

# COLLABORATIVE CONSUMPTION

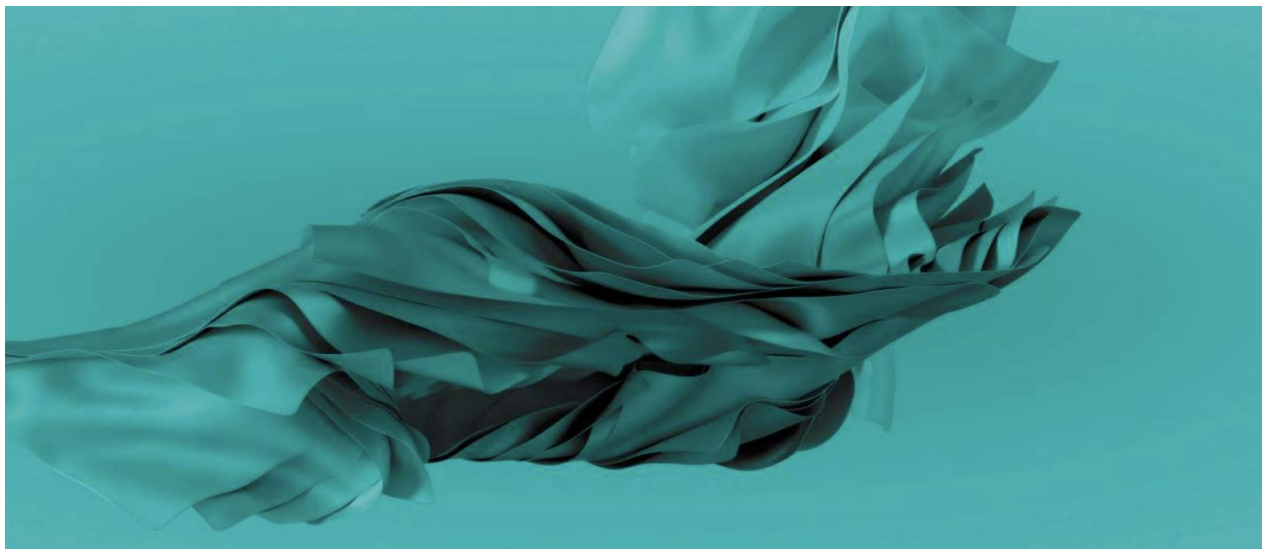
MERUNISHA MOONILAL

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# Introduction

Collaborative consumption in fashion, often referred to as the sharing economy within the fashion industry, is a socio-economic model based on sharing, swapping, leasing, and renting clothing and accessories. This model challenges traditional ownership by promoting access over possession, fostering sustainability, and reducing the environmental impact of fast fashion.

# Learning Goals

- Students will demonstrate a comprehensive understanding of collaborative consumption concepts, including centralised rental platforms, swap parties, and peer-to-peer exchange sites.
- Students will learn to critically evaluate the effectiveness and impact of collaborative consumption initiatives, using a case studies as a basis for analysis.
- Students will learn how to integrate collaborative consumption concepts with stakeholder engagement models and business strategies.

# Learning Outcomes

- **Case Study Analysis:** Analyse real-world examples of brands that promotes and facilitates methods of collaborative consumption. This lecture use the Switching Gear Platform developed by Circular Economy and Fashion for Good deep dive into brands experimenting with new business models.
- **Project-based Assessment:** A project assignment where students answer the research questions on the pros and cons of a collaborative consumption platform for an industry partner.

# Deliverables

Case study analysis of a brands that are pioneering collaborative consumption

Development of a theoretical collaborative consumption platform for new industry partner / or answer a specific research question provided by the industry partner

Present solutions to the industry partner in 10-15 minute presentation

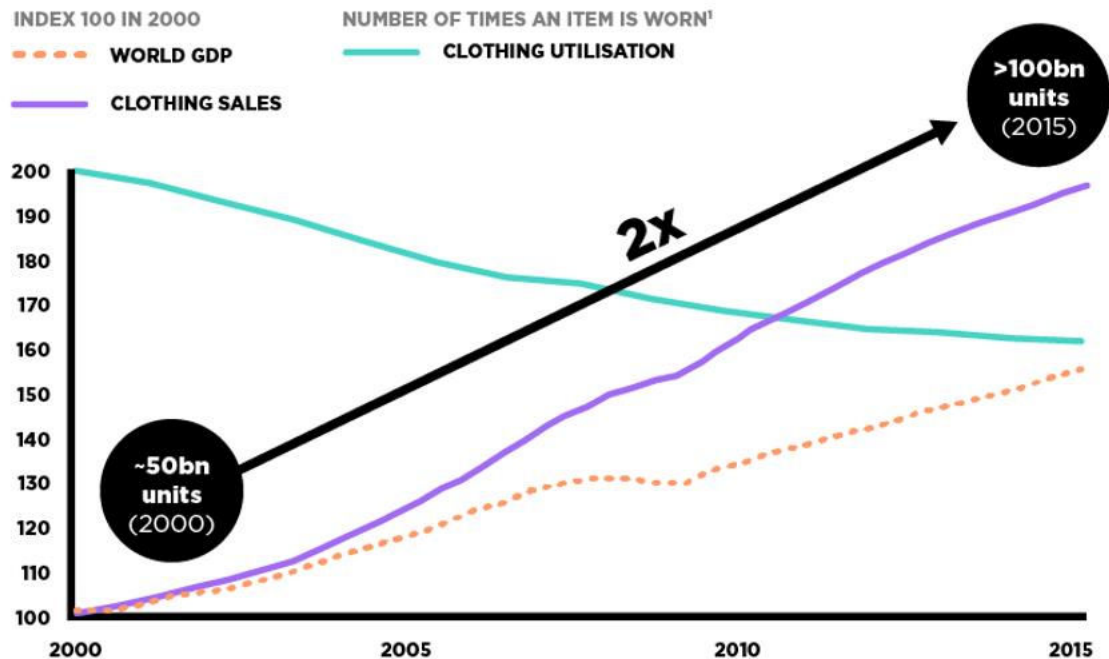


# Why Collaborative Consumption?

# **Why are *new business models* necessary?**

- **Eliminate waste and pollution**
- **Circulate products and materials**
- **Regenerate nature**

# Growth of clothing sales and decline in clothing utilisation since 2000



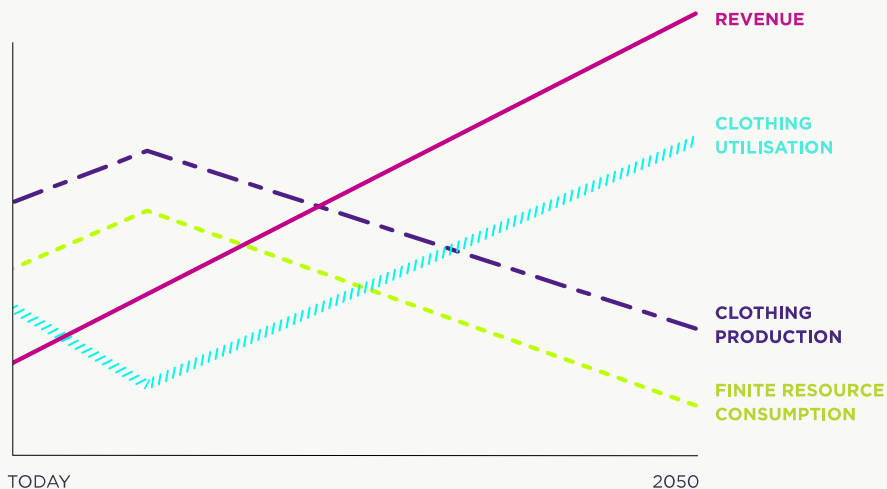
Average number of times a garment is worn before it ceases to be used  
Source: Euromonitor International Apparel & Footwear 2016 Edition (volume sales trends 2005-2015); World Bank, World development indicators - GD (2017)

[tiny.cc/fibres](http://tiny.cc/fibres)

**Practical** service life = How long a garment is **actually** worn

**Technical** service life = How long a garment **could** be worn

Illustrative



- Extending the active service life of garments is considered one of the most effective ways to reduce the overall impact of the clothing industry.
- Optimizing the use of clothing has the potential to:
- Decrease the need for production and consumption of new garments and;
- Incentivise 'Design for Cyclability' strategies
- Reduce the growing volumes of textile waste that are generated every year.

# RESALE



# RENTAL





## REPAIR



## REMAKE



# IMPACT



# The Impact - Resale

**Extending the life of clothes by an extra nine months of active use would reduce the carbon, water, and waste footprints by around 20-30 percent each.**

## **\*\*Assumptions**

**This statistics assumes a displacement rate of 60 percent, i.e. if 10 garments are used longer, it replaces the purchase of 6 new garments.**



# The Impact - Rental

**Data on potential impact savings in rental models is limited.**

**Available data suggests that if rental model can effectively optimise a garment service life and keep other impacts (transport / laundry / packaging) to a minimum, substantial impact reductions can be achieved.**

**Displacement rate**

- Is the rented / re-used item displacing the purchase of something new?

**Utilization rate**

- Will the item be used more actively compared to a non rented / re-used item?

**Additional operational impacts**

- Does the model still have a net impact reduction when considering the impacts of logistics, laundry, packaging, textile waste streams?

**Design for cyclability**

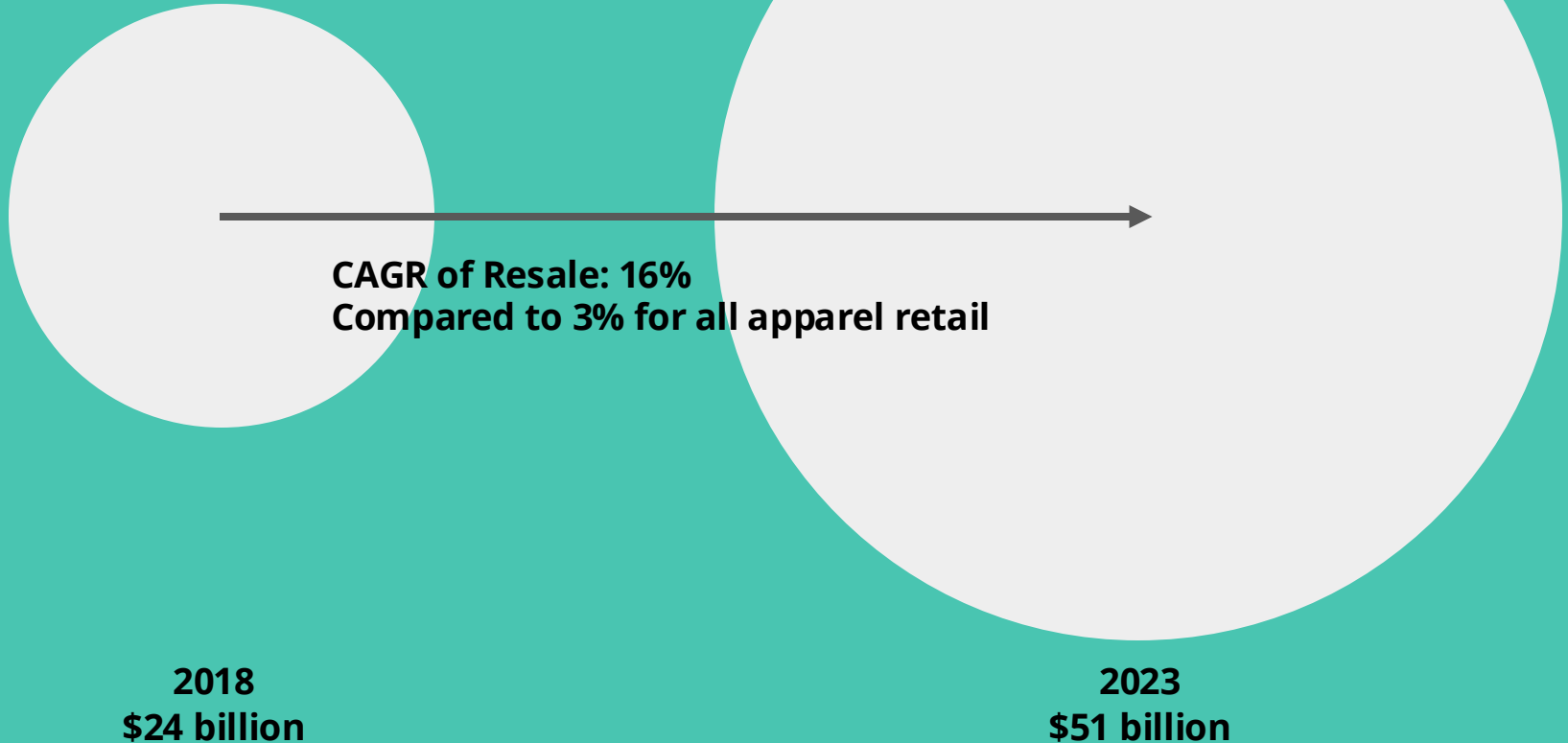
- Is the model incentivising the brand to design their products for for durability and/or (recyclability)?

**Customer communication & engagement**

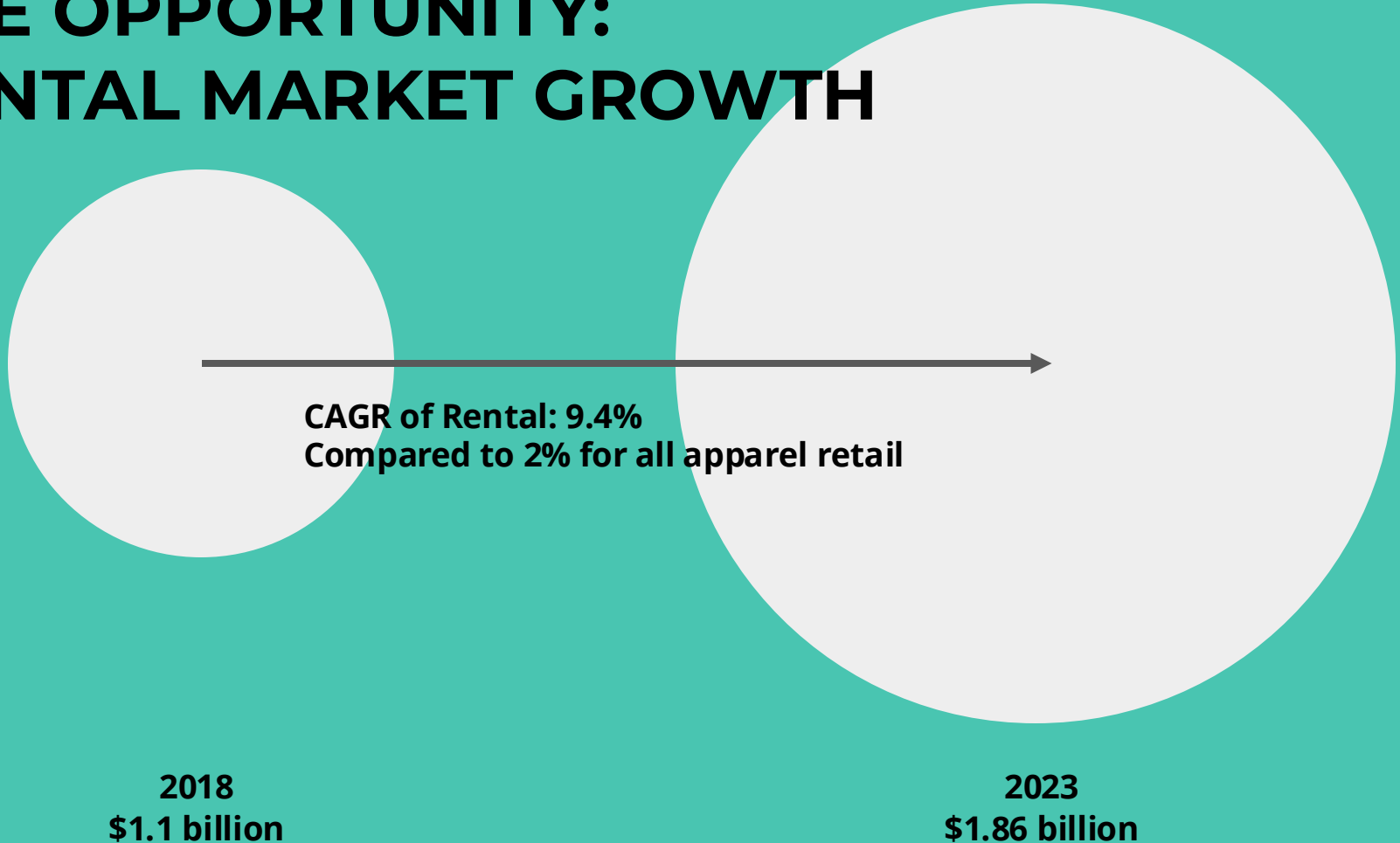
- Is the messaging value / sustainability driven?
- Is there an alignment with overall brand values/identity?

**APART FROM IMPACT  
SAVINGS, WHAT IS  
THE OPPORTUNITY?**

# THE OPPORTUNITY: RESALE MARKET GROWTH



# THE OPPORTUNITY: RENTAL MARKET GROWTH



# TYPES OF COLLABORATIVE CONSUMPTION MODELS

## RESALE MODELS - EXTENDING THE USEFUL

### LIFE OF PRODUCTS

- Incentivised resale via 3rd party platforms
- Own brand resale models

## RENTAL/SUBSCRIPTION MODELS - CLOTHING

### AS A SERVICE

- Pay per use / Rental
- Subscription
- Hybrid

# Switching Gear

<https://www.circle-economy.com/programmes/textiles/switching-gear/enabling-network>

Circle Economy and Fashion for Good joined forces to drive the formation of the Switching Gear Enabling Network: a global network of over 50 circular innovators, frontrunning brands and relevant experts. The network was carefully curated to include relevant stakeholders that are needed to scale rental and recommerce (resale) business models in the apparel industry.

The purpose of this network was to support the Switching Gear project pilots and accelerate the uptake of recommerce (resale) and rental business models in the wider apparel industry. Members of the network are united in their aim to reduce the overall impact of the apparel industry by shifting to new commercially feasible consumption models that optimise the active service life of garments/products.





### **The Archetype**

Incentivised 3rd party resale

### **Take-back scheme**

Postal / door2door collection

Variable reward - loyalty points in 'creators club'

### **Sourcing strategy**

Own brand

Post-consumer (up to 5 years old)

### **Product processing**

Sorting, repair, photography, recycling

### **Sales channel**

Various existing resale platforms



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## **Archetype**

Incentivised 3rd party resale

## **Take-back scheme**

Postal collection

Variable reward (Reformation store credit)

## **Sourcing strategy**

Multi-brand

Post-consumer (some criteria apply)

## **Product processing**

Sorting, photography, recycling,

## **Sales channel**

ThredUp re-commerce platform

ThredUp retail stores

**Reformation**

**THREDUP**



## Archetype

Own brand resale

## Take-back scheme

Postal / in store / pop-up event collection

Variable reward (store credit up to \$100 per item)

## Sourcing strategy

Own-brand

Post consumer (strict criteria)

## Product processing

Sorting, repair, upcycling (recrafted), photography

## Sales channel

Own Re-commerce platform: wornwear.com

Pop up events/ Re-commerce store



	Adidas (Stuffstr)	Reformation (ThredUp)	Patagonia (Yerdle)
<b>Model</b>	➤ Incentivised 3rd party resale	➤ Incentivised 3rd party resale	➤ Own brand resale
<b>Take back</b>	➤ <i>Postal/ door2door collection</i> ➤ Variable reward	➤ Postal collection ➤ Variable reward	➤ Postal/ pop up event collection ➤ Variable reward
<b>Sourcing strategy</b>	➤ Own-brand ➤ Post consumer (up to 5 years old)	➤ Multi-brand ➤ Post consumer (anything)	➤ Own-brand ➤ Post consumer (in good condition)
<b>Processing of product</b>	➤ Sorting & selection ➤ Cleaning ➤ Repair / refurbish ➤ Responsible recycling	➤ Sorting & selection ➤ Cleaning ➤ Repair / refurbish ➤ Responsible recycling	➤ Inspection ➤ Cleaning ➤ Minor repairs ➤ Upcycling ➤ Responsible recycling
<b>Sales channel</b>	➤ <i>Various RE-commerce platforms</i>	➤ Thredup.com ➤ Thred up retail shops	➤ <i>Wornwear.com</i> ➤ <i>Pop up events</i> ➤ <i>Re-commerce store</i>

FOR DAYS

**Archetype**

Subscription

**Reverse logistics**

Postal

**Inventory**

Own-brand

T-shirts

**Product processing**

Closed loop recycling

**Rental channel**

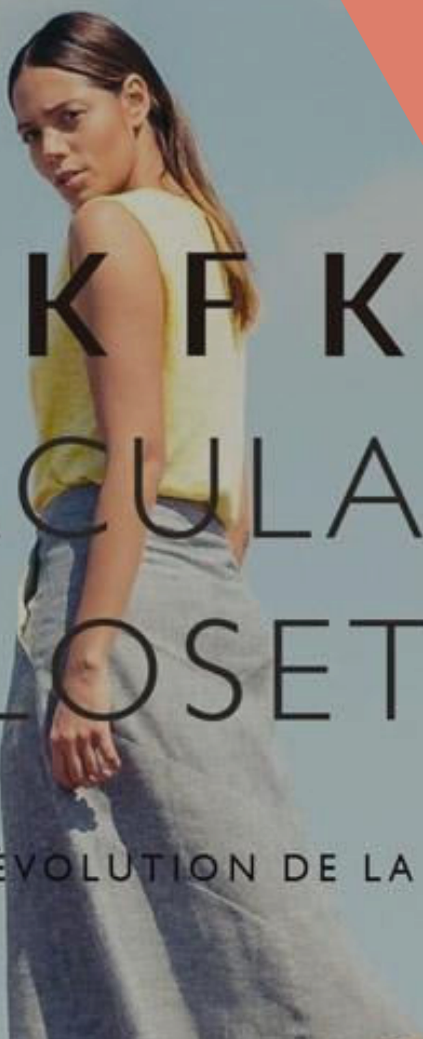
Online ForDays membership platform



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# SKFK CIRCULAR CLOSET

REJOIGNEZ LA RÉVOLUTION DE LA LOCATION

## **Archetype**

Hybrid

## **Reverse logistics**

Postal relay points / in store

## **Inventory**

Selected looks

## **Product processing**

Inspection, cleaning, repair, redistribution

## **Rental channel**

RTR online rental platform

RTR stores (5x)

SKFK

**Lizee**

	For Days	SKFK (Lizee)
<b>Model</b>	<ul style="list-style-type: none"> <li>➤ Subscription <ul style="list-style-type: none"> <li>○ Initial investment and unlimited swapping at a fee</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>➤ Hybrid <ul style="list-style-type: none"> <li>○ 1 look 1 month</li> <li>○ 3 looks 3 months</li> </ul> </li> </ul>
<b>Reverse Logistics</b>	<ul style="list-style-type: none"> <li>➤ Postal home delivery</li> </ul>	<ul style="list-style-type: none"> <li>➤ <i>Postal relay points</i></li> <li>➤ <i>SKFK store</i></li> </ul>
<b>Inventory</b>	<ul style="list-style-type: none"> <li>➤ Own-brand</li> <li>➤ T-shirts</li> </ul>	<ul style="list-style-type: none"> <li>➤ Own-brand</li> <li>➤ Selected looks</li> <li>➤ <i>Try before you buy</i></li> </ul>
<b>Processing of product</b>	<ul style="list-style-type: none"> <li>➤ <i>Closed loop recycling</i></li> </ul>	<ul style="list-style-type: none"> <li>➤ In-house: Inspection, Cleaning, Repair / refurbish</li> </ul>
<b>Rental channel</b>	<ul style="list-style-type: none"> <li>➤ Online ForDays membership platform</li> </ul>	<ul style="list-style-type: none"> <li>➤ SKFK circular closet rental platform</li> </ul>

**How are they doing now?**



# RENTAL & RESALE

## DEEP DIVE EXERCISE



Ideally, a new collaborative consumption model will be optimally designed to meet three key criteria for success:

1. It has a value proposition that is **convenient and affordable** for your consumer;
2. It has a **positive business case** that can compete with, and in time, even cannibalize your primary business model;
3. It has a **net-positive impact on people and planet.**

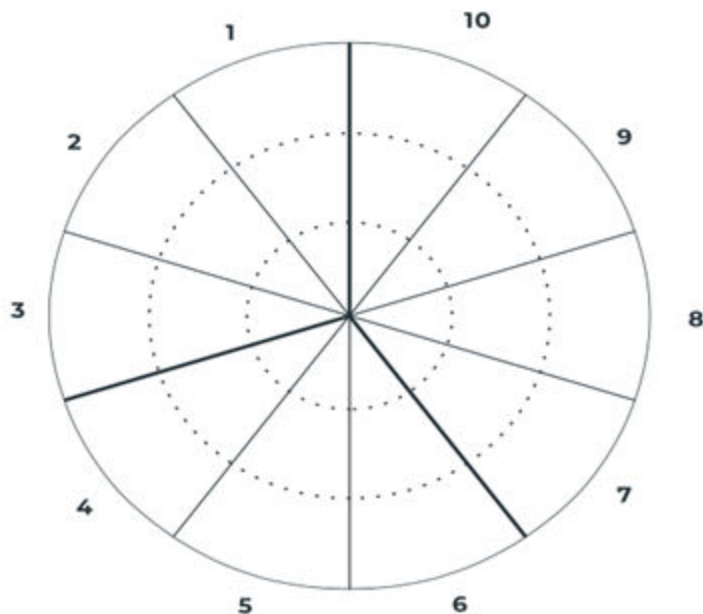
## SWITCHING GEAR CASE DEEP DIVE .....

### CONSUMER

1. Convenience
2. Cost
3. Additional benefits (functional, emotional, social)

### IMPACT

4. Environmental impact (eg. consumption, cleaning, transport, repair etc)
5. Social impact (eg. consumption, cleaning, transport, repair etc)
6. Sustainability narrative / message



### ECONOMICS

7. Revenue potential (eg. new customers, increased spending/monetization per garment)
8. Additional benefits (eg. brand value, data)
9. Cost to implement
10. Scalability

RECOMMERCE

## THE NORTH FACE: NORTH FACE RENEWED

### WHAT IS IT?

The North Face **Renewed** is a collection of refurbished outdoor apparel, which is resold via a separate own-brand recommerce platform. The North Face is partnering with circular solution provider **The Renewal Workshop**, who offer a full service, including cleaning, inspection, repairs, photography, uploading of the product onto the white label recommerce platform, and shipping once sold.

### HOW DOES IT WORK?

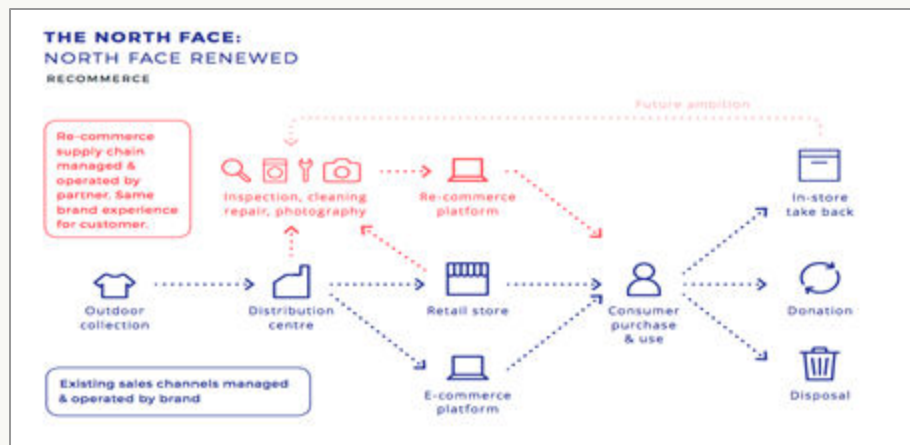
Consumers can buy refurbished 'like new' items with a ±30-50% mark-down from original retail price via [thenorthfacerenewed.com](https://thenorthfacerenewed.com). 'Great' products may be sold at stores and events. Renewed products are covered by a **one-year warranty**. Today, the initiative is primarily refurbishing and reselling pre-consumer stock (returned, damaged, or defective clothing from The North Face's distribution center); however the longer term ambition is to expand the sourcing to include the post-consumer apparel that is currently collected via The North Face in-store take-back schemes. Internally, The North Face identify the repairs the garments have received in two categories:

- **Like New:** A product that's been cleaned and may have required a repair that is now unnoticeable.
- **Great:** A product that's been cleaned and shows some slight wear and/or may have required a repair that is now slightly noticeable.



# DEEP DIVE EXERCISE

1. Select 1 case per team that you would like to analyse.
2. Study the selected case study cards: description & product journey map.
3. Dig deeper into the cases and rate each case according to 3 categories
4. Identify Do's and Don'ts
5. Feedback Do's and Don'ts to the group





# CASE STUDY - OKRET

<https://okret.be>

## CREATING INFINITE LOOPS



# RESEARCH QUESTIONS

- **Questions for the market research — P2P 2.0**
- **What are the primary motivations for consumers to participate in collective consumption (environmental concerns, cost-effectiveness, style)?**
- **What are the potential barriers to entry for consumers in the pre-loved clothing and collective consumption market?**
- **Could (some of) these barriers be overcome by decentralized C2B2C ('pro' P2P) services, like introducing 'pro' resellers within the resale community? Could the perception of 'one of us' help build the trust in (so far) unknown business models?**
- **What are the perceived benefits of door-to-door services for resale and repair (time savings, convenience, accessibility)?**
- **Are there any potential drawbacks to door-to-door services that might deter consumers (security concerns, limited availability)?**
- **Are consumers willing to pay more for the convenience of door-to-door pick-up and drop-off services for resale or repair? What price range would be considered acceptable?**
- **What pricing models would be most sustainable for door-to-door services (flat fee, per-item fee, distance-based)?**

## For next week...

- Prepare a 10–15-minute presentation on one of the questions you will research for Okret
- Together with your group, you will present your findings and possible solutions to Okret, other industry partners and students
- Be prepared for a 5 minute Q&A
- Please fill out the feedback form :  
[https://docs.google.com/forms/d/1BLCT50JHaFdtXW7BtRYN\\_9WufyfFv1G\\_GXFIKip25s/viewform?edit\\_requested=true](https://docs.google.com/forms/d/1BLCT50JHaFdtXW7BtRYN_9WufyfFv1G_GXFIKip25s/viewform?edit_requested=true)



Good luck!  
Have fun and  
think out of  
the box 😊



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