

The Global Business Environment

Assessment II

Environmental Analysis of the ASOS Company (Regarding Pollution and Immoral Labour)

Penka Mihaleva

Contents Page

Introduction.....	3
Part I - Critically analyze the changes that the company have made in the last few years to their business model to self-regulate and adapt to some of the concerns raised by the different stakeholders above.....	3
Part II - Critically explain if these changes have/will give the company some form of competitive advantage position and provide any relevant recommendations to management of this organisation.....	6
Conclusion.....	8
Bibliography.....	9

Introduction

Nowadays, as cliché as it might sound, we live in the best time period in history. Our ancestral problems of shortages of food and homes, and the problems of poverty are replaced with problems of internet speed and fast-changing trends. With the problems of poverty and homelessness being increasingly reduced all around the world and the world being more developed, democratic and free than ever before we can now turn our attention to the greater good of our planet. For the last 20 years the environmental impact, which the fashion industry has been having on our world has gradually been getting worse making it the second largest source of pollution in the world, after the oil industry (Charpail, 2017). In this essay I will be taking a look of the environmental and moral impacts of the fashion industry using ASOS as a case study, and discuss the implementations the company has made to reduce its negative impacts on the planet.

Part I - Critically analyze the changes that the company have made in the last few years to their business model to self-regulate and adapt to some of the concerns raised by the different stakeholders.

Although the environmental problems of the fashion industry originated all the way back in 19th century Britain, with its high volume of manufacturing and consumption of clothing, and consequently high pollution, today's issues however are far more worrying than they were 200 years ago. Consumption of clothes has and keeps on increasing. For example, on average people bought 60% more clothes in 2014 than they did in the year 2000. (McFall-Johnsen, 2019) Another harrowing statistic shows that on average yearly families in western countries will throw out about 30 kilograms of clothes of which only 15% might be donated or recycled (Charpail, 2017), the remainder of it goes directly to landfills or is incinerated. The problem lies in the fact that "synthetic fibers, such as polyester, are plastic fibers, therefore non-biodegradable and can take up to 200 years to decompose. Synthetic fibers are used in 72% of our clothing. "(Charpail, 2017) A tangible solution to that would be to buy better quality clothes, which would last longer and recycle, yet with today's fast-fashion brands that seems almost impossible.

In addition to the aforementioned, environmental pollution, as bad as it is, is not the only significant moral issue the fashion industry has.

“The ILO estimates that 170 million are engaged in child labour, with many making textiles and garments to satisfy the demand of consumers in Europe, the US, and beyond.” (Moulds, 2015)

Since these issues were raised by many human rights organizations and activists around the world in the early 2000s, the situation has improved, as child labour has declined by 30% between 2000 and 2012, yet still 11% of children worldwide are in circumstances that interfere with their right to go to school without having to work (ILO, 2013). Most of the people who employ these children work within fashion supply chains. Throughout the years, big fashion brands like H&M, Forever 21, Nike and Zara have been involved in scandals and controversies regarding child labour.

For the purposes of this essay, we will take a closer look into ASOS as our case study. Founded in the year 2000, ASOS is the fastest-growing retailer in the UK. Their website sells more than 850 brands and ships to 196 countries across the globe. As the retailer is based online only, their sales jumped by 19 percent during the global pandemic, having an increase of 109 million pounds by August 2020 (Singh, 2020). The retailer “has a multi-sided business model, with two interdependent customer segments that are both needed in order to operate: Consumers – Individuals who want to buy the latest fashions online. Fashion Companies – Vendors that produce fashions and need buyers.” (Cleverism, 2021) The company’s short PESTLE analysis inferred from the findings of SWOT & PESTLE.com (2021) is presented in a few points below:

- Political factors – The influence Brexit will have on fashion business; The tax policy on digital sales in the UK
- Economic factors – The effect of the pandemic on the economy and retail business;
- Social factors – Rise of popularity via marketing social media posts; Making e-commerce all inclusive
- Technological factors – Increase of social media platforms for marketing; Maintaining of supply-chain arrangements
- Legal factors – The security of personal customer data and cyber threats

- Environmental factors – Suspicious procedures in “fast” fashion and company sustainability

With the company of our choice introduced, let us now take a look into some of its environmental and labour problems and what changes did the company implement to battle them. The changes were implemented by the company’s Corporate Responsibility programme, which in turn, was influenced by the company’s many stakeholders. Directors, managers, employees, suppliers, investors and even customers, all had a valuable hand to play in identifying the issues that are of most importance to the business. After concerns regarding ASOS’ sustainability and environmental pollution, the programme dedicated several programs to the matter. They have also conducted several case studies on the changes that they have made regarding reducing toxic emissions, reducing thickness of packaging and establishing plastic free canteens for their employees. Their changes to the company’s environmental impact does not stop there, showing the ASOS’ mindfulness of important issues and differentiating the company from its competitors.

In 2010, the retailer introduced a collection named “Responsible Edit” – a variety of clothing, beauty products and accessories promoted as having a lower environmental impact. At the Copenhagen Fashion Summit in 2017, they promised to reduce their environmental impact of their business and help transition fashion to a more sustainable future (Cariki, 2020). The fashion retailer has publicly committed to decrease their greenhouse gas emissions, utilizing renewables at a variety of sites and offering a full range of sustainable clothing for men and women.

Furthermore, for those disturbed regarding animal welfare, ASOS have banned all cashmere, feathers, mohair, down silk, teeth, horn and shell since 2019. The retailer has a strict guide to identifying faux fur from real fur, which includes “examining the hair and backing of the fur and piercing the base with a pin.” (Wright, 2018). After ASOS made the announcement they were applauded by PETA for “leading the charge for compassion in fashion.”

By 2020 ASOS has mapped their carbon footprint and recognized that 91% of emissions are created during the shipping and delivery of goods. In order to reduce this, the company has been working with suppliers to find more efficient ways of transportation, building more local warehouses to reduce delivery distance. They have also cut down on thickness of plastic packaging used for their shipping bags, saving about 582 tons of plastic each year.

When it comes to problems regarding labour, there are only two largely known instances. One was discovered by a BBC investigation in 2016, which uncovered unethical practices in their Turkish supply chains. The practices involved groups of children 7-8 year-old children working 60-hour weeks, sewing clothes and not being able to attend school. The other problem was local to the UK when ASOS investigated one of its supply chains Boohoo and it was discovered that they were using a factory in Leicester, whose workers were only receiving £3.50 per hour and was doing very little to implement measures against the spread of Coronavirus (George, 2020). After the findings in both instances ASOS took immediate action, by cutting ties with the Turkish suppliers and stopped selling Boohoo products on its website showing the company's strive to change for the better.

Part II - Critically explain if these changes have/will give the company some form of competitive advantage position and provide any relevant recommendations to management of this organisation.

To begin the second part of the essay let us conduct a brief SWOT analysis of the company's progress in battling environmental pollution and child/illegal labour:

- Strengths – Selling a lot of ethically sourced products. Cutting down on plastic bag thickness. Cutting ties with brands that produce clothing using child labour.
- Weakness – High non-strategic costs. Higher costs for using more eco-friendly material in order to produce clothing. Funding investigations towards supply chains secure legal employment.
- Opportunities – Attracting and investors who care about environmental pollution. Better marketing and positive press, knowing ASOS is aware of climate change.
- Threats – Competition with other large retailers on the subject of environmental progress. Using more environmentally friendly material in order to produce clothing, means clothes would cost more, customers might be not being able to afford this and would go to shop elsewhere.

And yet even though ASOS are implementing all these measures and changes, some say it is still "Not Good Enough". Lara Robertson (2020) wrote a whole article on how ethical ASOS is, addressing most of the aforementioned factors. She mentions that even though they have introduced sustainable collections, those are only a small percentage of the total items made

by ASOS. In addition, another problematic factor discussed by Robertson is that the company has received a score of 41-50% in the Fashion Transparency Index which indicates no evidence of the retailer ensuring payment of a living wage in its supply chain.

Taking the above into consideration we are left to wonder is there something different that ASOS could have done? To answer this, let us instead take a look at what a few other companies have done differently to battle issues with the environment and problematic:

- Bogdar, an independent fashion brand originated in Bulgaria, produces its clothing solely from organic, sustainable and recycled fabrics with traditional print, decreasing ink usage and water waste.
- Navygrey, a British retailer, produces limited amounts of every style in order to avoid excess waste, using recycled paper to package its goods and aims at shipping their orders mainly by road and boat to reduce air pollution.
- Alice Early, a London-based designer brand, creates their clothing via the Global Organic Textile Standard Certified, which means that the cotton is produced without toxic pesticides and synthetic fertilizers. The brand also meets the social criteria is formed on the International Labour Organization, to ensure workers are treated fairly.
- Ren London, a brand focusing its designs mainly around sustainable linen also sustains an all women manufacturing factories that are split between London and Bangalore, and are based on lower income families giving them opportunities for dual income.
- Save the Duck, a brand that avoids cruelty-free produce of clothing and has replaced goose-down with Plumtech, a down fiber technology made from recycled plastic. Since 2015, Save the Duck has preserved over 18 million ducks.
- House of Sunny only produces small amounts of every collection in order to battle fast-fashion. The brand also regularly visits their supplier chains overseas in order to ensure that the process of creating the garments is always ethical.

(Davies, 2020)

Now that we know what other solutions were a possibility we can discuss whether any of them are better than the implementations of ASOS. Their animal welfare policy is big step towards banning animal cruelty however the retailer could take inspiration from Save the Duck who have invested in using technologies which completely replace remove the purpose

of animals in the produce of clothing. Another good implementation for ASOS to strengthen their ethics policy would be to insist on using brands which create their clothing using Global Organic Textile Standard and employ suppliers using the International Labour Organization, to ensure workers are paid accordingly. And yes, ASOS do encourage their suppliers to use less water and low chemical methods to dye clothing, yet brands like Bogdar emphasize on using more traditional methods of dyeing which reduces the usage of fresh water in the process even further.

Having discussed the above we can synthesise the recommendations which ASOS can implement to further their development as an more ethical and environmentally friendly company:

- ASOS have started using electric vehicles for their deliveries within the London's Ultra Low Emission Zone, however throughout their overall shipping they still use planes to fly goods in, the case of Navygrey could serve as a good example for ASOS to start using boats and truck for transportation instead to lower toxic gas emissions even further.
- Using only recycled paper for packaging goods as the example given by Navygray
- Hiring brands that create small amounts of clothing for every collection in order to reduce fast-fashion
- Assigning a systematic visit to the supplier chains overseas to ensure that there is no unfair or child labour

Conclusion

In conclusion, we can all agree, the overall impact of humanity on the environment needs to change for the better. There might not be a lot we can do in terms of large corporations and factories but we can influence our own lifestyles and demand better from companies that have an impact on the world. The above information illustrates that there are companies that are concerned and are willing to do more for the planet and immoral labour across the world. And while our choice of a case study, ASOS is certainly not perfect, it has taken more steps towards the betterment of the world than a lot of other well-known companies, thus making us feel hopeful for the future.

Bibliography

ASOS, 2021. *CORPORATE RESPONSIBILITY*. [Online] Available at: HYPERLINK "https://www.asosplc.com/corporate-responsibility/fashion-with-integrity/stakeholder-engagement" <https://www.asosplc.com/corporate-responsibility/fashion-with-integrity/stakeholder-engagement> [Accessed 04 May 2021].

Cariki, 2020. *IS ASOS ETHICAL AND SUSTAINABLE? A COMPLETE REVIEW OF ASOS*. [Online] Available at: HYPERLINK "https://cariki.co.uk/blogs/the-green-road/is-asos-ethical-and-sustainable" <https://cariki.co.uk/blogs/the-green-road/is-asos-ethical-and-sustainable> [Accessed 05 May 2021].

Charpail, M., 2017. *The fashion industry is the second largest polluter in the world*. [Online] Available at: HYPERLINK "https://www.sustainyourstyle.org/old-environmental-impacts" \l":~:text=The%20apparel%20industry%20accounts%20for%2010%25%20of%20global%20carbon%20emissions.&text=This%20is%20the%20dirtiest%20type,times%20more%20damaging%20than%20CO2." <https://www.sustainyourstyle.org/old-environmental-impacts#:~:text=The%20apparel%20industry%20accounts%20for%2010%25%20of%20global%20carbon%20emissions.&text=This%20is%20the%20dirtiest%20type,times%20more%20damaging%20than%20CO2>. [Accessed 01 May 2021].

Cleverism, 2021. *Careers at ASOS*. [Online] Available at: HYPERLINK "https://www.cleverism.com/company/asos/" <https://www.cleverism.com/company/asos/> [Accessed 01 May 2021].

Davis, J., 2020. *Our favourite sustainable brands*. [Online] Available at: HYPERLINK "https://www.harpersbazaar.com/uk/fashion/what-to-wear/g19491797/the-best-and-still-chic-sustainable-brands/" <https://www.harpersbazaar.com/uk/fashion/what-to-wear/g19491797/the-best-and-still-chic-sustainable-brands/> [Accessed 03 May 2021].

George, S., 2020. *After ditching Boohoo, ASOS sets new sustainability and ethics requirements for brands*. [Online] Available at: HYPERLINK "https://www.edie.net/news/7/After-ditching-Boohoo--ASOS-sets-new-sustainability-and-ethics-requirements-for-brands/" <https://www.edie.net/news/7/After-ditching-Boohoo--ASOS-sets-new-sustainability-and-ethics-requirements-for-brands/> [Accessed 06 May 2021].

Greenpeace, 2012. *Toxic Threads: Putting Pollution on Parade*. [Online] Available at: HYPERLINK "https://wayback.archive-it.org/9650/20200411191956/http://p3-raw.greenpeace.org/international/Global/international/publications/toxics/Water%202012/ToxicThreads02.pdf" <https://wayback.archive-it.org/9650/20200411191956/http://p3-raw.greenpeace.org/international/Global/international/publications/toxics/Water%202012/ToxicThreads02.pdf> [Accessed 01 May 2021].

International Labour Organization, 2013. *Marking progress against child labour*. Geneva, Switzerland : International Labour Office.

Leahy, S., 2015. *World Water Day: the cost of cotton in water-challenged India*. [Online] Available at: HYPERLINK "https://www.theguardian.com/sustainable-business/2015/mar/20/cost-cotton-water-challenged-india-world-water-day" <https://www.theguardian.com/sustainable-business/2015/mar/20/cost-cotton-water-challenged-india-world-water-day> [Accessed 03 May 2021].

McFall-Johnsen, M., 2020. *These facts show how unsustainable the fashion industry is*. [Online] Available at: HYPERLINK "https://www.weforum.org/agenda/2020/01/fashion-industry-carbon-unsustainable-environment-pollution/" <https://www.weforum.org/agenda/2020/01/fashion-industry-carbon-unsustainable-environment-pollution/> [Accessed 30 April 2021].

Moulds, J., 2015. *Child labour in the fashion supply chain*. [Online] Available at: HYPERLINK "https://labs.theguardian.com/unicef-child-labour/" \l":~:text=Child%20labour%20is%20a%20particular,suited%20to%20children%20than%20adults.&text=Employers%20get%20away%20with%20it,control%20every%20stage%20of%20production." <https://labs.theguardian.com/unicef-child-labour/#:~:text=Child%20labour%20is%20a%20particular,suited%20to%20children%20than%20adults.&text=Employers%20get%20away%20with%20it,control%20every%20stage%20of%20production>. [Accessed 04 May 2021].

Reddy, K., 2016. *Top 28 Companies That Use Child Labour Still !* [Online] Available at: HYPERLINK "<https://content.wisestep.com/companies-use-child-labor/>" <https://content.wisestep.com/companies-use-child-labour/> [Accessed 30 April 2021].

Robertson, L., 2020. *How Ethical is ASOS?* [Online] Available at: HYPERLINK "<https://goodonyou.eco/how-ethical-is-asos/>" <https://goodonyou.eco/how-ethical-is-asos/> [Accessed 05 May 2021].

Singh, P., 2020. *Asos posts jump in annual profit.* [Online] Available at: HYPERLINK "<https://fashionunited.com/executive/management/asos-posts-jump-in-annual-profit/2020101435912>" <https://fashionunited.com/executive/management/asos-posts-jump-in-annual-profit/2020101435912> [Accessed 04 May 2021].

SWOT&PESTLE.com, 2021. *Asos SWOT & PESTLE Analysis.* [Online] Available at: HYPERLINK "<https://www.swotandpestle.com/asos/>" <https://www.swotandpestle.com/asos/> [Accessed 30 April 2021].

Wilkinson, M., 2020. *Planet fashion: the 10 coolest ethical fashion brands.* [Online] Available at: HYPERLINK "<https://www.theguardian.com/fashion/gallery/2020/apr/21/planet-fashion-the-10-coolest-ethical-fashion-brands>" <https://www.theguardian.com/fashion/gallery/2020/apr/21/planet-fashion-the-10-coolest-ethical-fashion-brands> [Accessed 03 May 2021].

Wright, B., 2018. *Asos bolsters animal welfare policy.* [Online] Available at: HYPERLINK "https://www.just-style.com/news/asos-bolsters-animal-welfare-policy_id133779.aspx" https://www.just-style.com/news/asos-bolsters-animal-welfare-policy_id133779.aspx [Accessed 05 May 2021].