The use of unfair labor practices has significantly increased due to outsourcing to foreign nations and the construction of factories with low production and wage costs. It is inevitable that as other nations attempt to adopt the fast fashion industry's new structure, it will lead to a race to the bottom as competition among developing nations lowers the standards and laws in each nation's economy. The country's decline is exacerbated by the sharp decline in prices and wages, which even reach the bare minimum. The rules governing worker safety and protection deteriorate precipitously as all prices sharply decline. As there are no minimal standards and numerous conflicts result from this, the downward snowfall effect only gets worse and worse for the country's economy. The industry has caused significant harm to undeveloped countries as young children and women who play a massive part in being at the bottom of the hierarchy of fast fashion experience such intense and unfair labor practices.

The fundamental fact that enables customers to be content with reasonable prices for goods has been derived from the low pay and unfavorable working conditions experienced by employees in foreign nations. Most countries where retailers relocate their manufacturers also have high rates and apparent signs of unfair labor practices. Bangladesh, one of the leading countries where labor practices have been exploited, is infamous for the 2013 factory disaster

that claimed 1,127 lives. Since then, the advantages of fast fashion have dramatically shifted in favor of the issues that have developed due to this new approach. Buying clothing for a reasonable price required making a sacrifice that seriously harmed the global supply chain. The harm that results from consumers being able to shop at a price that they find satisfying affects women and children, who make up the majority of fast fashion workers. (Taplin 2014; 72). This tragedy sparked more discussion about the relationship between fast fashion, how workers are treated, and how they ought to be treated with their right to a safe workplace. Concerns about what goes on behind the scenes to get goods to retailers as quickly as possible have been greatly heightened by the health and safety concerns in the global clothing industry.

It is critical to consider that the lives of these people at the bottom of this hierarchy who make these clothing put themselves at risk to satisfy their needs for themselves and their families. Women make up over half of employees in the textile sector and more than two thirds of workers in the garment industry, according to the ILO (Grimshaw et al. 2016; 62). Professor and social economist Naila Kabeer asserts that these conducts are significantly influenced by the economy in which individuals live. Because of the social norms of the nation, the majority of working women in Bangladesh are compelled to work despite having already endured trauma (Kabeer 2016; 6). Because work is hard to come by and scarce according to social norms, an economy that battles political concerns about the empowerment of women continues to struggle. Because of the conditions, supply chain work is very difficult and risky putting the lives of many women in danger. In addition, Shoaib Ahmed details the authentic experience of what it is like to work and experience these unfair practices. He notes that workers were frequently forced to work long, extensive hours of up to at least 16-20 hours for the manufacturer to meet the

demands of retailers. Their schedule to work contains at least six days out of the week to come to work, and they sometimes are forced to stay overtime if they cannot achieve the day's goal (Ahmed et al. 2021; 547). Employees who don't complete their tasks by the end of their shift are forced to stay past the allotted time. They now work for prolonged periods without breaks due to their long hours. Exhaustion and fatigue are caused by this, which raises the risk of workplace accidents and errors. They are not paid for the overtime hours they put in because they are forced to work longer than the allotted time period. Due to manufacturers clearly abusing their rights, workers' wages and compensation are never the appropriate amount. Workers who complain or argue with the supplier will likely have a bad outcome because they will be fired if they raise concerns. The main reason why the job is so valuable to these garment workers is that many of them are in need of employment. The unfair treatment of the workers is not sustainable for these developing nations' economies.

Bullying in the workplace, which is a significant component of unfair labor practices, is one of the most unethical supply chain strategies. This practice is commonly found within smaller firms of manufacturers who are not as established. Smaller firms in the supply chain that have limited opportunities to extract surplus labor where value is captured mainly upstream by larger retailers. Unfavorable global supply chains are where unfair labor practices are fairly evident but this does not mean that bigger supply chains do not participate in unfair acts (Ahmed, 2021; 543). The main objective of this act is to establish a work environment where employees are expected to put in as much effort as possible and produce as much output as possible in the time allotted. Top management is indifferent to employee rights and only interested in addressing the requirements of those who hold positions of authority within the organization to keep their

jobs. The higher levels of the hierarchy are what caused this cascading effect. (Ahmed, 2021; 535). It is crucial to keep in mind that retailers who continue to pressure the supply chain to operate more quickly are the ones who gradually intensify the downward squeeze on management. It is obvious that employees at the top of the management chain don't just decide to engage in unlawful behavior; instead, large corporations are the ones that require their workforce to work longer hours. While top management are the one who enforce the unlawful practices, workers receive both physical and verbal abuse if demands are not met to full satisfaction. The truth about what fast fashion has evolved into to satisfy consumers is undeniably this. The companies that permit this kind of behavior are to blame for this.

In order to grow and boost earnings, these companies work to have their goods produced in nations with lower labor costs than in the US. As a consequence, there is less legal protection for workers in these nations. They frequently aren't aware of their rights, and they frequently aren't able to organize a union or negotiate for better working conditions. The majority of businesses seek to take advantage of these employees who are from disadvantaged backgrounds and are unaware of their worth and value to the business. They are viewed as minor components contributing to the prosperity of the businesses. Since the beginning of the industry, labor practices have been regarded as abhorrent, and this perception has only gotten worse with cases coming from a variety of businesses. These quick fashion retailers are aware of the precautions they are taking when purchasing foreign-produced goods. They are aware that, in comparison to clothing produced in the US, the output rate is higher than anticipated. Because of this, continuing to outsource to other nations gives them the advantage and chance to not only outperform the competition but also utilize the opportunities that a foreign country lacks due to

its economy. This is the reason that businesses frequently engage in unfair labor practices. These fashion shops are aware of the risk they are taking and the act they are committing in the absence of rules and regulations. These businesses, which continue to subcontract and profit from it, have a bad motive for profit.

The shift in which perfect competition becomes less of a priority and more of a focus on satisfying customers has led to the extensive labor force and the use of coercive tactics to force workers to complete production much faster. Retailers are eager to seize any chance that comes their way in order to gain a competitive advantage. It is crucial to recognize the influence that an oligopoly market has on labor practices used in the fast fashion industry. Due to their credibility and established presence, the market's transformation intensifies as there are fewer sellers. Each seller has an impact on how the other sellers act, and vice versa. As a result, there is never a fixed price because adjustments are made continuously for no other reason than to outbid rival retailers and become the dominant force in the market. The hounding and enforcement of dishonest practices will continue as long as competition expands and shifts toward retail dominance.

### ***Market Power of Companies: Oligopoly***

The fashion industry ought to operate largely according to the academic archetype of perfect competition. Low barrier to entry, coupled with pricing and consumer preferences that prompt producers to quickly reduce prices to clear inventory, drive supply. In actuality, oligopoly predominates, with size serving as a catalyst for speed, access to a global supply chain, and variety of products. As these companies grow, so too does the moat of entry to competition. Businesses in an industry face rivals from whom they must set themselves apart in order to



remain competitive (Lambert 2016; 19). Smaller businesses are forced to copy the market leader in order to remain competitive, while a small number of powerful companies control innovation. Oligopoly is a type of market structure that occurs when a small number of major vendors or manufacturers control a sizable portion of a market or an entire sector. Oligopolies are frequently created as a result of the desire to maximize earnings, and they can result in business collaboration. These companies have a considerable amount of market power and are able to control the cost of the products and services they provide (Nagurney 2012). We realize how drastically the garment business has altered as a result of fast fashion. At plazas, malls, and other public retail areas where these establishments are situated, the oligopoly's power is clearly evident as these are the dominating stores to shop for clothes. Oligopolies have high entry barriers, making it difficult for new entrepreneurs to enter the market and compete with established ones.

The influence of the oligopoly drastically affects the market due to the power differentials that these major corporations have. Power differentiation is how oligopolies retain their market power (ibid 2012). Firms in an oligopoly can decrease competition and preserve market power by supplying distinctive goods. For example, in the clothing industry these few major stores are constantly competing with one another on who can produce the best quality and affordable for consumers. To remain competitive in a competitive market, businesses must continually innovate and enhance their goods. This lowers prices and helps customers. Companies have the power to alter the market because of their ability to ignore and keep an eye on different countries that can produce the finest goods at the lowest cost for mass production. This ability relates to the pricing strategy known as predatory pricing, in which the predator in this case, the major retailers seeks

to control the market through increased efficiency, better services, or lower prices that reflect cost savings or small earnings (Guiltinan et al. 1996; 91). This is feasible because the rapid fashion industry has an oligopolistic market that encompasses rivalry in the areas of production, transportation, and consumption. This makes it possible to investigate the economics of supply chain network design. Through the underlying network structure, it enables the identification of particular cases of as well as geographic oligopolistic market equilibrium problems.

### ***Predatory Pricing***

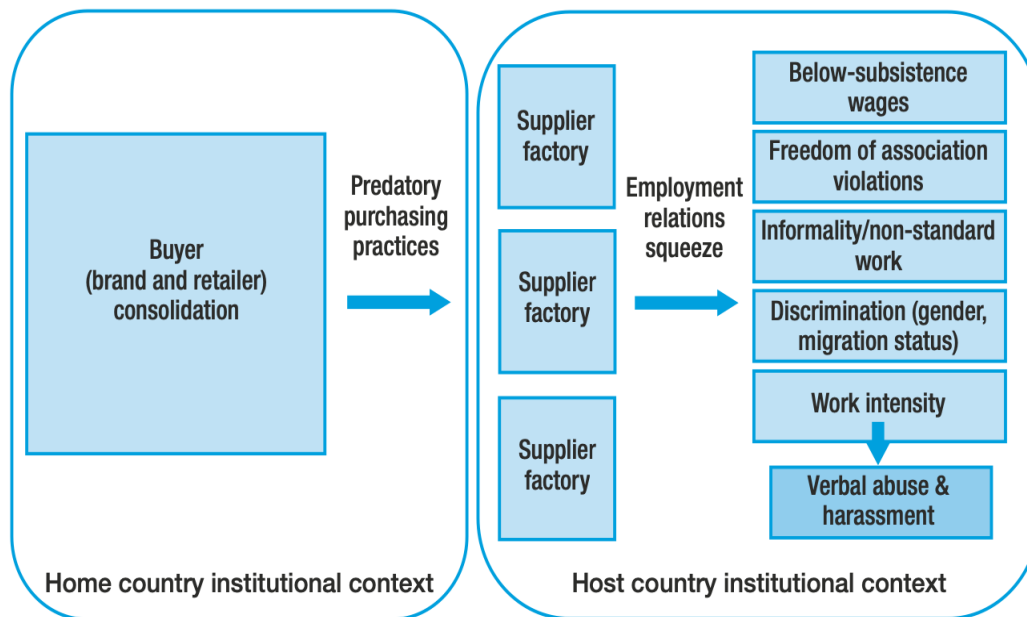
Companies have evolved from exhibiting characteristics that ought to be more indicative of a market with perfect competition to one with oligopolistic pricing power that permits the use of predatory pricing. The underlying cause is the competitive urge and desire to outperform rival businesses in order to increase sales as a result of the implementation of lower clothing prices. Gaining power is a benefit of continuing to earn wealth. Global apparel supply chains now have a major power imbalance as a result of the accumulation, which means that retail stores looking to retain or grow their market share are more likely to engage in predatory behavior. Retailers who hold a disproportionate amount of market share might exert pressure on suppliers to reduce prices and expedite the manufacture of goods (Anner 2019, 707). These retailers often subcontract their work to other foreign nations because they are conscious of the ridiculously low prices they must pay to create, print, and put everything together. Due to their access to resources and influence, these businesses gain from being among the best clothing stores by increasing their profits (Guiltinan et al. 1996; 89). These shops are able to control the supply networks and require that work be completed as quickly as possible with the limited amount of time available,

even if that means using compliance and pressure. Fast fashion is causing issues for the world, but the power of these corporations is to blame. There is not enough regulation and laws in which the market balances, especially with retailers, the demanding workforce they have developed as a result of the success of this industry.

The main motivation for retailers' disruptive actions is to increase profit. Analyzing aggressive predatory pricing is broken down into three different motives and is broken down into why retailers are likely to engage in this act:

1. Aggressive pricing involves an economic sacrifice to the aggressor firm.
2. The firms' pricing behavior is presumably based on managerial evaluation of the possible outcomes of the behavior so that long term benefits are thought to be sacrificed.
3. A consequence of aggressive pricing is harm to one or more competitors.

By enabling these stores to engage in predatory purchasing strategies and leveraging their negotiating power with suppliers to secure cheaper prices, buyers frequently retain or increase the value of their shares (ibid: 89). According to studies on this approach, in the short run, it tends to set cheap pricing in order to drive away competitors. Consumers stand to benefit the most from this method due to the temporary drop in expenses (Anner 2019; 706). If it is effective in eliminating competition, prices will rise and customers' access to alternatives would be limited. With that said, while customers and buyers may benefit from these approaches, the ripple effect increases worker discontent and puts more pressure on them. This begs the issue of whether this is sustainable in the long run, and it is clear that with purchasing power, it generates a significant pay compression, hitting workers at the very bottom of the supply chain.



**Figure II:** Predatory purchasing practices and the employment relations squeeze (Anner 2019; 708)

The argument here is not that shoppers take advantage of pre-existing labor subordination patterns to maximize their profits, but rather that their predatory purchasing actions heighten and change informality patterns and contribute to establish forms of subordination. (Anner 2019, 708). When examining figure II, it becomes clear that the correlation between predatory purchasing and numerous supply chain elements that are specifically targeted by the involved unfair labor practices. The manufacturer's top management is in a difficult situation at the supplier factory depicted in the middle of the figure. Since they must abide by and satisfy retailers' needs, employees are placed in a situation where they risk losing their jobs if they can't do so in the allotted amount of time, or they are compelled to engage in unlawful acts toward garment workers. Retailers, who are the chief proponents of unfair labor practices, are those who encourage the deterioration of the squeeze on employment

relations. Unfair labor practices are still increasing in severity, going from low wages to harassment and verbal abuse. Utilizing this tactic gives the buyer influence over setting pricing and gives them the opportunity to earn the biggest profit margins. This enables the buyer to put pressure on the supplier to raise production time at a faster pace, which in turn forces the provider to greatly increase employee stress. Because of the numerous issues that have arisen as a result of the buyers' purchasing power, this encourages an unfair environment for the supply chain employees.

There are several potential solutions for minimizing the negative repercussions of fast fashion predatory pricing. One option is to encourage supply chain transparency by pushing companies to share information about their labor conditions and environmental impact. This can assist customers in making more informed purchase selections while also putting pressure on businesses to improve their practices. This strategy entails enforcing antitrust laws and regulations in order to promote competition and prevent oligopoly from emerging. These regulations frequently prohibit any corporation from engaging in anti-competitive behavior, such as predatory pricing. Governments have the authority to sue firms that employ predatory pricing and impose large fines and other punishments.

The capacity of a business to control a market can be impacted by regulatory frameworks. Regulations may in some cases help balance the playing field by establishing standards and requirements that all companies must adhere to. Other times, laws may impose onerous, costly, and challenging compliance requirements that are advantageous to larger companies and difficult for smaller ones to meet. Market-dominant companies can exercise market control by adjusting the cost of manufacturing, the quantity produced, and the standard of

the products or services they offer. As we can see, the issues that have been discussed, such as unjust labor practices, predatory pricing, and an oligopoly market, have their roots in fast fashion. All of the issues identified so far illustrate the industry's main pitfall, and if they persist, the apparel industry in emerging countries will continue to stagnate.

### ***Race to the bottom***

The "race to the bottom" that may result from unchecked globalization is well-represented in the garment business. Clothing retailers experience intense competitive pressure and are under financial duress when trade barriers are lowered. They put pressure on manufacturers to make goods at a cheaper cost. Contractors reduce their piece rates as a result of manufacturers paying them less, and they spend less money maintaining working conditions. In order to meet the needs of retailers, producers are prepared to forfeit the most crucial aspect of their enterprise. Retailers are allowed to continue to chase profit and the advantage to stay in a competitive market by a producer decreasing labor standards, particularly with wages and a safe working environment. While competition is the primary cause of fast fashion's problems, the desire of manufacturers to satisfy retailers is what is actually fueling the race to the bottom in developing nations.

Retailers search the globe for the least expensive production as well as places that are unrestricted by governmental control, environmental regulations, and independent labor organization pressure. This is the underlying theme that correlates to the responding race to the bottom. Whether it is the retailer, manufacturer, and contractors all parties play a role in reducing the standards of business. Retailers looking for benefits in other developing nations to beat off their rivals there. They are able to modify the price of clothing in stores thanks to their hunt for

needy contractors in other countries (Doeringer & Crean 2005). The international contractors compete with one another for jobs. In the end, the winner will be the party that can create items efficiently and swiftly while still satisfying retailers. Fast fashion retailers have a big impact on wholesale prices since they have access to a range of providers. Due to the demands of these firms, their contractors are often ready to work (Taplin 2014; 249). Businesses in underdeveloped countries hire manufacturing companies that are not affiliated with fashion labels to make their products. As a result, the law does not force these garment enterprises to provide decent working conditions. Furthermore, as illegal, unregistered subcontractors are not subject to monitoring or control by the government, their operations lead to degrading situations where employee neglect is prevalent (Appelbaum 2005; 2). This is a result of the systemic elements of the existing system of clothing manufacture and distribution. As enterprises from various sectors of the industry compete with one another, the functionality that this system is intended to run in accordance with is simply not operated in the same way, which ultimately results in such poor practices in these developing countries.

It is extremely difficult for employee organizations to compete with retailers and manufacturers that employ competing contractors to lower costs and wages while undermining the idea of unionization (Appelbaum 2005; 2). Contractors have lowered their standards for retailers, so if employees do not wish to follow the new rules, they risk losing their employment. Corporations choose factories where unions are prohibited and low-cost labor is therefore assured. If workers do not unite against such important changes, they will continue to have their human rights violated. There are chances for corporations to profit from a lack of rules and regulations, which is absurd because it will only cause the nation to struggle and face more

issues. These foreign nations do not view the competitiveness and desire to perhaps make some money as a concern because it is widely understood that these factors are beneficial for these countries (Taplin 2014; 77) . Workers are forced to choose what is essential to them, which is made worse by an economy that struggles to maintain minimum wages and a quality of life. With globalization's influence and fast fashion's revolutionary impact on industries, developing nations will continue to deal with this issue. Undoubtedly, unless standards are created, the race to the bottom for other nations will continue.

The establishment of low labor standards is already a major problem in developing countries. This contributes to the problem of why developing countries are simply competing with each other to only satisfy retailers and not the greater good of their business. The difficulty for developing nations is being made worse by the fast fashion sector since there is no minimum standard that can be imposed for employees in these nations. These nations should be required to fill the enormous gap left by their lack of a policy that ensures employees a living wage and a secure safe workplace. But because manufacturers are worried about competition this poses significance to the chase. Firms are significantly impacted by rising labor standards since they are seeking to maintain their competitive edge in the hopes of creating a labor surplus. This enables them to produce and operate more continuously, which is necessary for them to remain competitive in the market. A nation may influence relative pricing and enhance global competitiveness (Chen 2014; 917). This starts a global cost-cutting arms race as other nations compete to provide lower prices than their rivals in an effort to win business from wealthy nations. In underdeveloped nations where the necessary laws or enforcement systems are faltering, cost reduction lowers the labor standards (ibid: 918). The effects of manufacturers'



ongoing cost-cutting are what reduce their overall income for profit. Low pay for workers is related to efforts to lower the cost of producing a garment for a large order. It is clear that the industry as a whole is suffering from the idea of striving to provide attractive prices for retailers. The workers are suffering because they have to cope with issues related to wages and cost reduction. Therefore, there won't be economic progress if there isn't a standard level for how much emerging nations are ready to reduce wages or even establish a labor standard. The only drawback is the drive to outperform rivals.

To attract foreign investment, developing countries are always vying with one another for advantageous conditions. Due to their inherent dynamic link, labor standards and foreign direct investment provide evidence for the race to the bottom. Retailers are attracted to countries with lower labor rights standards, but investment later weakens labor rights. Examining the tension between trade liberalization, which is meant to encourage foreign direct investment, and policy is important. Due to the notion of efficiency being able to outperform competition through various parties in the clothing industry, there is a cycle in this that is ongoing. These working circumstances are not just a result of particular factories' shortcomings; rather, they are a result of an industry practice that encourages a never-ending sprint to the bottom by pressing for the lowest prices and shortest lead times (Taplin 2014; 79). Because of this, nations are now compelled to provide ever-more-favorable conditions in order to draw in investment and business. International cooperation is required to create minimal labor and environmental standards in order to stop the race to the bottom. This would prevent companies from reducing costs by benefiting from differences in regulatory framework across different countries. Accountability and transparency in business are essential. Therefore, using the information

presented in this paper up to this point, I will use a case study to demonstrate how fast fashion companies function. It is vital to consider the operational and marketing consequences of retail stores given the techniques and strategies that have been established over decades as a result of such free trade. The fast fashion system is utilized differently by Zara and H&M. It is crucial to understand how they operate and contribute to the greater concerns since their success is founded on the foundation of trade liberalization in the free market. This should demonstrate the importance of these individuals in connection to the topics that have been covered and looked at.

## CHAPTER IV: Case Studies – H&M and Zara

I'll be looking at Zara and H&M in this section: They have been at the forefront of retailing innovations that have changed how the apparel business is organized. Due to their ruthless market dominance, many customers consider these two retailers to be the height of fast fashion. Due to the speed at which they can provide their customers with items, they have demonstrated and performed at a noteworthy level. During this transitional phase, the introduction of the fast fashion model has helped to embody their operation and approach. Due to thorough investigation, both firms have provided a plethora of knowledge. Recognizing how businesses function, how they are organized, and what their main objectives are may help one develop a new perspective on the effects of fast fashion. Understanding allows us to see how their tactics have addressed the problems I covered earlier in the section.

H&M is a Swedish multinational company that participates heavily in the fast fashion industry. The company embraces many of the fast fashion concepts especially on the basis of price rather than timely fashion. It was founded by Erling Persson as a women's clothing store in 1947 called Hennes, it eventually became known as Hennes and Maurits when it acquired Mauritz Widforss. From this point, it has grown into a global retailer of leisure products that provides consumers with products like clothing, footwear, cosmetics, and textiles for consumers. The company has expanded to the point where it now has more than 3100 stores spread across 53 markets since its founding in 1947 (Shen 2014; 6237). H&M has achieved success in the fast fashion industry by being able to offer fashionable clothing at affordable prices. Fast fashion retailers like H&M have been able to meet this demand thanks to their quick turnaround times and affordable prices. The company's aspiration is to offer inspiring fashion with unbeatable

value for money. To achieve this, H&M implemented a tactic which involves the engagement of outsourcing to developing nations buying products from independent suppliers where the product is insanely cheap. I consider this company to be one of the major actors in the fast fashion industry because they are concerned with meeting consumer demands without taking into account the consequences of what and how they produce clothing. They have evolved and grown from their old habits, but because of their enormous output reputation, their prior history in this industry continues to reflect negatively on them and the industry.

H&M has ideally chosen a very fast-paced strategy where it has taken a more focused approach, entering one nation at a time with a concentration on northern Europe, and creating a distribution hub in each one. H&M is one of the faster-growing retailers when compared to its rivals, producing more than half of its revenue outside of its home country. By utilizing a supply chain that is set up to create clothing quickly and effectively, H&M in particular has been able to provide stylish clothing at reasonable prices. From locating raw resources to designing and producing the finished product, this supply chain covers it all. (Mo 2015; 225) Their business strategy is centered on releasing fashionable clothing as quickly as feasible after the market has determined what is in demand. The business does not have its own manufacturing facilities; instead, it purchases its goods from external suppliers in Asia. Because of its lengthy supply chain, which makes it more difficult for it to always keep up with emerging fashion trends, its competitive focus is considerably more on pricing. The company has to rely heavily on large production volumes and efficient logistical systems to keep costs low due to the extensive turnaround with production mainly in Asia (Taplin 2014; 257). Between each retail location and the corporate headquarters in Stockholm, Sweden, an information and logistic system has been

built. Every retail store has access to the data in the database. Manufacturing cannot obtain input from retail establishments abroad; it may only do so through the corporate office (Gustafson et al. 2005; 79). As a result, in comparison to other retailers that use the fast fashion model, communication throughout the supply chain is less effective and efficient. This aligns with the ongoing pressure and squeeze stated in the research concerning predatory pricing because of the global nature of the supply chain. Retailers who plan and depend on a global supplier must be more organized and planned if they want to provide pricing like H&M. These businesses are on high alert since there are several unknowable variables and circumstances that may impact the process of acquiring goods. If there are problems or delays in the process of receiving the goods or if it takes longer than expected, retailers become more combative and possessive. Fashion trends come and go, and seasons of fashion are quite erratic. Because of the strategy they decide to employ, this reality drives retailers like H&M to pursue ambitious expansion tactics.

Compared to other retailers, H&M is known for giving marketing and promotion more priority. Their marketing strategy is always in motion and moves at a breakneck speed as they strive to push customers with the most recent product that is currently on the market and trending (Ghemawat 2006; 5). H&M is unique among retailers in that they are able to capitalize on the newest fashion trends by providing customers with the item as quickly as possible. By concentrating on the advertisement, customers may learn that H&M sells the precise type or item of clothes they are looking for. The business depends greatly on widespread advertising, particularly when using celebrity endorsements to boost sales (Taplin 2014; 257). The company knows that by selling the newest and most in-demand apparel item, if they can market and make customers aware of it, this will help them to optimize even more on the products that they are

offering. Although other stores could have the exact same item, H&M succeeds by letting buyers know that it is in stock and ready for purchase.

Even though keeping up with trends has benefited the business, there are some drawbacks to producing massive amounts of clothing to consumers. Eventually not all the clothing that is produced will be sold to the general public therefore retailers have to find a way to get rid of the clothes. The production of a lot of clothing by fast fashion companies like H&M is well known for having a negative effect on the environment. The Swedish company, which produces 3 billion garments annually, was forced to keep \$4.1 billion worth of unsold clothing in 2019. In addition, the company used it as fuel for a power plant in Sweden because of the enormous amount used in clothing. (Segran, 2021). This company, which played a significant role in popularizing fast fashion and establishing it as a dominant force in the apparel industry, has sold clothing to millions of customers and is currently grappling with the problem of what to do with the unsold items. This problem has derived from the strategy of having to receive a massive volume of clothing in order to satisfy the demand for fast fashion consumers. The growth of fast fashion is supported by the significant increase in customer sales. When these goods go on sale, it is the ideal time to take advantage of the opportunity to buy them because prices are the main determinant of consumer choice. To the point where the only option is to deal with the leftovers, this store has produced more clothing than is required. An adverse relationship between the production and output will exist. Whether it be making clothing less expensive, which raises consumer participation in fast fashion, or having to dispose of clothing in the environment, which subsequently does not benefit the world.

Despite these problems, H&M has taken action to resolve some issues related to the overcompensation of raw material. With cotton being a renewable source and one of the main sources to making clothes it involves chemicals and pesticides that are used more than the traditional ways to grow cotton. Having to use pesticides and these chemicals to rush the growth process of cotton has caused harm to the environment which is known in fast fashion. H&M has acknowledged that and has resided in utilizing organic cotton to help manage the problem with growing cotton and producing clothes that are more sustainable for the environment and consumers. The company has used organic cotton for years and invested money into creating a sustainable cotton production (Shen 2014; 6240). This has helped shape H&M's image to become more environmentally safe and working towards sustainability for the greater good of the economy. By being public with their decisions and making pivotal steps towards sustainability this has raised more awareness for consumers because without a doubt they understand the fast fashion industry but they don't know the true understanding of the underlying effect.



**Figure III:** Pictures of Conscious Collection Initiative at H&M stores (Shen 2014; 6242)

In 2013, the company launched "Conscious Collection," a line of sustainable clothing that uses manufacturing processes that conserve resources. The act's goal is to encourage sustainable thinking in ethical consumers in the retail industry. This has made it possible for customers to return the used clothing they have purchased to any H&M location across the 54 countries. Customers receive a discount coupon for their subsequent purchase in exchange for performing this good deed (Shen 2014; 6241). This tactic has fundamentally altered the game in the fast fashion industry because it encourages customers to be more mindful and aware about where they dispose of their purchased clothing instead of throwing it in the trash. With some forethought, they might be able to use what they've already purchased to save money on new and trendy clothing. H&M's ability to develop this strategy marks the beginning of the industry's shift in direction. With the amount of clothes that are collected back to the company the intention of this strategy guarantees that the clothes will be recycled according to their condition which creates an upcycling process in which certain textiles and fabrics are reprocessed and used to



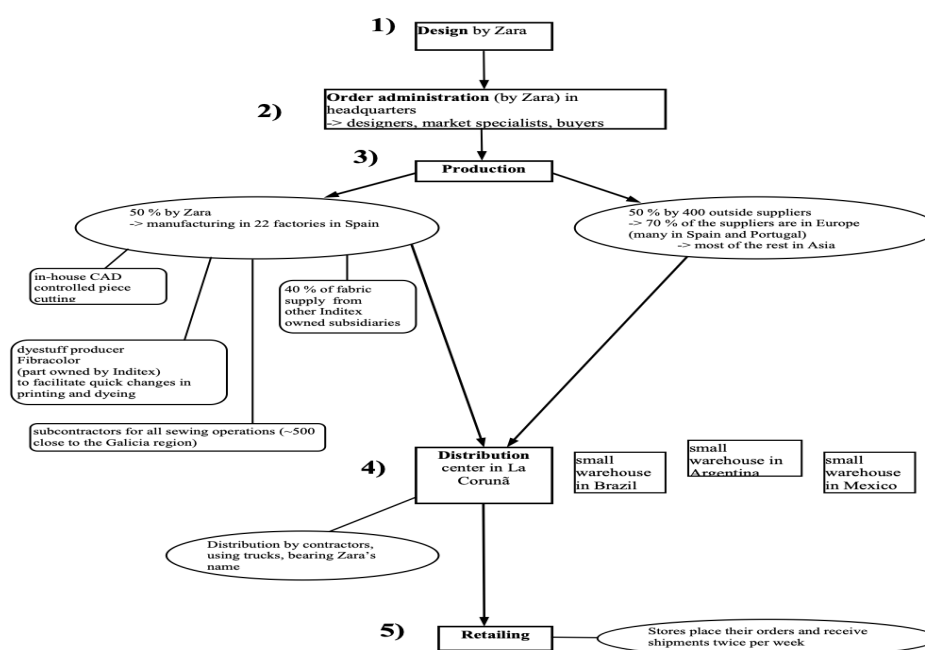
create commercial products. As a consumer this is great to know that companies will use old clothes to create good use out of it instead of producing waste into the environment. This helps save natural resources and contribute to the textile waste that has been created since the birth of the industry. It is remarkable compared to other stores that this initiative is transparent to consumers from the company through all accessible social media and is encouraging to consumers. This is a win-win situation for everyone who plays a role in buying clothes from these stores. In light of the company's history, it is clear that H&M has acknowledged its part in the problems with fast fashion that have developed as a result of the extensive production of apparel. They are conscious that their quick strategy requires a new practice to make up for the contribution they are making to meeting customer requirements. By implementing a more sustainable loop, they are taking the first step toward altering how the business is viewed. Despite setting sustainability objectives and implementing some good practices and policies across the board, H&M is the second-largest producer of clothing that is intended to be worn only a few times before being discarded. This image will not change as this is what they are known for but in terms of how they are trying to promote good strategy is a growth toward our economy.

Zara frequently comes up with original ways to grab customers' attention, even though they make an effort to keep up with trends. They purposefully concentrate on how they can present themselves and their product, as opposed to concentrating on mass production. Their success and perception of themselves as an actor in this industry are significantly influenced by the smaller and more subtle ways that they can present themselves more effectively. I'll examine some of the same factors I did for H&M, but this time I'll focus on why their success makes them

stand out in the fast fashion industry. The first Zara shop opened its doors in Galicia, Spain, in 1975, marking the beginning of the brand's existence. The company soon became well-known among Spanish customers as a result of its reasonable prices and trendy clothing. With stores in over 90 nations by the early 2000s, Zara had established itself as a worldwide brand thanks to its success in Spain. A flexible supply chain with a high degree of responsiveness to new fashion trends was made possible by Zara's ownership of 17 manufacturing companies around the globe. (Tokatli 2008; 22). Incorporated as a holding company in 1985, Inditex created the framework for a distribution network that could respond to shifting market trends very fast. In order to shorten lead times and respond to emerging trends more quickly, Ortega developed a new design, manufacturing, and distribution method. The supply chain of Zara's production chain extended into many countries like Morocco and Vietnam (Crofton et al. 2007; 45). When compared to other quick fashion retailers, Zara has experienced tremendous development throughout the history of the industry. In comparison to H&M, it's essential to remember that Zara is one of the newer retailers that entered the market later. From where it was before to where it is now, Zara has established itself as a reliable quick fashion business thanks to the acquisition by Inditex and its position as one of the company's largest distributors of revenue. Between 1988 and 2003, when Zara was renowned for its "aggressive expansion," the retailer dominated much of Europe. (Mo 2015; 223). However, after developing an effective model for growth, the store's spread from the United States and some regions of Asia increased dramatically.

Zara model has emphasized vertical integration over creating large forward order files for upstream operations in order to increase manufacturing efficiency, despite its tapered integration into manufacturing (Mo 2015; 226). Because of this, Zara has been able to adopt trends very

quickly. They have the advantage of being able to get products faster than most other companies because their factories and distribution centers are close to their retail locations. To receive textiles for their distribution centers, Zara's supply chains travel a little further, starting in Vietnam. They have been able to produce their own goods in their factory by receiving raw materials from other nations. As a result, they can modify their product in response to consumer behavior when they introduce new products to the market.



**Figure IV:** Zara's Supply Chain. (Gustafson et al. 2005; 33).

Due to its exceptional and precise supply chain management, Zara has significantly shorter lead times. The lead time for design, manufacturing, adjustments, and information transmission is connected through this management (Taplin 2014; 256). By looking at figure III, the organization and structure of the entire supply chain is connected and heavily influenced by a

flow of information. Due to the reduction in the need for warehouses and the maintenance of low stockpiles, Zara is able to provide products for delivery twice weekly. Goods will be delivered directly from the central distribution center to convenient, appealing stores. In contrast to H&M, Zara can develop a product and have finished goods on hand in just four to five weeks (Ferdows 2005). Because production isn't done in the supply chains but rather by Zara factories, the benefit of having a vertical integration reduces the lead time for Zara significantly. This forced other fashion businesses to adopt more adaptable business plans and faster production processes. Quick response and short turnout have been critical to Zara's superior performance. Their ability to react quickly to new trends and translate them into affordable items that nonetheless retain an edgy newness that appeals to young consumers (Lopez et al. 2009; 14). Zara has put more work into what it releases to the public than other shops that hastily rush items out without giving them much thought or concern. Their ability to read and react due to their strategy allows them to propel in such a high pace competitive market which allows them to be one of the leading stores in fast fashion (Lambert 2016; 30). By having quick cycle times, Zara sets itself apart from other fast-fashion businesses. When compared to its rivals, Zara can commit to the majority of its product line for a season considerably later due to the reduction in working capital intensity and the ongoing production of new goods. Zara's time and efficiency reduction has been extremely successfully implemented, yet this method's fundamental problem is the speed at which employees must work. Although the hurried pace and desire to remove the clothes is advantageous, it also harms all of the workers who participate in this process. Is it best for the global economy to meet consumer demands more quickly at the expense of employees feeling stressed and tense? This is the point where some components of the production structure need to

be improved, such as time management or developing a method that makes manufacturing flow more easily across the whole supply chain without such pressure.

The business sets a higher standard for what it means for other stores to operate a fast fashion shop with a distinctive atmosphere as opposed to ads. Zara uses its shops to push its brand image, concentrating on internal design and window displays. Zara is more distinctive than other retailers because it places less emphasis on promoting and more emphasis on the outlook it presents itself. They focus on shopping areas and traffic patterns because this is a key element in luring consumers into shops with the assumption that they will buy something. (Lopez et al. 2009; 15). The interesting thing about Zara is that it emphasizes a lot of small elements that go into running a company, such as how employees and stores present themselves to consumers. This is important because it gives customers a certain impression of their business, making them believe that it cares about how customers feel in the area. Other elements that contribute to the development of Zara's brand image include customer service, information systems, logistics, retail layout, and display rotation (Aftab 2018; 223). Zara's management levels are capable of adapting to shifting seasons as they take into account customer feedback and put adjustments into place to improve sales. Special tools are provided to store managers so that market data may be exchanged quickly and precisely. To inform the shop management of the inventory levels, salespeople are provided with cellular phones at the stores. Managers may use this to provide distribution centers the numbers they need to buy additional items. Compared to their rivals, Zare outlets don't have a lot of merchandise (Gustafson et al.2005; 32). This model has shown success in Zara's growth throughout the years; it is estimated that Zara shoppers visited the chain 17 times a year, compared with an average figure of three to four times a year

for competing chains and their customers. Their efforts on production runs were limited and inventories strictly controlled even if that meant leaving demand unsatisfied but because of this it has made shoppers become more aware about certain products that they were going to release. Shoppers who enjoyed spending their money at Zara even knew which days of the week delivery trucks came into stores, and shopped accordingly. (Ghemawat 2003; 13). Although marketing and brand imagining have been very successful, it is important to note that this is their primary method of luring clients to interact and conduct business with them. Although it is intelligent, the main objective of these strategies, which are built on the fast fashion model, is to increase sales. Customers will feel more at ease shopping and taking part in fast fashion if the store is presented in a positive light. The model has evolved to become more than just the supply; it has discovered strategies for luring customers on a social level.

Zara is conscious of how much production is sold to consumers and how this contributes to the development of fast fashion. The inventory for products is purposefully kept quite low to entice customers to return and be aware of the release of products that are in high demand. Even though this meant that demand went unmet, they limited their production runs and strictly managed inventories, but this increased consumer awareness of some of the products they planned to release. Because Zara understands that by releasing products of higher quality than other retailers and having a small inventory, this creates a high demand, supply and demand plays a significant role in the company's success. The secret to their success is undoubtedly in the popular and high-selling products, but not every item will be purchased, which adds to the issues within fast fashion. Zara has revolutionized the fashion industry with its fast-fashion business

model and commitment to sustainability. The company's ability to respond quickly to changing fashion trends has forced other brands to adopt more responsive business models.

The case study of Zara and H&M shows that both businesses have put effective strategies in place to succeed in the quick-moving and fiercely competitive fashion market. H&M has concentrated on providing fashionable and reasonably priced apparel to a broad client base, in contrast to Zara, which has defined itself through its fast fashion supply chain and vertical integration (Lopez et al. 2022; 697) Zara has a competitive advantage over its rivals thanks to its supply chain approach, which enables the firm to swiftly adapt to shifting fashion trends and introduce new goods to the market in a matter of weeks. To suit their diverse client base, H&M's business strategy, which mainly depends on independent international suppliers, outsourcing, scale, and bargaining power (Göransson et al. 2007; 70). Due to the shift in the oligopolistic market that only retains certain retail stores, anything can happen when wealthy retailers become established. Their continued dominance gives smaller suppliers and businesses greater authority and demand sway. It is clear that unfair labor practices developed as a result of having to satisfy retail demands, particularly given the characteristics of how they function. Because consumers are constantly looking for lower prices to pay, predatory pricing is very obvious. They clearly contribute to the race to the bottom as they seek out opportunities in developing nations.

Both businesses have demonstrated the capacity to shorten lead times and improve the consumer responsiveness while providing affordable products. Zara has demonstrated outstanding effectiveness in adapting to demand as the seasons change because of its effective communication infrastructure throughout the whole supply chain (Taplin 2014; 260). H&M

works hard to produce a sizable amount of goods while also attempting to outpace the competition in order to meet consumer demand for popular items. Supply chains are evolving and being restructured, which improves integration and expands global sourcing (Göransson et al. 2007; 71). Understanding and analyzing how these companies operate shows how well they have adapted to such a fast-paced market. We can see the overarching theme of how problems are able to arise by means of this process, which aims to illustrate how these firms are able to operate extremely rapidly and fiercely. Fast fashion industry problems do not just appear overnight; rather, they are the result of decades of inquiry into how to make production more effective and affordable. Although that has been discovered its effects result from the desires of all parties involved in a market that is demanding and competitive.



## **CHAPTER V: Potential tools/policies to combat the “problem”**

If governments in various nations do not step in to intervene, the fast fashion foundation in the apparel industry will only continue to spread at an alarming rate. There have been laws and regulations that have helped balance and preserve the market from becoming overwhelming and causing further disruption over the years with the involvement of the World Trade Organization and the International Labor Organization. Yet it is inadequate since this issue remains and won't be rectified at any point soon. Both developing and developed countries should put greater thought into the legislation and boundaries that permit these transactions to go through. The potential to assist both nations' progress should be the motivating factor for foreign investment rather than the ongoing pursuit of reduced costs, since fast fashion is an issue due to such high liberalization. It's crucial to recognize the flexibility with which corporations can operate. This makes it possible for unethical behaviors, transactions, and investments to be made by all parties. Because fast fashion has been incorporated into the garment business, there will always be winners and losers. A step in the right direction for the entire world can never be made possible by the continual desire for efficiency and haste to produce inexpensive and attractive garments to satisfy consumers. This chapter will be discussing new ideas and reintroducing other established policies. I hope to provide new insights and solutions that can combat the competitiveness of fast fashion.

A similar policy being established or perhaps being renewed could be a way to address the issue that has arisen as a result of these model-related factors. The policy was developed through bilateral agreements between various nations who gathered to talk about the laws and rules governing the industry. The textile and apparel industry became a more “free” market after

the agreement ended, which meant that certain nations became more established due to their strength in commodities. “Free” here refers to a Neoliberal view of free-trade, in which barriers such as tariffs or quotas are to be avoided *a priori*. Retailers knew where to go to get the best value, whether it was for textiles or clothing. Prices fell as a result of underdeveloped nations. Eventually, the cut in costs for foreign investment made it difficult for high producers who had been able to survive under this regime to maintain their share (Ernst et al. 2005; 2). As a result, employment opportunities for those working in the manufacturing sector, notably for apparel makers, significantly increased in emerging nations. It was apparent that much of Asia specialized in the textile and apparel business, whilst nations that had undergone industrialization started to concentrate on other areas to boost their economic growth (Ernst et al. 2005; 9). Therefore, there was a significant increase in clothing production globally. By bringing back the agreement, it will focus specifically on the exports of clothing production towards other nations where fast fashion is evident. The main issue with fast fashion isn't the quality of the clothing; rather, it's the massive production required to meet retailer's demand. Fast fashion has already had a significant negative impact on the world by contributing to issues like unfair labor practices, market power, and the ability to engage in predatory pricing. As a result, by establishing a similar agreement within the sector, there may be a greater emphasis on the specific volume of mass production that retailers can demand from nations that meet their needs. Since retailers' dominance has grown at a strategic pace that is not long-term sustainable, their demand and power may be somewhat more constrained.

It will be difficult to reestablish this agreement because it requires several nations to come forward once more to consider how it could possibly act to combat fast fashion. The textile

and garment industry's supportive policies, which have been put into place, have resulted in positive industry interventions that have given the sector a significant boost and helped it integrate with the worldwide market. The fulfillment sector of the economy has done well in terms of building a global market for its goods, particularly in developed nations like the U.S. and EU (Hirway 2011; 152). However, rather than being seen as a vehicle for prospects to expand in other nations, the industry is basically poised for growth and expansion. Greed and hunger has grown from the roots of fast fashion (Hirway 2011; 153). The vision of expanding and helping other countries to grow has vanished. Hopefully by establishing this agreement, the WTO will once more be able to monitor the information of which nations can create the most clothing while making sure that there is a cap on how much they are permitted to export. Following the termination of this agreement, trade became more liberalized, and many nations continued to reduce the cost of production for large orders in an effort to meet retail demand. From that point on, there is constant pressure for large orders to be completed and delivered to the sales floor. After that, there is ongoing pressure to finish and deliver huge orders to the sales floor. In actuality, apparel that satisfies customer desire serves its objective. On the other hand, apparel from bulk orders that are not purchased continues to languish on shelves or is finally thrown out as trash. This results from the straightforward reality that production is disregarded. Nations may at least consider and recognize what needs to change by creating this pact. Since quotas were successful in restraining certain nations, a production cap may be a good thing.

### ***Stronger Labor Standards***

The enactment of more severe labor laws for developing nations is a complicated and diverse subject that calls for the participation of several stakeholders, including governments, corporations, employees, and civil society organizations. The WTO is not allowed to alter domestic labor laws or make fundamental labor standards a prerequisite for trade. Therefore, the federal government must impose more restrictions on corporations. This is the first step toward unifying labor rules throughout the economy. Governments in developing nations must tighten their labor laws and enforcement practices (Hirway 2010; 151). To achieve this, rules controlling minimum pay, maximum workdays, workplace health and safety, and the defense of employees' rights to form unions and engage in collective bargaining must be established. The present labor laws show the lack of comprehensive legislation to govern the working conditions of informal workers. Official employment must become more informalized by taking advantage of the inadequacies in the law as it stands today (Miller et al. 2016; 35). New labor regulations must be passed immediately in order to completely regulate the working conditions of personnel in the unorganized sector and to offer a bare minimum of social protection. In these nations, employers must be held responsible for adhering to labor laws. This may be accomplished by implementing monitoring and inspection systems, as well as by providing tax incentives and other types of assistance to firms to convince them to employ moral hiring practices. Workers should have enough money to fulfill their fundamental needs by setting the lowest wage standards possible throughout emerging nations (Miller et al. 2016; 32). At every point in the supply chain where wages or production costs cannot be bargained, a clear boundary should be established in

collective bargaining. To be effective, it must aim for full worker coverage, similar to the coverage entrenched by minimum wage laws and practices. (Grimshaw et al. 2016; 153)

### ***Tariffs on Imported Clothes***

It is clear that clothing production has accelerated beyond what the world economy had anticipated. Because prices are so low at every stage of the supply chain, there needs to be a tariff increase that is targeted specifically at clothing. Retailers must pay extra to get imports from developing countries. Given that high fashion retailers have long controlled this industry, it is very unjust for them to be able to continuously change clothes price and equilibrium. There is little doubt that a rise in import taxes will have an effect on the garment industry and raise consumer clothing costs. Since there is such a high demand for it and because it is so reasonably priced, pricing for clothes is highly sensitive. Consumer price increases are quite likely to occur, and this change will have an impact on margins. It is very likely that the retail markets would suffer if consumer confidence, which is what drives our global economy, declines. Businesses will need to make wise purchasing decisions and actively negotiate lower rates with suppliers to offset increasing tariffs. Profits aren't only the consequence of sales; they might also be the result of purchases. Increased tariffs may also force businesses to hunt for other suppliers. Raising tariffs will have both advantages and disadvantages, but the main goal is to adjust the problem of such a fast-paced model. It is not possible to change the model because it has helped the supply chain grow and provide fresh insights. Generally speaking, adding taxes and other levies will make outsourcing more challenging, but strategic, since tariffs will be a major factor for purchasers. On the other side, this will increase competition among suppliers and establish firms

as dependable and trustworthy in the garment industry. Due to taxation, consumers will be more attentive to where they buy apparel.

### ***Greater Emphasis on Recycling Clothing***

In an earlier section of the paper, I talked about H&M's new initiative to introduce recycled bins for customers to return their used clothing. All retailers who provide fast fashion should be required to use this strategy. All retailers should go further by allowing customers to return used clothing rather than throwing it away. Customers need to be held responsible for how they dispose of their clothing because they are able to purchase clothing at an affordable price. Both parties are held accountable by this policy toward retailers for how they are assisting in managing the fast fashion model. The circular economy's fundamental values, which emphasize resource recovery and reprocessing in a closed-loop system, are promoted by this. This can be done by implementing laws like extended producer responsibility, which make businesses responsible for the effects of their products on the environment as well as how clothing is disposed of after their useful lives. This is a policy that needs to be strengthened and enforced at a higher level because it is the foundation upon which the government and economies permit the operations of these companies. Retailers become more sustainable by not using new textiles or raw materials to produce more clothing by accepting used clothing back. Secondhand clothing can be made from materials from previously owned garments. Therefore, by establishing this policy, it will hold fast fashion retailers and consumers responsible for stopping this upward trajectory of overproduction.

### ***Protection intervention***

The most recent designs of well-known designers are heavily inspired or rather copied in fast fashion clothing, and intellectual property legislation does nothing to prevent or dissuade fast fashion producers from copying or stealing creative concepts. The mechanism of patents and trademark are very highly difficult to obtain especially in the clothing industry. Obtaining designs from well-known designers is very easy thanks to the fashion industry's freedom and liberalization. Although protection measures are known to help establishment brands, they are not consistent with the structure of the clothing industry as a whole. Particularly when it comes to clothing items, the industry moves quickly. Therefore, in order to conform to the model, the procedure for obtaining these legal protections needs to be sped up.

Patent infringement in the fast fashion industry can play a significant role in helping when a clothing company copies a design that has been made by another company. The most effective measure to combat this practice is for designers and inventors to file for patents on their designs. By doing so, they can establish legal protection for their intellectual property and take legal action against companies that infringe on their patents. In most cases, copied designs are produced and sold without the permission of the original inventor. This practice has become a significant problem for designers and inventors in the fashion industry, who invest significant resources into creating new and innovative designs (Lambert 2016; 69). For patent infringement in the fast fashion industry, there are several measures that can be adjusted. The cost to acquire a patent takes roughly ten months up to two years to issue. Due to fashion being a seasonal industry, by the time the patent is approved, the design will no longer be relevant. Therefore, acquiring a patent for high end designers typically does not bring justice to handling the

production of fast fashion (Martin 2018; 456). If the time required to obtain a patent for designer brands is significantly shortened, this may have a profound impact on the design work done by fast fashion designers. Instead of copying existing designs, H&M and Zara will need to invest more time in creating original products. Another adjustment is price, but since high end fashion designers are the dominant force in the fashion industry, I am not concerned that this will be a problem for them. Smaller companies will gain from lower patent application fees, which will discourage fast fashion retailers from even attempting smaller brands.

Trademarks can assist in the protection of businesses in regard to intellectual property. Trademarks can be essential in reducing the fast fashion industry by assisting businesses in preventing competitors from using their brand names, logos, slogans, and other identifying marks. In the fast fashion sector, which typically depends heavily on branding to distinguish itself from competitors, trademarks are an effective tool for preserving difference. This is done to prevent source identification from being used in a way that might lead to customer misunderstanding when it is applied to unrelated products. (Cohen et al. 2012; 174). By encouraging businesses to prioritize sustainability and ethical practices, trademarks may be able to lessen the negative effects of fast fashion. Consumers are becoming more and more particular about the brands they support, and trademarks are a type of intellectual property protection that can help businesses differentiate themselves in the marketplace. Designs by an established brand that is very recognizable that consumers know who makes the design without seeing the label should have any problems in requiring the protection of a trademark (Cohen et al, 2012; 175). Many fast fashion brands will tend to capitalize on trending designs as the model lives off capitalizing concepts in the industry. Therefore, trademarks can aid in educating consumers



about the value of ethical and sustainable fashion. Fast fashion businesses can encourage consumers to make more thoughtful purchasing decisions by educating them about the effects of their purchases and by using their trademarks to promote their dedication to sustainability and ethical practices

With the adjustment of protection mechanisms there could be significant reduction within the pace of the fast fashion model. A rise in patent infringement and trademarks cases can be attributed to the digression of the fast turnaround times of fast fashion businesses. The government should step up and do more to allow businesses to obtain patents without experiencing difficulties in order to address this problem. The rate at which fast fashion is expanding could be greatly slowed down if this is possible. This will hurt a few businesses, especially fast-fashion retailers like H&M and Zara that rely heavily on powerful fashion industry goliaths like Gucci, Louis Vuitton, and others for their designs (Joy et al. 2012; 286). In order to promote the current fashion, where it is simple for other brands to create a new design, these designer stores gave rise to fast fashion. Due to technological advancements, these fast fashion retailers can easily copy the design (Lambert 2016; 69). The struggle for fast fashion designers can be significantly lessened if designer stores adopt stricter policies and apply design protection.

To comprehend the goal of the policy, a wide range of variations and considerations must be examined. While it is obvious that there should be more restrictions on retailers, we also need to think about how these regulations will impact business transactions. The situation will either benefit all parties or place some at a disadvantage, but it's important to understand who will be

impacted. Economically, stricter policy will result in fewer transactions throughout the entire garment industry. Without a doubt, the majority of recent policies that have been put in place over the past few years have come from higher levels, such as the WTO agreement and the International Labor Organization's supervision. As a result of their involvement, it will be possible to gauge how well *if* these new regulations are implemented and whether they are able to contain the fast fashion industry.

## Chapter VI: Conclusion

In this paper, we discussed the fast fashion model's origins and the significant changes it has brought about to the apparel industry. While maintaining control over the supply and demand in the clothing market, consumers are given a variety of options to choose from. Retailers who operate under that theory can satisfy customer demands by putting in place a new supply chain structure that complies with their wishes. The development and performance of globalization have increasingly opened up new perspectives on how nations and businesses can continue to grow in their respective markets. The industry has advanced significantly under the influence of the model, to the point where it is now nearly impossible to control. Due to such significant changes issues, such as unfair labor conditions, predatory pricing, and race to the bottom, have been connected to fast fashion. Fast fashion has come under fire for the major issues it has caused not only to developing countries but across all levels. Creating and adjusting policies needs to be the solution to combat and contain fast fashion with the rate at which it is growing. The retail giants need to be scrutinized, particularly in light of the strategies they employ. These companies' wealth and power have accumulated for an excessively long time, which has caused serious problems. As a result of the excessive freedom and liberalization granted to these corporations, governments need to pay closer attention to imports of clothing. By adding more fees and regulations, we can ensure that these businesses operate dynamically as a whole. We acknowledge that these adjustments and information have sparked rivalry among other nations, giving rise to the notion of a race to the bottom. Because some nations are continuing to reduce their prices and business standards in order to meet the demands for larger operations, this new model has made their economies worse. Developing nations do not recognize the adverse

consequences that result from price reductions, they only see the advantages of a labor surplus as a means of generating profits.

The fast fashion industry operates in a convoluted global supply chain, which makes it challenging to regulate and enforce standards, making it difficult to implement these policy recommendations. It might be difficult for fast fashion firms to adapt their business models since they frequently put short-term earnings ahead of long-term sustainability and ethical standards. Additionally, care must be taken to avoid unintentionally harming low-wage workers who depend on fast fashion jobs to support their families. All parties who will be impacted by or benefited by the policies must be involved in order to develop them in a fair and efficient manner. Future research in these areas may contribute to improving the monitoring and assessment of laws intended to promote sustainability and moral conduct in the fast fashion industry. Researchers might, for instance, examine how well different policy recommendations perform in terms of producing the desired outcomes as well as any unanticipated effects that might emerge from their adoption. Case studies should be used to analyze the effects of particular policy initiatives in different circumstances on economic outcomes. More thorough and uniform indicators need to be developed for monitoring and evaluating the sustainability and moral success of fast fashion companies.

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