



CLOTH Cluster alliance for the transition
to green and digital fashion



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Lessons learned & recommendations for clusters and SMEs



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This document complements the project’s activities related to the exchange and transfer of know-how and joint development and it is based on the results achieved and the inputs received from multiple stakeholders to exchange views and experiences, share best practices and lessons learned, and present recommendations on how to best unleash the main challenges of the Fashion sector in the process to advance in the digitalization and sustainable transformation.

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1. Overview of CLOTH project

The **CLOTH project - Cluster Alliance for the Transition to green and digital fashion** - aims to boost the interregional cooperation through the creation of a cluster alliance within the Fashion sector that promotes the necessary conditions to create a favourable ecosystem of relevant stakeholders, from a cross-sectorial perspective, that lead to a greener, smarter and more competitive and innovative European Fashion sector, creating new alliances, business and investment opportunities for the European small and medium-sized enterprises (SMEs).



The CLOTH project will contribute to promote the competitiveness, sustainability and resilience of the Fashion sector addressing its environmental and social impacts in coherence with the European Green Deal and the Circular Economy Action Plan.

To achieve these objectives, the CLOTH project is integrated by a cross-sectorial partnership of 5 partners from 5 European countries (Spain, Bulgaria, Romania, Denmark and France) that are working on different value chains: Fashion and Textile, circular economy, creative industry and Digital.

1.1 Specific objectives

The scopes of CLOTH project will be achieved through a set of specific, measurable, achievable, realistic and time-constrained (SMART) specific objectives which are fully aligned with the COSME COS-CLUSTER-2020-3-03 call topic scope and objectives. The specific objectives are the following:

Objective 1 – Promote a Common Partnership Strategy and its road map to strengthen the cluster alliance through the definition of common agenda of activities and a long-term collaboration strategy to address together the main Fashion's sector challenges and needs;

Objective 2 – Promote the transfer of innovation, and the green and digital transition of the Fashion's SMES, from a cross-sectorial dimension, that give them a competitive advantage in an involving international business ecosystem;



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Objective 3 – Boost the competitiveness, sustainability and resilience of the Fashion sector addressing its environmental and social impacts in coherence with the European Green Deal and the Circular Economy Action Plan;

Objective 4 – Improve the cluster management capacities and skills through the definition of a capacity building programme towards cluster excellence that address the main challenges and needs that are facing the clusters to become the key drivers of this European fashion ecosystem that facilitates SMEs competitiveness, innovation, internationalisation and growth;

Objective 5 – Enhance cooperation, alliances and networking among clusters and SMEs from the Fashion sector through the definition of a programme of innovative and excellence services addressed to the clusters' members with the aim to support SMEs towards the transition to a green and digital fashion sector, promote the creation of new business opportunities and innovative solutions to overcome the challenges of the Fashion sector;

Objective 6 – Support SMEs in the digital and sustainable transformation of their businesses, processes and operations and strengthen their skills and competences in management, development, innovation, circular economy, internationalisation and entrepreneurship aligned with market needs;

Objective 7 – Promote the exchanges of best practices, know-how and lessons learned along the project to capitalise the project results;

Objective 8 – Contribute to rise-awareness on the clusters activities and COSME Excellence programme disseminating the project results and objectives achieved.



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1.2 Objectives of this guideline

The overall objective of this document is to elaborate a guideline of lessons learned and recommendations for clusters and SMEs to address the current sector crisis due to the COVID-19 facilitating innovation, networking and new business opportunities from a cross-sectorial dimension.

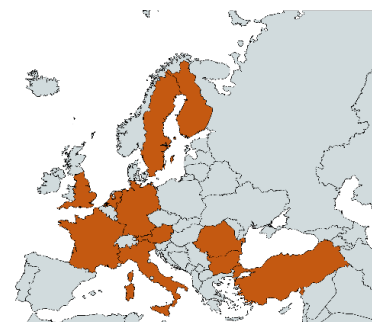
This guideline of lessons learned and recommendations for clusters and SMEs will focus on:

- results of the project,
- recommendations to clusters and SMEs,
- main challenges of the fashion sector towards digitalization and sustainable transformation and how to face them.

2. Results of the project

During its two years of implementation, the CLOTH project achieved the following results:

- 11 ClusterXchanges in 8 different countries (London, Amsterdam, Rimini, Ancona, Munich, Frankfurt, Milan, Ruse, Bucharest, Vienna, Stockholm, Helsinki, Lyon, Istanbul, Florence).
- 79 visiting organisations to ClusterXchanges,
- 5 capacity buildings,
- 5 webinars (71 participants).



3. Recommendations to clusters and SMEs

Education: clusters and SMEs should be more educated about the benefits of the sustainable and digital transformation.

Cooperation: clusters and SMEs need to be in close relations and work together with fashion institutes, laboratories and recycling organizations and to be more oriented towards internationalization (look for partners across Europe). On the other hand, as lessons learned, we can recommend clusters to use the CXC programme within the partners countries. We could have opted for the organisation of CXCs in all our 5 countries (Spain, Romania, France, Denmark and Bulgaria) for a better use of resources (human and financial) and to create stronger relationships between companies we represent.



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Following the latest trends: follow new innovations and technologies can help business by having good knowledge of the sector and aligning the trends with the needs of companies. The role of clusters is fundamental in guiding companies to address new transformative projects, shape a positive image of the sector that create attractiveness for new generations. Clusters and SMEs should be more sensitive to the future challenges of markets, anticipate them and try to adapt their business model on time.

Participating in more green projects: visiting green fashion fairs and initiatives.

Working with sustainable fashion consultants: if possible, hire a consultant who can help them with the sustainable and digital transformation.

Target activities: as much as possible make yearly surveys to focus on the right activities for the SMEs. It is important to create.

Follow the EU textile strategy: update and assist SMEs to prepare upcoming regulations.

4. Main challenges of the fashion sector

While specific challenges may vary depending on the unique characteristics of the region and fashion business model, some common obstacles are associated with sustainability and digitalization.

4.1 Sustainability

Circular principles: implementing circular principles in traditional brands is a real challenge. We can give as examples: take-back system, circular design, re-sell. Moving from linear to circular business models takes testing, knowledge and to some extent, uncertainty of the outcome. The lack of adequate leadership can lead to a risk of non-adaptation on time for companies.

Access to sustainable materials: replace petroleum-based raw materials with other biobased or recycled ones. SMEs can have limited access to sustainable and eco-friendly materials within some countries, which can make it difficult for fashion businesses to source and incorporate sustainable materials into their production processes. Relying on imported materials may lead to higher costs and logistical challenges, affecting the competitiveness of local fashion brands in the global market.

Awareness and education: low awareness among consumers and businesses about the importance of sustainable practices in the fashion industry can slow down the pace of sustainable transformation. Lack of education and training on sustainable production methods, ethical sourcing, and environmental impact mitigation may hinder the adoption of sustainable practices within the fashion sector.



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Consumer behavior and preferences: aligning local consumer preferences with sustainable and ethical fashion choices can be challenging, especially if there is a strong demand for fast fashion and affordable clothing. Shifting consumer behavior towards more sustainable and ethical consumption patterns may require effective marketing strategies and educational campaigns to raise awareness and promote responsible consumer choices.

Supply chain complexities: managing complex supply chains, especially for SMEs some countries as in Bulgaria, can pose challenges in ensuring transparency and ethical practices across the production process. Limited resources and expertise to monitor and maintain sustainable practices throughout the supply chain may hinder the implementation of sustainable transformation initiatives.

Overproduction & overconsumption: adjust production to demand to avoid excess production unsold.

Regulatory framework: challenges related to the regulatory framework, including compliance and adaptation to EU regulations and standards, can affect the digitalization and sustainable transformation of the fashion sector. Adhering to stringent environmental and labor regulations may require additional resources and expertise, which could be a challenge for smaller businesses and emerging fashion entrepreneurs.

4.2 Digitalisation

Limited digital infrastructure: the availability and quality of digital infrastructure, including internet connectivity and technological resources, can pose a challenge to the adoption of digitalization in the fashion sector. Insufficient access to high-speed internet and advanced technological tools may hinder the implementation of digital strategies and e-commerce solutions.

Data: lack of data in the supply chain and during the lifecycle of textile products. There is an improvement needed in the digitalization of SMEs processes to be able to introduce tools that allow traceability of the production process, testing technologies (e.g. blockchain for achieving transparency) and include data from gate (grave in LCAs).



Sample volumes: samples volumes are a challenge towards sustainability but also for digitalization as it could be possible to use virtual design tools to reduce sample volumes.

Training: work teams needs training to get used to digitalization.



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5. How to face the main challenges of the fashion sector?

To address the challenges faced by the fashion sector in the context of digitalization and sustainable transformation, several strategies and actions can be implemented.

Government support and policy initiatives: governments can introduce supportive policies and incentives to encourage the adoption of digital technologies and sustainable practices in the fashion industry. This could include:

- restrictions in how many items to produce and buy to avoid overproduction and overconsumption,
- financial assistance,
- tax incentives,
- grants for businesses that invest in sustainable and/or digital initiatives.

With financial assistance and incentives, clusters members could have the opportunities to enter targeted projects including relevant activities for them while following sustainability and circularity objectives of the fashion sector. Moreover, investing in SMEs sustainability plans, in research, development and innovation or in sorting and recycling plants can help to define the internal transition strategy to more sustainable productions, develop new biobased fibers or treat and recycle textile waste and use these new materials obtained in proximity.

Digital infrastructure development: investing in the improvement of digital infrastructure, such as high-speed internet connectivity and technological resources can facilitate the adoption of digital tools and e-commerce solutions within the fashion sector. This could be the beginning of a solution to the lack of data and to advance in a digitalization process. The development and adaptation of the digital passport for example could be a solution for the lack of data. Encouraging public-private partnerships to develop and upgrade infrastructure can help businesses overcome digitalization challenges.

Education and awareness programmes: implementing educational programmes and awareness campaigns aimed at promoting sustainable practices and raising consumer awareness about the environmental and social impact of the fashion industry can drive behavioral change. Collaborating with educational institutions and industry experts to offer training programs on sustainable production methods and ethical sourcing can help build a skilled workforce.

Collaboration and networking: encouraging collaboration and networking among fashion businesses, industry associations, clusters, companies, universities and relevant stakeholders can foster knowledge sharing and best practice exchange. Collaboration can update the current training programmes and adapt them to the technological needs of the sector: eco-design, virtual samples, new materials, ... Establishing platforms for information sharing, collaboration, and joint initiatives can help businesses navigate supply chain complexities and collectively address sustainability challenges.



Sustainable material innovation and sourcing: promoting research and development in sustainable material innovation can reduce dependence on imported materials and foster a local supply chain for eco-friendly resources. Supporting local suppliers and manufacturers in adopting sustainable practices can contribute to a more sustainable and resilient fashion ecosystem.

Consumer engagement and awareness: engaging consumers through marketing campaigns, sustainable fashion events, and educational programmes can help raise awareness about the importance of ethical and sustainable fashion choices. Encouraging responsible consumer behavior and promoting the benefits of supporting local and sustainable fashion brands can drive demand for eco-friendly and ethically produced clothing.

Compliance and certification: facilitating access to information and resources related to regulatory compliance and sustainability certifications can assist businesses in navigating complex regulatory frameworks. Cluster can assist their SMEs with understanding why and how to implement and work with circular business models. To go further, they can provide guidance and support for businesses to adhere to international standards and certifications can enhance their credibility and competitiveness in the global market.

6. To conclude

In order to address these challenges, fostering collaborations among government entities, industry stakeholders, and educational institutions can help to create a supportive ecosystem that promotes digitalization and sustainable transformation within the fashion sector. Encouraging investments in digital infrastructure, promoting sustainable material innovation, and providing incentives for businesses to adopt sustainable practices can contribute to the long-term growth and competitiveness of the sector. By implementing these strategies, the fashion sector can overcome or at least mitigate the challenges and foster a more sustainable and digitally advanced industry that aligns with global trends and consumer demands.