

Bachelor Thesis

A successful business model for fashion made in Holland

Semina Hodzic

Student no.: 961208342120

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First supervisor: dr. KA Poldner

Second supervisor: dr. EFM Wubben

Management Studies Group (MST)

Wageningen University & Research Centre



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Abstract

The current fast fashion model has had a lot of negative social and environmental impacts. Concerns over these impacts have grown, causing more attention to be paid to the fashion industry. An increasing number of consumers demand products that are produced in a way that is not harmful to the environment or the employees who made it. Slow fashion that is locally produced, offers a counterbalance to a lot of the negative effects related to the industry. However, producing clothes locally in the Netherlands is not yet done that much in contrast to a lot of countries abroad. Therefore, two companies, of which one is in Greece and the other in Italy, are analysed to find out what best practices are regarding the Business Model Canvas. Data on the companies is obtained via the companies' website and through interviews that were conducted with one of them. These findings can serve as implications for companies in the Netherlands that want to produce clothes locally. The results show that focussing on Value Proposition and Key Partnerships are leading to the continuity of a slow fashion company. As for the Value Proposition, it is not only important to focus on local production, but also on the use of sustainable materials, offering high quality, options for the consumers to choose from like different textiles, and creating awareness on ethical consumerism. Key Partnerships are useful for valuable information, networks, resources, external finance, and reaching customers. Besides, partnerships with suppliers can be useful for guaranteeing sustainability throughout the supply chain. Furthermore, it is found that focussing on Customer Segments is necessary for obtaining enough income to cover costs and make investments for the continuity of a company. Finally, suggestions for future research are given.

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1. Introduction

Look at the label of the T-shirt that you are wearing to see where this item is produced. The chance that it is produced in the Netherlands is small. Our wardrobe, which approximately consists out of 173 items (Maldini et al., 2017), includes a great amount of clothing that is produced by women and children in developing countries (Turker and Altuntas, 2014). A model that has developed itself in the clothing industry is called “fast fashion” (Doeringer and Crean, 2006). It refers to the concept of shortening lead time (design, production and distribution) and offering the newest trends to consumers as fast as possible (Choi, 2013). The changing dynamics of the fashion industry forced retailers to desire low cost and key strategies to maintain a profitable position in the increasingly demanding market (Bhardwaj and Fairhurst, 2009). MacCarthy and Jayarathne (2010) stated that, in the last 30 years, the textile factories have significantly been shifted to less developed countries. This phenomenon of sourcing, manufacturing and processing in the apparel industry to offshore places with low labour costs resulted in substantial cost advantage (Bhardwaj and Fairhurst, 2009). Therefore, local production of garments in the Netherlands almost disappeared.

Unfortunately, overconsumption of clothing nowadays, which is partly the result of fast fashion, and outsourcing production to developing countries has led to negative impacts on both society and environment. A couple of these negative impacts will now be mentioned. Firstly, high demand and time pressure causes a higher chance for people who work in sweatshops to encounter abuse and unethical working conditions (Barnes and Lea-Greenwood, 2006). These conditions raise ethical questions among people about fast fashion clothes.

Secondly, outsourcing has led to a loss of jobs in European countries. Unemployment among European textile and clothing industry employees is the result (De Brito et al., 2008; Taplin, 2006). According to EURATEX (2013) a decrease of 3 per cent occurred, from 2011 to 2012, in the number of employees who were employed in this sector in West-Europe. Many graduated designers and makers of clothing in the Netherlands are therefore not able to find work in their own country.

Thirdly, globalization has contributed to a heavy environmental burden from increased transportation mileage (Turker and Altuntas, 2014). This is aggravated by time pressure on fast fashion industry orders. Because of this pressure, most shipments are delivered by airplanes and are therefore causing a significant increase of CO₂ emissions (Saicheua et al., 2012). Outsourcing production to offshore places may result in low cost for companies, it also has a huge negative impact on the environment.

Finally, overconsumption of clothing causes the apparel industry itself to contributed to the negative environmental impact. The industry makes intensive use of chemicals and is very demanding with respect to land and water use (De Brito et al., 2008). This contributes to the overall negative environmental impact of the fashion industry on the planet.

These are all examples of problems related to the apparel industry of nowadays. Concerns over social and environmental impacts have grown, causing more attention to be paid to this industry. There is an increasing number of consumers who demand products that are produced in a way that is not harmful to the environment or the employees who make it (Pookulangara and Shephard, 2013). A new movement that wants to counteract fast fashion is the “slow fashion” movement. Their concept is based on a sustainable fashion industry, with high quality, small quantities, regional production and fair labour conditions (Slow Fashion Award, 2010). Transparency around business practices is an essential element as well for slow fashion consumers (Dilys et al., 2009). To get more people in the Netherlands consuming locally produced slow fashion, more awareness on this needs to be made.

However, it must be reachable for companies in the Netherlands to offer fashion that is locally produced. There will for example be higher prices related to this type of fashion (Jung and Jin, 2016) and there must be a chance to produce local clothing. In *Business Model Generation* Osterwalder defined: ‘A business model describes the rationale of how an organization creates, delivers and captures value’ (Osterwalder & Pigneur, 2010, p. 14). Therefore, it is important to look at the business model of a slow fashion company to see what practices will contribute to the success of local production in the Netherlands. The research question of this review is therefore:

“Which characteristics of current business models of slow fashion companies abroad that produce local clothing can make local production in the Netherlands successful?”

This paper will consist of a case study on different business models that are implemented by slow fashion companies abroad who produce local clothing. The term ‘successful’ in the main research question is referred to the opportunity of a company to generate enough income to continue existing and even grow. To answer the main research question, the following sub-questions are formed: (1) How can a slow fashion company generate enough income to continue existing? (2) What are characteristics that positively affect the economic growth of a slow fashion company? Germany, Portugal and Greece are examples of countries where clothing companies are located that produce locally. Different cases will be analysed to find out what leads to success and could be implemented in the Netherlands. Eventually, there will be a proposal of certain characteristics of the business model for ‘Fashion Made in Holland’ (FMiH). This is a concept with a new label for Dutch designers, makers and consumers, which strives to produce local clothing.

2. Theoretical framework

This section attempts to provide a clear review of business model strategies that are used by clothing companies to obtain more sustainability within the fashion industry, using recent literature. This includes literature by Todeschini et al. (2017) about fashion start-ups abroad that focus on sustainability trends, like Corporate Social Responsibility (CSR), which includes locally produced clothes. First, consequences of ‘fast fashion’ are stated, followed by diverse ways for reaching more sustainability within the fashion industry. The concepts of ‘slow fashion’ and ‘local production’ are explained. Then a section about the customer value creation framework will show how localism may lead to the continuity of a slow fashion company. Following this, the definition and relevance of *Sustainable Supply Change Management* and the *Business Model* are mentioned. Finally, cases of fashion start-ups abroad and their business models are introduced.

2.1. Fast fashion

The clothing industry is recognized as a major industrial polluter (De Brito et al., 2008). The ‘fast fashion’ concept of nowadays has contributed to this development. Caro and Martínez-de-Albéniz (2015) state that the fast fashion concept can be defined as a business model that combines three elements: quick response, frequent assortment changes, and fashionable designs at affordable prices. The first two elements make fast fashion executable, whereas the third element represents the Value Proposition. With the convenience and affordability of fast fashion, items are more quickly being disposed of and easily replaced. This results in fast fashion consumers being less attached to their clothing (Reiley and DeLong, 2011). The high-volume consumption conflicts with sustainability goals to reduce negative social and environmental impact.

Fashion companies have the advantage of low input costs, because they get their raw, semi-finished and finished materials from developing countries where the prices are lower (Turker and Altuntas, 2014). Due to for example less strict regulations, the conditions of these suppliers can be dreadful compared to those in developed countries (Turker and Altuntas, 2014). The business model that has come to dominate globalized production is: profit delivered through large volumes at low prices (Fletcher, 2008). Items are designed and produced according to regularly changing trends that enable profit, rather than rethinking the ways of designing and manufacturing the items that is based on the true consumer needs and sustainability (Niinimäki and Hassi, 2011). To reach more sustainable ways for fulfilling consumer needs and to attain sustainable improvements in the relationship between production and consumption, a new mindset among designers, manufacturers and consumers is needed (Niinimäki and Hassi, 2011). Therefore, the focus for a sustainable fashion company will lay on different elements of a business model compared to a fast fashion company.

2.2. Localism strategy to obtain sustainability

The efficacy of strategies to decrease clothing consumption and the environmental impact of the fashion industry, relies on the ability to amplify clothing attachment to the consumer and extend the life span of clothing (Laitala and Boks, 2012). Fashion apparel has become essential to contemporary cultural identity (Fletcher, 2008). It can satisfy our needs for affection, creation, participation, leisure, and freedom by the design, how it is made, and worn (Fletcher, 2008). Thus, to create a sustainable fashion industry, it is necessary to change the way clothing is designed and how people connect to it.

The concept of slow fashion is an example of how more sustainability within the fashion industry can be obtained. Localism is one of the dimensions of slow fashion, therefore the term ‘slow fashion’ in this research will always include local production. Producing clothes locally means that scales of operations are small, the relationships direct and therefore making it easier for wearers to be part of a design process (Fletcher, 2008). Producing garments locally generates sustainability by reducing costs and environmental impact with respect to transportation (Todeschini et al., 2017). Additionally, it generates sustainability by stimulating local businesses, thus improving employment in local communities (Todeschini et al., 2017).

In contrast to global trends, which lead to identical fashion, slow fashion has a unique identity by including regional culture in the items (Clark, 2008). Therefore, this concept may satisfy the need of consumers to enjoy diverse fashion in their local identity (Jung and Jin, 2016). Fair labour conditions and local production, together with high quality and small quantities, which are the other two characteristics of slow fashion (Slow Fashion Award, 2010), will lead to a more sustainable fashion industry.

2.2.1 Customer value creation through local production

The customer value creation framework supposes that customers may be willing to buy and pay more when they perceive superior value on the offerings (Day, 1999). An analysis conducted by Jung and Jin (2016) revealed that delivering exclusive product value is significantly critical in creating customer value for slow fashion. Because locally produced clothes offer a unique identity, this will lead to an exclusive product value. Customer value in turn positively affects consumers’ purchase intentions (Day, 1999). Additionally, different studies have proven that consumers are willing to pay more for “green” or “sweat-free” products (Gam et al., 2009; Kahn, 2009; Pookulangara et al., 2011). So, when items provide superior customer value, customers have the intention to buy the items even though they cost more (Jung and Jin, 2016). A slow fashion company may therefore acquire enough income to remain and perhaps even have a more favourable position in the market. Figure 1 below combines the theories that were just explained with the additional section “possible continuity of existence” that is positively related to “consumer purchase intention”. It is assumed that all sections consecutively have a positive affect on each other. Positive consumer purchase intention may lead to real purchases which can lead to enough income for a company to be able to continue existing. The hypothesis is therefore:

H1: Focusing on customer value creation through local production provides a potential strategy by which a slow fashion company can ensure continuity of existence.



Figure 1 Clark (2008); Jung and Jin (2016); Day (1999)

2.3. Sustainable Supply Chain Management

Considering the increasing social and environmental concerns among consumers and the overall society, the risks of bad reputation and decreasing financial returns for fashion companies are high (Turker and Altuntas, 2014). Growing product ranges and the need for external suppliers has led to increased difficulty for companies to manage and monitor their supply chain activities and ensure quality along the chain (Turker and Altuntas, 2014). The economic, environmental, and social impacts throughout the supply chain are therefore not always under direct control of apparel brands, but the brands are usually held responsible for them (Seuring and Goldbach, 2006). Producing clothes locally means that it is easier to have direct control over the production. The design phase and production process play a significant role in determining the economic, environmental and social impacts. During these processes choices are made related to material usage, manufacturing processes, and other key decisions that can heavily influence the sustainability of a brand (Kozłowski, Searcy and Bardecki, 2015). Producing clothes locally can still include the use of materials that are outsourced. Thus, even for a slow fashion company it is important to have control over the whole supply chain to guarantee sustainability throughout the chain.

Seuring and Müller (2008) developed a conceptual framework of *Sustainable Supply Chain Management* (SSCM) with three main parts. The first part identifies the triggers and incentive, which generally come from stakeholders, customers and governments, that stimulate the company to adapt SSCM practices. The company then passes these sustainability preferences onto its suppliers. The other two parts of the framework are: supplier evaluation for risk and performance and supply change management for sustainable products. SSCM deals with a wide set of performance objectives, thereby taking the environmental and social dimension of sustainability into account. This will help slow fashion companies to be able to ensure more sustainability along the supply chain. Concluding, SSCM can help with aligning the goals between partners which is beneficial for guaranteeing sustainability throughout the supply chain to the customers. This is important considering the growing social and environmental concerns among consumers.

2.4. Business Model

The ruling fast fashion business model, based on selling high volumes at low prices, has led to increasing rates of consumption and has changed our relationship with clothes (Fletcher, 2008).

Although there are studies dealing with sustainable business model innovation in the fashion industry (Beh et al., 2016; Kozlowski, Searcy and Bardecki, 2015; Lueg, Pedersen and Clemmensen, 2015), there is a lack of a clear and holistic overview of sustainable business models that are focused on local production in the Netherlands. This review explores the opportunities to view (parts of) the business models of slow fashion companies abroad. In addition, Sustainable Supply Change Management is considered to give more in-depth insight on best practices of slow fashion companies and can therefore be helpful to find out what can be implemented in the Netherlands.

The term business model (BM) has emerged in the literature since the end of the 90s (Ghaziani and Ventresca, 2005). However, no consensus exists regarding the definition of the term ‘business model’ (Morris, Schindehutte and Allen, 2005). The concept refers to the description of the articulation between different BM components or ‘building blocks’ to produce a proposition that can generate value for consumers and thus for the company (Tikkanen et., 2005). One of the widely used definitions of a business model is from Osterwalder et al. (2005), which states: ‘A business model is a conceptual tool containing a set of objects, concepts and their relationships with the objective to express the business logic of a specific firm’ (Osterwalder et al., 2005, p. 1). Regularly assessing a business model is an important management activity that allows a company to evaluate the health of its market position and adapt accordingly (Osterwalder and Pigneur, 2010). Osterwalder and Pigneur (2010) believe that this model can best be described through the Business Model Canvas, which is a conceptual map that consists of nine building blocks that show the logic of how a company intends to make money. The Business Model Canvas will be used to structure the findings of this study, because it gives a comprehensive picture of a business. In the context of this study, the nine building blocks will shortly be elaborated.

<i>Customer Segments</i>	There are several types of Customer Segments on which a company can focus. Mass market is a segment that is not that relevant for a local clothing company in the Netherlands for now and is therefore excluded from the model. Relevant segments could be: niche market, segmented, diversified.
<i>Value Propositions</i>	This block is the reason why customers choose one company over the other. It clarifies what the value is for the customer, which needs are satisfied and which products and services are offered to each Customer Segment. For a fashion company the design of products is very important for the Value Proposition. Additionally, producing clothes locally adds more value for the customer and even though the items cost more (Jung and Jin, 2016), consumers might be willing to buy the item due to value creation (Day, 1999).
<i>Channels</i>	Value Proposition is delivered through communication, distribution and sales Channels. To reach customers, you must know which channel types can best be used, like web sales, own stores and/or partner stores.

<i>Customer Relationship</i>	There are diverse types of relationships that a company can have with Customer Segments. (Dedicated) Personal Assistance and Communities are categories of Customer Relationships that might be relevant. Communities for example can help companies better understand their customers.
<i>Revenue Streams</i>	<p>There are two distinct types of Revenue Streams:</p> <ol style="list-style-type: none"> 1) <i>Transaction revenues from one-time customer payments, like clothing sale</i> 2) <i>Recurring revenues from ongoing payments, like providing post-purchase customer support</i> <p>Each Revenue Stream might have a fixed or a dynamic pricing mechanism.</p>
<i>Key Resources</i>	Assets are required to offer and deliver the previously mentioned elements. These can be physical, intellectual, human and financial resources. Physical assets include manufacturing facilities in the Netherlands. Designers and producers are also needed to make local production possible.
<i>Key Activities</i>	This block describes the most important things that are required for Value Proposition, Channels, Customer Relationship, and Revenues. The production activity will dominate for a fashion company that produces locally.
<i>Key Partnerships</i>	This block describes the network of suppliers and partners that make the business model work. A company can outsource activities, and/or acquire resources outside the company. Production activities will not be outsourced, because clothes are made locally in the Netherlands. However, material resources can be acquired outside the company, like waste materials.
<i>Cost Structure</i>	This block describes the most important costs incurred while operating under a business model. Such costs can be calculated relatively easily after defining Key Resources, Key Activities, and Key Partnerships. Costs should be minimized in every business model. However, it can be useful to distinguish between two broad classes of Cost Structures: cost-driven and value-driven.

2.5. Innovative and sustainable business models in the fashion industry

A study by Todeschini et al. (2017) investigates innovative business models in the fashion industry that have sustainability as their defining characteristic, especially in terms of Value Proposition. With eight case studies on innovative fashion start-ups, table 1 sums up the trends and drivers of business model innovation for fashion companies regarding sustainability. Two sections are highlighted orange, because they obtain the “locally sourced” and “slow fashion” drivers of sustainable innovation, which are important for this study. The findings will be further explained.

Table 1. Trends and drivers of sustainability-related business model innovation for fashion businesses			
Macro-trend	Driver of sustainable innovation	Where does it drive innovation in the business model?	Examples of innovative and sustainable business models in fashion
Circular economy	Recycling	Cost structure, key activities, key partners	Incumbent: Adidas Startup: Orange Fiber
	Vegan	Key partners, key resources, channels, value proposition	Startup: Preza
	Upcycling	Key resources, key activities, value proposition	Startups: Colibrii, Revoada, Preza
Corporate social responsibility	Sweatshop free	Customer relationship, key resources, key activities	Incumbent: American Apparel
	Fair trade	Customer relationship, key partners	Incumbents: People Tree, Eileen Fisher Startups: Colibrii, Revoada
	Locally sourced	Customer relationship, value proposition, key partners	Startups: Contextura, Lanieri, Orange Fiber, Revoada, Colibrii
Sharing economy and collaborative consumption	Fashion library	Customer relationship, value proposition, revenue streams	Startups: LENA, Rent the Runway
	Second hand	Value proposition, channels, customer relationship, key activities, revenue streams	Startup: Armadio Verde
	Collaboration	Key partners, key activities, key resources, delivery channels, customer relationship	Startups: Armadio Verde, Preza, Revoada
Technological innovation	Sustainable raw materials	Key resources, customer relationship, cost structure	Startups: Orange Fiber, Contextura
	Zero waste	Key resources, key activities, cost structure	Startups: ELSE Corp, Orange Fiber, Zero Waste Daniel, Contextura
	Wearables	Key resources, key activities, key partners, value proposition, cost structure	Startup: Ringly
Consumer awareness	Capsule wardrobe	Customer relationship, value proposition, revenue streams	Drivers generated mainly by consumer behavior
	Lowsumerism	Customer relationship, value proposition, revenue streams	Startups: Armadio Verde, Contextura, Preza, Lanieri
	Slow fashion	Value proposition, customer relationship	

Table 1 Todeschini et al. (2017)

Slow fashion drives innovation in Value Proposition and Customer Relationship, as companies orient their offering towards increased perceived quality and authenticity, and address customer concerns in terms of the environmental (by reusing or recycling materials) and social (by prioritizing locally-made items) impacts (Todeschini et al., 2017). Looking at table 1, we see in the first orange outlined section that the locally sourced driver is part of the macro-trend *Corporate Social Responsibility*. In the column on the right side next to 'locally sourced', we see that localism drives innovation in the following blocks of the Business Model Canvas: Customer Relationship, Value Proposition and Key Partners. In the second orange outlined section, we see that the slow fashion driver is part of the macro-trend *Consumer Awareness*. Here we see that slow fashion drives innovation in the following blocks of the BMC: Value Proposition and Customer Relationship.

The start-up companies from table 1 that produce locally are shortly mentioned. A company like Contextura from Brazil designs items to be timeless and multi-dimensional so that they can be used in many ways and situations. The items are produced by local artisans and sold via an e-commerce platform, local-owned retail store, and partner retail stores all over Brazil. Production by local artisans limits scalability and growth, but improves employment in local communities

(Todeschini et al., 2017). Orange Fiber is an Italian company aiming to create textiles from citrus juice by-products by transforming them into cellulose fibers which can then be used for manufacturing clothes. Another company located in Italy is Lanieri. This is the first e-commerce platform to propose entirely made-in-Italy, made-to-measure men's clothing online. Finally, the business models of Revoada and Colibrii are similar to each other. Their innovative Value Propositions involve manufacturing backpacks and wallets using textile industry waste as raw materials. The production is outsourced to local artisans. Because these companies use textile industry waste, a close relationship with suppliers is important to obtain Sustainable Supply Chain Management. Revoada and Colibrii should pass sustainability preferences of their customers and stakeholders onto their suppliers. Key Partnerships is therefore an important block as well.

Although the idea of Orange Fiber is one with a radically rethought manufacturing process with high technology involvement, it is not necessary for a sustainable fashion company to involve high technology for a successful innovative business model. Besides, having the supply chain as transparent as possible will have benefits as well. Consumers will be more aware of the complexity that comes with producing clothes and therefore be more attached to the items they buy. After having obtained the information above, the following hypothesis is formulated:

H2: Focusing on Value Proposition, Customer Relationships, and Key Partnerships, which are components of the Business Model Canvas, can make a slow fashion company successful in the Netherlands.

The conclusion is that more sustainability within the fashion industry needs to be reached. Producing slow fashion locally is a way of reaching this goal. Figure 2 below represents an overview of three components of the Business Model Canvas as proposed by Osterwalder and Pigneur (2010), that are expected to contribute to the success of a slow fashion company. To two of these components, concepts are added that might have an influence on the success and therefore on the continuity of a slow fashion company. The figure will be further explained. Locally produced slow fashion creates customer value, which positively effects consumers' purchase intention. Even though locally produced clothes cost more, the chances are that the company will generate income because consumers are willing to pay more for higher value. The assumption is that local production will generate enough money for a company to continue existing, through the customer value creation framework. However, for a company to be able to continue existing and even generate economic growth, it is important to maintain a close relationship with both suppliers and customers. Sustainable Supply Chain Management can help to align goals between key partners, so that a company can guarantee sustainability throughout the supply chain to its customers. This is important, because even though the clothes will be produced in the Netherlands, the materials can still be outsourced.

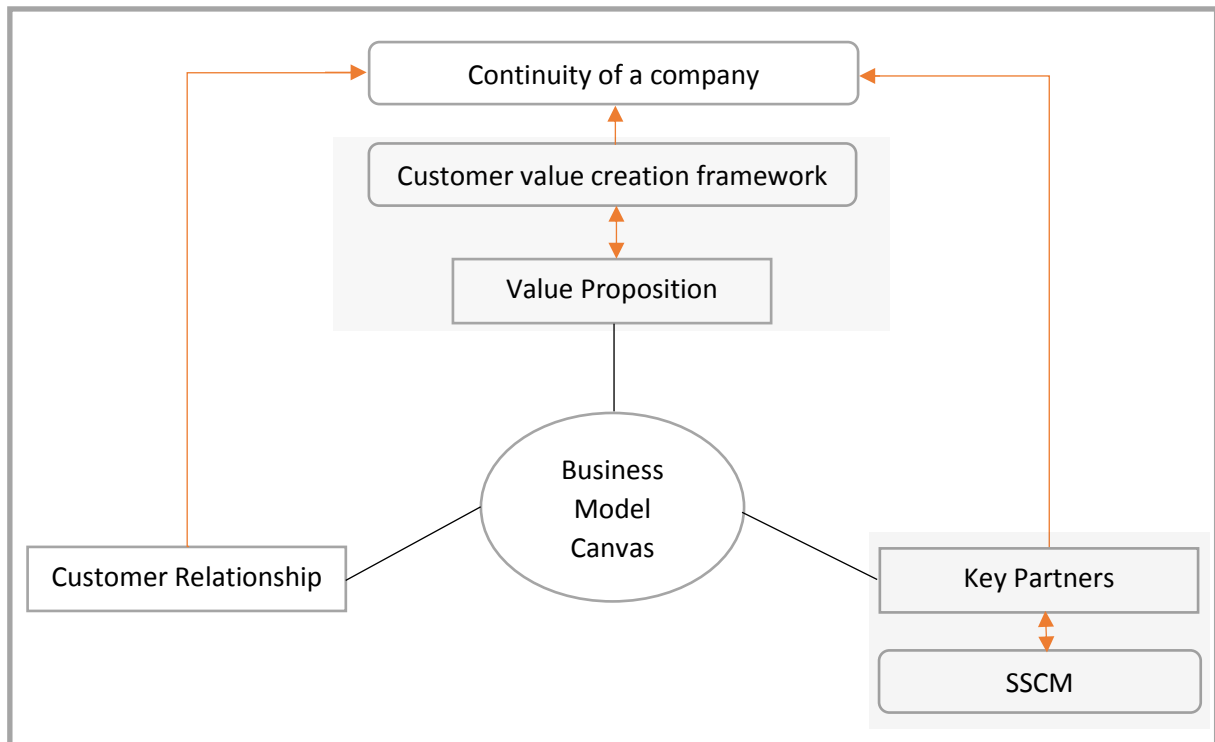


Figure 2 Components of the BMC, with added concepts that can lead to the continuity of a slow fashion company

3. Method

This chapter elaborates on the steps that were taken to conduct a qualitative research. The aim of a qualitative research is to describe and explain social phenomena in terms of the meaning that people give to them (Boeije, 2010, p. 11). The first step is to have a main research question, which is: *Which characteristics of current business models of companies abroad that produce local clothing can make local production in the Netherlands successful?* Secondly, two sub-questions and two hypotheses are formulated. The first hypothesis is: *Focusing on customer value creation through local production provides a potential strategy by which a slow fashion company can ensure continuity of existence.* This can be linked to the Value Proposition of the Business Model Canvas. The second hypothesis is: *Focusing on Value Proposition, Customer Relationships, and Key Partnerships, which are components of the Business Model Canvas, can make a slow fashion company successful in the Netherlands.* The third step is conducting a case study to find out if the hypotheses are indeed correct. The sub-questions are answered and finally, an answer on the main research question is given. At the end, a recommendation is given for producing clothes locally in the Netherlands.

3.1. Case study

The main research method for collecting and analysing empirical data for this study was a case study of two slow fashion companies abroad. According to Hancké (2009) case studies offer “detailed insights into mechanisms, motives of actors, and constraints that are faced at particular moments”. The assumption of a case study is that you can get closer to the ‘why’ and the ‘how’, rather than being able to generalise (Thomas, 2015).

A company can have multiple reasons to produce clothes locally. One reason for local production can be to create job opportunities for designers and makers of clothes in that country. Another reason can be to generate more sustainability in the fashion industry. In the Netherlands, the idea of Fashion Made in Holland to produce locally originated because of both arguments. Because the reason for implementing local production can influence the outcome of success, two companies that both have a different reason for this implementation were selected. Data on the companies was mainly obtained through the content on the official website of the companies. Additionally, social media platforms of the companies, like Instagram and Facebook, were used to obtain more data.

The first company that is selected for a case study is SOFFA. This is a slow fashion company in Greece that provides work integration to refugees, survivors, victims of human trafficking and unemployed citizens. They make garments like jackets, jeans, bags, etc. for individual consumers as well as other companies. My supervisor dr. KA. Poldner told me about this company, and after having contacted them, I found out that they were willing to participate in this study through interviews. Information on this company is obtained via their official website, their Facebook page, and via two interviews with board members of SOFFA.

The other company that is selected for a case study is Orange Fiber from Italy. This company was mentioned in the study of Todeschini et al. (2017). The study of Todeschini et al. (2017) provided a couple of slow fashion companies. After having looked up the companies that produce locally online, I found most information on Orange Fiber. This is why among all the slow fashion companies that were mentioned in the study, this one was chosen for analysis. Orange Fiber creates sustainable textiles from citrus juice by-products that would otherwise be thrown away. They envision a new life for these materials, transforming them into fabrics that are perfectly suited to Italy's artisanal tradition of high quality textiles and high fashion. This company, like SOFFA, creates clothing for individual consumers and for other fashion brands. Unfortunately, the company did not respond to any e-mails for participation in an interview. However, their website, Instagram feed, and Facebook page, contain a lot of information that was valuable for the case study. All information on their website was carefully read, and useful information was selected for analysis. Going through their Instagram feed and Facebook page gave me more insight on the company.

3.1.1 Interviews

To get more insight into the companies, interviews were conducted. I approached the two companies via email, asking them if they want to participate in an interview. SOFFA answered that they want to participate. Orange Fiber on the other hand, did not respond. Because I had asked more companies for an interview and none of them replied, I decided to still go through with Orange Fiber. Even though, there was no interview with Orange Fiber, I held two interviews with SOFFA. The aim of these interviews is to get an inside perspective on ideas, experiences, preferences, and factual knowledge. The obtained data was linked to other pieces of information from the case studies.

A semi-structured interview was chosen for this study. This type of interview partially retains the structured content, formulation, sequence and answer choice of the questions, and the rest of the interview's content depends on the situation (Boeije, 2010, p. 62). The questions are partially based on the Business Model Canvas, and are formulated in a way that will provide answers that can be used for hypotheses checking. See Appendix 1 for the constructed interview guide. The first interview was held with one of the founders of SOFFA, Fiori Zafeiropoulou. Due to lack of time, I had to continue the interview with the right-hand colleague of Fiori, Christianna Vasiliadou.

4. Analysis plan

The data that was analysed in this study came from the websites of the two slow fashion companies, their social media platforms, and from two interviews with SOFFA. The aim was to transform obtained data into findings, which helped in finding out if the hypotheses are indeed correct. Additionally, the findings helped in answering the sub-questions and the main research question. According to Boeije (2010) qualitative data analysis exists of two parts: (1) the *segmenting* of data into relevant categories and labelling these categories with codes, and (2) the *reassembling* of the parts into a coherent model that shows the relationships between aspects.

Obtaining information on (parts of the) business models of the two clothing companies abroad that produce clothes locally, gave insight in the course of events. A business model contains a lot of various aspects, which gives a richer and more balanced picture of the slow fashion company. Every company has its own unique business model, and has its own challenges, obstacles, and success factors. Thus, analysing two companies provided us with more information to understand the ‘why’ and the ‘how’ of the business models of slow fashion companies abroad. This is done to investigate whether customer value creation through local production provides a potential strategy that can ensure the continuity of existence for a slow fashion company. Besides this, the aim was to check whether its focus on Value Proposition, Customer Relationships, and Key Partnerships can make a slow fashion company successful.

First, the information on the companies was obtained from the Internet, especially from the website of the companies. This information was used to get an understanding of the company and its’ offering. The information that was found online about SOFFA and Orange Fiber can be found in Appendix 2 and Appendix 4. Then, two interviews were conducted with board members of SOFFA to get more in-depth information. The interviews were audio-taped and transcribed. These transcripts can be found in Appendix 3.

The obtained data was analysed through coding, which means defining what the data describes by giving fragments a code. A code can be deductive, which means that the code is decided upon and a priori, or inductive, which means that it emerged from the data (Boeije, 2010). This study only used inductive codes, which have been developed from the emerging data.

Three approaches towards analysis were used: first order and second order coding, and aggregated dimensions (Gioia et al., 2013). In the first-order analysis, terms, codes, and categories, which had a slight relation to local production and leading to success emerged from the data. However, little attempt is made to extract the essential categories during this phase (Gioia et al., 2013). In the second-order analysis, the first order codes were categorized and given a name. For the aggregated dimension, I looked at whether emerging themes suggested concepts that were found in the literature, which may help to describe the phenomenon of interest.

Appendix 5 shows the codes that were found in the obtained data on SOFFA and Orange Fiber. These codes were categorised into second order codes, and finally a linkage of these codes with the literature was made through grouping them into aggregated dimensions. There were many more codes on SOFFA than on Orange Fiber. This is the result of two interviews with this company, which provided more rich data. However, due to all the information that is given on the website and social media platforms of Orange Fiber, enough data on this company was obtained for analysis. Unfortunately, this information can be biased as it is exposed online, mainly for customers.

To answer the main research question and the sub questions and to check whether the hypotheses are correct, the aggregated dimensions of the two companies were compared to each other. First, these overall aggregated dimensions were used to check whether the two hypotheses could be accepted or rejected with the results from the case studies. The aggregated dimensions also served to find new insights in the course of events. With these results, the two sub questions were answered. Finally, an answer on the main research question was derived from the findings.

5. Results

5.1. Aggregated dimensions for the first hypothesis

The first hypothesis was: *Focusing on customer value creation through local production provides a potential strategy by which a slow fashion company can ensure continuity of existence.* Both companies are established in 2014 and are in business for quite a while now. Money is mainly generated through sales of locally produced garments. The aggregated dimension ‘future plans’ suggests that the companies are doing well, and they are now trying to scale up their activity/production to grow.

Many codes were found regarding delivering value, especially to the customers. The overall aggregated dimensions show that the Value Proposition block of the business model is very important to both companies. These companies clearly focus on serving customers’ needs and therefore on creating customer value. As Orange Fiber states: the number of consumers who are demanding sustainable materials and fashion brands that are seeking green innovation is increasing. Therefore, these companies not only focus on sustainability through local production, but also through the usage of sustainable materials. Furthermore, as Christianna explains, it is necessary to approach and educate consumers about ethical consumerism.

Besides local production and the usage of sustainable materials, these companies try to add more value for the customers. Orange Fiber creates fabrics that are perfectly suited for high quality textiles and high fashion. The following statement of Orange Fiber shows how they add even more value for the customers:

“Inside the fabrics are contained essential oils that dissolve in contact with the skin, smoothening it.”

SOFFA creates custom-made garments with high quality and unique designs. Additionally, the following statement from their website, shows how this company gives customers different options to choose from:

“Customers can choose from different alternatives, textiles from different origins, locations, and prices.”

5.2. Aggregated dimensions for the second hypothesis

The second hypothesis was: *Focusing on Value Proposition, Customer Relationships, and Key Partnerships, which are components of the Business Model Canvas, can make a slow fashion company successful in the Netherlands.* We saw that Value Proposition is a very important factor for continuity of existence, which makes sense because income is generated through sales of garments that have value for the customers. Customer Relationships did not come out as an aggregated dimension. The

obtained data does not suggest that the companies are trying to have a dedicated relationship with their customers. However, this can still be the case, only this study did not obtain enough evidence to state that these companies are trying to have close relationships with customers. It might be that only the company themselves and the actual customers know this.

The third component of the Business Model Canvas that might lead to success, as stated in the second hypothesis, is Key Partnerships. This can be supported by the overall aggregated dimensions 'Key Partnerships' and 'External finance'. These show that both companies have a lot of partners with whom they are closely working together to achieve success. These partners are among others relevant for valuable information and networks, resources, external finance, and reaching customers. All of this contributes to a companies' success. Especially resources like machineries that are obtained via donations from partners, and financial support to make production possible are valuable to the companies. Besides, knowing the suppliers of the materials is very important for guaranteeing sustainability throughout the supply chain to the customers. Fiori explained the following:

"For selecting materials, we know the producers exactly, and they are all certified. We should communicate a sustainable supply chain more to customers."

SOFFA in particular, is focussing on being sustainable throughout the supply chain. Fiori admitted that this is not yet communicated to the customers as well as it should be. Sustainable Supply Chain Management takes the environmental and social dimension of sustainability into account (Seuring and Müller, 2008). Letting customers know that the whole supply chain is sustainable can lead to competitive advantage and therefore to success. Making them aware of a sustainable supply chain can for example be done through the Value Proposition.

Concluding, Value Proposition and Key Partnerships are aggregated dimensions and components of the Business Model Canvas, which can contribute to the success of these companies. No data is found to support that focusing on Customer Relationships is crucial for the success of the two companies. However, it still might be the case that these companies do indeed focus on Customer Relationships, and that this is only known to the company themselves and the actual customers.

5.3. Answering the sub questions

The first sub question was: *How can a slow fashion company generate enough income to continue existing?* Looking at the aggregated dimension 'External finance', this is an important factor for continuity of existence. Both companies are already getting or trying to get funding from the government, private institutions, investors, etc. or via global crowd funding. For obtaining this finance, Key Partnerships are important. This was also the part of the second hypothesis that was accepted. Besides external finance, generating enough income through sales is crucial for continuity. The Value Proposition plays a key role for the sales. As Osterwalder and Pigneur (2010) explain, this

block is the reason why customers choose one company over the other and are therefore generating income for that company. Because local production and using sustainable materials is costlier than the production of regular clothes, it is necessary to have customers that want to pay these prices for their clothes. Therefore, Fiori stated:

“Our best option is to create garments for designers and for customers that want to pay for ethical labour and sustainable textiles.”

Focussing on Customer Segments that want to pay for ethical labour and sustainable materials is important to obtain enough income. These customers might be individual consumers or businesses. SOFFA and Orange Fiber both focus on business-to-consumer and business-to-business markets. They probably focus on both because the group of individual consumers is still quite small, as it is a niche market. Fiori said that SOFFA still does not have a lot of local customers.

The second sub question was: *What are characteristics that positively affect the economic growth of a slow fashion company?* A great strength of both companies is the sustainable approach that is applied through the materials that are used as well as through producing locally. Both companies saw the opportunity of creating more sustainability in the fashion industry and acknowledge that this is one of their strengths. They have been focussing on and expanding this part to grow and make ‘sustainability’ be seen as necessary in the society. SOFFA additionally focusses on making customers aware of ethical labour for those in need of a job. Orange Fiber on the other hand, is additionally focussing on innovation to be able to grow and keep up with the innovative economy of the current society. For the companies both focus points contribute to their growth as a slow fashion company. It can be concluded that being sustainable and clearly letting customers know what the company stands for, can positively affect the economic growth of a slow fashion company.

5.4. Answering the main research question

The main research question was: *Which characteristics of current business models of slow fashion companies abroad that produce local clothing can make local production in the Netherlands successful?* The answers to the hypotheses and the sub questions are useful for answering this main research question. First, the Value Proposition is one of the components of the BMC that is important for the success of local production. SOFFA and Orange Fiber make sure that the customers’ needs are satisfied to obtain income through sales. However, their focus does not only lay on producing clothes locally, but also on using sustainable materials, offering high quality options for consumers to choose from like different textiles, and creating awareness on ethical consumerism.

Secondly, these companies focus on Customer Segments that want to pay for ethical labour and sustainable materials. This is necessary for obtaining enough income so that it covers all the costs that occur while operating. Customers can be individual customers and/or other businesses/brands.

Finally, focusing on Key Partnerships is crucial for them. We saw that the partners provide customers, valuable information, networks, resources and external finance. These are valuable assets for success. Additionally, as an increased number of consumers demands sustainable materials, a company can benefit from guaranteeing sustainability throughout the supply chain. For this, partnerships with suppliers are needed. Knowing the suppliers and aligning goals between the company and the suppliers is beneficial.

Finally, as found in the literature of Dilys et al. (2009), SOFFA agrees that transparency is a crucial element for slow fashion consumers. Fiori explains that they offer transparency across their entire platform. They for example let customers know which materials are used and where they come from. Orange Fiber as well, is being transparent as they provide a lot of information about their company and production process online. This way the customers can find out more about how garments are made and where the materials come from.

6. Discussion

The primary objective of this study was to assess which characteristics of a business model - and specifically the Business Model Canvas - could make local production of clothes successful in the Netherlands. 'Successful' in this content refers to the opportunity of a company to generate enough income to continue existing and to perhaps even grow. A reason for producing locally is the concern over social and environmental impacts that have grown.

The need for this study arises from a lack of a clear and holistic overview of sustainable business models that contribute to the success of local clothing production in the Netherlands. Local clothing production in the Netherlands is still small. Because there are quite some companies abroad that offer clothing that is locally produced, two of them were analysed through a case study to find out what best practices are. The main data source was information on the website of the companies and interviews that were conducted.

6.1. Interpretation results

After two case analyses, overlapping results were found with findings from literature. Focussing on Value Proposition and Key Partnerships, which are components of the BMC, are found to be leading to the continuity of a slow fashion company. As for the Value Proposition, it is not only important to focus on local production, but also on the use of sustainable materials, offering high quality, options for the consumers to choose from like different textiles, and creating awareness on ethical consumerism. This is in line with the study of Jung and Jin (2016), which revealed that delivering exclusive product value is critical for a slow fashion company to create customer value. The importance of Key Partnerships was also expected from obtained information of Todeschini et al. (2017) and the literature on Sustainable Supply Chain Management from Seuring and Müller (2008).

Surprisingly, Customer Relationships did not show up as a key component of success for the two slow fashion companies. It might be the case that the companies have such a high level of trust in the quality of their products, that they expect customers to return. A recommendation in this case would be: Customer Relationship through Communities. This type of a relationship can help a company in knowing and understanding the customers and their needs. This way the company can create high quality that highly corresponds to the needs of their customers. However, it might also be the case that the companies do have a dedicated relationship with their customers, and that this was not found due to lack of data.

Furthermore, it is found that focussing on Customer Segments is necessary for obtaining enough income to cover costs and make investments for the continuity of a company. This finding makes sense, even though it was not stated in one of the hypotheses. The customers could be individual consumers and/or other businesses/brands.

In the introduction it is stated that transparency around business practices is a crucial element for slow fashion consumers (Dilys et al., 2009). The findings from the case study confirm that the slow fashion companies are trying to be transparent for the customers. Transparency is reached through for example exposing a lot of information about the production processes and materials on the official website of the company.

6.2. Limitations

This study had some limitations. First, there was no interview conducted with Orange Fiber. This has led to absence of information that could have given more insight in the business model of this company. Perhaps this could have been prevented if I had tried to call them or get directly into contact with one of the board members through for example LinkedIn. As I only had access to the company's own website, Instagram feed, and their Facebook page, I was not able to collect potentially valuable information that is not exposed on these online platforms.

Secondly, analysing only two cases might not be enough to be able to conclude whether the hypotheses are correct or not. More companies should have been thoroughly analysed to find out what best practices truly are. However, due to lack of time and limited responses from companies to the question to participate in an interview, I had to decide to analyse only two companies.

Third, one might say that the findings of this study cannot be applied to companies in the Netherlands, because I have studied companies abroad. The goal of this study was to find out characteristics of business models that contribute to the success of local clothing production in the Netherlands. However, there are not many companies in the Netherlands, in contrast to some countries abroad, that fully produce clothes locally. Therefore, it seemed only logical to choose companies located in Europe to compare the course of events and find out what best practices are.

6.3. Future research

For future research I suggest analysing more cases and obtaining all information that is needed on the companies. For this, I recommend conducting an interview with every selected company. Perhaps even more in-depth questions can be asked than the questions of this study's interview. Furthermore, I suggest finding out if the results are truly applicable to Dutch slow fashion companies as well. This might be done by comparing results from companies abroad with an analysis of some labels/companies that produce in the Netherlands. Visiting the labels/companies that are in the Netherlands is recommended. This can be useful for obtaining a clearer understanding of the business.

Another focus point for future research could be to find out if innovative solutions for being more sustainable in the fashion industry, as the one of Orange Fiber, significantly add more value to the customers. If this would be the case then more research on implementing innovation is needed for this industry.

7. Conclusion

In sum, the current study showed that focusing on Value Proposition and Key Partnerships is important for the success, in this case the continuity, of a slow fashion company. It is not only important to focus on local production, but also on the use of sustainable materials, offering high quality, options for the consumers to choose from like different textiles, and creating awareness on ethical consumerism. Focussing on Customer Segments, both individual customers and businesses, is necessary for obtaining enough income to cover costs and make investments for the continuity. A slow fashion company should know which customers want to pay for sustainable materials and fair labour. It is not found that the slow fashion companies are focussing on Customer Relationships. Finally, making the business practises transparent for the customers will be valuable, as slow fashion consumers requiring it.

7.1. Recommendations for FMiH

The findings of this study are based on data about companies abroad. Based on these findings, I recommend Fashion Made in Holland to highly focus on creating value and communicating this clearly to the customers to create awareness on ethical consumerism. The high product value should come from producing the clothes locally, but also from using sustainable materials, offering high quality, and options for the consumers to choose from like different textiles.

Furthermore, I suggest FMiH to enter into partnerships to obtain valuable information, build relevant networks, gain resources and external finance, and reaching customers. Having partnerships with suppliers is also crucial for sustainability and transparency throughout the supply chain. Sustainable Supply Chain Management takes the environmental and social dimension of sustainability into account. This can lead to be able to guarantee sustainability throughout the supply chain.

Focussing on Customer Segments that want to pay for ethical labour and sustainable materials will be important for obtaining enough income through sales. These customers may be individual consumers and/or other businesses/brands.

The final tip for FMiH, which comes from Christianna Vasiliadou is:

“Investing in local production has both social and environmental benefits. The key components are the education of consumers, the promotion of entrepreneurial spirit, and implementation of innovative solutions.”

These recommendations are based on findings from companies abroad, and can be influenced by several factors like demography, social legislation, culture, stakeholders, etc. Future research should focus on analysing more cases and on the comparison with Dutch labels and companies that produce local clothing.

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Appendix 1: Interview guide

I am a third-year Bachelor *Management and Consumer Studies* student at Wageningen University. Currently, I am writing my thesis on Business Models for slow fashion companies in the Netherlands who want to produce local clothing. We are looking for a way to stimulate local clothing production in the Netherlands and therefore it is crucial to know how to manage this implementation. The aim of my research is to find out what the best practices of business models are from slow fashion companies that produce clothes locally. I make use of the Business Model Canvas that consists out of nine blocks. I would like to fill in this canvas for you with key notes during the interview. Afterwards, I can send you the overview if you like? This Business Model Canvas will give you a clear overview of your business. The interview will last about 45 minutes. Is it okay if I record the interview with a voice recorder? We start with questions about how the business started, followed up by in-depth questions.

General information about the company

1. *Can you tell me how and why you started your business?*
2. *What is the meaning of your company name?*
3. *What do you think the benefits are of producing locally?*
4. *How did you manage to implement local production?*

Customers

5. *Who are your customers?*
6. *How are you creating value for your customers?*
7. *How do you attract customers and make them return?*
8. *What are your customers willing to pay for and what do they currently pay for?*

Assets required for delivering the offering

9. *What assets are required to offer and deliver the offering?*
10. *Which resources are acquired from partners?*

Sustainability throughout the supply chain

11. *How can your company guarantee sustainability throughout the supply chain?*

Cost structure

12. *What are the most important costs incurred while operating?*
13. *How important is it for your company to minimize costs?*

Focus of the business model

14. *What is your company focussing on with reference to the business model?*

Influence from outside the company

- 15. Which stakeholders might influence your business model?*
- 16. How influential are shareholders, workers, the government for your company?*

Success for the company

- 17. When do you think that your company is “successful”?*
- 18. How do you see the continuity of the company?*
- 19. Where lies the biggest growth potential for your company?*
- 20. In Holland we are looking to stimulate local production, what is your advice?*

We have now come to the end of our interview. I would like to thank you for your time and participation. Do you have any questions for me? If not, you can always e-mail me later. Once again, thank you for your participation. We will stay in touch.

Appendix 2: Information on SOFFA

The following information on SOFFA is obtained from the content of the company's official website (www.soffa.gr).

Our Story The fashion industry is world's 2nd largest polluter behind the oil industry and world's 2nd in people being enslaved after the sex industry. There are 21 million victims of forced labour around the world, of which 11.4 million are female. According to the Ethical Trading Initiative: 71% of fashion companies indicate that there is a 'likelihood of modern slavery occurring at some stage of their supply chain'. This is a \$30 billion industry, fuelled by lack of transparency in unregulated production and illegal work practices.

The biggest group in risk of being trafficking is refugees; from January 2015 to March 2016 1,003,184 refugees arrived in Greece. This created an explosive situation in an already burdened society and economy with unemployment over 25% and youth unemployment over 50%.

On the 24th of April 2013, 1,134 people were killed and more than 2,500 were injured when the fashion factory Rana Plaza in Dhaka Bangladesh collapsed. This is how the Fashion Revolution movement was born, which is now active in 95 countries. We are **part of the Founding Board of Fashion Revolution Greece**.

Fashion production has fled Europe, there is lack of sustainable production going hand in hand with **limited awareness 'who made my clothes'**; a gradual extinction of traditional technical professions; barriers to entry to new designers: which remain artisans with no access to production workshops; with limited potential to scale up.

Around the Fashion Revolution movement, a group of like-minded talented professionals were gathered under their common vision to 'break the chain' in the fashion industry. Thus, SOFFA was born as a **social cooperative**. Social Fashion Factory, SOFFA, is a cooperative of fashion designers and professionals that provides for the livelihoods of refugees, survivors, victims of human trafficking and Greek unemployed living in risk of survival through integration into work and micro-entrepreneurism. **Value is created for everyone involved.**

Textiles **SOFFA produces from natural, man-made or recycled biodegradable materials.**

Although leather is considered a natural material, it usually involves harm to animal welfare. For this reason, SOFFA uses alternatives such as artificial leather from pineapple and mushrooms. Man-made, plant-based fabrics like Tencel and PLA fabrics, and recycled materials such as PET-based recycled polyester, Econyl yarn, recycled cotton, and other disused materials are SOFFA's choices. Furthermore, **the materials used do not only promote environmental sustainability** (chemicals-free, water and energy saving), **but also advance Fair Trade between producers and traders.**

Designing We design specifically for the needs of our customers. Designers are drawn from our pull of incubated designers at SOFE hub and from our incubated survivors and refugees. We ask them to design based on our new customer's needs. The customer chooses among the diverse designs.

Our team of sustainable textile experts propose several sustainable textile solutions form new innovative materials that are developed each month around the globe. Our customers can choose from different alternatives, textiles from different origins, locations, and price ranges. We prepare the prototype sample. If the customer is satisfied and places their order, then our workforce of survivors and refugees starts producing it. We can design packages that are re-usable and made from recyclable materials. Further, we can design and place labels with the story of our customers' garments on items.

All products can be certified to be from sustainable and non-animal killed materials. Our clothing manufacturing is 100% done in house by our workforce of survivors and refugees. Our shoe manufacturing is at the moment partially done by partnering factories until our finances allow us to fully develop from our premises the entire manufacturing process with our own workforce of refugees, therefore reviving an entire eco-system around shoe production.

Appendix 3: Interview transcripts SOFFA

Interview with Fiori Zafeiropoulou, elected country coordinator of Fashion Revolution Greece.

General information about the company

1. Can you tell me how and why you started your business?

So, I did my PhD on social entrepreneurship in London, for which I was rewarded. I was always into entrepreneurship and doing that. In high school, in the sixth grad, I was president of my class. At that time, I set up a *Student Social Enterprise* to raise money for charities for kids and orphan houses. So, I was always doing that. When I returned to Greece in 2014, after my PhD, I learned about the Fashion Revolution Movement. I wanted to revise my father's sports industry label. The factory was closed in 1997. It was an automated factory with 2000 workers. Most of the shoe-making was automated. The company was called 'Zita'. So, I wanted to revise his company, but through a factory that would be a social factory and not an industrial one. I was thinking of a **social company**, where the owner wouldn't be an industrial worker, like my father. I imagined that the company wouldn't only host my label, but also that other designers could host their label.

So, when I arrived back in Greece I heard about the Fashion Revolution, and **the negative effects that the fashion industries create on the garments industries, human trafficking and forced labour**. Then it was only logical that **this company would only produce from natural textiles and pay attention to the environment, and help the victims of human trafficking**. I realised that worldwide there are 46 million people trafficked today for modern slavery, 21 million people are forced into labour. Only 1 percent is saved, and among that 18 percent is re-trafficked because of non-financial reliability. In 2015, I was introduced to an NGO that would save women from the streets. We started to provide those women with trainings, so that they could work and be integrated in society. And then there was also the refugee crises, so it was only natural to deal with this population as well. Besides this, when I arrived back more than 50 percent of the youth in Greece was unemployed. The overall numbers of unemployment in Greece were also very high.

So, with people I have met, we created Social Fashion Factory, SOFFA. And then other people helped me in creating 'SOFE Hub'. Kim is also part from the Wageningen University department. SOFE Hub is an e-learning platform. It provides free trainings to designers through the educational Action Learning platform on how to be a Sustainable and a Social Fashion Entrepreneur.

We participated on the "Global Fashion Disruptors" event in Athens on November 19th and 20th. This event was organized by Fashion Revolution Greece and SoFe and they invited companies and people from all over the world to participate. It was also with 'Emmaüs'. Emmaüs is one of the biggest social enterprise, at the moment, that integrates work for homeless people. It was established in Paris after World War 2, and now they are global, it is everywhere. They heard about our events, and they came to join, we did not ask them. We learned a lot from them on social work, and what they

have offered to the global community. The expert from the U.S. State Department and Congress, Doctor Thomson, came to the event. She is the expert on refugee trafficking. And there were many more participants from all over the world.

So, these are all things we did in fashion. We also did a TV series on social enterprises with 12 episodes to raise awareness to the public. It's called 'Social Growth' and some episodes were on fashion but mainly they were about other industries. It was broadcasted in Greece, and we are now finishing the English subtitles. In a couple of months, it will be finished and online. And the last thing we do is 'SoFe'. It's social growth for trafficking and migration. This is a social educational programme, with partners from Europe. They are training NGO's and public officials to address the issues of trafficking and refugee crisis. I was last week in Milan for that. For face-to-face workshops. In May I was in Romania, and last September I was in Slovakia. But the platform will be launched in February. It will be also a six-month programme. Oh, and we have also launched another platform that is called 'refergon.com'. This is to provide refugees access to the workplace by matching employers' needs to refugee labour supply and providing unskilled refugees with training opportunities. Through this platform for recruitment other people, that don't end up working at SOFFA after the training, are being recommended to other employers. This is now still being in development. Currently, we do our recruiting for refugees offline. So, these are the programmes we run. My whole vision was to spread the mentality of social entrepreneurship, starting from fashion, human trafficking, refugees, unemployed Greeks and as fast as we can also the environment.

2. What is the meaning of your company name?

Social Fashion Factory, SOFFA, provides work integration to trafficked survivors, refugees and unemployed Greece. As the name says Social Fashion Factory, we are a social enterprise. Production of clothes has fled to third-countries, and therefore **there is a high need for jobs in Europe and in Greece.** We are striving for creating jobs in this big clothing industry. And the whole concept of the Social Fashion Factory lies also on the pillar that **after the financial crisis, there were many designers from Europe who were very innovative, but it involves high marginal costs.**

3. What do you think the benefits are of producing locally?

This is actually one of the pillars of Fashion Revolution. **A country should be as self-independent as possible. One should choose the designers and textiles of that country, and have the production made locally.** This is environmental sustainable, in terms of carbon-dioxide and zero-emissions and all that. On the other hand, it is socially sustainable. **You create all these job opportunities for your co-citizens.** I mean it makes a lot of sense. I mean it is the whole eco-system, it is science, it is textile engineering, it is chemist for new fibre, it is production engineering. I mean it is all these specialties, that there is no reason of having that all exported. **You lose the traditions, all the knowledge of the traditional professionals.** At the moment it is very hard to find professionals for shoe-making in Greece. I have

been around, and I saw that we have lost this knowledge, especially for sneaker production. And there is all this expertise, and it is a pity. On the other hand, you have these refugees that bring expertise of different countries. Our societies at the moment are so globalized, the local designer can be from a totally different nation. This is a very big opportunity to spare industrial production.

The whole eco-system in Greece has totally been collapsed, we don't have mills. The same thing happened with innovation and science, there was no governmental support for that. Here they haven't attracted the European programmes for innovation. And if something became an innovation, it was never linked to the industry. It was isolated, it is selfish, and I would say opportunistic behaviour mostly. Within SOFFA now, we are trying to create a new fibre from a natural source. It is a Greek plant that is being recycled. We are trying to identify people in the innovation area, and we have partnered up with technical universities that are doing a lot. There is this new flesh and blood that is trying to create something. Fashion Revolution in fact helps a lot with that.

4. How did you manage to implement local production?

So, the way we work is that we provide training production workshops in the places where the people live or in the shelters for the refugees. There we then do the training and production of real orders. The thing now is that we want to open five more workshop centres. Because we are not funded, so we finance ourselves, it takes a lot of time. However, we are trying to get external investors. On February 14th, we will launch our crowdfunding globally online. We are also building our main factory.

Currently, we have two workshop centres. We had another one, but we needed to close that one, because the refugees and victims of human trafficking were not treated correctly and given fair conditions. The NGO with whom we had that centre, wasn't correct. There is problem with NGO's generally, in both the refugee and human trafficking area. There are a lot of scums in the NGO world. They take the money and disappear, so you must be very careful. They don't hold on to the agreements. This NGO with whom we worked with wanted to get money, and to get this money from for example churches, they needed to have women who were participating in workshops. To get this money, they did not want these women to leave, they kept them. The women were only paid 230 EUROS per month, so I cannot understand how they should survive and not go living on the streets.

The training programme last 9 months, and consists of three levels. For each level, a certificate must be obtained to be employed for full-time. It is not that easy, but many people are ignorant for sewing. Currently, we have 5 full-time workers employed. One girl that finished the programme, will also be full-time employed. But it is not easy, because a lot of people are ignorant in sewing.

Customers

5. Who are your customers?

Our customers are for example, Social Fabric from Zurich for whom we created 6,000 bags, from the U.S. we had an order for head bunds, we are doing orders from the UK. There are a lot of different

orders and designers. We are now mainly doing prototypes. And we are doing many different things, we do jackets, jeans, scarves, we do bags, head bunds. We usually work with designers all over the world, London, Italy, U.S. etc. who send us their designs. We then select the sustainable materials, and create the prototypes. We do all that in our training workshops for refugees, victims of human trafficking and unemployed Greeks. Our best option is to create garments for designers and for customers that want to pay for ethical labour and sustainable textiles. I mean we did and we are doing it now again some bags for 3 EUROS, and we are selling them for 3.10 and 3.30 EUROS. But 3.30 EUROS to sell a textile bag, means it only covers the cost of the textile, it covers nothing else. So, we do that only for the training, and to actually getting people to know about us. However, this is not sustainable, because we cannot pay enough, not even the stamp, not even the work, not even the administration, nothing. So, the orders now especially come from different countries in Europe, and from the people we know. We still don't have a lot of local customers.

6. *How do you attract customers and make them return?*

At the moment, customers learn about us through SOFE hub, and through Fashion Revolution. It is mainly through that. And locally through tv channels and newspapers, but I don't think we have had customers through this so far. The first orders were from references of people from our group to people they knew.

7. *What are your customers willing to pay for and what do they currently pay for?*

It depends, yes many of the customers want to pay as little as possible. So, we are trying now to not work with this type of customer anymore. We are turning to the other type of customer that wants to pay a fair price. We are not going to compete with orders of I don't know 50 cents per T-shirt or 1.50 EUROS per bag, because this is the result of human trafficking.

Assets required for delivering the offering

8. *What assets are required to offer and deliver the offering?*

We need space, machinery and human recourses. We have human recourses, but because of lack of money we cannot employ them full-time. We are losing a lot of time, there is a high employee turnover. Employees come and go, because they need to survive so if they cannot be employed full-time, they leave. We lack machinery. Currently, we only have households' machinery. So, we lack professional machinery. Besides this, we lack space and we lack money to make all this possible.

9. *Which resources are acquired from partners?*

The machineries we now have, have all been given to us. Machines are given to us from different private donors, a NGO from Lesbos, from a Swiss director of the film 'One over many'. The premiere of this film was on the 23rd of November and the director gave 3 machines. So, these are actually

donations. We want to find out if we can get donations from producers of machines and the production companies we work with. So, we are going to do all that now. We are going to focus on raising resources. **We are also in touch with the government.** They came to our events, they invited us a month ago to talk to them and describe them what we are doing. They are very enthusiastic about it, but they don't have money to support us. So, now we are waiting to see how they can support us. But, they haven't helped so far. **We are looking now if the ministry can provide us with space.**

Sustainability throughout the supply chain

10. How can your company guarantee sustainability throughout the supply chain?

Yes, and **this is what everybody should be looking for; sustainability throughout the supply chain. We know all the stages until something gets to our hand.** So, I know the mills and the group of farmers. We are working with them to produce eco-cotton. **So, for selecting materials, we know exactly who the producers are, and they are all certified. We should communicate a sustainable supply chain more to our customers,** I don't know if it is that clear at the moment.

Cost structure

11. What are the most important costs incurred while operating?

Human resources require most costs, also machinery but we obtain that through donations. So, what actually costs most is human resources.

12. How important is it for your company to minimize costs?

It's not, we don't go with minimums. **At the moment yes, we work with minimums, we have very few money and we must spread it among a lot of people,** we share it among us. However, **we need to do this until we raise more. The goal is to pay 30 percent more than the minimum.** The minimum wage in Greece at the moment is very very low. I am not in accordance with that, because it is not fair, you cannot survive. I mean, it is 460 EUROS net wage per month for a full-time job. It's very very low, and it is getting even lower.

Focus of the business model

13. What is your company focussing on with reference to the business model?

The fact that everything that is made happens on real orders. So, **we don't do charity and we don't create out of our head what everyone wants. We only manufacture for orders that will be sold.**

Customers

14. How are you creating value for your customers?

- We provide custom-made, high quality and unique designs. We give them access to unique sustainable textiles, certifications, origin and location information, specialized sustainable materials consultancy for brands and designers as well as sourcing and management services.
- We give them access to uniquely and truly social responsible production processes by reinvesting its profits in employing and training survivors of human trafficking and refugees and keeping them away from slavery as they move out of the host countries.
- We give them access to uniquely social impactful activities by reinvesting its profits in incubating unemployed young fashion talents and creating competitive hubs of creativity that will stand alone successfully within the EU and world markets.
- We give them the opportunity to create social impact through the supply chain by fighting against economic and social inequalities in urban cities.
- To conclude, SOFFA has a unique and pioneering social nature by being governed by a truly democratic and collaborative structure. Its goal is to test, develop and promote a culture of social entrepreneurship factories based on the co-sharing of both activities and ownership.

Focus of the business model

15. What is your company focussing on with reference to the business model?

SOFFA's holistic model is to create value for all stakeholders. Our core model was from the start designed in a way to start generating income. SOFFA is a cooperative of fashion designers offering integration into work and micro-entrepreneurism to refugees, victims of human trafficking and Greek unemployed living in risk of survival. Our venture consists of straight forward socially innovative solutions to the issues of livelihoods of refugees and sustainable supply chains to act proactively on emigration that has not been combined before. SOFFA is the result of co-creation among various stakeholder groups, incorporating NGO's and the excluded populations themselves as shareholders and co-creators. We make money from doing the production process for our customers. We provide the design of their collections, we identify the appropriate sustainable materials and we produce the final garment. Our customers are sustainable brands, designers, labels and wholesalers, like high street chains. We also produce and sell directly to retailers our own label SOFFA collection.

Influence from outside the company

16. Which stakeholders might influence your business model?

SOFFA is the result of co-creation among various stakeholders' groups, incorporating NGO's and the excluded populations themselves as shareholders and co-creators. We partner with frontline NGO's to

train and integrate more refugees and survivors of human trafficking. With Athens University of Economics and Business we have been able to be provided space and be incubated. Additionally, our partners from the European Consortium provide us with very valuable information and networks.

17. How influential are shareholders, workers, the government for your company?

SOFFA consists of fashion entrepreneurs, experienced start-ups in other ventures and seasoned professionals across a wide spectrum of areas who are all actively involved. It is very important to share the same ethics and have a strong value system to be able to collaborate. Commitment, trust and solidarity to each other are of paramount importance. The more we create with them, the more we involve them in our activities, the more trust is.

Success for the company

18. When do you think that your company is “successful”?

When job positions and trainings are created for vulnerable groups such as survival victims of human trafficking and refugees. The risk should be minimized for them being enslaved in trafficking. Also, when we increase impact of frontline NGO's liberate positions to provide help to new comers.

When the volume of sustainable textiles sold, and the volume of products made from sustainable textiles rises, which refer to the substitution of traditional high polluting textiles. When awareness is raised for ethical consumerism.

When income is generated for people working in the third countries to produce these sustainable raw materials and textiles. Besides, when economy is generated for the Greek economy from production processes and the tax paid for the Greek economy.

19. How do you see the continuity of the company?

I see that one of our biggest innovations is that we're based on the talents of different people in the fashion industry, thus we are transforming into a network that can integrate ideas and knowledge from different countries, different environments and this co-creates everything. Then is the social factory itself as it plays key role for the success of this venture.

Until now, SOFFA has been based on own funding of the founder. Through organic growth we use our income from sales and parallel activities to increase our production capacity and integrate more beneficiaries. Our workforce of survivors and refugees needs to be paid while being trained and during the production stage. Also, sustainable textiles need to be pre-purchased.

Our plan is to be able, through funding, to scale up our activity. We would increase our production capacity through increasing processes and machinery. As a result, we would accept bigger orders. From the income generated through our sales we would increase our marketing capacity, to be present in major Fashion Fairs, to educate and approach consumers and create social partnerships with fashion incubators in Europe.

20. Where lies the biggest growth potential for your company?

Our scaling strategy involves the growth of SOFFA and its own capacity and at a later stage the replication of its own model through social partnerships, especially through the social franchise model in other regions. We believe in the need for collaborative production that offers access to high technology machinery, and brings together talent and expertise, generating social innovation, job positions, and a strong social and environmental identity. Our approach offers transparency across our entire platform.

21. In Holland we are looking to stimulate local production, what is your advice?

Investing in local production has both social and environmental benefits. The key components are the education of consumers and the promotion of entrepreneurial spirit and implementation of innovative solutions.

Appendix 4: Information on Orange Fiber

The following information on Orange Fiber is obtained from the content of the company's official website (www.orangefiber.it).

About The company, founded in February 2014, is composed of 5 members:

<i>Adriana Santanocito</i>	creator & founding partner, specialized in innovative textile design
<i>Enrica Arena</i>	marketing and communication specialist & founding partner
<i>Francesco Virlinzi</i>	entrepreneur
<i>Antonio Perdichizzi</i>	entrepreneur
<i>Corrado Blandini</i>	lawyer

Orange Fiber is an Italian company made up of equal parts innovation and elegance. They create excellent sustainable textiles from citrus juice by-products that would otherwise be thrown away, representing hundreds of thousands of tons of precious resources. They envision a new life for these materials, transforming them into refined, ethereal fabrics perfectly suited to Italy's artisanal tradition of high quality textiles and high fashion. Their efforts are inspired by beauty, quality and the opportunity to provide an innovative and sustainable textile to Italian production practices and the entire fashion industry.

Orange Fiber is a portfolio company of Fashion Tech Lab. Fashion Tech Lab is a global structure that combines an investment company, a multinational accelerator, and an experimental laboratory. It is all aimed at helping modern technologies and sustainable innovations connect, collaborate, and create products and brands that evolve the industry and improve its social and environmental footprints.

Environment In Italy every year, more than 700.000 tons of citrus waste are produced and, until now, no one has developed a viable alternative to disposal. On the other hand, we face an ever-increasing number of consumers demanding sustainable materials and fashion brands seeking green innovation. It is for these reasons that we have worked to unite oranges, which are typical of Sicily, and world-renown Italian excellence in textiles, developing a disruptive technology that creates an innovative material out of industrial by-products. Existing textiles are unable to satisfy the increasing demand in quantity and quality, even before issues of sustainability are considered.

Vision Innovation, sustainability and quality to make the world a better place. A dream come true by pioneering an innovative process to extract cellulose from citrus juice by-product and transforming it into a refined and high-quality fabric for a totally new standard in fashion and luxury.

The idea Adriana proposes a sustainable fabric from citrus by-products for her thesis. She shared the idea with Enrica and – with creativity and will to dare, they start Orange Fiber.

The patent From the feasibility study with Polytechnic di Milano, they patented in August 2013 the innovation, then extended it in international PCT in August 2014.

The company In February 2014 Orange Fiber was formed as Italian Innovative Start-up and opens two headquarters: Catania and Rovereto. Trentino Sviluppo, two business angels and a lawyer financed the project.

The prototype In September 2014 the first prototypes of fabric from citrus cellulose were presented at the Expo Gate of Milan at the Vogue Fashion's Night Out.

The industrial plant In December 2015, thanks to the funds of Smart & Start by Invitalia, the first pilot plant for the extraction of citrus pulp opened.

The production They entered the operational phase of the project. The first fabric production is completed, and now they are working on the next productions.

The market In April 2017 the first fashion collection created with the exclusive Orange Fiber fabric by a top fashion brand is presented.

News So far, the idea has won several awards at national and international level such as the UNECE Ideas for Change Award in April 2015. Also, the future is promising. Orange Fiber has many characteristics to succeed. Great strengths are the innovative and sustainable approach applied to the textile and fashion industry, the respect and valorization of local resources and the internationalization of the products able to spark interest of the biggest fashion brands.

The sustainable commitment of Orange Fiber aims to resolve the problem of the accumulation of waste from the citrus industry: well 700,000 tonnes per year involving high costs of disposal. From here the intention to give new life to the pastazzo – technical term to define what remains of the citrus fruits after squeezing – which is still an Italian excellence. The pastazzo is processed – according to a patented process by young entrepreneurs – to be able to extract the cellulose that will form the final yarn. A biodegradable material like silk: soft to the touch and shiny appearance, with the same characteristics as any other fabric, suitable to be woven with any type of existing yarn. Inside are also contained essential oils in the form of capsules that dissolve in contact with the skin, smoothening.

Three prototypes obtained from the fray with citrus fruits yarn: a lace silk black and white, a duchesse, colour neutral between white and cream, similar to that which can be used for the summer jackets or cocktail dresses, and a fabric like viscose, very slight is indicated for the daily use, to be packaged shirts and summer clothes. Adriana Santanocito says: “The raw material could be at a low cost if it were not for the fact that nobody has ever made this undertaking: therefore, the all process is to make and has a very high cost”.

Now the goal of Orange Fiber is conversion to industrial scale after having created the production process, the entire production chain – resting to holdings for the conversion of waste citrus

already existing on the Sicilian territory to contain the costs – and the manufacture of the first prototypes. Processes made possible from the economic point of view thanks to the support of public notice of Trentino Sviluppo and of the Ministry for Economic Development for the recovery of citrus fruits waste, as well as various private funding of Sicilian investors. “Our idea is industrial, non-digital – says Santanocito – and this requires a high capital. We have participated in various competition and calls resulting in different funding’s to grow our project, but we have also received recognitions from the institutions: presentations to Copenhagen and Wall Street have given us many satisfactions, we understood to be on the right track.”

Appendix 5: First and second order codes

SOFFA

<i>First order codes</i>	<i>Second order codes</i>	<i>Aggregated dimensions</i>
Fashion production has fled Europe there is a lack of sustainable production and limited awareness ‘who made my clothes’	Outsourcing of fashion production	Outsourcing of production
There are barriers to entry to new designers: remain artisans with no access to production workshops	Barriers/no access to production workshops	
There is limited potential to scale up		
The negative effects that the fashion industries create on the garments industries	Negative effects on the industry	Reasons for local production
A country should be as self-independent as possible. One should choose the designers and textiles of that country, and have the production made locally	Being self-independent as a country	
You lose the traditions, all the knowledge of the traditional professionals	Loss of traditional professions	
There is extinction of traditional technical professions		
There is a high need for jobs in Europe and in Greece	Need for jobs	
After the financial crisis, there were many designers from Europe who were very innovative, but it involves high marginal costs		
Create all these job opportunities for your co-citizens		
Social cooperative		
Our clothing manufacturing is 100% done in house		
Our societies at the moment are so globalized, the local designer can be from a totally different nation. This is a very big opportunity to spare industrial production	Local clothing production	Key Activity
We usually work with designers all over the world	Partnerships	
Our shoe manufacturing is at the moment partially done by partnering factories		
We are trying to identify people in the innovation area. We have partnered up with technical universities		

Part of Fashion Revolution Greece founding board		
With Athens University of Economics and Business we have been able to be provided space		
Partners from the European Consortium provide us with very valuable information and networks		
This is what everybody should be looking for; sustainability throughout the supply chain. We know all the stages until something gets to our hand	Sustainability throughout the supply chain	Sustainable Supply Chain Management
For selecting materials, we know the producers exactly, and they are all certified. We should communicate a sustainable supply chain more to customers	Communicate sustainable supply chain	
Transparency across our entire platform	Transparency	
SOFFA produces from natural, man-made or recycled biodegradable materials	Certified sustainable materials	
The materials used do not only promote environmental sustainability, but also advance Fair Trade between producers and traders		
All products can be certified to be from sustainable and non-animal killed materials		
The orders now especially come from different countries in Europe, and from the people we know	Orders from different countries & people we know	Focussing on a Customer Segment
There are a lot of different orders and designers		
Customers are sustainable brands, designers, labels and wholesalers		
We still don't have a lot of local customers	No local customers yet	
3.30 EUROS to sell a textile bag, means it only covers the cost of the textile, it covers nothing else. This is not sustainable, because we cannot pay enough	Turning to the type of customer who pays a fair price	
Many customers want to pay as little as possible. We are turning to the type that wants to pay a fair price		
Our best option is to create garments for designers and customers that want to pay for ethical labour and sustainable textiles		
Awareness through SOFE hub, and Fashion Revolution. Locally, through tv channels and newspapers	Reach customers through partners	Channels

Holistic model is to create value for all stakeholders	Value creation	Value Proposition
Customers can choose from different alternatives, textiles from different origins, locations, and prices	Options for the customer	
We also produce and sell directly to retailers our own label SOFFA collection		
We design specifically for the needs of our customers		
We don't do charity and we don't create out of our head what everyone wants, only orders that will be sold	Serving customer need	
Custom-made, high quality and unique designs		
Human resources require most costs,		Human resources costs
We have human recourses, but because of lack of money we cannot employ them full-time		
At the moment yes, we work with minimums, we have very few money and we must spread it among a lot of people	At the moment minimum wages	
We need to do this until we raise more. The goal is to pay 30 percent more than the minimum	Goal to pay 30 percent more than the minimum	
Because we are not funded, so we finance ourselves, it takes a lot of time	Self-financed	Internal & external finance
We use our income from sales and parallel activities to increase our production capacity		
We are trying to get external investors	External finance	
Crowdfunding globally online		
We have obtained machinery through donations	Machinery through donations	
We lack professional machinery. Besides this, we lack space and we lack money	Lack of resources	Key Resources
We are also in touch with the government. We are looking if the ministry can provide us with space.		
Plan is to scale up our activity	Plan to scale up	Future plans
We use our income from sales and parallel activities to increase our production capacity		
We would increase our marketing capacity, to educate and approach consumers		

Orange Fiber

<i>First order codes</i>	<i>Second order codes</i>	<i>Aggregated dimensions</i>
Increasing number of consumers demanding sustainable materials and fashion brands seeking green innovation	Increasing demand for sustainable materials and green innovation	Business opportunity
Existing textiles are unable to satisfy the increasing demand in quantity and quality	Innovation to make the world a better place	
Innovation, sustainability and quality to make the world a better place		
First fashion collection created with the exclusive Orange Fiber fabric presented by a top fashion brand	Spark interest of the biggest fashion brands	Key Partnerships
Great strength is the internationalization of the products able to spark interest of the biggest fashion brands		
Orange Fiber is a portfolio company of Fashion Tech Lab (helps sustainable innovations create products & brands that evolve the industry and improve its social and environmental footprints)	Partnership	
Great strength is the innovative and sustainable approach applied to the textile and fashion industry	Sustainability through valorization of local recourses	Strength of innovation and sustainability
Great strength is the respect and valorization of local resources		
Company made up of innovation and elegance	Innovation and elegance	Value Proposition
Sustainable textiles from citrus juice by-products that would otherwise be thrown away	Sustainable textiles from citrus juice by-products	
Envision a new life for these materials		
Efforts are inspired by beauty, quality and the opportunity to provide an innovative and sustainable textile to production practices and the fashion industry	Inspired by beauty, quality and the opportunity to innovate	
Fabrics perfectly suited to Italy’s artisanal tradition of high quality textiles and high fashion	Fabrics are suited for Italy’s tradition of high quality textiles and high fashion	
Inside the fabrics are contained essential oils that dissolve in contact with the skin, smoothening	Value for the customers	
A lace silk black and white, a duchesse, colour neutral between white and cream, similar to that which can be used for the summer jackets or cocktail dresses, and a		

<p>fabric like viscose, very slight is indicated for the daily use, to be packaged shirts and summer clothes</p>		
<p>Our idea is industrial and requires a high capital</p> <p>The raw material could be at a low cost if it were not for the fact that nobody has ever made this undertaking: therefore, the process is to make and has very high costs</p>	High capital requirement	Cost Structure
<p>Processes made possible from the economic point of view thanks to support of public notice of Trentino Sviluppo and the Ministry for Economic Development, as well as various private funding of Sicilian investors</p> <p>Participated in various competitions, resulting in different funding's to grow our project</p>	Processes possible through financial help from the government and funding's	External finance
<p>The goal is conversion to industrial scale</p> <p>The future is promising</p>	Goal is conversion to industrial scale	Future plan