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Otto Hokkanen

# Opportunities and Threats in the Future Resale Clothing Market

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<p>This thesis explores change of the fashion industry and the movements it generates, now and in the future, through ethical consumption habits and institutional pressures. The opportunities and threats for the future of the resale clothing market will be addressed in particular and in more detail.</p> <p>Literature review aim to give the reader a comprehensive primer on the basic theories of marketing, business models, consumer behaviour, marketing ethics and overall picture of fashion in a marketing point of view. The topics have been addressed from the perspective of traditional marketing, but also through the nuances of the fashion industry.</p> <p>This thesis is based on secondary data, scientific articles, company reports and statistics that have been carefully analysed. The future threats and opportunities of the resale clothing market have also been analysed and conclusions made based on the existing and estimated information.</p> <p>The results of this study show that consumer purchasing decisions are increasingly influenced by information behind the product, such as production, logistics, and company's policies. In the clothing industry, companies constantly need to balance the financial pressures of shareholders with the ethical and social pressures of institutions. The resale clothing market has been seen greener option in consumer purchase decisions. However, the future resale clothing market and companies also face threats such as pressure to corporate transparency, the placement goal of donated clothing and policy of fashion companies.</p>	
Keywords	Fashion industry, resale clothing market, consumer purchasing decisions and institutional pressure

**Contents**

1	Introduction	1
2	Literature review	2
2.1	The role of marketing	2
2.1.1	Customer needs and wants	2
2.1.2	Law of supply and demand	3
2.1.3	Cognitive consistency theory	4
2.1.4	The marketing environment	5
2.2	Marketing mix	6
2.3	Strengths, Weakness, Opportunities, Threats (SWOT) analysis	7
2.4	Consumer behaviour	8
2.4.1	Consumer buying process	9
2.4.2	The pyramid of consumer behaviour	9
2.4.3	Impulsive buying decision	10
2.5	Marketing ethics	11
2.5.1	Carroll's corporative social responsibility pyramid	12
2.5.2	Societal marketing concept	13
2.5.3	The corporate responsibility management	13
2.5.4	Ethics cross	15
3	Research methodology	16
3.1	Research questions	16
3.2	Research design	16
3.3	Research methodology	18
3.4	Limitations	18
4	Fashion industry	19
4.1	Concepts and definitions	19
4.2	A brief history of fashion	20
5	Research result	21
5.1	Change in fashion market	21
5.1.1	Institutional pressure	22
5.1.2	Financial, social & environmental	23

5.2	Successful adaption: Patagonia example	24
5.3	Future of resale clothing market	25
5.3.1	Opportunities	27
5.3.2	Threats	29
6	Analysis and discussion	33
7	Conclusion	36
	References	37

## List of figures

Figure 1: Customer Needs	3
Figure 2: Law of supply and demand	4
Figure 3: Cognitive consistency theory	5
Figure 4: Marketing environment	6
Figure 5: The marketing mix	7
Figure 6: SWOT analysis: strengths (S), weaknesses (W), opportunities (O) and threats (T)	8
Figure 7: Buyer decision process	9
Figure 8: The pyramid of consumer behaviour	10
Figure 9: Structural model used for hypothesis testing	11
Figure 10: Corporative social responsibility pyramid	12
Figure 11: Societal marketing concept	13
Figure 12: The corporate responsibility management framework	14
Figure 13: Ethics cross	15
Figure 14: Simple description of the marketing research process	16
Figure 15: SWOT analysis of resale clothing market in the fashion industry	26
Figure 16: Resale clothing company analysis using a marketing mix	27
Figure 17: Final share of clothing waste per year	28
Figure 18: Used clothes exporters and importers by country	32
Figure 19: Law of supply and demand in resale market	33

## 1 Introduction

Climate change and the fight against it have recently become a major topic of discussion, with young people in particular demonstrating the lack of action against climate change by the companies and the government in decisions (United Nations 2020). Countries, companies and people need to change their policies towards sustainable development, forcing new innovations to manage the burden. Change is affected by legislation, consumption patterns, institutional pressures and a desire to pursue changing policies in order to find an economic, social and ethical balance.

The fashion industry has become the subject of debate with its huge CO<sub>2</sub> emissions. The fashion industry produces 10 percent of all of the world's CO<sub>2</sub> emissions annually. This amount is larger than the total amount generated by air and sea transport. With current consumption patterns, clothing consumption will increase from 62 million tons in 2019 to 102 million tons in ten years (World Bank 2019). The huge amount of water waste in production, micro-plastic ending up in the seas and the majority of clothes end up in landfills are the biggest reasons to the pollution of the clothing industry. In large fashion organizations, the biggest problem for more ethical change arises from modifying structures and corporate policy practices at the same time responding to the needs of shareholders and the attractiveness of the company in terms of investment.

Through technology and politics, the global awareness about the pollution of the clothing industry has changed consumer habits, creating new waves in fashion and alternative consumption. Ethical fashion and resale clothing have risen steadily in high popularity in recent years, creating challenges for traditional clothing companies (Banbury et al. 2011). New and more ethical forms of consumption aim to achieve compatibility with the protection of the environment for present and future generations. These changes include the use of new and more sustainable materials, the reduction and efficient use of energy consumption, and the correct implementation of environmental policy.

The purpose of this thesis is to get into the future changes in the fashion industry. In order to get an overview of the overall picture, the basic concepts of the marketing are discussed first, followed by business models and consumer habits. The marketing ethics is discussed before the fashion industry and its changes. Finally, the possibilities and threats of the resale clothing market in the future will be explored.

## 2 Literature review

When researching the future threats in the resale apparel market, it is important to address the areas of marketing, SWOT analysis, consumer behaviour and ethical marketing toward a deeper understanding the subject.

### 2.1 The role of marketing

This thesis is strongly based on marketing as well as its concepts, therefore it is important to define the word marketing in order to adapt to fashion market and its marketing more precisely.

Marketing is the process by which companies create value for customers and build strong customer relationships in order to capture value from customers in return (Kotler & Armstrong 1980). This description has long held its ground in the world of marketing and is based on the book Principles of Marketing by Philip Kotler and Gary Armstrong.

In the clothing industry, marketing has long played a very central role due to intensified competition, globalization, the internet, and changing customer behaviour. The ethical aspect has also recently become an important part of fashion. A company needs to conduct successful marketing campaigns in many different channels to stay in the competition (Kotler et al. 2013).

#### 2.1.1 Customer needs and wants

Customer needs and wants is one of the most basic concepts in marketing. To understand marketing more deeply, it is important to know first the basics of human mind principles through marketing models. Customer needs itself contains three parts; needs, wants and demands.

First part; needs, includes all human physical needs such as food, clothing, security or heat. Human needs part is not born by marketers, but instead is instinct for self-defence, because for example in exceptional circumstances, such as a disaster, a person focuses only on things he or she copes with, such as the things mentioned above. However, the clothing is also related to the "needs" section, but the motives for the clothing in this case

are to get warmth, protect or alleviate the situation otherwise. Human wants part is affected by cultural and individual personality. The wants part come true if a person for example needs a warm jacket in cold weather but wants it to be the latest winter jacket from Burberry. Lastly, people demands benefits for their products that bring added value or pleasure. For example, in the customer's opinion, the Blueberry winter jacket in question must be produced ethically and from high-quality materials. Outstanding marketing companies go to great lengths to learn about and understand their customers' needs, wants and demands (Kotler et al. 2013: 6).

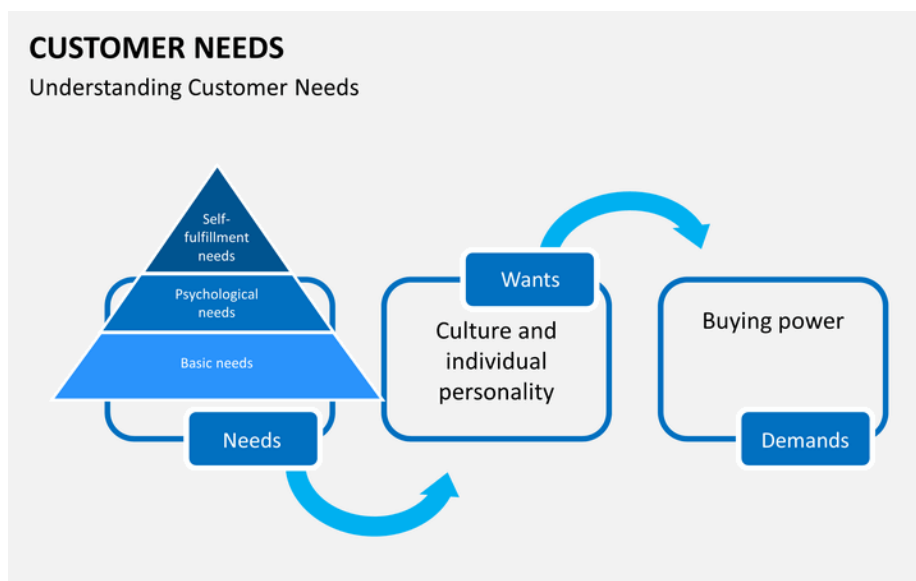


Figure 1. Customer needs (Kotler et al. 2013)

### 2.1.2 Law of supply and demand

Where customer needs explain human needs, wants and demands, the economic theory of law of supply and demand is also strongly associated with it. Law of supply and demand theory explain that, when price increases people are willing to supply more and demand less and vice versa when the price falls (Agemogly et al. 2019: 116).

### Supply and demand

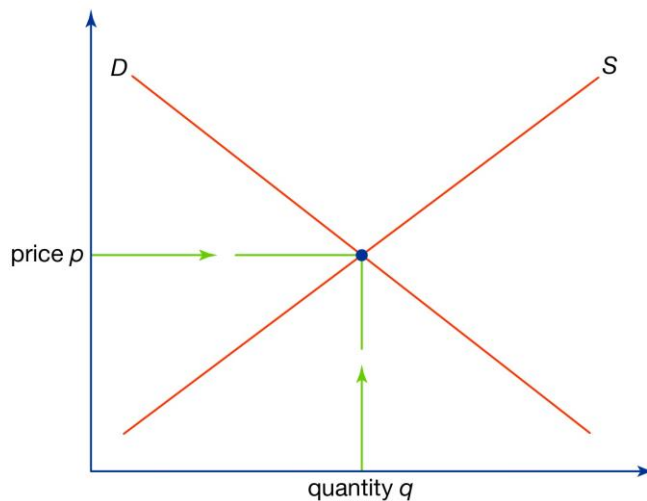


Figure 2. Law of supply and demand (Acemoglu et al, 2019: 115)

#### 2.1.3 Cognitive consistency theory

When looking at consumption habits and human needs, wants and demands, it is important to know the factors, which affect to mind and how human act as they act in the marketing world.

Consistency theory is psychology concept, but is highly related to the marketing, because marketing is psychology in itself. Affective-cognitive consistency theory examines the relationship between attitudes and beliefs (Rosenberg 1956). People have a desire to change inconsistencies because they motivate them. Inconsistency creates an imbalance that creates tension. Tension creates an appeal and when change occurs, the balance is levelled off.

Cognitive consistency theory consists three parts, which affect tension: Cognitive, behaviour and emotional. The end result of these three parts is an attitude. There are a lot of drawbacks in the fashion industry, both socially, legally and in terms of environmental impact, which arouse tension in people through which debate arises. Under the influence of debate and outside pressure, fashion companies have to adapt to these “grievances”, which results in a change from an industrial perspective. Through marketing, companies are able to effectively communicate change to consumers, which can create a positive image of the company.

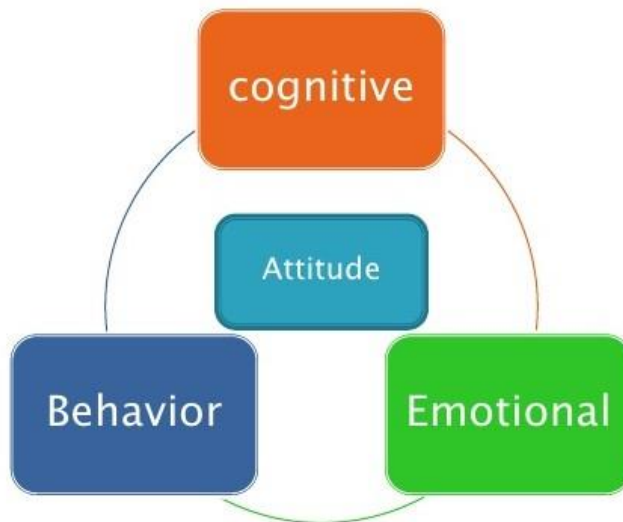


Figure 3. Cognitive dissonance (Festinger, 1962)

#### 2.1.4 The marketing environment

The company's marketing environment is based on the external forces and actors in marketing that affect the ability of marketing management to build and maintain successful relationships with target customers (Kotler, et al. 2013: 74). The theory of marketing environment was introduced by Kotler and Armstrong in 2010, where marketing environment is formed from internal-, micro- and macro environments. The marketing environment is an important part of the overall marketing picture to understand marketplace and consumers.

The internal environment includes all internal activities of the company, such as employees, company policy, inventory and logistics. The organization is able to influence all factors of the internal environment. The micro environment includes everything that directly affects the organization, such as customers, competitors, shareholders and distributors. The macro environment is affected by all the wider issues of society. These things may affect an organization's micro environment, but the organization cannot control them (Kotler et al. 2013:74). Changes in the macro environment that affect a company can include for example, new laws, an environmental crisis, and technological breakthroughs. The macro environment is based on six different components: demographic, economic, physical, technological, political-legal, and social-cultural environment. These factors form a framework called PESTLE that companies can use to analyse the forces of the macro environment.

When inspecting the fashion industry, it is important to look especially at the environmental and social / cultural aspects, because the fashion industry still faces significant social and environmental challenges (Pedersen & Gwozdz 2014).

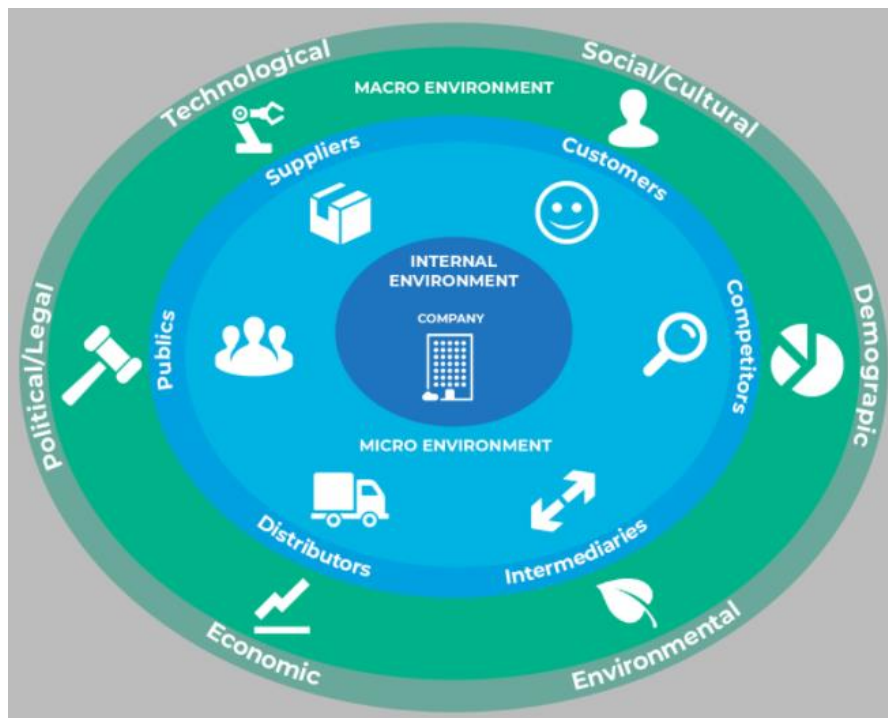


Figure 4. Marketing Environment (Kotler et al, 2013)

## 2.2 Marketing mix

E. Jerome McCarthy invented the concept 4 Ps marketing mix in his book *Basic Marketing: A Managerial Approach* in 1960. The marketing mix is the set of tactical marketing tools that the firm blends to produce the response it wants in the target market (Kotler et al. 2013: 53). The marketing mix consists four factors; product, price, promotion and place. These four factors add value to the target consumer.

A product can be either services or goods that serves the needs of a specific group of customers. The internal factors of a product that affect its popularity either negatively or positively include design, quality and brand name. The price is the amount the customer pays for their product or service. Defining it is important for a company's marketing strategy, and therefore also for a company's profits and survival. Setting a price also has a strong effect on the popularity of a product or service. Factors including to the price are

discounts, credit terms and payment period. The term place itself includes either a placement, distributor or both. It is important to define and place the product in the right place, in order that it can find the potential customers. Channels, inventory and logistics are part of the factors, which are affecting to the place term. Lastly, promotion is an important part of marketing through, which one can gain visibility for a company or increase product sales through advertising, public relations or personal selling (Kotler et al. 2013: 53).

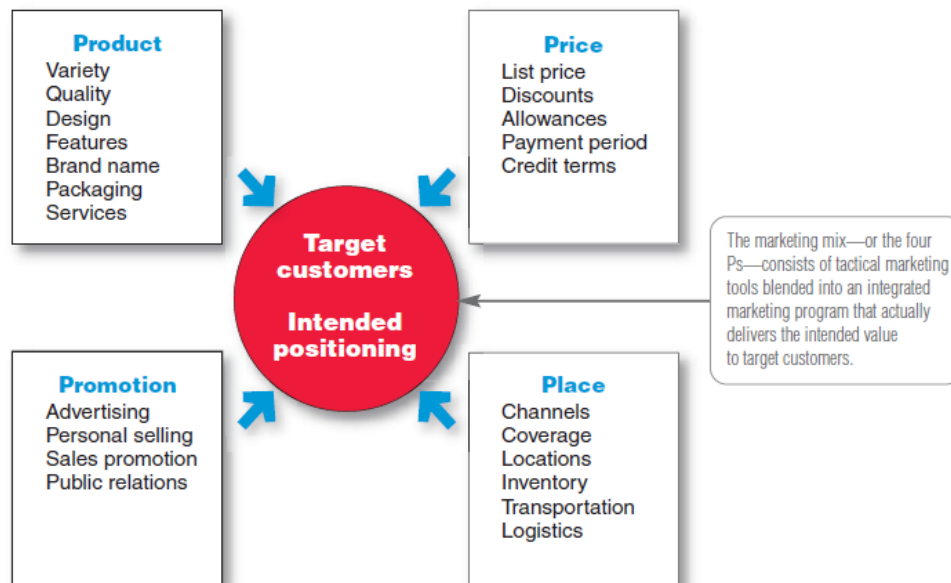


Figure 5. The marketing mix (Kotler et al, 2010: 53)

### 2.3 Strengths, Weakness, Opportunities, Threats (SWOT) analysis

When analysing external factors, looking for target customers, and striving to develop the right kind of products or services, it is also important to analyse the company and its operations in more detail to gain an overall picture of marketing.

SWOT analysis is used to analyze a company's strengths, weaknesses, opportunities, and threats. These four factors are divided into four different categories, which are internal, external, positive and negative, and each factor belongs to two categories. Strengths belongs to internal and positive, weaknesses to negative and internal, opportunities to external and positive, and threats to external and negative. Strength refers to the internal resources through which a company achieves its goals. Weaknesses include internal constraints and negative factors that can affect a

company's performance. Opportunities are preferred factors or trends in the external environment that a company can benefit from. And threats are unwanted external factors or trends that can pose challenges to a company's performance (Kotler et al. 2013: 55).

SWOT analysis' goal is to match the company's strengths to attractive opportunities in the environment, while eliminating or overcoming the weaknesses and minimising the threats (Kotler et al. 2013).



Figure 6. SWOT analysis: strengths (S), weaknesses (W), opportunities (O) and threats (T) (Kotler et al, 2013: 55)

## 2.4 Consumer behaviour

When companies reshape their operations and market their products or business, it directly affects to consumer behaviour. Consumers get image of a company or a product that can make a positive or negative impact. The field of consumer behaviour involves a lot: it explores the processes, where people or groups select, use, buy, dispose of products, services, or ideas to satisfy needs or desires. Marketing professionals rely on consumer behaviour research to guide strategic decisions that can range from effective ad design to defining the store environment or how to design a policy campaign to promote responsible consumption (Solomon 2010).

Folkes and Kamins (1999) found that unethical behaviour influences consumer perceptions of an organization more than ethical behaviour, and that responsible behaviour does not replace poor quality products (Folker & Kamins 1999). This means that consumer attitudes can be negative, even if its products are of high quality, if an organization acts socially irresponsibly (Gupta & Hodges 2012). Although Muncy and Vitell (1992) and Kotler (2003) argue that consumer behaviour is determined by culture and their specific ethical beliefs.

#### 2.4.1 Consumer buying process

One of the important factors in studying consumer behaviour is the consumer buying process. The model involves five different steps, as Figure 4 shows; need recognition, information search, evaluation of alternatives, purchase decision and postpurchase behaviour.

Every time all these phases do not come true, for example when buying convenience products, the first three phases are left out and the purchase is made without more thinking. Purchases used in the clothing industry, can often become impulsively, leaving the first three steps to be missed from buyer decision process. It is also important to understand that not every consumer buying process ends in a purchase transaction. Therefore, it is important from a marketing point of view to look at all the points leading to the purchase transaction and to find possible disadvantages that reduce the chances of achieving the desired result, for example the purchase transaction (Kotler et al 2013: 161-163).

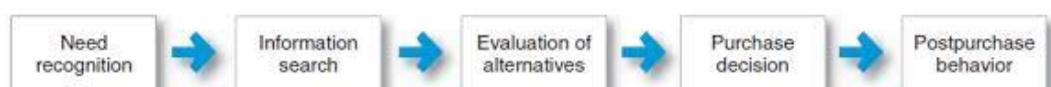


Figure 7. Buyer decision process (Kotler et al. 2013: 161)

#### 2.4.2 The pyramid of consumer behaviour

The pyramid of consumer behaviour examines the micro and macro levels of consumer behaviour and the factors that influence it. Focus is on individual level in micro consumer behaviour and in macro consumer behaviour the focus is on social level.

There are a wide range of factors that influence consumer behaviour, and therefore it is important for marketing to study human behaviour and how to get the attention and interest of a potential customer for a product or a company.

In the clothing industry and fashion business perspective, it is important to focus on the social perspective, especially in its ethical form and external pressures.

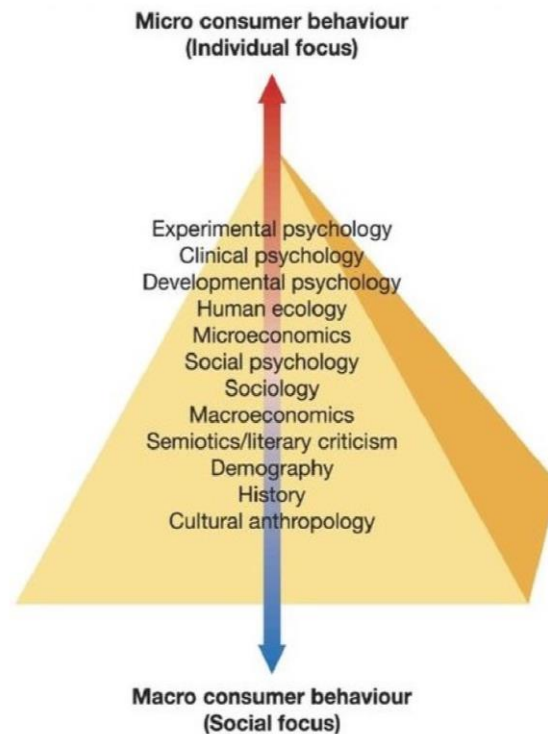


Figure 8. The pyramid of consumer behaviour (Kotler et al. 2013: 10)

### 2.4.3 Impulsive buying decision

When purchasing items impulsive, the buyer might not have any idea about the purchase before walking into the shop. Impulsive buying is basically defined as an unplanned buying (Dittmar, Beattie, & Friese 1995). There can be many things affected to the impulsive buying decision, for example price, offer or limited quantity of goods.

Based on several studies, in a fast fashion environment, an impulsive buying decision causes negative post-purchase feeling. Fast fashion is a business strategy that reflects a rapid response to rising trends by improving design and product range quickly and

efficiently to increase product value and demand for short-term fashion products (Choi et al. 2010; Sull and Turconi 2008). Negative post-purchase emotional response is positively related to recovery behaviour in instant store environments (Cook and Yurchisin 2017). When the purchase is not considered, buyers are likely to feel post-purchase regret, and the garment is likely to be thrown to the bottom of the wardrobe or thrown away in addition for being returned.

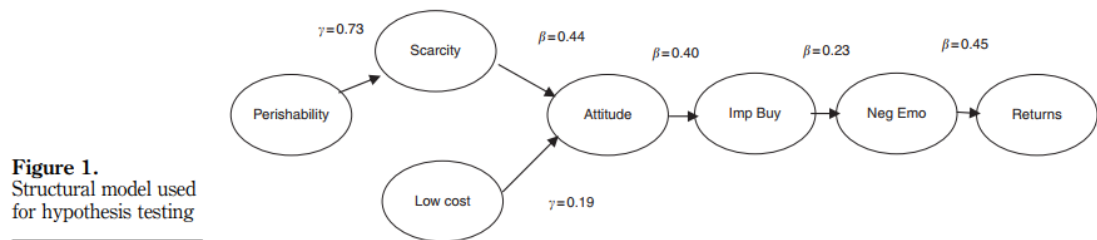


Figure 9. Structural model used for hypothesis testing (Cook & Yurchisin, 2017)

Shopping decisions, especially in fast fashion, end up in the trash or at the bottom of the closet as a result of a regretted post-purchase, one big reason for this are low prices and poor quality of the clothes. In fast fashion industry this is huge problem. The fast fashion companies will immediately receive profits from the products sold, but if the product is returned, then it is useless in a fast fashion company. This is purely due to the fact that fast fashion chains have squeezed the garment production chain for a few weeks, which means that instead of the former seasonal production (winter, spring, summer and autumn), new collections arrive every three to four weeks (Bhardwaj and Fairhurst 2010; Bianchi and Birtwistle 2010; Byun and Sternquist 2011). Returned products are often "out of fashion" after being returned and are either incinerated or discarded.

## 2.5 Marketing ethics

Ethical marketing is not only the marketing of a product or service and its benefits to the consumer, but also its positive benefits for social and environmental purposes (Shewan 2020). Consumption patterns are constantly changing and are currently moving in an increasingly socially responsible and environmentally friendly direction. People are more likely to engage in a behaviour when they derive positive feelings from doing so. This is often overlooked in eco-friendly marketing; whose advertising campaigns often highlight

distracting warnings. According to researches, hope and pride are particularly useful in promoting sustainable consumption (White et al. 2009).

### 2.5.1 Carroll's corporate social responsibility pyramid

Smith (2002: 42) defines corporate social responsibility as “the integration of business operations and values whereby the interest of all stakeholders, including customers, employees, investors, and the environment are reflected in the organisation’s policies and actions” (Joyner et al. 2002; Kok et al. 2001; Simms 2002).

Corporate social responsibility has been an important topic since the 1950s until modern times. Companies that have sought to improve a variety of stakeholders, society, or community can be traced back hundreds of years (Carroll et al. 2012).

Corporate social responsibility pyramid is built by four different stages; economical, legal, ethical and philanthropic. Companies are required to fulfil the first two stages: economical and legal. Ethical stage is expected and philanthropic is desired. Due to changed consumption habits, increased knowledge and technology; ethical responsibility in particular is playing an increasingly important role for the company.

Many studies emphasize the positive role of corporate social responsibility initiatives for consumers. In particular, Creyer (1997) and Du et al. (2010) emphasize the role of corporate communication in consumer reactions. If awareness of the products made by socially responsible company is low, the consumer’s intention to buy is only theoretical (Pomeroy and Dolnicar 2009).



Figure 10. Corporate social responsibility pyramid (Carroll, 1977)

### 2.5.2 Societal marketing concept

The social marketing concept questions whether the pure marketing concept takes into account possible conflicts between the short-term needs of consumers and the long-term well-being of consumers. The marketing strategy should bring added value to the customer, but at the same time promote the well-being of the individual and the society. The company's challenge is to balance consumer wants, profits as well as human welfare, when shareholders create economic pressure, while different organizations can create social and societal pressure (Kotler 2013: 11-12).

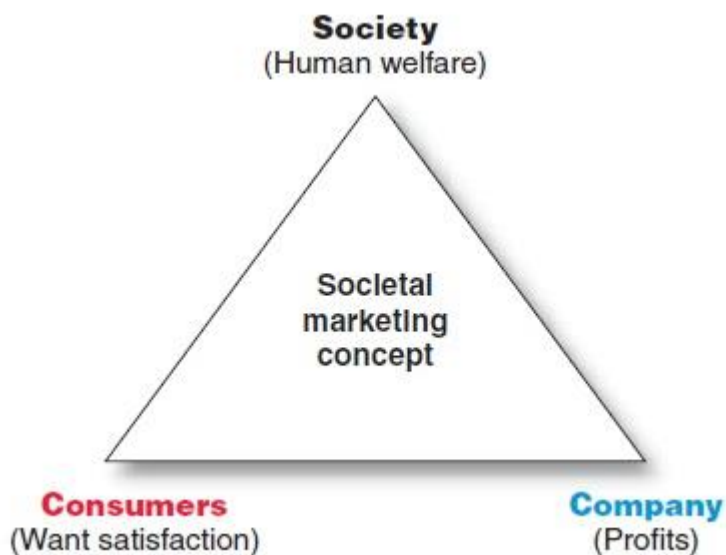


Figure 11. Societal marketing concept (Kotler et al, 2013: 12)

### 2.5.3 The corporate responsibility management

Corporate responsibility management is the process by which a company can identify its responsibilities and plan and implement the right policies to satisfy it (Arrigo 2013).

Global companies promote certain programs to show commitment to the communities to which they belong; in this case, corporate social responsibility becomes a critical success factor, because without recognizing the environment and social responsibilities, a company cannot successfully maintain its economic and social role (Arrigo 2009).

Financial responsibility related to the need to create value and jobs and related to the financial position of the company; the legal responsibility required by the current regulations and the associated sanctions; the ethical responsibility that society expects, and finally the philanthropic responsibility that is discretionary and tied to the social impact of the company (Carroll 1979).

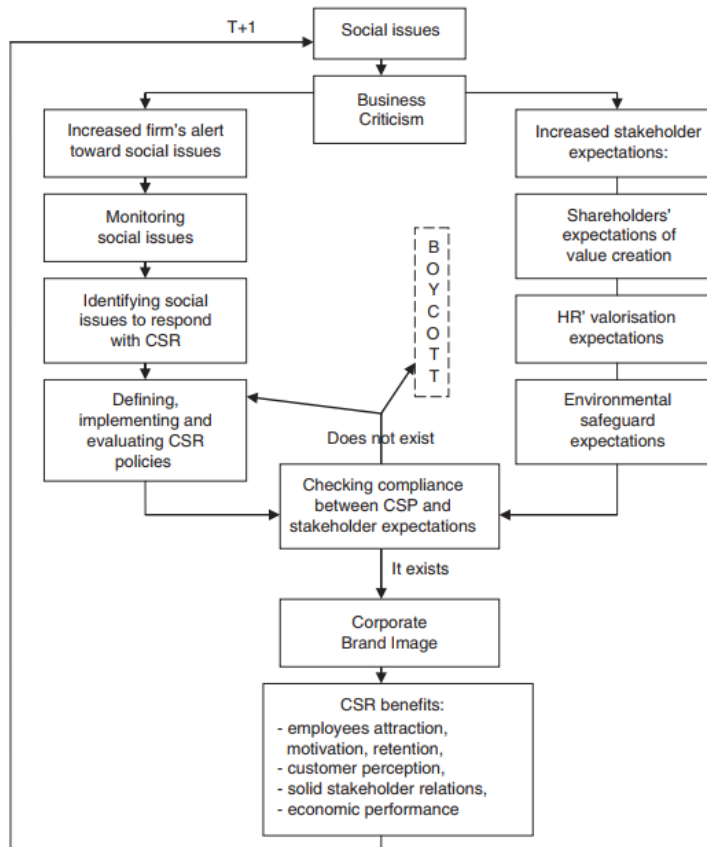


Figure 1.  
The corporate  
responsibility  
management framework

Figure 12. The corporate responsibility management framework (Arrigo, 2013: 179)

In the corporate responsibility management framework model, there are multiple levels and stages, which companies need to handle. At its best, a company can improve its corporate image, which can have a positive impact on the company's sales, but in the worst case, the company could be boycotted. The biggest contradiction for a company is to respond to social pressure and adapt it to shareholder expectations. Succeeding here, the company enjoys numerous benefits such as customer perception, economic performance and employee attraction.

### 2.5.4 Ethics cross

With globalization, companies have to adapt to the legal, social and cultural environment of different countries in order to expand to those countries. Morally expanding to such countries may not be a problem, as morality often transcends borders between countries. However, in different environments, ethical views can differ considerably, and it is therefore important to understand the ethical values of a certain country, both in terms of expansion and marketing. Shortly explained, ethics is the systematic application of moral principles to concrete problems (William & Nancy 1992).

The ethics cross divides the challenge of addressing ethical issues in research into two dimensions - exploring potential societal impacts (vertical) and finding research practices that promote meaningful exchanges, analysing research risks with the wider society (horizontal). Businesses need a lot of resources to resolve these cultural conflicts, which may make it difficult to expand to those countries. Without a comprehensive review and clarification of ethical differences, the company may later suffer from potential conflicts.

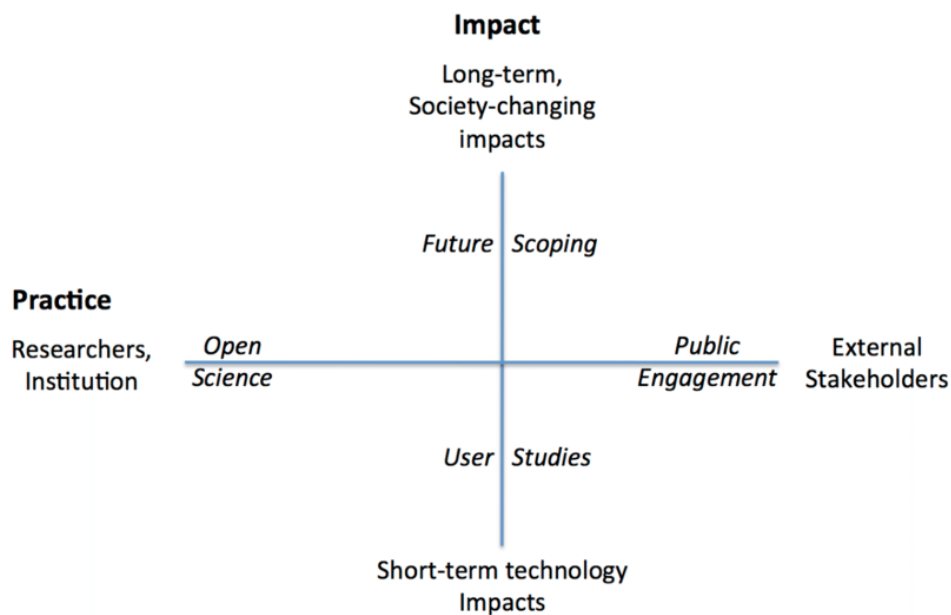


Figure 13. Ethics cross (Buchanan, 1985)

### 3 Research methodology

To get a better overview of opportunities and threats in the resale clothing market and clothing industry in general, the methodology section shows how research is constructed.

Research is a process of systematic inquiry that entails collection of data; documentation of critical information; and analysis and interpretation of that data / information, in accordance with appropriate methodologies set by specific professional fields and academic disciplines (Hampshire College 2020).

#### 3.1 Research questions

This thesis will focus on the following questions (1) What are the opportunities and threats of future resale clothing markets? (2) How will the clothing industry change in the future and what impact will it have on the resale clothing market?

#### 3.2 Research design

Marketing research is the function that links the consumer, customer, and public to the marketer through information – information used to identify and define marketing opportunities and problems; generate, refine, and evaluate marketing actions; monitor marketing performance; and improve understanding of marketing as a process (Malhotra et al. 2012).

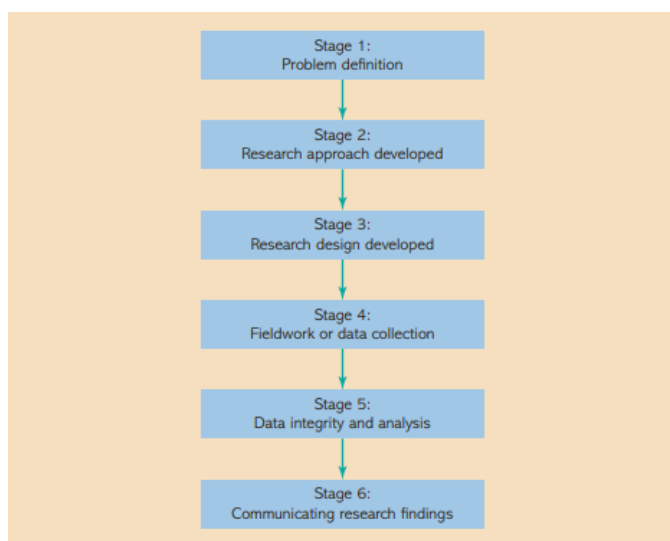


Figure 14. Simple description of the marketing research process (Malhotra et al, 2012: 9)

The logical starting point in market research process is problem definition that requires research support. After the problem has been precisely defined, it is proceeded to the next step: research approach developed. This section includes the identification of factors that influence research design. Central to this phase is the selection, adaptation, and development of an appropriate theoretical framework to support research design. The section research design developed describes the procedures required to obtain the necessary information. Its purpose is to create a research plan that either tests the hypotheses of interest or identifies possible answers to the research questions posed and ultimately provides the necessary information for decision making.

Next step is data collection, which starts with a secondary data collection and analysis through to quantitative research or qualitative research. Secondary data collection is collected from companies' data bases, for example surveys and customer purchases. After data is collected, it is time to analyse it from both secondary and primary sources. Finally, after analysis, the whole project is documented in a written report that addresses the specific research questions identified, describes the approach, research design, data collection and data analysis procedures adopted, and presents the results and major findings (Malhotra et al. 2012: 8-12).

There are all together three types of research; exploratory, descriptive and causal. Exploratory research is a research design characterised by a flexible and evolving approach to understand marketing phenomena that are inherently difficult to measure. Descriptive research major objective is to describe something, usually market characteristics or functions. The third research type is causal research, which is used to obtain evidence of cause-and-effect (causal) relationships (Malhotra et al. 2012: 86-97).

The research can be qualitative or quantitative, or them both. Qualitative research is an unconstructed, primarily exploratory design based on small samples and designed to provide depth, insight, and understanding. In qualitative research, firms are constantly looking for better ways to understand consumers' thought processes and motivations. Quantitative research is research methods that aim to quantify data and typically apply some form of measurement and statistical analysis (Malhotra et al. 2012: 187).

### 3.3 Research methodology

This thesis adapts to descriptive research, as the research is based on the opportunities and threats of the future resale clothing market, through consumer behaviour and the changing company policies in the fashion industry. Thesis data is based on the secondary data collection. All information has been gathered from already existing sources of information, such as articles, studies, company reports, and books already published. All data is from another author and processed to contribute to the overall picture and purpose of this thesis.

This thesis includes both; qualitative and quantitative research and data. Quantitative research deals with numbers and statistics, while qualitative research deals with text and meanings. Mixed methods, in which quantitative and qualitative methods are combined, are increasingly recognized as more valuable because they can take advantage of the strengths of each approach (Curry et al. 2009).

### 3.4 Limitations

Despite the amount of research, scholars argue that the number of studies on second hand clothing (SHC) are still both limited (Na'amneh & Al Huban 2012) and sporadic (Walter, 2008), and the findings are mixed and lack agreement. (Felix, Asuamah & Darkwa 2013) Scholars believe that this lack of agreement is due to the informal and unstructured nature of SHC transactions (Roux & Guiot 2008), narrow research topics (Jagel, Keeling, Reppel & Gruber 2012) and the employment of different research methodologies (Beard 2008).

Companies' marketing and informing about ethics can be restrictive and misleading, as change may be just one part of the whole broad process that can lead to a misleading consumer purchasing decision and thereby affect the whole study.

There has been very little or limited research into the rising popularity of the second-hand clothing market and its threats in the future, which may lead to unequivocal conclusions. Constraints have been considered and the problem has been carefully addressed.

## 4 Fashion industry

There are many different concepts about what fashion is. Susan Kaiser described well in her article 'Fashion and Cultural Studies' that fashion is a popular aesthetic expression at a particular time and place and in a specific context (Kaiser 2019). In fashion industry many consider apparel, the textile and footwear to be the elements of a fashion industry (Hines & Brunet 2007: 2).

Companies in the fashion industry are formed from designers, new product developers, textile producers, manufacturers, merchandisers, buyers, marketers, technologists, supply chain experts, logistics managers, strategists and retailers including front line customer service staff. These all are involved with delivering the product to the marketplace in the fastest time, and at the most competitive price (Hines et al. 2007).

### 4.1 Concepts and definitions

The fashion industry includes many different concepts, trends and definitions. It is important to open key insights through a comprehensive primer to get a clearer overall picture.

There are dozens of different fashion trends such as traditional fashion, fast fashion, luxury fashion, second-hand fashion (vintage, resale and hype culture), slow fashion and ethical fashion. The following fashion trends are strongly related to the subject of thesis and therefore it is important to define and specify them.

Resale clothing is good to define to avoid confusion. Resale clothing is part of the term second hand clothing, but with the difference that the term second hand clothing includes not only resale but also charity. Resale clothing is used or new clothing that has been already purchased once. Resale clothing is therefore the products of older collections from different clothing companies. Resale clothing has increased its popularity due to the volume of clothing production, the change in the most ethical consumption habits, recycle facilities (Abimola 2012), government regulations (Haggblade 1990), and distribution channels (Mhango & Niehm 2005).

Drop culture is part of the whole resale clothing markets. In Drop culture, collections are sold with limited amount in limited time (Baron 2018). The products are very rare and if the buyer gets to buy the product, then its resale price is immediately much higher compared to the original price. Drop culture does little to promote ethical values but is based entirely on the rarity and scarcity of the product. However, it increases economically the statistics of the resale clothing market, but at the same time takes away the importance of its ethics.

Ethical fashion was born in the 1980s when the first fur campaigns began. In the 1990s, numerous sweatshops scandals erupted, putting considerable social pressure on fashion companies and retailers to implement better surveillance programs at their factories (BSR 2012). This gave birth to the sustainable fashion consumer movement (Guedes 2011) along with American fashion and lifestyle magazine Vogue, which marked the environment as a new fashion trend. Ethical fashion market size was 6.35 billion dollars in 2019, and it is estimated grow to 8.25 billion dollars by 2023 (Business Wire 2020).

Slow fashion is a counter current movement created by the influence of fast fashion. Slow fashion products are made from ethically high-quality materials. Collections in slow fashion are created two to three times a year. Slow fashion is strongly part of ethical fashion and has gained popularity in recent years (Kowalski 2019).

#### 4.2 A brief history of fashion

Fashion concept was created 1826 in Paris by Charles Worth. Worth built fashion house in Paris and advice customers, which kind of style would suit them. Worth is believed to be the first fashion designer in the world.

In the 1950s, fashion began to gain popularity with American films, by Marilyn Monroe and James Dean, among others, inspiring young women and men to dress differently. From the 1950s to the early 2000s, fashion became even more popular and styles plagued trends for example from hippie, punk and fitness cultures. In the 1990s, fashion at the latest became popular with the spread of television.

In the early 2000s, the fast fashion boom began, when various fast fashion chains such as H&M and Zara began offering runway design clothing at affordable prices. The popularity of fast fashion has grown steadily to this day, but an increasing number of ethical, social and environmental disadvantages among fast fashion companies have contributed to their popularity.

New trends and waves have emerged in the clothing industry during the 2010s as a result of the scandals of fast fashion companies, accelerating climate change and changing consumer habits. Ethical fashion, slow fashion and popularity of growing resale clothing are defining the waves of new fashion (Business of fashion 2020).

## **5 Research Result**

### **5.1 Change in fashion market**

The previous part highlighted one significant issue in the history of fashion. Attention has always been paid to the product itself, but nowadays the focus has also shifted to the issues behind the product, such as production, logistics solutions and the company's public image and history.

When studying change in the fashion market, it is important to consider different trends, tendencies as well as look at consumer behaviour more broadly. Fashion is changing all the time, and consumption habits at the same time, but even if fashion is changing, everything behind it must also change from an environmental point of view.

The reasons for the change at the moment are different trends, institutional pressures, technology, and changing customer behaviours. All of these factors are shaping the fashion industry in a certain direction, creating new waves and room for new innovations in the fashion industry (Chavan 2018).

According to a recent report shared at the Camera Nazionale della Moda Italiana's third international Roundtable on Sustainability in Milan, many buyers in stores like Saks, Barneys and Printemps are expected to increase total consumption of sustainable products from 23% to as much as 40% over the next five years (Conlon 2019). Such

changes are also ahead at the global level, which is reflected in meeting consumer demands.

### 5.1.1 Institutional pressure

Institutional pressure arises in the institutional environment, and can affect a company's management practices, company policies, and practices (DiMaggio and Powell, 1983). Institutional pressure can arise from the interaction of different stakeholders and the demands for change. Such stakeholders include, for example, administrative decision makers, NGOs (Non-governmental organizations), and various organizations. Institutional pressure has significant role in proliferation of corporate social responsibility (CSR) in companies facing social and environmental demands from a variety of stakeholder groups (Pederson & Growth 2014).

Firms tend to respond to institutional pressures by conformance, resistance, or opportunity-seeking behaviour (Pedersen & Gwozdz 2014). The company's attitude to institutional pressures varies according to the importance of the issue, the magnitude of the institutional pressure, shareholder expectations and the company's own values.

Institutional pressure has modified several times and is quite an effective tool in the clothing industry if the pressure is high enough. Clothing giant Timberland CEO received a total of 65,000 emails by Greenpeace activists 1 June in 2009. The reason to movement was Brazilian leather used by Timberland, whose suppliers contribute to supporting slave labour, destroying Amazon rain forests, and exacerbating global warming (Swartz 2010; Greenpeace 2009). Timberland admitted to subcontracting leather to Brazilian slaughterhouse companies, but overall, skins from Brazil accounted for 7% of all leather used by Timberland in its production (Swartz 2010). The Greenpeace rapture worked, and Timberland went through a resource-intensive transparency review in leather subcontracting from Brazil. Today, Timberland requires legal certification from its producers when subcontracting leather. Sports giant Nike was also interested in the matter and at the same time clarified the certificates of its own leather producers in its subcontracting.

Companies also may adopt a more pro-active approach to institutional pressures rather than simply meeting or resisting expectations from the outside environment (Pederson

& Gwozdz 2014). Such activities facilitate operations of companies and reduce external pressures.

### 5.1.2 Financial, social & environmental

As section 2.3.1 briefly discusses the role of a company's financial, environmental and social environment in a company's strategy and policy, it is a good to address it more deeply in the clothing industry.

Unnecessary consumption, which is contrary to the principles of sustainable development, is the driving force of today's fashion industry. 'Anti-consumption' messages are therefore not a standard business strategy to reduce environmental impact. The focus remains on promoting economic goals by adapting existing activities and introducing technological innovations (Kozlowski 2012).

All the empirical evidence shows that this environmentally friendly attitude of consumers gives rise to eco-entrepreneurs and culminates later in the development and rise of social entrepreneurs (Oncioiu 2016). A recent Accenture survey consisted 6,000 consumers from the United States, Europe, and Asia. The survey found that while consumers continue to focus primarily on quality and price, 83% believe it is important or very important for companies to design products for reuse or recycle. Nearly three-quarters (72%) of respondents said they would buy more environmentally friendly products than five years ago, and 81% said they expect to buy more over the next five years (Mathur 2019).

It is also a big problem for clothing companies to develop the social and environmental side of the impact of institutional pressures and to adapt them to the financial pressures created by stakeholders. From the investor's point of view, the company must make a profit. If a large organization starts to invest more in social and environmental aspects, it may reduce investor's interest to the company, provided that the company takes a few years to change its structures, which consumes a large amount of resources and reduces profits.

French President Manuel Macron invited leaders of global clothing companies to discuss a broader agreement on climate in 2017, resulting in the G7 Fashion Pact. The agreement is intended to contribute to environmental goals in the fashion industry, such

as reaching 100% renewable energy in operations by 2030 (Fashion Revolution 2019). A total of 32 different companies signed the agreement, including Burberry, H&M and Adidas. Other companies have also joined the agreement since it was signed. The agreement requires, but does not force, any obligations on the companies, which is why from the point of view of the big companies, such agreements are freer to implement, but at the same time communicate to consumers the company's will to balance economic, social and environmental parts and create a more sustainable business policy.

## 5.2 Successful adaption: Patagonia example

Consumption habits in the fashion industry are constantly changing through various trends, institutional pressures, new types of information or technology. Many small fashion companies have sought to stand out with a completely different business strategy, compared to the “norms” of the fashion world. Today, even many large companies can successfully walk in the other direction in the fashion industry. One successful example with its completely different company strategy and policy is Patagonia.

Patagonia is a clothing company founded in 1973 by Yvon Chouinard, which specializes in the sale of outerwear. Patagonia has 70 stores around the world and its products were sold in a total of more than 400 stores. Patagonia had sales of 1 billion dollars in 2019 (Patagonia 2019).

Patagonia has been long known for its work for the environment and the company has taken itself in a more ethical direction. Since 1985, Patagonia has been committed to donating one percent of all sales to nature conservation and its reconstruction. Patagonia does not cooperate with retails companies who do not commit to a one percent donation on all sales of Patagonia's products. Patagonia offers a lifetime warranty and repair services for all its products. In addition, Patagonia has donated more than 90 million dollars to grassroots environmentally friendly groups seeking change in their local communities (Patagonia 2018).

In 2011, Patagonia published an ad in the New York Times during Black Friday asking not to buy a Patagonian jacket. It was a statement about impulsive buying decisions on

Black Friday, when companies seek to sell a huge number of products at very affordable prices. The ad received huge media attention globally and created a positive public image. The advertising campaign statement got the opposite reaction, as its increased sales in Patagonia by 30 percent towards the end of the year in 2011 (Farré 2020).

Patagonia emphasizes that the company has a purpose. Purpose is not a strategy, nor a means of marketing, but a pure purpose to “build the best product, cause no unnecessary harm and use business to inspire.” Patagonia’s purpose serves as an excellent strategy and marketing tool, even they do not say it or mean it.

Patagonia describes itself as an activist in your company, which has on several occasions taken a stand on political decisions, and in particular on the actions of US President Donald Trump. Among other things, as President Trump reduced corporate climate change taxation in United States, Patagonia made 10 million extra profits with tax deductions and they decided to donate every penny of that 10 million dollars to organizations fighting against climate change.

Patagonia has been completely successful in its corporate responsibility management. There have been no social problems if the company has acted responsibly from the outset and adjusted its values accordingly. Patagonia enjoys a special position without experiencing any institutional pressure, as its corporate policy includes a fully pro-active approach to all environmental and social issues. Patagonia is well ahead in terms of changes in future consumption patterns. Such a company policy is very exceptional at the moment in clothing industry, but it is important to think about whether it will be normal in fashion industry in the future. Shareholders have also been committed to the ethical values of companies from the outset and emphasize their importance.

### 5.3 Future of resale clothing market

Global textiles and the clothing business are worth nearly 3000 trillion dollars (Business 2 Community, 2015). Despite this significant figure, Wright (2014) argues that in fact, the global clothing industry has failed to reach its maximum sales potential. This failure is a result of the global economic recession (Wright 2014) and political instability. (Hansen 1999) As a response to these factors, consumers’ have developed a higher appreciation

of the value of reusable clothes (Rucker et al. 1995) which has subsequently provided a strong new business opportunity (Slotterback 2007).

The resale clothing markets are growing 21 times faster than the retail apparel market over the past three years globally (years 2017-2019) and resale markets are estimated to grow from seven billion to 36 billion dollars, and total second hand market size will be 64 billion dollars by 2024 (ThredUp 2020). One big reason for this estimate is the extension of the resale clothing market to online stores.

The SWOT analysis provides an overview of the strengths, weaknesses, opportunities and threats in the resale clothing market in the fashion industry. There are many ethical strengths in the resale clothing market in the fashion industry. Resale clothing companies are not under as much institutional pressure as, for example, traditional clothing companies. On the other hand, when organizations have done little research about the second-hand clothing industry, ethical questions arise about the industry and how it operates. Also, the product ranges are very varied, which can lower consumer interest. The more ethical consumption of consumers and the impact of technology are creating many new opportunities for the resale clothing market, but they also create many upstream movements and threats in the future. Such threats include changes in the operating policies of clothing companies and the resulting challenges. The SWOT analysis is further elaborated in the opportunity section as well in threats section.

<p style="text-align: center;"><b>Strengths</b></p> <hr style="width: 50%; margin: auto;"/> <p style="text-align: center;">Affordable clothing Green choice Trends Low institutional pressures</p>	<p style="text-align: center;"><b>Weaknesses</b></p> <hr style="width: 50%; margin: auto;"/> <p style="text-align: center;">Scarcity of products Low control Unknown modes of operation</p>
<p style="text-align: center;"><b>Opportunities</b></p> <hr style="width: 50%; margin: auto;"/> <p style="text-align: center;">Changing consumer behaviour Rising awareness Teknology (social media, E-commerce) Growing market</p>	<p style="text-align: center;"><b>Threats</b></p> <hr style="width: 50%; margin: auto;"/> <p style="text-align: center;">Changing fashion company policies Unattractive to investment Faster fast fashion Life cycle of clothing product</p>

Figure 15. SWOT analysis of resale clothing market in the fashion industry

### 5.3.1 Opportunities

The growth in popularity creates a lot of opportunities for the future of the resale clothing market. As popularity grows, new businesses emerge, and existing second-hand clothing businesses grow. Law of supply and demand theory explain that when supply increases, prices fall. Interest also grows as the more the issue is presented. Thus, more and more consumers may be interested and buy resale clothes in the future, the more they are available and their popularity increases.

When analysing resale clothing company using a marketing mix, such companies have less to worry about ending up with products to target customers than traditional fashion companies. The design, quality and manufacturing of the products have already been completed by the fashion companies and resale clothing companies must focus on the service of their own company and choose products that will go on sale in the company’s range. Prices are determined by the quality of the clothing, the brand and their purchase price. In general, resale clothing is less expensive than new clothing, but rarer products may even exceed the retail prices of new products (Arun 2017). The biggest focus is on promotion as well on place. New collections are being marketed and potential trends as well as an ethically positive public image correlate marketing and people’s awareness on the resale clothing. There is also a strong emphasis on the location of resale clothing stores and product logistics. Product coverage creates challenges but also opportunities for resale clothing companies. The range of products is wide, but each product is unique, and its availability may be rarer, which can often lead to impulsive purchasing decisions.

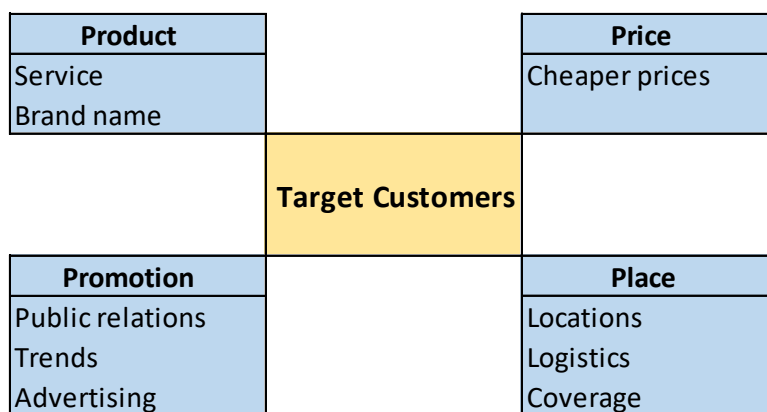


Figure 16. Resale clothing company analysis using a marketing mix

An important role for the future of the resale clothing market is to highlight information about recycling and its importance for clothing products. According to the non-profit

organization Remake, 80% of all clothes are disposed globally and only 20% are recycled (2018), even up to 95% of the textiles that are land filled each year could be recycled (Secondary materials and recycling textiles 2013). Looking to the future, if recycling habits changes and clothes were recycled more, they would also be sold more used, which would reduce CO2 emissions and create more environmentally friendly supply and consumption. This would positively correlate the growing resale clothing market.

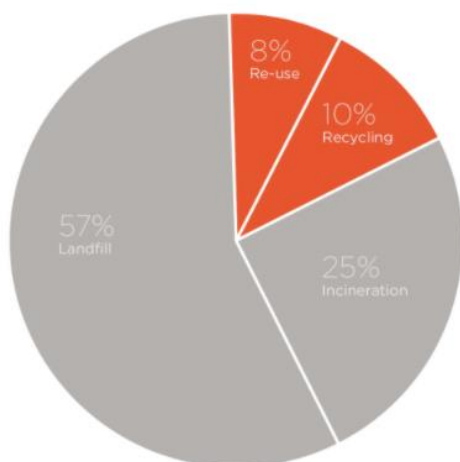


Figure 17. Final share of clothing waste per year (Pulse Report, 2017)

Consumers may keep the products they own even if they don't use them due to hoarding tendencies. Hoarding is defined as the "acquisition of, and failure to discard, possessions which appear to be useless or of limited value" (Frost and Gross 1993: 367). There is not much data about hoarding, through the difficulty of researching it. Consumers may not be selfishly aware of how much unused clothing stays in storage. Hoarding is strongly associated with human memories of the garment, making the garment too important part of the past, with the motto "I will wear this one day" or it is just purely forgotten in the closet (Joung 2014). However, there are a lot of unused clothing around the world, which creates a potential opportunity to map out enduring clothing for resale clothing markets and for better use.

Compulsory sustainability teaching at educational institutions would rise overall awareness and important of the single purchase (Pederson & Andersen 2015). Sustainable development teaching at educational institutions would shape the structures of society, which would reflect to premeditated buying behaviour and care of clothing and

thus its lifespan and efficient use in the future. The technology will provide more information for all age groups in the future, as well as wider range of clothing with easier shopping opportunities.

One big major opportunity in the resale clothing market is the customization and re-design of used clothing. Political instability and economic uncertainty have increased, as a result of which the demand for fashion products is declining and at the same time cheaper customized as well as personalized fashion is expected to rise in the coming years (Gazzola et al. 2020). Currently, customization and re-design is still small, and the creators are either individual entrepreneurs or drift shops, but looking in the future, the business of remade, redesigned, refashioned fashion is able to break through the world through the multitude of clothing (Meta 2020).

Drop culture is a growing trend and more and more clothing brands are creating limited collections whose products resell at multiple times the original price. Drop culture pioneers Off-White and Supreme have, in a few years, increased their turnover and formed partnerships with Nike, Stone Island and Louis Vuitton, among others big clothing and fashion companies (Van Helen 2018). However, this is a somewhat contradictory argument, because from an economical point, drop culture trend affect positive to resale clothing market, but an ethical point of view, drop culture does not contribute to positive environmental impacts.

### 5.3.2 Threats

Overall, resale clothing markets have received a positive public image around the world and have been identified as part of the solution to the demand for higher consumption and the resulting waste culture. However, the resale clothing market has a significant number of threats for the future and very little public discussion, as the resale clothing market is currently a big trend and, on the rise, especially in the west countries.

With the changing company policy in fashion companies, a great confrontation is emerging in the clothing industry, neither of which will serve the rise of resale in the resale market in the future;

- 1) Fashion companies are changing their policies in a more ethical direction.

Clothing companies, especially fast fashion companies, are starting to change the structure of their companies and produce more and more ethically produced clothes, therefore prices will rise in these companies, but at the same time the quality of clothes may improve. As the quality of clothing improves and prices rise, consumption is less frequent, and the product is likely to have a longer life due to a reduced impulsive purchasing decision (Gazzola et al. 2020). Thus, clothes end up less and less often at resale clothing markets and new consumption habits may also have a negative effect on consumption at resale clothing markets.

2) Heavily marketed faster fast fashion trying to compete against the first option.

Changed consumer behaviours have also spawned counter-current business strategies such as faster fast fashion. These companies have cut their supply chain to achieve and supply more products faster in online, with bigger volume. There may be several hundred new products a week and a lot of money is put into marketing. (Marci 2019) Asos and Fashion Nova are examples of faster fast fashion companies.

Impulsive buying as well poor quality of clothing are also problem and threat for the resale clothing markets. Due to a lack of thorough consideration, impulsive buyers are likely to experience post-purchase regret (Kang and Johnson 2009). Post-purchase regret may result in the product being thrown in the trash due to its poor quality, to the return, where the company will throw it away, or the customer will throw the product in the wardrobe leaving the product unused. However, buying resale clothing can be impulsive as the selection is very haphazard and based on the supply of the moment. A Czech study found customers consider quality but look for special offers and good prices (Svatosová 2013). This led to popularity in purchasing second-hand goods and shopping online (Smith, Menon, and Sivakumar 2005; Cervellon, Carey, and Harms 2012). The low price of resale products may affect the buyer's negative postpurchase behaviour.

A new kind of corporate policy emerging from Patagonia example; clothing with a lifetime warranty and repair options will reduce the growth in popularity of the resale clothing market in the future. In addition, several companies hoarded their old products to reduce their resale and utilize their materials for future collections. Many clothing companies have set up recycle bins inside their stores, where by putting your old clothes in, you get discount coupon for your future purchases (Mehta 2019). For example, H&M implants a tree through its not-for-profit partner for every 50 pounds of donated clothing. H&M is

estimated to implant 100 000 trees in 2020 (H&M 2019). For customer it is an easy way to recycle your clothes, benefit from it financially and do an environmental act. At the same time, such activities motivate customers to buy more from that brand and fewer products remain for resale.

Resale clothing companies that receive their products from donations do not experience any institutional pressure to make their supply chain transparent. According to Finland's national public broadcasting company Yle, 50-70% from donated clothing in Finland ends up abroad. Most end up in Estonia and Lithuania, which is a problem because if textile waste is exported to countries that do not have proper waste management, environmental problems arise (Dahlbo 2020). Especially in Europe, a large proportion of donated clothing and shoes end up in the largest distribution centres, such as Soex, in Germany, which is the largest distribution centre in Europe. 300,000 kilos of clothing textiles arrive to Soex every day, from which they are sold to cheaper countries in Europe or exported to Africa for sale (Yle 2020). This will be a big problem now and, in the future, as very little is currently known about ethical perspective and corporate policies about companies which sell used clothing.

In Africa, as many as 80 percent of the population wear recycled clothing (Kivi 2012). Imports of second-hand clothing have a negative impact on African clothing production, which is explained by a fall in employment of around 50% and a fall in production of around 40% between 1981 and 2000. According to local media reports, the textile industry employed 500,000 people in 1981. In 2015, the African textile industry employed 20,000 people, which is 96% less than in 1981 (Kubania 2015).

In figure 16, 23.8 percent of global used clothing has been imported into Sub-Saharan Africa in 2017. It is almost four times more than the second biggest importer country; Malaysia. Sending a huge amount of clothing to Africa every week consumes the countries waste management and treatment, for example, 15 million second-hand garments are shipped to Ghana every week, with Ghana's population of slightly under 30 million people, about 40 percent of all garments end up in multiple landfills or incinerated, leading to challenges in waste management and resource consumption (Wolf 2020).

Top used clothing exporters					Unit: \$million			
Exporters	2012	2013	2014	2015	2016	2017	Trend	Share in 2017
European Union	\$1,440	\$1,606	\$1,536	\$1,318	\$1,324	\$1,431		35.4%
United States	\$629	\$678	\$670	\$573	\$553	\$608		15.1%
South Korea	\$351	\$364	\$357	\$317	\$270	\$307		7.6%
China	\$62	\$101	\$189	\$284	\$218	\$298		7.4%
Canada	\$192	\$174	\$168	\$139	\$126	\$132		3.3%
Japan	\$125	\$120	\$127	\$113	\$94	\$85		2.1%
Top used clothing importers					Unit: \$million			
Importers	2012	2013	2014	2015	2016	2017	Trend	Share in 2017
Sub-Saharan Africa	\$725	\$847	\$797	\$647	\$553	\$697		23.8%
Malaysia	\$135	\$146	\$160	\$146	\$150	\$177		6.0%
Ukraine	\$116	\$129	\$105	\$97	\$128	\$154		5.3%
Russian Federation	\$153	\$161	\$144	\$119	\$117	\$149		5.1%
Pakistan	\$153	\$160	\$147	\$141	\$154	\$148		5.1%
Cameroon	\$77	\$83	\$78	\$74	\$71	\$140		4.8%
Data source: UNComtrade (2018)								

Figure 18. Used clothes exporters and importers by country (UNComtrade, 2018)

Laws of governance and agreements are one big threat for the future of the resale clothing market. Politics, and through its legislation, is constantly moving in a more ethical and climate-friendly direction. New legal regulations will emerge, such as additional taxation of unethical business practices, tax reductions on environmentally friendly products or additional monitoring of corporate policies. This is forcing companies to increasingly adopt environmentally friendly practices, leading to an increase in the supply of more ethical and better-quality products, which will extend the life of clothing and potentially reduce consumption. Studies have shown that harmful raw materials used in the clothing industry (e.g. virgin polyester), extra energy use (e.g. water) and company practical violations (e.g. workers' rights) should be taxed more heavily (Lewins et al. 2007; Pederson et al. 2015). Companies that would operate ethically and socially properly should receive tax deductions. If such legislative changes were to occur, ethical fashion would be more affordable and could negatively impact the resale clothing market.

The resale clothing market, which has risen sharply in popularity, may suffer from a shortage of products in the future, because if their consumption rises further and faster compared to traditional and fast fashion, then there may not be enough products for resale sales. This in turn could cause resale clothing prices to rise, quality decreases and interest to cease (see figure 15: A). On the other hand, if resale clothing becomes more popular and globalized, competition will also intensify, which will correlate with falling prices (see figure 15: B). For under the influence of an external factor the price-quantity ratio is not entirely proportional. Currently, the supply of resale clothing is

significantly higher than the demand and the extra textiles end up in developing countries, landfill, recycling or disposal (see figure 15: C).

### Supply and demand

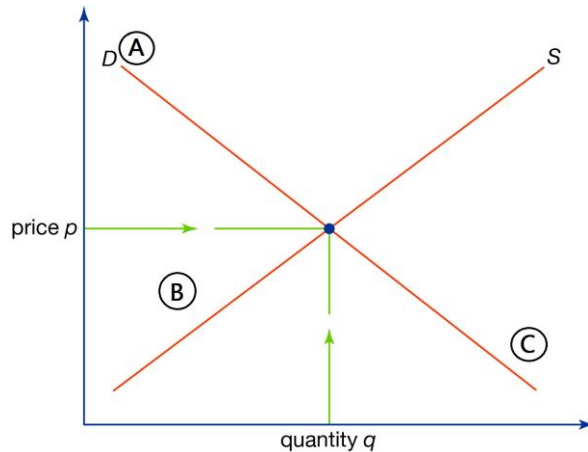


Figure 19. Law of supply and demand in resale market (Acemoglu et al, 2019: 115)

## 6 Analysis and discussion

New trends and styles have always emerged in fashion. People and companies have always tried to either follow or create them. Fashion has always been influenced by the appearance, shape and fit of clothes. The decision to buy clothes has always been about the product itself, but only in recent years other factors entered into the purchase decision also, such as production, logistics solutions and the history of the company. Today, the motive for buying a garment also consists of the factors behind the product.

As awareness grows with digitalization, there have come to consciousness many disadvantages in the clothing industry globally. The fashion industry produces 10% of all humanity's carbon emissions, the industry that consumes the second most water in the world and pollutes the seas with microplastics.

Large clothing companies have been caught on several occasions using child labour, supporting sweat shops and other environmental problems caused by the factories. These problems have created boycotts, demonstrations and institutional pressures on the clothing industry, but also created room for more ethical options such as the second-hand clothing market and ethical fashion. The volume of clothing production, changes in

human consumption, trends, online shops and ethical grievances in the clothing industry are big reasons why resale clothing market is on the rise.

The second-hand clothing market is currently about 28 billion dollars but is projected to grow to 64 billion dollars by 2024. Currently, the second-hand clothing market is growing 21 times faster than the retail clothing market. If this growth rate of demand continues to be similar in the future, it will pose a major challenge to the availability and market of used clothing.

While the resale clothing market is on the rise, it also has a lot of opportunities and potential to grow even bigger for the future. Consumer practices play a large part in the future of the resale clothing market. According to the Pulse Report, as many as 82 percent of all clothing is either destroyed or landfilled, even though nearly 95 percent of all clothing is recyclable. If there were a change in these consumer behaviours, in the future, instead of 18%, more clothing would end up being reused or resold. The report does not count hoarding, which is one of the potential opportunities for the future resale clothing market. However, very little is known about how much extra and unused clothing people have in the world because it is very difficult to investigate. Sustainability courses in educational institutions would provide more information for future generations, which would affect more ethical beliefs and attitudes. Resale clothing itself as a trend can also increase people's awareness of putting clothes in circulation and its importance. From a marketing standpoint, resale clothing is very little marketed, and marketing would be also potential opportunity for the future.

While the used clothing trend is bigger than ever, there are also a lot of future threats involved. The second-hand clothing market is completely dependent on the clothing industry and its companies. If clothing companies are modified by various legal changes and international agreements to produce more ethical and better-quality clothing, then consumption is likely to decrease as clothing prices rise and clothing life extends. One big contradiction arises on the subject. High clothing consumption also correlates with the rising resale clothing market. If companies in the clothing industry start producing more ethically produced clothing in terms of more sustainable consumer changes, then the supply in the resale clothing market will decrease, which will raise their prices and may reduce interest. Traditional large clothing companies are increasingly required to have supply chain transparency, but large resale clothing companies are not. This puts

conflicting signs of fairness in the clothing industry and creates a freer hand for second-hand clothing companies to act more unethically than traditional fashion companies.

If every clothing company pursued a similar corporate policy as Patagonia, where products are produced as ethically as possible, have a lifetime warranty and part of their sales are donated for the environment organisations, the resale clothing market would be significantly smaller. Societies, global agreements, and consumer pressure are constantly steering companies in this direction, which could negatively impact for the future resale clothing market. From an ethical point of view, this is a good thing, but any misleading messages from clothing companies about the ethics of products must be considered, as the product must be assessed as a whole through production, logistics and operating principles.

According to statistics, the future of the resale clothing market looks bright, but full dependence on the operations of clothing companies poses a lot of threats and uncertainty. As the second-hand clothing market grows faster than retail fashion market, it must also be considered whether the supply of second-hand clothing will meet consumer requirements in the future if there are increasingly limited quantities of products. The popularity of the used clothing market will continue to be high and its market will continue to grow over the coming years. However, various trends in used clothing, such as vintage, may lose popularity in the future, which will also contribute to the growth of the resale clothing market. Possible scandals from various used clothing companies may also lower the popularity of the resale clothing market, which will also lead to more holistic consumer attitudes towards resale clothing companies and the market. Drop culture and low institutional pressures also create question marks about the ethics of the resale clothing market. It is important to understand that the future is impossible to predict, but statistics, current practices and research can be used to get very close to the right outcome.

In the future, it would be more important to look at the reflection of the change in the activities of traditional clothing companies on the second-hand clothing market. It is also important to find out the popularity and size of the resale clothing market between different countries and continents. These issues would provide a more comprehensive picture for future research, both in terms of geographical consumption habits as well as the popularity of used clothing companies.

## 7 Conclusion

The main purpose for this thesis was to find and analyse the opportunities and threats of the future resale clothing market. The motive was to find positive as well as negative prospects for the resale clothing market and the corporate policies pursued by companies. As the overall picture of the resale clothing market has been obtained, it is important to study the issue more comprehensively and to find possible disadvantages and threats of the resale clothing market and its future. It is important to get people a fair overall picture of the resale clothing market outlook.

The study showed and supported scientific texts that consumption habits in the fashion industry are constantly changing in a greener direction, especially by younger generations. In addition, clothing companies are constantly experiencing more institutional pressure, and are in a tight situation where the company's structures and policies need to be reshaped more in the sustainable direction, but at the same time also respond to shareholder financial pressures.

According to researches, the resale clothing market has been on the rise for a long time and is growing 21 times faster than the retail apparel market over the past three years globally (years 2017-2019). This is reshaping the current fashion industry and its shape, creating pressure on both traditional and fast fashion companies. The resale clothing market has been globally adopted as a solution to environmental issues in the apparel industry and is promised a largely positive future, but there are also many threats to its high growth in the future. The business of second-hand clothing companies has received little institutional pressure, which gives these companies opportunity to operate freer. Therefore, the green reputation of second hand clothing companies could suffer from potential scandals and crises. Changes in traditional fashion corporate policies may reduce the supply of resale clothing, increase prices and reduce competition, and potential consumption reductions in the clothing industry would lead consumers to consider their consumption decisions.

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