
One Retailer's Perspective on Care Labeling, Consumers, and the Environment

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I want to thank you all on behalf of the Gap for inviting us to participate today. This is a very exciting initiative. When I came to the Gap two and a half years ago, we sat down and started prioritizing our environmental impacts and some of the initiatives we wanted to tackle. We looked at these issues, not only in relation to manufacturing and our suppliers, but also our products. It was clear that one important issue was the care of the garment, based on the chemicals that were used. Based on all the work that's been done over the last few years, my comments are probably a summary of what's already been stated. Also, while I don't really have any legal obligation to provide you with a disclaimer, I do want to say that my comments are reflective of what we believe at the Gap, and they're not necessarily representative of our industry.

I want to give you a little bit of background on the Gap, especially for our European visitors who may not see the Gap in every mall, yet. We are a specialty retailer providing casual clothing for men, women, and children under five brand names, the Gap, GapKids, babyGap, the Banana Republic, and the Old Navy Clothing Company. We operate approximately 1,800 stores, and this number goes up almost daily, in the United States, Canada, United Kingdom, Germany, France, and Japan. Currently, we also employ somewhere in the neighborhood of 66,000 employees worldwide. It's a pretty extensive organization and because of this, the impact we have on the environment is not insignificant. It is obviously not something we can ignore. When I came to the Gap, we began looking at ways to influence not only the manufacturing of our products, but also other areas. We looked at construction, looked at our internal practices, and looked at any

areas where we could have an impact. I think that anyone in the company would agree that profitability and responsibility are not exclusive and in fact someone argued that these circles should overlap. I just wanted to make it clear that we do believe that these two will work in sync and are looking for ways to support this. Initiatives such as this conference really get to the heart of this issue. Not only are we talking about enhancing customer satisfaction but we're also talking about improving environmental performance on a very large scale.

In terms of customer satisfaction, we have found, through numerous focus groups both here and in Europe, that the care of the garment is something that's important to customers. It's something that they do look at, particularly for the shoppers of Banana Republic, which features higher end, more tailored clothing. As Jo Patton mentioned, I am serving on the University of California, Los Angeles Advisory Board on their wet cleaning demonstration project, to support their research. The retailer really is on the front line of garment care issues. It's our label, and it's our reputation that's at stake here. We need to make sure that these initiatives are going to work. Inclusive in that is looking at whether this process is going to perform well on all fabrics. We also want to make sure that when we go ahead with something like this that the environmental reductions are measurable. We're looking closely at the tradeoffs involved in wet cleaning and in the life-cycle of a garment from textile manufacture through to disposal. Also, we can't forget the financial impact both on the manufacturer and the customer. Obviously, we're going to need to put a lot of testing into this to make sure it's going to work. On the issue of care labeling, we want to make sure the

customer is not going to be confused. We find that we really only have about 10 seconds with the customer during their decision-making time, and we want to make sure that, in that time, we're giving them the information that they need in the way they can easily understand. That brings me to the next point, educating the customer and how we are going to do that.

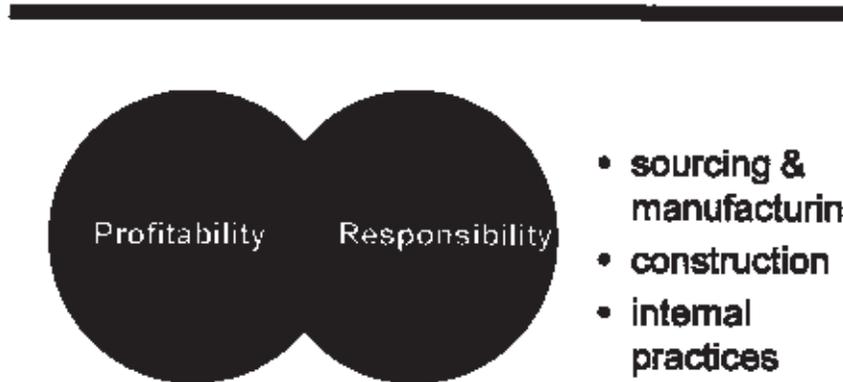
There are things the retailer can do, but other forms of education such as advertising may be needed. The success of this initiative really will be determined in the market place, and I think that we really have to make sure that the marketplace is ready when we have it together.

A Retailer's Perspective on Apparel Care and the Environment

Gap, Inc.

- **Specialty retailer - casual clothing**
- **Five brand names - Gap, GapKids,
babyGap,
Banana Republic &
Old Navy Clothing Co.**
- **1756 stores - U.S., Canada, U.K.,
Germany, France, Japan**

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Apparel Care

- **Support initiatives to: enhance customer satisfaction and improve environmental performance**
- **Considerations**
 - does process perform well on all fabrications?
 - are the environmental reductions measurable?
 - what is the financial impact on both the manufacturer and the customer?
 - will the customer be confused by a new label?
 - how can we best educate the customer?