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CONSUMER AND SERVICE PROVISION

Nordiska Textilakademin

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Service provision = services as a business model for increased circularity

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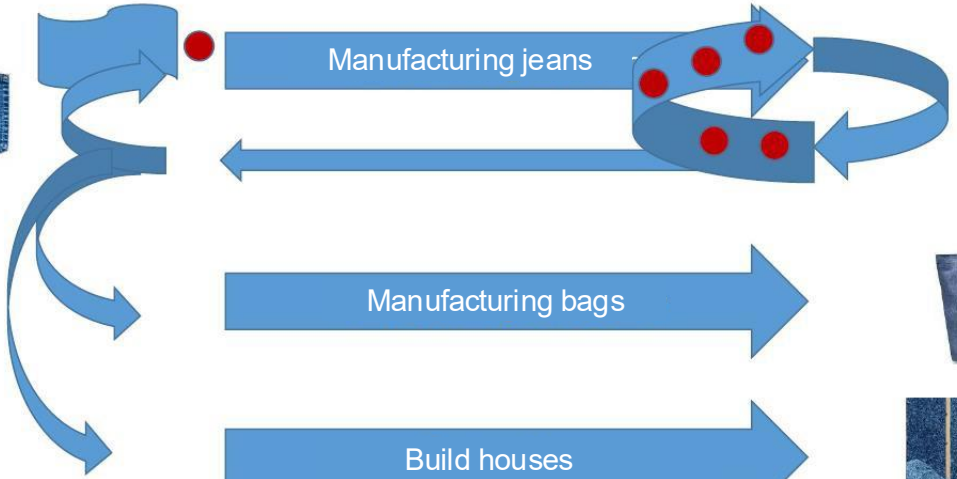
Linear vs. circular economy



Loop nr 1 2 3 4 5 6 7 8 9 ....

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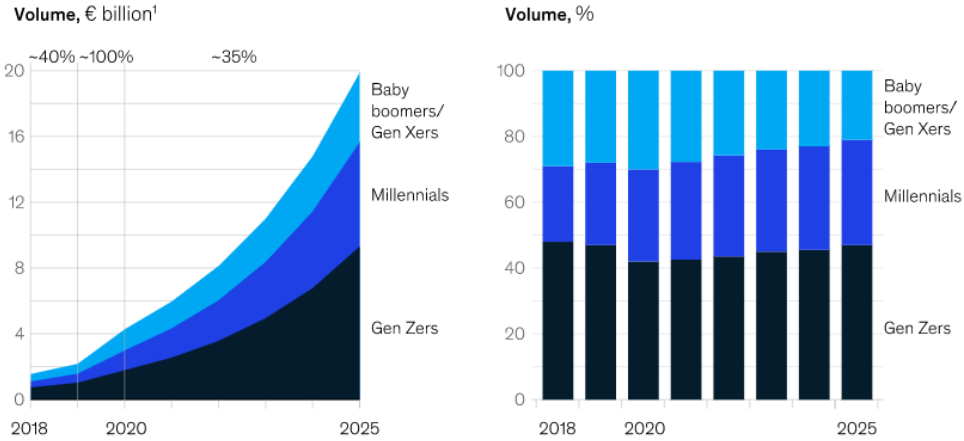
Second hand

- Personalized recommendations
- Price Optimization
- Sustainability Analysis
- Automated Sorting & Grading

The online C2C market for secondhand clothes and family items doubled in 2020 and is projected to continue to grow.

Online C2C transactions of secondhand fashion and family products in Europe by age group



[1]Percentages represent CAGR.
Source: Eco TLC; Euromonitor; ThredUp; World Bank; McKinsey Consumer Surveys; McKinsey analysis

McKinsey & Company

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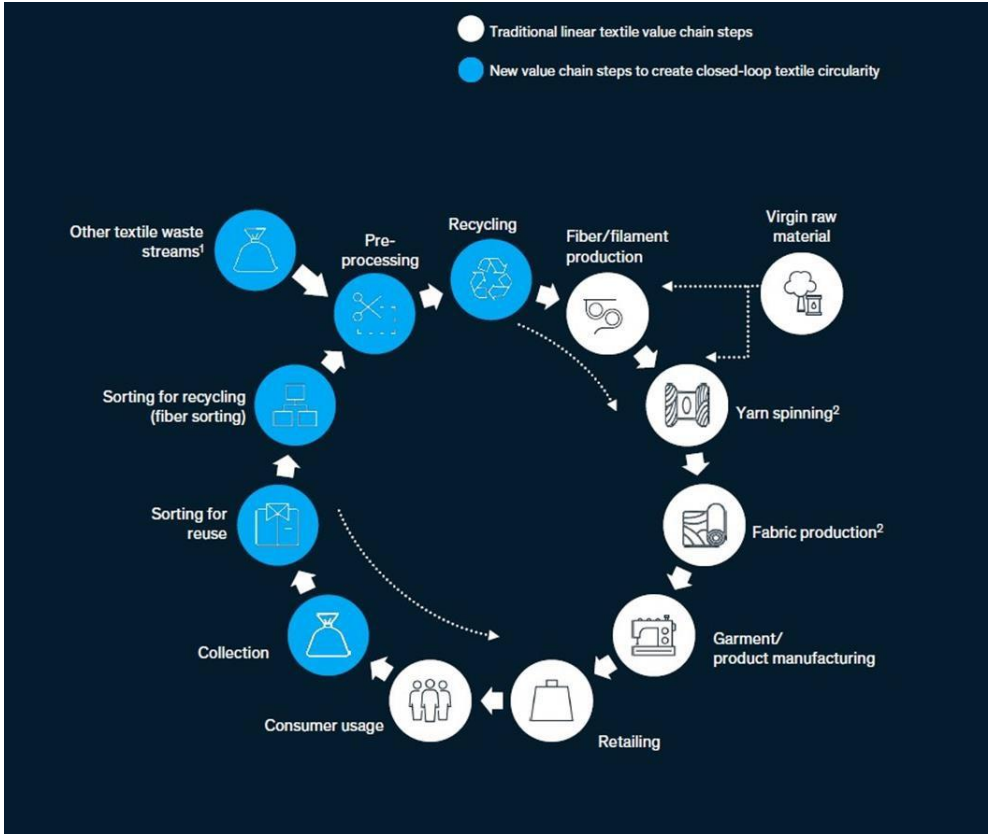
Circular economy/ circular business models

Circular fashion in Europe: Turning waste into value | McKinsey



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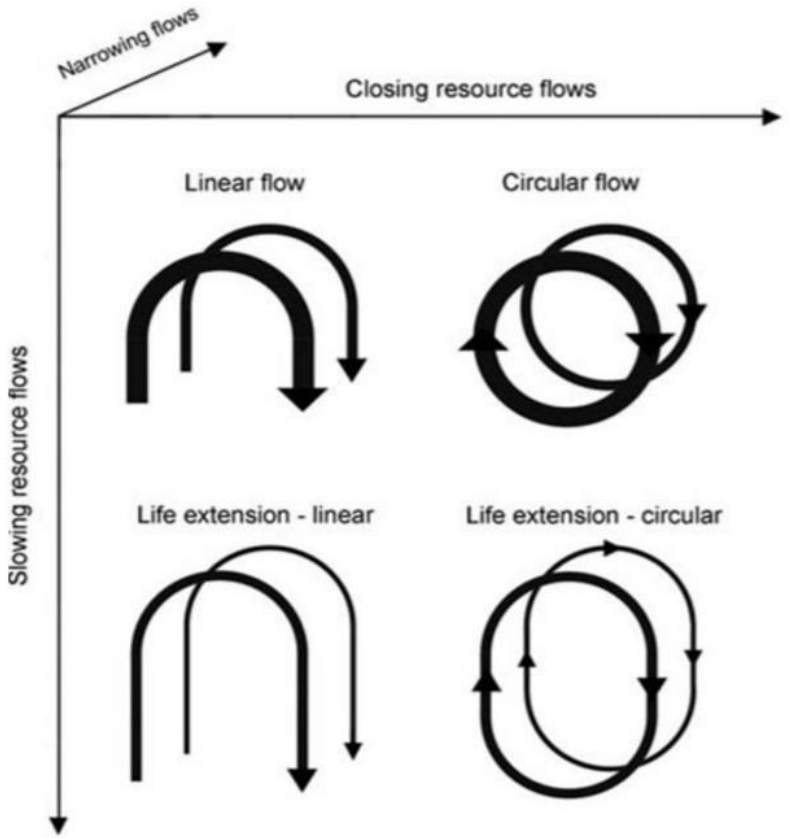
Act in three dimensions:

Narrow down, slow down, circulate



(Bocken et al 2016)

Consumer behaviour

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Consumer behaviour

- Do we live as we teach?
- Shopping easier than ever – social media as ashopping platform
- Customer needs – can we use it to create change?

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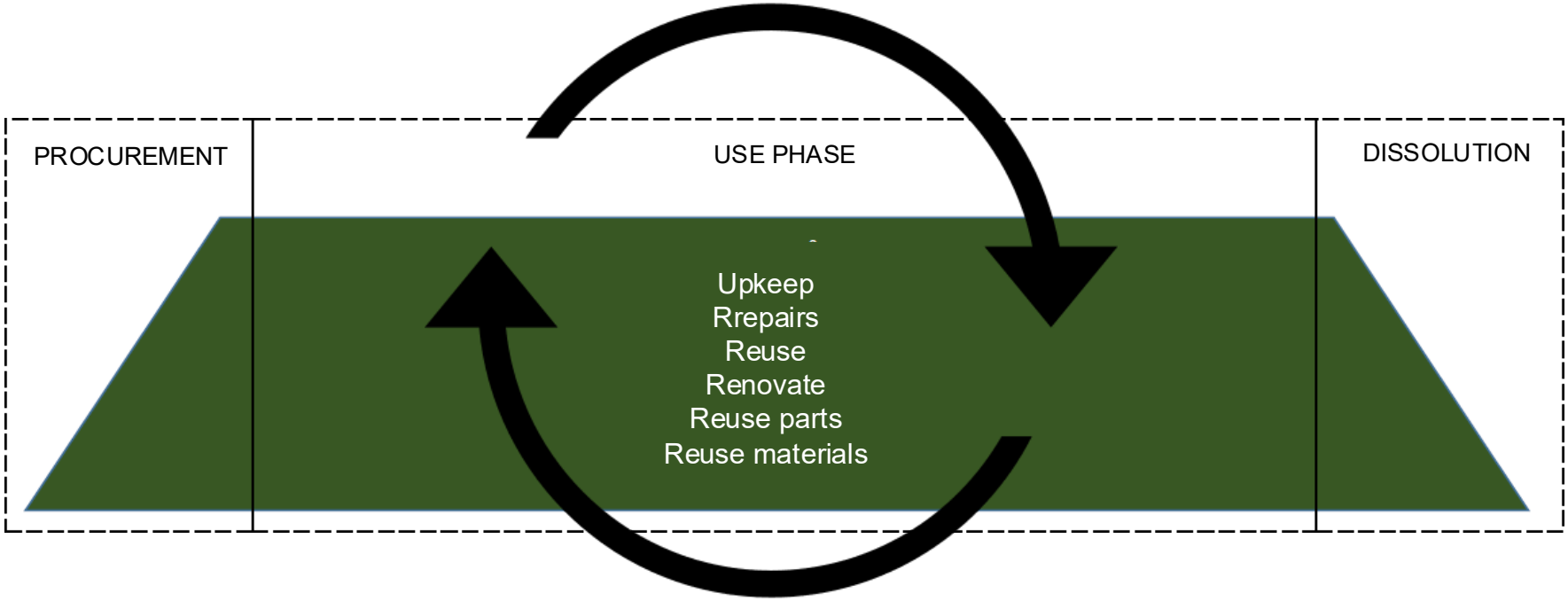
A circular economy demands a circular consumer…



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Upbringing and values influence us

- What values and “truths” have we been fed as children and young people?
- Where do we find shopping opportunities?

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Do we ourselves and everyone else live as we teach?

Understanding the consumer gives us a better understanding of how we can best create positive change.

- How often do you shop for yourself? New, second hand?
- How often do we mend and repair our own clothes and things?
- What about your friends and acquaintances, do they all have the same sustainability mindset as you? Why/why not?

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Different focuses on sustainability and environmental issues

- What is the global situation like? What are we focusing on?
- Economic downturn + higher food prices = fewer people buying organic food

(SVT Nyheter 2022-09-10)

- Private financial perspective – to buy better you need disposable income

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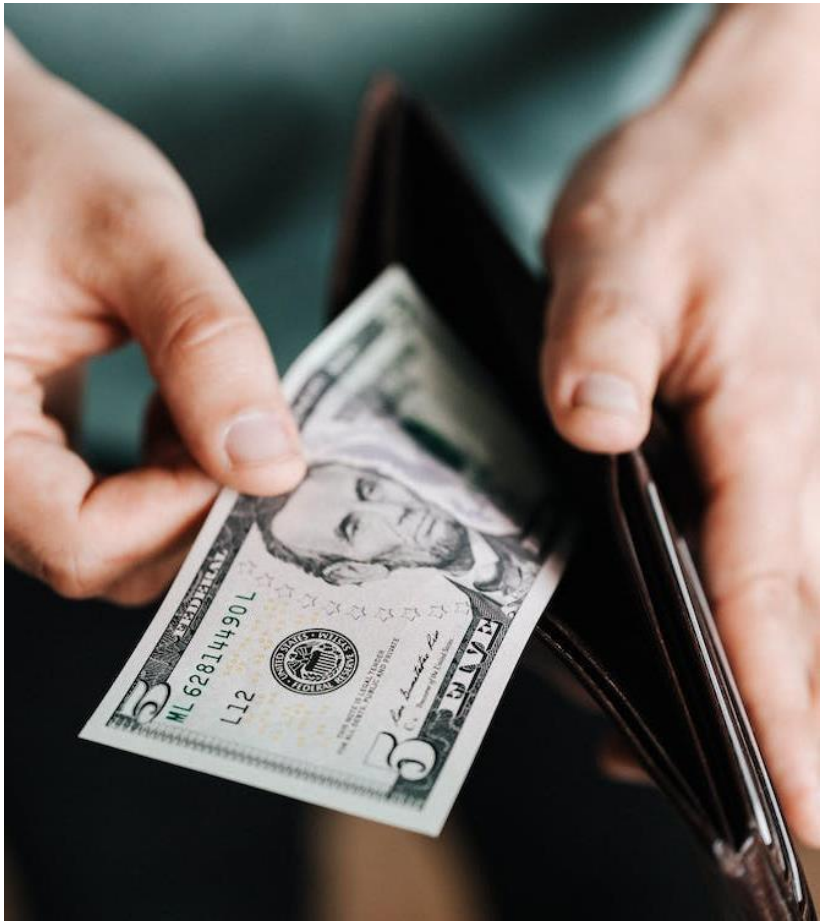
“Income differences create a wide spectrum of target groups”

“Income disparities in society are increasing. For retail, the challenge is to adapt the range, location and prices to the conditions. The adaptation applies whether you want to be everything to everyone or concentrate on one or more groups. People with lower incomes will drive up demand in discount retail. An urban conscious class that wants to be able to consume without feeling guilty will drive trade in sustainable products, while the premium segment will primarily be driven by high-income earners.”

From the Swedish Chamber of Commerce report “THE PHYSICAL RETAIL PLACE IN A DIGITAL WORLD” from 2019



The Sam Vimes Boots theory

Terry Pratchett's "Sam Vimes 'Boots' theory of socio-economic unfairness" is striking a chord with yet another generation. The often-cited theory from the late author's 1993 book, 'Men At Arms,' explains how it is much more expensive to be poor.

"The reason that the rich were so rich, Vimes reasoned, was because they managed to spend less money," Pratchett wrote. "Take boots, for example. He earned thirty-eight dollars a month plus allowances. A really good pair of leather boots cost fifty dollars. But an affordable pair of boots, which were sort of okay for a season or two and then leaked like hell when the cardboard gave out, cost about ten dollars."

"... But the thing was that good boots lasted for years and years. A man who could afford fifty dollars had a pair of boots that'd still be keeping his feet dry in ten years' time, while a poor man who could only afford cheap boots would have spent a hundred dollars on boots in the same time and would still have wet feet," the author explained.

Excerpt from an article on Upworthy (2022-02-08)

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So how can we inspire and entice customers to engage with these eight points?

What services can we offer that encourage more sustainable consumption behavior?

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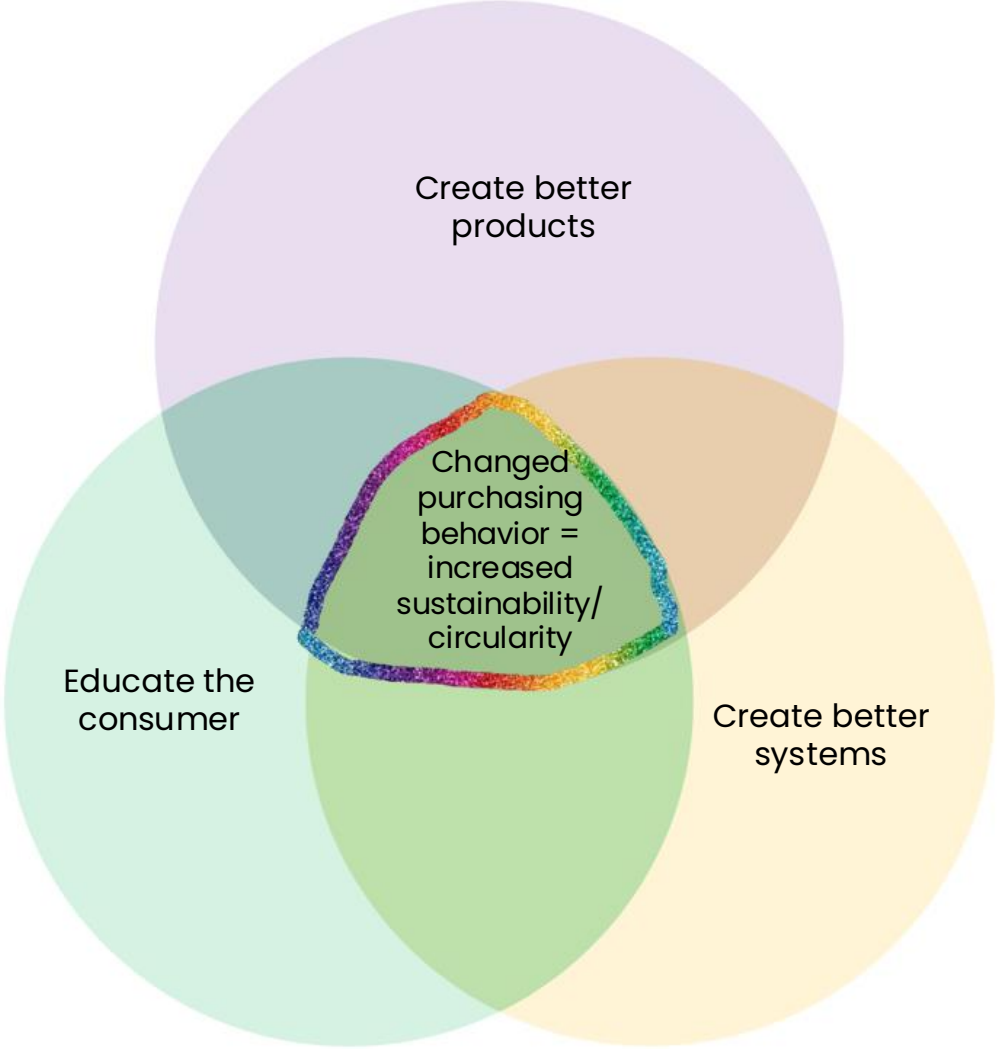

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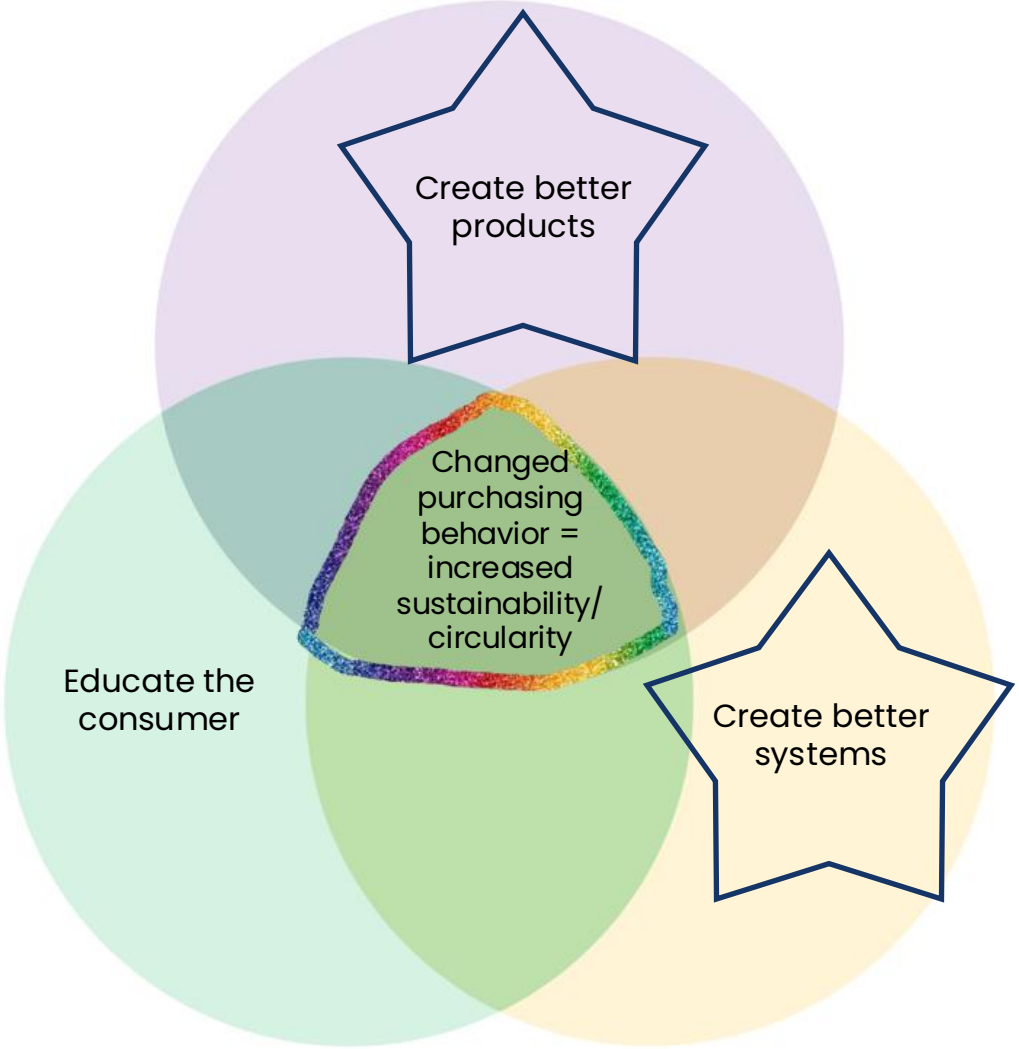

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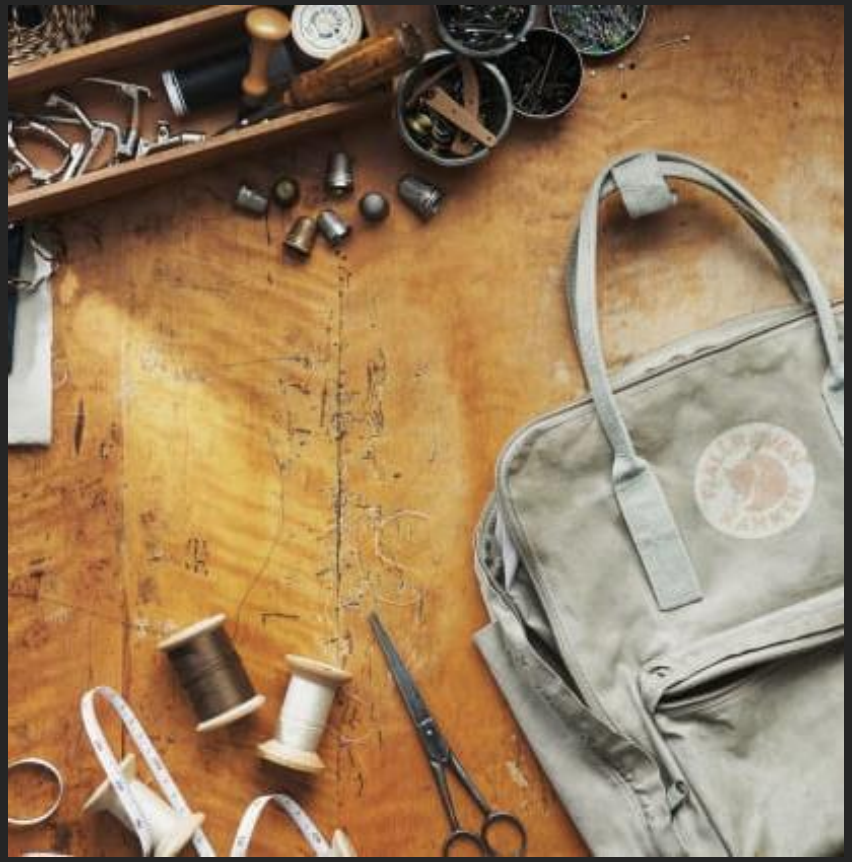

Image: Naturkompaniet

Better systems – services

- Repairs

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Better systems – services

- Repairs
- Repair kits

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Image: Nudie Jeans

Better systems – services

- Repairs
- Repair kits
- Alterations

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Better systems – services

Image: Sneakerstvätten

- Repairs
- Repair kits
- Alterations
- Cleaning/refreshing

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Image: H&M

Better systems – services

- Repairs
- Repair kits
- Alterations
- Cleaning/refreshing
- Personal design choices

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Better systems – services

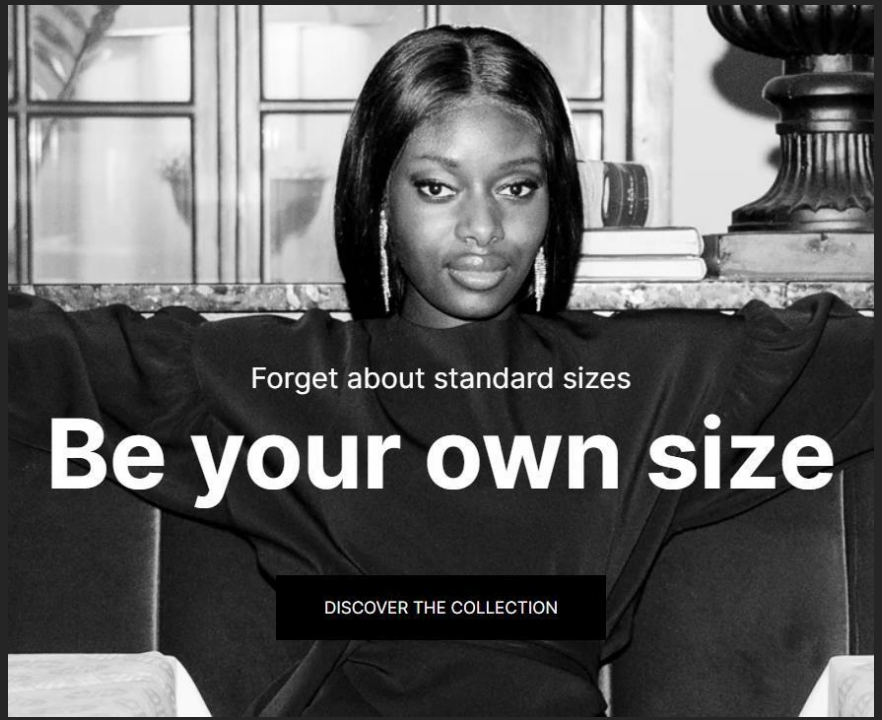

Image: Studio Heijne

- Repairs
- Repair kits
- Alterations
- Cleaning/refreshing
- Personal design choices
- Made to measure

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Better systems – services

Image: H&M Trend

- Repairs
- Repair kits
- Alterations
- Cleaning/refreshing
- Personal design choices
- Made to measure
- Rental

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Better systems – services

Image: Kappahl

- Repairs
- Repair kits
- Alterations
- Cleaning/refreshing
- Personal design choices
- Made to measure
- Rental
- Styling inspiration

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Benefits

- Broadened offering
- More reasons for the customer to come to you
- Reason for more types of customers to come to you
- Increased opportunity for relationship building
- Lead by example

Challenges

- Requires more/different systems in-house
- Requires new skills in the company
- Marketing – reach out with the service
- Price calculation

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