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DESIGNING A CONSUMER VALUE PROPOSITION IN SECOND-HAND FASHION INDUSTRY

– X, a Web Application for buying and selling
secondhand in Finland



BACHELOR'S THESIS | ABSTRACT

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DESIGNING A CONSUMER VALUE PROPOSITION IN SECOND-HAND FASHION INDUSTRY

- X, a Web Application for buying and selling secondhand clothing in Finland

The main goal of this study is to identify potential markets, and market analysis to assess the business idea, a new Web Application for secondhand trading in Finland. A concentration of the study is to clarify characteristics of consumers segments, and to test if value propositions of platform X are beneficial for them in the context of secondhand trading in Finland.

The concepts of sustainable fashion and reuse business model are revealed in the study's literature review. There is also a literature topic concerning consumer needs, behaviours, and motivations of secondhand consumption: economic, recreational, critical and fashion motivations. Lastly, the business idea of platform X is clearly explained through the framework of business model canvas and value proposition canvas.

In terms of research method, quantitative analysis is involved in the research process. A survey method was chosen for data collection. A set two consumer profiles (Buyers and Sellers, two interdependent sides of the platform) are the results of the data collected from X's potential consumers. By the end of the thesis, value proposition canvas of these two consumer profiles are modified to improve trading experience in secondhand fashion market.

In conclusion, it is pointed out that both *Sellers'* and *Buyers'* needs in secondhand clothing market have not fully being met yet. These desires are to seek new solutions and services that will satisfy them, which shows that there are many rooms for platform X to move forward and thrive. Still, additional investigation of advanced technology and some crucial questions related to the challenges of multi-sided platform are needed for further development.

KEYWORDS:

Reuse business model, sustainable fashion, second-hand fashion trading, multi-sided platform, consumer behaviours, consumer motivations, value proposition design

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1 INTRODUCTION

1.1 Background

Sustainable fashion refers to a more environmentally friendly approach to designing, producing and consuming clothes. It means that people do little or no harm to the planet and avoid using all of its natural resources. Sustainable fashion also focuses on extending the lifespan of clothing by reusing and circling them among users. (Rauturier, 2019)

Sustainable fashion is a movement and process to promote a shift to fashion products and the fashion system toward greater ecological integrity and social justice. Sustainable fashion concerns more than addressing fashion textiles or products. It consists of tackling the whole system of fashion. This means dealing with interdependent social, cultural, ecological and financial systems. It also means seeing fashion from the standpoint of many stakeholders – users and producers, all living species, contemporary and future inhabitants on earth. Therefore, sustainable fashion is the responsibility of citizens, public sector and private sector. (Sustainable fashion, 2020)

The overconsumption of garments is the largest problem that must be tackled. Fast fashion is creating an environmental crisis. According to Greenpeace (2017), the average person buys 60 percent more items of clothing and keeps them for about half as long as 15 years ago. As contemporary consumers, we are encouraged to reuse, recycle and resell, and to approach waste as a renewable resource. Looking at the reuse and resell aspects, we are called to approach secondhand goods as a potential source of recreation. In America, the most popular social media site such as Facebook pop up with ads for ThredUp, 'The Largest Online Thrift Store and Consignment Shop' and upcycle independent sites such as Etsy (Hansen and Zotte, 2019). In Paris, the *Marché aux Puces*, the original named biggest flea market in the world including 15 markets and thousands of merchants, counts more than 180,000 visitors daily (Marché aux Puces de St-Ouen, 2020). Many of them have a liking for unusual goods and seek for a unique customer experience (Marché aux Puces de St-Ouen, 2020). In Europe, flea market continues to grow after decades of popularity, reflecting and supporting local and global histories richer.

Concerns with sustainability and circular strategies notably in popular media, they have been seen as the future of our livelihoods. Circular Economy (2015) explains in its study that circular business model creates value from waste through reusing, closing material loops and recycling existing materials and products. In addition to that, other strategies like industrial symbioses, C2C and remanufacturing can also be considered 'circular'. The goal behind these business models is to generate new revenue streams based on turning 'waste' into useful and valuable input to other production cycles. There are also other studies that have been done in this field trying to address many aspects of sustainability. However, studies, which focuses on developing second-hand market and integrating with modern technology, are still limited.

1.2 The study objectives

It has been predicted there are opportunities for secondhand market to grow, this study focuses on developing a new circular business model which has a combination of reuse and C2C strategies, with advanced technologies and upgraded experiences. The student has an idea to provide a Web application X for consumers to sell and buy secondhand clothes online. X will act as an e-commerce site, similar to Amazon and eBay, with the closest business model is ThredUp. The main purpose for this business idea is to create a community space for sustainable fashion, conscious living, and to inspire a new generation of thrift shoppers. The details of this business model are going to be explained in the literature review chapter.

The main objective of the thesis is to discover, whether there is enough demand and market opportunities for a new secondhand clothing application in Finland before further generating the business idea. Landau (2016) states industry analysis is crucial before starting up a business. The outcome from the first objective gives the reflection of possible consumers, value created for consumers, market size, relevance, etc. The second objective is to create a successful business model for the platform X.

Research questions:

- Is the need already being met, or is there any opportunities for another product?
- Are the value propositions of X matched with consumers' needs?
- How viable and successful platform X would be among consumers?

1.3 Importance of this study

According to the statistic from ThredUp (2019), buying one used item reduces its carbon footprint by 82%. It has been suggested by helping raise the use of clothing, resale can play a main role in making fashion circular. Increasing the average number of times clothing is worn is the most direct way to design out waste and pollution and capture value. Also, in the annual report from Thredup (2019), there is the rise of resale in size and market growth. Compared to the overall apparel market, resale's growth has been phenomenal. As the market uniquely meets consumers' preference for variety, value and sustainability, high growth is expected to continue.

On the other hand, in Finland, one of the most famous secondhand clothing brands is UFF. Even though they have been developing for years with different interesting approaches and have many branches in various cities but when it comes to the consumers standpoint, there are still many gaps that need to be addressed. Siiri, a social anthropology student from University of Helsinki, said "I would love to buy the secondhand clothes and wear it for years, but it is really hard to find a good brand/ high quality product in UFF. They are still selling H&M clothes with an expensive price. It is not worth for the value." H&M brand is known as an example of fast fashion, which is to say cheap, disposable clothing, made indiscriminately, imprudently, and often without consideration for environmental and labor conditions. (Chua, 2019). As these products are not sustainable themselves, we could not expect the customers to see buying secondhand apparel as a way of conscious living because who knows how long these products could last. The student also has noticed the secondhand clothes are often not arranged well in stores. It is time-consuming and tiring for consumers to find the suitable items.

The trade flow of secondhand clothing worldwide is extremely unbalanced. On the one hand, the developed economies are the world's dominant suppliers of used clothing (Lu, 2018). On the other hand, most of the world's exports of secondhand clothing end up being sold in developing countries, particularly the less developed ones (Lu, 2018). It has been raised to the question: "Should be there a solution for reuse in those developed countries?". As part of the Circular Fashion Framework, Dr. Brismar (2020) has identified sixteen key principles to support a more circular and sustainable fashion and textile industry. Principle 6 indicates "Source and produce more locally", and principle 11 specifies "Provide services to support long life" (Brismar, 2020). Indeed, a circular

economy implies that all products are used and circulated among local users for as long as possible.

Secondhand fashion industry in some developed countries such as US, UK and France have been rising radically in many forms of businesses. With the aim of expanding sustainable fashion and secondhand section particularly in Finland, this study helps the student find out the demands and consumer behaviors in Finnish context in order to upgrade their experiences through advanced technologies.

1.4 Thesis structure

The thesis comprises certain chapters in which the student aims to present coverage of essential areas for the success of the study. Because of the volume limitations of the thesis, the priority is to provide as accurate and concise information as possible with consideration as to its usefulness for X.

The first chapter starts with the introduction containing the objectives, the importance, and the outline of the study. The next chapter presents literature review which determines definition of sustainable fashion, customer behaviours and two tools that supports the student to draw a business model for X. Following the literature review, the thesis continues with an introduction to the website application X through the business model canvas and value proposition canvas. The methodology chapter begins with a description of the research technique and an explanation of the method used to collect data. After that, the results of the analysis are presented, which will be applied practically to the value proposition of X and to answer the research questions. The thesis will be finished up with conclusion of the examination discoveries and conceivable idea in regard to the further study.

2 LITERATURE REVIEW

This chapter introduces the key concepts and theories of this thesis that are crucial in order to position expected research findings as well as understand the research process.

Literature review is divided into four different sub-chapters including:

- Sustainable fashion
- Understanding customer behavior
- Business model canvas and value propositions canvas

2.1 Sustainable fashion

2.1.1 Definition of sustainable fashion

According to Brismar (2014), the definition of “more sustainable fashion” has been developing in many years: It can be explained as clothing, shoes and accessories that are produced, marketed and used in the most sustainable manner possible, bearing environmental and socio-economic aspects in mind.

In practice, this infers continuous work to make all phases of the product’s life cycle better; from design, raw material production, manufacturing, transport, storage, marketing and final sale, to use, reuse, repair, remake and recycling of the product and its components.

From an environmental point of view, the point should be to minimize any unwanted environmental effect of the item’s life cycle by: guaranteeing efficient and heedful utilisation of natural resources (water, energy, land, soil, animals, plants, biodiversity, ecosystems, etc.); choosing sustainable power sources (wind, solar, etc.) at every stage, and maximizing fix, remake, reuse, and recycling of the product and its components. From a socio-economic point of view, all businesses should work to improve the current working conditions for workers. In the production lines, transportation chain, and stores, by lining up with good ethics, best practice and international codes of conduct. Furthermore, fashion firms should add to increasingly sustainable consumption patterns, caring and washing practices, and overall attitudes to fashion.

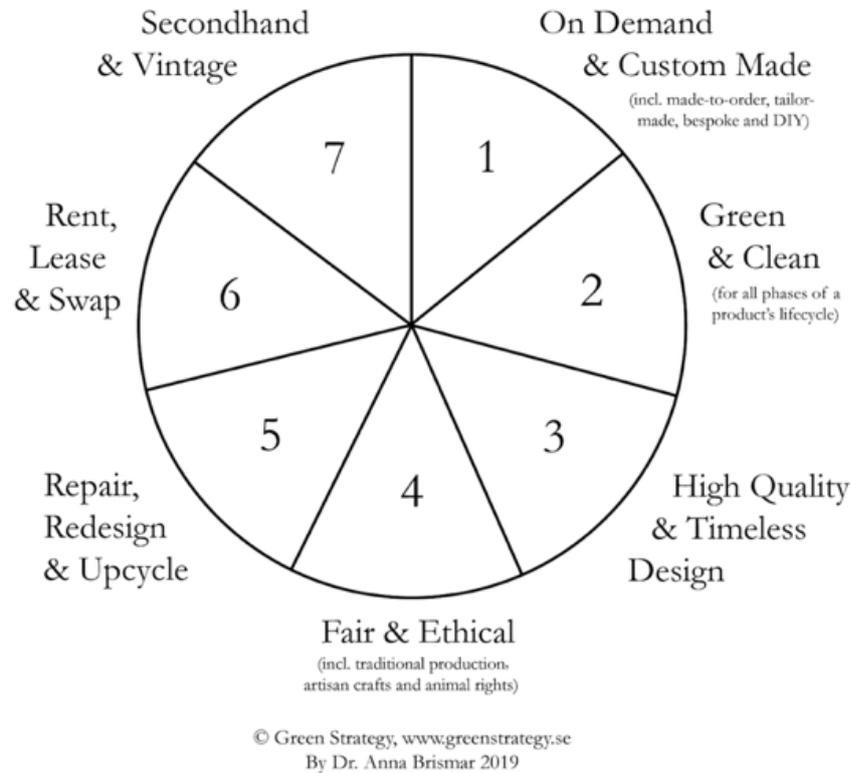


Figure 2-1 Seven forms of more sustainable fashion (Brismar, 2019)

Brismar (2019) has identified seven main forms of more sustainable fashion production and consumption, as seen in the figure above. This image presents seven forms of more sustainable and circular fashion. The first version was created in 2012 and was later updated in 2016.

The idea of opening the Web application for selling and buying secondhand clothes, which is in exact terms of being more sustainable, applying the number 7 approach of the figure 1 above. At the point when the item is never again wanted, it should be turned in to a secondhand shop, donated to charity or given to friends, relatives, to prolong its life. The idea behind is that people should consider buying secondhand clothes or vintage rather than purchasing new items.

2.1.2 Reuse business model

This section entails literature about a broad understanding of circular business model in textile industry. Particularly, a concept of reuse will be examined thoroughly with a touch

of case companies which also participate in the circular economy. The cases are selected on the basis of their impact potential (economic, social and environmental), general innovativeness and suitability for the Finnish economy and society (Circle Economy, 2015).

It has been suggested that “waste is a resource in a wrong place”. If that is the case, then the opportunity for companies to put waste in the right place and recover resources is huge. The concept of waste is eliminated by turning waste streams into useful and valuable input for other processes. Circle Economy (2015) proposed the Business Model Framework which was specifically constructed to accommodate the categorization of the different types of service based & circular business models in textiles. In the circular category, reuse business models, which are built on the reselling of used products, enable the extension of product lives and involve schemes for collection or take back of products or materials.

With reuse models, the suppliers are the consumers. Success is quite dependent on a brand’s ability to mobilise the take back of huge amounts of high-quality products that suitable for reuse. It has been recognised that the secondhand market has been dominated by peer-to-peer or third-party trade even though brands also has started offering reuse models for their own products that actually earn revenues. The reason is that there is always a risk of cannibalisation that providing secondhand option will negatively impact new sales (Figure 2). (Circle Economy, 2015)

	👍 OPPORTUNITIES	🚩 CHALLENGES
BRAND & COMPANIES	<ul style="list-style-type: none"> + Brings additional revenue streams from the sale of company-branded secondhand goods. + Increases control over the resale of secondhand products, allowing companies to protect the brand image from third party dilution. + Reuse markets offer a more affordable alternative to consumers who might not ordinarily be able to afford the new collection. This concept can therefore open up new markets and improve industry competitiveness. + Branding/marketing potential exists in publicly communicating an innovative, sustainable concept. + By extending the lifecycle of a garment by just 9 extra months, companies can reduce related carbon, waste and water footprints by 20-30% according to the UK-based group WRAP. This impact is often more than a company could make by selecting more sustainable fabrics, production practices or offering recycling. 	<ul style="list-style-type: none"> ○ Attaining a sufficient volume of high quality secondhand clothing back from consumers requires targeted advertising and strategic logistics. ○ Brand in question must extend their responsibility for the product beyond the point of sale to the use and disposal phase. This requires the company/brand to manage a new set of partners and/or role for itself, in the handling, cleaning and quality control of returned garments. ○ Brands frequently fear the risk of cannibalization ie. that offering secondhand option will negatively impact new sales.
CONSUMERS	<ul style="list-style-type: none"> + Consumers can buy high quality apparel at a lower price than the firsthand goods in store. For consumers with a lower budget, this may allow them to access a brand for the first time. 	<ul style="list-style-type: none"> ○ Without proper control, the quality of the garment may be compromised. ○ A limited selection (colour, size) is usually offered. ○ Effective marketing is needed to create a comparable retail experience and ensure that consumers do not feel they are necessarily buying secondhand.

Figure 2-2 Analysis of opportunities and challenges of reuse (Circle Economy, 2015)

Circle Economy (2015) did an analysis of opportunities and challenges of reuse business model (Figure 2). From consumers perspective, this model allows consumers with lower budget access a brand/high quality apparel for the first time. Besides that, there are also issues that need to be tackled such as the quality of the garment, a limited selection and effective marketing required. For brands & companies, there is several opportunities and challenges as well. By lengthening the lifecycle of a clothing by just 9 additional months, companies can lessen related carbon, waste and water footprints by 20-30% as stated by the UK-based group WRAP. This impact opens a new set of partners because it is often more than a company could make. A reuse model leaves the companies in question covering their responsibility for the product beyond the selling point to the use and disposal phase. Together, it will bring additional revenue streams, unlock new markets and improve fashion industry competitiveness, whilst encouraging sustainable consumer behaviour. Some recommendations for succeeding in reuse business models were given counting knowing the target audience, product differentiation and training of staff. (Circle Economy, 2015)

Filippa K secondhand store in Stockholm & Collect concept, is a well-known example of reuse business model. Consumers can return used Filippa K apparel to any Filippa K store through the Collect program and receive a 15% discount on their next purchase. Clothing is sent to a local charity agency in poor condition. Once they have been launched, clothes in good condition will be used in the Secondhand store in Sweden or other retail outlets. Alternatively, under a different model, clothing sent directly to the Filippa K Secondhand Store is received. First, it accepts only gently worn and seasonal clothing. When the garment is sold, the vendor earns a commission of 40 percent. If a garment has not sold after one month, it is sent back to the owner. (Circle Economy, 2015)

Other comparative cases could be mentioned: (Circle Economy, 2015)

- *Claudia Strater: Share Your Clothes.* Consumers trade their old Claudia Strater clothing in for points to use in the regular shop.
- *Eileen Fisher: Green Eileen Store.* 100% of revenue goes toward non-profit organization, Eileen Fisher Community Foundation.
- *Cees n Co.* Deposit is paid on classic white men's shirt, to encourage responsible take back at end of life.

In summary, the impact these brands making is high. They create awareness among consumers about the end of their old clothes. Secondly, these concepts draw consumers from new & diverse market segments as there is a lower price point for returned garments, as well as the opportunity to reestablish contact with current consumers. Thirdly, it is essential to notice that suitability to adopt this model is greatly reliant on the brand style and product line. Timeless, minimalist or classic brands, long-life product line naturally allow for numerous use cycles. Fourthly, professional cleaning and repair of high-quality returns are significantly critical. On the other hand, operating costs to run reuse model is limited budgeted (add on to existing stores). Some concepts are not a direct benefit for the company. Likewise, strategic logistics needs to be improved.

2.2 Understanding consumer behavior

2.2.1 Needs

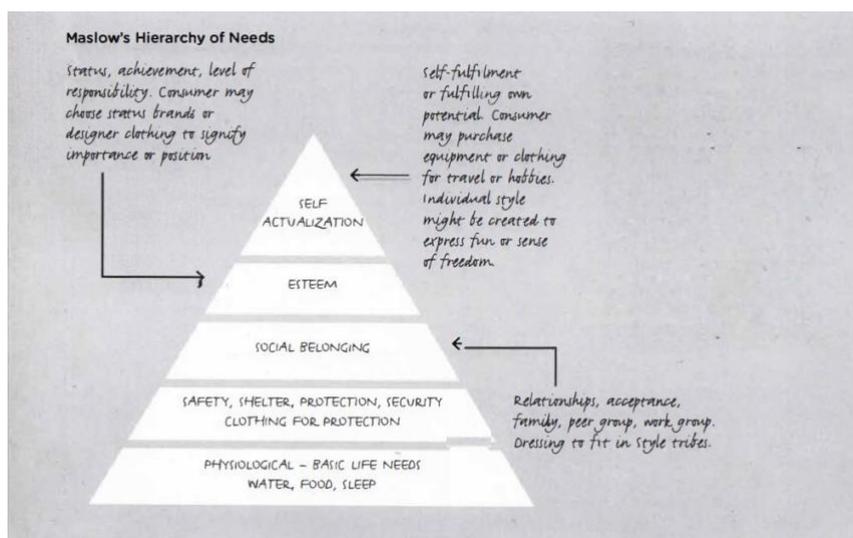


Figure 2-3 Maslow's Hierarchy of Needs (Posner, 2011).

Abraham Maslow created his theory in 1943 and suggested a five-tier hierarchy of needs model, which can help us understand the basis of human motivation. Beginning with basic physiological necessities such as food, water and sleep and advancing through the requirements of safety; social belonging and ego needs; capping in the greatest level of need driven by self-actualisation motive. The original principle is that, before moving to the next level, an individual would try to meet their needs at the lowest level (Posner, 2011).

In reality, people are simultaneously trying to meet a variety of needs and are not advancing the hierarchy in a prescribed way. In contemporary society, people do not have a fundamental physiological need for clothing to pretext them from the elements.

Consumer motivation regarding fashion need is triggered by a variety of desires and stimuli in most cases. These might relate to social belonging, gaining approval, affiliation with a group or concepts of self-acceptance and esteem. (Posner, 2011)

2.2.2 Consumer motivation and behaviours

Consumer motivation is an internal state that drives person to choose and buy products or services which fulfill conscious and unconscious desire or needs. The fulfillment of those demands can then motivate them to make a repeat purchase or to find different goods and services to better fulfillment those desires.

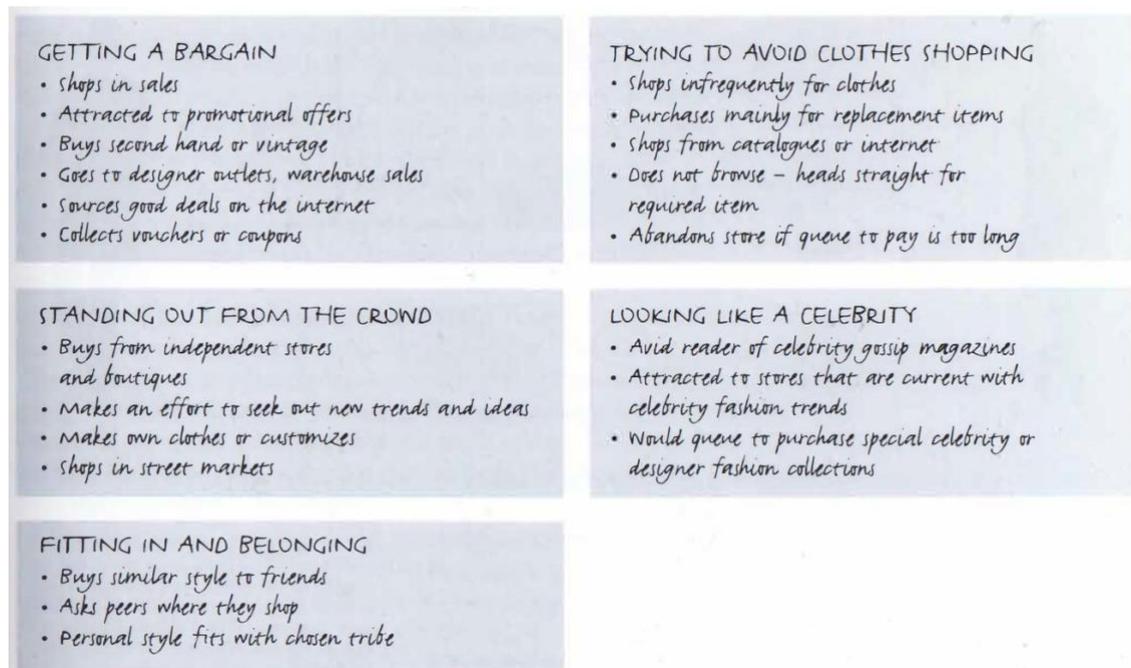


Figure 2-4 Customer motivation and behaviours (Posner, 2011).

Attitudes, preferences and motivations of a consumer will affect their buying behaviour. Posner (2011) presented possible buying behaviours related to a variety of potential motivations (Figure 3). This table provides five likely motivations of consumers which are getting a bargain, trying to avoid clothes shopping, standing out from the crowd, looking

like a celebrity and fitting in and belong. Each of them has different specifically behaviours. For instance, if someone is motivated to stand out from the crowd, it will drive certain behaviours, such as shopping from independent stores and boutiques, making their own clothes or customizes, making an effort to seek out new trends an idea and so on. The study is also showed that people, who buy secondhand clothing or vintage, are motivated to get a bargain. In other words, it is getting a good deal. There is something uniquely satisfying about not only getting product one is after, but also getting it for a super low price.

2.2.3 Secondhand consumption motivations

Regarding consumer's motivational drivers, there is a good amount of publications has examined this question and found that motivation can related to either product characteristics or to consumers' experience. According to Guiot and Roux (2010), motivations for second-hand shopping are divided in three categories: economic, recreational and critical motivations. In another study of Ferraro et al. (2016), fashion motive had also been taken into investigation. An updated understanding of who shops at secondhand stores and their underlying motivations is thus critically essential.

Economic motivations:

Economic motivations largely are caused by price sensitivity or price consciousness and include the gratifying role of price, the search for a reasonable price and bargain hunting (Guiot and Roux, 2010). These motivations therefore concern the allocation of budget that consumers must make across different kinds of expenses, which regularly lead to priority management and price assessments. At this point, secondhand shopping is able to ease the financial burden on consumers by allowing them to satisfy their primary needs without preventing them having of less vital goods (Guiot and Roux, 2010), Economic motivations appeared in the earliest studies in the field, which mostly emphasise the financial advantages of secondhand shopping (Williams and Paddock, 2003), as well as in later studies conducted in recreational contexts about purchasers have expectations to find cheaper products and obtain bargains (Gregson and Crewe, 1997; Stone, Horne, and Hibbert, 1996).

Recreational motivation

Recreational motivations comprise visual inspiration and excitement due to the abundance of goods, treasure hunting, authenticity, social interaction, and nostalgic pleasure (Belk et al., 1988; Guiot and Roux, 2010). Furthermore, the pleasure of browsing, bargaining and the freedom from daily routine (Belk et al., 1988; Guiot and Roux, 2010; Mathwick, Malhotra, and Rigdon, 2001) are also satisfying uniquely provided by secondhand retailers. Given that the characteristics of secondhand retailers differ from traditional channels, secondhand shopping experiences also provide theatricality and improvisatory products sales (Guiot and Roux, 2010). These motivations have growth to secondhand shopping enthusiasts and collectors. For these purchasers, and closely related to the thrill of the hunt and of finding the unexpected goods, is the hope of finding something meaningful that are often markers of identity (Belk, 2001; DeLong et al., 2005). Additionally, the social interaction that arises within the secondhand's environments creates a sense of community between buyers and sellers

Critical motivations

Critical motivations enable consumers to split from the mainstream market for moral or ethical reasons, including distance from the system (i.e., buying secondhand goods distances one from the distaste of consumer society), ethics and ecology (i.e., recycling, fighting against waste) (Guiot and Roux, 2010; Pierce and Paulos, 2011). In the matter of distance from the system, buying secondhand is a way for consumers practice uprising against a society that promotes waste and 'throw-away' behaviours (Roux and Korchia, 2006), also to show anti-corporate drives such as avoiding large corporate chains (BraceGovan and Binay, 2010). Hence, consumers create and express a socially conscious self through making decision on buying secondhand (Roux and Korchia, 2006). Regarding ethics and ecology, secondhand shopping allows consumers to exercise sustainable and conscientious consumption practices (Carrigan et al., 2013). Indeed, an eco-movement has becoming visible among consumers who are demonstrating concerns about what is seen as excessive, wasteful and/or environmentally unsound. They are proactively looking for a way to reduce the impact of the goods' production on their health, the environment and the society at a whole (Brace-Govan and Binay, 2010; Cervellon et al., 2012; Ha-Brookshire and Hodges, 2009).

Fashion motivation

The need of authenticity and originality connects directly to fashion motivations, but precisely concern efforts to follow a certain fashion trend, make a personal and unique fashion style, or avoid mainstream fashion (DeLong et al., 2005; Reiley and DeLong, 2011). Sproles and Burns (1994, p.4) indicate fashion as “a style of consumer product ... that is temporarily adopted by a discernible proportion of members”. Correspondingly, fashion in the context of this research is the degree to which consumers believe secondhand products are fashionable. Unlike earlier times when secondhand clothing was needed for economic reasons and garments considered as unwanted (DeLong et al., 2005), secondhand clothing has become a desirable fashion (Beard, 2008; Gregson et al., 2002). The fashion world has adopted secondhand clothing where it is usually called as vintage (Gerval, 2008). Regularly, the price of these items is higher as they are considered more valuable due to their age and scarcity (Cervellon et al., 2012). Fashion authenticity and vintage uniqueness are therefore characteristics attracting contemporary secondhand consumers (Guiot and Roux, 2010).

2.3 Business Model Canvas

In this thesis, Osterwalder’s Business Model Canvas is used in determining the business model of the Web application X. The Canvas Business model is a strategic management and entrepreneurial tool that allows people to design their own business model. According to Osterwalder and Pigneur (2010), “this concept has been applied and tested around the world and is already used in organizations such as IBM, Ericsson, Deloitte, etc.” Also, based on the Strategyzer website (2017), over 5 million people are using the Business Model Canvas. The success of the business model is in its simplicity. The Canvas Business model enables users to see a mixture of the product and the business model that will keep the company competitively ahead. There are nine building blocks, which is easy to be applied with any kind of business models, Osterwalder and Pigneur describe these building blocks in Business Model Generation book (2011) as follows:

- Value Propositions: It seeks to solve customer problems and satisfy customer needs with value propositions .

- Channels: Value proposition are delivered to customers through communication, distribution, and sales Channels.
- Customer Relationships: Customer relationships are established and maintained with each Customer Segment.
- Revenue Streams: Revenue streams result from value propositions successfully offered to customer.
- Key Resources: Key resources are the assets required to offer and deliver the previously described elements.
- Key Activities: by performing a number of Key Activities
- Key Partners: Some activities are outsourced, and some resources are acquired outside the enterprise.
- Cost Structure: The business model elements result in the cost structure

2.4 Value Proposition Canvas

While the Business Model Canvas works through the essential elements of a business or product, shaping in a consistent way, the Value Proposition Canvas zooms into the details of two of the building blocks of the Business Model Canvas which are Value Proposition and Customer Segment. This is the additional tool, which was proposed by Osterwalder et al. (2015), is dedicated to explaining how business to create customer value with its products and services. Especially for companies aim to sustainability, it is necessary for those companies to get both right, such like a loop. To create value for their business, they need to create value for their customers. To sustainably create value for their customer, they need to create value for their business.

When the supplier has the promising idea, a value proposition is created. It will need to be checked at an early phase so that changes can be made in time. It may occur that customer's requirements about jobs, gains and pains have been mistaken. There might also be an issue because certain assumptions have been made by the distributor. It is therefore important to translate the value proposition into practice. It is necessary to always evaluate the value proposition together with the customer, so that it can be

decided whether the value proposition actually adds value to the business of the consumer as the customer needs. (Mulder, 2017)

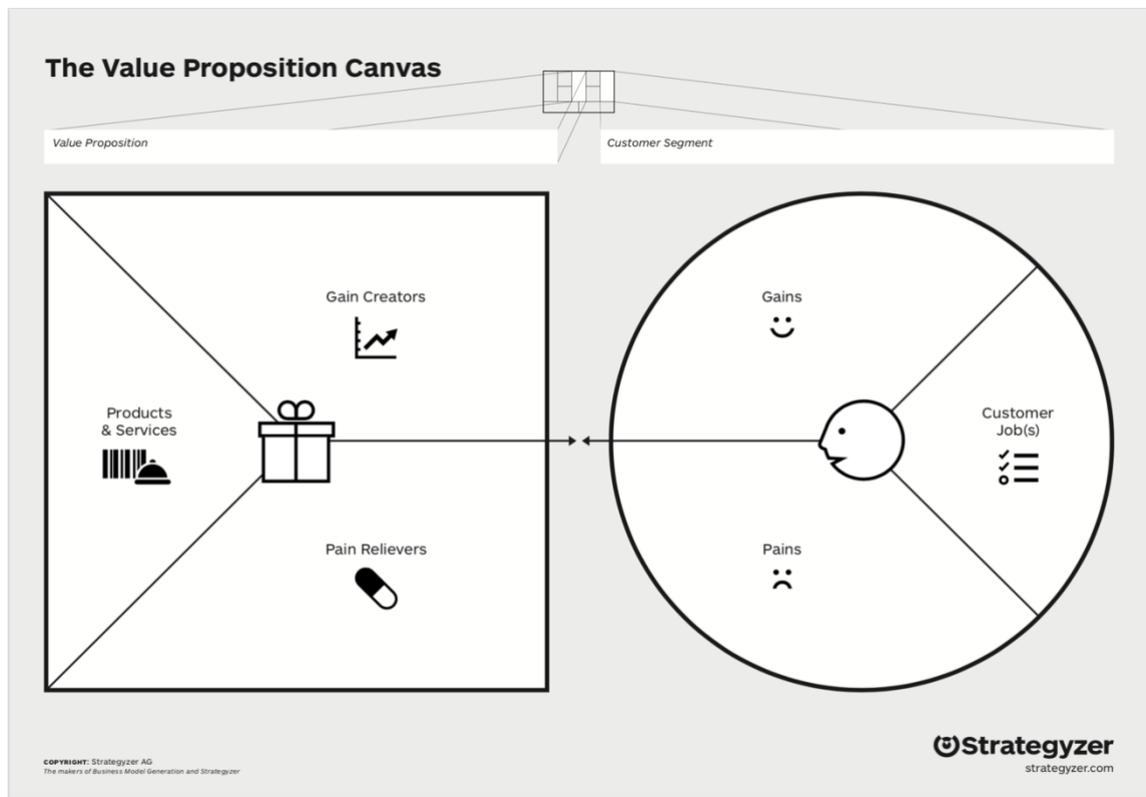


Figure 2-5 Value Proposition Canvas (Osterwalder et al., 2015)

Customer profile

The round-shaped customer profile contains three separate fields: Customer Jobs, Customer Gains and Customer Pains (Figure 5). *Customer Jobs* define the things customers are trying to get done in their work or in their life. This could be tasks they are trying to perform and complete, the problems they are trying to solve, or the needs they are trying to satisfy. Furthermore, customer jobs are divided into three main types (functional jobs, social jobs, personal/emotional jobs) and supporting jobs. *Customer Gains* describe the benefits the customer expects, desires or would be surprised by. This includes functional utility, social gains, positive emotions, cost savings, etc. Customer gains are identified into four types including required gains, expected gains, desired gains and unexpected gains. *Customer Pains* explain negative emotions, undesired

costs or situations, and risks the customer could experience before, during, or after getting the job done. Customer pains are recognised as three types: undesired outcomes, problems, and characteristics; obstacles; and risks (undesired potential outcomes). (Osterwalder et al., 2015)

Value Map

Value Map is also divided into three components (Figure 5). *Products and Services* is a list of the organization's offering that establish the value proposition. They help the customer to perform either functional, social, or emotional jobs as effectively as possible. Vital notice is that products or services do not create any value unless they are corresponded to the right customer segment. *Pain Relievers* explain the thorough approach how company's offering allow customer to reduce or remove the experienced pains. It is significantly recommended to focus on the most pressing pains because not every problem can be solved. Finally, *Gain Creators* define the methods how organization's products and services assist customer to accomplish gains. They explain on a detailed level how this will be carried out. Similar with pain relievers, it is critical to identify the most key gains and put effort on those to make products and services different. (Osterwalder et al., 2015)

Fit

The essence of value propositions design is striving for a fit between *Customer profile* and *Value map*. It happens when you address important jobs, alleviate extreme pains, and create essential gains that customers care about. By taking a close look at this, there are limited risks of failure and something will be established that will eventually help the customer. Initially, this fit will be studied by the provider. The client has the duty of carrying out a final check.

3 INTRODUCTION TO WEB APPLICATION X

In this chapter, through the framework of the Business Model Canvas and Value Proposition Canvas mentioned in the literature chapter, the business idea of creating the new Web Application which specializes in second-hand buying and selling is revealed.

3.1 X's Business Model Canvas

Key	Key Activities	Value	Customer	Customer
Partners		Propositions	Relationships	Segments
Industry relevant partners: Logistics partner, laundry partner, repair partner Sustainable brands Suppliers are consumers. Influencers	Maintaining the platform Receiving, checking and sorting collected clothing Administration related to consumers and commissions. Communication with logistics, laundry and repair partner Forecasting trends and fashion	Tidy bag: the most convenient way to sell clothes Buy used clothes in good condition for less money Sell clothes that no longer serve anymore Collection of sustainable brands Conscious living inspiration	Self-service: Consumers utilise the service through the main platform while having limited interaction with employees. Self-sources: Frequent Questions and Answers Personal assistance: phone and email support Customer-owned online account that sellers can utilise to check the sales status. Channels Website and mobile app	Sellers: Consumers who want to get rid of their used clothes and make money off of it Buyers: Consumers who want to buy secondhand clothes that have been examined for quality
	Key Resources			
	Staffs: - Experienced personnel that are able to accurately inspect, sort, price			

	<p>and merchandise collected clothing.</p> <ul style="list-style-type: none"> - Technology staff that maintain the website. - Customer service personnel that provide support. <p>Distribution centres</p>	
<p>Cost Structure</p> <p>Cost Driven structure – maximum automation, low price value proposition and extensive outsourcing</p> <ul style="list-style-type: none"> - Fixed costs: Rent, Marketing, Operations and Administration - Variable costs: Logistics, Laundry and repair, fashion forecast 	<p>Revenue Streams</p> <p>The commission on sales of items submitted by sellers to buyers.</p>	

Table 3-1 Business Model Canvas – Web Application X

As shown in the table above, the Business Model Canvas has been modified to be fitted in a buying and selling secondhand clothing online service – the business idea of the student.

X is a fashion reseller website for consumers to buy and sell secondhand clothing online. X is part of a wider movement of collaborative consumption, empowering consumers to live in a more collective, sharing economy.

Customer Segments

X has a multi-sided business model with two inter-reliant customer segments:

- Sellers are consumers who want to get rid of their used clothes and earn money from them.
- Buyers are consumers who want to buy secondhand clothes to have them evaluated for quality.

Value proposition

X offers five primary value propositions: accessibility, convenience, risk reduction, cost reduction and inspiration.

X creates accessibility by making a useful service available. It enables people who want to get rid of their used clothes and make money off of it. It also allows people who want to buy secondhand clothes that have been examined for quality before buying them. Its service will be easy to use in order to create convenience for consumers. People who want to sell their used clothes can order a "Tidy bag" from X website. After receiving the bag, they fill it with their garments and send it back to X. They could update the status of the process on the platform including when their bag arrives, how long inspection process takes, how much the items will sell for, when the clothes have sold, when the commission of the sales have paid to them.

Risk reduction is allowed through high standards. X conducts quality control and inspection. The clothes are only resold if those considered to be of a certain standard that specially have timeless, minimalist items or classic brands, are still in their original shape, stain-free, tear-free and odor-free. The items are prevented from being resold will go to charity or may be requested to be returned to the sellers.

X reduces costs in many ways. Sellers are allowed to send Tidy bags to X for free because every Tidy bag has a pre-paid shipping label. For buyers, it offers free shipping on purchases over a certain amount of money and free returns.

X also aims to provide a community space for sustainable fashion awareness and conscious living inspirations.

Channels

X's main channel is its website and mobile application. Its offering will be promoted across social media channels.

Customer Relationships

X's customer relationship is mostly of a self-service. Consumers use the service through the main platform while having limited interaction with staffs. There are do-it-yourself resources such as Frequently Questions and Answers and Blogs. Alternatively, consumers can reach a personal assistant in the form of phone, chat and e-mail support.

Key activities

X's key activities are maintaining a platform for its customers; day-to-day activities with clothes such as receiving, checking and sorting collected clothes, communicating with logistics, laundry and repair partners; administration related to customers' online profile and commissions; and forecasting trends and fashion.

Key partners

X has outsourced from related industry partners: logistics, laundry and repair partners. The main suppliers of X are consumers, but X is also working on cooperating with other sustainable and classic brands in Collect concept. Brands will collect their brands' used items from their consumers, give them discount and bring them to X. They will receive commissions when the garments are sold, quite similar to individual consumers but they have higher commissions. Together doing this, the companies can promote their brands as green and sustainable while X has strong partners providing sufficient stocks.

Key resources

X's main resources are human resources, who contains the technology staff maintaining its website, the employees executing quality control and inspection on the collected clothes, and the customer service personnel providing support. Another physical resource are distribution centres locating in Finland.

Cost Structure

X has a cost-driven structure, intending to lessen expenses through maximum automation, low price value propositions and extensive outsourcing. Fixed costs consist of rent and labour wages for marketing, operations and administration. Logistics, laundry, repair, and fashion forecast are all variable costs.

Revenue Streams

X has one revenue stream which is the commission it charges on the selling of clothing submitted by sellers to buyers.

3.2 X's Value propositions canvas

Customer Profile – Buyers side:

Products and services:

- Find secondhand shop and wanted items

Pains:

- There are too many of different clothes, no easy way to filter
- Difficult to buy online with a guarantee of quality
- Not convenient to access second-hand stores

Gains:

- Buy clothes which are brand recognition with less money
- To be involved in sustainable living

Value Map – Buyers side:

Products and services:

- Buy clothing online or from a mobile phone or tablet
- Delivery services offered for Buyers

Pain relievers:

- Easy to find clothes through categories and filter
- Quality inspection by staffs of X

Gain creators:

- Collection of sustainable brands
- Conscious living inspiration

Customer Profile – Sellers side:

Customer Jobs:

- Find places/ ways to dispose of old clothes

Pains:

- Not convenient to access second-hand stores
- Time and effort investment for selling online

Gains:

- To be involved in sustainable living
- Earn money from used clothes

Value Map – Sellers side:

Products and services:

- Sell clothing online or from a mobile phone or tablet
- Delivery services offered for Sellers

Pain relievers:

- Quality inspection by staffs of X
- X will take care the part of selling consumers' clothes

Gain creators:

- Conscious living inspiration
- Consumers receive commission when their clothes are sold

4 METHODOLOGY

4.1 Study overview

The purpose of this chapter is to introduce the study methodology for this quantitative survey study regarding whether value propositions of X are beneficial for Finnish consumers in secondhand trading market. This approach allowed for a deeper understanding of characteristics of consumer segments and provided a way to develop theory from the data in order to improve business model of application X to be more viable and engaging in Finland.

The applicability of survey strategy for this study are discussed in-depth in this chapter. The study plan, including the methodology, study participants, procedures, analysis method, and ethical concerns are also primary components of this chapter.

4.2 Study questions

Question 1: Is the need already being met, or is there room for another product?

Question 2: Are the value propositions of X matched with consumers' needs?

Question 3: How viable and successful Web Application X would be among consumers?

4.3 Methodological approach

A quantitative study is appropriate when the goal of study is to use data to test a theoretical proposition (Saunders, et al. 2016, 166). As the study's aim was to test the value propositions of X whether it is valuable for consumers, also to understand and profile the potential consumers of X. Additionally, in regards of generalisability, the quantitative study method is able to produce results that are generalisable (Chrysochou, 2017). In this case, the consumer profiles represent for a large population which are sellers and buyers of secondhand clothing in Finland. Therefore, a quantitative approach was the most suitable choice.

4.4 Data collection method

This quantitative study was performed using survey strategy. Survey study involves collecting information from a group of individuals by responding to questions (Check and Schutt, 2011). The aim of the survey study is to analyse the characteristics of the target population and to understand their behaviors, expectations, motives, beliefs and, in general, to collect their opinions on a topic of interest to the student. By using survey, it allows for highly economical collection of standardised data from a sizable population, allowing for easy comparison (Saunders, et al. 2016, 181). Moreover, the use of a survey strategy will give the student more control over the study process (Saunders, et al. 2016, 182).

The questionnaire (see Appendix 1) covers 22 questions that applied the structure of consumers' profiles in value proposition canvas and build on top of the consumers' motivations, were mentioned earlier in the literature chapter 2. The questionnaire mostly consists of multiple choice questions, position questions and scale questions. It was designed related to demographic information, consumers' profile, preferences, inclination and capabilities of purchasing a product. Through the questionnaire it is possible to collect appropriate data on the consumers' profiles that are broken down to their jobs, pains and gains in the context of secondhand clothing. The questionnaire provides information on the set of consumers characteristics that the student assumes, observe, and verify in the market.

A voluntary response sampling method was used to recruited participants. The voluntary response survey is focused primarily on ease of access (Sampling Methods | Types and Techniques Explained, 2020). As for the strategy, the key element is that study subjects volunteer on their own behalf to engage in the study (Dissertation.laerd.com, 2020). Indeed, the student posted the survey in Facebook group - *Finland secondhand buying and selling*, and asked for volunteers instead of approaching them directly. Volunteers can do the questionnaire at their own pace. This strategy targets to attract people who are interested in the topic and willing to change and adapt a new business model. In addition, the survey is totally anonymous. By following this sampling strategy, it may help the student reduce the threats of validity and reliability.

The sample was drawn from a target population of people who buy and sell secondhand clothes in Finland. All participants had to live in Finland, but Finnish did not have to be

their native language. There was no age and income limitation. Regarding target population size, there is no specific number of the population that is used to peer-trading used clothes. However, Tori – the most popular marketplace in Finland, reported its website was visited by an average of 2.1 million different users every month during 2019. It is equal to nearly 38 percent of the current population of Finland, which is 5.5 million, based on Worldometer elaboration of the latest United Nations data (Finland Population (2020) - Worldometer, 2020). The online survey was published in the Facebook group - *Finland secondhand buying and selling* to explore various aspects of the target market. The total amount of members of this group was 26,432 people, who are staying in Finland, interested in secondhand and actually do the job – peer to peer trading.

Before conducting the survey, the student was interested in achieving the sample size of 384 people who would take part in the study. This was the precise sample size for the target population, at a confidence level of 95 percent and a margin of error of 5 percent (Saunders, et al., 2016, 281). As Saunders, et al. (2016) propose the sampling size of 370 for the target population of 1 000 people, and the sampling size of 384 for the target population of 1 million people, at an error margin of 5 percent and a confidence level of 95 percent.

The survey was posted several times on the Facebook group for 2 months to draw attention of the group's members. The reason why the student posted many times was that the post disappeared on members' newsfeeds just within few minutes, and there were always new posts from others to take the first spot in the group. Therefore, the student chose to post the survey constantly every week in order to reach to new person who had not seen the post before. During that time, the student had noticed the slow progress of collecting survey, and that was not the student's ability to control. To speed up the procedure and reach to new people, the survey was conducted in public areas at the same time with online survey. Locations were picked to be in front of UFF stores (the charity shop in Helsinki), and the participants who were recruited were also customers from the UFF stores. After two months, the survey had gathered 550 uncompleted responses. It had 403 completed responses, with 94.29 per cent living in Finland and 5.71 per cent not currently living in Finland. The survey successfully achieved the sample size of 384 respondents which was set from the beginning.

4.5 Data analysis

Webropol and Excel are the tools which were used to design the questionnaire and to analyse the data. The tools were extremely helpful for the student to save time of preparing data including data validation, data editing and data coding. The responses were screened by using the Webropol tool to be sure they met the selection criteria which was answering yes to the first question "Do you live in Finland?". These responses were also applied filter to export only the completed answers. Moreover, the questionnaire, which was designed carefully from the beginning in order to reduce missing data and to ensure a logical flow for readers, comprising setting mandatory questions, location question, jumps and rules.

The initial analysis explored data using both tables and graphs. The choice of table or graph was influenced by the aspects of the data, and the measurement precision with which the data were recorded. Subsequent analysis involved describing data and exploring relationships using statistics such as average, median, percentage, frequency, range, min, max and standard deviation.

The analysis of collected data from survey was divided into two parts: Buyers and Sellers. The Webropol tool was used to apply filter conditions for 2 groups correspondingly. For Buyers group, it was filtered under three conditions. These filter conditions comprised survey participants who are female, live in Finland, and bought second-hand clothing within the past year. For Sellers group, it was also applied the first two conditions same as Buyers group that included survey respondents are female and they live in Finland. Other than that, the data must display only respondents who would like to earn money from used clothes.

The results of the data analysis helped the student map out verified consumer profiles of X. Then, they were used to compare to the theory of consumer profiles in value propositions canvas, which was described in the literature review chapter 2, the results of the analysis were not consistent with the existing theory. As the approach to the study is deductive, the focus is on using data to test the theory (Saunders, et al, 2016). However, it may also integrate an inductive approach, where data are used to develop X's value propositions and business model (Saunders, et al, 2016). Since the value propositions of X was false, it was modified with what consumers want. There were

modifications in the value maps to fit the new consumer profiles that obtained from the analysis.

5 RESULTS

Customer segments of Web Application X was defined as multi-sided markets that are linked by dependency (see Chapter 2). Buyers are people who want to buy second-hand clothes that have been inspected for quality, and sellers are people who want to make money from their used clothes. This section was divided into two groups for analysis, which are *Sellers* and *Buyers*.

5.1 General information

A dominating 80% of the survey participants were women and 51% them were in the age range of 26 - 35. The second largest group was women in the age range of 18 – 25. On the contrary, men only took 17% of the population, and 61% of them were from 18 to 25 years old. The other 3% of the survey participants was other genders and they preferred not to say. The participant's age distribution shows that the potential consumers of X will be women from between 18 to 35.

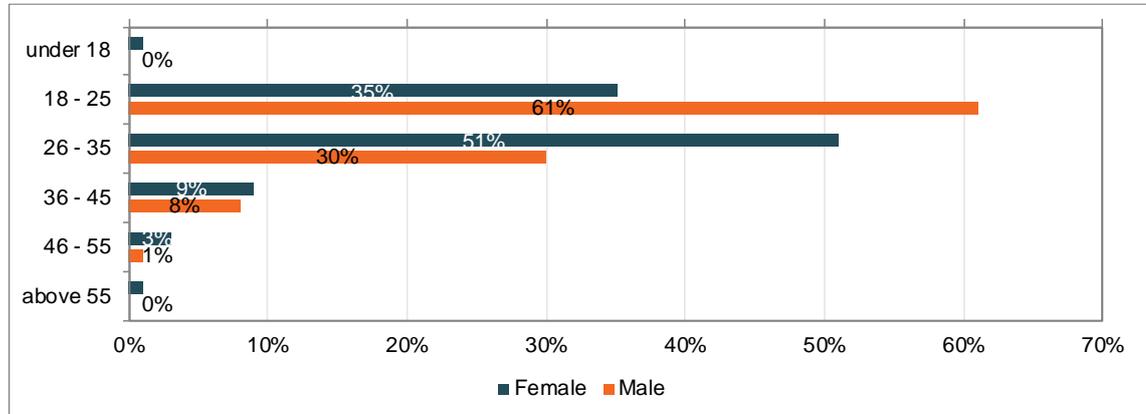


Figure 5-1 Age of survey participants (bar chart)

	Female		Male		Total
	n	Percent	n	Percent	
under 18	2	0,65 %	0	0 %	2
18 - 25	108	35,30 %	39	60,94 %	147
26 - 35	157	51,31 %	19	29,69 %	176
36 - 45	27	8,82 %	5	7,81 %	32
46 - 55	10	3,27 %	1	1,56 %	11
above 55	2	0,65 %	0	0 %	2
Total	306		64		370

Figure 5-2 Age of survey participants

Regarding the income range, two third of young adults (aged 18 to 25) had annual income less than €9,999, which can be considered as low income. It can be seen from the figure 4-3 that the older they were, they higher income they earned. 42% of adults (aged 26 to 35) earned from €20,000 to €39,999 annually. However, it is evident that a small proportion (about 6 - 7%) of survey participants earned a medium-high income, more than €40,000 a year. Therefore, X has to focus on targeting the groups with a low-medium income.

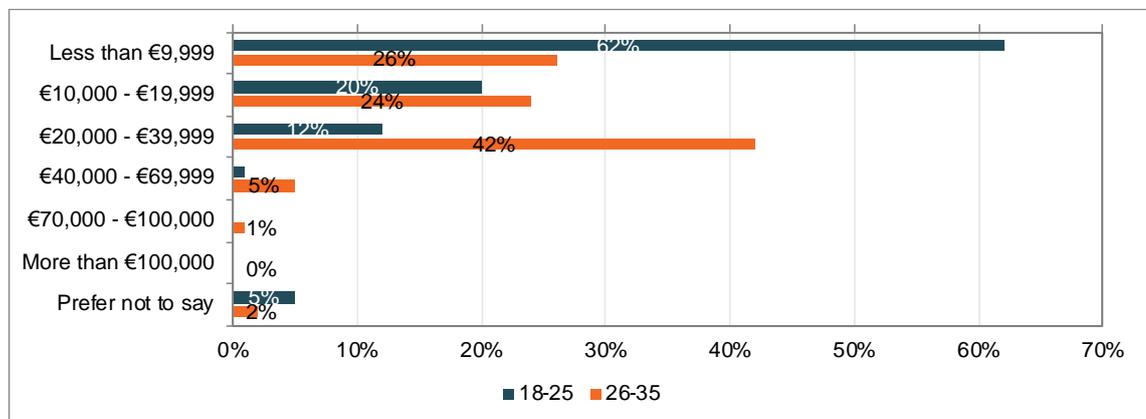


Figure 5-3 Income range of survey participants (by age range)

5.2 Buyers

In terms of shopping behaviours, almost one third of the Buyers group bought second-hand clothing in the past month, with 18 percent of them bought in the past month and 12 of them bought in the past week. It is clear that there is a lot more potential in the second-hand market. In total, 52% of the group buy second-hand clothing within 3 months, which can be described as a relatively high proportion for a season.

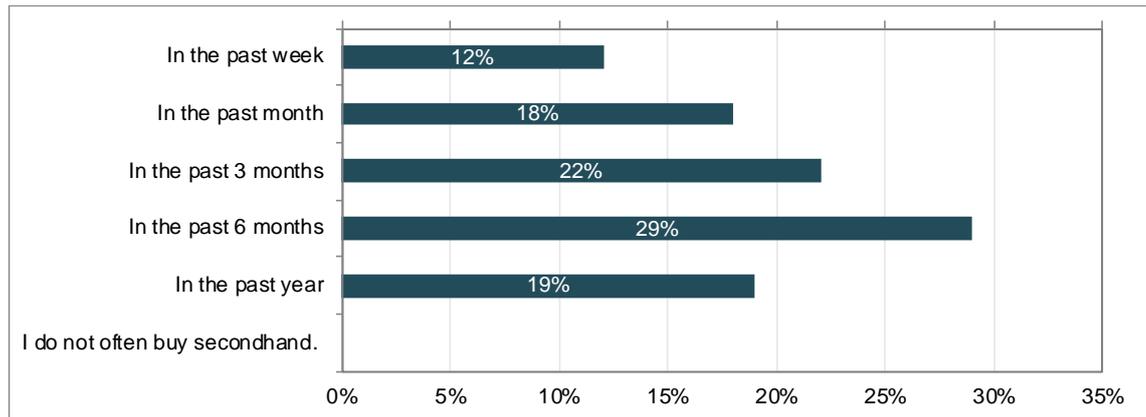


Figure 5-4 Frequency of secondhand shopping

The top five motivations to buy secondhand clothes from the survey were ranked based on the average number as the following: price consciousness, sustainable living, conscious consumption, giving your clothing a second life and looking good in front of others (see Figure 4-5). These five jobs all had a median number equal to 4 (4 means relative). Price consciousness, economic motivation, is always a main intention because it highlights the financial benefits of second-hand shopping. However, surprisingly three of these jobs are related to ethics and ecology as well. In figure 4-6, other than three savings (money, time and effort), many people had the same response that they value nature and environment. It is interesting to know that an eco-movement has become increasingly visible among customers who are expressing concerns about what is seen as excessive and sustainable. They are proactively looking for a way to reduce the impact of the clothing production on the environment and the society.

	1	2	3	4	5	Total	Average	Median
Looking good in front of others	12 4,56 %	7 2,66 %	67 25,48 %	128 48,67 %	49 18,63 %	263	3,74	4
Making a unique fashion style	30 11,41 %	46 17,49 %	69 26,23 %	90 34,22 %	28 10,65 %	263	3,15	3
Living sustainably	3 1,14 %	8 3,04 %	47 17,87 %	130 49,43 %	75 28,52 %	263	4,01	4
Conscious consumption	3 1,14 %	10 3,80 %	48 18,25 %	124 47,15 %	78 29,66 %	263	4,00	4
Getting new clothes frequently	78 29,66 %	108 41,07 %	61 23,19 %	14 5,32 %	2 0,76 %	263	2,06	2
Thrill of hunt, finding unexpected goods	44 16,73 %	86 32,70 %	53 20,15 %	41 15,59 %	39 14,83 %	263	2,79	3
Price consciousness	4 1,52 %	8 3,04 %	42 15,97 %	131 49,81 %	78 29,66 %	263	4,03	4
Giving your clothing a second life	9 3,42 %	10 3,80 %	49 18,63 %	135 51,33 %	60 22,82 %	263	3,86	4
Total	183	283	436	793	409	2104	3,46	4

Figure 5-5 Secondhand shopping motivations

Option names	Text
Other (please specify)	Environment
Other (please specify)	ympäristö
Other (please specify)	Luonto/maapallo
Other (please specify)	Luonto
Other (please specify)	ehjän tuotteen säästäminen/ uudelleenkäyttö
Other (please specify)	Luonnon säästäminen
Other (please specify)	luonnon säästäminen
Other (please specify)	Luonnonvarojen säästäminen
Other (please specify)	stress (usually for me it's easier to find clothes that fit in second hand stores rather than in stores selling new clothes)
Other (please specify)	environment
Other (please specify)	Luonnonvarojen säästäminen
Other (please specify)	Future generations and resources
Other (please specify)	Ympäristön ja luonnonvarojen säästäminen

Figure 5-6 Savings that Buyers value besides money, time and effort

Whenever the Buyers want to purchase second-hand items, three-fourths of them would go to the second-hand store, 35% of them would buy online, and 29% of them prefer to visit flea markets (Figure 4-7).

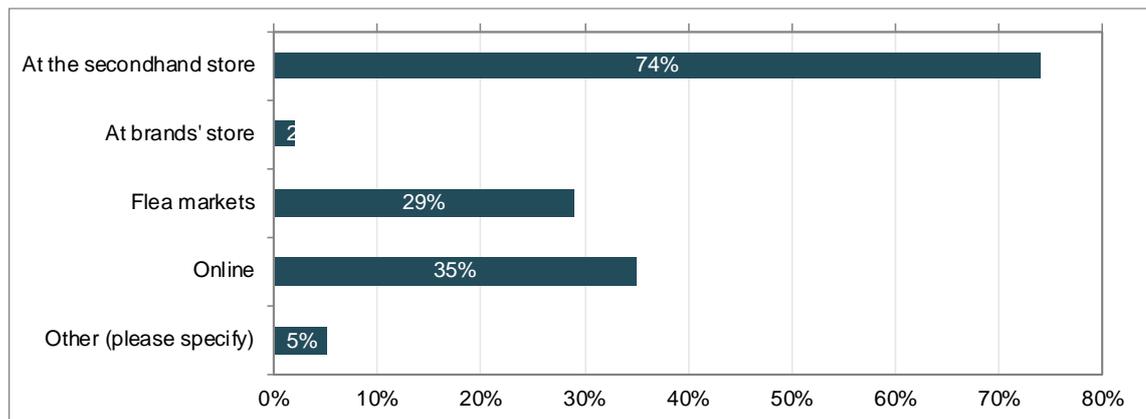


Figure 5-7 Secondhand shopping channels

Regarding Buyers' dissatisfaction, sizes are always a key problem when it comes to second-hand clothes. This survey has gathered 71 percent of participants experienced annoyance of lacking sizes. They are easily disappointed when there are no available sizes for their likable items. Different brands have their own size standards. Therefore, not only the sizes matter, the buyers should know the measurements of the clothing. When purchasing used clothes online, it makes them frustrated to ask for the measurements almost every time. Not to mention with online shopping, this is waste of time or money if the item does not fit. A further 47 percent of respondents reported they were spending a lot of time browsing the store. Few of them specified the second-hand store organisation is rather confusing and messy. Moreover, 46 percent of respondents were not satisfied with the pricey brands/ items with low quality such as H&M and Zara.

About 45% of participants selected “Old-fashioned clothes” that malfunctions them from purchasing. Smaller proportions than that are “no shipping options available” (29%), “no online shops available” (32%) and “clothes that have small defects” (31%) options. (Figure 4-8)

Ugly smell of clothes, ugly smell in the shop, dirty clothes had also been noticed from the Buyers. Therefore, hygiene is also a critical detail to affect buyer’s decision making. Other annoying issues need to be classified are as follows: lack of label information (materials used and care instructions), clothes are not presented nicely, disadvantages of buying online (cannot examined for quality, try on, feel and touch the material), and buyers cannot find the item they are looking for.

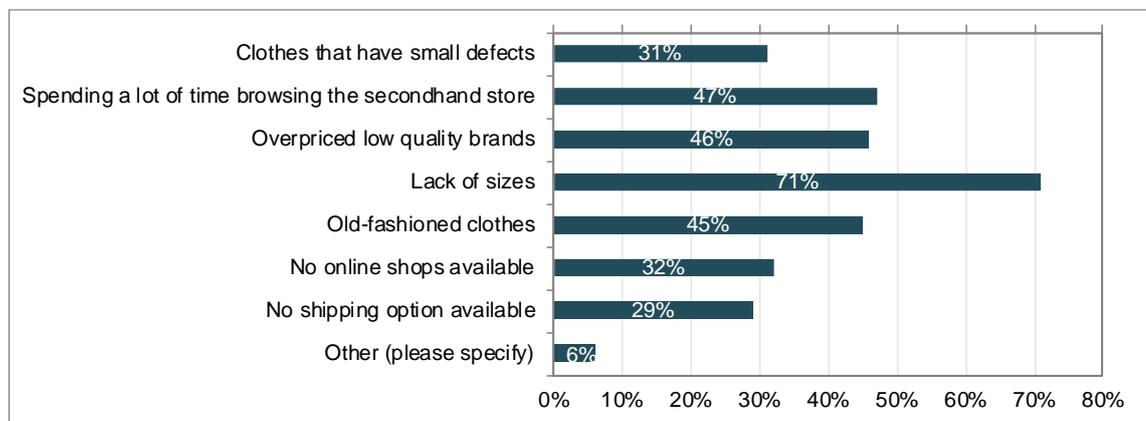


Figure 5-8 Issues that malfunction Buyers when they shop secondhand

In order to increase buyers’ likelihood of buying second-hand online, there are top three things that second-hand business might try to address: better quality (57 per cent), lower cost (38 per cent) and lower risk (33 per cent). In this bar chart below (see Figure 4-9), “less investment” has the lowest percentage and “better quality” has a major impact of 57%. In Finland, people are not only concerned about the good condition of clothing, but also about its material quality. The figure above shows that more than half of the participants would expect clothing with good condition and high-quality materials. 22 per cent of respondents are hoping for just good clothing.

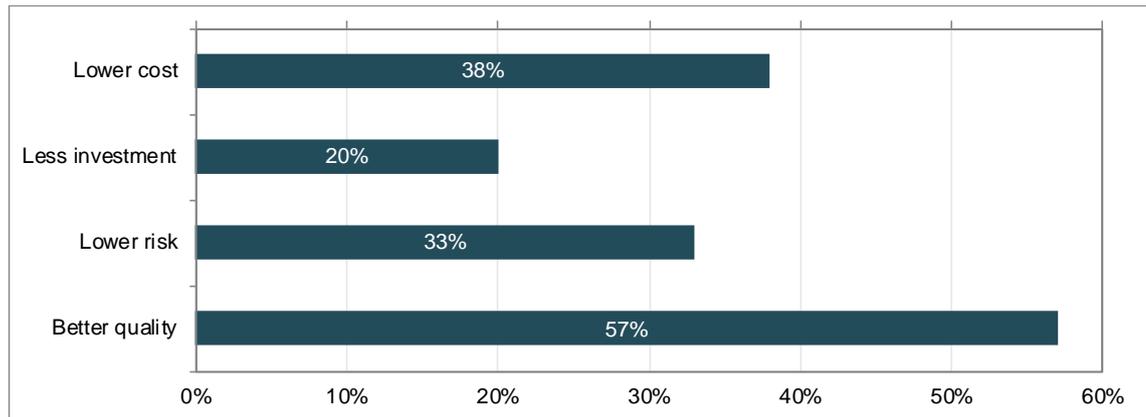


Figure 5-9 Features that increase Buyers' likelihood of buying secondhand online

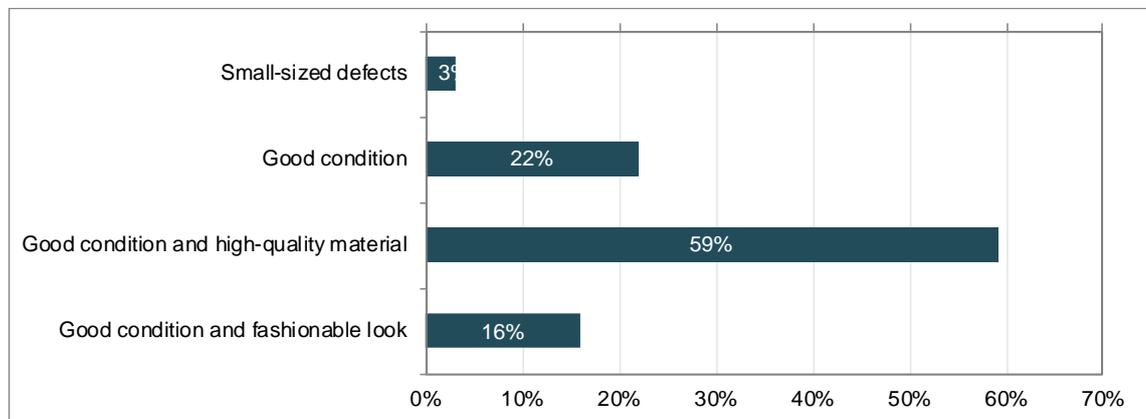


Figure 5-10 Buyers' quality expectation of secondhand clothing

In figure 4-9, about 38% of participants answered that lower cost could succeed in getting them purchasing second-hand clothes more. This question then addressed the cost issue by asking participants how they defined too costly. “Costs too much money” was brought to the top of the list by many respondents, at 76 percent. Both “Takes a lot of time” and “Requires substantial efforts” options were linked to around 50 percent of respondents (see Figure 4-10). There were also other definitions of costly that participants had identified including no frequent use, quickly outdated, not corresponding to quality, not a long-lasting item and issues related to sizes.

On average, participants responded that they would be willing to pay 42.2% of the brand-new price for a second-hand item (see Figure 4-13). Most responses range from 3 to 5 (30 to 50 per cent of the brand-new price) (Figure 4-12). If the price of the second-hand item is set at 40 percent of the brand-new price, the second-hand business might lose 34.5 percent of potential customers. Another case is that if the price is set at 30 per cent

of the brand-new price, only 11 per cent of the potential customer will end up without any purchase. From this point on, as much as a business model that can minimize costs, the second-hand business will gain more and more customers.

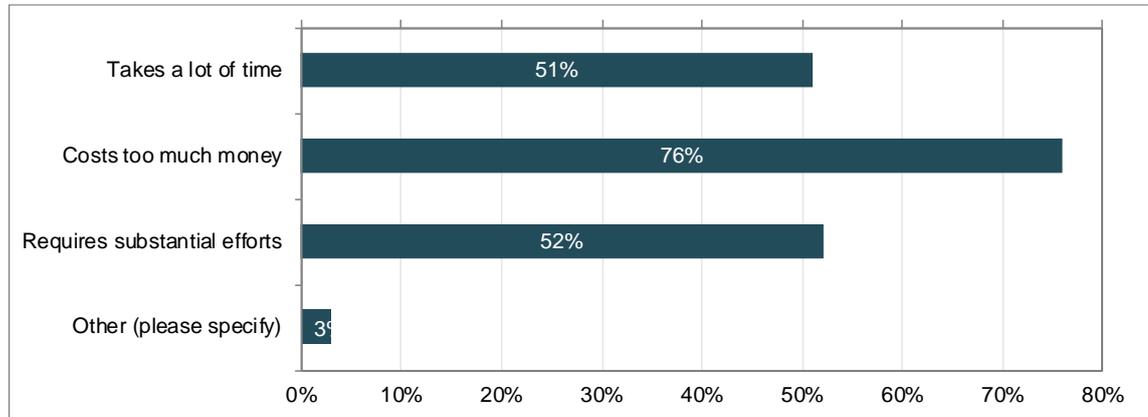


Figure 5-11 Buyers' definition of costly

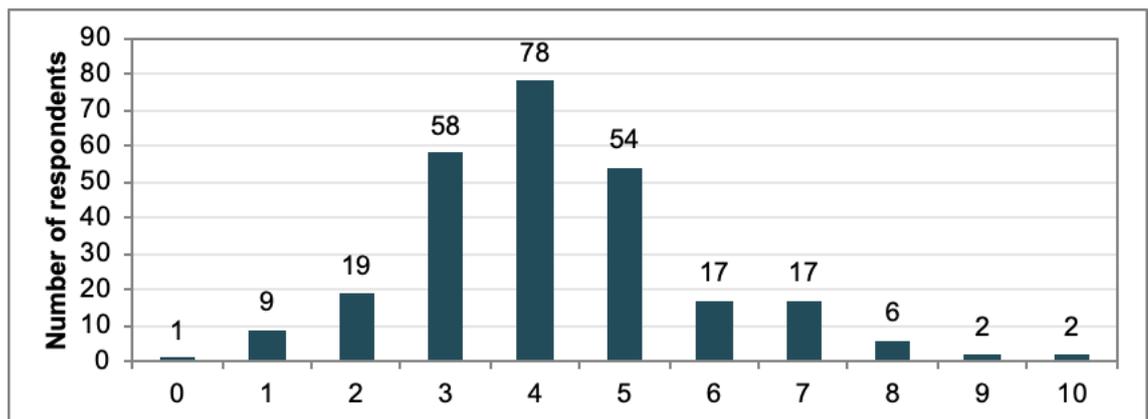


Figure 5-12 Ideal price for one secondhand item, with 1 = 10% and 10 = 100% of retail price (Bar chart)

Min value	Max value	Average	Median	Sum	Standard Deviation
0,00	10,00	4,22	4,00	1110,00	1,65

Figure 5-13 Ideal price for one secondhand item, with 1 = 10% and 10 = 100% of retail price

5.3 Sellers

By time, everyone tends to accumulate belongings. When they have got a lot of clothes that do not serve any longer, they have to decide to let them go. According to the results (see Figure 4-14), there were three popular ways that participants often practiced getting rid of their used clothes: donate to a charity shop (79 per cent), sell online via social media / websites (37 per cent) and throw away (37 per cent). A further 18 percent of participants responded that they were selling at the flea market. Only 12 percent of the answers were a “return to brands” habit. In addition, 14% of respondents also proactively reported their other methods of giving up used clothing, such as bringing clothing to recycling centres or free boxes, upcycling, giving away to friends or relatives, exchanging with friends and selling flea on the online market (netflea.com). It was well-defined to see that the online purchases are already familiar to about half of the participants.

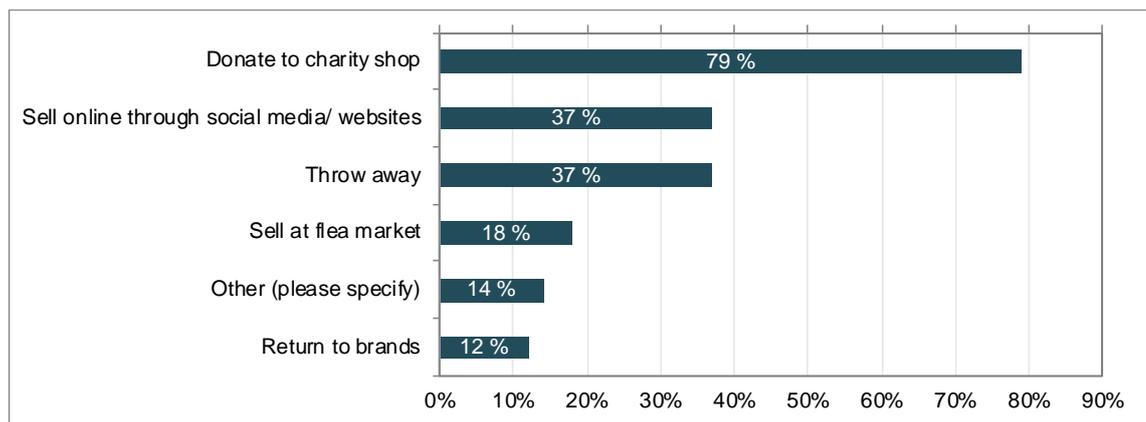


Figure 5-14 Ways of getting rid of used clothes

For 117 people who chose selling online as the way they have been getting rid of used clothes that no longer serve (see Figure 4-14), the two figures 4-15 and 4-16 describe the difficulties that Sellers has been encountered, and the features of selling online that they looking for the most. Sellers who were used selling their used clothes online reported that they usually face the hassle related reservations, meetings, pricing and shipping, at a 1.4 score. Not all of these people were aware of specifications of products that they sell. Therefore, customer service was the second tough field that they have difficulties during their selling experiences (at a 2.5 score). Another normal problem is that if the clothes are not presented in a nice way, the consequence of not attracting many potential buyers will follow. It was ranked at the third place with 2.8 point. Finally,

leaking personal data is the last concern of selling online through social media (at a 3.3 score). There is always a risk that Sellers' personal data might be given to the company that they are not informed of, and there are no regulations protecting if they volunteer to give the buyers their information.

The bar chart above (Figure 4-16) shows that people looking for the benefits of "Free yourself from a selling process" the most, at a 1.6 score. The other benefits are put in order from the high expectation to the low expectation as following: getting money securely (2.6), no direct contact (2.8) and anonymous to others (3.0).

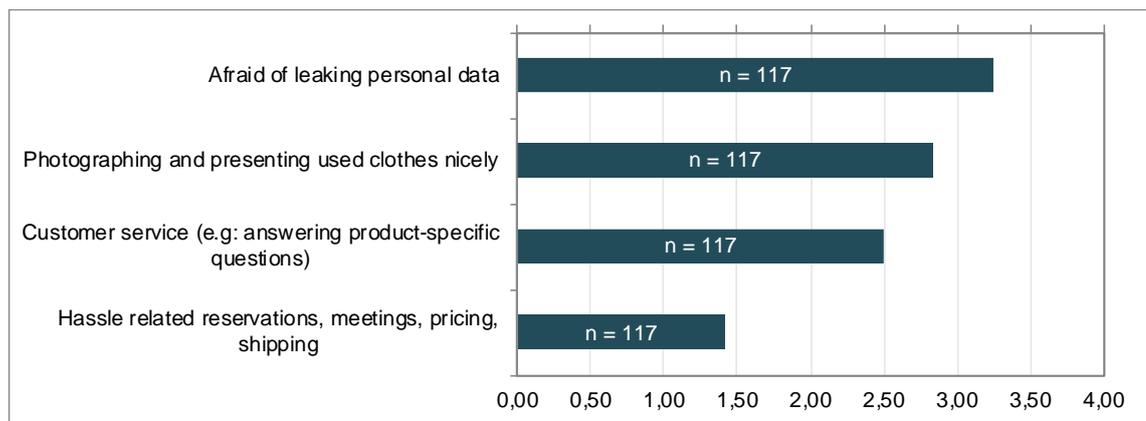


Figure 5-15 Rank of difficulties of selling secondhand clothing online (rank from 1 to 4, 1 is the highest and 4 is the lowest)

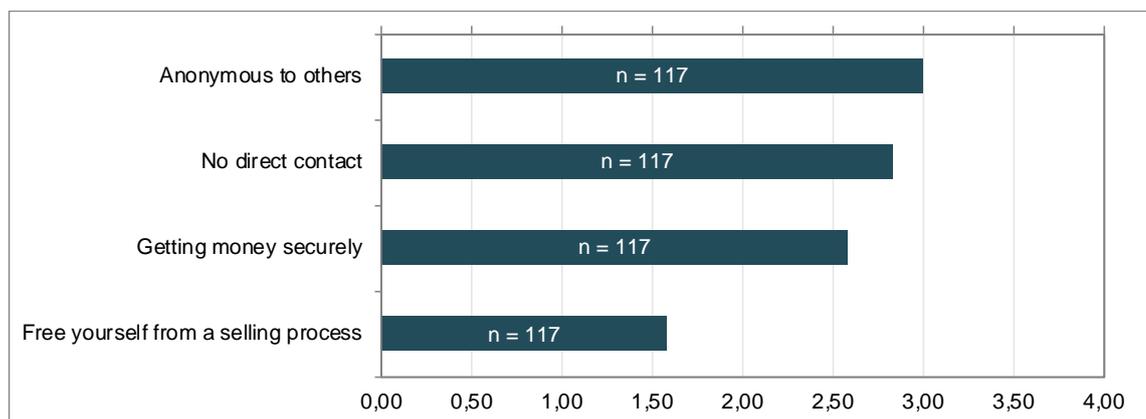


Figure 5-16 Rank of online selling features (1 is the highest and 4 is the lowest)

6 DEVELOPING VALUE PROPOSITIONS OF WEB APPLICATION X

6.1 Understanding the consumers

Thanks to the quantitative data analysis, the student was able to obtain a rounded understanding of X's ideal consumers. A collection of two consumer profiles – two sides of the market – was generated on the basis of the demographic context of the respondents, the purchasing behaviour, the motivation and the dissatisfaction collected in the chapter 4.

6.1.1 Buyers profile

Buyers profile was synthesised and prioritised with the most important jobs, most extreme pains and essential gains on top and the moderate pains and nice to have gains at the bottom.

Buyers Jobs:

1. Buy secondhand clothes seasonally
2. Find items at secondhand shop, online and flea market
3. Look for value for money
4. Consume consciously
5. Live sustainably
6. Want to look good in front of others

Buyers Pains:

1. Have issues related to sizes
2. Spend a lot of time browsing store
3. Unable to find an offer of fair price and quality brands
4. Unable to find an offer of modern items
5. Unable to buy secondhand clothes online
6. Buy clothes that have small defects
7. No shipping options available

8. Have to deal with hygiene issue
9. Unable to find the label information
10. Have to see unpresentable clothes

Buyers Gains:

1. Able to buy clothes that have good condition and high quality material
2. Able to buy clothes with low price (at 40% of brand-new price on average)
3. Have option of purchasing secondhand clothing online
4. Have a collection of sustainable brands
5. Lower the risk purchase
6. Save the environment

6.1.2 Sellers profile

Sellers profile was selected and prioritised with the most important jobs, the most severe pains and vital gains at the top, and the mild pains and nice-to-have gains at the bottom.

Sellers Jobs:

1. Donate used clothes to charity shop
2. Sell used clothes via social media/ websites/ apps
3. Throw used clothes away
4. Sell used clothes at flea market
5. Return used clothes to its brands
6. Bring used clothes to recycling centres or free boxes
7. Upcycle
8. Give, swap used clothes with friends and relatives

Sellers Pains:

1. Deal with hassles related to reservation, meeting, pricing, shipping
2. Provide customer service (e.g.: answering product-specific information)
3. Have to photograph and present used clothes nicely
4. Afraid of leaking personal data

Sellers Gains:

1. Earn extra money from used clothes
2. Value time and effort
3. Get themselves free from a selling process
4. Get money securely
5. Able to have no direct contact
6. Be anonymous to others

6.2 Creating the consumer-centric value propositions

With useful insights from the study, X was able to define its ideal customer profiles. The new Buyers and Sellers Profiles, which were built on the results of the analysis, were different from its theory mentioned in the literature chapter 2.3.2. The theory of Buyers and Sellers Value Proposition Canvas was formed before validating these Profiles. That was the reason why they had less relevant and valuable propositions for the two groups. Therefore, the Value Maps of Buyers and Sellers group was adjusted to the new profiles, so that fill in the gap between unmet needs and existing service offerings.

6.2.1 Buyers' Value Proposition Canvas

The column on the right side of Table 5-1 is the value map that the student redesigned in order to achieve fit between Buyers profile and its value map. The new value map only focuses on the key jobs, pains, gains that will make a difference for Buyers and achieving remarkably well.

Buyers Profile	Buyers Value Map
<p>Buyers Jobs:</p> <ol style="list-style-type: none"> 1. Buy secondhand clothes seasonally 2. Find items at secondhand shop, online and flea market 3. Look for value for money 4. Consume consciously 5. Live sustainably 6. Want to look good in front of others 	<p>Products and Services</p> <ol style="list-style-type: none"> 1. Web Application for Buyers purchase secondhand clothes 2. Offer standard price 3. Community for sustainability

<p>Buyers Pains:</p> <ol style="list-style-type: none"> 1. Have issues related to sizes 2. Spend a lot of time browsing store 3. Unable to find an offer of fair price and quality brands 4. Unable to find an offer of modern items 5. Unable to buy secondhand clothes online 6. Buy clothes that have small defects 7. No shipping options available 8. Have to deal with hygiene issue 9. Unable to find the label information 10. Have to see unpresentable clothes <p>Buyers Gains:</p> <ol style="list-style-type: none"> 1. Able to buy clothes that have good condition and high-quality material 2. Able to buy clothes with low price (at 40% of brand-new price on average) 3. Have option of purchasing secondhand clothing online 4. Have a collection of sustainable brands 5. Lower the risk purchase 6. Save the environment 	<p>Pain relievers</p> <ol style="list-style-type: none"> 1. Body measurements 2. Return policy 3. Categories and filters 4. Collection of sustainable brands 5. Personalisation 6. Label/ care instruction <p>Gain creators</p> <ol style="list-style-type: none"> 1. Guarantee of good condition 2. Lower price than traditional secondhand shop by cutting off fixed and variable costs 3. Shipping options 4. Save the environment 5. Fashion, Sustainable living inspiration
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Table 6-1 Buyers' Value Proposition Canvas

Products and Services addresses Buyers three important jobs including a place to buy secondhand clothes, to be inspired of sustainability, and to have standard price offering.

Pain relievers contain six value propositions that eliminate Buyers pains. Each of them addresses one or more pains. The first reliever is body measurements which could be provided by Buyers. The Web Application X will automatically calculate and only show Buyers items that have the similar sizes and could fit their bodies. The issue of buying

clothes online in general is every brand has its own size standard. Especially, secondhand shop has a wide selection of different brands and obviously there is no common size standard between them. Hence, consumers are confused to choose size, and it becomes even harder to purchase online. In order to minimise the errors, Web Application X needs to have a database that contains the size standards from different brands. So based on Buyers body measurements, X will give them choices among the most suitable items. In case they are not fit or unwanted, Buyers can always return them with a full refund.

The next reliever for “Unable to find an offer of fair price and quality brands” is a collection of sustainable brands. Platform X is a community for sustainability therefore X will only accept and sell clothes from sustainable brands instead of unstainable and fast fashion brands. The brands will be assessed depending on how much they might solve one or more of the main issues addressed in the fashion industry from a producer perspective, which comprise three most critical choices: Green & Clean (for all phrases of a product’s life cycle), High Quality and Timeless Design, Fair and Ethical (Brismar, 2019).

Categories and filters help Buyers save time in the buying process. Instead of spending an hour to browse unorganised secondhand stores, it would be much faster and easier for Buyers by choosing their wanted category and applying filters such as colors, brands, shapes, styles, etc.

The fifth reliever is personalisation, which is a stylist optional providing choosing outfits by stylists that fit consumers’ size, style and budget. This one will relief the problem that secondhand stores offer lots of old-fashioned clothes. Based on Buyers’ style profile and buying preferences, X can send them personalised style clothing with the items that they will love.

The last reliever is clothing label. X will ensure that every item on sale has its own label. In addition, platform X will also educate consumers how to take care of different types of fabric on blog page. This is one of the sustainable movements that helps prolong the lifecycle of clothing and kills one of Buyers’ pains at the same time.

Gain creators comprise five value propositions that explains how X’s Products and Services produce benefits that Buyers expect or desire. The first gain creator is that products will have lower price than traditional secondhand shop by cutting off fixed and variable costs such as rent, utility bills, employees’ wages, etc. The price will be

established on the clothes' condition and developed on ethical trade so it can be described as fair and standard.

The next gain creator is a guarantee of good condition clothes. It has been discussed that clothing from Sellers side will only be promoted on platform X if their clothes are from sustainable brands. So, the first step of preparing process is selecting used clothes which are in high quality. Then the next step is examining carefully the condition of outsourcing clothes before bringing them to sale in order to ensure they have no defects. On the other hand, all of unqualified clothes will be used to recycle responsibly or transferred to places needed. With this solution, Buyers can have low risk purchase that secondhand clothes are actually in good condition, from sustainable brands, and have high quality.

With shipping options, Buyers can easily purchase secondhand clothing from X anywhere within Finland, particularly for people living in rural areas. They do not need to go to the physical store to search and pick up anymore.

When people buy secondhand clothing, they literally put a hand in saving nature by saving the garments from the landfill. Buyers will learn how to live sustainably through various clothing and fashion related topics that will be presented on the blog site. This can be connected to social media channels, so people can share their images, fashion ideas or get inspired by stylists.

6.2.2 Sellers' Value Proposition Canvas

The new value map of Sellers focuses only on key jobs, pains, gains that will make a difference for Sellers and perform amazingly well.

The list contains four **Products and Services** which comprise platform for Sellers to promote their used clothes, quality inspection, marketing and selling for their items, and donating, recycling unsold clothes responsibly. They address Sellers' most important jobs such as selling their used clothes, donating them to charity shop or recycling centres, free boxes, and swapping secondhand clothes.

Pain relievers contain three value propositions that eliminate Sellers' pains. Each of them addresses one or more pains. The first pain reliever is saving time and effort of Sellers. To start selling, the Sellers have to register on platform X first and order a

shipping label. They need to wash the items they want to donate or sell to meet the hygiene requirement, then send them to X. The Sellers literally do not involve in the selling process from the beginning steps of selecting, photographing to promoting and shipping items stages. Sellers will also not have hassles related to reservation, meeting, pricing, shipping, etc. With personal data protection, it helps eliminate the worry of Buyers of leaking personal data.

Sellers Profile	Sellers Value Map
<p>Sellers Jobs:</p> <ol style="list-style-type: none"> 1. Donate used clothes to charity shop 2. Sell used clothes via social media/ websites/ apps 3. Throw used clothes away 4. Sell used clothes at flea market 5. Return used clothes to its brands 6. Bring used clothes to recycling centres or free boxes 7. Upcycle 8. Give, swap used clothes with friends and relatives <p>Sellers Pains:</p> <ol style="list-style-type: none"> 1. Deal with hassles related to reservation, meeting, pricing, shipping 2. Provide customer service (e.g.: answering product-specific information) 3. Have to photograph and present used clothes nicely 4. Afraid of leaking personal data <p>Sellers Gains:</p> <ol style="list-style-type: none"> 1. Earn extra money from used clothes 2. Value time and effort 	<p>Products and Services</p> <ol style="list-style-type: none"> 1. Web Application for Sellers promote their used clothes 2. Quality examination 3. Take control of process of marketing and sale 4. Donate unsold clothes to places needed, recycle responsibly <p>Pain relievers</p> <ol style="list-style-type: none"> 1. No hassle 2. Save time and effort 3. Do not involve in the selling process 4. Personal data protection <p>Gain creators</p> <ol style="list-style-type: none"> 1. Earn extra money securely 2. Convenient shipping options 3. Save the environment

<ol style="list-style-type: none"> 3. Get themselves free from a selling process 4. Get money securely 5. Able to have no direct contact 6. Be anonymous to others 	
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Table 6-2 Sellers' Value Proposition Canvas

Gain creators includes four value propositions that explains how X's Products and Services produce benefits that Sellers expect or desire. The first gain creator is helping Sellers earning extra money and receiving it securely in their bank account. Sellers can send their unwanted items to X from anywhere within Finland by post. They will completely have no direct contact and be totally anonymous to others. Lastly, instead of throwing their used clothes away, they can give them a second life and actually save the environment.

CONCLUSION

Study findings

The goals of the study were complemented by several study questions:

Q1: Is the need already being met, or is there any opportunities for another product?

Q2: Are the value propositions of X matched with consumers' needs?

Q3: How viable and successful Web Application X would be among consumers?

Firstly, consumers' needs have not fully being met yet. For *Sellers*, they want to earn money from their used clothes but there are no companies repurchase these items, or they hardly sell these items by themselves. For *Buyers*, they have many troubles or dissatisfaction from purchasing secondhand clothes from the currently available sources on the market (charity shop, social media, etc.). Understanding their desires, the student pointed out many opportunities for Web Application X to thrive which has been clarified in the consumers' profiles and the value maps in the analysis chapter.

In regards of second question, by conducting an online survey and a thorough analysis, value propositions of X were not completely matched with consumers' needs at first. After the analysis of *Buyers'* and *Sellers'* profiles was done, the new value maps were remodeled in order to be fit to these profiles.

Lastly, Web Application X is possible to be successful because X not only helps consumers do their jobs in relation to buying and selling secondhand, but X also reliefs their pains and surprises them with more benefits.

In short, the objectives of this study were met through a thorough study of sustainable fashion, consumer motivations and behaviors in general and in relation to Web Application X, the creation of a new business model, the analysis of potential consumer profiles and the adaptation of value proposals to meet their needs.

Recommendation for future studies

Due to volume limitations of the thesis, the student was not able to study in depth all the topics associated with the thesis subject that could provide further valuable information for Web Application X. For that reason, suggestions for further research are presented in this sub-chapter.

Additional investigation into artificial intelligence could be beneficial for Web Application X in optimising logistics process and for economies of scales in the future. Determining a rigorous cost structure is extremely critical to prepare a realistic implementation plan that could be later applied in the transition process.

Finally, Web Application X is a multi-sided platform which can create a high barrier entry. No side will join without the other side in place. To ensure the success of X, a closer look should be drawn attention to these strategy questions: How many sides will be part of the platform? What kind of design should the platform have? How should pricing be set up (and should the service be free or subsidised to at least one side)? And what kinds of governance rules will be necessary to regulate fair play among participants? Finding solutions to overcome the chicken-and-egg problem is one of the most difficult challenges for X.

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Questionnaire: Secondhand clothing buying and selling

Secondhand clothing buying and selling

My name is Kim Hang Ngo. I'm a BBA student at TUAS. I am looking to learn more about how people buy and sell secondhand clothing. Reflect back to the time if and when you were looking for secondhand clothing, and try to approach this survey through those eyes. This will help me make improvements to the existing concepts and prioritize new features.

The survey has two versions which are in English and Finnish.
The survey should only take 2 minutes, and your responses are completely anonymous.

If you have any questions about the survey, please email me: kim.ngo@edu.turkuamk.fi

I really appreciate your input!

1. Do you live in Finland? *

- Yes
- No

2. How old are you? *

- under 18
- 18 - 25
- 26 - 35
- 36 - 45
- 46 - 55
- above 55

Picture 1 Questionnaire: Secondhand clothing buying and selling (page 1)

3. What is your gender? *

- Female
- Male
- Other (please specify)
- I prefer not to say

4. Are you currently ...? *

- Employed for wages
- Self-employed
- A homemaker
- A student
- Unemployed
- Military
- Retired

5. What is your annual income? *

- Less than €9,999
- €10,000 - €19,999
- €20,000 - €39,999
- €40,000 - €69,999
- €70,000 - €100,000
- More than €100,000
- Prefer not to say

6. When was the last time you bought secondhand clothes? *

- In the past week

Picture 2 Questionnaire: Secondhand clothing buying and selling (page 2)

- In the past month
 In the past 3 months
 In the past 6 months
 In the past year
 I do not often buy secondhand.

7. Where did you buy those? *

- At the secondhand store
 At brands' store
 Flea markets
 Online
 Other (please specify)

8. Which way have you been getting rid of used clothes that no longer serve? *

- Donate to charity shop
 Sell at flea market
 Sell online through social media/ websites
 Return to brands
 Throw away
 Other (please specify)

9. What does mean to you? Rate them from 1 to 5. (1 is non-relevant and 5 is highly-relevant) *

	1	2	3	4	5
Looking good in front of others	<input type="radio"/>				
Making a unique fashion style	<input type="radio"/>				
Living sustainably	<input type="radio"/>				

Picture 3 Questionnaire: Secondhand clothing buying and selling (page 3)

	1	2	3	4	5
Conscious consumption	<input type="radio"/>				
Getting new clothes frequently	<input type="radio"/>				
Thrill of hunt, finding unexpected goods	<input type="radio"/>				
Price consciousness	<input type="radio"/>				
Giving your clothing a second life	<input type="radio"/>				

10. Which savings would you value? *

- Time
- Money
- Effort
- Other (please specify)

11. What quality level do you expect? *

- Small-sized defects
- Good condition
- Good condition and high-quality material
- Good condition and fashionable look

12. Does sustainable brands matter to your choice? *

	0	1	2	3	4	5	6	7	8	9	10	
Not at all likely	<input type="radio"/>	Extremely likely										

13. Are you willing to buy secondhand clothing online? *

	0	1	2	3	4	5	6	7	8	9	10	
Not at all likely	<input type="radio"/>	Extremely likely										

Picture 4 Questionnaire: Secondhand clothing buying and selling (page 4)

14. What would increase your likelihood of buying secondhand online? *

- Lower cost
- Less investment
- Lower risk
- Better quality

15. Would you like to earn money from your used clothes? *

- Yes
- No

16. Do delivery services make your selling easier? (E.g: Posti, DHL, PostNord, etc) *

	0	1	2	3	4	5	6	7	8	9	10	
Not at all likely	<input type="radio"/>	Extremely likely										

17. How do you define too costly? *

- Takes a lot of time
- Costs too much money
- Requires substantial efforts
- Other (please specify)

18. Are there any issues that annoy you or malfunctions you when shopping secondhand? *

- Clothes that have small defects
- Spending a lot of time browsing the secondhand store
- Overpriced low quality brands
- Lack of sizes
- Old-fashioned clothes

Picture 5 Questionnaire: Secondhand clothing buying and selling (page 5)

- No online shops available
- No shipping option available
- Other (please specify)

19. How much would you be willing to pay for secondhand clothes? (1 = 10%, 10 = 100%)

E.g: 50% of retail price. A brand-new item costs 30€ so this will be sold at 15€ of secondhand price. *



20. Are you afraid of a loss of face, power, trust or status when buying secondhand clothes? *

	0	1	2	3	4	5	6	7	8	9	10	
Not at all likely	<input type="radio"/>	Extremely likely										

21.

What specific features of online selling are you looking for most? (1 is the highest, 4 is lowest)

*

Picture 6 Questionnaire: Secondhand clothing buying and selling (page 6)

Anonymous to others	<input type="radio"/> 1
	<input type="radio"/> 2
	<input type="radio"/> 3
	<input type="radio"/> 4
No direct contact	<input type="radio"/> 1
	<input type="radio"/> 2
	<input type="radio"/> 3
	<input type="radio"/> 4
Getting money securely	<input type="radio"/> 1
	<input type="radio"/> 2
	<input type="radio"/> 3
	<input type="radio"/> 4
Free yourself from a selling process	<input type="radio"/> 1
	<input type="radio"/> 2
	<input type="radio"/> 3
	<input type="radio"/> 4

22.

Do you have difficulties selling secondhand clothes online? (1 is the highest, 3 is the lowest)

*

Picture 7 Questionnaire: Second-hand clothing buying and selling (page 7)

	<input type="radio"/> 1
	<input type="radio"/> 2
Hassle related reservations, meetings, pricing, shipping	<input type="radio"/> 3
	<input type="radio"/> 4
	<input type="radio"/> 1
	<input type="radio"/> 2
Customer service (e.g: answering product-specific questions)	<input type="radio"/> 3
	<input type="radio"/> 4
	<input type="radio"/> 1
	<input type="radio"/> 2
Afraid of leaking personal data	<input type="radio"/> 3
	<input type="radio"/> 4
	<input type="radio"/> 1
	<input type="radio"/> 2
Photographing and presenting used clothes nicely	<input type="radio"/> 3
	<input type="radio"/> 4

Picture 8 Questionnaire: Second-hand clothing buying and selling (page 8)