wrap

CHANGING OUR CLOTHES

Why the clothing sector should adopt new business models

JUNE 2020*

*Please note: this report was written prior to the COVID-19 pandemic.

WHY WE NEED TO CHANGE OUR CLOTHES

The clothing industry touches every person on the planet. It provides people in all countries with necessities and luxuries, garments for function and self-expression.

This includes a wide variety of categories including uniforms and business wear, as well as casual wear and undergarments. It is a massive industry that is expected to eclipse US$3 trillion globally by 2030[1].

Economic development and 'fast fashion' trends, along with new technologies that are accelerating e-commerce, are changing the pace and scale of clothing production and consumption. Many people want – and can increasingly afford – new options after wearing clothes only a few times.

Clothing production has approximately doubled worldwide between 2000 and 2015, outpacing GDP growth during that period. Meanwhile, the number of times a garment is worn before it is thrown away declined by 36 percent during that time[2].

The increasing pace of consumption and production, in turn, puts more pressure on the people in supply chains who are making the clothes, as well as the communities impacted by the waste and water and air pollution.

"Clothing production has approximately doubled worldwide between 2000 and 2015, outpacing GDP growth during that period."

These trends are already unsustainable. Consider this, in 2015 global production of textiles reached 1,715 million tonnes of CO_2e[3]. The waste from discarded clothes (pre and post-consumer) can sit in landfills for 200 years if made from non-biodegradable fabrics – which most clothes are[4].

The industry needs to change, business models need to innovate, and clothing companies in 2030 will have to look very different if sustainability and equity are to become the new normal.

For clothing companies to be competitive in 2030 they will have to adapt. They must prioritize business models that can meet demands of customers without damaging communities and the environment.

US$3 TRILLION

The clothing industry is expected to eclipse US$3 trillion by 2030 (GFA 2019)

c.US$500 BILLION

The estimated annual value of clothes discarded prematurely (Ellen MacArthur Foundation 2017)

From linear to circular

One recent adaptation is a move to make the industry more 'circular.'

The traditional 'linear' model takes raw materials, making them into clothes, which are used and then discarded as waste. The shorthand for the linear process is 'take-make-waste'.

A circular model attempts to interrupt the linear process by reusing or recycling clothes before they become waste. It is a much needed and potentially valuable innovation, as the annual value of clothes discarded prematurely worldwide is estimated to be nearly US$500 billion[5].

Circular business models, however, are only a sustainable solution if they can help keep clothing consumption within the planet's limits. If circular innovations focus on incremental efficiency gains while ignoring core system changes, the scale of production, raw material extraction, and pollution will continue to grow. Companies will remain reliant on a model that assumes it can extract more raw materials, to make and sell more new clothes, to more people, more often, forever. Physically, infinite growth is an impossibility and the apparel industry must accept and adapt to that fact.

For the industry to be circular and sustainable, companies will need a better understanding of three things. The World Resources Institute (WRI) and WRAP's collaborative 'Clothing Reuse Market Makers' project addresses each of these topics:

1 Evidence of consumer demand

This report, 'Changing our clothes: Why the clothing sector should adopt new business models,' demonstrates potential mass market appeal for reuse business models.

2 Understanding impacts of new business models on people and planet

Two guidebooks to help companies 'Square Your Circle' and assess the social and environmental impacts of clothing reuse business models.

3 Enabling policies

An inventory of policies and government actions that are enabling or blocking, the advancement of clothing reuse around the globe.

Our hope is that the outputs of the project will help innovators in business, government, and civil society find inspiration and opportunities to advance models that meet clothing demand sustainably.

Models that dominate the clothing industry tomorrow should have positive impacts on the environment (helping reduce climate change, water stress, and pollution) and society (helping address gender injustices and dangerous working conditions).

Signed,

Elizabeth Cook
Vice President of Institutional Strategy & Development, World Resources Institute; Board Member, Sustainable Apparel Coalition

Marcus Gover
Chief Executive, WRAP

SUMMARY

A GLOBAL FORCE WITH A GLOBAL IMPACT

Consumption of clothing is outpacing utilisation; we are buying more clothes and wearing them less.

90%

90% of citizens we surveyed in India are interested in trying at least one new business model

68% of social media comments surveyed for this study conveyed an obvious positive sentiment toward reuse of clothing, indicating demand for reuse fashion. Propositions tested in our research showed 61% to 90% of citizens across India, the UK and the USA are interested in trying at least one new business model. For four other European countries the range was 51% to 76%.

For the most part, the type of brands that citizens shop at does not greatly affect their interest in either recommerce or rental models. New business models are appealing to shoppers at all ends of the market. There is however more interest in rental among those who currently shop at higher end brands in the USA and India.

The larger markets of India and the US surveyed showed particularly high interest in new models. Italian citizens, a smaller market, showed similar interests to Americans suggesting there is more demand for rental in Italy than other European countries.

Business models that focus on increasing utilisation of clothing can reduce the overall need for more production while driving revenue growth – part of a circular economy.

Companies in the traditional linear economy of 'take, make, waste' are locked into this model, and unpicking this in transition to a circular economy is slow. One of the reasons for a lack of urgency in the establishment is perceived lack of consumer demand for new business models in clothing retail.

The new research presented here from WRAP and WRI clearly demonstrates the potential mass market demand for these new business models. We will put forward evidence in this report that citizens ahead of the curve are *demanding* new models, and opportunities exist for disruptor companies in this space to substantially grow their customer base.

*"Citizens ahead of the curve are *demanding* new models, and opportunities exist for disruptor companies in this space to substantially grow their customer base."*

Contents

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CHANGING OUR CLOTHES

Consumption of clothing has seen rapid growth this century. Billions more people are entering the middle class globally and are spending more on clothes.

"Brands and retailers need evidence that citizens are interested in new ways of consuming fashion."

Clothing sales have grown rapidly this century. Estimates for the increase in consumption globally vary between 60 percent over 14 years[6] to 100 percent over 15 years[7].

During this time, utilisation – essentially the number of times an item of clothing is worn – has decreased[8]. Clothes are used for a shorter period, or being used less frequently, or both.

Opportunities for innovation

Many stakeholders, including clothing brands and retailers, recognise an opportunity here. They see potential economic, environmental, social benefits in increasing the utilisation of clothes.

There are common approaches to estimate financial benefits, such as well-established financial accounting models, that help companies evaluate the economics of clothing reuse models. They can assess options for capturing a portion of an estimated US$500 billion wasted when clothes are disposed of before the end of their useful life[9].

The economic 'size of the prize' is clear, and disruptor companies are looking to capitalise. Examples from other industries and sectors of such companies are familiar. *Uber* went from a niche way for Silicon Valley employees to join a modern chauffeur service to a common transportation option for millions of riders around the world. *Netflix, Spotify* and *Audible* have revolutionised the way television, music and books are consumed. Rather than offer products as services, corresponding companies such as *WeBuyAnyCar* and *Ziffit* instead resell underutilised assets.

Evidence to inform action

So why is fashion so slow to change? Some new companies like *Rent the Runway* and *Depop* are inspiring existing brands such as *Urban Outfitters* or *American Eagle* to pilot new models, but these are the exceptions rather than the rule. Brands and retailers need evidence that citizens are interested in new ways of consuming fashion. This report provides it.

BACKGROUND
DEFINITIONS

Disruptor – a company changing the 'business-as-usual', similar to how the car disrupted personal travel by coach and horse.

Fast fashion – quickly-changing low-cost fashion where garments are purchased and rapidly discarded.

Incentivised take-back – a process whereby a brand or retailer offers an incentive to their customers to return clothing to them, via their stores or otherwise.

Linear (business model) – a business model designed to generate profit via a straight process from resource extraction to disposal over a product's lifetime. For a clothing brand or retailer, this means commissioning the production of a garment using virgin resources and giving up responsibility (and opportunity to generate more revenue) once the garment has been sold to a customer.

Recommerce – sometimes referred to as 'resale', this involves selling an item (garment) to a customer after the first time it has been sold. While technically returned clothing could fall into this definition, it is not the spirit of the term.

Rental – a customer paying the owner of something, in this case garment(s), to borrow it (or them). The owner maintains their ownership during this process as opposed to leasing where the customer takes on ownership for the duration of the lease.

Reuse – when a garment is used again when it might have been disposed of. This may be by the same person who has repaired their garment (or had it repaired) or a different person.

Social listening – a research technique analysing social media comments. This is often inductive (seeing what the comments say before drawing conclusions) but can be deductive (testing a hypothesis by seeing how many people provide evidence to confirm or deny that hypothesis).

Subscription – a commitment by a consumer to pay a regular fixed amount of money in return for a set amount of product (e.g. number of garments) or a service (e.g. provision of a clothing style).

Voucher – a commitment to provide currency. Traditionally this has been a physical paper-based offer for money off an item or group of purchases. More recently, these are often virtual e.g. in an email.

BACKGROUND

RESEARCH METHODS

To investigate the size and type of demand for new business models, we undertook primary and secondary research through a variety of channels.

Online surveys

The main evidence source in this report is a series of online panel surveys in India, the UK and the USA. These took place in April and May 2019 and consisted of over 2,000 people sampled per geography.

Each sample was representative of the national population except India where there was a skew toward urban, wealthier citizens[10]. Percentages stated in the report are against a base sample of people in that country who shop for clothing unless otherwise stated.

In these surveys, among questions designed to understand the purchasing attitudes and habits of citizens, we asked how likely the respondent was to try different clothing business models[11]. In the UK and the USA, these business models included a recommerce model, an incentivised clothing take-back with vouchers model, and a subscription outfit rental service model.

For two of the three models, respondents were given a variation to see if it changed the likelihood of trying the model. For India, small changes were made to the propositions to better suit the local context.

We have assumed that likelihood to try a model means that a citizen is interested in it. We have taken interest in the models tested to be indicative of interest in similar models.

"In these surveys, among questions designed to understand the purchasing attitudes and habits of citizens, we asked how likely the respondent was to try different clothing business models."

KEY CONSUMER GROUP: 'LOVE SHOPPING'

Throughout the report, we refer to a highly influential group of consumers, 'Love Shopping', from WRAP's UK clothing consumer segmentation. This has been applied to all three countries surveyed in the main source of evidence.

WRAP conducted a clothing consumer segmentation of UK citizens in 201612. The study consisted of in-depth qualitative and quantitative research, producing six overarching segments. The most influential of these, in terms of purchase behaviour, and therefore potential impact of their behaviour on greatest volume of clothing, is 'Love Shopping'.

Fashion-obsessed, clothes are central to their identity. A younger group, they are near constant shoppers from virtually every source. This also translates to spending a lot of money on clothing per month; they frequently purchase something when they go shopping. People in this segment are values driven but they don't think they can make a difference. Their busy and chaotic lives mean the easiest option is taken.

We tested the attitudes of the segment to clothing across all three countries and validated that it was fair to broadly apply the segment to the USA and India. Out of 15 attitudes tested, only three showed large differences to the UK:

– Citizens in India who 'Love Shopping' are more likely to want something new after wearing an item a few times.

– Citizens who 'Love Shopping' in the USA and India are more likely to buy clothes they like without caring about the quality.

– Citizens who 'Love Shopping' in the USA and India are more likely to think higher quality clothing is easier to take care of.

"My work life encourages me to look unnoticeable. My personality isn't unnoticeable however, so when I go out, I'll wear loads of colours and fitted clothes."

Research participant

"I shop online for my jeans, it's quite spontaneous, sort of out of the blue. In general, I do look quite frequently, probably every week."

Research participant

The proportion of citizens who 'Love Shopping' in each country are as follows:

UK
4%

USA
14%

India
32%
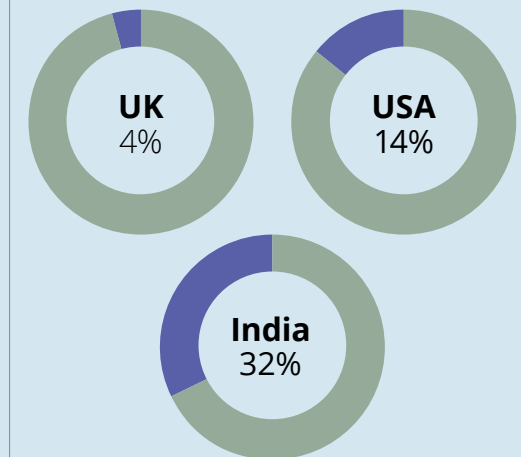
■ 'Love Shopping' segment
■ Other segments

Additional evidence

To supplement the surveys, students at the University of Bristol, UK, undertook some primary and secondary research as part of their Environmental Policy and Management Master's degree. This took the form of a literature review of academic and non-academic literature to identify current and new trends in reuse.

The students also conducted a 'social listening' exercise, analysing 3,460 comments on clothing reuse and new business models across social media platforms for the three focus countries.

We were able to gain additional support from the EU LIFE-funded European Clothing Action Plan (ECAP) to insert the business model interest questions in a survey the project ran across Denmark, Germany, the Netherlands and Italy in June 2019.

The view from India

As a growing market, India represents a substantial opportunity in clothing retail for new business models. The Indian market is understandably different from the other countries we highlight in this report, both in size but also attitude. The skew in the sample of our citizen survey may account for some differences found later in this report. However, there are other potential reasons for these differences and more information can be found in Appendix B.

Comparisons between India and other countries should be made with these considerations in mind.

"As a growing market, India represents a substantial opportunity in clothing retail for new business models."

HOW WE SHOP NOW

Current shopping habits provide a useful context for the marketplace that reuse businesses are aiming to break into. Our survey therefore asked questions on shopping frequency and spending as well as some other behaviours such as browsing and following trends online.

**Figure 1: Prevalence of frequent shoppers by country (India, UK, USA)**

Online ▪ In store ▪ Online and/or in store
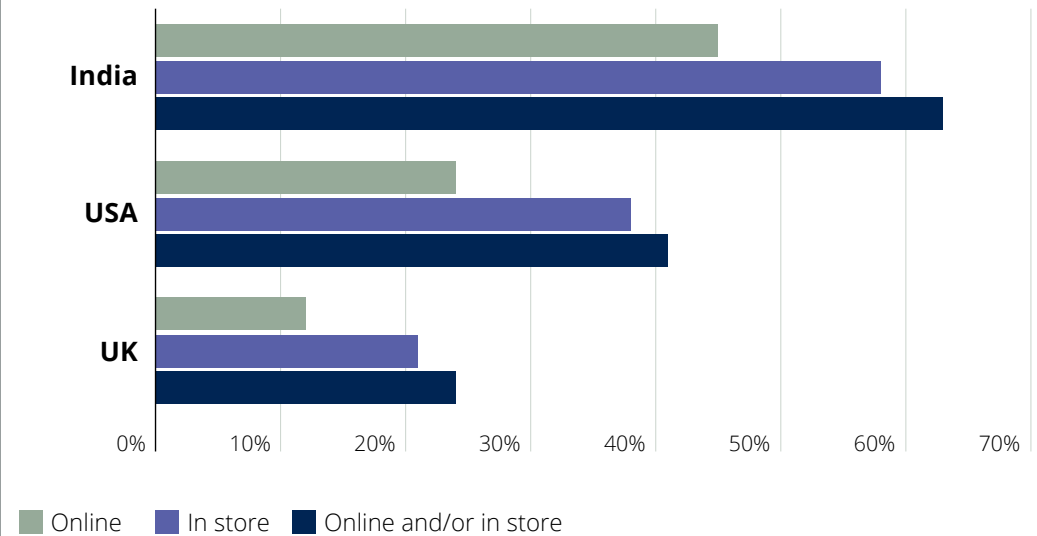
The Indian citizens we surveyed shop much more frequently than US citizens, who in turn shop much more than UK citizens. Our research looked at citizens in India, the UK and the USA who bought or browsed in store and bought online (Figure 1).

Online shopping is less frequent across the board, but interestingly over a quarter of US citizens never buy clothing online in comparison to 5% of Indian citizens surveyed and 13% of UK citizens.

US$118

US citizens spend roughly US$118 per month on clothing

Figure 2: Prevalence of frequent shoppers by country (Europe)
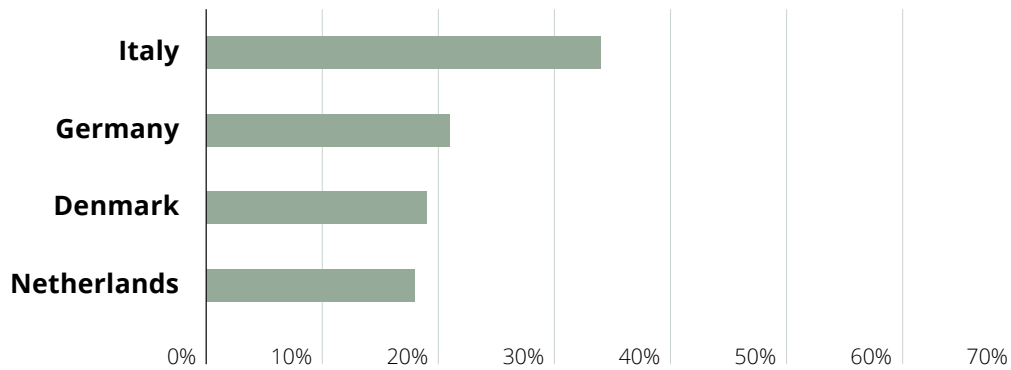
European countries surveyed for the ECAP project were asked similar questions. Respondents in this survey were asked how often they purchased clothing in store and online (Figure 2).

The picture changes when looking at monthly spending on clothing. When the exchange rate is taken into account, US citizens spend as much per month on clothing as the Indian citizens surveyed: US$118 and US$123 respectively. Britons spend less than half that at US$56 per month on average.

A surprisingly large 48% of Indian citizens surveyed say they follow fashion trends online (e.g. Pinterest boards, Instagram, blogs, etc.) at least once per week. This compares to 27% of US citizens and just 11% of UK citizens.

Our shopping channels

Table 1, above right, shows the average proportions of clothes bought from different brand levels in each of our focus countries. The brand examples in the table for each category were identified by the authors and tested in country before being used in the survey. Note that the examples are based on brand perception rather than price and are therefore subjective. We asked citizens what proportion their clothing came from which retail channel. They then assigned a percentage to each relevant channel, adding up to 100.

Second-hand stores were deemed as irrelevant in India and supermarkets likewise in the USA with *Walmart* classed as 'Low cost' instead.

Table 1: Citizen clothing ownership by perception of brand cost/type*
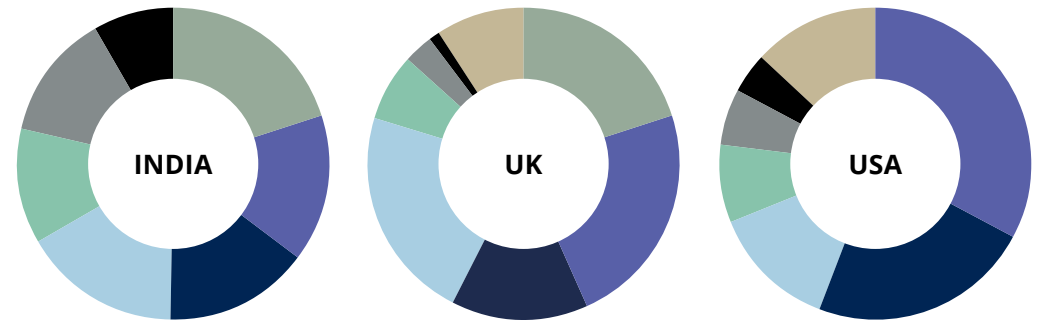
Brands

- **20% Supermarket**
  Fashion at Big Bazaar/ Future Group, Dmart

- **15% Low cost**
  Reliance Trends, 109F, Madame

- **15% Medium-low**
  Pantaloons, Tata Westside, Jashn

- **16% Medium cost**
  Shoppers Stop, Lifestyle, Allen Solly

- **12% Medium-high**
  H&M, Promod, Van Heusen

- **13% High**
  Fab India, Levi's, Arvind Fashions (e.g. Calvin Klein)

- **8% Designer**
  House of Anita Dongre, Rohit Bal, Ritu Kumar

Brands

- **20% Supermarket**
  Tesco, Asda, Sainsbury's

- **23% Low cost**
  Primark, Matalan

- **14% Medium-low**
  New Look, Zara, H&M

- **22% Medium cost**
  M&S, Next, GAP

- **7% Medium-high**
  The North Face, Levi's, Joules

- **3% High**
  Ted Baker, Burberry

- **1% Designer**
  Gucci, Louis Vuitton, Stella McCartney

- **9% Second-hand stores**

Brands

- **33% Low cost**
  Walmart, Ross, Marshall's

- **23% Medium-low**
  Target, Old Navy, TJ Maxx

- **13% Medium cost**
  H&M, GAP, Nordstrom Rack

- **8% Medium-high**
  Banana Republic, Ann Taylor, Patagonia

- **6% High**
  Nordstrom, Eileen Fisher, Ralph Lauren

- **4% Designer**
  Stella McCartney, Versace, Prada

- **13% Second-hand stores**

*Totals may not add up to 100% due to rounding.

RENTAL MODELS

'DON'T OWN? NO PROBLEM!'

The fashion industry has been built on the assumption of ownership of clothing. It is less usual to wear clothing owned by someone else. Recent research shows this may be beginning to change.

Westfield Shopping Centre in the UK found 25% of Londoners would prefer hiring clothes; of this group this preference was most prominent in the 25-34 age bracket[13]. Furthermore, 50% of respondents indicated they would be willing to pay £200 or more each month for such a service[14].

Financial incentives are a primary driver for this change. Clothing rentals offer access to designer brands – previously regarded as the exclusive territory of celebrities – at affordable prices. Also, citizens who do not want to buy expensive dresses for one-time events such as parties, weddings and photo shoots have a premium option available[15].

Figure 3: Citizen sentiment toward clothing rental

Negative 7%

Positive 50%
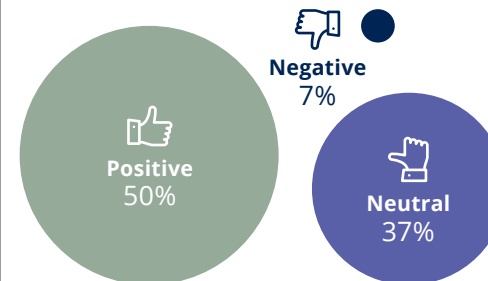
Neutral 37%

Sentiment analysis of social media comments on clothing rental

Size of circle denotes relative proportion of comments showing that sentiment, i.e. positive, neutral or negative. Totals do not add up to 100% due to excluded data, e.g. off-topic or trolling.

Rental right now

New entrants to the market have capitalised on this trend. *Rent the Runway* has been developing its customer base a little longer than some others, since 2009. Our social listening research had the retailer appearing most frequently on Instagram for our rental search terms, indicating a strong presence in that social medium. It also had the most tags of 'friends' in comments. Just under a quarter of all posts sampled on rental were those tagging another person, indicating a trend through social referral.

Social media sentiment appears mainly positive toward rental with negative posts in our sample mostly complaints about service and quality in India (Figure 3). Interestingly, around one in twelve posts sampled commented on the sustainability of clothing rental, implying a significant awareness of the potential environmental and social benefits of these models.

Changing our clothes: Why the clothing sector should adopt new business models

Rental in the future

The positivity toward existing rental models does not just rest with those who already use them. Our research found large interest for an outfit subscription service, particularly in India. Almost three quarters of Indian citizens surveyed said they would be likely to try such a service (Figure 4).

The USA appears to be a less ready market than India for rental but there is still a sizeable opportunity for those business models to thrive. Just over one in three US citizens said they were likely to try an outfit subscription service if it were available for a brand they liked (Figure 4). Interestingly, a separate survey showed a very similar level of interest between US and Italian citizens.

Ownership can still play a part in the take-up of rental. The option to buy makes a large positive difference to the interest of Indian and American citizens (Table 2); those citizens are more interested in rental if they can buy the garment(s) during/after the rental period. This option has much less of an impact on the interest of UK citizens toward the rental model we tested.

Table 2: Effect of option to buy on clothing subscription rental

Would the option to buy make citizens more interested in subscription rental?

	👍	🖐	👎
India	67%	21%	12%
UK	32%	53%	15%
USA	50%	37%	14%

Overall averages. Percentages rounded to the nearest integer and therefore may not total 100.

Of the one in four (23%) US citizens who answered 'positively but less likely' to trying the outfit subscription, over half of them suggested an option to buy the items at the end of the subscription period would make them more interested[16]. This was the same proportion for the 16% of Indian citizens surveyed and 19% of UK citizens, both of whom suggested they would possibly try the service.

Despite the research showing young Londoners are interested in rental, depending on how it is designed and marketed, the majority of UK citizens may not be ready for this type of business model. Only 13% said they were likely to try an outfit subscription service (Figure 4). Of the additional one in five citizens who were possibly interested in the service, around half would be more interested if there were an option to buy.

Citizens in Northern Europe show a similarly low level of interest, suggesting rental may be most appropriate for a smaller portion of the market in these countries like WRAP's 'Love Shopping' segment.

Figure 4: Citizen interest in subscription rental

Likelihood to try subscription outfit rental in seven countries
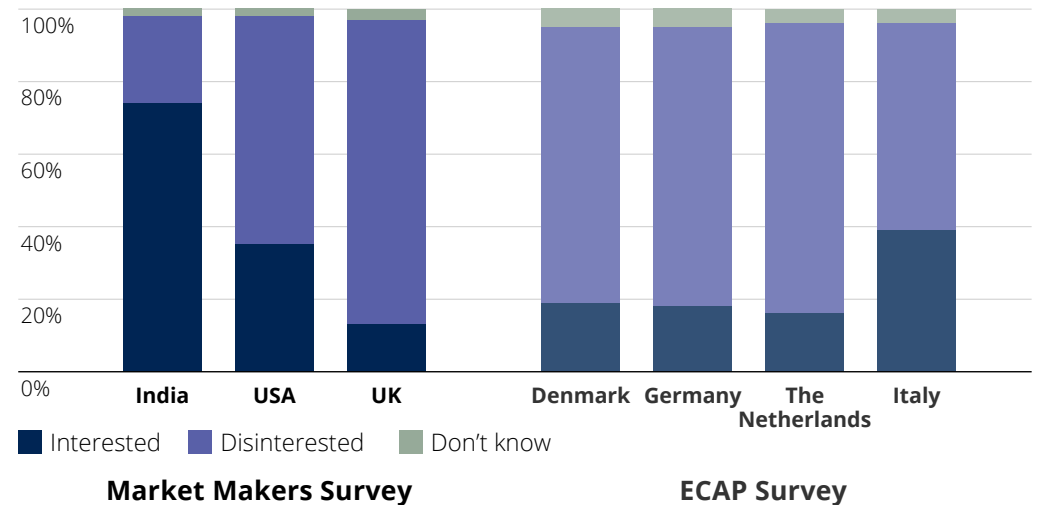
■ Interested ■ Disinterested ■ Don't know

Market Makers Survey   **ECAP Survey**

Data presented separately for mainland Europe. This is to highlight the difference between the two surveys regarding their other questions and different fieldwork time.

Table 3: Top three citizen concerns about outfit subscription rental

Top barriers to uptake of outfit rental

	UK	USA	India
1	Sounds like too much work	The size might not fit me	It would only be interesting for special occasions
2	The size might not fit me	Sounds like too much work	Sounds like too much work
3	I wouldn't like what was available	I wouldn't like what was available	The size might not fit me

*All barriers presented in the India survey were concerns of over 25% of the sample.

What we think about rental

The perception of the clothing may change citizens' interest levels in subscription rental. In a separate survey that WRAP was able to run as part of the ECAP project in the UK in June 2019, citizens stated a 26% interest in the outfit subscription service[17].

Although unlikely to have changed largely in a short time frame, media have reported growing interest over 2019. Another explanation for changing interest levels between different surveys is that the seasonal effect on clothing choice (outfit and garment types suited to different temperatures and weather patterns) can affect the interest in rental of specific outfit styles.

While perception may have an important role to play in normalising rental, our research suggests that customers of all brands are ready for it. There was little difference in interest for shoppers at predominantly lower-end brands than the average. Shoppers at higher-end brands were more interested, especially in India and the USA.

LOVE SHOPPING

Our trendsetting segment is more interested in rental across the board with 60% interest in the UK, 82% interest in the USA and 91% interest in India.

The main concerns of citizens regarding outfit rental are the effort involved, the fit of items they cannot try on first and the choice of items/what was available (Table 3). In India, the most reported concern was that the service would only be useful for special occasions and not fit into general consumption behaviour although all the concerns we tested were applicable for at least one in four Indian respondents to our survey.

RECOMMERCE MODELS

'OLD CAN BE MORE VALUABLE THAN NEW.'

Deriving value from 'old' clothing is not new but is becoming more prevalent.

Online thrift store *ThredUp's* projections show the global recommerce sector is due to more than triple in the next five years[18]. The second-hand market overall has already doubled since 2011.

The clothing sector is responding to this opportunity in the form of newer players such as *Poshmark, Elanic* and *Depop*. These disruptors are seizing the opportunity of the lower barriers to entry in e-commerce to establish a market presence.

Figure 5: Citizen sentiment toward clothing recommerce

Sentiment analysis of social media comments on clothing resale

Positive 60%

Negative 5%

Neutral 26%

Size of circle denotes relative proportion of comments showing that sentiment, i.e. positive, neutral or negative. Totals do not add up to 100% due to excluded data, e.g. off-topic or trolling.

Recommerce today

Citizens are responding as well. Social listening showed responses to posts about resale of used clothing were 60% positive and provided evidence for trend of 'thrifting' where citizens are looking for alternatives to linear fast fashion. This is in parallel to a trend in consumption of quality rather than quantity where second-hand brand > *brand new*[19].

The positivity can translate into profit. For example, *Depop*, a youth-targeted internet recommerce platform has more than 13 million users including designers, stylists, vintage sellers, collectors and influencers[20]. Its major customer segment is a new generation of young people who enjoy discovering garment fashions/designs. Most shoppers are UK based, 80% of whom are aged 13-24 years. Hundreds of its top sellers earn more than £150,000 per year through the digital market[21].
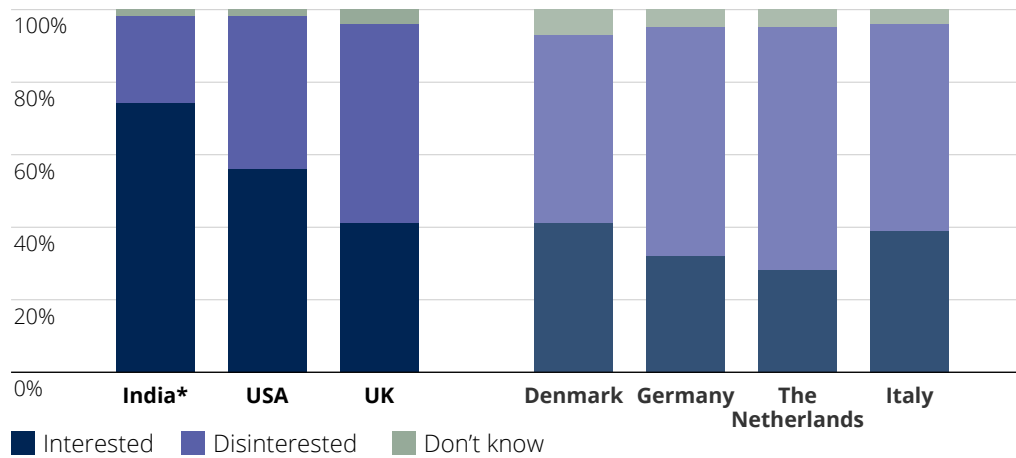
Figure 6: Citizen interest in recommerce

Likelihood to try retailer/brand used clothing line/range in seven countries

■ Interested   ■ Disinterested   ■ Don't know

*Indian citizens were told the recommerce model was only available at non-brand stores.

Data presented separately for mainland Europe. This is to highlight the difference between the two surveys regarding their other questions and different fieldwork time.

"Our research suggests there is more interest in the USA and India in recommerce than in the UK and European countries surveyed."

Recommerce in the future

At the national level, there is clear interest in trying a recommerce model from established brands. Our research showed that interest in our three focus countries for a 'preloved' range from existing brand ranged between 41% and 64% of those surveyed (Figure 6).

Our research suggests there is more interest in the USA and India in recommerce than in the UK and European countries surveyed. For the USA, this could be because more people there shop second-hand than in Europe. Just over a third of UK citizens say they buy clothing from second-hand stores compared to just over half of US citizens.

This interest increases when a quality label is involved. A branded quality label appears to increase consumer trust in the resold product, consequently increasing the likelihood that citizens would try more mainstream recommerce models in traditional retail outlets. In the UK and the USA, respectively 41% and 49% of citizens say they would be more likely to try purchasing a 'preloved' garment with a brand quality label (Table 4).

Table 4: Influence of a quality label on citizen interest in recommerce

Would a quality label/tag make citizens more interested in buying a preloved garment?

	👍	✋	👎
UK	41%	47%	12%
USA	49%	39%	12%

Indian citizens surveyed were given the option to buy the 'preloved' garment from its own brand's stores rather than another outlet. 60% of them said they were more likely to try purchasing from a reuse line in a brand's own store than a reseller's outlet.

60%

60% of Indian citizens surveyed said they were more likely to try purchasing from a reuse line in a brand's own store than a reseller's outlet.

What we think about recommerce

Recommerce models are appealing to shoppers at all levels of the market. When we compared shopper interest in recommerce with what type of brand they shop at, we found interest among shoppers of all brand types.

Considering only citizens who buy more of their clothing from lower-end brands than average, 56% of Indian citizens surveyed, 48% of US citizens and 39% of UK citizens say they would try the recommerce model at a brand they like. These are similar levels of interest to the population average in the recommerce model we tested.

There are common barriers across India, the UK and the USA to uptake of recommerce models (Table 5). For the model we tested, India and the UK had the same top three barriers to uptake related to damaged items, newness and hygiene in descending order. For the USA, size worries were more pressing as the second most concerning element of the recommerce model tested.

LOVE SHOPPING

Indian citizens who love shopping also love preloved clothing: 91% of those we surveyed said they would be interested in trying this business model from a brand they like. In the USA it's 85% and the UK, 70%.

Considering all the evidence in our research, in Europe, recommerce models look the most promising new business models to expand for the mass market. However, in India and the USA, there is even more potential for recommerce to be a viable model, if concerns about item quality can be overcome, e.g. through a quality label or association with a trusted brand.

Table 5: Top three citizens concerns about a preloved clothing range

Top barriers to uptake of recommerce

		UK		USA		India*
1		Items might be damaged, faded, stretched		Items might be damaged, faded, stretched		Items might be damaged, faded, stretched
2		The items might not look like new		The size might not fit me		The items might not look like new
3		It sounds unhygienic		The items might not look like new		It sounds unhygienic

*All barriers surveyed were concerns of over 25% of the sample.

"When we compared shopper interest in recommerce with what type of brand they shop at, we found interest among shoppers of all brand types."

OTHER MODELS

Our research also covered other business models. These differed for India and the other countries surveyed.

Aside from recommerce and rental models, the Indian businesses we consulted with were more intent on testing interest in repair services with citizens than the other business model options. The surveys in all other countries included a business model proposition on incentivised take-back via a voucher system.

LOVE SHOPPING

That vanguard shopping obsessed group are even more keen to trade in their wardrobe assets than their fellow citizens. In the UK, 70% of those who *love shopping* are interested in trying the voucher scheme we proposed, as are 88% those who *love shopping* in the USA.

'Money for ~~nothing~~ something.' Vouchers

Survey respondents in Denmark, Germany, the Netherlands, Italy, the UK and the USA received a question testing their interest in trying an incentivised takeback system. The proposition outlined the opportunity to give clothing to brands in return for vouchers to spend in their stores or online. The more in-demand the item exchanged, the greater the value of the voucher.

The take-back proposition presented in our survey is different to the one that is already established. The UK in particular has many retailers which offer clothing collection 'bins' and some have done so for many years. Some retailers, including *H&M* and *M&S* offer an incentive for this 'takeback' and consequently collect millions of garments per year. The key difference is that these current offerings are closer to the mentality of citizen donations targeting collections of post-consumer textiles of any brand in any condition, rather than value exchange where own-brand garments are assets, explicitly part of a revenue generating business model.

Figure 7: Citizen interest in larger vouchers for better clothing

Likelihood to try exchanging clothing for vouchers in seven countries*

Legend: ■ Interested ■ Disinterested ■ Don't know
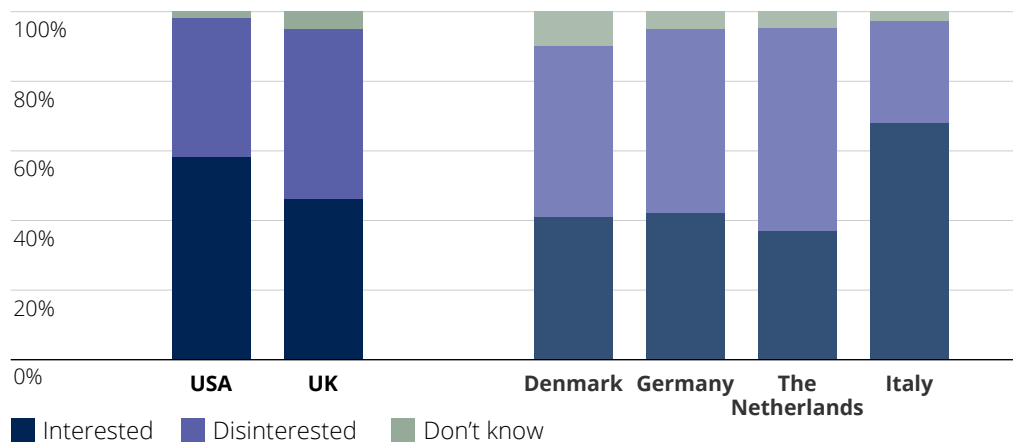
*The Indian survey did not include a question about vouchers at the request of Indian businesses, preferring repair (see right).

Data presented separately for mainland Europe. This is to highlight the difference between the two surveys regarding their other questions and different fieldwork time.

'Let me fix that for you.' Repair

The repair service proposition we tested with Indian citizens presented them with a contract offer at point of garment purchase. For an up-front fee, the contract would allow the citizen to return the garment for 'brand expert' repairs during a period of 12, 18 or 24 months.

Like the other models tested in India, interest in a repair service was high among citizens surveyed. 72% of clothing buyers responding to our study there said they were likely to try a repair service offered at point of sale.

We also tested an alternative service that was a more comprehensive care package including stain removal and colour refresh. Three quarters of citizens said they would be more likely to try the service with these additions.

LOVE SHOPPING

The interest in repair services rose to 90% of Indian citizens who *love shopping* among our survey group.

"Some retailers, including *H&M* and *M&S* offer an incentive for this 'takeback' and consequently collect millions of garments per year."

Our research shows a significant interest in a value-oriented voucher system in all countries, particularly in Italy and the USA (Figure 7).

While the takeback of a garment is not a business model in and of itself, it can facilitate the reuse of high-quality clothing. The results from our research show the potential of vouchers to enable recommerce models, taking high-quality under-used garments out of citizens' homes and back into stores.

'VIRTUOUS CIRCLE OR DOWNWARD SPIRAL?' REUSE FOR GOOD

It is exciting to see the potential for reuse business models and the possible start of a revolution in how we consume fashion.

This revolution must be better than the current system, not only in simply generating revenue for the industry but in *how* it generates that revenue. It is imperative for the sustainability and circular economy agenda that clothing reuse business models have a net positive impact on people, planet and profit.

It is important to retain a focus on 'net positive' because reuse business models are not inherently better than the current system, despite the potential of them to be so. A rental business model with high costs on low value items might not generate enough profit. Likewise, a business that does not improve conditions for garment workers does not generate enough social benefit for the social cost it imposes. The same goes for environmental cost and benefit of new models.

Reuse for the planet

A push to generate more short-term profit without lowering the resource consumption of the fashion industry is doomed to fail as our resources become more stretched. A reuse business model will only have a lower impact on the environment if it displaces new items sold in a linear model. Renting an outfit for a party will only have a lower environmental impact if the alternative was buying a new outfit.

Square Your Circle: How to evaluate environmental impacts of reuse business models in apparel provides guidance to help companies measure their environmental impact from a reuse business model relative to the traditional linear one. There is a responsibility on brands and retailers to market reuse business models to their customers accordingly.

Reuse for the people

Truly successful clothing reuse business models must be part of a just transition to a circular economy. *Square Your Circle: How to Ensure a Just Transition to Reuse Business Models in Apparel* provides guidance on just transitions to a reuse business model by taking a 'people-first' approach, focusing on opportunities to engage stakeholders in supply chains.

The impacts of reuse at a system-wide level are difficult to anticipate but this does not mean companies should not try. What will the impact be on suppliers and their workers if order volumes are reduced in response to reselling garments in end markets? Will pressure to keep costs down drive unsustainable working conditions for garment quality checkers or cleaners in reuse models that require them? An enquiring and action-oriented mindset is needed from companies in order to mitigate these risks.

CONCLUSION

There is significant interest in new clothing business models.

"The signals are clear. As this report shows, a change in consumption of clothing is possible at scale, especially in larger markets like the USA and India."

Citizens are demonstrating a desire for alternative consumption to the linear norm and trendsetters are leading the way. Those higher-spending, younger, frequent shoppers are most interested in new models. Where they are also early adopters of the disruptor companies, they mostly feel positively about their experiences.

Reuse models, especially rental models, are better suited to the American, Indian and Italian markets over the UK and Northern Europe. While those citizens who love shopping are more interested in new business models across the world, Northern Europeans are overall less interested.

It's not just for haute-couture, reuse business models are appealing to shoppers at all levels of the market. Brand level did not make as much of an impact on citizens' interest in new business models as might be expected. However, there was slightly more interest in rental from those shoppers who already shop at high-end/designer brands.

The signals are clear. As this report shows, a change in consumption of clothing is possible at scale, especially in larger markets like the USA and India. The opportunity is apparent and the question regarding new business models becomes 'how do we do it?' rather than 'why should we?'

BUSINESS MODEL PROPOSITIONS

Answers for 1st option and voucher scenarios:

– Very likely

– Fairly likely

– Possibly, but less likely

– Not at all likely

– Don't know

Answers for 2nd option scenarios:

– No change

– More likely

– Less likely

UK and US (Europe a, c, d only)

a. **Pre-loved:** A clothing retailer is considering launching pre-loved clothing ranges. These ranges would consist of stylish and on-trend items that have been worn before (bought back or collected from customers) but sold for a lower price than if new. If this range is available for a brand you like, how likely are you to try purchasing an item?

b. **Pre-loved 2 – with a quality assurance label:** Staying with the idea of pre-loved clothing – now consider that clothing like this is assessed for quality by the original brand. Clothing that is certified by the brand as high quality and 'like new' would receive a quality label/tag. These certified items would still be sold at a lower price than a new item; but they would be sold at a higher price than an uncertified item. If this range is available for a brand you like, how likely are you to try purchasing an item?

c. **Vouchers:** A clothing brand is considering offering vouchers to use in their stores or online in exchange for clothing you no longer wear and they can sell it to a new person. Only clothing from that brand is eligible for vouchers but you don't need the original receipt. The more in-demand the item you exchange, the greater value of voucher you receive. If this is available at a retailer you like, how likely are you to try exchanging some of your clothing?

d. **Subscription:** A clothing brand is considering launching a new service where you pick a style (e.g. 'on-trend', 'classic', 'smart', etc.) and they send you an outfit (e.g. t-shirt, jeans, belt, jumper) in that style every month for a fee. At the end of the month, you have to return the items to a specified location like their retail outlets before you can be sent new ones. If this service is available for a brand you like, how likely are you to try it?

e. **Subscription 2:** And now consider that the subscription service has an option to buy any item in the outfit instead of returning it. The price would be lower than if you bought it new and would depend on how old the item was: older is cheaper. If this service is available for a brand you like, how likely are you to try it?

India

a. **Pre-loved:** A clothing brand is considering launching pre-loved clothing ranges. These ranges would consist of stylish and on-trend items that have been worn before and returned but sold for a lower price than if new. If this range is available for a brand you like at a different retailer (e.g. an outlet store), how likely are you to try purchasing an item?

b. **Pre-loved 2:** Staying with the idea of pre-loved clothing – now consider that the pre-loved ranges are available only at that brand's stores. The pre-loved garments are still at a lower price than new items. If this range is available for a brand you like, how likely are you to try purchasing an item?

c. **Subscription:** A clothing brand is considering launching a new service where you pick a style (e.g. 'on-trend', 'classic', 'smart', etc.) and they send you an outfit (e.g. t-shirt, jeans, belt, jumper) in that style every month for a fee. At the end of the month, you have to return the items to a specified location like their retail outlets before you can be sent new ones. If this service is available for a brand you like, how likely are you to try it?

d. **Subscription 2:** And now consider that this subscription service allows you to either purchase some or all of the items in the outfit, or return them before you can be sent new ones. If this service is available for a brand you like, how likely are you to try it?

e. **Repair service:** A clothing brand is considering offering a care service for garments you buy at their retail outlets for a fixed up-front fee. For the fee, you would get brand-expert repairs to your garments if you bring them in to brand outlets/stores. The service could be purchased for 12, 18 or 24 months. If this service is available for a brand you like, how likely are you to try it?

f. **Repair service 2:** Staying with the idea of a repair service – now consider that this service also includes maintenance options like colour refresh or stain removal. If this service is available for a brand you like, how likely are you to try it?

THE VIEW FROM INDIA

As a growing market, India represents a substantial opportunity in clothing retail for new business models.

The Indian market is understandably different from the other countries we have highlighted in this report, both in size but also attitude. While these differences have been touched on previously in the report, this appendix provides more guidance for readers less familiar with the market than the United States and Europe. It also allows readers who are more familiar with India to better interpret the findings of our research.

Beyond its geographical size, India's population at last census was over 1.2 billion[22], the country represents a large and growing group of citizens with disposable income. Various studies put the middle class at 3%[23] to 40%[24] of all households. Potentially even more important is that almost half of the country identifies as middle class[25], pointing to a strong aspirational culture. Aspiration can be a powerful driver of consumption.

The 'Yes' Index

Our research shows a variety of attitudinal differences toward clothing between India and the other two focus countries. We investigated attitudes toward making effort to buy clothing that lasts a long time. At a population level, there wasn't much difference in the proportion of Indians we surveyed that made some or a great deal of effort in this regard as opposed to Americans or Brits. When looking at the reasons for this, the differences are more apparent.

Indians in our research said they are less likely to buy longer lasting clothing because it saves them money or because they don't have to go shopping as often. On the other hand, they are more likely to buy longer lasting clothing because they like higher quality or they think the clothing looks better.

Of the Indians surveyed who didn't make an effort to buy longer lasting clothing, higher numbers were doing so due to boredom resulting from wearing the same clothing, or only want to wear garments a few times before trying something new.

Comparing Indian respondents to other countries

	Yes index
Japan/Korea	85%
North America	88%
Northern Europe & UK	90%
Australia	93%
Southern Europe	101%
Eastern Europe	101%
South America	113%
China	113%
Asia (exc Japan/Korea/Chine)	111%
Africa	115%
India	132%

Source Eggers and Puleston 2012: https://www.researchworld.com/five-dimensions-of-survey-quality/

It is important that readers of this research do not overvalue the positive results by assuming they apply to the whole of India. Already mentioned in the background section, there is a skew in the sample of Indians we surveyed toward wealthier urban citizens.

In addition, some research that suggests cultural differences in responding to surveys make comparisons between countries difficult.

When responding to surveys, Indians are roughly 32% more likely than the global average to say 'yes' to a question and roughly 40% more than the other countries surveyed in our primary research.

The 'Yes' Index is not directly comparable to our primary research questions but when it is applied to the results, the interest shown by the Indian respondents is more muted (Table 6).

Table 6: normalising citizen interest survey results by the 'Yes' Index

Survey results, rental

	India	UK	USA
Survey results, rental (% interested in trying)	74%	13%	35%
'Yes' Index applied	56%	14%	40%
Survey results, recommerce (% interested in trying)	64%	41%	56%
'Yes' Index applied	48%	46%	64%

We advise readers that all the results, especially for Indian citizens, are indicative of attitude and potential behaviour rather than precise market size estimates.

Endnotes

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8 Ibid.

9 Ibid.

10 Likely correlated with better access to the internet. This was tolerated due to relative lack of clothing retailer and brand presence in rural, less affluent areas of India. Language used in this report is careful therefore to say "Indians surveyed" when referring to results from the main source study.

11 See Appendix for full description of each business model we tested.

12 The study is unpublished but summary details can be provided on request.

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14 Ibid.

15 Iqbal, S. (2017). "Online Clothing Rental Market by End-Users (women, men and kids) and Clothing Style (ethic, western and others) – Global Opportunity Analysis and Industry Forecast, 2017-2023. Allied Market Research. Available at: https://www.alliedmarketresearch.com/online-clothing-rental-market.

16 This likely would have a negative impact on the environmental footprint of the model, encouraging further production to replace the garment sold off to a customer before the end of its useful life.

17 In this survey, there were fewer questions before these model propositions about reuse of clothing and therefore it is likely that some respondents were thinking the outfits were new garments each time.

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US Working Group Participants

Bank & Vogue
eBay
Eileen Fisher
Goodwill
Nike
P&G
REI
Renewal Workshop
The RealReal
ThredUp
VF Corp
Yerdle

UK Working Group Participants

Arcadia
ASOS
Farfetch
Stella McCartney

India Working Group Participants

Arvind Ltd.
Pratibha Syntex
H&M
Mahindra Retail
Puma
Saahas Zero Waste
Shahi Exports
Tata Trent Ltd.
Kiabza
Marks & Spencer
Birla Cellulose
Bombay Hemp Company (BoHeCo)

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