PRE-LOVED RETAIL

A GUIDE TO FACILITATE SUSTAINABLE CONSUMPTION
MAKING SUSTAINABLE FASHION MORE ACCESSIBLE THROUGH THE SALE OF PRE-OWNED CLOTHING
Dear readers, we are currently in a period of transition: negative impacts on both people and planet have led to a fundamental rethinking of the fashion industry as we know it. Sustainability has become a ‘mega trend’ and has put the onus on producers and consumers alike.

Although consumers are increasingly demanding more sustainable products and brands are offering more ethical alternatives in response, a majority of consumers still fails to translate their pre-environmental attitudes into purchase action. This paradox of today’s consumer society poses a key challenge to sustainable development and leaves the question of how brands can reassess their existing operations in order to bridge the gap between attitudes and behavior.

Therefore, this guide has been developed to give a strategic solution to fashion managers and marketeers and entails a business model innovation which moves the focus away from merely offering a product to providing a sustainable service. It specifically targets ethical fashion brands that seek to improve their sustainable initiatives in accordance to consumers’ needs. As a majority of young consumers see price as a key barrier to sustainable consumption, this guide is of particular relevance for ethical brands which fail to incorporate younger consumers due to their higher price positioning.

An extensive consumer research on the attitude-behavior gap has functioned as a starting point for this guide and has been part of the author’s graduation project at the Amsterdam Fashion Institute. Together with personal observations and industry experiences, twelve strategic steps have been designed to implement the service strategy PRE-LOVED RETAIL. Moreover, it gives consumer insights, market opportunities, different strategic directions as well as sources of supply and industry examples.

An additional poster can be found in the back of this guide, in the hope that as many brands as possible will draw inspiration from it, as sustainable development requires collective effort and broad support.

ABOUT THE AUTHOR:

Isabella Rhein is an International Fashion & Management graduate from the Amsterdam Fashion Institute. With her long-standing passion for sustainability and visual design she aims to find innovative solutions for a sustainable development of the fashion industry. She believes that combining strategic approaches with aesthetic means can inspire people to accelerate change.

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Young consumers are increasingly demanding for more sustainable fashion, yet although research shows that 95% of consumers are concerned about the environment and 75% believe to have a moral responsibility to purchase sustainable clothing, a majority still fails to translate these pro-environmental attitudes into purchase action.

In most of these cases, inaccessibility presents a key barrier to consume more sustainably. Particularly young consumers are often times unable to pay the higher prices of sustainable fashion and at the same time do not want to sacrifice their personal fashionable needs for so-called ‘investment pieces’.

As a consequence, many continue to shop at unsustainable sources due to their ease of purchase or turn to pre-owned alternatives instead which allow them to be ethical and economical. While second hand purchase may be an improvement with regard to a sustainable development at large, it leaves the remaining issue of how ethical brands can better involve this specific customer group.

In the attempt to ameliorate brands’ sustainable initiatives, PRE-LOVED RETAIL could provide a solution to this issue. As many young consumers are used to purchase second hand clothing and seek garments which are high in quality yet low in price, offering selected pre-owned pieces could meet consumer needs while contributing to a sustainable development of the fashion industry.
PRE-LOVED RETAIL is a strategic solution to bridge the attitude-behavior gap in sustainable fashion. It aims to make sustainable fashion more accessible to young consumers by offering a direct to consumer re-sale service which entails the sale of selected, pre-owned clothing within a curated environment. Through collecting, recovering and re-selling their own products, PRE-LOVED RETAIL enables brands to extend the life span of a garment and contribute to a sustainable development of the fashion industry.

Different to the process of recycling or upcycling as a circular recovery method, re-selling garments does not require breaking down material components, new production procedures or re-fashioning designs into new creations. Pre-owned garments are simply washed, cared and at times mended.

Pre-owned garments can be in different states and conditions. Depending on product group and material characteristics they can be divided into three different types. Before implementing the pre-loved strategy, ask yourself which pre-owned garment type is most suitable to your company or accepted by your target group.

**WHAT**

**VALUE PROPOSITION**

By offering carefully selected pre-loved garments within a curated retail environment, brands can make the purchase of sustainable fashion more accessible to young consumers while accelerating a sustainable development of the industry to the best possible quality-price ratio.

Providing a re-sale service directly performed by a brand which involves the collection, recovery, certification and distribution of pre-loved clothing improves customer experience through convenience and reliability.
TYPE 1: AS GOOD AS NEW
Garments are in excellent condition with little to no sign of usage which means that the wearer has taken excellent care of it. Product categories can include t-shirts, blouses and other garments made of light weight materials.

TYPE 2: SLIGHTLY LOVED
Garments are in good condition with minor signs of usage. These may include pilling, felting or some loose threads which can be easily fixed without changing the garment’s original look. Product categories can include knitwear, trousers, jackets and other garments made of medium to heavy weight materials.

TYPE 3: EXTREMELY LOVED
Garments are in a poor condition with clearly visible signs of usage including open seams, tears and holes or color bleeding. Product categories can include trousers, jackets or other garments made of materials which are made to look distressed. This option suits best to denim brands.
HALLMARK FOR QUALITY & DURABILITY

Pre-owned garments can function as a hallmark for high quality standards. It can be a tool to promote the durability of designs and work as a motivational factor to continue pursuing the highest quality standards.

OPPORTUNITIES

INNOVATIVE LEADERSHIP

A rapidly growing secondhand market and behavioral changes towards the end of ownership are forcing brands to re-think their business strategies. Recent developments have facilitated growth of re-sale platforms which mainly focus on consumer-to-consumer or shop-in-shop services. By offering a direct business-to-consumer re-sale model, brands can strategically position themselves as innovative leaders or early adopters in a consumer-to-consumer dominated secondhand economy.

MEANINGFUL CONTRIBUTION

Pre-loved retailing enables brands to expand the lifetime of their offered garments and contribute to a sustainable development of the fashion industry in a meaningful way. By implementing new, innovative solutions which do not only deliver a product but also offer a service dedicated to sustainability, ethical brands will be able to deliver a consistent sustainability message and thereby prove their trustworthiness.

CUSTOMER ACQUISITION & LOYALTY

Young consumers are increasingly demanding sustainable products, staples that are high in quality, durable and affordable at the same time. Implementing a pre-loved retail strategy can supply these demands and in return, will be enable ethical brands to broaden their customer base and gain the loyalty of this young, growing purchasing power.

FULL CONTROL OVER CURATION

A commitment to a direct strategy with in-house quality control and product photography allows full control over the presentation of pre-owned garments and maintains a consistent brand image and quality of garments.
Pre-loved retail follows a circular approach. As clothing is collected, recovered and re-sold, existing garments are ‘re-introduced’ into the supply chain after consumers no longer want them.

In total there are twelve steps to consider when implementing the pre-loved strategy. Although these steps follow a certain order, not all steps need to be executed as stated. Steps are simply advises and aim to outline a bigger picture of how the business model innovation works. Therefore, steps can be skipped, adjusted or outsourced depending on a brand’s DNA, strategic choice and target group. Steps which are more likely to be outsourced are highlighted in purple and concern logistic operations in the ‘back office’ of a company’s supply chain.

Before beginning with the first step, it is necessary to select a strategic direction which depends on company size and production volume. Ask yourself which type suits your company best. How large is your production volume? Will you be able to guarantee a continuous pre-owned inventory flow or is a short-term strategy more feasible? All eligible strategies are presented on the following page.
TYPE 1: SHORT-TERM & PROMOTIONAL

The temporary sale of pre-owned garments is a short-term strategy which can happen in form of pop-up initiatives or temporary showrooms. This enables brands to sell pre-owned products without committing fully to a long-term strategy. It can also function as a 'pilot test' to better understand market reactions or a promotional tool to underline a brand's commitment to sustainability. This strategy is recommended for brands which are still relatively new on the market and/or produce clothing in small quantities.

Example: A pop-up shop at Selfridges selling vintage and contemporary designer pieces in collaboration with Vestiaire Collective.

TYPE 2: LONG-TERM & SEASONAL

The sale of pre-owned garments can happen exclusively in certain phases. This type of strategy enables brands to release specific pre-loved collections multiple times a year without needing to meet a constant, high inventory demand. It is suitable for smaller brands which cannot guarantee a constant collection and supply of pre-loved garments and/or brands which want to invest additional time in refurbishing items to 'one-of-a-kind' pieces.

Example: A limited re-furbished collection line by Nudie Jeans ‘dropped’ at specific times a year.

TYPE 3: LONG-TERM & ESSENTIAL

Pre-loved garments can also be sold as a ‘staple’ collection by treating this product group like any other conventional clothing line. In order to successfully implement this strategy, brands need to have reached a certain size and strong customer base to be able to guarantee a constant collection and supply of pre-owned clothing. This strategy is recommended for established brands which produce clothing in large quantities and target the mass market.

Example: A recovery program by Patagonia that constantly offers pre-loved garments in different styles and sizes on their website.
HOW STEPS TO TAKE

STEP 01 COLLECT
STEP 02 CHECK & CERTIFY
STEP 03 RECOVER
STEP 04 PRICE & CREDIT
STEP 05 PLAN & EVALUATE
STEP 06 CURATE
STEP 07 DEFINE
STEP 08 EDUCATE
STEP 09 COMBINE
STEP 10 NAVIGATE
STEP 11 ENGAGE
STEP 12 COLLABORATE
ACCEPTED GARMENTS ARE:

– freshly washed
– from the brand only
– free of stains, holes, tears or rips,
– in excellent condition

UNACCEPTED GARMENTS ARE:

– from other brands
– missing sizes or labels
– stained or odorous
– altered, stretched or shrunk
– torn or ripped
– broken or missing parts

The collection phase is the first and most important step to a successful re-sale strategy. Garments which are no longer wanted are purchased directly from customers. To guarantee the highest quality of products, the acquisition of pre-owned clothing should follow set quality standards. These can vary depending on corporate identity and core values, yet as quality and durability are central motivational factors for consumers, requirements should aim for garments in excellent condition. Sending in pre-owned pieces should be as simple as possible for participants. A short explanation, free shipping bags and labels available in-store or online can be helpful.

To make sure that enough clothing will be submitted, a ‘call to collect’ initiative should be spread amongst various channels and should be initiated by the marketing team beforehand. The ‘what’ and ‘how’ to communicate can be found in steps 07 to 10.
Pre-owned garments should be carefully checked in-house by a skilled quality control team in accordance with the set standards. If all requirements are met, the submitted items can be accepted and receive a certification which warrants customers expert control and a consistent quality of pre-loved clothing. This is of particular importance as labels and certifications can help to build consumer trust and ultimately, lead to customer loyalty.

If garments do not meet the set requirements they can either be returned to the sender or, if the participant has given approval, forwarded to a recycling program offered by providers such as I:CO or Boer Group.

Depending on the selected pre-loved garment type and strategy, clothing items will need to be repaired or simply washed, steamed and labelled. If mending is a central part of the design strategy and aims for ‘one-of-a-kind’ pieces, additional time, costs and skilled workers should be taken into account for the recovery process.

After completing these measures, the recovered items can be packaged and send off to distribution. If it lays within the capabilities of your company, consider the additional ‘greening’ of packaging. Making use of reusable or compostable packaging can further enhance a brand’s sustainable measures and add to a consistent message on sustainability. Providers such as RePack or TIPA are market leaders in this area.
When pricing pre-owned clothing it is important to find the right balance between high service levels and low prices. Pricing an item too low can downgrade the offered service and may lead to suspicion regarding the quality of pre-owned products, while pricing it too high can risk excluding the aspired customer group. In general, a price ratio around 40% of the original retail price can serve as a reference. As this ratio is taken from existing re-sale services it ensures competitiveness while being fair at the same time. Moreover, it is advisable to set fixed prices per product category. This will guarantee stable prices for customers and enable an efficient work flow in the ‘back office’.

The customer payment of collected items should happen in form of store credit to keep the cash flow within the company and ensure a high customer retention rate. Similar to the pricing above, the participant should receive a fixed reward depending on product category and condition.

SERVICE COST STRUCTURE:

CHECK & CERTIFY  RECOVERY  MARKETING

As garments are already produced, main costs concern ‘life-prolonging’ measures and marketing. These service expenses can vary considerably depending on the chosen pre-loved garment type and strategy as well as a brand’s economic position and value distribution. In general, service costs amount to 20-25% of the original retail price and indirectly influence the pricing of a pre-loved item and the amount of store credit received by customers.

Evaluate which cost allocation fits best to your company and keep in mind that although RE-LOVED RETAIL aims for accessibility and sustainability, profitability is essential to any viable strategy.
Effective inventory, warehouse and distribution management is key to any efficient supply chain. In which ways these operations will progress depend on chosen strategy, company size and production scale. Companies which operate on a large scale and expect to hold larger quantities of pre-loved garments should consider additional warehouse space, whereas companies with smaller scales may not need to invest in additional storage space.

Further, pre-loved retail requires a flexible and adaptable approach in inventory planning as it is reliant on the amount of collected goods and consumers' readiness for the new strategy. Monitor customer buying trends, evaluate and possibly adjust the selected strategy.

On a daily basis the modern consumer is exposed to over 3,500 messages from which only a small number is noticed by the relevant target group. In order to stand out from this information overload, products need to be presented in a visually attractive and authentic manner. As young consumers are captivated by aesthetics and coherency, particularly online, the curation of pre-owned clothing can emphasize a brand’s dedication to sustainability and gain the attention of the aspired customer group.

Curation should be in line with a brand’s visual identity and can happen in form of artistic product arrangements or more conventional product photography. It should convey authenticity, dedication and creativity.
As pre-loved retail can take diverse forms depending on set quality standards and selected strategy it is important to define which product and service types are offered. In some cases it makes sense to focus on ‘quality and durability’ as central aspect of communication, while in other cases attributes such as ‘re-made’, ‘one-of-a-kind’ or the emotional story of a garment are more appropriate. Understand the needs of your target group and evaluate which strategy fits best to your company.

Further, as consumers increasingly demand transparency when it comes to communicating sustainability, communication strategies should aim to clarify production processes or, in this case, recovery processes of pre-loved garments.

Educating consumers on the benefits of pre-owned purchase should be another central aspect of a brand’s communication strategy. As consumers increasingly demand sustainability and authenticity, promoting the pre-loved concept as an initiative to contribute to a sustainable development can be a method to foster customer loyalty and additionally encourage consumers to become more active.

Moreover, from a psychological perspective this leaves consumers with a pro-active feeling. By underlining the environmental benefit aspect, similar to the effect of a fair trade label, consumers will believe they are ‘doing something good’ and are contributing to something bigger.
A variety of channels should be used to communicate and sell effectively to different audiences. As research shows that consumers enjoy to purchase clothing online and offline, both channels need to be included to market pre-loved garments. An additional focus on social media channels, including Instagram, can be beneficial to target particularly younger consumers.

Depending on strategy, offline retail can involve a temporary showroom, pop-up shop or a store section which specifically focuses on the display of pre-loved garments. Online retail can happen through conventional web shop sale or more recent direct sales models on Instagram.

Next to experience, ease of purchase and convenience are important to consumers. In-store visibility of desired products is the key that enables the actual purchase of sustainable products and guarantees a seamless store experience. Consumers need clarity and ease of accessibility when visiting stores, on every sales channel.

Clear navigation in offline stores can happen through in-store banners, additional clothing labels and shop windows. Online stores can enable ease of purchase through a minimal web shop design and a separate ‘pre-loved’ category. Curated editorial stories or filter functions which enable customers to select ‘pre-loved items’ can achieve further online navigation.
Influencer marketing can be an effective and exclusive way to promote the pre-loved strategy. As consumers are often times skeptical about brands' new sustainable initiatives, endorsing influencers can be a helpful method to overcome trust issues and foster customer loyalty.

This could happen through 'sell your closet' events in which influencers sell selected pieces from their closet or a promotional campaign in which influencers tell their personal story about pre-loved clothing.

Collaboration can be an effective way to build long-lasting relationships and change the industry through collective effort. By cooperating with an established re-sale platform, such as Vestiaire Collective or ThredUP, brands can have easier access to enter the secondhand economy. Working together with leading players can ensure additional consumer trust in a brand's sustainable practices and guarantee a successful implementation of the pre-loved strategy.
On the right side details of suppliers, re-sale service providers and brands can be found which were mentioned in the course of this guide. Two non-fashion related industry examples of the influential companies Apple and Ikea can function as additional inspiration.

<table>
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<tr>
<th>Industry Index</th>
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<td><strong>APPLE REFURBISHED</strong></td>
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<tr>
<td>CERTIFIED REFURBISHED is a recovery program by Apple that repairs used technical devices and re-sells them online. The service focuses on ‘guaranteed quality’ and is offered ‘full-time’ online.</td>
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| **REPACK** | **TIPA** |
| REPACK is a reusable and returnable packaging service for the e-commerce that is made of durable and recycled materials. | TIPA offers an alternative to conventional plastic packaging that is made of durable, transparent and 100% recyclable materials. |
| www.originalrepack.com Tel: +358 40 632 6122 hello@originalrepack.com | www.tipa-corp.com Tel: +972 9 7796000 info@tipa-corp.com |

| **VESTIAIRE COLLECTIVE** | **THRED UP** |
| VESTIAIRE COLLECTIVE is an online re-sale platform for premium and high end brands that offers a consignment service with quality control and the curation of pre-owned items. (Only for the EU market) | THREDUP is an online re-sale platform for high street to high end brands that offers a consignment service with quality control and the curation of pre-owned items. (Only for the US market) |
| www.vestiairecollective.com Tel: +44 (0) 2072 533 682 contactpro@vestiairecollective.com | www.thredup.com Tel: +1 617 575 967 media@thredup.com |

| **NEEDLE DESIGNERS** | **NUDIE RE-USE** |
| NUDIE RE-USE is a recovery program by the denim brand Nudie Jeans that upcycles used garments into ‘one-of-a-kind’ pieces. Collections are limited and released biannually online. | **I:CO** takes collected clothing from retailers and gives them a new life through recycling. |
| www.nudiejeans.com/re-use | www.ico-spirit.com Tel: +49 4102 4545 0 Europe@ico-spirit.com |

| **BOER GROUP** | **REPACK** |
| BOER GROUP grades collected clothing from retailers and connects them with recycling companies. | REPACK is a reusable and returnable packaging service for the e-commerce that is made of durable and recycled materials. |
| www.boergroup-recyclingsolutions.com Tel: +31 78 6180211 info@boergroup-recyclingsolutions.com | www.originalrepack.com Tel: +358 40 632 6122 hello@originalrepack.com |

| **TIPA** | **VESTIAIRE COLLECTIVE** |
| TIPA offers an alternative to conventional plastic packaging that is made of durable, transparent and 100% recyclable materials. | VESTIAIRE COLLECTIVE is an online re-sale platform for premium and high end brands that offers a consignment service with quality control and the curation of pre-owned items. (Only for the EU market) |
| www.tipa-corp.com Tel: +972 9 7796000 info@tipa-corp.com | www.vestiairecollective.com Tel: +44 (0) 2072 533 682 contactpro@vestiairecollective.com |

| **I:CO** | **I:CO** takes collected clothing from retailers and gives them a new life through recycling. |
| www.ico-spirit.com Tel: +49 4102 4545 0 Europe@ico-spirit.com | 

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