Collaborative Consumption:
Live Fashion, Don't Own It

Developing New Business Models for the Fashion Industry

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ABSTRACT

The rise of collaborative consumption is a phenomenon that appeared in many industries, such as in space sharing (e.g. Airbnb), car sharing (e.g. Uber), video streaming (e.g. Netflix), and more recently also in the fashion industry. This has prompted fashion companies to innovate their business models and start changing the way of doing business (e.g. Rent the Runway, Tradesy, and Vestiaire Collective). Through a qualitative and exploratory study based on a sample of twenty-six companies, this thesis describes the different business models that can be found in the novel industry of fashion-sharing. Hereby, the study proposes a 'Four Elements Business Model Framework', consisting of value proposition, customer segments, channels, and cost/revenue structure. Based on this framework, we identified three fashion-sharing business models archetypes (Fashion Rental Model, Swapping Model, and Second-hand Retailing Model) and several submodels for managers that want to engage in fashion-sharing. By conducting five in-depth interviews with company founders of fashion-sharing businesses, we further identified their main motivations, inspirations, challenges, and future concerns. Key findings of our study points towards the importance of sustainability, changes in consumer mindsets, the shift in social values, and the increasing concern about overconsumption as main motivations to adopt fashion-sharing business models. Herewith, this thesis contributes to the existing literature of the collaborative economy by closing two important research gaps: defining different business model typologies in the fashion-sharing industry and analysing the particular motivations, inspirations, and challenges of implementing fashion-sharing business models.

Keywords: fashion, fashion-sharing, collaborative consumption, sharing economy, business model, business model innovation, sustainability, technology, second-hand, pre-loved, peer-to-peer, business-to-consumer, renting, sharing, swapping.

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1. Introduction

The aim of this thesis is to analyse the different types of business models in the novel industry of fashion-sharing as well as to find out the driving forces that motivate founders to engage in this new trend. Thus, the findings of this thesis are highly relevant because they contribute to the existing literature by approaching a new sector of collaborative consumption that has not been properly addressed yet.

Spurred by advances in information and communication telecommunications, an increasing number of companies are adopting new business models based on the logic of facilitating access to shared goods and services. This has led to the emergence of collaborative consumption (Botsman & Rogers, 2011; The Economist, 2013a; Erving, 2014; Stephany, 2015), a rather recent phenomenon in nowadays' society. As Alex Stephany mentions in his book 'The business of sharing', "the Internet and smartphones are fuelling the growth of huge and liquid online marketplaces where shareable assets and their owners live. Through these marketplaces and the energies of millions of everyday entrepreneurs, entire sectors are being opened up to the sharing treatment" (Stephany, 2015, p. 2). Hence, entrepreneurs and innovators are constantly seeking for new, innovative ideas to make people's everyday life easier and make a more efficient use of goods one already possesses, but hardly ever uses.

The sharing economy is growing very fast. According to PwC, the five main sharing sectors (peer-to-peer (P2P) finance (e.g. LendingClub), online staffing (e.g. TaskRabbit), P2P accommodation (e.g. Airbnb), car sharing (e.g. Uber), and video streaming (e.g. Netflix)) are estimated to be worth $15 billion today and will reach $335 billion by 2015 (PwC, 2014). With the sharing economy the way and purpose of consumption changes. People share mainly because they want to meet new people (social reason), save money (economic reason), protect the environment (sustainable reason), and save time (practical reason) (Rude, 2015). These new systems provide significant environmental advantages by reducing waste, increasing use efficiency, encouraging the creation of better products, and wiping up the surplus created by overconsumption and overproduction (Botsman & Rogers, 2011). However, the trend of the sharing economy is not only limited to a few industries but has also reached the fashion sector.

Within the fashion industry, collaborative consumption has had a significant impact; it has contributed to an increasing number of companies adopting these new practices. In order to avoid confusion we define 'collaborative consumption' as all transactions between private consumers or companies that include swapping, renting, and lending from third parties - private consumers or companies. Even though sharing economy and collaborative consumption do not have the exact same meaning, this paper addresses both terms as synonyms. Examples of fashion companies that have adopted a sharing business model are Rent the Runway (Rent the Runway, 2015), LeTote (LeTote, 2015), thredUP (thredUP, 2015), Swapstyle (Swapstyle, 2015), Resecond (Resecond, 2015), and more (cf. Appendix A.).

1.1. Gaps in extant literature and research questions

However, little research has been done about the business models that support this industry and how companies can design their business models to implement fashion-sharing. That is, how do fashion-sharing companies create, deliver, and capture value? Even though there has been a lot written about fashion, the sharing concept, as well as business models, scholars and practitioners have only paid scant attention to collaborative consumption in the fashion industry and the ways companies can design their business models to implement this new trend. While a number of studies exist on business models for collaborative consumption, such as space sharing, like Airbnb, and car sharing, like Zipcar, we see a lack of information and studies in the context of the fashion industry. Those studies that explore business models in the fashion industry typically focus on only one specific type of model, such as fast fashion (Buck, 2014; Cortez, Tu, Van Anh, ZagitaNg & Vegafria, 2014; Taplin, 2014; Rosenbum, 2015), fashion libraries (Rahbek Gjerdrum Pedersen & Netter, 2013), second-hand retailing (Han, 2013; Tuttle, 2014; Hvass, 2015), or innovations in the retail industry in general (Sorescu et al., 2011).

Hence, to date, little extant research exists on how companies can innovate an existing business model to support a fashion-sharing strategy. Furthermore, we found no comprehensive study that provides an overview of the different business models to support fashion-sharing. Finally, there is limited scholarly research on the drivers that motivate businesses to engage in fashion-sharing and the most common challenges that managers are going to face when implementing a fashion-sharing business model.

Therefore, to address these important research gaps, this thesis attempts to answer two research questions:

1. What are the different types of fashion-sharing business models and how do they create, deliver, and capture value?
2. What are the motivations, inspirations and challenges in adopting a fashion-sharing business model, and what are the future considerations for the fashion-sharing industry?

To be able to answer these questions, the thesis will first clarify what drivers contributed to the evolution of the fashion-sharing industry, and then look into how companies in the fashion industry innovated their business model towards fashion-sharing by defining the elements a business model consists of.

This paper makes a contribution to the existing fashion marketing and management literature by being one of few scholarly attempts to examine new business models of collaborative consumption. Up to this point, only a few fashion scholars and practitioners have dedicated their research to the rapidly growing topic of collaborative consumption in the fashion industry (Rahbek Gjerdrum Pedersen & Netter, 2013). Therefore, this paper will systematically analyse the fashion-sharing concept from a business model perspective. This concept is both relevant as a business opportunity based on the idea of collaborative consumption and as a way to encourage sustainability and a more efficient use of clothing that will reduce the environmental impact of fashion production and consumption.

We further contribute to the growing literature stream on business models and the emergence of new business model innovations by analysing how business models in the fashion industry have emerged over time and how fashion companies are innovating them in order to respond quickly towards the trend of collaborative consumption.

1.2. Outline

In order to address our research questions, we will first start with an understanding of the sharing economy and point out the novelty of the fashion-sharing industry. We will then review the existing literature within the fashion industry, moving from fast fashion to fashion-sharing, and touching upon the concept of collaborative consumption.

Next, we will examine the prevailing theoretical frameworks formulated by different authors in the business model area, so as to provide an overview of two core concepts of this paper: business model concept and definitions, and fashion-sharing as a business model innovation.

The methodology part describes the research design and strategy for our fashion-sharing business analysis. Through an exploratory and qualitative analysis, this part will explain the step-by-step sample and data collection process followed in this thesis. Additionally, it focuses on the ethical aspect and the credibility of the parties interviewed and the research conducted in general.

Following, we will discuss the findings and the analysis resulted from the studies and interviews. First, we will provide several fashion-sharing business models for managers that want to engage in fashion-sharing. Second, backed by five in-depth interviews, we present founders' and managers' motivations, inspirations, challenges, and considerations for the future.

We will conclude our paper with a discussion focused on the main findings of the study as well as the explanation of whether and how the thesis contributes to something new. Based on this, we will highlight the major theoretical contributions of this thesis to extant literature. Further, we will discuss the managerial implications of our thesis for practitioners who are eager to enter this novel industry. In addition, we will talk about important limitations and recommendations for future research.

2. Literature Review: The Fashion Industry and Collaborative Consumption

In order to reveal the different types of fashion-sharing business models, we first need an overview of the fashion industry in general. Thus, in the following chapter, we will give an insight into the context that boosted a change in the fashion sector. We will briefly review the drivers that contributed to the evolution of the fashion industry, resulting in the emergence of new business models (from 'fast fashion' to 'fashion-sharing'). We will then describe the concept of collaborative consumption in detail and highlight the different sharing model types. Finally, we highlight the current research gaps with regard to collaborative consumption in the fashion industry.

2.1. Evolution of the Fashion Industry

During the past decades, the fashion apparel industry has become one of the most important sectors worldwide. The marketplace is continuously growing and changing in a dynamic pace. By the end of 2012, the market sales of the global apparel industry[1] increased 6% until reaching $1,728 billion in sales (Euromonitor International, 2013).

Apparel US$1,728 billion
Women's Clothing US$668 billion
Men's Clothing US$440 billion
Footwear US$345 billion
Sportswear US$245 billion
Childrenswear US$149 billion
Clothing Accessories US$72 billion
Hosiery US$55 billion
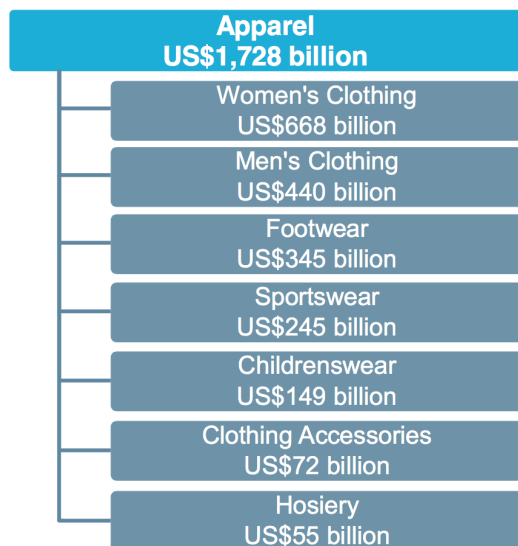
Figure 1: Market sales of the global apparel industry. *Source: Euromonitor International, 2013.*

As Figure 1 illustrates, the fashion industry (women's clothing, men's clothing, and childrenswear) was the most profitable one amongst the ones that constitute the global

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[1] Note that the fashion industry is included in the global apparel industry

apparel industry, contributing with sales value of $1,257 billion out of $1,728 billion (cf. Figure 1). The fashion industry has not only contributed the most in terms of sales, but it has also been the industry experiencing a higher growth rate over the last years.

In contrast, as Figure 2 demonstrates, even though generating the highest value in terms of sales (cf. Figure 1), the fashion industry is actually growing the slowest compared to the other industries included in the global apparel industry:
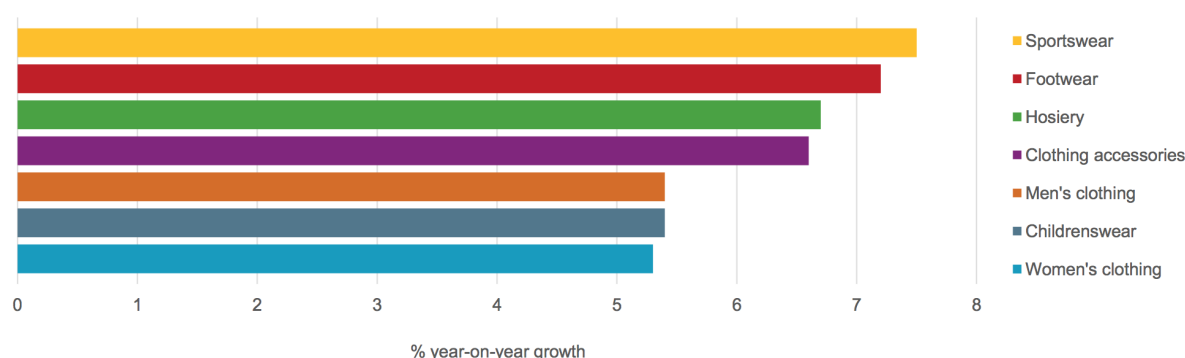
Figure 2: Percentage year-on-year growth of different industries. *Source: Euromonitor International, 2013.*

Before the mid-19th century, most clothing was customised and handmade by individuals. It was not until the beginning of the 20th century, with the Second Industrial Revolution, that new technologies developed, rising the global capitalism and bringing on a new production system, which enabled the proliferation of retail outlets, such as department stores. As a result, clothing was increasingly mass-produced in standard sizes and sold at fixed prices. Even though Europe and America were the first continents where the fashion industry developed, as of 2015 it has become one of the most international and highly globalised industries, with clothing often designed in one country, manufactured in others, and sold all over the world (Steele, 2015).

Throughout the years, the textile industry has evolved from being domestic to becoming one of the most prominent industries on a global scale. Due to innovations in technology, economical, and social factors, such as the raised concern for the environment, the fashion industry has developed at a faster pace. Thus, the three drivers to contribute to the evolution of the fashion industry are: (1) technology, (2) economy, and (3) society.

The fashion industry has changed a lot, especially due to the technological revolution. Technology has not only made all types of fashion more accessible to a larger group of

consumers, but also more challenging for industry players when it comes to competition. At first, retail catalogues were the only way to hunt fashion brands. After that, more effective ways to reach consumers appeared, such as magazines and commercials in television. During the past few years, consumers have experienced a shift in the purchasing and searching habit for items due to the Internet and the increasing usage of their smartphones (Slyce, 2015).

Technology has also changed the way suppliers and retailers do business. Inventory management, sales, and trend research can now be done in a much faster way. With technology, transaction costs have decreased, allowing a cheaper and easier asset on a larger scale. The principal change is the simplicity to access big data about consumer preferences, which at the same time allows the physical assets to be consumed as services. Prior to the Internet, renting an asset from another person was troublesome but possible. Today, business model development has allowed to overcome such barriers (The Economist, 2013a).

Accessibility to fashion has broadened in a way people could not have imagined a few years ago, from mobile technology to social media and more (Slyce, 2015). The Internet has prompted the emergence of a new type of commerce, known as e-commerce. Through their online stores, designers and retailers from all over the world can sell their goods without having a physical store in every corner of the earth (Slyce, 2015), and nowadays, individuals can look for designers or brands using their smartphone or other devices without having to spend a lot of time.

With the appearance of social media the fashion landscape completely changed. "Today, trends are born and die within an infinitely faster and more turbulent environment, in which brands, celebrities, magazines, bloggers and end consumers on social media all jostle for influence over what's 'in' and 'out' of fashion" (Abnett, 2015). Or as Marc Worth, co-founder of the Worth Global Style Network (WGSN), said: "Social media dictates trends today. The trend emerges overnight and disappears almost as quickly" (Abnett, 2015). Some of the biggest and most prosperous fashion brands built their business models around the permanently growing speed and volatility of trends coupled to constant consumer demand of newness. Thus, responsiveness is more important than

actual forecasting. As for example, brands like Zara and Topshop are known for their highly responsive, vertically-integrated, data-driven business models (cf. Chapter 2.2.).

Smartphone technology and the Internet determined the rise of fashion apps, online platforms where 'fashionistas' can purchase, share, and sell their clothes, as well as get inspiration for their perfect outfit based on the occasion or the weather forecast (Fisher, 2015). Due to this technological breakthrough, people no longer need to go to their favourite boutique for professional consultation, fashion apps do the work for them. They help consumers to find their favourite piece of clothing, make shopping lists, and give personal expert advice. Other apps, such as Poshmark (Poshmark, 2015), allow consumers to upload a picture of the item they want to get rid of and offer it for sale. Some apps take a 'Tinder-approach' to mobile shopping, such as Mallzee (Mallzee, 2015), others offer a Instagram-like setup, such as Spring (Spring, 2015) or LIKEtoKNOW (LIKEtoKNOW, 2015).

Not only technology affected the way people operate within the fashion industry but also other factors had an enormous impact. Economic drivers, such as rising production costs, the desire to maximize resource utilization and consumer interest contributed to the growth of the collaborative economy in fashion (Owyang, Samuel, & Grenville, 2014). Moreover, characteristics such as fair price, uniqueness, and environmental concerns have further boosted the emergence of new business models (Palmer & Clark, 2005; Guiot & Roux, 2010). 'The Millennials', the generation of people born in the era of new technologies, have shifted the society values and concerns regarding the environment and ethical consumerism. Even though some authors have concluded that the low income is one of the main motivations when encouraging consumers to buy second-hand fashion clothes, it is not the only issue (DeLong et al., 2005). Consumers' lifestyle is changing in a way that owning is not important anymore; swapping, sharing, and renting are becoming the new owning. The main reason of frequenting these swap meets, fashion libraries, and flea markets is that they allow owners and buyers to interact with each other. Thus, these fashion business models facilitate social interaction between people of different ages, occupation, genders, and cultures (Belk, Sherry, & Wallendorf, 1988; Sherry, 1990; Gregson & Crewe, 2003; Han, J., 2013).

Collaborative consumption also constitutes a part of ethical consumerism. It enhances sustainability by reducing the cloth production and minimizing the amount of waste. The annual global consumption accounts to $1.4 trillion, and it is estimated that across Europe and North America 15 million tons of items are rejected annually (Ellen MacArthur Foundation, 2013). Today, a fashion item's life cycle is shorter than before, often due to the bad quality or constant need for wardrobe renewal (Hvass, 2015), and as Buttle, Vyas, and Spinks (2013) showed in their research, fashion items have an estimated lifetime of 2.2 years or less. By encouraging people to share, reuse, and recycle clothes, the amount or raw material decreases, which at the same time is beneficial for preserving the environment.

2.2. From Fast Fashion to Fashion-Sharing

Due to fundamental shifts in consumer preferences, technology, and globalisation, the fashion business model, as well as the way people purchase and consume, is constantly changing (Business of Fashion, 2011). At the beginning, the traditional fashion model was characterised by a long time period of studying consumer habits and planning the right collections for consumers. A classic fashion buying cycle used to last from nine to twelve months. Companies collect historical sales data to forecast future business and commit to produce for six months before the in-store base (Cheng & Choi, 2010). Luxury and high-end fashion brands need to manage seasonality and complement their collections with inter-seasonal collections (e.g. pre-collections, capsule collections) and special collaborations, therefore incrementing the number of collections from two to six yearly (Business of Fashion, 2011; Abnett, 2015).

Fashion companies based on traditional business models used to base their success in a four-step model: (1) design and create a new collection, where the design team in collaboration with other departments develops a new collection and identity for the corresponding seasonal line; (2) present the collection to showrooms, where different merchandisers and clients can place orders for the different products; (3) source and produce the collected orders, and (4) distribute and sell the final product through wholesale channels comprising multi-brand stores, department stores, and franchise stores (Moore Grete Birtwistle, 2004; Prada Group, 2015).

Designers have traditionally marketed their newest designs by either having their own boutique or offering them in other multi-label or retail stores. Although all those forms of retailing still exist, the growth of the Internet has been decisive in changing the 'traditional' fashion retail business model. Most of the fashion companies have turned into multi-channel firms, where customers can visit the retailer for different reasons via various channels, e.g. they obtain product information online, make the purchase offline, and contact the customer support via telephone (Sorescu et al., 2011). Retailers focus on making a purchase as easy and straightforward as possible, and engage and empower customers with the utmost goal of creating a rewarding customer experience. This change in the mindset of consumers and producers led to new ways of interacting with customers and channel partners. Customers can now actively participate in designing their favourite T-shirt or communicate the exact body measures to obtain perfectly fitting, tailored jeans. Some can argue that those forms of ordering-manufacturing are not new (e.g. dressmakers), but the way of interacting and ordering is different today. It does not happen face-to-face anymore, but easy and quick online.

One important development within the fashion industry has been the emergence of 'fast fashion' business models. With social media, trends go viral in a very short period of time and manufacturers, such as Zara, Uniqlo, and H&M, have developed a business model that allows them to respond to the latest trends, by transforming from seasonal lines, usually planned a year ahead, to clothing that goes directly from the factory to the store in a matter of weeks (Wilson, 2015).

Therefore, fast fashion has evolved from the traditional fashion model. Instead of designing a collection already planned in advance before the season, the fast fashion model is characterised by first understanding what the customers want and like, and after that, designing and producing it. Fast fashion refers to clothing designs that "move swiftly from runway to stores in order to capture the latest trends" (Cortez et al., 2014, p. 1). Companies engaged in fast fashion innovated their business model by streamlining the supply chain to rapidly update the product assortment with the latest trends. Zara's fast fashion model, for example, allows to release five times as many collections as the industry average (Sorescu et al, 2011). Hence, we can say that the main driver of this type of business model is speed. Due to their ability to respond quickly, and reduce production and distribution lead time, companies such as Inditex and H&M have become leaders of

this trend. The Inditex's core driver is to push the moment of production as close as possible to the moment of sale, and thus, lower the inventory stock. This rapid response has favoured the description of the model known as 'fast fashion' (Buck, 2014).

In contrast to the fast fashion business model, which is currently dominating the fashion industry, a rising number of businesses are emphasizing the importance of collaborative consumption and building their business models on a new understanding of ownership (Botsman & Rogers, 2011). These businesses offer the possibility for individuals to rent, swap, lend, and share their personal wardrobe. Motivations for both companies and people to engage in this new form of interacting and collaborating (in the sharing economy in general) are mainly social, economical, sustainable, and practical. Thus, people do this to meet new people, save money, protect the environment, and save time (Rude, 2015).

2.3. The Rise of Collaborative Consumption

2.3.1. Concept Overview and Definitions

There are various ways and terms to describe this upcoming trend of consumption. Collaborative consumption and sharing economy are just some amongst many others. In an article published in The Economist (2013b) different terms for describing 'sharing' were named, such as 'collaborative consumption', 'asset-light lifestyle', the 'collaborative economy', 'peer economy', 'access economy', or 'sharing economy'.

New York University professor and the sharing economy's leading academic, Arun Sundararajan, noted: "Sharing economy businesses are spawning a range of efficient new 'as-a-service' business models in industries as diverse as accommodation, transportation, household appliances, and high-end clothing" (Stephany, 2015, p. 12). Also, New York Times journalist Mark Levine (2009) recently said that "Sharing is to ownership what the iPod is to the eight track, what the solar panel is to the coal mine. Sharing is clean, crisp, urbane, postmodern; owning is dull, selfish, timid, backward."

However, there have been many different opinions, and many find the term 'sharing economy' misleading and confusing. Ed Kushins, the founder of home-swapping platform HomeExchange, said "Sharing is sharing and not paying." Also Martin Varsavsky, the founder of Fon, thinks that "Renting is not always sharing. Renting is renting." Even though the sharing economy is by far the most popular used expression, there are a number

of other terms that can be used almost interchangeably (Stephany, 2015). Therefore, table 1 provides an overview of different definitions of terminologies in the following table:

Concept	Definition
Collaborative Economy	"An economic system of decentralized networks and marketplaces that unlocks the value of underused assets by matching needs and haves, in ways that bypass the middlemen" (Botsman, 2015, s. 5). Also called "we-conomy" by Alex Stephany in his book "The business of sharing" (2015).
Collaborative Consumption	"The reinvention of traditional market behaviors - renting, lending, swapping, sharing, bartering, gifting - through technology, taking place in ways and on a scale not possible before the Internet" (Botsman, 2015, s. 9).
Sharing Economy	"An economic model based on sharing underused assets or services, for free or for a fee, directly from individuals" (Botsman, 2015, s. 7). "The sharing economy is the value in taking underutilized assets and making them accessible online to a community, leading to a reduced need for ownership" (Stephany, 2015, p. 9).
Peer Economy	"Person-to-person marketplaces that facilitate the sharing and direct trade of products and services built on peer trust" (Botsman, 2013, s. 7).
Circular Economy	"Economy restorative by design. It aims to keep products, components and materials at their highest utility and value, at all times" (Ellen MacArthur Foundation, 2015).
Experience Economy	"Economy that can be understood as the production, distribution and consumption of experiences-based products in new traditional business contexts" (Bi.no, n.d.).
Performance Economy	"An economy built on the sale of services rather than products where companies would make profit by reusing their inventory, customers would save money by paying only for what they actually needed, and between them, they would divide the spoils of smarter asset utilization" (Stephany, 2015, p. 16)
On-demand services	"Platforms that directly match customer needs with providers to immediately deliver goods and services" (Botsman, 2015, s. 11)

Table 1: Concept Definition Overview. *Source: Authors' own research.*

Although each term has a distinctive meaning, they all overlap with the common central ideas: (1) Distributed power: the power is shifting from big, centralised institutions to distributed parties (networks of individuals and communities) and (2) Changes in the distributed power: the role of the consumer in the economy and society changes from being passive to more active (creators, collaborators, financiers, producers and providers). Furthermore, they present a new way of asset utilization, as well as they share joint values (such as collaboration, empowerment, openness, and humanness) and drivers (such as tech innovation, values shift, economic realities, environmental pressures) (Botsman, 2013).

Thus, in order to avoid confusion, we define 'collaborative consumption' as all transactions between private consumers or companies that include swapping, renting, and lending from third parties - private consumers or companies. Whenever the term 'sharing' appears, it also encompasses swapping and renting, such as the usage of an asset by multiple parties, but also 'sharing' in the sense that an used good is sold to a second or third user.

Global players across industries have innovated their businesses models and reformulated their offering, moving from being product sellers to being service providers. The marketplace conditions have changed and moved into an "I'll help you, someone else helps me". These new systems require a new kind of trust and reciprocity so that they can work. As a result, sharing, collaboration, honour, sociability and loyalty are being build up (Botsman & Rogers, 2011).

Collaborative consumption is the massive trend of sharing resources without owning them consisting on the exchange of goods or services. It is about "putting a system in place where people can share resources without forfeiting cherished personal freedoms or sacrificing their lifestyle" (Botsman & Rogers, 2011, p. xxi). In order to take part in collaborative consumption, people can engage in two different forms: they can either be the 'peer provider' by handing over assets to borrow, rent, or share, or serve as the 'peer user' characterised by consuming products and services that are already available (Botsman & Rogers, 2011).

Authors have categorised the diverse types of collaborative consumption into different systems or sharing models. Figure 3 provides an overview of the collaborative economy, clarifying the various sectors and specifying which ones are part of the collaborative consumption.
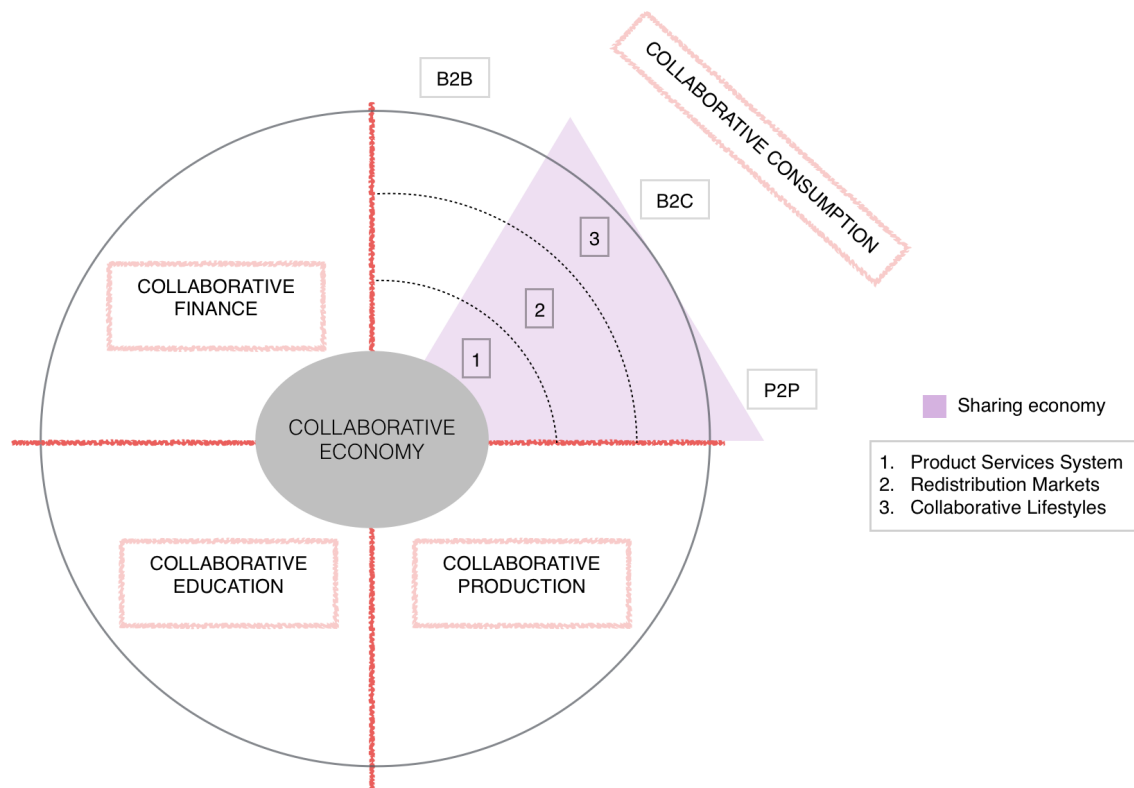
Figure 3: The collaborative economy. *Source: adapted from Botsman, 2013, s. 9.*

As shown in Figure 3, the three areas (B2B, B2C, and P2P) form the collaborative consumption, whereas only B2C and P2P services constitute the sharing economy, the particular concept we will focus on in this thesis. In addition, those three areas can be further categorized into: (1) Product Service System, (2) Redistribution Markets, and (3) Collaborative Lifestyles. In order to get a better understanding of these concepts, table 2 will go into more detail with the definitions:

Type	Definition
Product service systems (PSS)	It refers to a service that enables "products owned by a company to be shared, or products that are privately owned to be shared or rented peer-to-peer" (Botsman & Rogers, 2011, p. 101). The most common PSS is the "usage" or "rental" model where a product owned by a company or an individual can be shared by multiple users through a service. Therefore, consumers do not care about owning the item but about the temporary need it fulfils (e.g. baby equipment, maternity clothes, experience of wearing). Another characteristic of this model is the lower cost-effectivity for the consumers as well as the more efficient use of the resources (Botsman & Rogers, 2011; Durkin, 2015).
Redistribution markets	It encourages the reusing and reselling of old items rather than throwing them away. This model also reduces waste and resources that come along with new production. Further, this model questions the traditional relationship between producer, retailer and consumers, and breaks the principles of 'buy more' and 'buy new' (Botsman & Rogers, 2011; Durkin, 2015). Cloth swapping is a

	phenomenon that refers to the possibility of exchanging or swapping clothes among individuals. This trend has become popular especially in the Nordic countries (Norway, Denmark and Sweden) as well as in the UK (Botsman & Rogers, 2011).
Collaborative Lifestyles[2]	It refers to the concept of building a community through sharing what people no longer need or want, or sharing the surplus they possess. By offering these goods or services to others, people have the option to get another item in return and thus, build a virtual community and promote a sharing culture (Botsman & Rogers, 2011).
Business-to-consumer (B2C)	It indicates a business or transactions that are conducted directly between a company and consumers who are the end-users of its products and services (Investopedia, 2003).
Peer-to-peer (P2P)	In this model, the inventory is already out in the marketplace and the provider of the goods or services is not a company but a person (Stephany, 2015). "Two individuals interact to buy or sell goods or services directly with each other, without intermediation of third parties or without the use of a company of business" (Investopedia, 2015).

Table 2: Sharing models. *Source: Authors' own research.*

As described, the main difference between B2C and P2P are the actors taking part in the transaction. While a B2C transaction requires a relationship between a company and its users, a P2P transaction can be carried out by two individuals, without the need of a third party such as a company. Further, PSS and Redistribution Markets differ in the sense that in PSS the products are privately owned by either a company or an individual that is in charge of the rental, while Redistribution Markets do not involve a direct ownership of the item but rather a common marketplace where the fashion items can be exchanged. Thus, it can be said that PSS refers to renting while Redistribution Markets concerns swapping and second-hand retailing. The Collaborative Lifestyles will be excluded in our classification since they only concern to intangible assets.

Such categorization (cf. Figure 3) does not exist in the context of fashion-sharing, but the previous table (cf. Table 2) might serve as a good basis when exploring different types of fashion-sharing models. Thus, it will be further used in the analysis part in order to classify the different business models already existing in the fashion-sharing industry.

2.3.2. Collaborative Consumption in the Fashion Industry

Companies can benefit from collaborative consumption for different reasons. Firstly, it enhances a more efficient use of resources. At the same time, it implies a more environmental friendly and cost-effective business model (less production and

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[2] Note that Collaborative Lifestyles just refers to intangible assets

consumption of clothes). As people are sharing resources, the consumption of new clothes decreases but concurrently, they can choose from a bigger and not only their private closet (Durkin, 2015). However, these reasons have not been examined in the fashion-sharing industry yet.

To be able to compete with conventional shopping, companies engaging in collaborative consumption should have a big enough product assortment to satisfy consumers. The main driver of this business model is the critical mass. This means that the system is only going to be successful if users are satisfied by the choice and the convenience available to them. If this is not the case, the system will probably be poorly utilised and short lived. It is not only crucial to have a critical mass but also to reach a 'network effect'. If each person joining or using collaborative consumption is creating value for another person, customers will feel engaged with the system and a whole community will build around it (Botsman & Rogers, 2011).

Within the fashion industry, collaborative consumption has had a significant impact. It has contributed to an increasing number of companies that are adopting these new practices (e.g. Rent the Runway, Crossroads Trading Company, thredUP, Swapstyle, Resecond, Albright Fashion Library, Tradesy). However, there is limited academic research on the different types of fashion-sharing models. So far, extant research (typically non-peer reviewed) on this topic has commonly investigated the business model of only one particular type of fashion-sharing, such as fashion libraries (Rahbek Gjerdrum Pedersen & Netter, 2013), or second-hand retailing (Han, 2013; Palmer & Clark, 2005). However, these studies do not build on a strong discussion of the business model concept, and do not provide a comprehensive overview of the different business models to support different types of fashion-sharing. Further, we know little about how companies can actually design their business models to implement fashion-sharing. That is, not much is known about how companies create, deliver, and capture value by means of fashion-sharing, as well as what the motivation, inspirations, challenges, and future considerations for these companies are. In the next section, we present our theoretical framework on business models and business model innovation, which we will use to support the remainder of our thesis.

3. Theoretical Framework

In order to answer our first research question: are there different types of fashion-sharing business models and how they create, capture, and deliver value, this section will give a general overview of the business model concept. Due to the lack of a unified definition of 'business model', we will provide our own definition and framework so as to analyse and compare different fashion-sharing business models. Lastly, we will try to understand the meaning of business model innovation and whether fashion-sharing can be categorized as one or not.

3.1. Business Model Concept and Definitions

In order to analyse and understand the different types of collaborative consumption in the fashion industry, we adopt a business model perspective. As compared to traditional concepts in strategy and marketing, the business model construct allows us to explore companies' ways of value creation, value delivery, and value capture simultaneously, hence offering a comprehensive framework to analyse new forms of business (Zott & Amit, 2010; Saebi & Foss, 2015). However, there is no established definition of the business model concept to date.

After being introduced but hardly used in the late 1950s, the business model concept only gained popularity with the advent of the Internet and e-commerce in the mid-1990s (Zott, Amit, & Massa, 2011). Further driving factors included the outsourcing and offshoring of many business activities, the emerging knowledge economy, as well as the restructuring of the financial services industry around the world (Teece, 2010). The term business model is therefore relatively new, and as Ghaziani and Ventresca (2005) revealed, 1,563 out of 1,729 management articles from 1975 and 2000 that contained the term business model were published between 1995 and 2000. Zott, Amit, and Massa (2011) extended the research period to 2009 and confirmed that the interest in business models virtually exploded in the last 15 years of their research (from 1995 to 2010).

The same authors conducted a thorough research on this field and concluded that:

> At a general level, the business model has been referred to as a statement (Stewart & Zhao, 2000), a description (Applegate, 2000; Weill & Vitale, 2001), a representation (Morris, Schindehutte, & Allen,

2005; Shafer, Smith, & Linder, 2005), an architecture (Timmers, 1998; Dubosson-Torbay, Osterwalder, & Pigneur, 2002), a conceptual tool or model (Osterwalder, 2004; Osterwalder, Pigneur, & Tucci, 2005; George & Bock, 2009), a structural template (Zott & Amit, 2001), a method (Afuah & Tucci, 2001), a framework (Afuah, 2004), a pattern (Brousseau & Penard, 2006), and a set (Seelos & Mair, 2007) (Zott, Amit, & Massa, 2011, p. 5).

In a nutshell, a business model is a unit of analysis that depicts how the business of a firm works (Frankenberger et al, 2013).

Despite being constantly used in the business press, many researchers either fail to study the term business model with an explicit definition or refer to the work of other scholars. Moreover, the definitions for business models vary widely and are only partially overlapping (cf. Table 3). Some definitions, for example, relate to value creation and value capture (cf. Shafer, Smith, & Linder, 2005; Chesbrough, 2007), whereas others are more concerned about the theoretical essence of the business model, namely the minimum set of core components that must be common to all business model constructs (cf. Osterwalder, Pigneur, & Tucci, 2005; Zott & Amit, 2010). This lack of definitional clarity may lead to numerous interpretations as well as confusion.

Authors (year)	Definition of business model
Timmers (1998, p. 4)	"An architecture of the product, service and information flows, including a description of various business actors and their roles; a description of the potential benefits for the various business actors; a description of the sources of revenues"
Osterwalder, Pigneur, and Tucci (2005, p. 17)	"A business model is a conceptual tool that contains a set of elements and their relationship and allows expressing the business logic of a specific firm. It is a description of the value a company offers to one or several segments of customers and of the architecture of the firm and its network of partners for creating, marketing, and delivering this value and relationship capital, to generate profitable and sustainable revenue streams."
Shafer, Smith, and Linder (2005, p. 202)	"Business is fundamentally concerned with creating value and capturing returns from that value, and a model is simply a representation of a firm's underlying core logic and strategic choices for creating and capturing value within a value network."
Chesbrough (2007, p. 12)	"The business model performs two important functions: value creation and value capture. First, it defines a series of activities, from procuring raw materials to satisfying the final consumer, which will yield a new product or service in such a way that there is net value created throughout the various activities. Second, a business model captures value from a portion

	of those activities for the firm developing and operating it."
Johnson, Christensen, and Kagermann (2008, p. 52)	"A business model consists of four interlocking elements (customer value proposition, profit formula, key resources, key processes) that taken together create and deliver value."
Zott and Amit (2010, p. 219)	"We have defined the business model as depicting the content, structure, and governance of transactions designed so as to create value through the exploitation of business opportunities."
Teece (2010, p. 191)	"The essence of a business model is the manner by which the enterprise delivers the value to customers, entices customers to pay for value, and converts those payments to profit through the proper design and operation of the various elements of the value chain."
Osterwalder and Pigneur (2010, p. 14)	"A business model describes the rationale of how an organization creates, delivers, and captures value."

Table 3: Selection of relevant business model definitions. *Source: Authors' own research.*

The outlined business model definitions (cf. Table 3) show that there is a great variety in how the concept is being defined, how business models are outlined, and which and how many elements, components, or building blocks a business model consists of. Thus, no standardised typology prevails in the existing literature. However, when designing their business models, companies need to decide upon particular configurations of different business model components to reflect their overall strategic choices. While Teece (2010) identified six different business model components, including the selection of technologies and features to be embedded in the product/service, determination of benefit to the customer from consuming/using the product/service, identifying market segments to be targeted, confirmation of available revenue streams, configuration of costs appropriately, and designing mechanisms to capture value; Osterwalder and Pigneur (2010) depict business models to consist of nine underlying factors: customer segments, value proposition, channels, customer relationships, revenue streams, key resources, key activities, key partnerships, and cost structure. Moreover, Zott and Amit (2010) developed 'An Activity System Design Framework' which distinguished between two sets of parameters that describe the sources of value creation and value appropriation: design elements (including content, structure, and governance of the transactions) and design themes (including novelty, lock-in, complementarities, and efficiency, also called NICE).

However, most of the studies seem to converge on the basic understanding that:

> The business models denote the company's core logic for creating and capturing value by specifying the company's fundamental value proposition(s), the market segments it addresses, the structure of the

value chain which is required for realizing the relevant value proposition, and the mechanisms of value capture that the company deploys, including its competitive advantage (Saebi & Foss, 2014, p. 4).

Combining these conceptualizations, we define a business model as a system consisting of four interrelated dimensions (value proposition, customer segments, channels, and cost/revenue structure) that taken together create, capture, and deliver value. Thus, the framework of our thesis consists of four interlocking elements, namely a company's choice of:

1. *Value Proposition* - it defines what the company can offer to its customers (products and services) and describes how it caters for its target customers' needs.
2. *Customer Segments* - it centres on who the target customers are (which ones are relevant for the business and which ones will not be addressed), and how they interact with the company.
3. *Channels* - it determines how the company communicates with and reaches its customers to deliver its value proposition, and the resources used in this delivery.
4. *Cost/Revenue Structure* - it defines how the company captures value. It includes aspects such as cost structures and revenue-generating mechanisms.

Adopting this 'Four Business Model Elements Framework' allows us to analyse and compare the different business models in the fashion-sharing industry along the four dimensions. We will explore how fashion-sharing can be implemented along these dimensions and how the resulting business models look like. Finally, we will try to examine why these companies opt to structure their business models differently.

3.2. Fashion-Sharing as a Business Model Innovation

As seen, the business model is a complex construct full of interdependencies and side effects. Changing and innovating such a model is therefore more complicated than innovating a single, isolated product or process. Au fond, business model innovations are new ways of creating, delivering, and capturing value by changing one or multiple components of the business model (Zott & Amit, 2001; Teece, 2010; Chesbrough, 2007). Thus, we argue that fashion-sharing is a form of business model innovation, as it redefines the core logic of how companies in the fashion industry create, deliver, and capture value.

Companies that want to be innovative and capture value need a well-developed and easily adjustable business model (Teece, 2010; Gassmann, Frankenberger, & Csik, 2014). By changing the whole model, firms manage to open up to completely new opportunities of economic exchanges and hence, achieve competitive advantage (Frankenberger et al., 2013). Increasing competitive pressure, new technologies, ongoing globalisation, and changing regulations are just a few of the present driving forces that make it no longer sufficient to focus on a product or process innovation alone. Thus, a firm's ability to innovate its business model is key to achieve long-term competitive success (Gassmann, Frankenberger, & Csik, 2014). Fashion-sharing companies, for example, did not invent a new clothing item or a new technology, they fundamentally changed the way they make a profit (e.g. by renting out clothes on a subscription basis or allowing people to swap clothes over their online platform) (cf. Chapter 5). However, innovating alone is not enough. In order to yield profits, a business model should be sufficiently differentiated and hard to replicate for incumbents and new entrants (Teece, 2010).

Due to the fact that business model innovators are on average 6% more profitable over five years than pure process and product innovators (BCG, 2008), managers put a higher focus on business model innovation to achieve competitive advantage than on product or service innovation (Economist Intelligence Unit, 2005). Studies conducted by IBM in 2012, and BCG and MIT Sloan in 2013, respectively, show that industry outperformers innovate their business model twice as frequently as underperformers, and that business model innovation is crucial for successful sustainability-related innovations (Zott, & Amit, 2012; Gassmann, Frankenberger, & Csik, 2014).

Kim and Mauborgne's 'Blue Ocean Strategy' (2005) encouraged business model innovators for the first time to think outside Porter's box and to "beat the competitors without trying to beat them", namely, by stopping to look at what the rivals are doing, leaving the competitive and overcrowded 'red' ocean and diving into the 'blue' ocean, the new and uncontested market space. This is exactly how sharing economy businesses are operating: they take a rusty, inefficient industry and turn it with an innovative concept upside down, for example Car2Go the car rental or Rent the Runway the fashion industry (cf. Chapter 2.3.2.).

Then, the question arises how can companies innovate their business models? So far only one study has examined this issue from a retail perspective. As Sorescu et al. (2011) point out, innovating a retail business model, such as a business model in the fashion industry, entails changes in three design components: (1) changing the way in which the activities are organised, (2) the type of the activities that are performed, and (3) the participation level of all the actors engaged in executing those activities. Based on these three steps, in this thesis we will demonstrate that fashion-sharing is indeed a business model innovation in the fashion industry.

Even though innovating might seem easy, it is indeed very challenging and complex. Gassmann, Frankenberger, and Csik (2014) named the following three core challenges that hamper the firm's business model innovation: (1) thinking outside of one's own dominant industry logic, (2) the difficulty of thinking in terms of business models rather than technologies and products, and (3) the lack of systematic tools. This theory will be further expanded with our research by conducting interviews with company founders, CEOs, and managers.

Not much has been written on the process of business model innovation in general, with the exception of i.a. Zott & Amit's (2012) paper on how to create value through business model innovations, or Frankenberg et al.'s (2013) '4I-framework of business model innovation, and even less is known about business innovation in the fashion-sharing industry in particular. In brief, this paper will contribute to a new research stream by closing two important research gaps: defining different business model typologies in the fashion-sharing industry and analysing the particular motivations, inspirations, and challenges of implementing fashion-sharing business models.

4. Methodology

This chapter aims at describing the methodological approach followed in our thesis. First, it contains an insight of the research design and strategy for our fashion-sharing business analysis. Second, it explains the general method of data collection, the literature sources that have been used, and the analysis by conducting interviews. Additionally, it focuses on the ethical aspect and the credibility of the parties interviewed, and the research conducted in general. Figure 4 summarizes the different steps followed in this thesis:
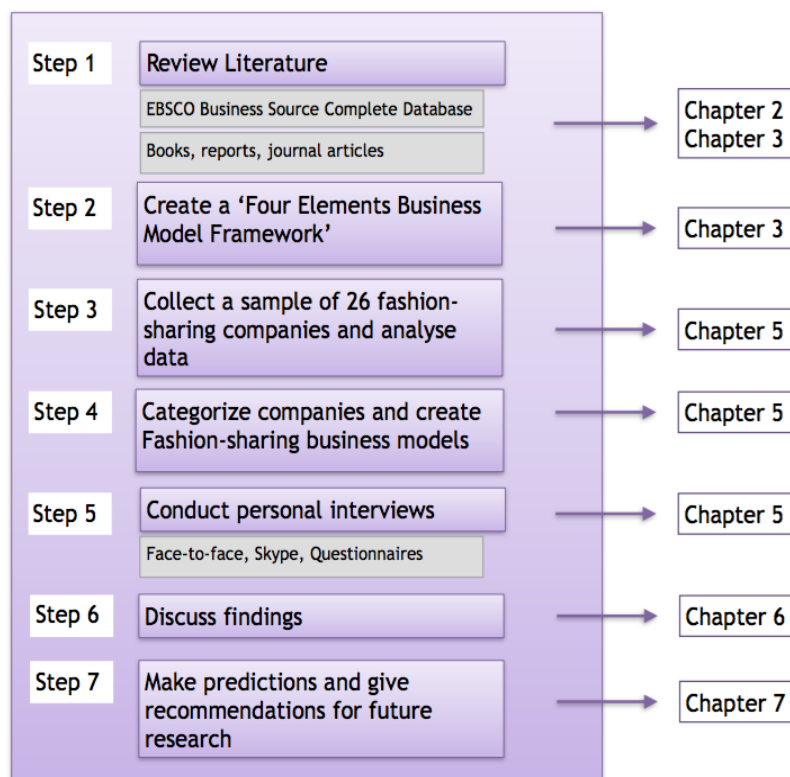
Figure 4: Research steps.

4.1. Research Design and Strategy

Although there has been written a lot about the fashion industry, the concept of sharing, as well as business models, fashion scholars and practitioners have only paid scant attention to collaborative consumption in the fashion industry. With this thesis we want to analyse the different types of fashion-sharing business models, how fashion-sharing companies structure and design them, and obtain managers' and founders' insights into the motivations, inspirations, challenges, and future concerns by conducting interviews.

For the purpose of the literature review, we used the EBSCO Business Source Complete database, which, containing over 1,300 business journals, represents one of the most complete sources on business studies (Zott, Amit, & Massa, 2011). We searched in the database for all kinds of publications, from books to academic articles, containing different combinations of the term 'fashion' with others such as 'sharing', 'renting', 'business model', 'fashion-sharing', 'collaborative consumption' and/or 'clothes-sharing' (e.g. 'fashion' and 'sharing', or 'fashion' and 'renting') in the title, abstract, or keywords. As a result of this process, no articles were found. Only when combining 'fashion' and 'business model', we obtained two articles. However, none of these articles were useful for the purpose of this thesis because they did not mention the business model concept within the fashion-sharing industry. Given this weak research outcome, we started using several books, reports, and journal articles about collaborative consumption, sharing economy, business models, business model innovation, and fashion industry.

Consequently, we concluded that due to a rapid growth of collaborative consumption and fashion-sharing, and the lack of information and scholarly articles, there is a profound need for exploring these innovative business models by means of a qualitative and exploratory study. The power of qualitative research is displayed in "inductive approaches, focused on specific situations or people, and emphasis on words rather than numbers" (Maxwell, 2005, p. 22). This method suits our study especially well, allowing to unearth unclassified types of fashion-sharing companies and to investigate unidentified business founding motives, challenges, and effective business practices for collaborative consumption in the fashion industry. The main goal of an exploratory study is to find out what is happening by asking questions, seeking new insights, or accessing phenomena in a new light (Saunders, Lewis, & Thornhill, 2009). It is performed by searching in literature, interviewing experts in the subject, or conducting focus group interviews. Thus, we conducted personal interviews with founders and managers to understand fashion-sharing companies' business practices. This interviewing method is extensively used in interpretive research, as it permits to understand the essence of phenomena and to disclose meanings of participants' experiences (Wengraf, 2001).

4.2. Sample and Data Collection

We used a qualitative research method to answer our research questions, which aim to find out what the different types of fashion-sharing business models are and how they look like, as well as to gather in-depth information about the motivations, challenges, and future considerations for the fashion-sharing industry, regarding first-hand experiences of the business founders. We conducted a thorough online and offline research, where we extensively screened i.e. company websites, social media, articles, journals, books, and blogs entries. Thereby, we were able to find out if the companies are (1) still active, and (2) suitable and sophisticated candidates for our study. As a result, we gathered a sample of twenty-six companies (n = 26) operating in the fashion-sharing industry:

    i.   Rent the Runway (Rent the Runway, 2015)

    ii.   LeTote (LeTote, 2015)

    iii.   Chic by Choice (Chic by Choice, 2015)

    iv.   Tie Society (Tie Society, 2015)

    v.   The Black Tux (The Black Tux, 2015)

    vi.   Rentez-vous (Rentez-vous, 2015)

    vii.   Lånegarderoben (Lånegarderoben, 2015)

    viii.   Albright Fashion Library (Albright, 2015)

    ix.   Klädoteket (Klädoteket, 2015)

    x.   LENA (LENA, 2015)

    xi.   De Kledingbibliotheek[3] (De Kledingbibliotheek, 2015)

    xii.   Resecond (Resecond, 2015)

    xiii.   Swapdom (Swapdom, 2015)

    xiv.   The Clothing Exchange (The Clothing Exchange, 2015)

    xv.   Swapstyle (Swapstyle, 2015)

    xvi.   Grand Circle (Grand Circle, 2015)

    xvii.   Threadflip (Threadflip, 2015)

    xviii.   Tradesy (Tradesy, 2015)

    xix.   Poshmark (Poshmark, 2015)

    xx.   thredUP (thredUP, 2015)

    xxi.   Vestiaire Collective (Vestiaire Collective, 2015)

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[3] Not active starting from 15 November 2015.

xxii.   BuyMyWardrobe (BuyMyWardrobe, 2015)

xxiii.   Kidizen (Kidizen, 2015)

xxiv.   Crossroads Trading Company (Crossroads, 2015)

xxv.   Yerdle (Yerdle, 2015)

xxvi.   eBay (eBay, 2015)

The sample was gathered by applying a purposive sampling technique, also known as qualitative sampling technique. This technique is broadly used by researchers in qualitative studies to select units (e.g. groups, individuals, or institutions) that have particular experiences for specific purposes (Teddlie & Yu, 2007). Maxwell (1997) further defined it as a type of sampling in which ''particular settings, persons, or events are deliberately selected for the important information they can provide that cannot be gotten as well from other choices'' (p. 87).

Once the sample was assembled, we analysed each enterprise by considering the four elements (value proposition, customer segments, channels, and cost/revenue structure) of our business model definition (cf. Chapter 3.1.). Consequently, by regarding particularities, analogies, and even the slightest dissimilarities between the companies, as well as the different sharing models (cf. Chapter 2.3.1.), we categorized them into three different general models and further submodels (cf. Chapter 5.1.).

To answer the second research question and to obtain insight into business founders' and managers' practise, we further conducted diverse types of personal interviews: (1) face-to-face interviews, (2) Skype interviews, and (3) interview questionnaires. Each interview type has its advantages and disadvantages. Skype interviews were fast, cheap, and easier to access, making it possible for us to conduct interviews given geographical distance and time constraints (Saunders, Lewis, & Thornhill, 2009). However, it was harder to establish personal contact and trust over Skype, which may have lead to reliability issues, and the interviewees may have been less willing to engage in an exploratory discussion. Also controlling the interview pace, recording data, as well as observing the nonverbal behaviour of the interviewee was more difficult compared to a face-to-face interview. In the third case, besides email, SMS, and WhatsApp contact, there was no personal, verbal interaction with the interviewee involved. Instead of asking them the questions in person, they answered them in written. Thus, we have to consider that participants responded very

differently to interview and questionnaire prompts. Oei and Zwart (1986) claimed that questionnaires permit a wide range of responses where "the respondent answers the question in writing and is able to complete the list in relative anonymity and privacy" (p. 189), whereas face-to-face interviews trigger more intuitive responses.

In order to qualify for the study, the interviewees had to be the founders, CEOs, or managers of the companies, since only they could reflect founding motivations, initial challenges, experiences, knowledge, characteristics, and management styles of interest to our study. The number of the interviews depended on the response rate and availability of the interviewees. We started out by contacting all 26 companies by different means (e.g. LinkedIn, email, Facebook, company website). In total we sent out 48 messages, although just 11 replied, and only 6 offered to meet for an interview. The choice of the interview method depended on our and the participants' limited resources of time and money. Since many companies are located overseas, we were not able to meet them in person, but had the opportunity to conduct a Skype interview instead (e.g. Crossroads Trading Company[4]). For two companies this did not work out either (e.g. De Kledingbibliotheek[5], The Clothing Exchange), so we sent them our questionnaire, and unfortunately only the first one answered parts of it in time. On the other hand, we were able to meet three companies[6] in person by traveling to their premises (e.g. LENA in Amsterdam, and Rentez-vous and BuyMyWardrobe in London). Table 4 summarizes the type and duration of the interviews.

Interviewees	Type of Interview
Fiona Disegni, founder and CEO of Rentez-vous	Face-to-face interview, circa 50 minutes.
Suzanne Smulders, co-founder of LENA	Face-to-face interview, circa 30 minutes.
Maud Bloemberg, co-founder of De Kledingbibliotheek	Interview questionnaire
Lori Cutler, content manager of BuyMyWardrobe	Face-to-face interview, circa 25 minutes.
Chip Gerken, co-founder of Crossroads Trading Company	Skype interview, circa 40 minutes.

Table 4: Interview types and durations.

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[4] It was planned to talk to Threadflip as well, but they did not get back to us in time.

[5] This was a particular case. We went to Utrecht to visit the clothing library, but one of the founders, Maud, was not available for an interview. As a Skype interview did not work out either, we had to go for the third option.

[6] We excluded the visit to De Kledingbibliotheek.

We managed a mix of semi-structured and in-depth personal interviews (Saunders, Lewis, & Thornhill, 2009). Semi-structured, in the sense that we started out asking every interviewee the same standard questions, followed by non-standardized, specifically tailored questions to find out more about each specific business. This approach allowed us to ask follow-up questions, which could be customized to what was said in the conversation. Moreover, we conducted in-depth interviews, including a catalogue with open-ended questions as evaluating instruments, where the participants could freely talk about events and beliefs in relation to the topic. The goal was to obtain comprehensive and straightforward responses about business founders' and managers' motivations to engage in fashion-sharing, the challenges they might have faced and/or still encounter, and their know-how.

4.3. Credibility and Ethics

To guarantee the quality of our research design, we had to ensure the credibility of our research findings by particularly focusing on two factors: reliability and validity (Yin, 2009; Saunders, Lewis, & Thornhill, 2009).

According to Saunders et al. (2009), "reliability refers to the extent to which your data collection techniques or analysis procedures will yield consistent findings" (p. 156). Based on our peculiar research format of semi-structured, in-depth interviews, we were not able to repeat our study multiple times. Nevertheless, we tried to ask the participants some of the same questions they already got asked in other interviews, which we found on the Internet (e.g. YouTube videos, website articles). We also attempted to work as transparent as possible and document all the procedures followed when conducting the study. Thus, if other researchers were to follow our process description, they would be able to achieve the same findings and conclusions. Yet, the four threats to reliability (subject or participant error and bias, as well as observer error and bias) might have altered the results.

The second factor, validity, is "concerned with whether the findings are really about what they appear to be about" (Saunders, Lewis, & Thornhill, 2009, p. 157). To ensure validity, we exploited numerous mines of information (e.g. websites, Facebook, articles, interviews, video clips) when collecting data for the analysis part. However, it was rather hard to obtain 'construct validity' by using multiple sources of evidence, since our target group was managers and founders of the fashion-sharing companies, and in most of the cases, we

were not able to interview more than one founder per company and/or model. Nevertheless, we managed to compensate for that by including newspaper and online articles, as well as YouTube interview clips with the founder in our study.

Another principle to consider when deciding the research design is the general ethical issue. The research ethics "relates to questions about how we formulate and clarify our research topic, design our research and gain access, collect data, process and store our data, analyse data and write up our research findings in a moral and responsible way" (Saunders, Lewis, & Thornhill, 2009, p. 184). Therefore, once gaining access to the participants, we did our best in sharing with them the purpose of our research project (cf. Appendix C.), stating how they would be able to help improving our study, as well as providing assurance about confidentiality and anonymity (Saunders, Lewis, & Thornhill, 2009). Every participant voluntarily agreed to the interview and was perfectly aware of the data collection process. We also gave the interviewee the option to stay anonymous in our study, and offered to send our master thesis. Further, we paid a great deal of attention not to design questions that could cause shame, harm, or other unpleasant and awkward moments. The questions asked were exclusively about the interviewees' companies and their personal experiences. This way, we ensured that our research design was both morally defensible and methodologically sound to everybody involved.

5. Analysis and Findings

The analysis part of this thesis is twofold. Based on a sample of 26 companies in the fashion-sharing industry, the first part examines how these companies tried to innovate their business model and step into the fashion-sharing business. Even though they did not invent a new clothing item or a new technology, they fundamentally changed the way they make a profit (e.g. by renting out clothes on a subscription basis or allowing people to swap clothes over their online platform). Based on interviews with practitioners, the second part gives an insight into the businesses' perspectives (motivations, inspirations, challenges, and future considerations) of founders, CEOs, and managers.

5.1. Fashion-sharing Models

During our research, we explored different fashion-sharing business types and found out that there are many different forms to engage in this novel industry. Not every company follows the same scheme and builds on the same business model, but they all try to be as innovative as possible, and generate and capture the most value possible for themselves as well as for their customers. Working in the sharing, renting, or swapping sector is becoming increasingly popular as a new form of collaborative consumption. People are less willing to spend money on new clothes that will become outdated in a short period of time. Instead, they opt for various other forms to engage in fashion. Dan Nova, partner in Highland Capital Partners, stated, "in the age of Facebook, people don't want to be photographed more than once or twice in the same dress" (Jilian, 2015).

Suzanne Smulders believes that nowadays' problem lays in an over-consuming society:

> Especially when it comes to clothing. In Holland we throw away 240 million kilos of textiles a year, while there are very bad circumstances in the whole chain. Time for a change, we thought. There should be more focus on craftsmanship and quality in order to produce long-lasting items that we can all share together (Peters, 2015).

Therefore, these could be some of the reasons for the increasing demand of this type of business models.

After analysing a sample of different companies present in the fashion-sharing industry, we adopted a case study approach and identified three main categories of business models: (1) the Fashion Rental Model, (2) the Swapping Model, and (3) the Second-hand Retailing Model. Due to some minor dissimilarities in the way they operate, we decided to further extend our classification into different subcategories.

5.1.1. Fashion Rental Model

Based on a sample of eleven companies, we identified that the Fashion Rental Model belongs to the category of product service systems (cf. Table 2) and can be defined as an innovative business model in which the company offers a rental service to its customers. It targets all fashion lovers who do not feel the need to own clothes anymore, but want to be able to renovate their closet as often as wished.

We further identified three submodels: (1) The 'Fashion Netflix' Model, (2) The 'Fashion Airbnb' Model, and (3) Fashion Libraries.

5.1.1.1. The 'Fashion Netflix' Model

Overview. The first category recognised is the 'Fashion Netflix' Model. This type is a classical business-to-consumer (B2C) business model in the fashion-on-demand, where the company (e.g. Rent the Runway, Chic by Choice, LeTote, Tie Society) owns the fashion items, the customer rents them, and once the customer need is fulfilled, all fashion items return to the company.

The way this model works is straightforward: with a monthly subscription, members can rent unlimited items for a certain period of time. In other occasions, the number of items that can be rented is fixed (e.g. LeTote, Rent the Runway Unlimited). The concept behind it is that an item can be rented multiple times by different users. The 'Fashion Netflix' Model is characterized by making designer and luxury dresses affordable for all women. Companies with a 'Fashion Netflix'-based business model are mainly located in the U.S. (e.g. Rent the Runway, LeTote, The Black Tux), although a few start-ups are also emerging in European countries (e.g. Chic by Choice).

Examples. The companies used to define the 'Fashion Netflix' Model are Rent the Runway, LeTote, Chic by Choice, Tie Society, and The Black Tux.

Value Proposition. We have distinguished two submodels within the 'Fashion Netflix' Model: only renting, and renting and purchasing. Therefore, the customer can either only borrow items for a specific period of time (e.g. a few days, a month), or has the final option of purchasing the items by the end of the rental period. According to our research, companies that offer rental services only are Chic by Choice and The Black Tux. Firms such as Rent the Runway, LeTote, and Tie Society also propose the buying option. LeTote, for instance, provides a package with 5 items: 3 pieces of clothing plus 2 accessories. This package is delivered unlimited times per month to the client in return for a monthly subscription fee of $49. Once the rental period is over, the client can keep the items he/she liked the most and add them to her personal closet, while returning the other ones.

Another feature of the 'Fashion Netflix' Model is its focus on specific fashion areas, i.e. luxury, haute couture, accessories, jewellery, or maternity. Even though most companies within this subcategory offer rental services for designer clothes, others are attempting to enter niche business areas (e.g. LeTote into the maternity sector).

Furthermore, the 'Fashion Netflix' Model allows some points-of-difference, such as appointment booking for professional advice (e.g. Rent the Runway), 24-hour try-on services (e.g. Chic by Choice), and the possibility to choose two different pieces in two sizes per item for free (e.g. Chic by Choice). Further distinctive characteristics are the opportunity to either exchange the fashion item or receive a full refund of the rental fee in case of non-satisfaction (e.g. Chic by Choice), and the possibility to get student discounts (e.g. Chic by Choice offers a 25% student discount), or to check the last shipment date and country where the item was shipped to (e.g. Chic by Choice).

Customer Segments. Companies following the 'Fashion Netflix' Model exclusively target women who have an average age of 30. Jennifer Hyman, CEO of Rent the Runway, defines this new customer as the 'woman 2.0' (Griffith, 2014). The 'woman 2.0' values experiences over possessions, meaning that these women are willing to rent haute couture or designer items for special occasions, because they believe it is not worth spending a great amount of money on an item which will be only worn once. Those women may also opt for renting everyday wearable designer clothes due to the short lifecycle of the fashion article and the need to constantly follow trends. Nevertheless, there is also a number of

companies whose main target is men. These companies typically offer rental services for tuxedos or suits for special occasions (e.g. Tie Society, The Black Tux).

Channels. 'Fashion Netflix'-based businesses satisfy their customers mainly through online services, such as websites and apps (e.g. LeTote, Chic by Choice, Tie Society, The Black Tux). However, some cases present the option of renting the fashion items in specific physical stores (e.g. Rent the Runway has physical stores in four U.S. cities: New York, Chicago, Washington D.C., and Las Vegas).

Cost/Revenue Structure. One of the main characteristics of the cost/revenue structure is the way the companies encourage their customers to sign-up for membership. We observed that companies do not have a unified subscription method. The vast majority offer their services without subscription and the customer only pays for the item he/she wants to rent (e.g Rent the Runway, in the case of a 4 to 8 days rental period), but it also exists the possibility to become a member with a monthly subscription (e.g. Rent the Runway launched Rent the Runway Unlimited where customers can rent unlimited items unlimited times paying a monthly fee of $99).

Apart from the subscription fee, the company's main expenses are shipping costs and dry cleaning services. In addition, other costs involved are late fees, in case the item is not returned on time (e.g. Rent the Runway, Chic by Choice), and insurance fees, to cover minor damages (e.g. LeTote).

5.1.1.2. The 'Fashion Airbnb' Model

Overview. The second category identified is the 'Fashion Airbnb' Model which offers peer-to-peer as well as business-to-consumer services. The company is not the owner of the items anymore, but a mere middleman between the seller and buyer. The companies belonging to this model connect people who have items in their closet they rarely wear with those who are looking for fashion on the go. Thus, owners make their closets available online for the renters. But also upcoming designers use it as a channel to promote their clothing.

Example. This model is solely based on Rentez-vous.

Value Proposition. 'Fashion Airbnb'-based businesses offer online rental services for clothing and accessories that match supply and demand on one platform. They are also

characterised by presenting additional services, such as hosting events for a limited number of people (e.g. 40-50 people) or arranging meeting points, places where owner and renter can meet, and where the renter can try the item before renting it.

Customer Segments. The 'Fashion Airbnb' Model targets fashionable, young women that want to wear different things and discover new emerging designers. At the same time "they are focused and concerned about sustainability", said Fiona Disegni, founder of Rentez-vous (cf. Appendix D.1.).

Channels. Companies structured according to this model satisfy their customers' needs mainly through online channels (e.g. website and apps), as well as host multiple physical events per year, where people can rent items.

Cost/Revenue Structure. The sign-up, via personal email or Facebook account, is usually free. Despite of the free membership, the renter is required to account for some additional fees, such as booking expenses and a security deposit on the item, and the owner gets offered a variable commission relative to the price of the fashion article and the rental period (15% of the purchasing price).

The company's main sources of revenues derive from rental services, where the company keeps a 20% fee on each peer-to-peer transaction. If the rental results in a sale, the company will take 20% of the final sale price. Extra income is generated from events, where upcoming designers hire a stall and are charged a 30% commission fee and, if renters decide to purchase, the company will take an additional 20% from the final sale. Moreover, the renter is responsible for the cleaning services, but the company's exclusive partnership with dry cleaner companies can help providing him/her with the best deal. Additionally, the renter not only has to pay a booking fee but has also the responsibility of depositing a security fee, related to the item that is going to be rented.

5.1.1.3. Fashion Libraries

Overview. The third group identified is Fashion Libraries, also mentioned as 'clothing library' or 'clothes library'. This business model appeared in the last few years in several places worldwide, such as the Netherlands (e.g. LENA, De Kledingbibliotheek) and the U.S. (e.g. Albright Fashion Library), but has especially become popular in a number of

Nordic cities, such as Stockholm, Malmö, and Gothenburg (e.g. Klädoteket, Lånegarderoben).

The Fashion Library concept is simple: through subscription-based service, which works like a library, the customer is able to lease out garments rather than books, and gets "the service of an item without having to own it and all the cost and upkeep time that requires" (McLaren, 2008). The logic behind is being able to renew the wardrobe without actually buying anything new.

Examples. To shape this model, we have focused on the following clothing libraries: (1) Lånegarderoben in Stockholm, (2) Albright Fashion Library in New York City and more recently in Los Angeles, (3) Klädoteket in Gothenburg, (4) LENA in Amsterdam, and (5) De Kledingbibliotheek in Utrecht.

Value Proposition. We have also separated the Fashion Libraries into two submodels: only renting (e.g. Lånegarderoben, Albright Fashion Library), and renting and buying (e.g. Klädoteket, LENA, De Kledingbibliotheek). Depending on the library, the customer can either only borrow items for a specific period of time (e.g. one week, two weeks, one month, or even longer) at an agreed rate, or buy the garments at the end of the rental period.

There are several types of clothing libraries and as a consequence, a variety of garments can be found. Some libraries offer a mix of second-hand, fair trade, and vintage clothing, and new items from design collaborators (e.g. Klädoteket, LENA), whereas others only allow fashion items and accessories from selected high-fashion designers in their assortment (e.g. Albright Fashion Library). One key value proposition is that the library members can experience with different styles, colours, and textures, and be creative without having to buy the items and paying the full price. "The libraries provide a creative playground without the costs, risks, and burden of ownership" (Rahbek Gjerdrum Pedersen & Netter, 2013, p. 7).

Customer Segments. The customer segment of the five examined clothes libraries are women. Libraries, such as LENA, Lånegarderoben, and De Kledingbibliotheek mainly focus on young and trendy women who want to save money and constantly renew their outfits. Others, such as The Albright Fashion Library, are the "ultimate resource for

costume and fashion designers looking for inspiration, fashion editors, and celebrity stylists hungry for their clients' career-defining dress" (Laliberte, 2011), and the "modern woman in need of her own red-carpet moment" (Owens, 2014).

Channels. The main channel to share, rent, and buy garments is permanent physical stores or showrooms. Moreover, most of the libraries engage customers in additional events, such as pop-up libraries in physical spaces (e.g. Lånegarderoben arranges pop-ups every couple of months), or in connection with festivals, exhibitions, markets, or fairs (eg. LENA, Klädoteket, Albright Fashion Library). Furthermore, Klädoteket offers sewing workshops and parties that combine fashion with music, as wells as a showroom and production studio for young designers eager to collaborate with them on new design projects.

Another channel to build a broader consumer platform and strengthen consumer relationships is the Internet. Most of the Fashion Libraries are very active on the company website and social media (e.g. Facebook, blogs), or offer online catalogues where consumers can view the items and reserve in advance (e.g. De Kledingbibliotheek). In most cases, they update the website or post new blog entries whenever there are news regarding upcoming events, incoming garments, donations, new design collaborations, press publications, or other exciting happenings.

Cost/Revenue Structure. The primary revenue stream for most of the clothes libraries derives from membership fees. Additional income stems from other sources, such as sponsorships, donations, penalty fees for lost, stolen, delayed, or damaged garments, as well as events.

Once a member, one gets access to the library. Fashion Libraries offer a number of subscriptions. We have identified three particular systems: (1) the points systems, where each item is assigned points, and depending on the subscription, one can always have a number of points of clothing at home and exchange it at any time for something new (e.g. Klädoteket, LENA), (2) the homogeneous price per garment system, where one can rent an unlimited number of various garments for a fixed amount (e.g. Lånegarderoben, De Kledingbibliotheek), or (3) the heterogeneous price per garment system, where one can rent an item for an agreed rate depending on the kind of item (e.g. Albright Fashion Library).

The way of obtaining stock varies. While some get part of it for free from sponsors (e.g. other fashion brands and designers) and/or donors (e.g. library fans/members), they purchase most of the assortment from selected designers or private people. For example, people can sell garments to LENA and decide between two options: either getting 50% of the sales price or exchanging it for a swap credit worth 60% of the sales price. Therefore, library members are often also suppliers that donate or sell part of their own wardrobe. Designers as well as well-known fashion brands establish partnerships with the Fashion Libraries and donate part of their collections either for a limited time period or permanently.

Apart from that, the cost structure of the libraries is mostly the same, including fixed costs, such as rent, electricity, and insurance, as well as the salary for the library staff and stylists. Further services, such as dry cleaning, repairing, and remaking, are either paid by the client (condition to bring back already clean items) or by the library (included in the subscription).

The table below summarizes the main characteristics of the Fashion Rental Model as well as its three submodels:

FASHION RENTAL MODEL	
The 'Fashion Netflix' Model	
Examples.	Rent the Runway, Chic by Choice, LeTote, Tie Society, and The Black Tux.
Value Proposition.	· Luxury, haute couture, accessories, jewellery or maternity clothing · Additional services as point-of-difference
Customer Segments.	Women
Channels.	Apps, physical stores, and website
Cost/Revenue Structure.	Revenue: · Membership fees and subscription packages · Additional fees: late fee, insurance fee, cancellation fee · Additional try-on service Costs: · Purchasing of the fashion items from designers · Dry cleaning services and shipping services · Website and app management · Salary

The 'Fashion Airbnb' Model	
Examples.	Rentez-vous
Value Proposition.	· Clothing and accessories · Events
Customer Segments.	Women
Channels.	Events and website
Cost/Revenue Structure.	Revenue: · Transaction (purchasing fee and rental fee), designers, and booking fees · Events Costs: · Website and app management · Salary
Fashion Library	
Examples.	Lånegarderoben, Albright Fashion Library, Klädoteket, LENA, and De Kledingbibliotheek
Value Proposition.	· Clothes, shoes, jewellery, handbags, and accessories · Mix of second-hand, vintage, sustainable, and new items from design collaborators · Luxury fashion
Customer Segments.	· Young women interested in fashion and caring about sustainability · High-income women interested in luxury designer wear
Channels.	Physical stores, showrooms, pop-ups, and other events
Cost/Revenue Structure.	Revenue: · Membership fees and subscription packages · Sponsorships and donations in cash or in kind · Penalty fees for lost, stolen, damaged, and delayed items · Events Costs: · Purchasing of garments from designers and private people · Rent · Service fees for dry cleaning, repairing, and remaking · Salary

Table 5: Fashion Rental Model. *Source: Authors' own research.*

5.1.2. Swapping Model

Overview. The Swapping Model can be defined as a transaction type model, which enables customers to exchange their old-fashioned items for new ones, without buying, selling or bargaining involved. It is an example of peer-to-peer model in the redistribution systems sector of the sharing economy (cf. Table 2). Thus, the fashion items are already out in the marketplace and the owner of the goods or services is a person.

We identified two different submodels within this category: the 'Just Swapping' and the 'Thrift Shop' Model. The main difference between these two types is the possibility of purchasing the fashion item or not after swapping it.

The Swapping Model works as follows: in order to become a member, people need to give before they take. This means that customers must contribute with their own fashion items to the collective closet, and only then, they are allowed to swap for the same amount of items in return (e.g. Resecond, Swapdom).

Examples. Resecond and Swapdom, which can be categorized as 'Just Swapping' Models, while Swapstyle, The Clothing Exchange, and Grand Circle belong to the 'Thrift Shop' Model.

Value Proposition. Companies in the Swapping Model offer a virtual walk-in closet, which provides members with different options to renovate their closets, such as pre-owned clothing, handbags, accessories, and in some cases also shoes (e.g. Grand Circle). Companies, such as Resecond, encourage the customers to add a personal touch to the items ready to swap by attaching a little story written on a label. Others, such as The Clothing Exchange, allow people to either bring valuable garments, which are no longer worn to the store or upload a picture on the online platform. Additional characteristics that distinguish the different competitors in the marketplace are shipment tracking (e.g. Swapdom), known shipping cost (e.g. Swapdom), filters by different characteristics (e.g. The Clothing Exchange), and partnerships with shipping services (e.g. Swapdom).

Swapping Model-based businesses use the Internet to renew people's closet. Hence, individuals can upload pictures of the fashion articles they would like to swap on the app or website, and once the items are listed, the customer just needs to request them. Generally, companies allow the items to be listed for swapping for a limited period of time (usually 30 days), and after that period, the items are disregarded (e.g. The Clothing Exchange). Some use an algorithm to set up multi-person swaps, meaning that everyone can get what they want in the end (e.g. Swapdom). It can also be defined as a 'match-making' for grown-ups, where people can give and receive different fashion items.

Customer Segments. The main target group for this model is women (e.g. The Clothing Exchange, Grand Circle). Nevertheless, some companies have a wider customer segment (e.g. Swapstyle is for everybody and Resecond also targets men).

Channels. This model's main channel is online platforms, such as websites (e.g. Resecond, Swapdom, Swapstyle, The Clothing Exchange) and fashion apps (e.g. Grand Circle, Resecond). These platforms allow the members to swap their clothes through the website without distance or time limitation. However, some also establish physical shops (e.g. Resecond in Copenhagen and Aarhus) or physical events (e.g. The Clothing Exchange).

Cost/Revenue Structure. In order to be part of the swapping community, the companies based on the Swapping Model require either a free sign-up registering (e.g. Swapdom, The Clothing Exchange) or a membership fee (e.g. Resecond has an established monthly fee of DKK139). However, not all companies seem to require the same fees. For example, The Clothing Exchange charges two different fees to its customers: a listing fee (AU$1/item) and a swap facilitation fee (AU$5/item).

Even though downloading the app is free, companies may charge an additional transaction fee when swapping through the app (e.g. Resecond). Further, the payment for the shipping services depends on the company's specific cost/revenue structure. Thus, companies such as Swapdom or Swapstyle charge the client for the shipping services. On the other hand, companies such as The Clothing Exchange charge the shipping and postage costs either to the owner when the customer decides to purchase or they are split equally between the two parts.

In the case of a physical shop, the cost structure differs from the overall model, since the company has to deal with fixed costs such as rent, electricity, and workers' compensation. One example of this would be Resecond. This company has two part-time workers who are paid on minimum wage, and are in charge of arranging the clothing, cleaning up, attending the customers, and other tasks. As a consequence, the physical shops have constrained opening hours. Moreover, the shop gets donations but does not have any cooperations with other fashion stores.

Also The Clothing Exchange has a different cost/revenue structure. As it hosts events in different Australian cities, additional costs include the rent of the event space, whereas event admission fees (average price of AU$20) represent its main source of income.

The table below summarizes the main characteristics of the Swapping Model as well as its two submodels:

SWAPPING MODEL	
'Just Swapping' Model	
Examples.	Resecond and Swapdom
Value Proposition.	· Clothes, bags, baby items, and household goods · Second-hand fashion items
Customer Segments.	Men and Women
Channels.	Website, physical shop, and app
Cost/Revenue Structure.	Revenue: · Membership and transaction fees Costs: · Rent and electricity · Salary
'Thrift Shop' Model	
Examples.	Swapstyle, Grand Circle, and The Clothing Exchange
Value Proposition.	· Clothes, shoes, handbags, accessories, kids and maternity clothing · Pre-owned items
Customer Segments.	Everybody (mainly women)
Channels.	Website, app, and events
Cost/Revenue Structure.	Revenue: · Membership, transaction, and purchasing fees · Events Costs: · Rent · Salary

Table 6: Swapping Model. *Source: Authors' own research.*

5.1.3. Second-hand Retailing Model

The third main category for fashion-sharing businesses is the Second-hand Retailing Model, which falls under the type of redistribution markets (cf. Table 2). This model offers the opportunity to turn one's own closet into cash by selling it or buying other people's pre-loved garments, shoes, and handbags.

We have determined three submodels: (1) The 'E-Fashion' Model, (2) The 'Pre-loved' Model, and (3) The 'Allrounder' Model.

5.1.3.1. The 'E-Fashion' Model

Overview. The 'E-Fashion' Model is a peer-to-peer e-commerce platform focused on fashion. Users can sell or buy second-hand fashion and accessories online. All they have to do is creating a profile on one of the companies' websites or apps, and start the trading process by uploading images of the items they want to sell, calculating the selling price (using company specific tools of calculation), and shipping the item to the buyer. Vice versa, the buyer can browse through the virtual wardrobe and shop whatever he or she desires.

Examples. The 'E-Fashion Model' was created out of seven companies: (1) Threadflip, (2) Tradesy, (3) Poshmark, (4) thredUP, (5) Vestiaire Collective, (6) BuyMyWardrobe, and (7) Kidizen.

Value Proposition. The items offered on the various 'E-Fashion' marketplaces differ. They range from premium luxury clothes, shoes, jewellery, accessories, and handbags of top designer brands (e.g. Vestiaire Collective, Threadflip, Poshmark), to wedding dresses and wardrobe basics (e.g. Tradesy), or maternity, plus size, as well as children's clothing (e.g. thredUP). Most of the companies have a list of accepted brands or establish a minimum price for selling the fashion item (e.g. BuyMyWardrobe: min. £100). On other platforms, parents can also sell and buy clothing, toys, shoes, and easily shippable accessories their growing-up child does not fit in any more (e.g. Kidizen, thredUP).

Customer Segments. The main target for the 'E-Fashion' Model is women. While some platforms are exclusively for women (e.g. BuyMyWardrobe, Poshmark, Threadflip, Tradesy), others also include kids (e.g. thredUP), or men and kids (e.g. Vestiaire Collective). Moreover, parent-to-parent marketplaces, like Kidizen, address children only.

Channels. The main channels are the company websites and/or apps, which function as online social marketplaces for potential buyers and sellers. Some companies also run blogs where they update customers about the latest arrivals, other 'hot' topics, or tell a customer story (e.g. thredUP, Kidizen, BuyMyWardrobe). Poshmark, for example, hosts themed virtual posh parties three times per day, seven days per week, where people meet and exchange clothes. Also other firms, such as BuyMyWardrobe, praise themselves to have 'real people behind real profiles', and host fashion events (e.g. pop-up sales, BuyMyWardrobe LIVE!, open closets, or BuyMyHandbag) to get the users more engaged and build a stronger customer relationship.

Cost/Revenue Structure. 'E-Fashion' companies work as middleman between buyer and seller. Generally, the sellers do not incur any costs since sign-up, membership, as well as listening are free (e.g. Vestiaire Collective, BuyMyWardrobe, Poshmark). The company, on the other hand, must provide and manage the online platform, pay its employees, and sometimes pay for shipping (e.g. Threadflip, Tradesy, Vestiaire Collective, and Kidizen send sellers a free shipping kit and/or a pre-paid shipping label) and return handling (e.g. Threadflip sends non-accepted items either back to the buyer for a shipping fee of $15 or donates it to Goodwill, and thredUP passes them to third parties or textile recycling partners), while other times the buyer has to bear the latter.

They start creating revenue whenever an item gets sold. The amount generated depends on multiple factors: flat commission rates (e.g. Threadflip: 20% commission/item; Poshmark: $2.95 for items below $15, and 20% commission for items above $15), variable margins depending on the selling price of the item (e.g. Vestiaire Collective), or the seller type (e.g. BuyMyWardrobe: Business (12%), Individual (15%), and VIP (35%)). Other sources of revenue include concierge services for extra verification and authentication on luxury bags, shoes, and dresses (e.g. Poshmark), as well as ticket income from fashion events (e.g. BuyMyWardrobe).

5.1.3.2. The 'Pre-loved' Model

Overview. The 'Pre-loved' Model consists in physical stores where customers can buy, sell, and trade name brand and designer clothing.

Example. This model is based on Crossroads Trading Company.

Value Proposition. This model focuses on in-trend and on-style clothing and accessories that are still in a good condition, and just need to find a new lover (owner). Our example company offers four different options to sell: (1) In store: sell items 7 days a week in any company store, (2) Drop-off: 24-hour drop-off service at a store where buyer will come to pick it up, (3) Consignment on higher-end items, and (4) Mail-in service: send clothes using a pre-paid return shipping label.

Customer Segments. The target customer of the 'Pre-loved' Model are men and women interested in the latest fashion trends, but with a low budget and tired of the usual buying-accumulating-discarding cycle.

Channels. The main channel is physical stores (e.g. Crossroads has 32 physical stores across the U.S.). Another way to interact with customers is over Facebook or the company's own blog, where fashion bloggers share their stories or write about other interesting things.

Cost/Revenue Structure. In this type of business model, the revenues come from selling the clothing items or accessories. Depending on the customer preferences, the company will collect a different amount on the final price of the item. Thus, if the customer decides to choose the trading option, the company will give him/her a trade credit equivalent to 50% of the selling price, while if the customer prefers to sell the clothes for cash, he/she will get a 35% of what the final price. In that case, the company will keep a 65% of the final price of the fashion item. Additionally, the company has to cope with the costs of shipping (e.g. mail-in selling option).

5.1.3.3. The 'Allrounder' Model

Overview. The third category identified is the 'Allrounder' Model. This model is a peer-to-peer marketplace offering everything for everybody, and allowing people to buy and sell random items they do not need any more. Thus, the company's inventory comes from its customers.

Examples. The 'Allrounder' Model is based on Yerdle and eBay.

Value Proposition. The 'Allrounder' Model provides users with a platform to offer everything they do not need any more for sale or, vice versa, buy things they need from

others that do not need them. This includes kitchen utensils, bikes, furniture, as well as apparel, shoes, handbags, and other fashion accessories.

Customer Segments. The target customers vary, depending on the product. Since it almost fulfils every imaginable desire, individuals of different ages and sexes get satisfied.

Channels. The e-commerce platform provides peer-to-peer - and in the eBay case also - business to consumer (B2C) services via the Internet. The main channels are the company website and app.

Cost/Revenue Structure. The cost and revenue structure of the 'Allrounder' Model can vary. Whilst some companies have their own currency, which the customer can earn by giving away unneeded items and use to purchase new ones (e.g. Yerdle: Yerdle Dollars), others involve cash in the selling-buying-cycle (e.g. eBay). The stream of revenue comes mainly from the listing, service, and insertion fees (e.g. eBay: depends on the selling format (auction style or buy it now option) and category (clothing, furniture etc.) of the items). Special membership (e.g. frequent users), advanced listing upgrade fees, and final value fees (e.g. eBay: 10% of sales amount) are an ulterior source of revenue. The costs involved are related to website and app management, shipping costs (e.g. Yerdle), as well as workers salary.

The table below summarizes the main characteristics of the Second-hand Retailing Model as well as its three submodels:

SECOND-HAND RETAILING MODEL	
The 'E-Fashion' Model	
Examples.	Threadflip, Tradesy, Poshmark, Thredup, Vestiaire Collective, BuyMyWardrobe, and Kidizen
Value Proposition.	· Luxury clothes, shoes, jewellery, accessories, handbags, and watches · Wedding dresses and wardrobe basics · Maternity and plus size clothes · Children's stuff: clothing, toys, shoes, and other accessories
Customer Segments.	Women, men, and kids
Channels.	Website, app, blog, and fashion events
Cost/Revenue Structure.	Revenue: · (Flat, variable, or seller-based) commission rate for each item sold · Concierge services

	· Ticket income from events
	Costs:
	· Management of online platform (website, apps, blogs etc.)
	· Salary
	· Shipping and return handling

The 'Pre-loved' Model

Examples.	Crossroads Trading Company
Value Proposition.	Trendy and stylish clothing and accessories for known brands and designers
Customer Segments.	Men and women
Channels.	Physical shops, blog, and website
Cost/Revenue Structure.	Revenue: · Selling the garments and accessories Costs: · Shipping cost · Electricity and rent · Salary

The 'Allrounder' Model

Examples.	Yerdle and eBay
Value Proposition.	Everything from home supplies, to cell phones, books, and fashion
Customer Segments.	Everybody
Channels.	Company's website and app
Cost/Revenue Structure.	Revenue: · 2 options: cash and company's own currency · Listing, service, and insertion fees · Final value fees Costs: · Website and app management · Shipping · Salary

Table 7: Second-hand Retailing Model. *Source: Authors' own research.*

5.2. Businesses' Perspectives

This part aims to answer the second research question related to the drivers that motivated the different businesses to engage in the fashion-sharing industry. In order to do that, we will use personal interview responses as main resource, supplemented with secondary information found online. Considering all the information gathered, we will then talk about the founders' inspirations and the challenges they encountered or are still encountering when operating as a fashion-sharing business. Lastly, we will share their considerations and concerns for the future.

5.2.1. Motivations

We asked practitioners about their main motivations to operate in the fashion-sharing industry. These motivations can be grouped into the: (1) sustainable, (2) economic, (3) sharing, and (4) professional aspect.

Sustainable driver. Sustainability is one of the main motivations why the founders and CEOs decided to engage in this new field of the fashion industry. Companies such as Yerdle and Tradesy were born as an alternative to the society's desire to consume more and more, and to contribute in making the world a better place. Society is increasingly becoming more conscious about overconsumption and companies see sustainability as a niche phenomenon with a lot of growth potential.

Fanny Moizant, co-founder of Vestiaire Collective, affirmed, "the resurgence of eco-consciousness was one of the main reasons we were convinced it was the perfect time to develop a global resale marketplace" (Piety, 2015). The founders also emphasized sustainability by partnering with other sustainable companies and by selecting the supply for the collective wardrobe accurately. Chip Gerken, co-founder of Crossroads, expressed:

> We started basically, as I say from the phrase 'we wanted to do well by doing good'. This looked like a good business opportunity and then there was also the added benefit. It was part of the general trend in the world of trying to lessen our impact on the environment.

Most might only look at sustainability as an environmental factor, as a way to preserve the environment and engage in businesses that are less polluting. Nevertheless, there is another side to sustainability.

Economic driver. Sustainability goes hand in hand with the economic factor and it can be understood as a way of making the business work. Thus, if the business is not successful and profitable, it might not be sustainable either.

> The way to promote sustainability was to find a way of making it profitable. It's two values, but you can't have one without having the other. (Chip Gerken)

Therefore, the growing awareness of ethical and sustainable businesses has prompted a faster increase of companies that are more concerned about the way they run the business rather than doing business and looking at the revenue side. "It is the key to creating value for shareholders and all other stakeholders - by being sustainable we will attract and keep better and more committed employees and have more loyal customers in the long term", said Kal Di Paola, founder of BuyMyWardrobe (Fashion ComPassion, 2015). And also Suzanne Smulders, co-founder of LENA, stated that sustainability "is the main motivation, but we try now in the execution to link it to fashion because people are not always that much triggered by sustainability."

Sharing driver. The sharing aspect played an important role for founders to enter the fashion-sharing business. For businesses such as LENA, Klädoteket, or Lånegarderoben, sharing is the new owning, and they tend to encourage the use of pre-loved fashion items through different channels. They do that, amongst others, by maintaining blogs to keep members and other readers posted about issues and actions connected to sustainability. They also aim at promoting alternative ways of consumption and contributing to a democratization of style through an easier access of trendy apparel, and thus leading to a long-term cultural shift in people's fashion consumption habits.

> With and through clothes we found a way to tell the story about using what you need and sharing. (Maud Bloemberg, co-founder of De Kledingbibliotheek)

Also Fiona Disegni, founder of Rentez-vous finds that "now what we value is not ownership but experience, and especially in fashion, what you want is to wear and not to keep in your wardrobe."

According to Manish Chandra, CEO of Poshmark, the reason for the enthusiasm is simple:

> They want to be part of a community where they can share their love for
> fashion. (Collaborative Consumption, 2014)

Professional driver. The last aspect is related to the founder's previous experience in the fashion industry. Founders of Rentez-vous, BuyMyWardrobe, and Crossroads, for example, had previously either worked in fashion, as a professional designer or intern, or have a fashion retailing background. This previous experience had given them an insight in the sector and helped them overcome minor but considerable flaws of the fashion industry.

> I realised that we were always missing something about it, the fact that
> fashion is always changing and it's also a reflection of a lifestyle, it's a
> reflection of society. (Fiona Disegni)

The four motivational categories stated might seem uncorrelated, but we see an existing relationship amongst them. Having previous experience in the sector backed the founders in finding new opportunities in the fashion industry, at the same time they were trying to balance profitability and sustainability. Through their mission and vision, companies express their purpose of operating in the sharing economy.

5.2.2. Inspirations

After interviewing some founders, we realised that the main thing that inspires them is their personal, surrounding environment, including third parties, education, as well as movies and documentaries.

Bloemberg's main inspiration was her sociology study, "but also documentaries like 'Zeistgeist Moving Forward', about capitalism and the effect of capitalism on the people" inspired her. Other founders, such as Disegni, found inspiration from third parties. Besides her mother, who also works in the fashion industry, emerging sharing economy businesses, such as Airbnb, encouraged and persuaded her to open Rentez-vous:

> I always had this idea and when Airbnb crossed my way, it inspired me [...]
> I came to one of their events [...] and I saw the offline interaction and I think
> that is what really showed me that trust was at the core [...].

Kal Di Paola, a professional designer, had been running her own fashion label for 11 years. Encouraged by a new wave of eco-awareness and the media's focus on overconsumption, she explained how she came up with her business idea:

> Faced with a wardrobe that would barely close, I decided I needed to change my shopping habits and the first step was to clear my wardrobe of years of hoarding [...] I decided to host my very own designer fashion recycling event and BuyMyWardrobe was born (Fashion ComPassion, 2015).

Smulders from LENA or Gerken from Crossroads started the business inspired by other people "that like to break through the old system and try to even if it doesn't work. I think it's always really good to just try things and find new possibilities and find different angles", Suzanne Smulders said. Moreover, Gerken added "we get enthusiastic testimonials to how we are changing them or add value to their lives. That's inspirational, it makes me wanna do more of it and help people more."

5.2.3. Challenges

The challenges for fashion-sharing businesses do not only differ amongst the different enterprises but also within the businesses over time. The first challenges they encountered when entering the industry were often very different from the ones they faced when being more established. One reason why businesses confront diverse challenges is each company's particular business model and structure, as well as its geographical location. While the fashion-sharing concept is still emerging with relatively low competition in Europe, it has already become a huge industry in the U.S., for example.

Being pioneers in their countries (e.g. Crossroads, LENA, De Kledingbibliotheek) and getting accepted are some of the initial difficulties the founders faced.

> The first challenges were acceptance, for example getting landlords who were willing to lend us space because they thought that we were disreputable and that we would lower the perceived value of their real estate. That was kind of a struggle. (Chip Gerken)

On the other hand, Fiona Disegni mentioned that there are already quite a lot of fashion rentals (e.g. Girl Meets Dress) in the UK, and finding the first customers was not a

problem. People are more familiar with the concept and having a wide supply since the beginning helped to attract new customers. Further, she said:

> It's still work in progress, so now the concept has started to be more mainstream but we still have to educate people. [...] But actually the events allow us to really convert people and we also use the emerging designer channels to get more supply.

Small companies, such as LENA, Rentez-vous, and BuyMyWardrobe, see the amount of work distributed among only a few employees as a major challenge. Disegni mentioned additional challenges, such as picking up skills in new knowledge areas, like technology, getting the logistics organized, as well as finding investors. Moreover, the fashion-sharing concept is inefficient per se.

> It is much more expensive to do fashion libraries than to do a regular shop because of course everybody comes back. [...] It takes a lot more time and a lot more effort. That is really a challenge but for us the whole profit is also in the impact we make. (Suzanne Smulders)

Also Chip Gerken confirmed that "it's expensive to have to deal with one item at a time" and "put the energy individually at each one of those 100,000 units", "it's way easier to ship 100,000 to a distribution centre."

Other challenges come with success and quick growth. Lori Cutler pointed out that BuyMyWardrobe gets in up to 800 items per week. Pricing, photographing, and getting those items online involves a lot of work. Moreover, according to Gerken: "The challenges are the challenges of success". Success encourages more companies to enter the industry, which makes the marketplace more competitive. However, he sees this difficulty as a positive development:

> It's great that the whole category is expanding. There's been a couple of $100 million of venture capital invested in the United States now in doing what we do online. That wouldn't have happened 25 years ago.

Smulders shared the same opinion:

> I really hope more libraries will open because it's such a new concept that people have to get used to the idea. The more there are, the more common it becomes, that would mean more success for everybody.

Lastly, Jennifer Hyman, co-founder of Rent the Runway, made another valuable observation on the stereotypical view of the tech and business community:

> I think that one of the challenges is that a lot of the world [...] thinks that we're in the business of renting frilly dresses as opposed to the business of disrupting an industry and building out one of the most sophisticated technology companies in the United States. I think the tech and business community has a stereotype that because we are young women who happen to like wearing dresses, that we started the company because we love shopping or because we are obsessed with fashion. (Bessette, 2014)

5.2.4. Considerations for the future

Textile and fashion industries are changing, and fashion-sharing and collaborative consumption have a huge potential to become mainstream in the future. "There're some changes and changing things that are happening", commented Chip Gerken the increasing success of the online fashion business. "When I grew up in this business there were people saying 'you gotta feel the merchandise, you gotta touch it, you gotta have your hands on it.'"

The real problem lies in people's overconsumption and the capability to fight against it is enormous. Several studies conducted by Rentez-vous showed that women do not wear 70% of their clothes, but keep spending an average of £1,000 a year on them. However, there is a positive trend and people are becoming less scared or worried about wearing pre-used or second-hand clothes. Businesses take different approaches, and second-hand marketplaces like BuyMyWardrobe, Vestiaire Collective, and Crossroads are booming. Although the next step is renting the item and not owning it (e.g. LENA, Rentez-vous, Rent the Runway). Fiona Disegni expressed that "it's more about the collective wardrobe. I think there is something more about optimising space, optimising time, and making people share."

However, founders see that this is a long-term process and people will not change their mindsets from one day to the other, but they need to be educated. Therefore, some businesses (e.g. Rentez-vous, BuyMyWardrobe) extensively engage in social media, they have ambassadors and bloggers that help to spread the word, inform and inspire the community, and increase the concept's visibility.

Another very crucial topic is finding the necessary financial support and the likeminded business partners to collaborate with. While the U.S. has a remarkable head start with millions of dollars already invested in the industry, Europe is slowly catching up. Lori Cutler claimed that:

> It's quite hard to break into a new market. But I definitely think, the more people know about it, the better it gets. I think that eventually things work, it's something people care about.

Most of the fashion-sharing businesses only target women, but there are indeed opportunities to look into menswear and kidswear in the near future as well. One reason for the backlog in those customer segments is that fashion-sharing is a very young market with a lot of start-ups that have to focus on first creating a certain customer and monetary base, before leaping into other target groups.

However, Chip Gerken voiced some misgivings:

> There is a limit to it. It is still growing, because there is people that are not in the habit of reusing or offering for reusing. I think it has a future, it is still gonna be a permanent and growing segment of the fashion industry. But it will plateau up to a point where it's more or less 50% of the business. Because you gotta have old stuff to have used stuff.

6. Discussion

In this section, we will argue the main differences among the business models created and try to find out whether the theoretical frameworks presented are matching our results. We will also consider the motivations and challenges from the interview responses in contrast to the drivers found in the literature review.

6.1. What are the different types of fashion-sharing business models and how do they create, deliver, and capture value?

As described in the analysis part, there are three general business models operating in the fashion-sharing industry (cf. Chapter 5.1.). The table below summarizes the main characteristics of these models:

	Fashion Rental Model	**Swapping Model**	**Second-hand Retailing Model**
Value Proposition.	Rent & buy From luxury & haute couture to maternity or vintage clothing	Swap & buy Second-hand fashion items	Sell & buy Pre-owned fashion items
Customer Segments.	Women & men	Women & men	Women, men & kids
Channels.	App, website, physical stores, events, blogs	App, website, physical stores, events	App, website physical stores, events, blogs
Cost/Revenue Structure.	Revenues: · Membership fees & subscriptions · Additional fees · Events · Sale Costs: · Cleaning & shipping · Salary · Rent · Website & app management	Revenues: · Membership fee · Additional fees · Events Costs: · Salary · Rent · Website & app management	Revenues: · Sale · Events Costs: · Shipping · Salary · Rent · Website & app management

Table 8: Comparison of the three fashion-sharing business models. *Source: Authors' own research.*

As illustrated, the main difference between the three business models is the value proposition, what the company offers, or how the company offers it in particular (swapping vs. renting vs. buy & sell). Thus, while enterprises in the Fashion Rental Model offer rental services with the buying option, the two other models (Swapping and Second-

hand Retailing) are characterized by dealing with pre-owned fashion items, where the previous owner has decided to swap or sell the fashion item for another piece of clothing that will suit him/her for a better purpose.

Unlike the other three elements, the channels do not differ between the models. After analysing the various channels used to reach the customers and satisfy the value proposition, we can conclude that they all opt for the Internet approach through the company website or app, physical stores, as well as events. However, one of the main channels of communication for the Second-hand Retailing and the Fashion Rental Model are blogs. Thus, we can conclude that channels are not a key point-of-difference when looking at the different fashion-sharing business models, but the increasing importance of new technology could be a decisive factor for that (cf. Chapter 2.1.).

Looking into the customer segments, we have identified that women are generally the main target group in all three models, but in addition, other models also target men (e.g. Swapping Model), or kids (e.g. Second-hand Retailing Model). The main reason for that is that the first identified fashion-sharing business model is more tailored, and only rents out certain fashion items such as luxury, haute couture, or maternity clothing. It is broadly known that women have a bigger desire to spend money on fashion and renovate their closet as often as possible, while the average expenditure of fashion is not as high. Also, women are passionate about fashion, design labels, and have dream dresses they might not be able to buy, but can afford to rent. Moreover, another explanation might be that our models are based on a certain number of companies only. Despite the fact that our sample mainly targets women, it might not necessarily mean that there are only a few companies in fashion-sharing that already do menswear. We only identified it as a general trend.

When it comes to the cost and revenue structure, there is no common pattern amongst the three fashion-sharing business models, even though some revenues and costs are universal. Hence, revenue intakes range from hosting different events to imposing diverse fees to the customers. The businesses in the Fashion Rental Model charge a membership and subscription fee to the clients when registering. Aside from this, they may demand additional fees regarding the different services offered, and may obtain revenues from events (e.g. ticket intakes, stall fee) as well as from the sale of the items at the end of the rental period. The Swapping Model follows approximately the same revenue structure,

whereas companies applying the Second-hand Retailing Model earn their revenues from direct sales and events.

Cost-wise is the company, in both the Fashion Rental and the Second-hand Retailing Model, in charge of the shipping and sometimes laundry services, and regardless the model, each company has to cope with the salary payment for its workforce. Additional costs incurred depend on their willingness to pay for a particular service or whether it chooses to charge the client for it.

Further, after categorizing the companies and generating the different models, we tried to fit each one into the three different systems of collaborative consumption identified by Botsman and Rogers (cf. Chapter 2.3.1.). Thereby, we came to the conclusion that only the first two, product service systems and redistribution markets, are eligible for our models since their definitions match their purpose. Whereas the third sharing model, collaborative lifestyles, was not suitable because it only refers to intangible assets, such as time, space, skills, and money. By showing that each company of our sample only operated in the business-to-consumer and peer-to-peer sector, we were able to confirm the theory of them being a part of the sharing economy (cf. Chapter 2.3.1.).

As presented, the companies did not adopt a unique, general model but one, tailored to their specific business purpose. Due to different motivations, goals, and objectives, companies opted to structure their business models differently and hence, differences in the four business model elements were analysed.

Companies in the fashion industry have traditionally followed a four-step model ((1) designing and creating a collection, (2) presenting the collection, (3) sourcing and producing the orders, and (4) distributing and selling the final products) (cf. Chapter 2.2.). Nevertheless, with the upcoming trend of collaborative consumption, these companies do not have the need to innovate based on the four-step model, but they can rather enter the industry with a different approach. This new way of operating in an inefficient industry and turn it into an innovative concept matches perfectly with the theory of the Blue Ocean Strategy, proposed by Kim and Mauborgne (2005). Moreover, companies' way of entering the novel industry of fashion-sharing goes in line with the theory formulated by Sorescu et al. (2011) (cf. Chapter 3.2.). In accordance with their theory, these innovative businesses managed to successfully change the three design components. They revolutionized the

way of organising activities by changing the understanding of fashion and turning it into an experience, the type of activities they are performing by introducing a new concept, and the participation level of the actors taking part in it by engaging them in the process. Thus, by revealing the companies' founding and innovation path, we detected that in some way they followed the structures proposed by the authors. Nevertheless, most of them are still fighting to fully implement their business model.

6.2. What are the motivations, inspirations and challenges in adopting a fashion-sharing business model, and what are the future considerations for the fashion-sharing industry?

The interview responses also support the argument of having tailored business models. They prove that the motivations and inspirations to engage in fashion-sharing can be grouped into four categories which differ among the businesses. Previous to the interviews, we discovered that sustainability is the main reason to enter this new field of business. Some studies and scholarly papers (cf. Chapter 2) have been written concerning the sustainability and overconsumption aspect, but our main motivation was to find this out in the context of fashion-sharing, since it had not been dealt with in prior literature. Rude (2015) mentioned that motivations for engaging in the sharing economy are mainly social, economical, sustainable, and practical. In the literature review (cf. Chapter 2.1.), we also named technology as one driver to engage in collaborative consumption, because the appearance of social media has given place to these new types of business. However, according to our findings, none of the interviewees mentioned technology but rather the change in people's mindset and the shift in the social values as motivational drivers that induced them to enter this novel industry. Although, we assume that founders take advantage of the technology, such as having the opportunity to base their business solely on an online store, and interact with suppliers and buyers through the web, as granted.

After analysing the interviews as well as other sources, we can say that our results match Rude's theory perfectly, despite not providing evidence for the practical motivation. Further, in line with the theory, we revealed that both, businesses and consumers, do care about the origins, such as fair working conditions as well as materials used, of the fashion items.

On the other hand, some of the industry pioneers named economical or professional reasons as driving forces to start their business. This means that their main motivations were not the society's environmental concerns but they rather saw a profitable business opportunity, which allowed them to combine their business focus with the sustainable values.

Therefore, considering the four different motivational drivers and the various fashion-sharing business models we developed, we can say that all companies were born out of different, individually motivated purposes. Businesses in the Fashion Rental Model, especially Fashion Libraries, were driven by sustainability. Whereas, the economic and professional aspects are not characteristics for one specific business model type but rather for the early adopters of the fashion-sharing concept. The third driver, sharing, is mainly related to the Swapping Model. With this, we want to demonstrate that we were able to distinguish different founding motives for different types of fashion-sharing business models.

Nevertheless, we found some conflicting motives within the companies. If fighting overconsumption is the reason for engaging in collaborative consumption, renting, swapping, and buying pre-owned fashion items should be the only way of running these types of businesses. Yet, several companies opt to offer their customers the possibility to buy new pieces of clothing. One example of that would be LENA or Rentez-vous, where people can buy clothes of young designers without having to rent them before (e.g. LENA) or after renting them. However, we feel that in this case the whole vision behind the sharing concept gets misused in order to fulfil a different purpose, namely to promote unknown designers on the same platform and to make money.

We can say that most of the theoretical frameworks presented in the literature review such as the Blue Ocean Strategy, the innovation process in the retail industry, and the motivational drivers to engage in such a new sector, match the results obtained in the analysis. We found out that these businesses emerged not only due to significant changes in society's values but also because practitioners saw an opportunity in this business area. Once fashion companies consider entering the market, we propose them three ways to change and adapt their model to one of the three fashion-sharing business models.

7. Conclusion

The major contribution of this thesis is being one of the first scholarly studies concentrating on the new phenomenon of fashion-sharing and classifying diverse fashion-sharing businesses into different business model archetypes. We identified a series of new business models, which have not been mentioned in any journal article or paper before, and can be adopted by companies who are considering entering the fashion-sharing industry. In addition, we managed to support the theory and our research with interviews of practitioners. We achieved to demonstrate that new forms of collaborative consumption within the fashion industry have developed from the traditional fashion model, i.e. boosted by the new generation's change in values. Businesses saw various benefits when reflecting upon moving into the fashion-sharing industry, and attributes such as efficiency, cost-effectiveness, and environmental consciousness were identified to be the main characteristics that gave rise to these new business models.

Through interviews and Internet-based information, we saw that founders and managers decided to engage in fashion-sharing mainly driven by sustainability and economic issues. Thus, we conclude that only sustainable and profitable businesses will be feasible in the future. In consequence, we can further add that our findings attune to the theory presented in the literature review.

In brief, this thesis contributes considerably to management literature by providing the reader with three salient fashion-sharing business models which can be used as guidelines for both managers and CEOs when entering other areas of the fashion-sharing industry (e.g. menswear or childrenswear), and by exploring founders' motivations, inspirations, and challenges encountered during this innovation process.

7.1. Implications

7.1.1. Theoretical implications

There are more and more businesses that opt to operate in fashion-sharing rather than in the traditional fashion industry because of its huge potential. Fashion-sharing proved to be an interesting collaborative consumption-based business opportunity, which encourages sustainability and a more efficient use of clothing, resulting in a lower environmental impact of both fashion production and consumption.

During our research, we realised that, despite becoming increasingly popular in our society, there is little information about this industry. Up until now, fashion scholars and practitioners have only paid meagre attention to collaborative consumption in the fashion industry and the ways enterprises can design their business models to implement this new trend. Thus, this paper makes an important contribution to two streams of literature. On one hand it contributes to the existing fashion marketing and management literature by being one of few scholarly attempts to examine new business models of collaborative consumption by systematically analysing the fashion-sharing concept from a business model perspective. This is very important in terms of creating theoretical frameworks and unearthing unclassified business model types, which serve fashion-sharing business for guidance. On the other hand, it also contributes to the emerging literature on business model innovation by illustrating the evolution of new business model types in the context of the sharing economy, in particular from a fashion-sharing point of view.

True to the form of a case study, this thesis covers these research gaps and can serve as a productive framework from which to study business experiences and methodologies about how to best engage in fashion-sharing.

7.1.2. Managerial implications

A number of managerial implications were identified within the analysis and findings, which can be useful tools for managers that are looking into the possibility to enter the fashion-sharing industry. There are only a few studies on how companies can innovate the traditional model to support a fashion-sharing strategy. Thus, our thesis proposes three general, as well as several sub-business models which managers can use as guidelines when entering the industry or when deciding to innovate their existing business model.

Further, we provide managers with in-depth information and first-hand experiences of founders, CEOs, and managers already operating in the industry. However, given our findings, we want to point out that managers can face diverse challenges when implementing the new sharing model. Challenges can be different depending on each company's particular business model structure, their stage in the business lifecycle, and the geographical location of the business. Further challenges to take into consideration are the growing competition in this field, as well as the continuous necessity to stand out and differentiate from industry rivals. Therefore, we advise managers to take our three general

models as a stimulus, investigate the particular fashion-sharing area of interest, study the incumbents' behaviours, learn about their strengths and weaknesses, and try to improve the base model before entering the market.

One of our findings pointed out that fashion-sharing businesses are often unsustainable and unprofitable due to various reasons. First, in some cases employees work part-time and/or on a voluntary basis, meaning that they cannot devote all of their energy to the projects. Second, the physical stores of those fashion-sharing start-ups are very often badly located, making it difficult to attract customers unless they know exactly where to find them. Unfavourable locations, as well as limited office hours can represented a significant barrier to further growth. Therefore, another essential factor managers should not underestimate is locating such companies in known and more frequented streets, perhaps in close vicinity to popular stores, and increase the opening hours. Although this might be an additional cost factor to consider, since - especially in the first few years - those fashion-sharing start-ups struggle with getting enough financial support. Thus, we can say that one thing is connected with the other, and a thorough market evaluation is crucial.

7.2. Limitations and Future Research

Although our study identified new business model typologies and various business practices of fashion-sharing companies, we are aware that it posits important limitations.

First, the lack of prior research studies on this topic led us to conduct a thorough online and offline research of articles, blogs, websites, and social media. Therefore, the study is to a large extent based on our own assumptions, observations, and interpretations, but we tried to ensure the validity and reliability at all time.

Second, a company's business model can be a combination of several business model elements. For our study, we decided to create a business model framework consisting of four elements only. Agreeing on other and/or a higher number of elements would have resulted in a different analysis approach of the sample.

Third, some potential companies were left out purposefully from our study. This decision was made based on our own selection criteria, whether we considered the company's website professional or not. For further research it could be interesting to examine more fashion-sharing businesses as well as conduct more interviews. And to be able to gain

access to interesting and crucial information, a quantitative research design could be considered.

Fourth, we conducted a series of in-depth interviews. Although, due to low response rates of fashion-sharing companies' founders, CEOs, and managers, we managed to conduct a total of five face-to-face and Skype interviews. Thus, the interviews are not representative of all three business models but merely focus on renting and second-hand retailing. In order to have less biased information, we recommend having interviews with company founders of each model.

Fifth, motivations and challenges faced by the founders are very personal and thus, we could have obtained different responses if we had interviewed more practitioners. This could have prevented us to formulate a unique general conclusion. We also had no control over participant's mood or memory capacity, which could have affected our results.

Sixth, we arranged the question catalogue and conducted the interviews in a way that we could find out more about specific topics related to some areas of business. In order to get even more in-depth information and a higher responsiveness from the companies, we could have included additional questions as well as contacted the businesses in a different way. This could be considered in further research studies.

Seventh, this study examined the fashion-sharing industry exclusively from the businesses' perspectives, and only the founders' or managers' motivations and inspirations to engage in such an innovative industry were analysed. To get the whole picture, it is recommended for future studies, to investigate the customers' and users' viewpoints of the fashion-sharing industry. Further advice would be to investigate the psychological and addictive effects the fashion-sharing concept can have on consumer behaviour.

We are aware that there are other biases to the survey, however we distinguished these seven as the most severe ones, since they affect the results and their validity the most.

As the study has shown, the trend of not owning something any more is progressively becoming popular and an increasing number of companies engage in the novel trend of fashion-sharing. Therefore, we conclude that fashion-sharing is surely an important research field, which has much potential but where a lot of research is still needed.

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APPENDICES

Appendix A. Fashion-sharing Models

Appendix A.1. Fashion Rental Model

FASHION RENTAL MODEL

Rent the Runway	
Value Proposition.	· Renting luxury clothing, dresses and accessories with buying option · 309 different designers · Possibility to book a 45 min. appointment with a professional stylist · Also offers Rent the Runway 'Unlimited' · Offers innovative services such as 'our runway' which inspires women by dresses worn by other real women like them instead of models
Customer Segments.	Women (average age 30)
Channels.	· Website · App · Physical stores in four different U.S. cities (New York, Chicago, Las Vegas, Washington D.C.)
Cost/Revenue Structure.	· Rental of luxury items for a few days for free or unlimited for a fixed monthly fee ($99) · Rent the Runway 'Unlimited': for $75 you get 3 items · Late fee of $50/day with a maximum value of 200% of the retail value · The company is in charge of the cleaning and shipping services
Le Tote	
Value Proposition.	· Rental of clothing and accessories with an option to buy (3 garments and 2 accessories delivered unlimited timer per month) · Possibility to purchase the items the customer wants to keep and return the undesired items back · New items bi-weekly added
Customer Segments.	Women and soon maternity clothes
Channels.	Mainly use of the own site and other internet enabled devices
Cost/Revenue Structure.	· Monthly rental fee plus any insurance charges listed on the website in relation to the membership · Two different subscriptions: the basic fee is $49/month but the subscription for the maternity is $59/months · Insurance fee of $5/months (in case of major damages, the renter has to pay the full price of the item) · In case of the buying option, the final purchasing price equals 50% or the retail price · The company takes care of the shipping costs
Chic by Choice	
Value Proposition.	· Rental of designer dresses straight from the catwalk (bridesmaid, long, evening, prom, party, and cocktail dresses)

	· Selection of more than 40 dresses · Globally accessible in more than 15 European markets with major fashion centres in UK, France, Italy, and Germany · Student discount (25%) · Option to choose two different dresses, each in two different sizes (free second size, and the less expensive dress is for free) · Chance to either exchange the dress or receive a full refund of the rental free · Additional services include: try-on service (24h), live chat, on-call, knowledge of the last rental and country where the item was shipped to · It also has a subscription for companies
Customer Segments.	Only women
Channels.	Online, the company defines itself as a "designer dress hire platform"
Cost/Revenue Structure.	· The company takes care of the dry cleaning as well as other services such as express shipping for urgent exchanges · Insurance fee for spills and minor damages · If the cancellation is done in less than 3 days, the renter is refunded with 50% of the price and the other 50% is saved for the next order · Try-on service fee of £9.90 · Late fee for the renter (5% of the retail price per day)
Tie Society	
Value Proposition.	· Offers rental of designer menswear accessories (ties, bow ties, tie bars and pocket squares) · It also allows to purchase the item as well as purchase a gift subscription for a friend
Customer Segments.	Men
Channels.	Online

Cost/Revenue Structure.	· Monthly subscription: four different membership plans
	    1. 1 item → \$10.95/month
	    2. 3 items → \$19.95/month
	    3. 5 items → \$29.95/month
	    4. 10 items → \$49.95/month
	· Free membership trial for two weeks
	· No return dates or late fees. The client can keep the items as long as wanted and wear them as often as wanted
	· Company in charge of the shipping and cleaning services

The Black Tux	

Value Proposition.	· The company offers rental of tuxedos. It has a major focus in the U.S.
	· How it works:
	    1. Select a style from either pre-approved looks or build the own custom look from scratch
	    2. Measure online: three different options for submitting measurements
	       a. Enter sizes directly
	       b. Measure yourself
	       c. Use a tailor
	    3. Try it on
	    4. Return with the original shipment and label provided

Customer Segments.	Only men
Channels.	· Online · Physical showroom in Los Angeles in order to try on before renting (exclusively opened to grooms)

Cost/Revenue Structure.	· Company:
	  ◊ Shipping costs (excluding orders under $100 which are charged with $20 fee)
	  ◊ Dry cleaning
	· Renter:
	  ◊ Rush fee ($20, $40, $660) when checkout after noon on the 10th business day before the event. The amount depends on how close the event date is
	  ◊ Damage fee ($5)
	  ◊ Testing fee before completing the checkout ($40 plus taxes)

Rentez-vous

Value Proposition.	· It offers rental of clothing and accessories. It is also called the "Airbnb of Fashion" · 1-week rental period with three additional days to help organize the return process
Customer Segments.	Fashionable young women
Channels.	· Website (fashion online marketplace) · Events with 40-50 people
Cost/Revenue Structure.	· Free sign up through Facebook or email · Renter: $2 booking fee plus a security deposit depending on the item. Dry cleaning option paid by the renter (there are exclusive partnerships with some dry cleaners to get the best deal) · Owner: gets 15% of the purchasing price (this can go up based on the amount of time the item is being rented) · Company: takes 20% fee on each transaction, and in case of sale, the company takes a 20% fee on the final purchasing price · The company also makes money from events: designers have to pay a 30% fee for one stall, and if renters decide they want to purchase the item, the company takes a 20% fee from the sale

Klädoteket

Value Proposition.	· Rent clothes and accessories with the option to buy · Mix of second-hand, vintage, and new items from design collaborators with sustainable focus · Scope: create economically and sustainable business model · Offers repair, remake, and washing services · No cancellation restriction · Exchange clothes: one old against one new item (max. three pieces)
Customer Segments.	Women
Channels.	· Physical store in Gothenburg · Showroom for design-collaborations · Design events · Sewing workshops and parties combined with music · Production studio (in progress)

Cost/Revenue Structure.	· Subscription packages (point system):
	    1. GOLD (500 points): SEK599/month
	    2. SILVER (300 points): SEK399/month
	    3. BRONZE (400 points): SEK199/week
	· Styling: min. SEK 799/week
	· Different pieces cost differently (e.g. pants: 100 points, dress: 150 points)
	· Delay fee: SEK50/item/week
	· Lost or damage fee
	· Company pays laundry

LENA

Value Proposition.	· Rent clothes, shoes, and apparel with buying option · No underwear · Vintage, eco-labels, and upcoming designers · Subscriptions are valid for three months (cannot be ended prematurely) and get automatically prolonged (14 days notification time)
Customer Segments.	Women
Channels.	· Physical store in Amsterdam · Events

Cost/Revenue Structure.	· One-time membership fee: €10
	· Subscription packages (point system):
	    1. LOW (100 points): €19.95/month
	    2. MEDIUM (200 points): €34.95/month
	    3. HIGH (300 points): €49.95/month
	    4. Stamp card (500 points): €49.95/card
	· Option to buy: after one month 10% discount, after two months or longer 20% discount unless indicated differently
	· 2 selling options:
	    ◊ Cash: 50% of sales price
	    ◊ Swap credit: worth 60% of sales price

Lånegarderoben

Value Proposition.	· Rent clothes, jewellery etc. · No buying option · Sponsors and donors
Customer Segments.	Women
Channels.	Pop-ups in physical stores in Stockholm (usually every couple of months)
Cost/Revenue Structure.	· Rent unlimited number of garments for SEK100/garment for 4 months → hand it back in at next pop-up · Pay for damaged or lost items

Albright Fashion Library

Value Proposition.	· Rent clothes, jewellery, shoes, and handbags · Luxury items and iconic pieces from selected high-end designers · Expert advice possible
Customer Segments.	Women
Channels.	· 7,000 sqf showroom in NYC and LA (recently opened

	· Exhibition at Museum of Fashion Institute of Technology in collaboration with MAC Cosmetics
Cost/Revenue Structure.	· Rent for one week at agreed rate · If late: pay additional fee · If lost, stolen, or damaged: pay three times the original retail price · Client pays dry cleaning fees

De Kledingbibliotheek

Value Proposition.	· Rent fashion
	· No buying option
	· Three ways to get clothes:
	    ◊ Designers: makes second-hand unique design
	    ◊ Donations by library fans
	    ◊ Sustainable and fair trade brands

Customer Segments.	Women
Channels.	· Physical store in Utrecht · Online catalogue to view clothes and make advance reservations

Cost/Revenue Structure.	· Membership card (incl. borrow one time): €7.50
	· Subscription packages:
	    1. SMALL (2 garments/month): €12.50
	    2. LARGE (6 garments/month): €30
	    3. Stripe card (4 garments): €25
	· Borrow for four weeks
	· Option to borrow two weeks longer by extending
	· Company pays and does laundry

Appendix A.2. Swapping Model

SWAPPING MODEL	
Resecond	
Value Proposition.	· Swap clothing, bags, and other stuff · Give before taking · It represents a walk-in closet · Customers are encouraged to write a small story about the garment before giving it for swapping
Customer Segments.	Women
Channels.	· App · Web shop · Physical shops in Copenhagen and Aarhus
Cost/Revenue Structure.	· Membership: 139DKK/month · App free for downloading but the company charges a transaction fee for the swap

Swapdom	

Value Proposition.	· Swapping of physical goods (fashion, baby items, household goods)
	· Exchange in groups: people give to one person and receive from another
	· Additional services offered:
	  ◊ Shipment tracking
	  ◊ Partnership with delivery companies (USPS and UPS)

Customer Segments.	Currently only available to U.S. citizens
Channels.	Online
Cost/Revenue Structure.	· No membership fee but requires a signing up by email or Facebook · The client has to pay shipping for the item he/she receives · The company also charges a service fee (not more than $2) · Insurance fee for the item included according to standard policies of the shipping company

The Clothing Exchange	

Value Proposition.	· Clothing
	· "Bring or upload garments that you value but no longer wear, and swap it for 'new' items that you will treasure"
	· Items listed for 30 days after uploading them and setting up the value
	· Filter search by category, size, colour…
	· There are two ways to obtain the item:
	  ◊ Swapping for the same or inferior value
	  ◊ Purchasing

Customer Segments.	Women
Channels.	· Physical events across Australia · Online/web

Cost/Revenue Structure.	· In order to swap online, the customer has to register before
	· 2 charges:
	  ◊ Listing charge (AU$1/item)
	  ◊ Swap facilitation fee (AU$5/item)
	· Australian swappers have to pay an additional fee
	· The purchasing option means the customer can obtain the item if the other user does not want to swap it for something already listed in the wardrobe, of if he/she simply have extra buttons (company online money) to spend

Swapstyle	
Value Proposition.	· Fashion match-making for grown ups · Swapping of clothing, shoes, accessories, cosmetics and kids/maternity clothes
Customer Segments.	Women
Channels.	Online market place
Cost/Revenue Structure.	· Small registration fee · Facebook or email required when creating an account · Client must pay the shipping services ·

Grand Circle	
Value Proposition.	· Clothing, shoes, handbags, accessories · Snap, pic, list, and sell
Customer Segments.	Women
Channels.	Fashion app
Cost/Revenue Structure.	· Selling is free and 100% of the sale price goes to the owner · No listing fee and no final value fee for sold items · To sell: mandatory to have listing credits (use of 1 listing credit each time the seller posts an item for sale) · When signing up, each member receives 5 free listings

Appendix A.3. Second-hand Retailing Model

SECOND-HAND RETAILING MODEL	
Threadflip	
Value Proposition.	· Sell and buy pre-loved fashion · Clothing, shoes, bags, and jewellery · No cosmetics or underwear · Also sportswear, costumes, and wedding dresses · Items have to have required age (less than 5 years old, in current styles), required brand (accepted brand and 100% authentic), and required condition (clean, laundered, and free of damage) · Take care of all the photography, pricing, transactions, and shipping · Non accepted items will be returned (shipping fee of $15) or donated to Goodwill
Customer Segments.	Women
Channels.	Website and app
Cost/Revenue Structure.	· 20-70% commission per item depending on the final sales price · Free shipping from seller to company (shipping kit for 20-30 items)
Tradesy	
Value Proposition.	· Buy and sell fashion · Clothing, shoes, bags, and accessories from designers · Also for special occasions (weddings) · 20 times faster listing process · Buyers and sellers have a profile
Customer Segments.	Women
Channels.	Website and app

Cost/Revenue Structure.	· 2 options for seller:
	  ◊ Flat 9% commission rate (get Tradesy trade credit)
	  ◊ 11.9% commission (cashing out on PayPal)
	· Free shipping kit and handling service

	· If buyer is unhappy, seller keeps earnings (except for replications)
Poshmark	
Value Proposition.	· Buy and sell fashion · Fashion and accessories from authentic designer fashion · Posh protect program: refunds if item does not arrive or wrong item got sent · Themed virtual posh parties 3 times a day, 7 days a week · Posh concierge services: extra verification and authentication on luxury bags etc. for $39 or free if items sold cost more than $500
Customer Segments.	Women
Channels.	Website and app

Cost/Revenue Structure.	· Free sign-up
	  ◊ Items <$15: flat $2.95 commission fee
	  ◊ Items >$15: 20% commission fee
	· Buyer pays standard $4.99 shipping fee, if heavier than 5 pounds the seller pays the additional amount
	· Buyer can pay with earnings or posh credits

thredUP	
Value Proposition.	· Buy and sell women and kids clothing · Also maternity, plus size, and junior clothing, as well as shoes and handbags · Focuses on consignment shop and offers concierge services · Return assurance for unsold items · Unsold items get passed on third parties or textile recycling partners with make carpets, pillows etc. out of it
Customer Segments.	Women and children
Channels.	· Website (items are marketed on thredup.com and third party clothing sites) and app · Blog

Cost/Revenue Structure.	· Company keeps 20% of the final selling price
	· Seller payout:
	  ◊ Items < $60: as soon as processed
	  ◊ Items > $60: paid once sold

Vestiaire Collective	
Value Proposition.	· Buy and sell luxury items · Shoes, bags, jewellery, vintage, clothes, accessories, watches etc. · Over 300,000 luxury premium items at up to 70% off the retail price
Customer Segments.	Women, men, and kids
Channels.	Website and app
Cost/Revenue Structure.	· Free sign up · Free and unlimited sale upload · Commission is only charged when item get sold → margin depends on the selling price of the item

BuyMyWardrobe	
Value Proposition.	· Buy and sell pre-owned fashion of luxury designers and other selected designers · "Real people behind real profiles" · Exciting, stylish, fun, and inspirational · 100% seven days money back guarantee · Any item must cost > $100 brand-new
Customer Segments.	Women
Channels.	Website and fashion events (e.g. pop-up sales, BuyMyWardrobe LIVE!, open closets, BuyMyHandbag)

Cost/Revenue Structure.	· No membership and listing fees
	· Commission charged on final sale price of each item and based on seller type:
	  ◊ Business: 12% (+ postage amount)
	  ◊ Individual: 15% (+ postage amount)
	  ◊ VIP: 35% (overall charges)
	· Event ticket income (e.g. VIP ticket: £20 + fee, standard ticket: £5)

Kidizen	
Value Proposition.	· Parent-to-parent marketplace · Sell and buy kids stuff (clothing, toys, shoes, and other easily shippable accessories) · Find and follow users whose items you like · Filter and search tool
Customer Segments.	Children
Channels.	· Website and app · Blog

Cost/Revenue Structure.	· No listing fee
	· 2 options:
	  ◊ Pre-paid label: with a marketplace fee of 18% deducted from listing price (incl. shipping) and where Kidizen pays the PayPal fee
	  ◊ Create your own label: where the seller pays shipping, handling, and PayPal fees, and makes 70-89% of listing price depending on shipping costs; and Kidizen gets 7% of the transaction

Crossroads Trading Company	

Value Proposition.	· Buy, sell, and trade name-brand and designer clothing
	· Trendy, in-style items, no vintage
	· Sell for cash or get trade credit
	· 4 selling options:
	  ◊ In store (7 days/week at store hours)
	  ◊ Drop-off
	  ◊ Consignment
	  ◊ Mail-in services (if not accepted, either returned for an additional fee or donated)

Customer Segments.	Women and men
Channels.	32 physical store across the U.S.

Cost/Revenue Structure.	· Pre-paid shipping label in case of mail-in
	· Seller can choose between 2 options:
	   ◊ Trade credit: 50% of retail price
	   ◊ Cash payment on spot: 35% of retail price

Yerdle

Value Proposition.	· Sell or buy everything · No cash is needed · Gain Yerdle Reuse Dollars, use to get anything you want · All Yerdle Dollars stay in the system · Option to purchase Yerdle Dollars with real Dollars · Mission: decrease the number of things we need to buy by 25%
Customer Segments.	Everybody
Channels.	Website and app
Cost/Revenue Structure.	· Pre-paid shipping labels · Newly posted items: $2 ($2 + $1-service fee, which gets removed after 24 hours) · Pro Yerdlers (half price discount): $1 ($1 + $1-service fee (gets removed)

eBay

Value Proposition.	· E-commerce platform · Provides P2P and B2C services via Internet · Buy and sell everything · Buyer protection program · Tracking option
Customer Segments.	Everybody
Channels.	Website and app

Cost/Revenue Structure.	· 2 buying option:
	   ◊ Auction style listing: highest bidder wins
	   ◊ Buy it now: buy immediately at fixed price
	· Usually membership required (for auction), but possible to buy some items without registering over 'buy it now'
	· Selling format and item category determine insertion fees etc.
	· First 50 listings/month are free, >50 listings costs $0.30/item
	· Final value fee: 10% of sales price
	· Option of advanced listing upgrade fees

Appendix B. Interview Questions

1. How did you begin your business?
   a. Please share your story why you decided to start your business and how you knew operating in fashion-sharing will be beneficial?
   b. Is there anyone who prompted you to begin the business?

2. Which are the drivers that motivated you to engage in fashion-sharing?
   a. Is for you the sustainability aspect (ex. fight the overconsumption!!) particularly important or is customer satisfaction as well as innovativeness driving you?
   b. Do you have a special vision and mission behind your innovative business model?
   c. What inspires you?

3. Did you or are you still encountering challenges operating in such a new field of business?
   a. If yes, can you tell us more about it?
   b. Do you see increasing competition also as a major challenge? F.ex. other forms of collaborative consumption in the fashion industry, such as fashion libraries or swapping platforms?

4. Do you consider your brand unique and how does it differ from other companies in this industry?
   a. For example, it can be your management style, assets, strategies, or loyal customers, whatever.
   b. Do you think your unique characteristics affected your business success?

5. How do you look at the fashion and textile industries and will they change?

6. Please share your opinions and feelings about the current conditions for fashion-sharing and collaborative consumption:
   a. When comparing with the past, do you think the market is growing and it is easy to increase your sales profits?
   b. Do you think fashion-sharing and collaborative consumption are the future?

7. Please explain how you operate your business:
   a. Who are your suppliers? What's your relationship with them?
   b. How do you balance your suppliers and customer's needs? (in case of a platform, both, suppliers and buyers are customers)
   c. How many employees do you have? Do you have a specific motto sharing?

8. Why do you just target women? (if they just target women)

9. How would you describe your typical customer?

10. How do you make profit, how is your cost/revenue structure?

11. Do you invest a lot in advertisement?

FASHION-SHARING

Research project on new business models in the fashion industry
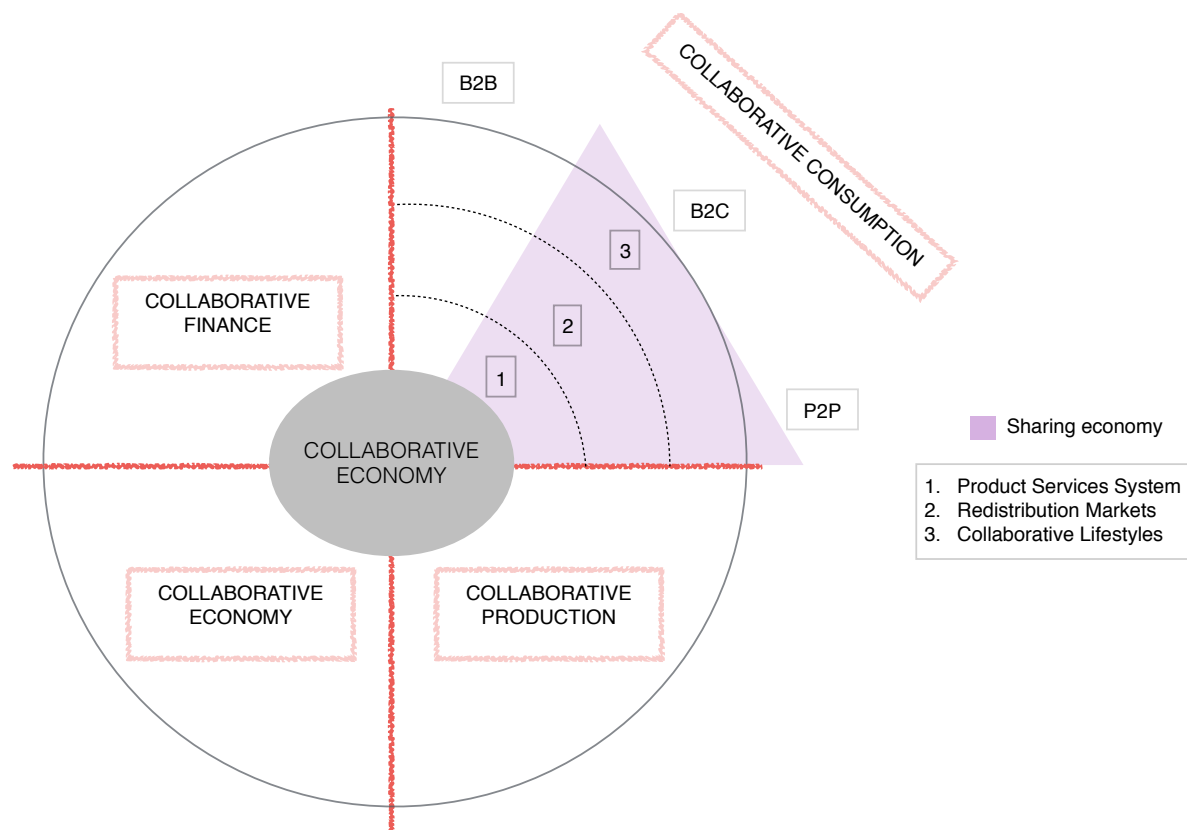
Product service systems (PSS)

It refers to a service that enables "products owned by a company to be shared, or products that are privately owned to be shared or rented peer-to-peer".

Redistribution markets

It encourages the reusing and reselling of old items rather than throwing them away. This model questions the traditional relationship between producer, retailer and consumers, and breaks the principles of 'buy more' and 'buy new'.

Collaborative Lifestyles

It refers to the concept of building a community through sharing intangible assets people no longer need or want, such as time, space, skills, and money, or sharing the surplus they possess.

Our business model definition:
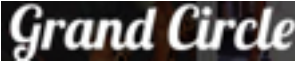
System consisting of four interrelated dimensions (*value proposition, customer segments, channels, and cost/revenue structure*) that taken together create, capture, and deliver value.

Our goals

1. Explore how fashion-sharing can be implemented along these dimensions and how the resulting business models look like

2. Try to examine why these companies opt to structure their business models differently.
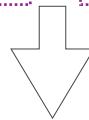
Sample of 26 fashion-sharing companies

	FASHION RENTAL MODEL	**SWAPPING MODEL**	**SECOND-HAND RETAILING MODEL**
Value Proposition	Rent & Buy From luxury & haute-couture to maternity or vintage clothes	Swap & Buy Second-hand fashion items	Sell & Buy Pre-owned items
Customer Segment	Women & Men	Women & Men	Women, Men & Kids
Channels	App, website, physical stores, events, blogs	App, website, physical stores, events	App, website, physical stores, events, blogs
Cost/Revenue Structure	Revenues: - Membership fees & subscriptions - Additional fees - Events - Sale Costs: - Cleaning & shipping - Salary - Rent - Website & app management	Revenues: - Membership fees Additional fees - Events Costs: - Salary - Rent - Website & app management	Revenues: - Events - Sale Costs: - Shipping - Salary - Rent - Website & app management
Submodels	- **'Fashion Airbnb'** Rentez-Vous - **'Fashion Netflix'** Chic by Choice - **Fashion Libraries** LENA THE FASHION LIBRARY DE KLEDINGBIBLIOTHEEK	- **Only Swapping** RESECOND - **Thrift Shop** Grand Circle	- **'E-Fashion'** Threadflip buymywardrobe - **'Pre-loved'** CROSSROADS - **'Allrounder'** yerdle

Appendix D. Interview Transcripts

Appendix D.1. Interview with Fiona Disegni, founder and CEO of Rentez-vous

1. How did you begin your business? How did you come up with the idea? I had this idea about 4 years ago. I was living in Singapore and I was always swapping clothes with my roommates. I realized that I was not really wearing what I had in my luggage, and that basically, we didn't need any luggage. So I was like why wouldn't we just get access to other people's wardrobes instead of always having to carry with us some clothes, always having to buy new clothes?. I got this idea at this point, and then I went back to France for my studies. After that, I moved to London to continue with my master and while studying there, I discovered Airbnb and Zipcar. It was the first time I came across sharing economy, and it matched perfectly with my vision. That made completely sense, and I realized that fashion was actually a frustration for any women, because it's basically part of the game. You always want something new, you have something but you are never satisfied because after four times you wear it, you don't wanna wear it anymore. I thought there should be another answer than just overconsumption, so why not just try to just open a wardrobe and what is new can be what is in the neighbor's wardrobe? It came this way, and during my studies here in London I started to analyze the business and analyze the market. Basically, I started to conceptualize everything and that is the way it started.

2. So it was you alone that came up with the idea and said 'oh, I'm gonna do this'? Yes.

3. What are the drivers that motivated you? Is it more the sustainability aspect? Yes, also. Different aspects. Basically, it was quite meeting my vision - first. I've always had this vision of collaborative fashion. I worked in fashion for different companies, from L'Officiel Magazine to Sephora (a cosmetic boutique), Burberry and Asos. So I saw fashion in different industries, in different countries and I realised that we were always missing something about it, the fact that fashion is always changing and it's also a reflection of a lifestyle, it's a reflection of society and I believed it should be closer for people, closer than the brands, and it was actually a way to convey an experience, and that is what I liked with Airbnb as well, and I thought that fashion was even more rich to make you feel a story, an experience. So it came this way. Also, I realised the impact of fast fashion, especially here in the UK where you have Primark which is the king, H&M... they just want to make people more and more concerned about sustainability, and we think that we could also be a way to mainstream sustainability and make people understand it doesn't have to be serious, or blaming you for not wearing sustainable clothes, or think that it could be quite a different approach to make them feel that they could actually get what they want without having to consume more, and also of course the economical aspect, because today people are trying to find different ways to pay less because they have less money, but also now we see that the value is

changing basically, and I think you have seen that before, but now what we value is not ownership but experience, and especially in fashion, what you want is to wear and not to keep in your wardrobe. So that was really the idea, getting old clothes out and basically making people living them on.

4. Is that the mission and vision behind your business model? Yes, so it's basically making fashion more accessible but also release what makes fashion so unique, meaning the change but also all the stories and all the experiences that people give to fashion by wearing the pieces of clothes.

5. What inspires you? I had always been in the fashion industry. My mother works in fashion. I've always loved fashion. I was always drawing fashion when I was younger and so on, and I think that I always had this idea and when Airbnb crossed my way, it inspired me - really, because I came to one of their host events and I saw the offline interaction and I think that is what really showed me that trust and offline were actually at the core. So that is how I started to do events, where people were coming with their clothes for rent and we had some racks. And that's really the way we started, with nothing just the racks and the place. I realised that the goal was to educate people, we had to educate people and we had to generate trust. Because as Airbnb initiative, people were not basically about to or didn't want to sleep in stranger's place as they don't want to re-wear stranger's clothes. So it's kind of the same idea. Hopefully, we had also more system in term of insurance, we have dry cleaner, so we have things that make people reassured even more with the flat basically. I think I've always been driven by this vision of fashion and the fact that I saw that, it started changing around me.

6. So you said you started four years ago. No, I had this idea four years ago but I basically started two years ago.

7. Did you encounter any challenges or are you still encountering some? Yes, definitely. It's still work in progress, so now the concept has started to be more mainstream but we still have to educate people. People like it, they love it, but they still have to understand it and make it part of their daily life because the goal for us is - despite the fact that rental is always for occasion wear, you rent for wedding, for an event and basically most of the fashion rental companies are still into this category - we want to make it more as a frequent way to buy. So we want to make it as a new way to test new clothes, to discover emerging designers because we also have released an emerging designers spot and also a new way to instead of buying one piece of clothes a month we can rent ten pieces of clothes for the same price.

So we have yet other challenges in terms of technology. I wasn't tech at all. We started the blog, the small website and now we have a beta marketplace, but we still have to optimise it. The logistic was a challenge as well because people were meeting each other, and at some point, it was very

complicated because especially in London people have no time to meet. So we integrated the post system, and now we are about to integrate the courier delivery system, so that people will be able to just get the item at their place and give it back this way. Thus, nothing to do. That has been a big change for us because basically we had to change the technology and so on. So yes, these are three main challenges and also money because basically we got grant from UK Trade & Investment (UKTI), but we didn't raise money yet, so we are also talking to investors. We did a lot without money. Almost everything has been done without money, which it's great because we created a lot of partnerships, we use a lot of creativity to create events, marketing campaigns and so on, but of course we need to find some money.

8. Was it also hard to find people that want to rent their clothes or how did you solve such problems? Yes, it's quite interesting because we had quite a lot of supply so people are interested, they perceive what they could rent in their wardrobe, and also in terms of demand here in the UK you have quite a lot of fashion rentals. You have a big one, the name is 'Girl Meets Dress', and people know more about fashion rental here because they are more advanced. But actually the events allow us to really convert people and we also use the emerging designer channels to get more supply. So it was quite easy.

9. Do you also see increasing competition in the fashion-sharing field as a challenge? Definitely. More in France than in the UK for now, but it's coming as well. We see companies starting exactly as what we do but usually they are only peer-to-peer. We basically build our model on peer-to-peer and designers, and we integrate more and more businesses in the company, like fashion boutiques, or our designers, or even potential labels to also recycle their previous collections and monetize their samples. It's really a different channel for them to optimize the production cycle. So it's not just a tool for consumers but also for suppliers.

10. Because it could also be that, for example, if people decide to rent their clothes, they could also just sell them. Because if you decide to rent some pieces of your wardrobe you don't really like those anyways, right? That is the next step for us. We actually also want to integrate the selling aspect, especially because we think that some people that will rent a piece of clothes would like to buy it, so we are also in the process to integrate this option.

11. You don't have this yet? No, for now it's only rental.

12. And do you think that this characteristic of integrating designers and also businesses makes your brand unique? It makes it different because we can get access to more supply but I also think it's more our approach, basically offline and online, but also the storytelling that we involve behind the piece of clothes. That is what makes us unique. We want to emphasize this idea of putting a story behind each piece of clothes. The goal is basically to have this for each piece of clothes and

we change the website quite a lot during the next months, in terms of design. We are going a bit more to premium positioning. Our target starts to be more and more premium, and our brand starts to involve a bit more premium as well. We realized that our initial target, which was more 20-something, was a bit too young to be really sensitive to qualitative pieces of clothes, so we raised a little bit of positioning and now it's more 30.

13. Do you have a quality standard for your items? Yes, we have. We usually look for brands but not only, because we can have unique pieces of vintage for example, and we also look at the retail price. Therefore, we usually target a retail price that is more than 200 pounds and our rental prices are about to 10-15% for one week basically.

14. How do you look at the fashion and textile industry now? Do you think it will change? Yes, I think that the model is changing. I think that we own much more and in the kind on-demand economy people are more used to get access to what they want at a specific time. I think that online fashion was kind of the first step, but now there is a kind of borrow fashion in some way, which is where we can also fit in terms of giving access to people when they need the access to the item, and not necessarily having to store it in their own place but just getting access only when they need.

15. And do you think this fashion-sharing industry is going to be the future? Yes, definitely. I think that it's not really sharing but it's more about collective wardrobe. I think there is something more about optimising the space, optimising the time, and making people to share. For sure, now they see the value of sharing resources, and I think when you see the boom of second-hand marketplaces like BuyMyWardrobe, Vestiaire Collective or all of these, you see that people are not scared anymore or worried to wear pieces that have already been worn. But the next step for them is not owning an item, which of course for some items they will not do it, but for most of the items it will not bother them. We made a lot of studies and we saw that women don't wear 70% of their clothes, and they keep spending 1,000 pounds a year.

16. It's a huge business. It's a long-term business, because it's true that it's a lot of education, and that is why to have ambassadors is very important for us. The business is quite big. We get a lot of messages and visibility in different countries, people are willing to start working with us, developing a community with Rentez-vou. So we got that in Spain, we are pitching Italy as well, we got that in Sweden, we had some people contacting us in Sweden as well, we got China, we got a lot of countries and it's great to see that this system is happening, people are starting to think globally and that is long-term.

17. What are the ambassadors doing? The idea is basically to have people sharing about the concept, engaging their community, potentially organizing events where people can also do as we

do, you know rent to each other and they get a commission on each transaction. So we are boosting these parts in the UK, but we are interested to have that more basically in different countries to start developing the concept.

18. *Are people sharing or renting more at events or can they also do it online?* Now it's also and it's mainly online because we don't do as many events as we did before. The offline events are more for photoshoots. We allow women to come with the piece of clothes, we do a professional photoshoot with them, we organize some small events where we explain them about the concept. They can rent during the event, we are gonna do, for instance, a pop-up store the 17th of November in Chelsea with other designers; we are doing a self-defense class for women with Rentez-vous, so they will be able to choose some clothes where they will rent if they want to, and then they will have a small defense class with more empowering women. So, we try to do different things and we are gonna have an event about French style as well, but the goal is more to engage the community and to make them feel, to give them, to convince them that it will be interesting for them to rent. We really want to not just be the cheap option to buy but more the smart option to buy and that is why is very important to educate people.

19. *Since it's like a start-up, how many employees do you have?* We don't have employees. I have three other people working with me in the team, one developer, one more on the supply side, responsible for suppliers, designers and so on, and one more on the product side, and we have two interns as well. So the three people working with me are not full-time, but I have two interns full-time with me. We are still very small, but we benefit from a very good ecosystem with publicists. Now, we are also doing more and more partnerships with some logistic system that could help us to grow, and we are also more and more involved with some sustainability organizations. One is called WRAP which is a circular economy organization and basically we start working with some brands to help them to reduce the carbon footprint and see how renting can be an option basically.

20. *Are you the only one working in this office space here or are the others also coming in?* No, they are also coming. They can come as well, we basically have four desks here.

21. *And it's all a paid jobs? It's not voluntary, right?* The interns are voluntary. And the other people are from my team so it's different.

22. *And why do you just target women?* Because it's easier for now. We have so many things to do that it makes more sense for women to start doing it, and as it's so young as a market, we thought that it was better focusing on that, focusing on the complicity on the community. Men have less interest, it's not something they do naturally. Women do that naturally, they swap clothes with their friends when they are younger, and then they would like to do it again but they have no time, or it would be better if that could bring some money. So why not doing it not with your friends but

with people that could be your friends? We basically saw that men could be a target later on but they are less a natural target for peer-to-peer at least.

23. How would you describe your typical customer? It's more basically 25-45 year-old women, well more like 30-35 year old women, very interested in fashion but frustrated by the fact that they cannot buy every time they like something. They are very connected and they really value new experiences. They work and they usually have no time, they can have young children as well, and they are very interested to discover and wear different things and not just wear Zara. They want to discover new emerging designers, and they are focused and concerned about sustainability.

24. How much do you invest in advertisement? Do you get sponsors? We don't. We basically do a lot of social media. We grow really organically, and I think that's a space where you can do that if you are good at it and if you are really focused, but it's people-by-people basically. It's word of mouth. So it's people engaging their friends. We basically invest a bit in a pop-up store in South Kensington, but most of what we do, we don't invest money in the marketing side. We basically do blogspot, newsletter and social media. We don't do any paid advertisement right now. We don't need it. We got PR, we were on 'The Guardian' two days ago (you can find an article), we were in the '25 ways to look amazing for Christmas' or something like that. It's basically good because we get quite a lot of good opportunities without having to spend money.

25. When you get the clothes, where do you store them? Initially people were doing it themselves, we were not storing anything, they were meeting or they were selling to each other. Now, we involve two ways: the do-it-yourself or do-it-for-me. In the do-it-yourself is you can basically send it to each other and you use our delivery system. You print a label and then they return the piece of clothes to the owner, and either they can go to one of their dry cleaners or they can send it to us first. We have a package of 10 pounds that involve the dry cleaning and the return to the person. Or it's do-it-for-me, and then we do everything. We store the piece of clothes for 3 to 6 months for a limited period of time, we do it when there is a rental we sell it, we do the dry cleaning and then return it. And so for now we store it here, but otherwise we start having some partnerships where we can store items somewhere next to a logistic system and so on. So now we are boosting more and more this consignment part but initially we were really on this idea of peer-to-peer only. We have both ways.

26. And how is the balance? How many people do P2P or consignment? For now, most of the people do P2P because we do have some clothes but we don't have all of them. Actually, for the renter is kind of the same. It's really from the owner perspective that is different. But we have a lot for designers that are interested in the consignment as well. They want us to do it for them as well, and we started working with a lot of designers outside the UK who want to get visibility in

London, so for instance, if you think of Swedish designers who would be interested to be in London, we could talk to them, feature them and basically rent out their collections. The cost they pay, the rental fee, involves the dry cleaning and the delivery, and we have an insurance system that is basically based on the market value. So when you list your item, you put your purchase price and the condition of the item, you have different conditions, that gives you the market value. It's a price that depreciates and that is the current value of the item. This is what would be paid in case the item is not given back. We can charge the person for that, and it's like a sale in some way in case the item is not given back. In case the item is severely damaged it would be the same. If it's not severely damaged you can go to one of our dry cleaner, and anyway the owner of the item will go to the dry cleaner.

27. Is there a lot of trust involved? Because people sometimes have had the item for longer time and don't remember how much they originally paid for it or how often they've worn it. It's true. We can kind of check in some way, but also we trust a bit the person. Sometimes they put the item a little bit lower because they want to market, it's basically what they would like to get as a return if the item is not given back. This price is only for that. If we see that there is a real problem with the item we will tell them, but otherwise is more how much I would be satisfied to get if my item is sold. It's kind of this idea.

28. How many customers do you have so far? Mainly in the UK, we have also some in France, but we don't open to everyone in France because we are still building a team in France, but basically we have 3,000 customers, 3,000 users on the platform and we had about 400 transactions so far. So it's still quite small but it's growing and we have about 700 items listed, so now the next step for us is to optimize the process with the courier delivery and start getting a bit more visibility with more marketing and more budget. But we really see the evolution since the beginning because now we have more and more people that are not at all the customers we had initially, they were very young and only Airbnb style. Now as in Airbnb, you see people that are a little bit more adults as well, so it's very important for us to have these people because these people have nicer pieces of clothes, and we need to have the right supply as well. In terms of the business model, I didn't talk about this. So basically what happens right now is that we have on the do-it-yourself we take 30% and on the consignment we take 50% because we do everything and then if someone buys the item we will take 25% basically.

29. Have you encountered some problems with some customers? We got a broken zip and things like that, we got people not returning the item, so basically they paid as a sale and it was fine because it was with designers. But people know that there could be a risk. It usually happens more with some designers. What is important is that people can rate the experience in the end. We have a rating system that we are implementing, it's here but it's not really visible. It's a lot of trust and

creating this community, making people feel the stories and we really want the people to travel through the pieces of clothes. So it's really interesting for us to have, at least for now, designers from other countries and make them feel it's a unique experience, because they cannot get access to this piece of clothes otherwise. So that is the whole idea.

Appendix D.2. Interview with Suzanne Smulders, co-founder of LENA

1. How did you start your business? What were the main motivations to open a fashion library? Well, we already have a vintage store and webshop for 8 years, so we were really focusing on the re-used of fashion already and we like the really old things for the style but also the quality. But still even though like 80% of my wardrobe is second hand, still people tend to buy so much. You know, you own this much and then you only use this much, and we thought it is really a shame. There are so many things that are not used in their full capacity. So that it's when we thought oh how cool would it be to have this one big closet that you share with everybody?. So it was this idea, and I think we had it for 4 years already, but we thought if you wanna make this work it should be really big and you cannot do this with three or four racks of clothing. Two years ago we decided to start doing our own research and we started to write down our own ideas and see where we go and here we are.

2. So it was the self-motivation? Or were you like talking to other people? Were they pushing you on doing that? Also, and of course in combination with the whole situation in the fashion industry. We did a fashion school but everything is so focused on, it's really commercial, it's really about making money and I don't know, it's about having a different look every day, but it's such a waste that you wear things that little and they are badly made and the circumstances for working are also bad. That way, we felt that we cannot enjoy something when you know on the back of your head somebody suffered making your cardigan, for instance.

3. Would you say sustainability is important for you? Is it one of your main motivations? Yes, definitely. I think it's the main motivation, but we try now in the execution to link it to fashion because people are not always that much triggered by sustainability. There is still this feeling of this kind of pre-owned, it's boring and it's probably ugly. It's still there, it's getting better definitely but it's still there, and we really try to focus on the fashion.

4. What inspires you? I think that we all get really inspired by people that try to think in a different way, that like to break through the old system and try to even if it doesn't work. I think it's always really good to just try things and find new possibilities and find different angles. I think that's really inspiring or find maybe partners that maybe… You have kind of surprising elements in your thing, which makes people enthusiastic.

5. Did you or are you still encountering challenges in operating in such a new field? What are those challenges? Yes, definitely because we are the first one here in Holland, and probably you will find some also in Scandinavia, there are a few too. And the thing that we've thought that was really scary was that most of those are more based on sponsored clothing and volunteers, and it's not a really commercial model, profitable. Of course, we started calculating at some point, and it is much more expensive to do fashion libraries than to do a regular shop because of course everybody comes back. We do the laundry, it takes a lot more time and a lot more effort, and because you have this subscription model, you have different margins than when you have normal sales. So that is really a challenge but for us the whole profit is also in the impact we make. But that is still something we kinda have to just try and see what happens because we don't know the answer, we are trying. So that's definitely something that is still a challenge.

6. But how do you get the clothes? Do you have partners or investors? Yes, we have 50-50 vintage and new labels. We buy the vintage because we have all the channels from our other shop where we can buy, but all the brands we work together with are collaborations. So they borrow their clothing to us, so we can borrow it to our customers. Because we are not big enough to buy it - yet.

7. So you don't sell all the clothes. Also, yes. Let's say Filippa K, if we sell something, they get a percentage and we get a percentage.

8. Because we read something that after one month borrowing something you sell on a 10% discount. Yes exactly.

9. But you sell everything. So if people really like it, can they buy it? Yes, it's not that we are against selling but we think that people should be more conscious about what they buy, and here they have the opportunity to try something, to test it. How many times you have bought something and you wear it and you are like "well, this was not a good buy"?. But here you can try and then if you don't like it you just take it back.

10. Do you also see increasing competition as a major challenge? I don't know how it is in the Netherlands but I guess you are not so many companies. No, but I really hope more libraries will open because it's such a new concept that people have to get used to the idea. The more there are, the more common it becomes, that would mean more success for everybody.

11. There is one in Utrecht. Yes, they are closing down next week. That is really a shame. We have contacted them. It's three students who set it up and they are still studying and having jobs besides it. But it was a bit too much for them and they tried to find somebody to take over the library but they didn't find anyone. It's really a shame.

12. Do you consider your brand unique and how does it differ from other companies in this industry? Yes, we are different and unique. And I think, of course because we are a library and that

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is a unique system in itself, but I think also with the collection we offer. There are a lot of second-hand and vintage shops here in Amsterdam, but for us quality is really important because you use the items much more intensively so it cannot be H&M, because after two times, you can throw it out. It's a really high quality collection and I think it's really interesting that we have the combination between vintage and new things, and that is not something you see a lot. So, I think on that matter, it is also quite unique.

13. And for example, how many times can an item be worn? I think it's really a hard question. There are things that are borrowed ten times already but sometimes something happens to it, so when you get a big stain that you cannot get it out, we take it out of the collection. So it really depends on what happens. But in general if nothing weird happens, then the things are still here since we opened.

14. So when you get an item back, do you inspect it? Yes we check and then our customers get little accidents. You know, with clothing it happens. Sometimes you get a little stain or a button falls off or something. So three times is okay but after that, you get a fine so we can repair it or replace it. So we share the responsibility. If it's really like... If we cannot repair it anymore, the customer has to pay it.

15. When you look at the fashion industry and the textile industry, do you think it will change in the future? Yes, I think it is changing already but really slowly. But the thing I always wonder about a bit is on for example textile levels, a lot of innovations are happening, but on the whole business model level is the most boring old fashioned system ever. We have introduced a new business model but in the industry it's so … well I don't know. Fashion people are always yes, we do the most amazing things but it's all the same still. I think it's quite weird that it's so slow but I really hope it changes, and with what we are doing at least we can inspire people to think differently and we should change because the industry is really not the best industry out there so if we keep going like this at some point it's good.

16. So do you think that operating in the fashion-sharing industry is beneficial? How is it beneficial for you? How do you try to increase your sales profit?

So you said you did your calculations before and did they also turn out how they should have? Yes, it did but we cannot completely... we are not profitable.

17. So do you break even? Well, the thing is that now we can pay for everything except for ourselves, but we are still growing a lot, but that is the whole thing with the subscriptions, it takes time to build up to an interesting level, but once you have your customers, you have a really sustainable relationship with them, because they come back every time and that is an interesting thing about the model but it just takes time to get there.

18. How many customers do you have? About 300. Yes, it's going better than we expected.

19. And you are the only business doing that in Amsterdam? Yes, when Utrecht is closing then we are the only one in Holland.

20. Why do you just target women? Why not men? Is there a reason behind it? We have a lot of men of course coming in here and asking but our focus is women's fashion because that is what we like most and it's where we have the experience. And we did some research and the thing is that if men want to borrow is mainly tailor-made suit. If we wanna have a good offer for them, we need to take out all the women clothes and put up suits in because it's such a customized product. So for now this is not such an ambition, and I think first we need to do this well and make it work 100% and then maybe we can consider it or maybe somebody else really likes men's fashion can do it and we can advice them but it's not our ambition.

21. How would you describe your typical customer? It's really hard because we have such a broad target group, so much broader than we expected. First we thought it would be like the late 20s early 40s woman, who is really conscious about the way she looks, and she wants to look good, and a big social life where she needs to dress up all the time, but she is conscious about where her things come from. She doesn't go to H&M, like a little bit the pioneers, the hipster Amsterdam women. But we have girls that are also studying, also we have a lot of 50+ ladies that really like the collection. I think everybody has their own motivation to come here. Some don't have a lot of money so from 20€ a month you can have different outfits the whole time, but we also have fashionistas who just like to shop and change a lot, try new things. That's also something that's really nice, you can try something that is not your style but whatever you can just wear it for a week and then take it back. It's really all this experimental thing, that is really fun to see. So it's really broad.

22. I think you talked about it a little bit already, but how do you make profit? How is your cost/revenue structure? Because you also pay for the cleaning services, right? Yes, we do it ourselves we got the machines sponsored, so that was really nice, but we have this arrangement with our customers, on the text it says how to clean things. So this one for example (she shows a piece of clothes) they can just wash it in their machine in 30 degrees but some things, for example silk or leather that you don't just throw into your laundry machine, we do. So we don't have to do everything, it's 50-50. But yes, it takes time of course to do that.

23. Don't you have the rule that you do everything? They have the option to do it themselves as well? Well, they actually have to. We did research in the beginning and we thought we were gonna do everything, but then customers were also 'yes, but I don't wanna hand in my dirty laundry, it feels a little bit weird, and if I am washing my laundry once a week anyway I can put the top in as

well'. It doesn't really make that much difference, so that is why we decided. But some things you cannot just clean them at home that is why we take responsibility for that, and the revenue it's from the subscriptions we sell, so people have their monthly fee they have to pay but also just from the sales. So of course, we have a lot of tourists coming here that cannot have the subscription but they like to shop.

24. So you can also buy? Yes, everything is for borrowing and for buying.

25. And if you buy directly you don't get a discount? No, then it's just like a regular shop.

26. Do you invest a lot in advertisement? Or how do you attract new people? Because I think not everybody just walks by here. No, that is the thing. We don't have a budget to do that. So the last year we had a lot of free publicity. Everybody picked out the concept and wrote about it, and we still get a lot of interviews and two weeks ago we were in Belgium TV, so that was really good. But we are talking to investors now because we have a lot of plans to grow and of course, you need money to do that, so then there will also be a marketing budget, so we wanna work with the PR agency and things like that. But now we are doing everything ourselves. So mainly it is social media, free publicity just because we don't have the money.

27. How many employees are you now? We are four: one full-time, then Elisa and Diana, they share a full-time job (because they are also sharing the vintage store), and then we have one more and she is maybe one day a week. And then we have interns.

28. And everybody is paid, no volunteer work, right? Yes, we have some girls that just wanna help. For example, we have a few girls who are students and give flyers, and in return they get a subscription. That is something we can do.

29. Do you get clothes from the companies for free? Some donate.

30. So then, how does this relationship work? In return they get promotion. Because we have this much free publicity we can lift them up in the article or something, and we have some bloggers that write on a regular basis so we can give them some exposure in our social media, and we have right now quite some clients that take pictures when they borrow something and post it online. It kinda starts promoting itself as well, and I think a lot of them, on one hand it's really interesting because most of the collections, for example also Filippa K is old collections and samples, so it's stuff that they cannot really do anything with anymore. So they don't really miss it to put it like that, and it's really good for a label to connect to a sustainable initiative because it's such a big thing at the moment, and it's really good to make this connection, so for them is also an strategic choice. So it's a win-win, for us and for them. That is what we find really important.

31. Do you think that one of the drivers of those companies to engage in collaboration with your business is sustainability? Yes, definitely. You can put all your old, you know, some companies have years of stock with a lot of pieces left, so what can you do with it? So this is a really nice way, also to introduce people to your brand. If they liked something here they will also go to the shop to buy the new collection. So for them is really interesting.

32. But you also have collaborations with really young designers? Yes, and then they get really close feedback because our customers borrow something for two weeks and then they come back so then we can directly ask them, how they like it, how is the material, how is the fit. So we get really good feedback because the small designers don't have a big laboratory where they can test their fabrics or stuff like that. So it's really valuable information for them.

Appendix D.3. Interview with Maud Bloemberg, co-founder of De Kledingbibliotheek

1. How did you begin your business? We started as ideologist and totally fell in love with the idea of using and not owning. Myself as a sociologist want to contribute to a more beautiful world. With and through clothes we found a way to tell the story about using what you need and sharing.

a. Please share your story why you decided to start your business and how you knew operating in fashion-sharing will be beneficial? We just totally fell in love with the idea. We didn't really decide to start, we just felt like we need to do this. And after the first step (getting the website online) everything just happened, we met the right people etc. and there we are. We did some short research about how much pieces of clothes people would rent and what moment etc. But starting or not starting was not really the question at that moment.

b. Is there anyone who prompted you to begin the business? No not really.

2. Which are the drivers that motivated you to engage in fashion-sharing? It's more the sharing then the fashion ;). Personally my study Sociology really helped my finding a vision about this and the world of capitalism we're living in right now.

a. Is for you the sustainability aspect (ex. fight the overconsumption) particularly important or is customer satisfaction as well as innovativeness driving you? Mostly inspiring people (customers as well as not customers who hear about our business and the story) to change their minds about the things (clothes) they have. We love to share our ideology in the practical business in the clothing library. So i would say with innovation making a new business in which we can share the ideology about new believes of owning and the things (clothes) we have.

b. Do you have a special vision and mission behind your innovative business model? We have, we inspired by the sharing economy. We want people to change believes about the products and things we already have in this world. And for that we want a clothing library in every city ;)

c. What inspires you? A lot of different things, for me personally I would say my study Sociology. But also documentaries like 'Zeistgeist Moving Forward', about capitalism and the effect of capitalism on the people. Inspiration comes from changing that society a bit with a new concrete business.

3. Did you or are you still encountering challenges operating in such a new field of business? Yes, we're the first with a lot of things ;). But we like that because of the opportunity to be creative about that.

a. If yes, can you tell us more about it? b. Do you see increasing competition also as a major challenge? At this moment not, we like to connect instead of competite. So we search for more connections and believe in sharing in that case too. F.ex. other forms of collaborative consumption in the fashion industry, such as fashion libraries or swapping platforms? No we contribute to them and they to us.

c. We heard that you unfortunately have to close your library. What is the reason for that? Lacking customer acceptance or lack of investors? The reason is that we like to tell the story more than actually owning a "shop". Owning a "shop" had a lot of different tasks as administration etc. We found out that our goal is to tell the story and a way of telling it was starting this business. But we realized owning a "shop" is really something different. We want to continue telling the story in workshops, lectures etc. We decide to let go of the physical shop to have the opportunity to do what we love more and what is more in line with our goal. (a little example of our future plans: connection the clothing renting place in the Netherlands and start a network).

Appendix D.4. Interview with Lori Cutler, content manager of BuyMyWardrobe

1. How does BuyMyWardrobe work? How do you price your items? Well, we talk to you about it and say "Listen, this is the best price we think you can get for it" and you would agree. And then our whole platform is basically based on a trusted community. Unlike eBay, we have profiles. Everyone who sells with us has their real name, a little bio about what they do, where they work, and why they are selling their clothes. So you know who you are buying from.

2. Ah, so that's why you have the name on the clothes? Yeah, so when you go on the labels you see their names. And when you are buying you can actually follow people. So, now that I followed her, every time that she lists something new, I'll get an email notification saying "Georgia has uploaded

a new pair of shoes". You tend to follow people that are the same size and the same style as you are. And then we basically have got two options of selling. You can either do the VIP process, where we bring in, and that's kind of managed accounts that we run. So you still have a profile, but we just completely handle it, we take photos and things. To see our managed accounts we have all what's available stored and so these are kind of all photos we take (*shows us the pictures*). So once we get the item in, we photograph it, we price it, we tag it, we list it on the website to create your online wardrobe. And then we take it to all these sales and pop-ups and events that we do.

*3. What does it mean when there is a price on an item and then it is...*Crossed out? It has just been reduced. We only hold the items for three months. If it is not sold in that time, we just reduce the price. So it's just like in any normal shop.

4. Is it always the same percentage of price reduction? No, it's just what they're happy with or what we think it should go down to. So if it's end of season stock. Because we only keep seasonal in the boutique and stuff because otherwise.. I mean this is just winter (*points at the items in the store)*. If we'd had summer as well, we would have nowhere to put it. So, if it's end of summer stuff, we would slash it right down. But it just depends what the seller is happy with. Some people are very happy and would just be like "yeah, we want to get rid of it". And if you can't, some people will only be like "ok, we only buy 20% of it". But it's just on a very personal basis, we work with people.

5. And who does the laundry and everything? Are you responsible for that or is the owner? Oh, the owner has to do it before. If somebody comes in with a big stain, we'd say "ok, you either pay by pound and we get it dry-cleaned for you", but usually they take it and bring it back. Actually mainly people bring it in when it's dry-cleaned, which works wonderful. And if something is really worn, we don't take it in. Or if it's got a stain on it, we're just not gonna take it. Those are the things we are more fuzzy about, taking in stuff that's marked or pulled. That's why you can see all the stuff here is in a really good condition. The shoes particularly, second-hand shoes don't sell well unless they are in a very good condition or they are something quite special, like a pair of Alaia boots, or Christian Louboutin can be in a worse state than, let's say, Prada shoes. It's very strange. For some brands people don't care. They will buy them low price in a bad condition and then just get them revamped.

6. How is the profile of your customers? Is it mainly women? Oh, we only do women's wear at the moment. We might go into men's wear but right now I think we just really try to focus to what we are doing now and do that really well. And, I think as well, the shopping habits of men are very different from women. So, how men pick-up second-hand? We are not quite sure. You know, this is one of those industries that has not really been touched into too much yet. I think it's a hidden

myth and if someone does do it, you just have to do it really well. It's just something we are not moving into just yet anyway.

7. Do you have a typical customer? I would say we usually have. We break it down in demographics: buyers and sellers. Sellers are probably mid-30s to late-50s, mainly London-based or VIP clients. A lot of them worked in fashion for a long time, or still work in fashion, we've got a lot of editors, PRs,, we've got the CEO of Manolo Blahnik, so we've got quite a lot of high profile. Otherwise there a lot of clients that work in business and are lawyers and just love fashion and have an amazing wardrobe. I would say that that's our typical seller. And then our typical buyer is probably mid-20s who loves fashion but doesn't necessarily have the funds to afford a brand-new Celine coat. So, they look at other alternatives. I also think people who are younger don't want to stuff that's straight off the runway, they want to be a bit different. Especially in this area. That kind of vibe actually, it's almost treasure hunting, finding something that's not out there, that none of your friends is gonna have. Then what happens is this thing that sellers become buyers and buyers become sellers, and then it just becomes this whole thing. We buy stuff and we wear it for a couple of months, then we sell it again. And it just becomes this whole process. I think once you get into this whole pre-loved thing than you just don't really bother.

8. How big is your customer base? We have got over 100,000 registered members. The site is closed, you have to register online to get in. I think we have about 800 individual sellers which is all online and we have about 300 VIP sellers. So, over 1,000 sellers in total. We have got quite a big community.

9. When did you start? Three years ago.

10. How come did you start with this whole second-hand hype? My boss Kal has actually been a designer for a couple of years and then when she had a baby, she decided to not do that any more, and she needed to make some money. So she thought "Well, I have an amazing designer wardrobe, I need to sell it". She set up this event on Facebook saying "My summer wardrobe". So she held an event and she got lots of friends to join. And basically then everybody was like "When's the next one? When's the next one?". So she kept doing them. And after that event she was selling rooms out to 20 people. And she then eventually started the website. First she sold her own wardrobe and then eventually she is now just selling a bunch of other people's wardrobes.

*11. So it was not that much the sustainability or fighting the overconsumption driving her?*I don't think that that was the main thing. I think now it's very important to the brand and we realized it is very important to us. And I think especially now, you know. Five years ago sustainability wasn't really a thing, a lot of brands didn't do it. I think the past couple of years fast fashion has become... People have become so aware of it and people look at ethical brands and sustainability. Now it is a

huge deal and that's kind of the main reason we do it. But once you get into it, you don't ever wanna go to like Primark or somewhere like that. This whole fast fashion, because you are like "what's the point?". It's bad quality, it's made terribly, ethically wrong where it comes from. So now I'd say, we only work with sustainable brands, all our sponsors or places that we use are ethical.

12. So the partners are sustainable, but all the designers are not, right? Oh, no. We can't do things like that. But I meant like, if we have events and we do collaborations with people. Our next collaboration is, we leave here (*pop-up in Shoreditch*) on Sunday and on Monday we are going to Portobello Road and we are teaming up with a huge vintage company and another sustainable fashion house. We will never obviously do something with like Topshop, do you know what I mean? It's just not our thing. We've got a blog, so if we ever go to restaurants, or do lifestyle things, it has always got some sort of ethical nature behind it and stuff like that. So it's very dependent to the branch.

13. And how many employees are you? Three. There's me, my boss Kal, and there's another girl called Vicki. We are the only full-timers. And then we just have kind of freelance and...

14. Volunteers? Well, everyone is paid. Our internships are all paid. We have interns that come to us for a couple of months. But it's more like part-time style. We say it's an internship, but it's just kind of part-time. They are all students, they do two or three days per week, they get paid, they get to wear our clothes all day. So yeah, we are very fair with things like that. We are a really small team, this is just a really small company. A lot of people don't realize that. When you see website and all the stuff we are doing.

15. Did you or are you still encountering challenges? Yeah I guess. I think at the moment we are growing very quickly, so that is always a challenge. It's a great thing but it's also a challenge. We are actually based in Marylebone, we have a very small boutique and all this (*points at the stuff*) was in there. Our boutique is probably the size of this little square. There was just so many coats. So that's definitely been a challenge, like warehousing stuff and moving it. It's a small team and therefore a lot of work for only a few people. So I think growing is a challenge, but it's obviously a great challenge. Because you want that to happen. But you gotta keep changing. Before we had 50 items in the shop, we now have over 2,000 items in the shop. The systems and some things like that, you gotta keep evolving, you gotta say "well, if that doesn't work any more, we have to find a better way of doing stuff". So yeah and getting stuff online, that's a challenge. When new stuff comes in. We've got 800 items in one week like last month. So we try to get back before the next stuff comes in. Online, photographed, priced, the price is approved, profile's made, that's a lot of work.

16. Accept the item or not accept..? Yeah exactly. There is also a lot of communication with the sellers. You need to them to say "yeah, those prices are fine, here's my photo, here's my dress". Then you need to say "Let me get back to you" and then it's like "let's do photos". But obviously if it rains, we can't do photos outside and we don't have a photo studio, and we take all our pictures outside. And we do a very instagrammable type, we do kind of lifestyle shots. We would never do cut-outs, like Topshop or people like that have. So yeah, this is kind of what we go for. We do all the pictures ourselves, in-house, it takes a lot of time.

17. And in the beginning, was it hard to get the first sellers and first customers? I only started 6 months after, so I wasn't there in the very beginning. But no, I think it's word of mouth. I think as soon as you've got a few really good people, they are gonna tell their friends, and that's how it goes. We've got quite a few celebrities but we can't say who they are, they would have hidden profiles. So we've got a lot of people like that who are kind of high profilers who keep telling their friends, which is great. A lot of times we have accounts like this (*shows us a VIP profile*). This is the "Notting Hill Woman". Those Notting Hill sellers who are high profilers but can't have their names on stuff. And we don't like make names up. We would never like write 'Susan Smith'. We are very honest and open with what we are doing.

18. Would you also say that increasing competition from other forms of fashion-sharing, like renting and swapping is a challenge for you guys? No, not really. I think nobody is doing what we are doing. I think Vestiaire Collective is a huge brand, they have like over 1 Million pound investment, obviously we cannot compete on that level without that amount of money. But then again, a lot of people leave Vestiaire and come to us, and I think as well because it's just because they do things very different to us. They don't have this message platform. How they do it is that everybody takes their own photos, they do cut-outs, they try to make old stuff look new, no one has profiles, there is no real personal attraction about it. I think at Vestiaire, they are trying to be like a normal website, there is no real story about who has the item. Yeah, it's a very different website. Well, they do the same thing we do in a very different way. So, a lot of people might like that, they don't want anybody to know why they are selling, what they are doing, who they are, what their pictures look like. They just want to hand it over and sell it, easy you know. And then you've got people that actually really enjoy this. They say "I wanna meet people through this", come to our events. They don't do anything that's not online, we do lots of things for the client, we do pop-ups, we do 4 or 5 events a year. Our sellers are always all very visible. Yeah, for us it's just like that we love what we are doing. Yeah, I think that's the nice thing about us that we don't do the things like a big corporation.

19. And do you think the whole fashion and textile industry is changing? Is fashion-sharing gonna be the future? Yeah I do, I think it's a hidden myth. I think, in America it's huge. Consignment is

an industry on its own. I think it makes around 17 billion dollars a year in the States. So, it's a very new industry here in the UK, it's you know. There is only 3 companies that are doing what we do. Two closed last year. One was founded by Asos but they could not keep up with how quickly they were growing, so they ended up failing. And then another company called Chic&Seek, we ended up buying them. So we worked with them, found out what they need. It's quite hard to break into a new market. But I definitely think, the more people know about it, the better it gets. I think that eventually things work, it's something people care about.

19. Do you invest a lot in advertisement? Or is it just like word of mouth? We do not actually, but we stick to very basic tools. So it's very like Instagram, a lot of our sales come from Facebook, social media marketing. We do pop-up boutiques, we would have a launch night. We would be like "the next week we are in Portobello", or we collaborate with someone. We are going to a Maggie & Rose Chiswick next week. So it's all amongst them that know us. We collaborate with beauty brands and we would say, "ok you do the nails, we do the fashion". We've got contacts. It's more new-age what we are doing. It's a bit more personal and it's very collaborative. We don't pay for anything. We pay for, of course, a Facebook advertising. What we do is just like promote the page. I think it's a bit more authentic and I think people would notice if it would be falsely advertised, like "Oh my god, I love this drink. You have to buy this drink.". No one would buy that, you know what I mean? I think it makes people dumb. We are just like "hey, we are here in Shoreditch". So, now, for instance, I'm gonna go out to all the local places that we really like. For example, like all the restaurants here, and I am gonna do a blog on them on Styl.sh. And I'm gonna be like "Hey, you are our favorite coffee shop in Brick Lane, I'm gonna do a blog on you". And they would be like "Ok, cool". So we will take photos, write the blog and share it and then they'll share it on their Facebook and they'll share it again. And then it goes around quickly. And that costs what? Nothing. It like 10 minutes of my time.

20. Yeah, if they are happy, it's a win-win.

Appendix D.5. Interview with Chip Gerken, co-founder of Crossroads Trading Company

1. How did you begin your business? Was there somebody that prompted you in beginning your business? Was there a special motivation behind it? Because you were kind of a pioneer in this industry. Yeah, in our particular circumstances, I started this business with a business partner. He had had the idea for the business but he had no experience in retailing. So he was looking to get some functional, operational experience. And then we connected through the female social network of our wives. His wife knew about it, his wife then talked to my wife, and one thing let to another so we ended up connecting and we ended up deciding that we should start a business. I

would say that the fundamental motivation for the business as a company, you may have heard this phrase because it's pretty common, that "you do well by doing good". So, in my case I had a background in retail, pretty much fashion retail, and when this opportunity came along it was an especially attractive opportunity because it was doing something related to something that I knew something about, but was also doing good. The reason not to do it was that in a way it was sort of pioneering, because it was a poorly regarded segment of the retail and fashion business. As we first started, people sort of held their notes and said "Oh, isn't that a thrift shop?", which has negative notations in the United States anyhow, or it certainly did 25 years ago.

So, back to your question of how or why did we start. We started basically, as I say from the phrase "we wanted to do well by doing good". This looked like a good business opportunity and then there was also the added benefit. It was part of the general trend in the world of trying to lessen our impact on the environment.

2. Which are the drivers that motivated you to engage in this fashion-sharing industry? Is it more the sustainability aspect or the economic aspect? What would you say? I would say both. I mean, the thing is, I think of myself of a pretty hard-headed person, and if there is not an economic aspect to it, if there is not a way of making it economically sustainable, then it's like... Whereas if there is something sustainable, the clams gotta grow, so the water temperature has gotta be right or they die, and they can't produce more clams to do all by themselves. It's not a great example but you could says that the business aspect is another sort of way of describing a different kind of ecology. Money is the measurement of life in a business world. So, if there is no way to make money then it really is ultimately unsustainable. I mean, so that's one major consideration: to make money with this. And the second thing is, yeah, it was also sustainability and values and the fact that the thing we are doing here - carving a way of making money doing this - was the way of actually making the enterprise and the whole thing, or better wanting to promote sustainability. The way to promote sustainability was to find a way of making it profitable. It's two values, but you can't have one without having the other.

3. So you also wanted to fight the overconsumption of today's population? Yes, right. I mean, it seems stupid to waste all of that good, fashion and function. So this was a great opportunity to make the world a better place.

4. What inspires you? Well part of what inspires me now is the feedback we get from our customers. We get enthusiastic testimonials to how we are changing them or add value to their lives. That's inspirational, it makes me wanna do more of it and help people more. Therefore, 'businessiness' that's for purpose and our purpose is to make people happy by giving them the clothes they want. And we have twice as many customers as a normal retailer because we buy at

retail whereas most retailers buy at wholesale, and we obviously sell at retail. So we have a whole set of people that are very happy that they have a home for their clothes and they have money in their pockets. And then we have a whole other set of customers. There is a big overlap, but on the other side they are really excited that they are able to get incredibly great stuff at such an incredibly low price. That enthusiasm is inspirational, it keeps you going.

5. Did you or are you still encountering challenges operating in such a new field of business? A lot of challenges come from success. We've got a lot more competition now because the stigma has been lifted up, but that's a good thing, because that says that the genus of our species is expanding and there's more of us out there. So that's a good thing from the ecological point of view. When using biology or the natural world as a metaphor, it is not so great for this particular unit in that world because it's more competition for us now. But it's great that the whole category is expanding. There's been a couple of $100 million of venture capital invested in the United States now in doing what we do online. That wouldn't have happened 25 years ago because everybody would've held their nose and say: "Who wants to do used clothes?". So there are huge challenges, yes.

6. So the challenges came recently? Because the other companies, such as online platforms are max. 5 years old. Yes, and some of them are falling out. The challenges are the challenges of success. Again I keep coming back to sort of natural world metaphor, but if the conditions are right and there is great grass out there than the deer population would explode until the point that there is so many deers that now some of them start starving. We are kind of in the place now where we are starting to look around and see where we are gonna get our grass. Who is gonna starve, is it gonna be us or somebody else? So that is the competition.

7. And which challenges did you encounter in the beginning? Was it hard to get the first customers? Yes. The first challenges were acceptance, for example getting landlords who were willing to lend us space because they thought that we were disreputable and that we would lower the perceived value of their real estate. That was kind of a struggle. But as time went along, we finally had landlords. The landlords would said "well, I don't know about you guys" and then they'd talked to their wives or generally women in their lives, wives and daughters, and they would say "oh, I love that store" and so they would come back. They would recognize that the things had changed and there was more gratification.

8. Since there are many competitors in the market, do you consider your brand unique and how does it differ from other companies in this industry? I wouldn't say we are unique and that's the problem of any business of retailers. It's hard to be unique. Can you copy Zara? Well yeah, but Zara is also unique because there is only one Zara. We as Crossroads, we think there is not

anybody that does exactly what we do or does it exactly this way, and the customers have a certain feel for what we are and they feel that's a little different than the other people in our business. A lot of my answers is yes and no. I think that we are perceived as being a little nicer than some of the other stores that are out there.

9. How do you look at the fashion and textile industry and will it change or is it changing? In general if you look more upstream from us it's changing some. Fast fashion's been growing tremendously in the last 20 years. But it depends on what level you are asking the question. There is a lot that has been changing but I don't know how fundamentally different the fashion industry is now. There's the online fashion business that is changing things because people are buying things in a different way. Because their model and the relationship to clothes and products is maybe different - that remains to be seen. Zappos for shoes is very different than 20 years ago. There're some changes and changing things that are happening. When I grew up in this business there were people saying "you gotta feel the merchandise, you gotta touch it, you gotta have your hands on it", and you walk around your store - because that was the only option - and you feel things and you got the sense of the tactile sensation of it and the perceived wisdom was because customers need that, that's the customer's experience. The online model is changing now, you can go on Amazon, Realreal etc., you don't necessarily have to feel the things. Probably also because part of it is that things have gotten so standardized that you kind of know how that Louis Vuitton bag looks like, you don't really need to see or feel it. Fashion retailing is changing. But ultimately fashion in a deep level is kind of the same, it's not any different. There is still fashion in the world, it's only how to get it to people.

10. If we just consider the fashion-sharing industry, do you think it has evolved a lot through the past few years? The novelty of the idea of sharing your stuff and buy somebody else's shared stuff is dramatic accepted now. That's part of the reason why VC is pumping in $100 millions.

11. Do you think fashion-sharing and collaborative consumption are the future? There is a limit to it. It is still growing, because there is people that are not in the habit of reusing or offering for reusing. I think it has a future, it is still gonna be a permanent and growing segment of the fashion industry. But it will plateau up to a point where it's more or less 50% of the business. Because you gotta have old stuff to have used stuff.

12. Please explain how you operate your business. Who are your suppliers? What's your relationship with them? Mainly we are buying from people, and then we have some where we are directly buying from manufacturers or companies but that's not a big part of our business. Main part is buying directly from the public. That is one of the concerns, it takes a lot of energy to do it. It is way easier to design a blouse and have a 100,000 made from manufacturers around the world

and sell it to different channels. Because you are selling 100,000 of units at a time. Whereas putting the energy individually at each one of those 100,000 units is inefficient. The economics behind is how to get the stuff efficiently, or how to get the right stuff to people in an efficient way. Right now we are inherently inefficient as a business. It's expensive to have to deal with one item at a time, it's way easier to ship 100,000 to a distribution centre. We have to process and package each piece.

13. How do you balance your suppliers and customer's needs? The needs of the suppliers are that they are coming into our stores and they either want the money or the space in their closet. The buyers don't want to waste their time by looking at a lot of garbage. Suppliers and buyers can be the same women. We can't buy everything, because if we do than you have to go through too much stuff and you don't wanna do that. The balance is in our expertise of knowing what's actually gonna sell.

14. How do you do the cut-off? If somebody wants to sell and you cannot accept it? What do you do to accept, do you look at labels or stylish/trendy items? The judgement is that we wanna buy those things that we think that will sell in the next 4 weeks. There are many factors that determine what makes it likely that an item will sell. There are certain labels that are more desirable than others, the style counts, how on-trend is it, the condition of the item counts. Because if it's a great item but obviously worn, who's gonna want that? It's all about what the women want when they walk into the store. The selling person is in a very vulnerable position, because your clothes are a big part of your identity, so if we reject your clothes, it can be hurtful. Part of what I try to explain to people is that you can come in here with gold but if only silver is selling, and we are gonna reject your gold, it doesn't mean that it's bad, it's just not what is selling right now.

15. We found that there is 32 stores across the US. How many employees do you have? Do you have a specific motto sharing with them? How do you deal with them and make them engaged with your business?

We have around 400 employees. We do a lot of training and we select employees that really have an enthusiasm for fashion. Because the best part of being an employee at our store is that you get to see a river of clothes every day just floating right by your face and every once in a while you get to plug something out that you really want. It's like constantly shopping. If you really like shopping, it's the place to be. And you get a 25% discount. So it's even cheaper than it would be otherwise and you get to see a lot of great stuff.

16. So is it the employees that decide which clothes are being bought? Are they doing a quick decision right in the shop? It's a judgement call, there is constant training taking place for people to train them how to buy. We've created a testing instrument to be able to try to tell if somebody

really has an eye for fashion. Those are the people we are more interested in hiring. And we take somebody that has some interest in fashion and we try to train usually her but sometimes also him in how to buy, how to have a conversation with the customer, what to choose, what not, how to stay aware of trends. It makes it a difficult business to copy because you have to know how to train to make those decisions. If they make bad decision and you try to buy stuff and you find a lot of junk, then you don't need us.

17. Do you outsource this training? No, that's what we have in value. We have our knowledge on how to train people.

18. How would you describe your typical customer? It's basically a women from 18 to 35 that has an interest in fashion and a low budget. But our range goes lower than that. We also have the teenagers and 15 year olds and we go up to 60-70 year olds - not so many 80 year olds. So it's a wide range and it's generally women. In fashion about 80% of the purchase decisions are made by women. When you are walking into a department store, the amount of space devoted to women's apparel, clothing and fashion compared to men's apparel, clothing and fashion is 5:1.

19. But you also have menswear? Yes, because there is a business for it. But half of the menswear purchase decisions are made by women and not men.

20. How do you make profit, how is your cost/revenue structure? Well, we buy low and sell high. One of the things that our business model does is that we are buying from individuals, there is an implied negotiation going on. The seller is trying to sell as high as possible and we try to take it as low as possible. We select what we think will sell. We try to take the conflict with the customer by saying that once we take something that we think will sell, and than we price it for as much as we think we can get from it. Then we offer a 35% payment in cash or the customer can get a 50% in in-store trade. So, we get a 65% or 50% margin and we have to pay for everything else. We are happy and lucky that we end up making 4-6 cents on every $ of sales.

21. What's the most popular of your 4 selling options (in-store, drop-off, consignment, mail)? In-store by far because it is immediate. All we try is making that a better experience. We just started rolling out a wait list application that gets you a notification by text when you are up on that list - after you signed up. So you can walk around and shop in the neighbourhood and you can come back in time to sell your stuff.

22. Do you invest a lot in advertisement? Yes, we are pretty typical for retailers. We spend around X% of our sales in advertisement. Just to keep our awareness out there in the world, that's probably the reason you even know about us. By advertising, by being around we can let people know about us.