COMMUNITY-DRIVEN CONSUMPTION DYNAMICS

AN ANALYSIS OF HOW CONSUMER PARTICIPATION IN FASHION RETAILING CAN STRENGTHEN SUSTAINABILITY

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Abstract

The challenge of overproduction in the fashion industry results in surplus clothing and significant environmental damage. This problem has arisen due to increased clothing production over the past two decades, despite a decrease in clothing usage. Unsold inventory can create financial burdens for brands due to storage and maintenance costs, often resulting in incineration or landfill use, further polluting the environment. Researchers have often focused on solutions for earlier stages of the supply chain. However, there is a growing interest in exploring the final stages regarding retailing dynamics as potential pathways towards a more sustainable future, specifically distribution and use, through Collaborative Fashion Consumption models of resale, rental, and subscription services. Conducting a case studies analysis, this paper analyzes the relationship between community involvement in retail practices and business commitment to sustainability. Within this research, the term ‘community’ refers to individuals who actively participate in retail activities, such as product authentication, promotion, price negotiation, and payment/delivery. The analysis identifies a business’s commitment to sustainability through qualitative factors such as consumer education on circularity, financial support for sustainable practices, collaboration with partners, and development of progress tracking systems, aiming to investigate the interplay between community engagement and businesses sustainability efforts.

Keywords: Collaborative Fashion Consumption; Community-driven Consumption; Sustainable Fashion; Fashion Retail; Circular Economy

INTRODUCTION

The environmental and social impacts of the Fashion System, characterized by overproduction, overconsumption, and waste, have come under scrutiny. This relates to the fact that there is a discrepancy between the amount of clothing produced and the amount that is purchased. As a matter of fact, the Circular Economy Strategies for Climate Action report released in 2024 states that 400% more clothes are produced now than 20 years ago, yet clothing utilization has declined by almost 40%. Within this context, the existence of unsold inventory has noteworthy environmental and economic implications. Disposing of unsold clothing frequently involves incineration or landfilling, which contributes to pollution and textile waste. Furthermore, brands incur storage and maintenance expenses when they store unsold stock (Ellie Jin & Shin, 2020).

Although the fashion industry generates almost half a trillion dollars annually, it also produces a significant amount of waste, with most clothes ending up being incinerated (Delloitte, 2024). Regarding this, the European Union (EU) is spearheading a significant shift in the fashion industry towards sustainability. A 2022 strategy outlined the plan to move away from fast fashion and embrace a circular economy (CE), with a focus on producer responsibility and waste reduction (European Union, 2022). This vision is being translated into concrete actions through new regulations. Notably, a December 2023 initiative targets textile waste, aiming to make sustainable
products the norm. Key measures include holding brands responsible for their products’ lifecycle (EPR), banning the destruction of unsold clothes, setting ambitious recycling targets, implementing transparent labeling, and investing in sustainable textiles and recycling technologies. These multifaceted efforts aim to revolutionize the fashion industry and minimize its environmental footprint (European Union, 2023).

However, research on retail practices within this complex system remains limited despite growing interest in sustainable fashion (Yang et al., 2017). Most current studies on this problem focus on the first phases of the fashion supply chain, including raw materials, design, and manufacturing phases, and not on the last part of the fashion supply chain, that includes distribution, use, end of product life. Within this context, Collaborative Fashion Consumption (CFC), such as resale, rental, and subscription services, could be potential solutions for sustainable fashion (Becker-Leifhold, 2018; Iran & Schrader, 2017), rethinking the end of life of fashion products while integrating the consumer as one of the key players in the dynamics of retail.

In the light of this scenario, this paper provides a conceptual overview of the current collaborative consumption fashion scene and related concepts, followed by a case studies analysis of Fashion Rental and Resale services to investigate the interplay between community engagement and businesses sustainability efforts.

CONCEPTUAL BACKGROUND
COLLABORATIVE FASHION CONSUMPTION & CIRCULAR ECONOMY

Changes in consumer behavior have led to a paradigm shift in the retail ecosystem, influencing the way companies engage and interact with potential clients. The shift, which has been accelerated by the Covid-19 pandemic, is influenced by the new generations of consumers, specifically Gen Z and Millennials, and their demand for sustainability (Jain et al., 2022). One of the areas that has been remodeled within this process of change is that of used clothes. A market that, while not new (Gregson & Crewe, 2003), has been reinvented by digital platforms that are themselves facilitating peer-to-peer (P2P) and Business-to-Consumer (B2C) business models. Used clothing services fall under the premise of Collaborative Fashion Consumption (CFC), first defined and classified by Iran & Schrader (2017) proposing a conceptual framework to assess its environmental impacts. The authors categorize gifting, sharing, landing, swapping, second-hand, renting and leasing services into P2P and B2C categories, as well into monetization factors and peer and corporate involvement.

Within this scenario, two types of services have emerged as prominent: Resale practices, often referred to as Second-hand (Gopalakrishnan & Matthews, 2018; Roussat et al., 2023) and Rental practices, frequently associated with Subscription services (Camacho-Otero et al., 2019; Day et al., 2020; Lee & Huang, 2020; Muylaert et al., 2022). The digital fashion resale market has a notable presence in Europe and the United States, and is experiencing remarkable growth, emerging as a significant force within the fashion industry. It involves the buying and selling of pre-owned clothing, accessories, and footwear, providing an alternative to traditional retail models. On the other hand, fashion rental services through digital platforms are less common in Europe and more common in the United States, those cases are mainly related to the rental of clothing for special occasions and luxury accessories or wardrobe rotation through subscriptions programs. Furthermore, Rental services are inherently more complex logistically than Resale, which involves a single transfer of ownership. Renting requires managing a larger inventory, fitting readjustment, and ensuring garment upkeep.

PSSS IN FASHION: CO-CREATION OF VALUES THROUGH COMMUNITY-DRIVEN CONSUMPTION DYNAMICS

Fashion Rental and Resale services are directly linked to the Product Service System (PSS) concept. The term was initially defined as a marketable set of products and services capable of jointly fulfilling a user’s need (Goedkoop et al., 1999). Since its emergence, the term has gained new meanings, such as Sustainable Product Service System (S.PSS), an approach where the implications of the PSS can occur in three pillars of sustainability: economic, environmental or social (Vezzoli, 2017), but the PSS approach does not guarantee environmental and social improvements unless it is specifically designed for that purpose. Tukker (2015) argues that the most PSSs would probably lead to some environmental improvements, being product renting, sharing, pooling and functional PSSs probably the most promising ones. Still, the author affirms that most PSS modalities are not expected
to result in radical gains. Therefore, the PSS should be intentionally developed for the purpose of the CE, linking economic development to better use of natural resources through new business models. Moreover, the motivations of consumers to join fashion collaborative services are not yet fully understood due to the relatively short history and unclear boundaries of these platforms (Güçlü et al., 2023). However, consumers play a critical role in this scenario. Singh & Giacosa (2019) suggests that the state should be cautious in implementing the policies for CE and take a bottom–up and inside–out approach to CE, which begins with understanding how consumers perceive CE, its business model and how it is important for them. Consumers may favor CFC to fulfill hedonic motives, unless they are exclusively driven by the desire to consume more sustainably (Becker-Leifhold & Iran, 2018). Additionally, researchers often relate circular fashion models to Generation Z and Millennials (Jain et al., 2022), but Herold & Prokop (2023) highlights the importance of specific marketing and noting that older generations would adopt such practices, just more slowly. From a consumer point of view, the lack of a clear value proposition and information by the companies were identified as a concern, while the lack of cost-efficient and convenient reverse-logistics supply chains is a business concern (Becker-Leifhold & Iran, 2018).

There is a peculiarity in the retail practices of fashion Resale and Rental platforms. In some of these services, the consumer becomes an active participant in the retail process, rather than just a recipient, dynamic defined by Fehrer & Wieland, (2021) as social-collaborative loops. Consumers drive fashion retailing practices, shaping a complex value chain, the rise of sustainable consumption, fueled by digital engagement, offers opportunities for a more responsible fashion system, though awareness doesn’t always translate to action (Brewer, 2019). The emergence of social-collaborative loops challenges traditional consumer models. Customers are active participants in the co-creation of consumption systems. This paradigm shift requires a focus on open and collaborative governance structures to fully exploit the potential of these loops. Sharing platforms exemplify this concept, where different actors collectively govern practices (Fehrer & Wieland, 2021).

Furthermore, both businesses and consumers face various barriers when engaging in access-based consumption models (Becker-Leifhold & Iran, 2018; Singh & Giacosa, 2019). Businesses grapple with logistical challenges, inventory management, and potential damage risks. Consumers, on the other hand, might encounter concerns around limited selection, sizing availability, and potential hygiene issues associated with the clothes cleaning logistics.

METHODOLOGY

The structure of this article consists firstly of a theoretical background, conducted through a literature review, followed by the analysis of case studies. A total of 57 cases were analyzed, with 35 focused on resale and 22 on rental services. To provide a more detailed analysis, the author selected 7 resale and 5 rental cases for in-depth examination, described in the next session. The selected cases are those that demonstrated not only a greater presence in the market, but diversity in terms of community involvement in retail practices, providing an analysis that encompasses different types of collaborative platforms. The analysis aims to explore the influence of community involvement in retail processes as a fundamental aspect that enhances the sustainability of the fashion industry, specifically examining digital platforms (acting as e-commerce/ marketplaces) related to Resale and Rental within the field of CFC. Other services within the broader concept (gifting, sharing, swapping and leasing) although considered, are not deeply examined. Furthermore, ‘traditional’ initiatives - those that primarily operate through physical locations rather than digital platforms - are excluded from the research. Transitions made through groups on social networks, such as Facebook and WhatsApp, are also not considered. The cases examined in this study primarily relate to the European and United States markets and have geographical limitations. Therefore, this analysis does not focus on markets in Central and South America, Africa, or Asia. The analysis mainly investigates the relationship between community and involvement in retail practices and businesses sustainable commitment. In this context, community refers to the consumer/ user who participates in retail practices. The qualitative parameters to identify community involvement in retail practices are:

- Retail actions in which the community is involved, namely: Authentication; Item Promotion; Price Negotiation; Payment; Delivery; Hygienisation and Returns. This
The qualitative parameters to identify sustainable commitment are:

- Advocacy: Consumers education through awareness about circularity options and their benefits.
- Actions: Financial support to businesses developing and implementing circular solutions; Collaboration with various stakeholders across the supply chain to drive systemic change; Infrastructure enhancement by establishing systems and processes to support and scale circular solutions.
- Transparency: Technology and metrics development, creating tools and standards to measure and track progress towards a circular textile industry.

**FINDINGS**

As Resale and Rental markets become increasingly important in the Fashion Retail industry, there is a corresponding trend to meet this demand. Start-ups have been established to moderate the P2P dynamics of Resale and Rental transactions. Meanwhile, fashion businesses, including well-known e-commerce marketplaces, leading fashion labels, luxury brands, and fast-fashion retailers, are striving to adjust and enhance their offerings. The luxury market continues to be the most targeted segment in the resale and specially in the rental context. This is due to the superior quality standards and longevity of luxury items, as well as their high prices, which make them exclusive to specific social classes. Additionally, certifying the authenticity of luxury goods poses a challenge, leading to the emergence of authentication as a distinct service to address this issue. The market for CFCs is closely linked to social and environmental sustainability, often referring to circular business models. However, the fashion industry is a complex and highly polluting system, with much of the blame lying on the mass market segments due to constant overproduction and overconsumption. In contrast, fast-fashion brands like H&M, Zara and Shein have recently introduced resale services which raised debates, since these brands adopt linear models and are often related to the social-environmental problems within the fashion system.

This Case Studies Analysis divides Resale and Rental platforms into three main groups: Independent Platforms, Brand-owned Platforms and Resale/Rental Services Integrated into Existing Platforms, exploring the influence of community involvement in retail processes as a fundamental aspect that enhances the sustainability of the fashion industry.

**FASHION RESALE**

This section examines seven fashion retail platforms: Vestiaire (2009), Vinted (2008), ThreadUp (2009), Depop (2011), Pangaia Rewear (2021), Zara Pre-owned (2022), and Farfetch Second Life (2019) (fig. 01). The first four, representing Independent Platforms, are well-known P2P European and North American platforms. The fourth and fifth regards Brand-owned Platforms. From one side, the known fast-fashion Zara, and the other Pangaia, a brand that embodies sustainability and is dedicated to making a positive impact on the environment. Finally, Farfetch illustrates Established Platforms that integrated resale services. Vestiaire, Vinted, ThreadUp and DePop are the examples that have the highest level of community participation regarding the resale market, where they are active in resale retailing activities such as item promotion, price negotiation and shipment. As P2P platforms, user interaction reinforces the concept of community, even if it is mediated by the platforms. When it comes to their commitment to sustainability, Vestiaire declared a ‘Fight Against Fast Fashion’ in 2023, pledging to gradually remove garments from this segment from their platform. Otherwise, they promote sustainability by minimizing their environmental footprint through reduced packaging and local deliveries, as well as educating consumers on responsible shopping practices. They’re also committed to influencing broader industry reform by partnering with leading brands and organizations working to create a more sustainable fashion system, such as the Ellen MacArthur Foundation, the UN Fashion Alliance, ParisGoodFashion and the prAna movement. Vinted instead, released its first “Climate Impact Report Summary” in 2023, teaming up with Vaayu (automated carbon software for retailers to measure, monitor and reduce their carbon footprint) to analyze the climate impact of shopping second-hand fashion of the platform. In addition to advocating sustainable practices, the “Vinted Go” was created in 2022, a locker where the
seller and buyer can deliver/pick up their parcels entrusted to the Vinted Go service. The initiative aims to reduce carbon emissions compared to home delivery, while improving the sales and shopping experience by making it more convenient. Furthermore, Depop released its first ever sustainability in 2021 plan outlining the actions the company will take to address its impact. Now, part of Etsy Inc., it has deepened its commitment to a sustainable future with the new Impact Goals, which include a Net Zero goal that aims to reduce carbon emissions, including sourcing 100% of electricity from renewable sources to power their offices globally; helping sellers reduce emissions from the packaging they use to ship orders, through both reused packaging and more sustainable options and support of policy solutions aimed at helping to drive carbon reduction from product delivery in the long-term. In addition, they are members of Tech Zero, a group of tech companies of all sizes who are committed to fighting the climate crisis.

Finally, ThreadUp is focused on advocating in favor of Second-hand consumption, James Reinhart, the Co-Founder & CEO of the platform affirms that their mission is rooted in circularity. In addition to annual reports with quantitative data on the collaborative fashion market, the platform also offers consultancy via the business model called Resale-as-a-Service (RaaS), partnering up with other companies to handle the resale of those companies’ products.

Community interaction on Brand-owned Platforms is different from P2P approaches. The buyer or reseller of the garments participates in the retail actions but interacts directly with the platform, not with other buyers or sellers. This approach raises two different positions on the commitment to sustainability. On one hand, Zara, a brand with a fast-fashion production model that is incompatible with circularity, is attempting to enter the collaborative fashion market by declaring its “commitment to a more sustainable model”, In the other hand, Pangaia, launched its “Rewear” platform, proposing an interesting use of QR codes as part of authentication process, allowing the customer to be her/his own product authenticator in the process. However, despite being a brand with a sustainable focus, especially in the use of innovative raw materials, it is not highly committed to disseminating data or

![Fig. 01](image-url)
promoting awareness of the fashion market. Implementing reseller services on existing B2C platforms can be challenging. In 2018, the e-tailer Zalando launched its Zircle app, which expanded into markets across Europe to meet the increasing demand for second hand, but in 2022 the service was discontinued. In the case of Farfetch Second Life, Retail practices are controlled by the platform, as it purchases the items approved for resale, thereby ending the interaction between the original owner and the buyer. Regarding sustainable commitment, FARFETCH has implemented the ‘Positively FARFETCH’ initiative, which involves a partnership with the ‘Good On You’ agency to label sustainable products as ‘Positively Conscious’, the company has annually released a sustainability report.

The analysis of the Fashion Resale market reveals that independent platforms exhibit the highest level of consumer engagement and commitment to sustainability. This is unsurprising given their P2P business model, which places a special emphasis on the user/consumer. Meanwhile, fashion brands that are already established in the market with a B2C approach are attempting to meet the new sustainable demands by offering second-hand services. However, their practical actions in this regard are limited compared to independent platforms. Furthermore, e-commerce platforms attempting to adapt to the new collaborative fashion market face the challenge of promoting awareness through the resale service itself, they often justify its implementation as part of a previously established sustainable plan.

FASHION RENTAL

This section analyzes five fashion rental services (fig. 02): By Rotation (2019), HURR (2018) and My Wardrobe HQ (2019) represent Independent P2P Platforms, the most common typology in this type of service. Next, Nully (2019) is analyzed as a Brand-owned Platform and Selfridges Rental (2021) as a rental service integrated to an existing platform.

By Rotation, HURR and MY Wardrobe HQ have a high level of community engagement. These platforms open up space for users to promote, negotiate and ship the item themselves, in some cases also the sanitization is in charge of the owner. In this type of CFC service, the platform is a mediator for the retailing dynamics. Since 2019, By Rotation’s mission has been to extend the life of clothing by fostering a P2P rental platform. Recognizing that consumers want to understand why and how P2P fashion rental goes beyond affordability, the platform offers a feature called ‘The Impact Scale’, which tracks the positive savings made by renting rather than buying. They have also partnered with aftercare specialist BLANC to offer our users a sustainable alternative to dry cleaning and encourage them to repair and restore items to extend their lifecycle. In September 2020, By Rotation joined the Sharing Economy UK. In addition, all By Rotation hire items are packaged in compostable mailer bags, which have a secure seal and double-faced adhesive, allowing them to be reused.

HURR, on the other hand, became the world’s first fashion rental platform to achieve B Corp status in 2023, a highly demanding certification that evaluates our social and environmental performance, transparency and accountability. Additionally, in partnership with CoGo, a Carbon Savings Calculator was created, showing the environmental savings from renting compared to the environmental costs of manufacturing those same items for the first time and wearing them once. Regarding My Wardrobe HQ sustainable actions, it works with brands to give unsold stock a second life, diverting it from landfill and educating consumers about the environmental benefits of quality, long-lasting clothing. To fully address the carbon footprint, they plant a tree with every hire or sale, offsetting the environmental impact of each transaction.

Furthermore, the presence of Brand-owned platforms is not yet so common, but Nuuly can be considered a relevant case even though it presents a high limitation on community interaction. Nuuly is part of URBN (a portfolio of global consumer brands) and has a considerable commitment to sustainability, for the cloths hygiene process, they use a non-alkaline and phosphate-free cleaning solutions in our wet washing process, which are gentler on the environment than household laundry detergents. They also ensure diverse representation of models in race, size and age, enacting high standards for diversity across all their social channels. Besides that, URBN is the new home for FABSCRAP’s Philadelphia fabric recycling plant, helping expand their reach and reduce commercial textile waste. Finally, a report shows how the URBN family of brands applies creative thinking to environmental and social responsibility.

As with reseller services, it’s not common to find
relevant cases where rental services have been added to existing platforms. Selfridges Rental is a service offered by the department store Selfridges that enables customers to rent designer clothes and accessories instead of purchasing them. This service, which has a B2C approach, is part of their Project Earth initiative, which prioritizes sustainable shopping experiences. The retailer affirms that 45% of their transactions will come from circular products and services by 2030 and that they will achieve net-zero carbon emissions across the business by 2040. Overall, there is a strong commitment to meet sustainable demands. Compared to fashion resale services, fashion rental services demonstrate a stronger commitment to sustainability. Independent platforms, which use a P2P approach, are founded with sustainable intentions, and seek to promote circular fashion, sustainable packaging and shipment, and collaboration with institutions and companies to create a more sustainable fashion system. Besides that, they also have a high level of community involvement. Fashion brands already established in the market do not tend to expand their own platforms with resale services, and the case analyzed in this article shows little community engagement in retail practices, despite having a considerable commitment to sustainability. The same applies to well-established e-commerce/marketplace platforms, where the commitment to sustainability exists, but community involvement as an integral part of retail practices is limited.

**CONCLUSION**

This research explores the correlation between a community’s participation in retail activities and a business’s dedication to sustainability. The term ‘community’ is defined as those who are actively involved in retailing actions, including verifying product authenticity, promoting products, negotiating prices, and completing transactions. The author analyzed factors such as a business’s efforts to educate customers on the circular economy, financial support for sustainable practices, collaboration with other businesses towards sustainability, and development of progress tracking methods. The analysis reveals that independent platforms with a P2P approach have the highest community involvement and commitment to sustainability in the fashion resale and rental service sector. Furthermore, renting is promoted alongside a greater number of sustainable practices and discourses.

This study contributes to research on the collaborative fashion market and aims to broaden perspectives on retail practices as a solution to the
problems presented by the fashion system.

CAPTIONS
[Fig. 01] Elaborated by the author; Scheme of Fashion Resale Platforms Analyses
[Fig. 02] Elaborated by the author; Scheme of Fashion Rental Platforms services Analyses.

REFERENCES


