

## **Business Model Innovation for Closed Loop Fashion**

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The fashion industry is considered a resource intensive industry having environmental and social impacts along the entire value chain. During the last decades many companies have focussed on improving their activities aiming to minimize negative impacts of their products. These improvements have mainly concerned upstream value chain issues, such as sustainable materials, cleaner production, fair labour conditions etc. and downstream value chain issues, such as use, reuse, recycling and disposal have not received much attention. However, in light of an increasing amount of textile waste, the world's decreasing natural resources and the industry's growing need for raw materials it is increasingly apparent that business as usual is not an option in the future and more companies are gradually developing their current practices from a whole life cycle perspective. At the same time, fashion companies are the designers of products that eventually turn into a waste problem and they are strategically positioned close to consumers with the ability to influence the consumer behaviour towards more sustainable practices.

Traditional business model research concentrates mainly on generation and delivery of economic value, whereas sustainability-oriented business model literature suggests a holistic approach where economic value is captured through delivering social and environmental benefits. In addition, the existing literature seldom considers product's life cycle aspects. This research paper contributes to the field of business model innovation, in the context of the fashion industry, by exploring how fashion companies may integrate end-of-life issues into their business model and discusses what type of innovation this requires.

The paper takes departure from the existing business model literature with focus on sustainability, combined with literature on reverse logistics, closed loop production, and cradle-to-cradle. The theoretical discussion is combined with rich empirical data from one case study of a European denim brand that is in the process of implementing a product take back system with the aim of closed loop fashion production. The empirical data set consists of 16 semi-structured, in-depth interviews, participant observations and documentation analyses that were conducted over the period of one and half years. The paper proposes a novel discussion of how fashion companies can integrate end-of-life issues of their products at the business model level.