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ABSTRACT

Sustainability has become the mainstream argument in public debates and its principles are increasingly incorporated at the basis of any business planning. Since the 2000's, the private sector has sporadically developed mitigation and compensation approaches to address social and environmental externalities. Those practices, identified as Corporate Social Responsibility, needed radical improvements as the challenge of sustainability is calling for further efforts of the private sectors. The fashion industry, one of the most impacting on the planet, seems to have acknowledged the challenge by adopting innovative business models that provides positive impacts on society and the environment. Sustainability principles are taken as strategic drivers to improve their "value proposition" and to raise their "brand awareness". The spreading of sustainable business models in the fashion industry is an increasing trend, especially among start-ups and innovative ventures. As emerging businesses, it appears necessary to provide a better understanding of main trends among the diversity of sustainable business models. Grounded on real business cases across the Italian fashion industry, the aim of this research is to investigate how the design of innovative business models enables the creation of eco-friendly products, and at the same time, how the latter are perceived as added value by their customers, thus opening new market opportunities.

La sostenibilità è diventata l'argomento principale nei dibattiti pubblici e i suoi principi sono sempre più incorporati alla base di qualsiasi pianificazione aziendale. Dagli anni 2000, il settore privato ha sviluppato sporadicamente approcci di mitigazione e compensazione per affrontare le esternalità sociali e ambientali. Tali pratiche, identificate come Responsabilità Sociale d'Impresa, hanno avuto bisogno di miglioramenti radicali poiché la sfida della sostenibilità richiede ulteriori sforzi da parte dei settori privati. L'industria della moda, una delle più impattanti del pianeta, sembra aver preso atto della sfida, adottando modelli di business innovativi che forniscono influssi positivi sulla società e sull'ambiente. I principi della sostenibilità sono considerati fattori strategici per migliorare la "proposta di valore" e aumentare la "consapevolezza del marchio". La diffusione di modelli di business sostenibili nel settore della moda rappresenta una tendenza in aumento, soprattutto tra le start-up e le iniziative innovative. In quanto imprese emergenti, sembra necessario fornire una migliore comprensione delle principali tendenze nella diversità dei modelli di business sostenibili da parte delle imprese della moda. Basata su casi aziendali reali nell'industria della moda italiana, l'obiettivo di questa ricerca è indagare come la progettazione di modelli di business innovativi consenta la creazione di prodotti eco-compatibili e, allo stesso tempo, come questi ultimi siano percepiti come valore aggiunto da i propri clienti, aprendo così nuove opportunità di mercato.

Keywords: fashion industry, fashion start-ups, sustainable entrepreneurship, sustainable fashion, sustainable dressing, business models innovation, business models for sustainable entrepreneurship

1 – Introduction

Today, sustainability refers to the endurance and resilience of socio-economic systems and business processes, while not being harmful towards society and the environment. Ethical fashion, green fashion and sustainable fashion are often used interchangeably and describe similar concepts (Shen, Richards & Liu, 2013). Sustainability in a business standpoint is often grouped together with the notion of CSR - corporate social responsibility – that began to emerge in 1972, during a United Nations conference. Originally, the concept encompassed 3 issues: the interdependence of man and the natural environment; the relations between economic growth, social development and environmental preservation; and the need for a holistic approach in policy and management (Shen, Richards & Liu, 2013).

Sustainable fashion is associated with CSR and the production of clothing in a socially, ethically and environmentally responsible manner (Joergens, 2006). Sustainable clothing isn't just produced by companies that perceive sustainability as a defining characteristic of their brand (like Patagonia, People Tree, Eileen Fisher). In the past, fast fashion brands (e.g. Zara, H&M or Primark) ignored CSR (Arrigo, 2013) due to their focus on efficient production processes and mass market distribution (Cachon & Swinney, 2011; Simona Segre, 2005). However, following the increasing awareness about fast fashion's environmental impact and on several controversy they have recently incorporated sustainability into their clothing lines (Gazzola & al. 2018).

At the same time sustainable entrepreneurship among new fashion ventures, is becoming largely diffuse, and it brings together a variety of innovative initiatives seeking to address environmental and social concerns with their core activities and business processes. Those innovations certainly include an environmental focus by adopting circular economy principles (Gazzola & al. 2020), materials' and process' innovation, but also social and economic dimensions of innovation. Likewise, sustainable innovation cannot be understood through the sole technical spectrum, because it is likely to mobilize and impact all internal functions (marketing, design, human resources, etc.) and external stakeholders of the company. The study of business models among fashion ventures appears to be more appropriate (Todeschini & al. 2017) to understand the set of mechanisms and modes allowing an organization to create value (economic, environmental and social) for its customers and partners, while being economically viable.

2 – Sustainable Fashion: literature review, concepts and trends

Many companies communicate on sustainable development. This communication is defined as corporate communications on sustainable development - corporate sustainability communications (CSC) - (Signitzer & Prexl, 2007). CSC includes three categories: social aspects, environmental aspects and consumer participation (Köksal & Strähle, 2018). Regarding social aspects, sustainable clothing brands pay close attention to socially responsible working conditions. Fast fashion companies have also become more transparent about working conditions (Shen, Zheng, Chow & Chow, 2014). Because these companies have been associated, in the past, with dangerous workplaces and the mistreatment of their employees (Arrigo, 2013), they have integrated actions aimed at improving their working conditions (for example, H&M's commitment to sustainability code of conduct which obliges suppliers to comply with labor regulations). Communication on environmental aspects concerns the impact of production

practices on the environment (Strähle, Will, & Freise, 2015). Sustainable clothing brands are defined by environmentally friendly production processes, such as the use of ecological fibers. In addition, companies focused on fast fashion have introduced sustainable clothing lines (for example, H&M's "conscious collection", made from organic cotton). Finally, communication about consumer participation focuses on conscious consumption and clothing disposal habits (Strähle, Will, & Freise, 2015). This communication includes information on the use phase and durability of clothing, the potential use of renewable materials and the possibilities for recycling clothing (Strähle, Will, & Freise, 2015).

Although the fashion industry has become more attentive to sustainability, most consumers ignore it when purchasing clothing (Mohr, Webb, & Harris, 2005). Likewise, purchasing unsustainable clothing has environmental and social consequences, but it does not directly affect consumer welfare (Chan & Wong, 2012). As such, consumers are often unwilling to make sacrifices, such as paying a higher price. Consumers also lack knowledge about sustainable clothing (Hill & Lee, 2012; Ritch & Schröder, 2012). They have a hard time recognizing brands that really are (McNeill & Moore, 2015). Some consumers even doubt the credibility of CSC, due to corporate greenwashing (Lee, Oh & Kim, 2013). Strähle, Will and Freise (2015) define greenwashing as an international expression, negatively associated with companies which position themselves as "green" and use "ecological claims", even though there is no sufficient evidence, or even a total lack of credible certification.

In addition, consumer spending is geared towards products that have little or no positive impact on the environment and therefore greenwashing is even more successful, although the focus should be on innovation about real sustainable products (Strähle, Will, & Freise, 2015). As such, it is important to identify the sources that succeed in informing (and convince) consumers about sustainability in the field of fashion. According to this view, social media (Reilly & Hynan, 2014) and opinion leaders can be important vehicles for communication about sustainable clothing. The diffusion of innovation highlights the importance of opinion leaders in the adoption of ideas to have a positive impact on the implementation of new behaviors. Social media embrace the information needs of stakeholders such as consumers, investors, employees and associated businesses.

There are many sustainable alternatives for sustainable dressing, such as buying sustainable, ethical, organic or second-hand products, but also repairing, customizing or even renting clothes. The last points refer, in the scientific literature, to the concept of "collaborative fashion consumption" (CFC). CFCs are defined as a consumer trend whereby consumers, instead of buying new fashion products, have access to already existing clothing, or through other possibilities of acquiring individual property (gift, exchange or second-hand) or through different options (sharing, loaning, renting or leasing). The concept of "collaborative consumption" is not a new concept, but it has been facilitated and extended in recent years, thanks to the emergence of new information and communication technologies (Belk, 2014). In addition to the website giants of the sale of individuals to individuals (e.g. eBay.), we are seeing the development on different platforms of online sales dressing rooms on social networks or via mobile applications. Recently, the creation of Facebook or Instagram pages for the sale of second-hand clothes owned by individuals has been emerging. CFC has also grown with the emergence of the "Do it yourself" trend. This concept consists of creating objects yourself, to avoid consumption. We find it in different aspects of daily life, such as, decoration, sewing, cooking, etc. This activity promotes the reuse, transformation, diversion of an object or material to create another. This is the concept of "upcycling". Here too, one can notice the role of the digitalization of consumption.

Indeed, many communities have been created around blogs, tutorials and the exchange of practices on the Internet. Various forms of CFCs are accepted and practiced by consumers. Some people accept one or more form(s) of CFCs, while others totally reject the concept and oppose

sharing their clothes. Finally, this collaborative economy is leading to the rise of new consumers, known as "Nowners" (contraction of "no" and "owners"). They prioritize experiences over material goods and therefore favor exchange, loan, and rental services. This is how we see bicycles, scooters and shared libraries appear. These services replace the notion of selling the use of the good and are based on the digitization of consumption. However, some prefer to rent clothes only from companies, particularly in the specific field of clothing, because quality and hygiene are guaranteed. Others prefer to swap clothes, which they acquire ownership by swapping (Becker, Leifhold & Iran, 2018). However, the rise of these new digital options does not dethrone thrift stores and other second-hand stores, which are currently in vogue. Thrift stores not only offer second-hand clothes at lower prices, but also an opportunity to develop their sense of style (Khandual & Pradhan, 2018). These different concepts therefore allow consumers to help reduce textile waste as much as possible, but they also benefit from sharing production costs and reducing the burden of ownership. In some cases (renting, sharing, exchanging), this allows consumers to have access to new fashion products, for more variety, or to items that they could not afford given the cost.

To promote a sustainable fashion model, it is necessary to be able to develop habits and convictions with consumers. It is therefore natural to target a young population, which will be able to establish long-term attitudes and behavior that respect the environment in terms of consumption. (Kang, Liu & Kim, 2013). In addition, young consumers are seen as leaders, fashion leaders, due to their strong opinion on taste, as well as advocacy and promotion of new trends. They are therefore a source of inspiration for other consumers. Of course, consumers' motivations and their commitment to purchase go beyond the simple question of age and depends on contexts and living experiences, which in turn influence values, preferences and purchasing behavior (Parment, 2013). However according to the online dictionary Merriam Webster, Generation Y is defined as a group of people born between 1980 and 1995. Generation Z, on the other hand, is defined as a group of people born between 1996 and the early 2000s. A great characteristic of Generation Y is the way they communicate. The rapid evolution of the way people communicate and interact is indeed a characteristic that shapes it.

In this progression, the specificity of Generation Z is that the Internet has been part of their life since the beginning. Wifi was born in 1996, at the same time as them, Social media, constant connectivity, entertainment and on-demand communications are innovations suited to the millennial generation. These two generations have in common a generally positive attitude towards sustainable development. However, there is a clear contradiction between what this generation thinks about sustainable development and what it does. According to Connolly and Prothero (2003), one of the possible explanations for the existence of this gap between intention and behavior would be the lack of knowledge of the consumer about his contribution to environmental and social problems, linked to his personal consumption. Consumers also tend to attribute current sustainability issues external factors and refuse to accept that they can have their share of responsibility in the problem. Many efforts are still needed to develop a more sustainable way of life on a global scale. It is therefore essential that consumers are informed and made aware of sustainable consumption and how their behavior can influence this quest for sustainability.

3 – Sustainable Entrepreneurship (SE)

To better understand sustainable business models among Italian fashion business ventures, it is necessary to provide the basic theoretical framework developed recently by scholars on SE. The literature has mainly focused on the description of the phenomenon: the typologies of companies, the typologies of the entrepreneur, the distinction between traditional companies or entrepreneurs versus sustainable companies or entrepreneurs. Few authors have managed to shift from exploratory analysis of this type of entrepreneurship to purely academic analysis

based on actionable theories (Cohen & Winn, 2007; Schaltegger & al., 2016). Several definitions have been given about SE (O'Neill & al., 2006; Cohen & Winn, 2007; Dean & Mc Mullen, 2007; Hockert & Wüstenhagen, 2010; Schaltegger & Wagner, 2011 ; Shepherd & Patzelt H., 2011). In short, SE is defined by "the mitigation of social and environmental market failures through the discovery or creation and exploitation of potential opportunities".

The first research (Isaak, 2002) associated SE with environmental economics. They justify this by the existence of market failures due to environmental degradation thus creating exploitable entrepreneurial opportunities. Others (Gibbs, 2006; O'Neill & al., 2006; Schaltegger & Wagner, 2011) identify it in a sense of "creative destruction" by emphasizing the role of innovation in value creation. SE is therefore situated at the crossroads of the field of sustainable development and entrepreneurial innovation (O'Neill & al., 2006). Dean & Mc Mullen (2007) base their analysis on Shane & Venkataraman's (2000) definition of classic entrepreneurship and develop the idea that market failures as a result of environmental degradation create entrepreneurial opportunities. Cohen & Winn (2007) focus their research on the relationships between market failures (or imperfections) and entrepreneurial opportunities favorable to SE. SE finds itself at the crossroads of classic entrepreneurship and strategic management. This gives an interdisciplinary character which multiplies the theoretical perspectives around the concept of SE.

SE meets the goals of the Triple Bottom Line. This expression, introduced by John Elkington at the beginning of the 90s, corresponds to the triptych "Profit, People, Planet" where economic issues are faced with the well-being of populations and respect for the planet. So-called "sustainable" businesses by definition meet economic, social and environmental objectives. Stefan Schaltegger and Marcus Wagner (2011) identify four types of enterprises oriented towards sustainability. They propose a typology of companies oriented towards sustainability according to five criteria: motivation, objectives, the role of economic and non-economic objectives, and development prospects of the organization.

1) *Ecopreneurship*: in this form of entrepreneurship, environmental concerns are part of the core business of the company. Economic issues represent an end in themselves and profit is generated by solving environmental problems. Ecopreneurship is characterized by its strong commitment to environmental progress and its strong ambition for growth. The concept of eco-entrepreneurship is the oldest of the entrepreneurial concepts relating to sustainable development.

2) *Social entrepreneurship*: the main objective of this form of entrepreneurship is to solve social problems, the integration of economic objectives would be incidental. The first definition of social entrepreneurship was given by the Ashoka international association in 1980. Social entrepreneurship according to Ashoka is a personal commitment aimed at solving a large-scale societal problem and having for success the scale of its impact on society. Hence, social entrepreneurship concerns the non-profit sector (such as associations and NGOs) much more than the commercial sector. Over time, the market economic dimension grows as much as the non-market economic dimension. Zahra & al. (2009) believe that the evaluation of social entrepreneurship must take into account both economic and social considerations.

3) *Institutional entrepreneurship*: An institution is by definition a set of socially accepted standards, rules or practices. Actors who initiate change by creating new institutions or transforming existing institutions, while having the necessary resources, are considered institutional entrepreneurs. The actors who come to initiate change through the integration of sustainable development standards into the heart of their activities are considered institutional entrepreneurs.

4) *Sustainable entrepreneurship*. The theoretical basis envisions sustainable entrepreneurship as the act of detecting, discovering (or creating), exploring and exploiting an emerging

opportunity from social and environmental market failures. The opportunity detected and exploited must, however, according to some authors (Cohen & Winn, 2007; Schaltegger & Wagner, 2011) present a certain degree of novelty. It is the novelty that makes it possible to respond to the essential objective of SE, namely "change" (a new way of life, a new way of producing, of consuming) while respecting the principle of "triple-bottom line". Innovation would therefore be the central axis of sustainable business.

The notion of SE is broader than the previous ones. SE enables both the solving of social and environmental problems while making a profit (Schaltegger & Wagner, 2011). Financial performance is therefore both a means of achieving one's goals and an end in itself. The sustainable business is the result of the interplay between market incentives; namely the growing demand for the resolution of social and environmental issues from consumers and / or stakeholders, and the values and beliefs specific to the entrepreneur as a person.

4 – Business models for sustainable entrepreneurship

The Organization & Environment journal published a special issue in 2016 "Business Models for Sustainability", devoted to the "Business Model" approach to sustainable development. The aim of this issue is to give a new interpretation of sustainable business and build links between the company and its environment through innovative Business Models which, in a logic of value creation (as stipulated by the classic Business Model approach), will allow a fair redistribution and lasting of the latter.

The notion of BM was born with the emergence of the very first internet start-ups. The concept and the terms are vague. Verstraete & al. (2012) even wondered, if it was not just a "brainstorm" since millions of businesses have been created without using it. The emergence of the internet bubble in the 1990s gave birth to a new type of business known as "e-business". These companies needed to justify their economic model to their partners, so they adopted a tool called BM. It is, in fact, a value-resource function explaining "how the resources mobilized by a company are transformed into an offer for customers, and how it manages its value chain (internal) and its value network (external), made up of the multiple partners who participate in the offer (Lecocq & al., 2006,). H. Chesbrough and RS Rosenbloom (2002) propose a more operational definition of BM, around six functions:

- 1) articulate the value proposition,
- 2) identify a market segment,
- 3) define the structure of the value chain in the company,
- 4) specify revenue generation mechanisms,
- 5) define the company's position in the external value chain and
- 6) formulate a competitive strategy.

These attributes are used to justify the financial capital (resources) necessary for the realization of the model (value creation) and to define the trajectory of the company (Chesbrough & Rosenbloom, 2002). Verstraete & Saporta (2006) qualify the BM as an intellectualized construction of the unavoidable offer when it comes to approaching resource holders to transform them into stakeholders and show them the value they can derive from the project.

According to Verstraete & Jouison (2010), the BM is an agreement that focuses on the use of resources negotiated with stakeholders and the value generated by them. They explain this point of view by the fact that any nascent organization develops a conventional register by "the establishment of exchanges of resources between qualified actors (qualification agreement) allowing the realization of the project (effort agreement). The concept of value is predominant

in the construction of the BM. Schaltegger & al. (2016) add two other types of values that must be taken into account in building a BM: an ecological value and a social value. "Sustainable entrepreneurship is a sustainability-driven process that consists of solving environmental and social problems by exploring and exploiting the opportunities created using an innovative Business Model" (Schaltegger & al., 2016, p.268). They agree in considering that a company contributes to sustainable development when its core business provides solutions to social and environmental problems and, if it reaches a mass market with products or services presenting high standards of sustainability.

The model proposed by Schaltegger & al. (2016) shows that the market is characterized by the presence of a small number of companies that meet the sustainability criteria. They operate in a niche and hold little market share. Whereas larger companies (competitors), holding the largest market shares, provide fewer products or services qualified as sustainable. The typologies of sustainable entrepreneurs (Isaak, 2002, etc.) show that the latter is completely satisfied with its position in a niche market as long as it is maintained and it matches its values. However, Schaltegger & al., (2016) stress the importance of reaching a large market share with high standards of sustainability in order to achieve sustainable economic development and society. In this perspective, niche companies face the challenge of growing and conquering more market share, and large companies need to upgrade their products and services according to sustainability standards. For this, the authors advocate for business model innovations supporting the development of new products, services, techniques, or organizational methods that significantly reduce the environmental impact and improve the quality of life, through the introduction of new business models or by transforming existing business models. Case studies have long shown that small innovators in their garages or their laboratories are the starting point for change, however already established companies can also create a radical change using radical innovations or incremental innovations which will subsequently bring about a radical change in the market and which will then open a sector to small businesses (Schaltegger & al., 2016). Business model innovations for sustainability are defined as: Innovations that create significant positive and / or significantly reduced negative impacts for the environment and / or society, through changes in the way the organization and its value-network create, deliver and capture value, or change their value proposals (Bocken & al., 2014).

Bocken & al. (2014) criticize the literature on "sustainable" BMs for its lack of clarity on how companies should approach sustainability issues in their BM. They then attempt to propose a categorization of "sustainable" BM innovations by proposing archetypes for new "sustainable" BMs, on the one hand, and by helping the process of integrating sustainability into existing industrial BMs, on the other hand. This classification is based on the three main types of innovation in sustainable development: Technological, social and organizational. The authors then develop each archetype and propose a BM for each according to the classic BM definition: The proposal, creation and distribution of value on issues related not only to the mitigation of environmental impact and social, but also to the fundamental reconsideration of existing models. Unlike other proposals in the literature, this classification (or model) not only focuses on environmental innovations, it also incorporates social concerns that are often overlooked in the literature on sustainable entrepreneurship.

The main objective of sustainable entrepreneurship, unlike other types of entrepreneurship linked to sustainable development (as discussed in the previous section) would be of an economic nature. But certain variables such as the values of the entrepreneur, legislation or pressure from stakeholders push more towards a model responding to the People-Planet-Profit triptych. The literature on SE is currently approached by the research community as a case, a model, a particular form of creating value; economic, social and environmental value. However, two approaches in the literature have been raised. The Business Model approach sees SE as an innovative BM that creates three types of values: economic, social and environmental.

Sustainable BM can be technological, social or organizational. The proliferation of new innovative and sustainable BMs from entrants can push established companies to change theirs from a niche market to a mass market. The BM is above all a process facilitating the path from the idea to the Business Plan.

5 – Case studies

The emerging of sustainable business models in the fashion industry is an increasing trend, especially among start-ups and small innovative enterprises (Gazzola & al., 2020). Grounded on real business cases, this section is going to provide a brief overview of how new venture are able to capture green market opportunities, and how their specific business models enable the creation of eco-friendly products perceived as added value by their customers. To illustrate the practice of sustainable business models, representative enterprises based in Italy (in their start-up phase) have been chosen for case study analysis. Besides company issued documents and further documentary analysis, case studies were built upon interviews with founders and managers. The case study findings are displayed in a table through the Sustainable Business Model Canvas tool and explained in the section on the core business model basis of their value proposition, value delivery, value creation and value capture.

The first company taken into consideration, “Cingomma” an Italian craft enterprise, takes the form of an upcycling circular economy example. In fact, its raw material procurement is collected from valueless, end of life products, originated by a completely different industry (Figure 1).

Key Partners <ul style="list-style-type: none"> • Clothing and concept stores • Suppliers of second-hand raw materials (cycle workshop) • Multi-firms' agents for new store partnership • Associations, universities for raising green awareness campaign 	Key Activities <ul style="list-style-type: none"> • Finding and collecting raw materials (tires) • Treatment and transformation of raw materials • Business development and communication activities 	Value Propositions <ul style="list-style-type: none"> • Environmental values embedded in Cingomma's core business and brand representation • Eco-friendly and circular economy product • High quality handmade artisan products • Made in Italy brand and tradition 	Cust. Relationships <ul style="list-style-type: none"> • Digital strategies through social media and own website • Newsletter for updates and discounts • Email and chatbot Customer assistance 	Customer Segments B2B: <ul style="list-style-type: none"> • High-end stores an B2C: <ul style="list-style-type: none"> • Medium-high spending men • Made in Italy handmade accessories interested • Environmentally sensitive
	Key Resources Material resources: <ul style="list-style-type: none"> • raw material (tires) Immaterial resources: <ul style="list-style-type: none"> • Textile technical and stylist skills • Communication and business development skills 		Channels <ul style="list-style-type: none"> • Own website and e-commerce • Partner store • Multi-firms' agents for new store partnership • Fashion sector exhibition 	
Cost Structure <ul style="list-style-type: none"> • Artisan's salaries • Agency costs for social media communication activities • Packaging and transport Costs 		Revenue Streams <ul style="list-style-type: none"> • Major contribution of B2B sales • Minor contribution of B2C sales 		
Eco-Social Impacts <ul style="list-style-type: none"> • Re-use of waste materials (tires) • Local production has a positive impact on local economy and its community 				

Fig 1 – Sustainable Business Model Canvas of Cingomma (Source: own elaboration)

A. VALUE PROPOSITION

Cingomma has environmental values embedded in their core businesses based on circular economy principles. These eco-friendly attitudes and practices represent an added value for

their customers, for their partners and for other strategic stakeholders. Another value resides in the Made in Italy handmade product realized by local artisans. Italian high-touch is praised throughout the world and considered among the best for its quality and style.

B. VALUE DELIVERY

Cingomma uses digital strategies to develop relationship with customers, especially via social platform but also through its own website where accurate information about products and manufacturing are available. To implement this strategy the company relies on a communication agency that deals with social media activities. The company also attracts and retains customers through its newsletter by providing discounts, offers and by keeping updates on all its products and project activities. Besides, Cingomma offers customer personalized assistance through email. Similarly, they provide 24 hours, seven days a week chatbot: a small online tool to give customers the first answers to their queries. Regarding business-to-business relationships, the partner stores are managed one by one directly by the company or through agents or distributors.

Cingomma's primary contact point with customers is the company website, where all products are highlighted and sold. The online purchase is possible only if there are no physical stores within the customer's area. In this manner, the company has chosen to maintain and respect commercial partners' work. When Cingomma decided to open its E-commerce store this decision was taken to sustain their commercial partners and protect them of internal competitions. A second contact point for customers is given by partner stores who sell Cingomma products. For this, the company relies on multi-firm agents who are in charge of finding new possible stores that are interested in setting up a collaboration with Cingomma. The last channel is related to the participation in fashion exhibitions to raise brand awareness and build future partnership.

The first target is composed of high-end shops. In fact, Cingomma's core activity is the business-to-business market. These stores do not necessarily have to share Cingomma's green soul. In other words, these shops can have relationships with other brands that do not have the same eco-friendly approach. The second segment is composed by private customers, in a normal business to consumer relationship. The company has targeted a medium-high spending man, who likes made in Italy handmade accessories and finally, even it is not mandatory, who cares about the environment.

C. VALUE CREATION

Cingomma's main partners are customers, namely clothing stores, multi-brand bike shops, and concept stores distributed throughout Italy and in Europe. Other key partners are the suppliers of bike tires and air chambers. They are composed mostly of cycles workshops spread throughout northern and central Italy. The company intercepts these end of life products before they are collected for waste treatment or disposal in landfills. In this win-win situation both actors are reducing costs. Cycle workshops avoid waste collection costs, and Cingomma collects its raw material at a negligible cost.

Cingomma has implemented partnerships for social and environmental awareness raising projects with organization such as La Stampa of Torino (newspaper), Legambiente (environmental non-profit organization), Milan Polytechnic University for the VENTO project, and recently with greenTO (environmental non-profit organization) for the Plastic Free Movida project .

The first key activity is finding raw material. The company designs and produces its products with materials that come from, and safely flow, into their respective "nutrient cycles" . In this way they complete a circular process by optimizing materials uses and by eliminating the concept of waste. Every year, 380,000 tons of tires are destined for disposal in Italy. Cingomma, in order to avoid this "black waste tip" , has chosen to recycle this material.

The second key activity is the promotion of the brand. Cingomma's principal activity is to build business to business commercial relations to develop their market penetration in the Italian and European market. Besides, the company is present in sector's exhibitions and uses social media as a marketing tool to increase brand awareness and create new contacts with potential partner companies.

The last activity concerns the information given, through social media, to Cingomma's followers. The main goal is to promote products qualities and attributes and to sensitize followers about the environmental and ethical issues related to the companies' activity. In addition, the company provides the possibility to participate in their social commitment initiatives, such as the VENTO project.

Regarding material resources, the key elements are the collected old cycle tires (raw materials), necessary to be recycled and transformed into new clothing items. For what concerns immaterial resources, they are mainly related to the handicraft artisans dealing with the advanced cleaning treatment to recycle waste materials, and to transform them into highly desirable clothing. Finally, Cingomma's website and associated social media are a fundamental resource used to communicate the company's ideas, history, vision and, in particular, to put in value their products.

D. VALUE CAPTURE:

Cingomma's revenues comes from their products' sales. The major part results from the B2B channel, while the minor part derives from the B2C market. The main costs for the company are artisans' salaries, followed by packaging and transport costs. Finally, some minor costs are incurred by the communication agency for social media activities.

The second brand, "Rifo", was created in Tuscany in 2017, thanks to an ideas of Niccolò Cipriani and Clarissa Cecchi. This start-up proposes distinctive recycling processes that produces new garments from collected end of clothing (Figure 2).

A. VALUE PROPOSITION

There two main value considering the cornerstone of Rifo's business. The first is related to a high-quality product made of quality yarns manufacture by skilled artisans issued from the traditional knowledge of the textile fabrics in Prato. Therefore, it is fully assimilated Made in Italy brand.

The second is related to a remanufactured product under circular economy principles that fulfils green and lowers its environmental impact by reducing clothing waste. To strengthen this green value the company is engaged in creating consumer awareness about the true necessity to buy clothing items. In this perspective they also avoid discount prices during winter and summer sales to maintain the original products prices and push consumers to buy only when clothing is needed and necessary clothing. instead of buying a clothing "for the sole reason that it costs less".

B. VALUE DELIVERY

Rifo aims to sensitize its customers by offering an alternative to traditional production and consumption of clothing items. By acquiring Rifo's sustainable products, customers are provided with transparent information concerning the production process. Furthermore, customers are involved indirectly in social commitment projects as Rifo retain a certain monetary amount for each sales to be allocated to those activities.

Rifo's customers are composed of people between 25 and 45 years old, mainly women with university background. Sales are directed to the Italian market but also in France, Germany and Japan. Currently the start-up is planning to expand their market internationally.

Rifo distributes its products through its online e-commerce website and its physical shop (Agora) located in the city of Prato. In addition, they also collaborate with other multi-brands

boutiques (in Belgium, France, Switzerland, Germany, Ireland, England, Canada and the United States), that select Rifo’s products. This partnering allows them to be known and sold in countries where Rifo’s online shop is not operating.

Key Partners <ul style="list-style-type: none"> • Collaboration plan with big premium and luxury brands • Local artisans and SME’s for product processing • Partner stores for collecting old clothing • Local associations for social responsibility activities 	Key Activities <ul style="list-style-type: none"> • Collection of raw materials (old clothing) • Product development in collaboration with local clothing producers (regeneration process) • Business development and communication 	Value Propositions <ul style="list-style-type: none"> • Production of high-quality regenerated yarns • Circular economy fashion reducing environmental impacts • Zero KM production process empowering local economy and traditions • Made in Italy artisanal products 	Customer Relationships <ul style="list-style-type: none"> • Customer sensitization about reducing environmental impacts by providing transparent information on Rifo’s production process • Customer financial contribution on social impact projects 	Customer Segments <ul style="list-style-type: none"> • People between 25 to 45 years old • Women with university education
	Key Resources Material resources: <ul style="list-style-type: none"> • raw material (old clothes) Immaterial resources: <ul style="list-style-type: none"> • Textile technical and stylist skills • Communication and business development skills 		Channels <ul style="list-style-type: none"> • Rifo Online Store • Rifo physical shop (Agorà) • Multi-brand Shop 	
Cost Structure <ul style="list-style-type: none"> • Production costs • Promotion costs 		Revenue Streams <ul style="list-style-type: none"> • From e-commerce: 50 % • From physical shop: 50 % 		
Eco-Social Benefits <ul style="list-style-type: none"> • Compared to standard production: -90% of water use / -77% of energy consumption/ -90% of chemical products / - 95 % of CO2 • Zero KM production has a positive impact on local economy and its community • Each sale contributes by 2 euro to social impact projects 				

Fig 2 – Sustainable Business Model Canvas of Rifo (Source: own elaboration)

C. VALUE CREATION

Rifo has develop a wide web of material collecting partners, mainly non-profit organization gathering and sending to Rifo the old clothing needed for its recycling operation. The later and the garments manufacturing phase are completed by local enterprises of the Prato surrounding area. Those suppliers are cocreator of Rifo’s collection. Composed of highly skilled artisans, they have developed their textile working competence due to the historical clothing fabrics in the Prato district. Other key partners are related to local stakeholders, especially non-profit organization and their social and environmental commitment activities that Rifo is financially sustaining. Finally, Rifo is planning to collaborate with larger brands in order to help them in the sorting of stocks. In this way Rifo`wants to help them in adopting circular economy practices. As stated by the founders these brands could be both premium and luxury ones.

The core business activity is represented by the “regeneration process” that can be divided in two main steps. The first, the collection of old clothing, is organized with the support of associations or in alternative through the Rifo`online platform. Thanks to the latter, Rifo`allows consumers to participate in the clothing collection by sending their old and unused 100% cashmere garments. In exchange Rifo`is offering a 10 € discount on next purchases. When collected, clothing items are then divided into repairing items or materials to recycled. The second phase of the regeneration process deals with the transformation of the old collected cashmere into new fashion products. The old garments are transformed into raw materials, they are then spun and weaved into soft cashmere or cotton sweaters. During this process, Rifo`does not use chemicals for colouring, as the newly created clothing items maintains the original tints.

The main resources needed to run Rifo's business are old clothing considered as "second raw material" and machineries necessary to transform them into new garments. For what concern immaterial resources, the company needs communication specialist and fashion stylist in order to support Rifo's Business development. Currently, the company provides occupation for three full-time and three part-time employees.

D. VALUE CAPTURE

The major costs are resulting from the production and the promotion of Rifo's products. Whereas the source of revenues is collected from its e-commerce, their own shop and by other partners' shops.

6 – Discussion and Conclusion

In the last decade the industry of fashion has been gradually evolving towards a major responsibility in approaching environmental sustainability. Emerging political consensus on climate change together with the increasing adoption of sustainable development policies have pushed those highly polluting businesses to undertake an ecological industry transformation. At the same time, increasing customer awareness about environmental concerns and social distresses has opened market spaces to be explored and satisfied by eco-friendly and socio-ethical products. In this perspective emerging fashion ventures, start-ups and small enterprises, have played the trailblazer role in developing innovative business models and in testing their economic feasibility and market reactions.

An important path undertook by companies in adopting sustainability criteria is to tailor their business model to match sustainability principles in a circular economy perspective. This regenerative approach regarding resources, materials, and energy inputs is in contrast with the conventional linear economy, which has a "consume and dispose production model". In applying circularity in production process, the concept of waste is eliminated and replaced by materials to be reused, repaired, remanufactured or recycled in a close-loop system. In this perspective the use of resources is consequently minimised, and their productivity is optimised. The case studies presented in this work highlights how newly designed business models can be adapted to fit the sustainability principles. In fact, through them, companies are able to in some case to cut expenses and intercept emerging customers' needs and wishes with added value in terms of product attributes and associated information on environmental and social impacts. As fashion customers are increasingly choosing clothing items in a consciousness way it can represent a source of competitive advantage if properly communicated. These changes towards circularity can be implemented in two ways:

- by upcycling, transforming valueless materials into new goods of higher perceived value, utility, and/or quality than the original products,
- and/or by recycling, converting materials from existing products to create a new version of the same kind of product.

The case studies have also suggested that sharing economy and collaborative consumption practices are consolidating business models based on circularity principles. Fashion companies collect directly some of their raw materials through the second-hand market to intercept end of life products. Those practices reduce the demand for newly manufactured items and the associated natural resource consumption.

The analysis has additionally identified that in adopting sustainable business models, companies have to construct their customer relationship on a totally transparent basis. The value proposition requires to be supported by an in-depth explanation about the environmental and social impacts of the whole production process, the packaging and the distribution phase as well. In order to add sustained value and a rationale for future customer loyalty, this "green

and ethical marketing strategy” needs to be supported by certifiable and traceable information confirmed by independent organism and/or rigid internal procedures.

Although, start-ups and small companies have limited financial possibilities, marketing and communication activities appears as a crucial factor to engage and convince potential customers. The strong use of social media and other online tools as described in the cases are not only dictated by financial limitations but also by customer segment identification, mainly millennial characterized by high quality education, and concerned with socio-environmental concerns. Another trend observed is the willingness to be associated with organizations and personalities engaged in nature conservation and in environmental awareness raising actions.

Finally, cases have attributed serious interest in developing collaboration and co-creation practices with local actors and suppliers. This attention towards the context and the community in which they operate is a prerogative for reducing environmental impacts but also a strategic business design anchored in the core value that supporting local economic development improves the brand ethical image. In this perspective actions of corporate social responsibility are similarly implemented to develop the brand visibility beyond pure markets relation with local stakeholders.

This paper is limited in presenting strong findings because it takes into consideration only 2 cases. More research is needed to identify sustainable fashion start-ups and classify them across business models and business archetypes. In a richer perspective in depth case studies could allow to better comprehend social and environmental impacts and benefits by using the Triple Layered Business model. In an economic transformation perspective, insights about how (and how much) new entrants are influencing existing players is also required to verify the interplay between business practices and the transformation of the fashion industry.

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