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 wormwear.

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

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

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



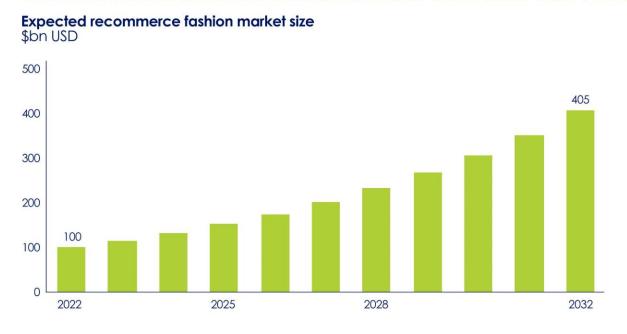
300-1000L

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



~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	 EU Waste Framework Directive Revision France L-541-10-3 	 EU Corporate Sustainability Reporting Directive EU Directive on Green Claims 	EU Waste Shipment Regulation	EU Ecodesign for Sustainable Products Regulation (ESPR)
Implications	Improve quality and repairability Encourage closed-loop recycling	Incentivise investment in circular business models	Encourage closed-loop recycling	Improve quality and repairability Guarantee authenticity
Expected timeline	Late-2023 & End of 2022	Late-2023 & Mid-2022	Late-2023	Mid-2024

Brand

Proprietary

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





C2C Marketplace

Marketplace establishes

between recommerce

direct connection

buyer and seller (peer-to-peer)

of the seller

Individual seller

C2C Concierge

B₂C Aggregator

Retail Sources items from individuals or professional

B₂C

sellers (incl. charities) and

resells them to individuals

hewi.

momox

PRELOVED

BAZAAR

zalando

VITE ENVOGUE

STUFFLE

cara

Brand offers proprietary recommerce channel, either fully integrated and managed B2C, or via new branding, or C2C

Intermediary platform the item's sale on behalf that aggregates and sells products from affiliated marketplaces and professional sellers

Retailer or professional seller

Brand or individual seller

ownership Example players

Vinted





facebook Marketplace

nuw. kleinanzeigen

depop Vestiaire Collective

Sellpy Mädchen Flohmarkt THRIFT+

Marketplace manages



REBELLE StockX GOAT

THE VINTAGE BAR **bergzeit** RE-USE **Vestiaire Collective** ABOUT YOU°



thriftify

OSOS __MARKET **depop**

RE_SKINNED amazon

hessnatur

NA-KD

new-ish ARMEDANGELS

ORTOVOX SECOND-LIFE SHOP

NET-A-PORTER

preloved by dariadéh

vinokila

Turnkey

Enable brands and marketplaces to create their recommerce offering by providing them with a customisable/whitelabel recommerce platform (incl. online store and operations)

recurate reverse.supply

ARCHIVE TROVE

⊗REFLAUNT

ARR↔VE

services

Reverse logistics

Leverage network of collection solutions (e.g., boxes, in-store, dedicated centres, brand rejects), usually including sorting and wholesale

TEXAID SOEX







Bleckmann

Helpsy supercircle[®]

Enabling

Specialised **Fulfillment**

Digital

Focus on a certain set of enabling services, incl. software and operations (e.g., repair, authentication, cleaning, etc.)





≯treet



Provide digital product ID or software that facilitates the connection of sellers, buyers, brands, & marketplaces with multiple recommerce platforms

circular.fashion



♠ faircado

beni





Significant exposure to European market

KEY TAKEAWAYS

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

ict 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





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



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



Improve business viability through partnerships

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



Adopt sustainable design choices that enable value retention

 Durable, long-lasting design improves product value at recommerce



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

• Implement specific and measurable recommerce revenue goals and performance KPIs



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

But how to tackle the challenges?