

S Y S T E M I Q

# RECOMMERCE IN FASHION

A snapshot from a European perspective



# RECOMMERCE OFFERS AN OPPORTUNITY TO MITIGATE THE EXTENSIVE ENVIRONMENTAL FOOTPRINT AND OVERCONSUMPTION IN THE FASHION INDUSTRY

## Note

We refer to recommerce as a circular business model that focuses on reselling and reusing products over multiple lifecycles. This can include repairing or refurbishing products in preparation for the resale. In that way, recommerce enables the materials we create to keep their value across a long product lifetime. Ideally this translates into reducing overall consumption.

Fashion recommerce offerings in practice are branded under a wide range of terms, such as second hand, resale, reuse, renewed, pre-owned, pre-loved, vintage, revived or wornwear.

Selected indicators only, fashion has an outsized negative environmental impact compared to the value it adds to the economy (2-3% of GDP) – this extends to chemical pollution, land use etc.

Reported GHG emissions of the fashion industry vary significantly due to differences in scope, sources and assumptions, but there is a broad consensus on the requirement to act decisively, especially in light of unhalted consumption per capita growth.

## Source

Systemiq analysis, McKinsey, Ellen MacArthur Foundation, Quantis, Twig, World Resource Institute, House of Commons Environmental Audit 2019, Energy Saving Trust, European Parliament 2020

## Heavy footprint



# 3-10%

of global GHG emissions



# 6%

of global freshwater use



# >3%

of microplastic flows into oceans

## Overconsumption



# ~20%

decrease in clothing utilisation since 2000



# ~70%

of clothing is incinerated or landfilled



# ~60%

increase in global apparel consumption from 2019 to 2030

Every recommerce item reduces the fashion footprint industry's



# 5-15KG

**GHG emission savings per item**  
Equivalent to ~5% of emissions associated with annual textile purchase per individual



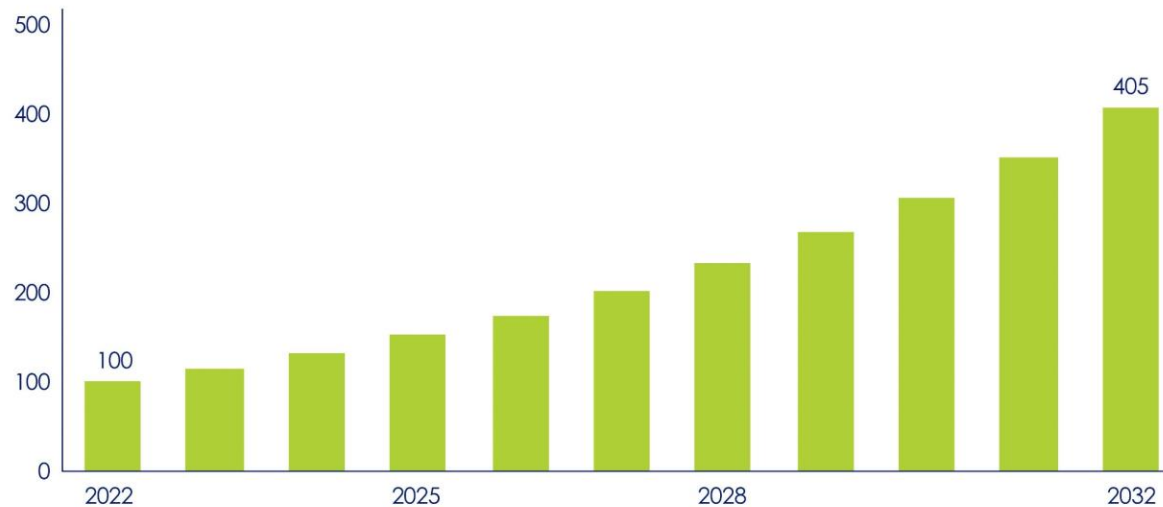
# 300-1000L

**Water savings per item**  
Equivalent to average daily water usage of up to three typical UK households

# FASHION RECOMMERCE WILL GROW RAPIDLY DUE TO STRONG CONSUMER DEMAND AND REGULATORY INCENTIVES

## GLOBAL RECOMMERCE GROWTH WILL OUTPACE THE MARKET

Expected recommerce fashion market size  
\$bn USD



~15%

Expected CAGR of fashion recommerce market from 2022-2032 (globally and in Europe) vs. 4% for broader fashion market globally

~15%

Potential share of recommerce in total fashion market by 2030

~60%

of growth in recommerce fashion will come from Millennials and Gen-Z

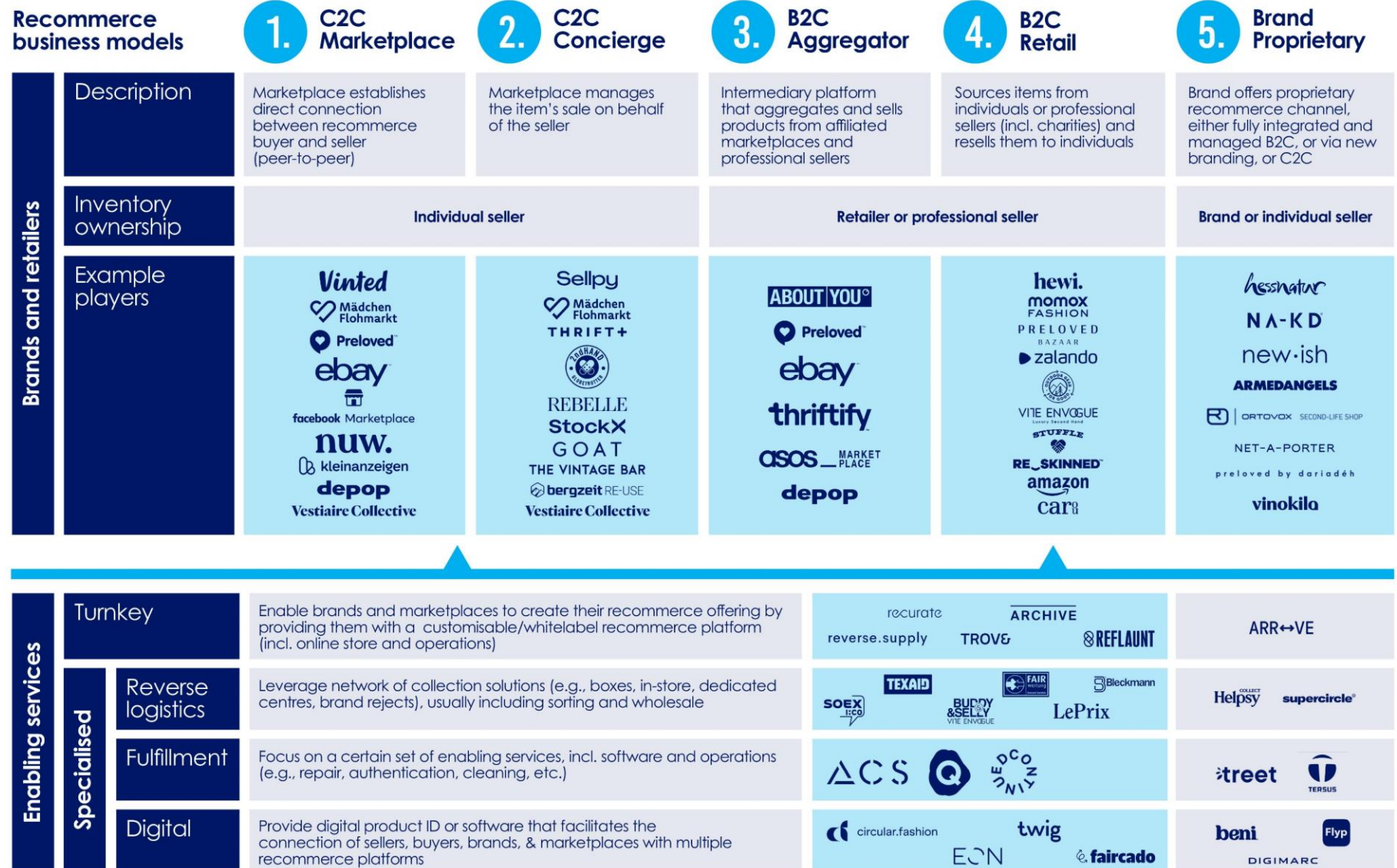
## REGULATORY SUPPORT FOR CIRCULAR FASHION IS ALSO INCREASING

|                   | Extended Producer Responsibility (EPR)                                                                                      | Sustainability reporting                                                                                                                | Waste shipment                                                                    | Sustainable product design                                                                                         |
|-------------------|-----------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|
| Key regulations   | <ul style="list-style-type: none"> <li>EU Waste Framework Directive Revision</li> <li>France L-541-10-3</li> </ul>          | <ul style="list-style-type: none"> <li>EU Corporate Sustainability Reporting Directive</li> <li>EU Directive on Green Claims</li> </ul> | <ul style="list-style-type: none"> <li>EU Waste Shipment Regulation</li> </ul>    | <ul style="list-style-type: none"> <li>EU Ecodesign for Sustainable Products Regulation (ESPR)</li> </ul>          |
| Implications      | <ul style="list-style-type: none"> <li>Improve quality and reparability</li> <li>Encourage closed-loop recycling</li> </ul> | <ul style="list-style-type: none"> <li>Incentivise investment in circular business models</li> </ul>                                    | <ul style="list-style-type: none"> <li>Encourage closed-loop recycling</li> </ul> | <ul style="list-style-type: none"> <li>Improve quality and reparability</li> <li>Guarantee authenticity</li> </ul> |
| Expected timeline | Late-2023 & End of 2022                                                                                                     | Late-2023 & Mid-2022                                                                                                                    | Late-2023                                                                         | Mid-2024                                                                                                           |

Source

Systemiq analysis; thredUP 2023; BCG 2022; KPMG 2021; Bain 2022; Persistence Market Research 2022; Future Market Insights 2022; Statista 2022; PYMNTS 2022; EMF 2021;

# MULTIPLE RECOMMERCE BUSINESS MODELS HAVE EMERGED AND CONTINUE TO EVOLVE, BOLSTERED BY THE EXPANSION OF VARIOUS ENABLING SERVICE PROVIDERS



Key

Significant exposure to European market

## KEY TAKEAWAYS

Several challenges have to be tackled to unlock economic and environmental benefits.

Impact case is clear

## ECONOMIC BENEFITS

Recommerce offers a growth opportunity for brands and market platforms, driven by strong demand from young consumers and emerging regulation, increasing resilience of fashion businesses

## ENVIRONMENTAL BENEFITS

Recommerce contributes to the fashion industry's net zero and nature-positive journey by fighting overconsumption and reducing waste

But how to tackle the challenges?

1.

### Design compelling offerings for buyers through an effective assortment strategy

- Implement take-back and trade-in schemes that can improve buyer choice
- Build brand loyalty over multiple product use cycles and customer interactions

2.

### Reduce frictions of buying/selling

- Adopt digital support solutions and standardised digital product identification to facilitate transactions and improve reliability
- Shift the communication of marketing departments, influencers, media

3.

### Improve business viability through partnerships

- Facilitate rapid scaling of recommerce solutions through strategic partnerships with recommerce enablers
- Support policy development to build enabling conditions

1.

### Adopt sustainable design choices that enable value retention

- Durable, long-lasting design improves product value at recommerce

2.

### Enable recommerce to be a viable replacement for new sales at scale

- Implement specific and measurable recommerce revenue goals and performance KPIs

3.

### Support sustainable consumer choices and mindset shift towards recommerce

- Educate and engage consumers on extending the useful life of garments and replacing new purchases with recommerce
- Facilitate closed-loop recycling through trade-ins and collection at the true end-of-life