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How Changing Consumer Attitudes Toward Climate Change are Creating New Opportunities in the Fashion Industry

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This thesis focuses on analysing consumers' attitudes toward climate change with an emphasis on consumers' behaviour in the fashion industry to examine how it creates new opportunity within the fashion market. The research takes a special look at the possible opportunity of the resale apparel market.

The literature review aims to give the reader an understanding of the subject by the explanation of theories related to marketing, consumer behaviour, business models and an analysis tool. Also, marketing specificities and consumers' wants related to the fashion industry are examined. Besides, green marketing and its limitations, both in a general context and the fashion industry context, are evaluated.

This thesis is based on the collection of secondary data and the analysis of information from existing reports, articles and statistics on the development of the resale market, and the examination of the company Vinted's success.

Results of this study show that if consumers are seeking to have a lower impact on the environment when buying clothing, being "fashionable" and price are often more important. Furthermore, as the fast fashion model is considered as one of the main reasons for the industry to be so polluting, new business models and opportunities are emerging to respond to new consumers' wants. Therefore, the resale market by answering various consumer's wants such as sustainable apparel consumption, price and a large choice seems to be a major opportunity in the fashion industry for the coming years.

Keywords	Fashion industry, resale market, consumer behaviour

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1   Introduction

One of the biggest challenges faced by societies all over the world is climate change and its negative consequences. Barack Obama even said in January 2015 "No challenge poses a greater threat to future generations than climate change". In fact, climate change's consequences include global surface warming, sea level increase, ice melting from the poles, and changes in the frequency, intensity and occurrence of extreme events, for example. (Institute For Climate Economics, 2017) Those repercussions are already affecting many people and businesses worldwide. Like any other industry, the fashion industry is impacted by climate change's consequences but is also responsible for it due to its high pollution activities. In fact, in 2016 activities of the fashion industry, which includes the apparel and footwear industry, were responsible for 3,990 million metric tons of carbon dioxide equivalent (CO_2eq) representing 8.1% of the total global impact of CO_2eq. (Quantis, 2018) Reasons for the fashion industry to be so polluting include greenhouse gas emissions, high water consumption, used of chemicals in the manufacturing process resulting in water pollution. Another explanation comes from the fast fashion, which is the mass production of micro-collections of cheap and low-quality apparels resulting in a short lifecycle. The production of a high number of micro-collection emphasis the pollution from the manufacturing process. Furthermore, it encourages consumers to constantly buy new clothes to feel up to date in term of trends which ultimately increases the waste of clothes. (Sustain Your Style, 2020)

Over the last years, consumers have started to become more and more aware of climate change issues. Consumers gained knowledge in climate change's consequences and importance, but also regarding how to become a sustainable consumer. The aim of sustainable consumption is the "consumption that supports the ability of current and future generations to meet their materials and other needs, without causing irreversible damage to the environment or loss of function in natural systems." (Bianchi & Birtwistle, 2012) As consumers become more aware concerning climate change, they also realised thanks to various reports that the fashion industry is very polluting. Furthermore, consumers have recognised that their purchases have an impact on climate change and that they have a role to play to help to lower climate change's effects. Thus, the fashion

industry, like many other industries, is now seeking to answer to this new consumer's want.

The purpose of this thesis is to research how changing consumers' attitude toward climate change is creating new opportunities in the fashion industry. To provide a full understanding of the topic, the thesis will look into marketing and consumer behaviour theories. Furthermore, the thesis will investigate consumer behaviour in the fashion industry and new wants related to climate change awareness from consumers. Finally, this thesis will analyse the possible opportunity of the resale market that is presented by various actors as very promising and that seems to respond to consumers' expectations.

2   Literature Review

In order to review how changing consumer attitudes has an impact on the fashion industry, it is important to review literature in relation to the subject, and more specifically regarding marketing and consumer behaviour.

2.1   Business Model

The aim of a business model is to give the insight of an organisation by describing its design while showing how this organisation creates and captures value. (Bock & George, 2017) As new ideas emerge, innovative business models are created to reflect them. One tool often used to map new business model is the business model Canvas due to its easy visualisation of a business model. The business model Canvas has been developed by Alexander Osterwalder and published in a book in 2010 co-written with Yves Pigneur. The popularity of this new business model has been rising since its publication due to its easiness to use. (Marbaise, 2015) The Canvas business model's goal is to describe "how an organization creates, delivers and captures value" as well as how an organization intends to be profitable. (Osterwalder & Pigneur, 2010:14) The model is composed of nine blocks as shown by figure number 1 representing the Canvas template. The aim is to write for each block the key elements of an organisation. For instance, any company should know who their targeted customers are, and what are their needs and wants. For this reason, a company might decide to serve one or several customer segments. Value proposition represents what the company has to offer to its customers, products or services, usually answering a consumer need. The value proposition should also describe why consumers would turn to this particular company instead of another one by showing its superior value and how its benefit consumers. The value proposition may come from performance, newness, customisation, price, brand, design and accessibility for example. Furthermore, the model should describe the type of relationship a company intends to have with its customers depending on its motivations. Besides, how a company communicates and attain its selected consumers is also very important to deliver the value proposition, and thus should be described in the channel block. (Osterwalder & Pigneur, 2010:14-29)
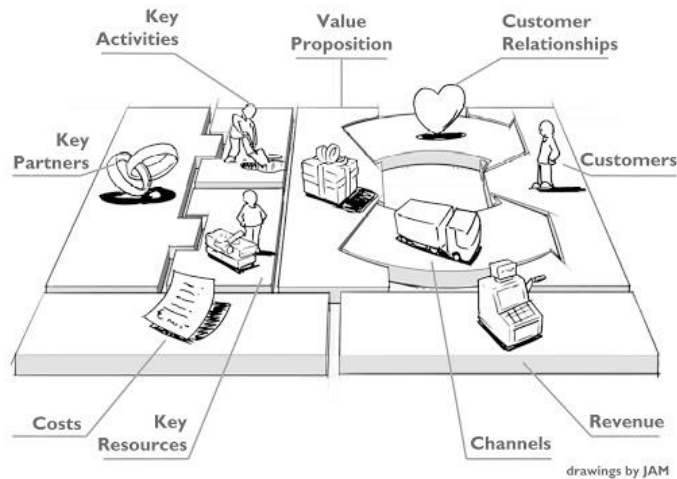
Figure 1. Business model Canvas (Osterwalder & Pigneur, 2010)

This model is interesting by highlighting the created value of a company for its consumer and how it intends to reach them. As noted, the value proposition is an important part of a business model and the connection of creating value for consumers. The role of identifying the value proposition is often the role of marketing.

2.2   The role of marketing

Before going more deeply in the marketing process, it is necessary to define what is marketing. The American Marketing Association defines marketing from a managerial point of view. In fact, they defined marketing as "the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods, and services to create exchanges that satisfy individuals and organisations' goals". Philip Kotler, a famous American marketing author, consultant and professor, gives another definition of the marketing widely use. Thus, to him marketing should be defined as "the art and science of applying core marketing concepts to choose target markets, and get, keep, and grow customers through creating, delivering and communicating superior customer value". (Kotler, 2000: 4)

2.2.1 Marketing process

Marketing has become one of the key components of any company's strategy in the fashion industry, a very competitive market. In fact, the most important goal of an efficient marketing strategy is to attract new consumers by promising superior value while delivering satisfaction to current consumers to retain them. Thus, the main underlying objective of marketing is to satisfy customer needs. (Kotler, et al. 2013: 5)

Figure 2.   The Marketing process (Kotler et al, 2013)

For this reason, the marketing process described in figure number 2 just above, is composed of five different steps. The first step is to understand customer needs as well as analyse the marketplace through various marketing concepts. The second step will be to create an effective customer-driven marketing strategy by selecting customers to serve and design a value proposition. Then, the third step's goal is to deliver the intended value to targeted customers. The marketing strategy is now put into action thanks to different marketing tools such as the marketing mix (price, product, promotion and place). The fourth step aims to build a profitable relationship with customers and satisfy them by delivering the intended value. Finally, the last step is to get profits and customer equity by capturing value from customers in return for delivering value. Companies aim to create customer loyalty to retain their customers and increase their market share thanks to their competitive advantage. (Kotler, et al 2013: 5-21)
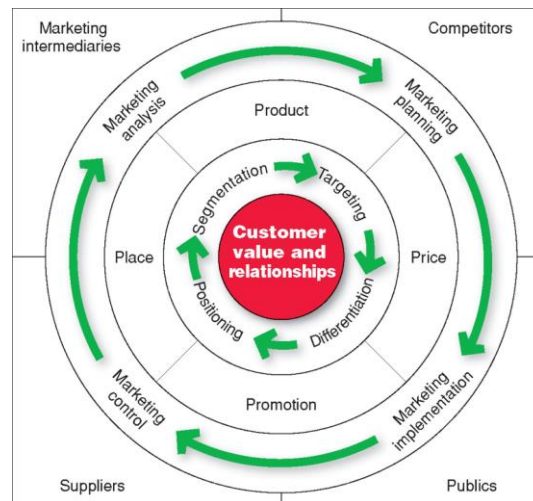
Figure 3.   Managing marketing strategies and marketing mix (Kotler, et al 2013: 51)

Therefore, marketing can be defined as a process of creating value for customers by understanding their needs and wants, to build a profitable customer relationship, and ultimately capture value in return. As shown by figure number 3 customers are at the centre of marketing strategies. Superior consumer value is achieved by the blending of the marketing mix's four tools: product, price, place and promotion. (Kotler, et al 2013: 51) As the comprehension of targeted consumers is essential to create a superior value the next section will focus more deeply on customer needs, wants and demands.

2.2.2   Customer needs, wants and demands

Understanding consumer's needs, wants and demands is highly important for any company of the fashion industry, as it is for any industry in general, to deliver the best product or service in accordance with what consumers are looking for. This why it is meaningful to know the concepts and differences between a consumer need, want or demand to answer better to consumers. According to Kotler, needs are defined as states of felt deprivation. Needs include physical needs that are necessary to each human such as food, water, shelter or clothes but also belonging and affection from relatives. Each person will have different individual needs according to its knowledge, environment and perception. Wants are drifting from human needs but they are shaped by the surrounding of one person such as its personality and the society and culture a person lives in. Thus,

two persons may need clothes, but they will not want the same type according to the culture and society they live in. When wants are supported by purchasing power they become demands. This means that consumers' demands are affected by their desire and ability to buy what they want or need. (Kotler, et al. 2013: 6)

For this reason, it is important for marketers to know and understand the distinction between needs, wants and demands to be able to satisfy their consumers. One key point is to understand what consumers desire, as well as their willingness and ability to pay to develop matching products. Thus, learning about consumers' needs, wants and demands help companies to design customer-driven strategy that will create value for customers by satisfying their needs, and ultimately create value for the company. (Kotler, et al. 2013: 30) Also, if marketers cannot create needs, they can work on influencing wants. (Kotler, 2000: 6)

2.2.3   The hierarchy of needs

Furthermore, Maslow identified a hierarchy among human needs that explains why people aim to achieve a specific need at a given time. In fact, if all needs are continuously present, according to Maslow theory a person will seek to fulfil the most important need first before moving on to the next one. For example, if one has not fulfilled the safety needs, this person will not be able to concentrate on other needs and we will focus on fulfilling its safety need. Furthermore, if a need achieved in the past is not anymore, the person will automatically come back to it before moving forward to another need. The hierarchy of needs goes from the most concrete needs to the most abstract needs. As per the figure 4, they are five different stages starting with the stage related to the physiological needs referring to basic needs to each person and are essential such as food, water, shelter or sleep all the way to last stage of self-actualisation's needs. The last stage being concern personal growth and fulfilment. Self-actualization, meaning feeling satisfied by what we are doing, varies from people to people according to their own personality and goals. (Kotler, et al. 2013: 156-157)
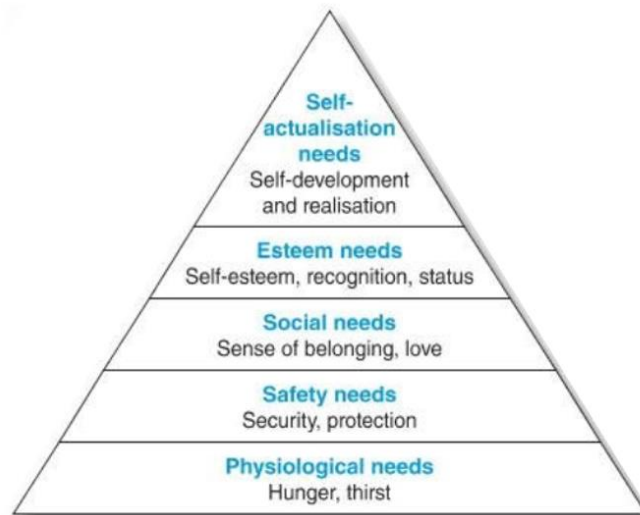
Figure 4.   The hierarchy of needs according to Maslow (Kotler, et al 2013)

Understanding this theory is important for companies as knowing which need they are targeting might help them to identify better who are their consumers, and thus to adapt their strategy to them in order to build a competitive advantage.

2.3   Consumer behaviour

As this thesis is particularly looking at the changes in attitudes of consumers and their influence on fashion it is important to review what is consumer behaviour and defines it. The consumer behaviour's theory assumed that consumers have a role to play in the marketplace and thus companies need to understand them. According to the role theory, consumers can play different roles which have various impacts on the purchasing decision of consumers. (Solomon et al 2016: 6-30)

Consumer behaviour can be defined as the process in which consumers, individuals or organisation, are involved when selecting, purchase, use and dispose of a product to satisfy their needs and demands. (Solomon et al 2016: 6-30) Consumer behaviour studies also intend to look at the motives of consumers and influences impacting their decision. The aim of studying consumer behaviour for companies is to understand why a consumer will decide to buy a specific product instead of another one. This will help them to define the products that are the most strategical to have in the marketplace to satisfy their consumers. Studying consumer behaviour also helps companies to

anticipate the reaction of consumers to a new product as well as identify market opportunities. (Chand, 2019)

2.3.1 Consumer's purchase decision process

Studying consumers' behaviour also implies to look in detail how consumers are making decisions to understand it. As shown by the following figure 5, the buyer decision can be divided into five main stages. The buying process does not start at the moment of the purchase, which will be the fourth stage but long before that. (Kotler, et al. 2013: 161-163)

Need recognition → Information search → Evaluation of alternatives → Purchase decision → Postpurchase behaviour

Figure 5.   Buyer decision process (Kotler, et al 2013)

As shown by figure 5, consumers will first recognise a need or a problem that needs to be solved which might by internal and external stimuli. When consumers will seek information to solve their need recognition, companies will have the opportunity to influence the consumer by providing information according to which they have the best product responding to this need recognition. Then, as consumer evaluate the information gained, either through rational thinking or intuition with little evaluation, companies may also influence the consumer if they understand how it will evaluate the product. In the next step, consumers buy the product they evaluated as the best fit for their need. Attitudes of others and unexpected situational factors are two factors that may interfere between the purchase intention and the purchase decision. Finally, as consumers can use the product or service bought, they will be either satisfied or dissatisfied, translating in different behaviours. Satisfaction or dissatisfaction depends on the gap between consumers' expectations and the perceived value of the product. Satisfied consumers are likely to buy other products from the same brand and will talk positively about it to their relatives. On the contrary, dissatisfied consumers will not are likely not to buy products from the same brand and advise their relatives to do the same. (Kotler, et al. 2013: 161-163)

By being aware of the different stages of the buyer decision process companies may be able to develop actions to make their marketing strategies more powerful. For example, thanks to marketing campaign, a company might do its best by providing answers to consumers' questions during the search stage. The next following part of this thesis will look in more details at factors influence the purchasing decision.

2.3.2   Influences on purchase decision

If having deep knowledge and understanding in the consumer purchase decision model is important, companies should not forget and pay attention to all the factors that influence consumers' behaviour. In fact, the purchase decision does not operate in a vacuum but is instead influenced by various factors as shown in figure 6. (Kotler, et al. 2013: 145-159)
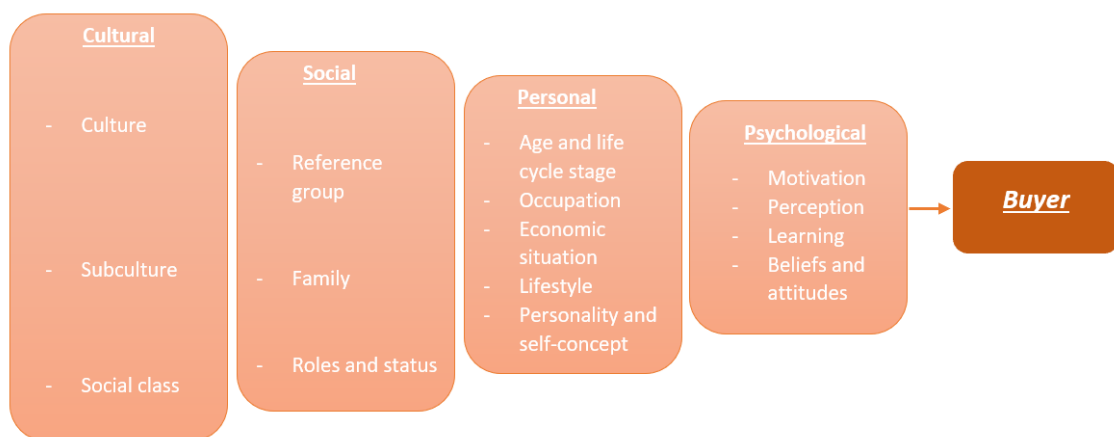
Figure 6.   Factors influencing consumer behaviour (Kotler et al, 2013)

One of the factors having the most influence on the consumer purchase decision is the cultural factor. This factor includes a person's culture, subculture and social class. Then consumers are often influenced by social factors such as their family, a reference group as well as their role and status. Furthermore, personal factors will influence a consumer in its purchase decision. Personal factors include the age and life cycle stage, occupation, economic situation, lifestyle, personality and self-concept. Finally, consumers may be influenced by psychological factors such as motivation, perception, learning, beliefs and attitudes. (Kotler, et al. 2013: 145-159)

Understanding the power of influence of a factor and how it impacts the consumer's decision is important to companies as they can adjust their company's strategy to be more efficient. For example, as attitudes are hard to change, companies should target consumer whose attitude matches their brand and/or product. Besides, recognising the culture difference is important for companies to adapt their product to different markets. Therefore, market segmentation is often based on subcultures which then allow companies to design products adapted to consumers' needs. Also, companies tend to select their target market according to demographic data such as the age, income or occupation as they are likely to have the same tastes and needs. Another example is that companies may target directly children, even if they are not the one having the purchase decision, as studies have shown they have a strong influence on a family buying decision. Finally, by understanding how prior experience influence the consumer decision companies need to ensure their customers are satisfied with their service and product. (Kotler, et al. 2013: 145-159)

2.4   Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis

If understanding consumers' behaviours is essential, it is equally important for a company to be fully aware of its strengths, weaknesses, opportunities and threats. The SWOT analysis is a tool whose goal is to evaluate these four elements. Strengths refer to internal assets, what a company is the best at, on which it can build a competitive advantage. When analysing its weaknesses, a company needs to look at factors challenging them and preventing them from performing at a top-level. Identifying weaknesses is important as it helps to work on them to try to remove them from your weaknesses, or at least make sure they will not be so harmful. On the other hand, opportunities and threats refer to external factors. Opportunities are favourable environmental factors or trends that will help the company to reach its goal. Threats are environmental factors and trends that may harm the organisation's performance. Once threats are identified, the aim is to minimize their impacts on the company's performance. Advantages of conducting a SWOT analysis include being able to assess its environment such as competition, state regulation, for example, to know how favourable, or not, is the external environment for the business. (Kotler, et al. 2013: 54-55)

	Positive	Negative
Internal	Strengths	Weaknesses
External	Opportunities	Threats

Figure 7.   SWOT analysis (Kotler, et al 2013)

2.5   Fashion marketing definition and specificities

Fashion marketing refers to marketing actions, such as applying marketing concepts, select a targeted market, attract and retain customers by creating and delivering superior customer value, but adapting them to the specificities of the fashion industry. Thus, fashion marketing aims to market clothing and accessories. (Bhasin, 2019) Looking at the specifies of fashion marketing and consumers' attitude is particularly relevant to this thesis as the aim is to know how changes in consumer's attitude might have an impact in this industry.

Fashion marketing differs from many other industries, the main reason being the fast pace of the industry. In fact, as the cycle of fashion is a very short, and thanks to its flexibility, the industry is able to conduct major changes in a small amount of time to constantly adapt to new trends. As a consequence, the cycle of fashion marketing is much shorter than in most of industries. (Bhasin, 2019) Companies need to carefully segment their market to identify their target customers according to their brand to respond to the preferences of the selected target. Furthermore, main marketing strategies in the fashion industry include creative design, exclusivity, promotion through celebrities and membership programs. (Lahiri & Siddika, 2014).

Besides, consumers' attitudes concerning the purchase of clothing are complex for various reasons. Most of the time clothing is not only purchase based on its utility, such as being warm, but rather to match the consumer' s personality and style. Clothing is a way for consumers to create their own identity while being "fashionable" according to the society they live in and current fashion trends. (McNeill & Moore, 2015) Also, consumers tend to look for apparels that will highlight their physical features and to make them feel more confident. (Azededo et al, 2008)

Furthermore, a study has shown differences between men and women consumer purchasing behaviour toward fashion. For instance, women and men are not influenced in the same level of external factors such as publicity in magazines, major events, price or promotion. Also, concerning attributes of clothing items, women will first look for satisfaction and comfort on an equal level, then to the function. Men will tend to first favour comfort, then satisfaction and quality. Other factors such as used materials, durability, colour or model are less considered by both. Besides, when shopping in a store, women will generally look first for the price, then the quality and the variety of clothing items. Men will also consider these 3 factors but not in the same order, first the quality, then the price and finally the variety of items. In both cases, they will, later on, consider the store atmosphere and the brand will only be the sixth considered factor. (Azededo et al, 2008)

2.6   Today's consumers in the fashion industry

2.6.1   Climate change awareness

During the last years, various studies have acknowledged the increase in climate change awareness among the population. At a European level, a survey from April 2019 Union reveals that 60% of respondents think climate change is one of the most serious problems faced by today's society. For 23% of the respondents, this is even the most serious problem faced by the world today, representing an increase of 11 points compared to a similar study conducted in 2017. This survey shows that year by year Europeans are becoming more and more aware that climate change is happening and of its consequences. This is why, if most of the respondents think that governments, businesses and industries are the one responsible for taking action against climate change, respondents also recognise that actions from their side will be essential to act against climate change. For instance, 93% of respondents said they have done at least one personal action with a positive impact on climate change. (European Commission, 2019)

The study also highlights the fact that results depends on countries and cultures, as people are not all sensible in the same proportion toward climate change. For example, the Nordic countries are where there is the highest percentage of people who thinks that

climate change is the most serious problem. Other factors studied in this research include age, education, financial difficulties and socio-professional category. Depending on this factor people will not consider in the same proportion that climate change is the main problem faced by today's world. Thus, youngest respondents from 15 to 24 years old, managers in terms of socio-professional category, respondents who have completed their studies after 19 years old, and respondents who never had financial difficulties are the one who considered the most climate change as the main problem faced by the world. (European Commission, 2019)

If the previous study is limited to countries of the European Union, in 2018 Pew Research Center conducted a survey including 26 countries from Europe, Asia, Africa, South America, North America, and the Pacific. The results of climate awareness in countries from different continents can be seen in the appendix.

Companies need to acknowledge this trend, as well of the variation depending on countries to be able to adapt their strategies. In fact, climate change awareness also has an impact on the purchasing behaviour of consumers as various studies have noticed the growing demand for environmentally friendly products due to the environmental considerations of their consumers. Thus, companies are encouraged to develop green marketing strategies to respond to the demand of consumers, either by developing green products or other strategies that enhance their corporate image and social responsibility. This trend has become strategical to every company as some consumers may be more willing to buy environmentally friendly, even at a premium. (Zhang et al, 2017)

2.6.2   New consumer wants in the fashion industry

As consumers increasingly recognize more and more the problem of climate change and its impact on society, they now appear to be willing more than ever to take actions. Thus, it is now important to look at the impact on the behaviour of consumers and more particularly in the fashion industry. In fact, the fashion industry is often pointed at for its negative impact on the environment.

With the increase of climate awareness, consumers have started to realize that their consumption and purchasing behaviour has an impact on the environment, and thus that

they do have the power to act. For this reason, when buying new clothes, some consumers will pay attention to their environmental impact by checking materials used through labels and favouring sustainable products. (Bianchi & Birtwistle, 2012) As a result, consumers tend to look for items made from eco-friendly materials such as organic materials or recycled materials. For example, organic cotton is a material that is often preferred by consumers looking for an eco-friendly alternative as less water and no synthetic pesticides are needed in the fabrication process. (Friedman, 2019) Consumers also tend to look for items with higher quality to increase the lifetime of the clothes. In fact, consumers want clothes that can be worn many times. Thus, they will prefer to buy clothes with a more timeless style versus or product that is unique and trendy at a given time, but who is likely to not be anymore in a very short time. Due to higher quality and longer lifetime of the item, those consumers are ready to pay for a premium. Consumers are generally willing to pay for a premium if they perceive a higher value which encourages them to keep the product longer. The consequence is the development of slow fashion which can be defined as the choice "to purchase high quality, versatile clothing that allows them to build a wardrobe based on the concept of clothing created out of care and consideration" according to Watson and Yan. (Jung & Jin, 2016)

2.7 Green marketing and its limitation

As consumer's demand has increased for eco-friendly products due to the growth of climate awareness, the fashion industry has been trying to respond to this new demand. The following sections will give more details on green marketing and its limitations, as traditional brands have been using it to respond to the climate awareness of their customers. (Commetric, 2019)

2.7.1 Green marketing

Due to the growth in demand for eco-friendly items from consumers, the fashion industry, as other industries, as seen the development of green marketing. Already in 1999 Charter and Polonsky defined green marketing as "the marketing or promotion of a product based on its environmental performance or an improvement thereof." (Lee, 2018) Thus, the main goal of green marketing will be to include environmental issues in

the traditional marketing process, for example, the marketing mix. Also, green properties a product offers will be included for consumers to consider it in their purchasing decisions. When involved in green marketing it is important to analyse the market and especially consumers are all of them might not be responsive to the green aspect of a product. Furthermore, brands should know if consumers are ready to pay a premium to buy a green product similar to another standard product. The US Roper Starch Worldwide studied this phenomenon and divided consumers according to their degree of environmental concern. Their study demonstrates that up to 46% of the population is receptive to the green appeal, and thus to the green marketing. However, fashion brands should recognize that among this 46%, 33% of consumers care about the environment but will be able to pay only a small premium. Also, if 5% of consumers among this 46% will buy green products, they are not ready to make lifestyle changes. Those statistics show that if almost half of the consumers are aware of climate change and care about it, the majority is not able to pay a high premium or ready to make lifestyle changes. (Rex & Baumann, 2006)

As mentioned earlier, traditional marketing's tools need to be used when doing green marketing. This is the case of the marketing-mix tools (product, price, place and promotion) which can be adapted so that any company can design the best possible strategy. The following figure shows the four main strategies that a fashion brand can choose according to their differentiability on greenness and their substantiality of green market segments. (Ginsberg & Bloom, 2004)
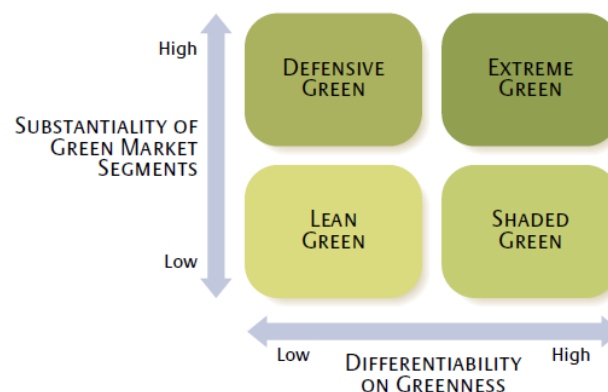

Figure 8.   The green marketing strategy mix (Ginsberg & Bloom, 2004)

- Lean green: The greenness of a product is focused on product development, its design and way of production. Businesses are then interested in the long-term

and improving efficiencies through green activities. Lean green businesses are usually reluctant to promote their green activities, the focus is on the product. (Ginsberg & Bloom, 2004)

- Defensive green: On top of product development, the promotion element is also an important factor in this strategy, and public relations is more popular than tools such as advertising. Promotion is often used as a response to a competitor's action, a crisis or as a precautionary measure to enhance their brand image. (Ginsberg & Bloom, 2004)

- Shaded green: On top of the previous elements of the marketing mix used, product and promotion, shaded greens use the price element. In fact, in this strategy businesses invest financially in greener processes as they believe it is an opportunity to develop new and more innovative products that would satisfy consumer needs, resulting in a competitive advantage for them. (Ginsberg & Bloom, 2004)

- Extreme green: This strategy involves all the marketing mix elements, including the place element, meaning distribution via retailers carefully chosen based on their greenness. Environmental issues are fully integrated into the business and the life cycle process of firms involved in this strategy. (Ginsberg & Bloom, 2004)

2.7.2   Limitations to green marketing and greenwashing

In the fashion industry if brands are eager to market their green strategies, green marketing has also demonstrated some limitation. In fact, brands have noticed a gap between the demand for environmentally friendly clothes and the actual purchase of those items. One of the most important barriers is the price as eco-friendly items are usually more expensive due to their high quality and production processes, which is logical, but some consumers are not yet ready to pay more for what they are demanding. (Song & Ko, 2016) The willingness of consumers to pay a premium when purchasing eco-friendly clothes has been overestimated by the industry. (Rex & Baumann, 2006) Another barrier, very specific to the fashion industry, is the fact that being a green consumer is less important than being "fashionable". In fact, trends and brand image are

two very important factors in clothing consumption as it is a way to create one's entity. Another barrier, sometimes a preconception, that eco-friendly items' quality is not the best, and thus, it is not worth paying a premium. (McNeill & Moore, 2015)

Ecolabels are used by many fashion brands to highlight and promote the green characteristics of their products. The aim of ecolabels is to help consumers to identify easily products with a low environmental impact during its life cycles. Ecolabels are often used by brands as incentives to influence a purchase decision. However, it has been found that the contribution of ecolabels has been limited. (Glancy et al, 2015) One reason might be explained by the high number of ecolabels. In fact, according to a study made by the Foundation Changing Markets, ecolabels are becoming inefficient and creating confusions in consumer's mind. As there are over 100 different labels in the textile industry, only a very small percentage of consumers knows their signification when they encounter on clothe' tags. (Senet, 2018). Another limitation to the use of ecolabels is the fact that they only influence the purchase decision of a consumer looking for eco-friendly products. (Rex & Baumann, 2006) Furthermore, most of ecolabel in the fashion industry do not guarantee sustainability along the supply chain. For example, the Better Cotton Initiative labels allows chemicals and genetically modified seeds. (Senet, 18)

As many fashion brands have made public all their green strategies in an attempt to show their consumers that they also care about climate change and take their responsibilities, a high number faced greenwashing. Greenwashing is defined by "firms' intentionally misleading or cheating customers with false claims about their environmental actions and impacts to repair public reputation or further shape a good public image". (Zhang et all, 2017) One claim that the fashion industry is often facing, is how can they claim to be environmentally friendly through diverse programs while encouraging fast fashion and mass consumption? In fact, a characteristic of fast fashion is to encourage consumption and produce high quantities of affordable clothes with low quality to reduce the life cycle of the clothes, which cannot be compatible with environmentally friendly behaviour. For example, last summer when Zara announced that in 2025 all its clothes will be made at 100% from sustainable fabrics, some reacted that it was just a strategy to make the consumer believe they were environmentally responsible. An argument often used against the company is that each week the company release 500 new items in its stores encouraging fast fashion. (Tissot, 2019)

Due to many revelations concerning greenwashing in the fashion industry, consumers have started to be suspicious regarding green claims and strategies of companies. They wonder if they are truly committed to climate change, and ultimately if buying an item from this brand will be a good choice regarding being a sustainable consumer. (Zhang et all, 2017)

3   Research Methodology

3.1   Problem statement and research question

The previous section of this thesis, the literature review, demonstrated that consumers' purchasing behaviour is affected and influenced by a variety of factors. As consumers are increasingly aware of climate change, and its impact when buying new apparel, they are now looking for more environmentally friendly options. However, few studies have been done concerning how this change in consumer's consumers' attitudes toward climate change is creating new opportunities in the fashion industry.

For this reason, this thesis will answer to question: "**How changing consumers' attitudes toward climate change is creating new opportunities in the fashion industry**?" In fact, many small enterprises within the fashion industry are trying to innovate and develop new solutions to respond to changing consumer needs. The thesis will analyse in more details the second-hand market, which has been growing very quickly in the last few years, as a response to consumers' attitude toward having a positive impact on climate change. This thesis will also analyse the business model and success of a company named Vinted, specialised in the second- market.

3.2   Research structure

To answer the research question, this thesis is divided into six main parts. The first one aims at introducing the subject to the reader while showing the importance of studying more deeply this topic. The second part, based on a literature review, is divided into four chapters which aim at defining and explaining key concepts. The third part of this thesis

outlines the methodology used. Then, the fourth part reports the results of the research before being analysed in a fifth part in order to answer the research question. The final part will conclude the research and thesis.

3.3   Research methodology

Research aims at answering a question through first the definition of a problem and objectives. Then data must be collected and analyse, and finally be interpreted and findings reported. Three types of research are possible according to the problem definition and objectives. Exploratory research aims at defining a problem and suggesting hypotheses through the collection of preliminary information. Descriptive research aims at describing things, for example describe a market potential or consumers' attitudes. Thirdly, causal research's aims to learn about cause-and-effect relationships through the testing of hypotheses. (Kotler et al, 2013: 114) The research developed in this thesis can be qualified as descriptive research as it aims to study new opportunities in the fashion industries based on consumer' attitudes toward climate change. Furthermore, this thesis will be based on secondary data collection. This means that the information collected already exists and come from already published books, articles, or company report for example. Data used in this thesis has been initially collected by another person to address its own research purpose. Example of sources to be used are books, business-related magazines and newspapers, governments and institutions reports. (Kotler et al, 2013: 115-116) Also, to answer my research question, I plan to collect both qualitative and quantitative data. Qualitative data are conceptual and descriptive. On the contrary quantitative data can be measured and expressed in numbers. In fact, these two types of data will be required for further analysis to be able to develop arguments. (Pickell, 2019) For instance, concerning climate awareness of consumer, and their attitude towards buying environmentally friendly apparel, data collected will be quantitative to be more precise and get a better picture of consumers' attitude. On the other hand, data about the company Vinted will be mainly qualitative data to describe their concept and business model.

3.4   Limitations

One limitation of this research is the time limit to complete a bachelor thesis. In fact, the time limit affects the deep of the research and the data collection. For instance, with more time to conduct this bachelor thesis, consumers interview could have been conducted to analyse further consumer's attitudes. An interview could have, for example, help the analysis of consumer attitudes toward the resale market, buying and selling second-hand clothes. Furthermore, with more time, the review and analysis of other cases and other opportunities than the resale market would have given a better knowledge to the reader on the overall fashion industry.

A second limitation of this thesis is the lack of literature and scientific articles on the subject. In fact, the chosen subject, the change in consumers' attitude due to climate awareness leading to new opportunities in the fashion industry, is a very new subject. Furthermore, the development of the resale market is also very recent leading to a lack of studies and analysis. Therefore, no relevant data on the European resale apparel market could be found. Researches on these subjects are not yet published as they are ongoing.

4   Research Result

4.1   Traditional answer from a giant of the fashion industry: H&M example

Hennes & Mauritz, H&M was founded in Sweden in 1947 by Erling Persson and is currently one of the most well-known brands in the fashion industry. The aim of H&M is to democratize fashion thanks to its 50000 shops all around the world. (H&M Group, 2019 A) For this reason, this section will show how the company reacted to consumer awareness toward climate change and their want for eco-friendly clothes.

Already in 2010, H&M launched its first Conscious Collection made from sustainable fabrics. Since 2010, H&M is launching regularly launching new Conscious Collections among the word. On their website, the company explains that to be qualified items have to contain a minimum of 50% of sustainable materials such as organic cotton or recycled

polyester. An exception is made for recycled cotton, which is only up to 20% due to quality regulations. (H&M, 2019 A) The company also encourages its clients to recycle their clothes via "Close the Loop". Consumers can come with old clothes, from any brands, and give them to any H&M store. The aim of the company is to reuse this given textile to make new materials by recycling it. (H&M, 2019 B)

On top of its Conscious Collections, H&M also details its commitments to be more environmentally friendly. For example, by 2030 the company aims to have 100% recycled or other sustainable materials, and by 2040 to have a climate positive value chain. Their climate strategy to meet the latest goal is based on three pillars: energy efficiency, renewable energy and climate resilience. Concerning energy efficiency, the company does not give any precise information or numbers on their goal, just that they aim to be a leader of the industry. Regarding renewable energy, H&M is aiming for 100% renewable energy in its operations. (H&M Group, 2019 B) Also, each year the company is releasing a sustainability report going through the achievements of the past year. For instance, the sustainability report of 2018 highlight that the group has reduced their CO_2 emissions by 11% and that 57% of the materials used were recycled or sustainable materials. (H&M Group, 2019 C)

However, despite trying to be environmentally friendly and to launch new actions frequently, H&M is regularly accused of greenwashing. Last summer, H&M has been accused of greenwashing by a Norwegian Consumer Authority concerning their new Conscious Collection. The reason is that if the company announced that every item of the collection was made of sustainable materials such as organic cotton or recycled polyester, H&M does not provide enough information such as the percentage of sustainable materials or the real environmental benefit of each item. (Hitti, 2019) Also, it has been found out that while the company encourages its consumers to recycle their clothes through incentives, H&M burns tons of unsold clothes every year. Furthermore, when H&M announced making clothes from recycled PET bottles, many reacted by saying it was not the most environmentally friendly option due to the energy needed to transform the material. However, the biggest argument used against H&M is the fact that the company continues to promote overconsumption and fast fashion via its numerous collections launch every year. In fact, producing clothes is very polluting by the amount of water needed and all the chemicals used. (Faure, 2018)

The H&M story shows that early on the company recognized a new trend driven by climate awareness of consumers, and the fact that consumers wanted to buy clothes with a lower impact on the environment. However, despite the different actions taken by the company, its yearly sustainability reports, Conscious collection or Close the Loop, the company is still associated with fast fashion. For most of the consumers, H&M is just trying to look "greener" than really is. This example shows that consumers who are looking for green options in the fashion industry want more. Furthermore, it shows that the main problem of H&M is its business model which is not compatible with environmental fashion. This is the case for many other brands such as Zara, Primark, Mango and many more.

4.2 A new business opportunity in the fashion industry: the resale market

4.2.1 The resale market

In the fashion retail industry, the fastest-growing category is the second-hand market. (Verdon, 2019) In fact, according to Thred Up, a key second clothing retailer in the United States market, the second-hand market was valued at $24 billion in 2018, a growth of 20% compared to the previous year. Before going more deeply into the subject of the second-hand market, it is crucial to define it. The second-hand refers to the global consumption of all used apparel. However, it is important to distinguish the resale market and, donation and thrift which are both included in the second-hand market. (Thred Up, 2019) Thus, the resale market can be defined as the commercialisation of goods already used and selected for their capacity to keep some value after being resold. The resale market includes both general apparels from brands such as Mango or Zara, but also more luxurious brand. For instance, Vestiaire Collective is specialized in the luxurious resale market, and consumers can find items from Prada or Channel for example. To resume, items in the resale market have all previously been bought by a consumer, often hardly ever worn, who is now looking to sell it to a new person. The rest of this chapter will focus more on the resale market, a subsection of the second-hand market and the most interesting, business-wise for companies.

During the last three years, the resale market grew 21 times faster than the traditional retail apparel market. The resale apparel market was valued at $5 billion in 2018, representing a growth of 66,7% compared to the previous year. Currently, the resale market is very small compared to the retail market as in 2017 it represented only $3 billion versus $360 billion for the retail market as shown in figure 9. However, the resale market is expected to grow annually by 42% until 2022, versus 2% for the retail market, to reach $17 billion. (Thred Up, 2019) The rapid growth of the resale market is driven by various trends and factors.

2017 - in billion $ 2022 - in billion $

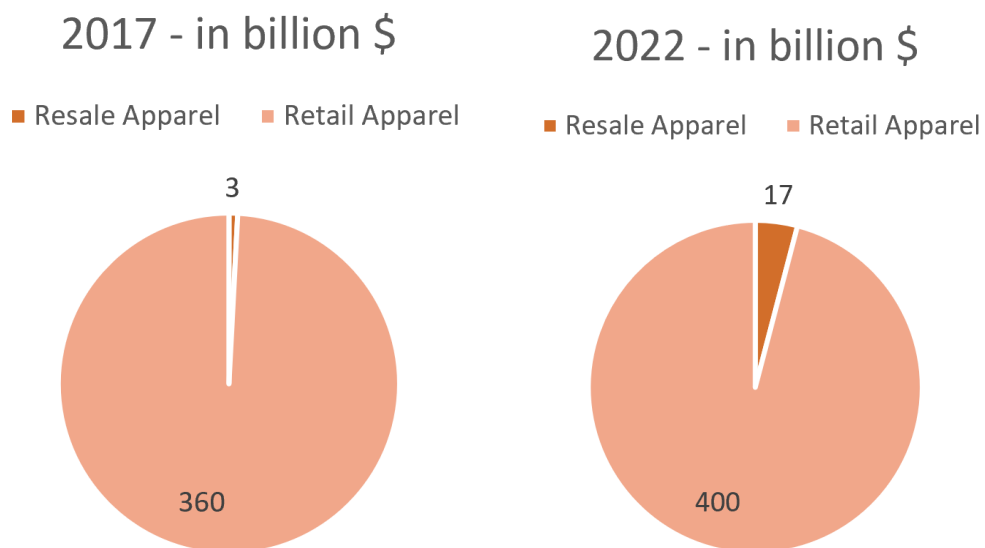■ Resale Apparel   ■ Retail Apparel   ■ Resale Apparel   ■ Retail Apparel

Figure 9.   The resale market and retail market in 2017 and 2022 (ThredUp, 2019, 2018)

According to a survey, for the majority of respondents, 66%, the first reason to choose to buy clothes from the resale market is the price. In fact, buying second-hand clothes is cheaper and gives the possibility for consumers to buy clothes from brands that are normally too expensive for them. (Raymond James & Associates, 2019) Prices of second-hand apparel can be up to 80% cheaper than the normal price. (Vonau, 2019)

The rise of conscious consumers is also a factor for the development of the resale market. In fact, there are clear environmental benefits as waste is a major problem in the fashion industry. For instance, the current percentage of recycled textile produced for clothing is less than 1%. (Ellen Macarthur Foundation, 2015) Furthermore, over one-third of women wear only 5 times or less an apparel before throwing it away. Buying second-hand clothes decrease the carbon, waste and footprint by 73%. On top of that, the resale

market extends by 2.2 years the life cycle of apparels. (Thred Up, 2018) This is why, 19% of women in the study conducted by Raymond James Research, answered that their reason to shop at a resale market is to be more environmentally friendly when buying clothes. (Raymond James & Associates, 2019) This trend is also driven by the younger generation as they are adopting second-hand fashion 2.5 times faster. In fact, in 2019 29% of Millennials and 37% of geneneration Z purchased second-hand apparel, representing a growth of 37% and 46% respectively, compared to 2017. Millennials include consumers aged between 25 and 37 years old, and generation Z include consumers aged between 18 and 24 years old in 2019. (Thred Up, 2019) The main reason for Millennials and generation Z to drive the growth of the resale market is to become conscious consumers by reducing their impact on the environment, thanks to waste reduction for example. (Raymond James & Associates, 2019)

Besides, the negative stigma of wearing and buying second-hand clothes is starting to disappear. (Raymond James & Associates, 2019) In fact, second-hand apparel used to be viewed, still is by some consumers, as old, out fashion and not in a good condition. However, consumers have realised that they can find some unique pieces that fit perfectly their style and that if you pay attention to the quality of the apparel or the chosen brand, high-quality items can be found. (LaFerriere, 2018)

4.2.2   Business opportunity of the resale market

The resale market is only at the beginning of its development, and current main actors emphasise the possible growth of the market. According to Thred Up's report the apparel resale market is likely to grow exponentially in the coming years as illustrated by figure number 10. In fact, in 2018 the resale market was valued at $5 billion, a growth of 66,7% compared to 2017. They estimate that the resale market concerning apparel will reach $23 billion in just five years, that is to say in 2023. (Thred Up, 2019) The estimated growth of the resale market, driven by the different factors explained in the previous section of this report, is a real business opportunity that companies from the fashion industry need to be aware of.
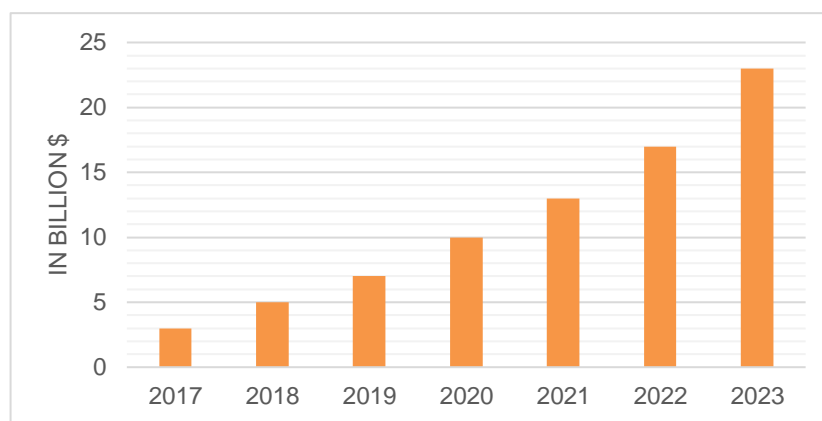
Figure 10. The resale apparel market (Thred Up, 2019)

A study conducted by Raymond James Research also demonstrates the growth and market opportunity of the resale apparel market. In fact, the study shows that most of the respondents, 54.9% are either already buying second-hand apparel or likely to do it. Currently, 14.7% among respondents are already purchasing apparel through the resale market. Thus, 40.2% of respondents are future potential consumers of the resale market. (Raymond James & Associates, 2019) Fashion brands should understand better the 40.2% of consumers who are not yet buying their clothes through the resale market but who might do so in the future. As they represent a potential business opportunity companies should be aware of any factors or preconceptions, preventing them from buying second-hand apparel. By doing so they will be able to attract them, and ultimately reduce the gap between the likelihood to buy from the resale market and the actual purchase. Furthermore, 48% of consumers purchase clothing at least once a month, 56% for women, which demonstrate the high size of the apparel market. (Raymond James & Associates, 2019) The resale market can have a key role to play in the fashion industry and gain market shares to traditional retailers or fast fashion companies due to the various factors favouriting its growth such as its positive environmental impact and low prices.

Fashion brands could also look at the resale market as a way to gain new consumers, consumers that might not be reachable under traditional conditions. In fact, as everyday second-hand clothes are considerably cheap compared to the normal price, some brands may become accessible to a range of consumers who did not have access to them. For example, in Vinted website a dress from Guess might be sold at €45, as shown

in the picture, while the price range for dresses on Guess' website starts at €79 and goes up to €299. (Vinted, 2020; Guess, 2020) Furthermore, satisfied consumers with an item bought through the resale market might, later on, buy directly to the brand when they will be able to afford it. (Raymond James & Associates, 2019) This is especially true for apparel brands having a higher price range than typical fast fashion brands such as H&M and Zara. In fact, despite recognising a higher quality, consumers might be retained to buy by the price. For these reasons, fashion brands should not only look at the resale market as an unfair competitor, but instead start to consider it as a possible opportunity.
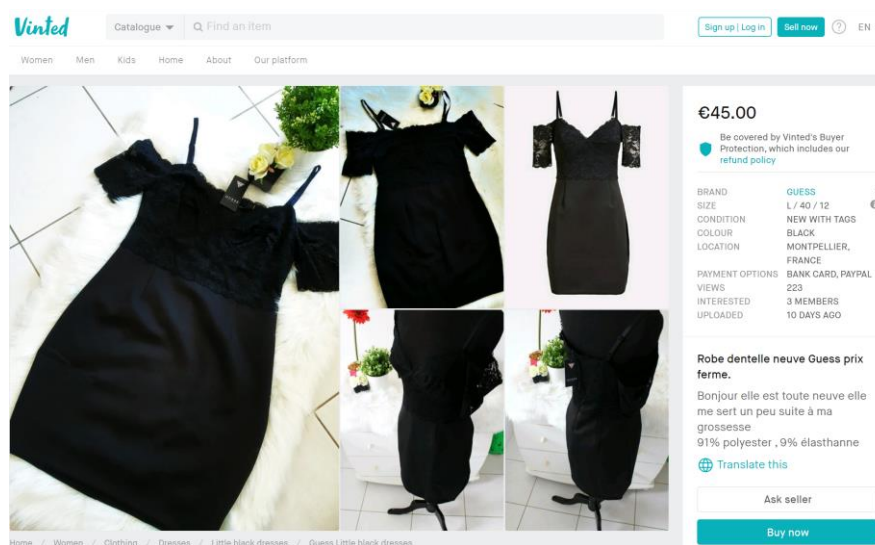

Figure 11. Screenshot from Vinted's website

Finally, the figure 12 represents a SWOT analysis of the apparel resale market, to determine its strengths, weaknesses, opportunities and threats compared to the traditional apparel market such as department stores or fast fashion. One of the strengths of the resale market is its low prices, making it very competitive and giving its customers access to brands they normally cannot afford. Another advantage is the large product portfolio as consumers can find apparel from many different brands with different styles and sizes in a single marketplace, often online via a mobile application or online store. Besides, the resale market answers to the consumer trend of purchasing apparel while having a positive impact on climate change, thanks to a longer life cycle of items for example. Main weaknesses of the apparel market are that clothes are not new, have already been worn which will be a barrier to a certain type of consumers. Furthermore, the resale market is most of the time lacking from quality control of the apparel proposed

and authentication for more luxurious items. Opportunities for the resale market within the fashion industry include its market size and market growth in the coming years as explained previously. Also, barriers are low to enter the market for new companies, for example, restrictions and investments are quite low to start compared to other sectors. In addition, the current technology is boosting the development of the resale market due to large access of internet and easy access to online marketplace anywhere and at any time through computers, tablets and smartphones. Finally, the main threats are the increasing competition and new entrants in the market as more and more companies are starting to recognise the opportunity of this market. One type of new entrant who could be a major threat for global platforms such as Vinted, Vestiaire Collective or The RealReal, is an already existing brand creating its own resale marketplace. It may encourage consumers looking for this specific brand to go through their channel, but also encourage sellers to use the money gained in the company's shops.

Strengths	***Weaknesses***
- Low prices - Low impact on the environment - Large product portfolio - Access to new brands	- No new apparel - Low quality control - Authentication
Opportunities	***Threats***
- Low barrier to entry the market - New technology (internet, mobile applications…) - Market size - Growth opportunity	- Increasing competition - New entrants to the market

Figure 12. Swot analysis of the resale market in the fashion industry

4.3   The example of Vinted

4.3.1   Vinted's history

Vinted is a Lithuanian company founded in 2008 by Milda Mitkute and Justas Janauskas. In 2008, Milda Mitkute had to move from her family's house into a student flat and started to realise that she was keeping lots of unworn apparels in her wardrobe while feeling she had nothing to wear. In fact, at that time she would easily buy clothes on discount even though they did not fit her perfectly and kept them unworn with an untouched price tag. Also, as she wanted to look different each day, she was spending most of her salary on clothing. That's when she realised that her clothing consumption had to change and that she should do something about her unworn clothes for which she had not enough storage anymore. (Knowles, 2018) She talked about it with her friend Justas Janauskas, and they decided to create a website where people could sell clothing they did not want to have any more to other people. They first launched their website in Lithuania, and even though this was a side project for them with no marketing involved they noticed a growing community on their website. Justas Janauskas was then focused on the technical activities and Milda Mitkute on other activities such as advertising and promoting their website through mostly friends. After a successful launch in Germany, mainly thanks to the word of mouth, they decided to launch the websites in the Czech Republic. (Li, 2015)

Due to this success in different markets, the two founders started to get the attention of investors who wanted to work with them to develop the company. Eventually, the founders met Mantas Mikuckas, a business angel, with whom they shared similar ideas concerning the growth and future of the company. Thus, in 2011 Mantas Mikuckas invested in the company and is now the current COO (Chief Operating Officer). For the founders, that's the moment Vinted was really born as a company because they professionalised themselves and started to hire people, worked on their marketing and social media strategies. At the beginning of 2013, the company raised €5.2 million to develop the company and expand it to new markets. (Li, 2015) In total the company raised $100 million through investors between 2013 and 2018 which shows the interest of investors by this new type of business model. (Vinted, 2019)

Nowadays, the company claims to have a community of 25 million consumers spread in its 12 markets: Austria, Belgium, the Czech Republic, France, Germany, Lithuania, Luxembourg, the Netherlands, Poland, Spain, the U.K., and the U.S.A. Currently, Vinted employs around 300 persons under their different teams. If the company is based in Vilnius, they also have offices in Berlin, Warsaw and Prague. The mission of the company "Sell what you don't wear or hunt for rare finds" has been the same since the creation of Vinted. (Vinted, 2019)

4.3.2   Vinted's business model and success

Vinted's current business model has been established in 2016 and is probably one of the most important reasons for their success. In fact, despite its success and expansion in different markets, before 2016 the company was not profitable. In its previous business model, Vinted's revenue came from a mandatory sales fee. (Knowles, 2018) Due to the financial difficulties of the company, investors brought Thomas Platenga, at that time a consultant, to straighten Vinted. If he was supposed to stay five weeks, Thomas Platenga soon became the chief executive officer (CEO). One of the first things he noticed was the high costs the company was facing compared to its size and stage of development. Therefore, he decided to close various offices, for instance, London, Paris, Munich, and cut down employees from 250 to 150. Furthermore, he initiated a change in term of marketing strategy by deciding that the company should communicate much more on social media and television. However, the main changes came from the business model change as the company decided to remove its commission on the sellers to make their platform free to use for them. On the other hand, buyers have to pay a €0.70 fee plus 5% commission on the price. The second main source of revenue of Vinted comes from publicity. In fact, sellers can pay to promote their closet or specific apparel. Vinted also gains money from companies promoting themselves through Vinted's website. (Tsagliotis, 2019)

The change of business model created various benefits for the company such as attract new sellers more easily by making it free for them to use Vinted. In fact, if sellers have the choice between a platform where a commission from their sales is deducted or have to pay a fee, against another where it is free for the same level of service, they will choose the cheapest option. Attracting new sellers is important for various reasons. The first one,

the most sellers Vinted has, the larger is the apparel selection. Having a large product selection helps to attract and retain buyers as they will always find something new they like in their size, and ultimately generate revenue for Vinted. The second benefit of having a large base of sellers is that they are likely to buy clothes on Vinted once they have sold their own clothes. In fact, one of Vinted's competitors, RealReal noticed that 80% of sellers used the money gained to shop on their e-commerce platform. (Raymond James & Associates, 2019) Thirdly, as Vinted reaches a high number of sellers who might sell the same kind of apparels, its sellers will be encouraged to subscribe to premium options. For instance, they can decide to pay a fee to promote their closet or one specific article to avoid being lost in the huge number of articles and other sellers to appear first in the buyers' research. This, in turn, generates revenue for the company.

Key Partners	Key Activities	Value proposition	Customers relationship	Customer segment
- Sellers - Buyers - Influencers	- Act as an intermediary between sellers and buyers - Market expansion	Sell clothes that still have things to live for and unearth wonders that you can't find in a shop.	- Automation	- Internet users - Mass market - Customers concerned with apparel waste - Customers looking for low price
	Key Resources - Technology infrastructure (user-friendly app)		**Channels** - Website - Mobile application - Social media - TV advertisement	
Costs - Employees - Offices - Marketing - SEO			**Revenues** - Selling fees - Additional services - Advertising	

Figure 13. Vinted's business model Canvas

The previous figure, number 13, represents the Canvas business model for the company Vinted. If Vinted targets the mass market via massive marketing campaigns, especially through television advertisement, it targets exclusively internet users as everything happens online. The company also targets more specifically people concerned with apparel waste who want to give a second life to clothes, as well as consumers looking for apparels at low prices. Marketing campaigns of Vinted mostly focus on people looking to sell clothes as without them Vinted could not exist. The value proposition of the company is to sell clothes unworn clothes whose life is not over while being able to find unique apparel. To resume, for sellers it includes getting free of unworn clothes who take

space in wardrobes while getting money from it. Concerning buyers, the value proposition of the company is to buy second-hand clothes at a considering low price from a high range of style. Thus, the value proposition does not highlight the positive impact of buying second-hand clothes but instead focus on other values. However, if it is not their main value proposition, their business model offers a new way of consumption in the fashion industry answering consumers' attitude toward climate change and becoming green consumers.

The following figure represents a SWOT analysis of Vinted to access the company's strengths, weaknesses, opportunities and threat to evaluate its business model. Among its strengths, Vinted can count on its community of 25 million users, the "Vinties" as they are called. Users can follow each other's to know when one is selling a new apparel and interact between them via messages or the forum. Other strengths of the company included the zero-fee for sellers and its user-friendly mobile application. Also, the marketing strategy of the company has been successful in the last years with many television advertisements, 120 have been produced according to the CEO of Vinted. He adds that they have been developing their own marketing tools to use the maximum number of channels. (Tsagliotis, 2019) On the other hand, the company faces several weaknesses. The most important one is its poor customer service as many users complain of the impossibility to contact the after-sales service when their account is deleted for apparently no reason, or in a case of disagreement between a seller and a buyer. This poor customer service generates lots of bad customer reviews, in blogs, newspapers, but also on Trustpilot as the company has only a score of 1.4/5 with 83% of bad reviews on a total of 2553 customers' reviews. (Trustpilot, 2020) Another weakness of the company is the low control of products sold through its platform in terms of quality but also counterfeit. Furthermore, their marketing campaigns came at a cost as they are highly expensive compare to the company revenue. (Tsagliotis, 2019) The main opportunity for Vinted in the predicted growth of the resale market in the future years. Besides, Vinted can also expand into new markets to conquer new customers, especially in the European market, their main target. Finally, the principal threat for Vinted is about the increasing competition. On top of its current competitors, who differ from markets to markets, Vinted is facing competition from new entrants who are already existing companies promoting resale and second-hand clothing via their own channels,

physical stores or online store. They then encourage the seller to buy from their brand as they receive the money in the form of a gift card. (Sicard, 2019)

Strengths	*Weaknesses*
- Its strong community - No fee for sellers - User-friendly mobile application - Strong marketing	- Poor customer service - Bad reviews - Low quality control - High marketing costs
Opportunities	*Threats*
- Global growth of the resale market - Market expansion in European countries	- Competition (Videdressing, Vestiaire Collective, thredUp, Poshmark, ...) - New entrants

Figure 14. Swot analysis of Vinted

Since the change of its business model, Vinted has seen its monthly sales growing by 230% and in 2017, the company reached $360 million of sales. (Knowles, 2018) However, if the change in business model has been successful for the company in terms of growth and development, the company is still not profitable. According to the CEO of the company, the main reason is that they prefer to invest their revenue in marketing. For this reason, during the summer 2018, they raised €50 million to continue their product development and growth in the European market. (Tsagliotis, 2019) Thus, in the coming years, the major challenge of Vinted will be to create a profitable business model.

5   Analysis

During the last years, consumers have become more and more aware of the consequences of climate change. This awareness also raised the fact that anyone can make its contribution to improve the situation. Consumers have started to realise that all their purchases have an impact, positive or negative, toward climate change leading the

start of changes in their consumption habits. As studies and reports have been made public concerning the high negative impact of the fashion industry on climate change, consumers have started to look for new options. Findings have shown that fashion customers are now seeking more sustainable consumption. Thus, consumers are looking for clothes made from environmentally friendly materials, but also for clothes that will last longer to prevent waste. This change in consumer's attitude toward their impact on climate change has developed new wants.

The second-hand apparel market, and more specifically the resale apparel market, has been growing fast during the last years thanks to new types of consumers. In fact, if in the past people buying second-hand clothes mainly did so because they had to while nowadays a growing number is doing so because they choose it. Most of those new consumers choose to buy second-hand clothing as it is an act of sustainable consumption for them. Benefits of buying second-hand clothing from an environmental point of view, is the longer apparel life cycle reducing the carbon emission, waste and footprint.

One of the reasons for the success of the resale market, in comparison with other initiatives from the industry such as making clothes from sustainable fabrics, is the low prices of apparel. People do not have to pay a premium in comparison with other initiatives, they even often pay less than they would have in a regular store. Also, the huge variety of clothing, in terms of size, colours, style and type of apparel, is another important reason for its success. In fact, people do not have to limit themselves in terms of design and can find unique pieces in terms of style. This is important as fashion is a way for people to build and express their personality and status. Thus, the resale market also answers to the want of being "fashionable", which is more important than being a sustainable consumer for the vast majority of consumers. Even if they are looking for more environmentally friendly clothes, most consumers will first consider the price, design and quality of the apparel. This trend is driven by young consumers, and more specifically Millennials and Gen Z, whom highly value alternatives in favour of the environment and for whom it is now trendy to buy second-hand apparel. Another reason of the resale market among these generations is the fact that they can easily change their wardrobe by selling clothes they do not want anymore, often wore a few times, and buy new ones at a very interesting price. The fact that young generations are concerned

with climate change and value the resale market could be seen as a positive as this consumer group will be the main consumers in the future.

For all these reasons, the fashion industry has seen the development of a new type of companies such as Vinted, The RealReal, ThredUp, Poshmark, ViestaireCollective or Videdressing to name a few. These companies have in common a business model based on the resale of second-hand clothes. If some of these companies chose the peer-to-peer model such as Vinted and Poshmark, others have chosen the consignment model. In the peer-to-peer model, companies act as an intermediary to put in contact sellers and buyers and facilitate the safety of payment depending on options chosen. In the consignment model, usually preferred for high priced clothing and luxury fashion, the organisation is different. In fact, in the consignment model the company, for example VestiaireCollective or The RealReal, provides a full service to the seller from clothing selection, pricing, description and photography of each item, free storage and sending it once it is sold. Different options are possible, but this model's aims to ensure the quality and authenticity of each apparel.

If the resale market is likely to pursue its rapidly grow in the coming years, actors of the market should also pay attention to the following issues. First, as demand for second-hand clothes is currently growing and should continue to do in the coming years it may reduce the supply if the amount of people willing to resale their clothes is not growing at the same pace. The reduction of supply with growing demand could increases prices of second-hand clothes leading to the erosion the price difference between new clothes and second-hand. If the price difference would become too low some consumers may turn back to buying new clothes. This would especially be true for consumers whose reason to buy apparel on the resale market was primarily the low price. Secondly, companies should also be attentive concerning people who are making a profit by selling clothing through their platform. A newspaper related the story of a French woman who was able to make up to €800 a month through Vinted. Although this practice is forbidden by the company, she buys very cheap second-hand clothes through flea markets or charity shops and sell them back on Vinted. (Marriault, 2020) Consumers wanted to make a profit on the resale market by selling second-hand apparel rather than selling them with the purpose to give them a second life and selling them for a small price, may also lead in a price increase. A high increase in prices could threaten the business model

of the resale market if the price of second-hand apparel becomes too close to the one of new apparel. Thirdly, companies who have chosen the peer-to-peer business model should be aware of possible problems concerning the quality and authenticity of products sold via their intermediary who might threaten their image. Finally, there is a high possibility to see the development of initiatives from traditional fashion brands in the resale market to promote resale directly through their store or online website. Some brands are already trying to develop this market. For example, Camaïeu proposes its clients to sell their clothes, from any brands, by taking them to selected stores in Paris and Lille. If they are approved, they are then sold online. The company decided to launch this strategy as a reaction to the fact that many clothes of their brand were resold on Vinted. Once clothes are sold, sellers can use the money gained to buy new clothes in Camaïeu shops. Clients of Okaïdi and Obaïbi, specialised in children's clothing, have the possibility a few times a year to sell clothes from the brand or to buy second-hand clothes from the brand. (Sicard, 2020) It seems that ThredUp already evaluated this risk, and for this reason decided to build a partnership with some brands, for example with the group Gap. (Thomas, 2020)

6   Conclusion

The main goal of this thesis was to research how consumers' attitudes toward climate change may create new opportunities in the fashion industry. This subject is important as the fashion industry is one of the most polluting industries due to the manufacturing process and promotion of fast fashion.

Research has shown that as climate change awareness increased, new wants relating to sustainable apparel consumption started to emerge. The fashion industry is one of the most polluting industries due to the manufacturing process and the promotion of fast fashion. Campaigns from tradition brands from the fast fashion sector to promote green initiatives have had difficulties to meet the new wants of consumers. In fact, despite new programs, those brands continue to promote mass consumption. Thus, they continue to encourage the manufacturing of a huge number of low-quality clothes and as a consequence, the pollution from the manufacturing process continues to go on.

Therefore, new business models are emerging from the fashion industry due to new consumers' attitudes toward climate change.

The resale market currently represents a small percentage in the fashion industry but has been growing fast during the last years. The business model of the resale market is based on consumers buying second-hand clothes from other consumers via companies acting as intermediaries. By increasing the life cycle of apparel, the resale market decreases their carbon emission, footprint and waste having a positive impact on climate change. The success of the resale market and companies like Vinted is however not only based on the environmental impact but also on low prices of apparels and a vast portfolio. In fact, when it comes to fashion, being able to wear clothes that are "fashionable", correspond to one's identity and style will in most cases be more important than being a sustainable consumer. Overall, the fashion industry should continue to see the resale market grow in the coming years and innovative business models may emerge as a reaction to consumer's wants as they are at the centre of marketing strategies.

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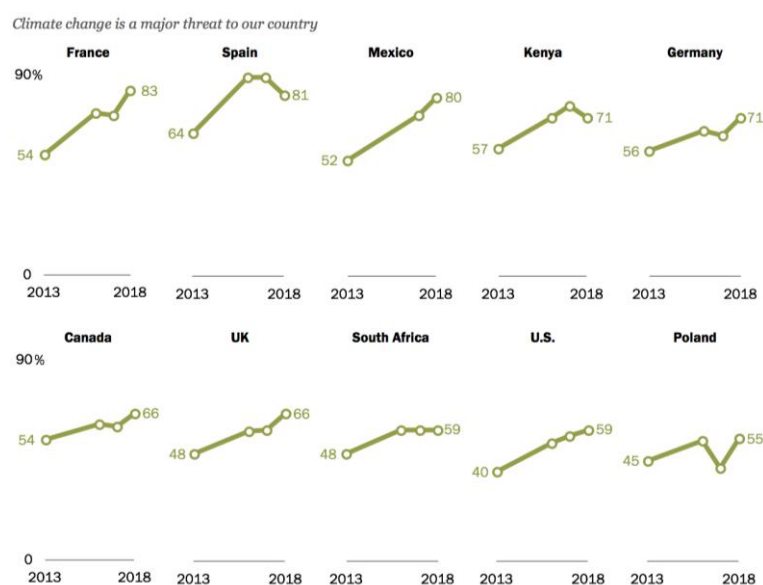
Appendix 1: Climate change awareness around the world
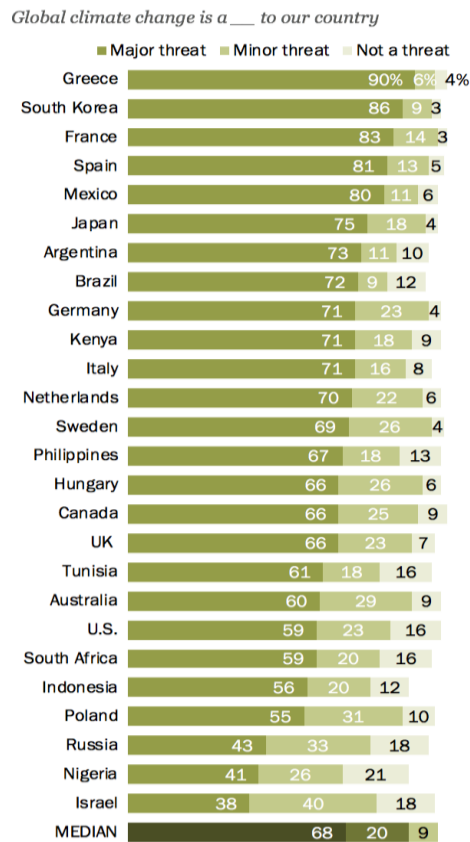
Concern about climate change in different countries (Fagan & Huang, 2019)

Climate change has a major threat in different countries (Fagan & Huang, 2019)