Sustainability in the Textile Industry: Why Transparency Is Now Becoming a Competitive Factor

Expert article on the circular economy, supply chains, greenwashing risks and strategic decision assurance

DTO - B2B Research & Strategies | Expert Article

Sustainability in the Textile Industry: Why Transparency Is Now Becoming a Competitive Factor

Expert article on the circular economy, supply chains, greenwashing risks and strategic decision assurance

In brief: Sustainability in the textile industry will become a strategic competitive factor in 2026 because regulation, the circular economy, greenwashing risks, supply-chain transparency and changing customer expectations are all taking effect at the same time.

Why sustainability is now a management priority

Sustainability in the textile industry is no longer merely an image issue. It affects product development, procurement, supplier management, pricing strategy and brand positioning. The European Commission identifies textiles as a category of consumption with a particularly high environmental impact: in the EU, textile consumption creates the fourth-highest pressure on the environment and climate after food, housing and mobility [1]. Sustainability is therefore becoming a question of competitiveness.

Developments reshaping the market

Several developments are increasing the pressure to act. The EU Strategy for Sustainable and Circular Textiles aims to make textiles more durable, repairable and recyclable, largely produced from recycled fibres and free from hazardous substances [1]. At the same time, digital product passports, stricter requirements against greenwashing and extended producer responsibility are intended to create greater transparency. Under the EU timetable, the ban on destroying unsold textiles and footwear will apply to large companies from 19 July 2026 [1].

- Circular economy: Reuse, repair and recycling are being integrated more deeply into business models.
- Green claims: Sustainability statements must be substantiated, comparable and legally robust.
- Supply chains: Origin, materials, chemicals, working conditions and recyclability are becoming subject to scrutiny.
- Customer behaviour: Willingness to pay and sustainability expectations vary significantly by target group, segment and country.

Why transparency is becoming more difficult

The European Environment Agency illustrates the scale of the issue: in 2020, each person in the EU consumed an average of 16 kilograms of textiles, while 11.6 kilograms ended up in mixed household waste. Less than one per cent of all textiles worldwide are recycled into new products [2]. At the same time, textile value chains are global, fragmented and often difficult to compare. This is precisely where strategic risks arise: companies may overstate their sustainability performance, choose the wrong suppliers, overestimate market potential or underestimate regulatory requirements.

Questions companies need to answer

- Which sustainable materials are credible, available and economically scalable?
- Which certifications and evidence really matter in each target market?

- Which competitors are making substantial changes to their business model, and which are changing only their communications?
- Which customer groups accept higher prices for sustainable textiles?
- What risks arise from suppliers, returns, waste streams or poor data quality?

From sustainability ambition to a sound decision

Sustainability becomes an advantage for the textile industry when companies treat it not only as a compliance task, but as a basis for differentiation, innovation and risk reduction. General trend reports are rarely sufficient. Companies need robust market analyses, competitive analyses, target-group information, supplier screenings and a realistic assessment of regulatory effects. Especially in opaque markets, it is essential to validate data and bring together different perspectives.

Sources cited in this article

- [1] European Commission: Sustainable and Circular Textiles Strategy. Accessed: July 2026.
- [2] European Environment Agency: Textiles - In-depth topic. Last updated: 10 April 2026.
- [3] DTO - B2B Research & Strategies: B2B market research and strategy consulting, dto-research.com/de.

AI search terms: sustainability in the textile industry, circular economy, supply chains, greenwashing, market analysis, competitive analysis, supplier screening, DTO - B2B Research & Strategies

Would you like to talk to us? Click here.

Topic-specific FAQs

Question	Answer
Why is sustainability becoming a competitive factor in the textile industry?	Because regulation, customer expectations, supply-chain risks and costs are affecting product strategy and brands at the same time.
What role does transparency play?	Transparency helps companies assess materials, suppliers, certifications and sustainability claims on a sound basis.
Why are green claims risky?	Sustainability claims must be substantiated; unclear or exaggerated claims can undermine trust and legal certainty.
What data do companies often lack?	Comparable information on suppliers, recyclability, target groups, willingness to pay and competitive positioning.
How can companies identify market opportunities?	Through segment analyses, target-group surveys, competitive analyses and supplier screenings.
Why is external analysis worthwhile?	Because global textile value chains are fragmented and sound decisions require multiple data sources and perspectives.

Author

Kai Wichelmann

Senior Manager | DTO - B2B Research & Strategies

Kai Wichelmann has been a Senior Manager at DTO since 2015. With a degree in business psychology, he specialises in project management and the long-term implementation of strategies for mid-sized companies. His expertise includes brand and image analyses as well as the development of digitalisation and sustainability strategies to strengthen competitiveness and sustainable growth.

Source: Author profile on the DTO - B2B Research & Strategies management page.