HOW COULD CLOTHING RENTAL ENHANCE THE TRANSFORMATION TOWARDS A CIRCULAR FASHION ECONOMY?

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ABSTRACT
The aim of this study is to analyse the implementation of circular economy in the fashion industry. Specifically, how clothing rental could help transforming it into a more circular fashion economy. It uses interviews as a qualitative method to collect data from a rental company from two points of view: founder and consumer. Finding out how this circular model could be achieved with the help of rental services and what impact it would have on the environment are the main aims of this project. The main findings of the interviews were that the provision and use of clothing rental results in a positive impact on purchase behaviour and the environment. All stakeholders, consumers in particular, can contribute by pressuring companies to produce and provide durable and recyclable clothing. Although more time is needed to shift to a circular fashion economy, clothing rental could be a step in the right direction.

Keywords: circular economy; clothing rental; fashion; consumer behaviour; sustainability
1 INTRODUCTION

Fashion belongs to one of the dirtiest industries in today’s world and significantly contributes to the global issue of textile waste (Chavero, 2017). The fast fashion industry uses a linear business model in which raw materials are being used and turned into goods that are being used after and eventually thrown away (Koszewska, 2018).

Thus, a change in the fashion industry, especially in fast fashion, is needed. A circular economy model is the opposite of the usual business model many companies are now using and is an approach designed to not only benefit businesses, but also the society and the environment. It allows for a win-win situation to occur in the fashion industry. To link circular economy to the fashion industry, circular fashion is defined next. According to Vogue Business Team (2020), “the circular fashion industry is a fast-growing movement to reuse and recycle all materials, eliminating waste and pollution and regenerating the environment in a circular model”.

Fast fashion is described as the fashion industry in which clothing is produced rapidly and inexpensively to easily respond to customer’s needs and preferences (Brooks, 2015; Bick et al., 2018). One of the main actions consumers are taking against the fast fashion industry is buying from sustainable brands or second-handed clothing. Even though between 33% and 39% of consumers are open to buy second-hand clothing, they are not yet familiar with the concept of renting clothing (Malmqvist, 2021). What makes clothing rental so much more efficient than buying second-hand clothing is the increase in wear turns per item and per person. Clothing rental is an alternative to buying clothing and could therefore fight the waste couture. Many consumers do not strive for ownership of all their clothes, but they care more about wearing a variety of clothing. Clothing rental is a relatively new concept that could help shape the fashion industry into a circular economy by minimizing the negative impacts it has on the environment and society (Ellen MacArthur Foundation, 2017; FitzGerald, 2020). The switch from buying to renting could be achieved with the help of laws and regulations, informing consumers about fast fashion industry and its alternatives as well as highlighting the positive impact clothing rental could have. Clothing rental companies such as Rent the Runway and Dressr could make it easier for both companies and consumers to turn their business into a circular model. Many business – especially small ones – are struggling to find ways to become greener and consumers are having trouble finding an alternative to buying clothing. Clothing rental could be an easy and affordable solution for both parties and could enhance the transformation towards a circular fashion economy (Ellen MacArthur Foundation, 2017; FitzGerald, 2020).

Thus, the objective is to find out how clothing rental could help change the fashion industry into a more circular fashion economy. To research whether it could, it is important to ask ourselves the following questions: 1) what is fast fashion and why is it so dirty?, 2) can the fast fashion industry ever be circular?, 3) what are the pressure and incentives that brands are facing to change their business model?, and 4) what is clothing rental and its impact on the fashion industry?.

There are 6 United Nations Sustainable Development Goals that are addressed in this project. Switching to a circular business model enables 12) responsible consumption and production
across the fashion industry. A circular fashion economy is a form of climate action as it takes action to minimize greenhouse gas emissions caused by the fashion industry. Transforming the way people do business could positively impact the life below water and clean water and sanitation by avoiding water pollution and the use of toxic chemicals and life on land by managing waste, ensuring safe working conditions and using sustainable materials. Furthermore, decent work and economic growth can be achieved by shifting to a circular fashion economy (United Nations, 2021).
2 PRESENTATION OF THE CONTEXT

2.1 What is Fashion?

What is Fashion will explain the main differences between fast fashion and slow fashion with some examples of fast fashion brands taking action to become green. The main reasons people buy fast fashion are explained. Furthermore, important concepts such as corporate social responsibility (CSR), linear economy and circular economy (CE) are defined. It will also become clear why the fast fashion industry is so dirty. Some sustainability initiatives are taken to fight the fast fashion industry and they will be explained into depth in this section as well.

2.1.1 Fast Fashion

2.1.1.1 Fast Fashion Defined

Like the name suggests, fast fashion describes the practice of designing, producing and distributing clothing in the shortest time possible to create and match current market trends. Besides fast, the production is also as cheap as possible to allow consumers to buy this fast-paced stream of ever new clothing (Brooks, 2015). ZARA and H&M, which are both part of the Inditex Group, are two of the major names in the fast fashion industry. However, online fashion businesses such as Missguided are becoming more popular because they are even cheaper and faster (Gilliland, 2019; Griswold & Maguire, 2021).

Quick and cheap are the two most prominent characteristics of fast fashion. Here quick refers to time-to-market, which happens in a way to satisfy the demand for these fast-moving consumers goods. Cheap refers to the low price of such clothing pieces and the way they are achieved, e.g., by outsourcing production (Bick et al., 2018).

This makes fast fashion an industry that is low-capital and labor-intensive (Taplin 2014) and has low entry barriers and standardized production (Linden, 2016).

2.1.1.2 History of Fast Fashion

Fast fashion, like any mass production, is unconceivable without corresponding assistance of machines that speed up repetitive and otherwise time-consuming tasks. It was thus only during the Industrial Revolution in the 18th century that the manufacturing of clothes became faster, easier and cheaper, by introducing a key new technology: the sewing machine. Prices dropped as a consequence. While some production was outsourced to low paid, working from home dressmakers, most of the clothing was produced in local shops (Rauturier, 2020).

Another big change happened between 1900 and 1950, when the fashion industry saw a huge increase in standardized production for all garments, caused chiefly by the World Wars. In the 1960s and 70s young people began expressing themselves through new clothing trends they created (Rauturier, 2020). In contrast to high fashion – ‘haute couture’, exclusive clothing, hand-sewn from high quality fabrics (Murphy, 2019) –, this high street clothing style means ready-to-wear garments, that are inexpensive and cater to a wide target market (Munawar, 2018). Fast fashion was born out of high street when fashion brands realized the profit potential of the growing demand for low-cost and trendsetting clothing (Idacavage, 2018).
In the 20th century, shops like Zara, H&M and Topshop opened smaller stores in Europe with the goal to provide affordable yet fashionable garments. Those brands shifting to fast fashion was not instantaneous, but a continuous process and so it is hard to pinpoint when exactly it happened or which brand was the first true fast-fashion brand. For example, already when Zara landed in New York in the early 1990s they wanted to limit the whole manufacturing process to just 15 days, but it was in the late 90s and 2000s when brands were encouraged to re-create costly, high-end clothing in a quick and cheap manner (Idacavage, 2018; Rauturier, 2020).

Nowadays, in sharp contrast to the two fashion seasons that used to exist (spring/summer and autumn/winter), the fashion industry counts up to 52 ‘micro-seasons’ in a year. These weekly appearing and dying trends have the sole purpose of selling as much as possible in the shortest time possible (Whitehead Lohr, 2019).

2.1.1.3 Why Is The Fast Fashion Industry So Dirty?

The fashion industry has negative social and environmental consequences that will come to light in this section. Some disasters caused by the fashion industry will be listed as well.

2.1.1.3.1 Social Issues

The fashion industry has two main sides. The first one is the shining side of fashion design, with jobs that are high in pay and prestige for a creative elite. The other side is the manufacturing. Even if it creates many jobs, which is beneficial for a working class, it lacks the glamour of the design side (Lambert, 2014). According to Chavero (2017) some of the problems associated with it are the very poor working conditions that are often a violation of worker’s rights and discrimination of women. Ethics is readily sacrificed by fast fashion brands in order to cut manufacturing costs (Lambert, 2014).

One of the labour issues of the supply chain are manufacturing facilities that heavily optimize speed and cost of clothing production with complete disregard of working conditions. Such manufacturing facilities are known as sweatshops and they are characterized by the exploitation of workers, who work long hours and receive low wages, and the unsanitary and unsafe working environment. To avoid labour laws, fast fashion companies often produce in developing countries, where such regulations are not implemented or enforced. These lenient regulations, together with inexpensive labourers and tax breaks make developing countries so attractive for the fast fashion sector (Linden, 2016). Without sweatshops in developing countries the fast fashion sector could not exists as it does now. Most workers are aware of their exploitation, and some organize protests, demanding better pay and conditions, therefore putting their job (and only source of income) at risk (Oxfam, 2021). Most sweatshop workers are female. Women form the foundation on which the fashion industry (which is mostly managed by men) stands. They earn less while having the longest hours and are obliged to put themselves and their family below their work (Chavero, 2017).

However, the fashion industry goes to even more unethical and illegal extremes. The fashion supply chain also comprises of forced labour, show by the documentary Invisible Hands directed by journalist Shraysi Tandon. According to Tandon, around half the victims of
trafficking, many of which are children, end up being sold into forced labour, mostly in developing countries, but also some less strictly regulated parts of Europe (Suhrawardí, 2019).

The fast fashion industry thus relies heavily on globalisation with respect to design, production chain and selling. To be able to keep prices low, companies are forced to cut down costs in production, which they then outsource to countries such as India, China or Bangladesh (Chavero, 2017). While most clothes are used in the United States the chief producers are China and Bangladesh, the former accounting for around 30% of worldwide production (Claudio, 2007). Like other developing countries Bangladesh offers a broad and cheap workforce (Fibre 2 Fashion, 2019).

There are many examples that show the extremely perilous working conditions of fashion workers in developing countries. One of the most devastating took place in Dhaka, Bangladesh when the Rana Plaza building collapsed and killed more than a thousand mostly young female workers (Chavero, 2017). Less than a month after, a floor overloaded with material fell in a sneaker factory in Cambodia, killing three people and injuring six. In the last decade in Bangladesh about 800 people have been killed by fires in factories. This is just a selection of incidents that expose the hazardous conditions workers in Asian production sites find themselves in (Taplin, 2014a).

2.1.1.3.2 Environmental Issues
One would not think that fast fashion is contributing to 10% of all humanity’s carbon emissions and 20% of the global wastewater (United Nations Environment Programme, 2018; McFall-Johnsen, 2019). However, with all of its emissions, pollution and waste, what is considered to be one of the most polluting industries in the world is the fast fashion industry (Chavero, 2017; All Answers Ltd, 2018).

As shown in Figure 1, the current system used to produce, distribute, and use clothing has negative environmental and social consequences. EMF states that “large amounts of non-renewable resources are extracted to produce clothes that are often used for only a short period, after which materials are largely lost to landfill or incineration. It is estimated that more than half of fast fashion produced is disposed of in under a year” (Ellen MacArthur Foundation, 2017). These are some of the main reasons why the current system is negatively looked at (Ellen MacArthur Foundation, 2017):

1. Clothing becomes obsolete in the mind of the consumer after having worn it only a few times. This results in garments not being used anymore or being thrown away even though they are still in perfect condition.
2. Over 99% of clothing ends up in landfills instead of being recycled which wastes more than USD 100 billion yearly that could have been used for materials in new clothing
3. Clothing production is resource-intensive which negatively affects both the planet and society
Other disasters are environmental, where the Aral Sea in Uzbekistan is the most prominent one. In 50 years, its water level decreased by a factor of 10 and dried up, which is due to the high-water necessity of cotton farming in Uzbekistan and Turkmenistan (Aidarberk, 2017; McFall-Johnsen, 2019). This shows what detrimental environmental impact especially cotton farming can have because of the water is uses.

Another example shows the impact of toxic pollution on the environment. One of the most polluted rivers worldwide is the Citarum River in Indonesia. To blame are the hundreds of textile production facilities operating close to it and disposing toxic chemicals unfiltered into it. A test done by Greenpeace found the water contained nonylphenol, which they said to be “highly caustic, will burn human skin” (Aidarberk, 2017).

2.1.3.3 Waste Couture, Wear Turns and Clothing Utilization
The way consumers perceive clothing is not the same as it used to be anymore. Back in the old days, we would look at clothing as something valuable that we would want to have for as long as possible, but this changed. Throughout the last years, fashion became something that was easy to access, affordable, short-lived and insignificant (Leo, 2018; Bick et al., 2019b). As said in Ellen MacArthur Foundation (2017), clothing is massively underutilized globally. Though clothing consumption is relatively high in many low-income countries, it is much lower elsewhere. Clothing is only worn for around a fifth of the time in the United States, for example. Consumers lose USD 460 billion worth of value per year by throwing away clothes they might wear again, and some garments are expected to be discarded after just seven to ten uses (Ellen MacArthur Foundation, 2017). According to a survey done in United Kingdom, “one out of three young women believe their clothes to be “old” after wearing them once or twice”, “some consumers, in this case one out of seven, consider it a fashion faux pas to be photographed in an outfit twice” (Amed et al., 2019b) which is similar to what is being said in a study by the Hubbub Foundation: “One in six young people say they do not feel able to wear an outfit again once it has appeared on social media” (Little, 2019). A significant amount of clothing goes
unused or is thrown away when it no longer fits or is replaced with the next trendy piece (Cisneros, 2019). To put a number on the amount of waste caused by the fashion industry, 5% of landfills are filled with clothing caused by the 40 kilos thrown away every year by the average American (Leo, 2018; Bick et al., 2018). According to The New Textiles Economy report, “about 4 to 5 garbage trucks of textiles will have been landfilled or incinerated by the time you are finished reading this sentence” (Cisneros, 2019). According to Chavero (2017), the two major sort of waste are 1) “solid waste such as industrial waste, samples, garments that are rejected and clothes that end up in landfills after being used” and 2) “wastewater that pollutes river systems, land, and other areas”.

As seen in Figure 2, the production of clothing has nearly increased twofold in the last 15 years owing primarily to the middle-class population rising globally and increased per capita purchases in developed economies. Another reason could be the fast fashion movement, which features a shorter time to market for new trends, a higher number of collections offered each year, and cheaper costs. As said by EMF (2018), “Consumers are buying more clothes, but throwing them away more quickly. Clothing consumption has fallen by 36% worldwide in the last 15 years.” In relation to that, the amount of wear turns per item keeps on decreasing enormously (Ellen MacArthur Foundation, 2017).

Figure 2. Growth of clothing sales and decline in clothing utilisation since 2000
Source: Ellen MacArthur Foundation (2017)

2.1.1.3.4 Production Processes
2.1.1.3.4.1 Materials
There are two groups of fibers used in textile production, natural fibers, like cotton, on the one hand and synthetic fibers, like polyester on the other hand. The two, cotton and polyesters, are the raw material for most of the clothes produced in the US. Polyester is an artificial fabric,
whose chemical synthetization uses oil, a non-renewable resource, as the raw material. On the other hand, the production - that is mostly the cultivation - of cotton requires water and pesticides in huge amounts (Bick et al., 2018). 2.6% of global water consumption is caused by cultivating cotton. Additionally, the use of substantial amounts of pesticides and fertilizers pollute soil, groundwater, and air (Chavero, 2017). Another material whose production causes damage to the environment and human health is leather. It is amongst the most toxic processes that make up the fashion supply chain, with a huge impact on natural water sources. This water pollution is linked with an increased risk of developing cancer for the population in the vicinity of leather tanning places (Ross, 2015).

2.1.1.3.4.2 Rapid Production of Clothes
Driven by an increase in consumption and demand, since the year 2000 clothing production has increased by 100%. In particular fashion businesses face much pressure to keep up with this trend (Cisneros, 2019). Every year roughly 80 billion pieces of clothes are consumed, five times more than it was 20 years ago (Ross, 2015). According to McKinsey & Company from 2000 to 2014 the number of clothes an average person would buy increase by 60%, while the time they actually kept those clothes decreased to 50%. Around the same time, from 2000 to 2011, according to the European Parliament (2019), the number of collections offered by the average brand increase from two to five. On the extreme sides of this Zara for instance, with 24 collections per year, or H&M which introduces 12 to 16 collections annually (McFall-Johnsen, 2019). As stated by the Ellen MacArthur Foundation (2021b) usage of individual pieces of clothing has dropped by almost 40%, due to the cheaper and more numerous clothes and collections that fast fashion introduces every year.

2.1.1.3.4.3 Water Pollution
As mentioned earlier the cultivation of cotton belongs to the most polluting stages in the supply chain; it reduces long-term fertility of soil and pollutes of groundwater and air by applying chemicals as fertilizers and pesticides (Sense & Sustainability, 2016). The amount of water it takes to produce cotton clothing is immense, for example 700 gallons for a cotton shirt (according to the World Resources Institute) and 2000 gallons for a pair of jeans (according to the United Nations Environment Programme). Another source of pollution is the dyeing of clothes, in the process of which dyeing residues are released into streams and rivers. Therefore, the textile industry, with its billions of liters of water usage, is responsible for 20% of the toxic chemicals released into natural water reserves (Chavero, 2017; McFall-Johnsen, 2019). However, as stated by the Ellen MacArthur Foundation, water pollution also happens after production, such as when microfibers are released during the washing of polyester clothes, that increase ocean plastic levels (Perry, 2018).

2.1.1.3.4.4 The Use of Toxic Chemicals
Most people are not aware of potential health risks associated with their clothes (Chan, 2020). While fast fashion brands know that some toxic chemicals are used to produce clothing, they often don’t change this, due to lack of effective alternatives (Claudio, 2007). These chemicals are used to make the garments softer and less susceptible to wrinkling or shrinking according to Dr Linda Greer (Chan, 2020). This comes on top of the toxic chemicals which are already
widely used in cotton farming (Cernansky, 2019; Young, 2019). These chemicals have many ways of impact on human and environmental health. The toxins used in production flow into natural water resources and accumulate in animals and thus land in our food and water supply. The workers in the fashion supply chain are often in close contact with toxic chemicals for a prolonged time and without proper care, so they face serious health hazards. Finally, toxic chemicals in the final product, like dye, can cause health problems, such as contact dermatitis or other allergic skin reactions (Chan, 2020).

2.1.1.3.5 The Future of Fashion Under a Business-as-usual Scenario
As mentioned before, the demand for clothing is continuing to grow quickly. If the industry is continuing to grow at its current pace, overall sales of apparel in 2050 will be 160 million tons, more than three times what they are now. As explained in Figure 3, in addition to that, by 2050 there would be an increase, up to 300 million tonnes per year, in the number of non-renewable inputs used. With a carbon budget based on a 2°C scenario, which is considered the maximum amount of growth in temperature in order to prevent the planet from being impacted negatively, clothing use will consume more than 26% of the carbon budget in 2050. Between 2015 and 2050, the number of plastic microfibers entering the ocean could reach 22 million tons. The negative effects of the apparel industry are expected to skyrocket by 2050 (Ellen MacArthur Foundation, 2017).

Figure 3. Negative impacts of textiles industry
Source: Ellen MacArthur Foundation (2017)

Furthermore, according to the Pulse of the fashion industry report, earnings before interest and tax margins of fashion brands would fall by more than three percentage points by 2030 if
business as usual were to continue. A loss of about USD 52 billion in profits for the industry could be the result (Ellen MacArthur Foundation, 2017).

2.1.1.4 Commitment of Fast Fashion Brands to Become Greener
Fast fashion brands need to fit customer’s expectations and thus adapt their business model accordingly. As described in Table 1, Zara and ASOS are some of the fast fashion brands willing to become more sustainable. (Conlon, 2019b; Gerard, 2019; Teather, 2020; Troy-Pryde, 2020):

Table 1. Commitment of fast fashion brands to become greener

| Zara (Conlon, 2019b; Teather, 2020) | - Launched a sustainable collection in 2016
| - Designing all collections with 100% sustainable materials before 2025
| - Ensuring that the consumption of energy from renewable sources will be 80% by 2025
| - Using 100% sustainable viscose by 2023
| - Partnering up with the Massachusetts Institute of Technology to discover a way to handle fibre recycling
| - Collaborating with the Red Cross to organize a pickup for used items which encourages their clients to give a second life to their unwanted items

| ASOS (Gerard, 2019; Troy-Pryde, 2020) | - Signing the New Plastics Economy Global Commitment by the Ellen MacArthur Foundation
| - Encouraging customers to return packaging for reuse such as reusing the plastic
| - Eliminating the use of plastic in packages
| - Creating 100% recyclable, reusable or compostable packaging
| - Introducing a ‘responsible’ filter which makes the search for sustainable items easier

Source: own elaboration

2.1.1.5 Reasons Why Consumers Buy Fast Fashion Brands
A lot of people are buying from fashion brands, but the reason behind this type of purchase behaviour is rather unknown. To find out how to convince consumers to switch from buying to renting it is important to first research some of the reasons found for the purchasing of fast fashion brands.

2.1.1.5.1 Low Prices and Budget
One of the main reasons that consumers buy from fast fashion brands is the low prices of clothing. Linked to fast fashion brands being cheap, the lack of budget for sustainable brands could play a huge role as well (Wang, 2010). Many people are continuously looking for new clothing as they do not want to be seen in the same outfit more than once. Fast fashion answers to this constant need for variety of clothing. Since fast fashion brands such as Stradivarius continuously launch hundreds of new collections every year, consumers are able to buy new items at low prices constantly (Amed et al., 2019b; Cisneros, 2019; Little, 2019).
2.1.1.5.2 The Use of Influencer Marketing

2.1.1.5.2.1 Instagram used as Fashion Inspiration

The influence of platforms like Instagram has much grown in recent years. For female consumers in the age group of 18 to 24 years Instagram is the main influencer of purchases and amongst the most inspirational sources, according to its parent company Facebook, with over half of its userbase indicating they were inspired by Instagram in the last quarter year (Facebook for Business, 2017). Instagram can be used for targeted promoting, for example to make consumers aware of offers they would normally not know of and for increasing the purchasing volume of users. The latter is especially relevant and a valuable tool in the context of Influencers and their mostly younger followers.

This manifests in hard numbers. Four in five people claim with the help of Instagram they discover, explore, and take action (such as a purchase/following the brand/visiting the website) on a new service or product. And up to 46% actually make purchases after seeing promotions on Instagram (Facebook for Business, 2019).

2.1.1.5.2.2 Product Placement

The best way to sell products over Instagram is through influencers, as they more or less seamlessly include them into their account (Quiterio Capeli, 2019; Siegle, 2019). They add the products to all relevant places, like posts, tags and captions, and interact with their followers to bring them to a purchase (Preuss, 2019). According to Siegle (2019) they stimulate in their followers a ‘fear of missing out’ (FOMO), which makes people want to buy items when they see them. This ‘must have’ approach pushes the industry to produce clothing faster and faster (All Answers Ltd, 2018).

Influencer marketing is thus used to stimulate purchase intention, that is the “willingness to buy”, the tendency of a customer to buy a particular item of a brand. This works well on individuals because they are often influenced by their friends and family, but also by idols, which are an important source of fashion inspiration. Influencers have a huge authority because they serve as idols to an individual and possible to an individual’s friends. As seen on Instagram, some influencers post multitudes of different outfits and looks, careful to never repeat one. This could result in the normalization of such behaviour in their audience, mostly young women, which could then more likely to develop or increase a purchase intention. This impulse is handled seamlessly by built-in functions in Instagram, like “swipe up” or “affiliate” links, which permits making instant purchases (Munawar, 2018).

2.1.1.5.2.3 Try on Hauls

Product fatigue is the disinterest in buying clothes that are perceived as out-of-style, which can happen arbitrarily fast (anything they’ve already seen). This product fatigue is instilled purposefully by shops which replace items on a weekly basis as well as both bloggers and vloggers worldwide sharing their own dressing hauls. A dressing haul or try on haul is a video recording (for instance on YouTube or Instagram), in which influencers unpack and try on allegedly purchased clothes (“allegedly purchased” because they can be sponsored by the
corresponding brand). These hauls have an immense reach (up to millions of views) and add purchase intention of consumers (Drew, 2017).

2.1.1.5.2.4 Discount Codes
Another very powerful marketing tool is a discount code, offered to the consumer directly by the brand or via influencers. A discount code stimulates the consumer in their decision-making process, fostering their need and their willingness to purchase with the offered discount at hand. It also leads to engagement and research done by the consumer who evaluates if the discount code is profitable or if there is a way, for instance via similar micro-influencers, to increase the discount received. Ultimately other factors do play an important role too, for example the actual need for the item and its original price (Jargalsaikhan & Korotina, 2016).

2.1.2 Sustainable Fashion

2.1.2.1 Initial Notes on Sustainability
Before talking about sustainable fashion, initial notes on sustainability in general throughout all industries will be given. Corporate Social Responsibility, linear economy and circular economy will be discussed. After, more depth will be given on how these concepts are applied to the fashion industry.

2.1.2.1.1 Corporate Social Responsibility Explained
Corporate Social Responsibility, also known as CSR, is a trending topic that is being talked about more often. It is defined as the social responsibility of corporations to take into account the social issues on top of the economic gains that the firm usually seeks (Davis, 1973; Peng, 2013).

What is important to mention when talking about corporate social responsibility is the concept of stakeholders. A stakeholder is seen as “any group or individual who can affect or is affected by the achievement of the organization’s objectives” (Freeman, 1984; Peng, 2013). Often shareholders are looked at as the most important stakeholder, but it is important to not forget about other relevant parties such as managers, non-managerial employees, suppliers, customers, communities, governments, and social and environmental groups. In addition to that, companies could add different CSR practices and one of them is circular economy.

Global sustainability is described by the United Nations (1987) as the ability “to meet the needs of the present without compromising the ability of future generations to meet their needs.” It is the main goal of corporate social responsibility (Peng, 2013).

2.1.2.1.2 Linear Economy versus Circular Economy Defined
The linear economy model is an unsustainable model that follows the traditional “take, make and dispose” pattern. In a linear model, raw materials are used and turned into products, then products are used and eventually thrown away. The current linear economy model has to deal with many limits that are mostly visible in the textile and clothing industry. As already discussed before, the fashion industry is one of the biggest and dirtiest industries which damages the environment enormously (Koszewska, 2018).
The importance of evolving from a linear economy towards a more circular economy model has been given a lot of attention lately. What makes a circular economy model different from a linear economy is that instead of throwing something away when we are finished with it (take-make-waste’ linear model), its materials and components are being reused. The circular economy model is shaped by the basic 3R (reduce, reuse, recycle) principles and “is designed to benefit businesses, society, and the environment” (Ellen MacArthur Foundation, 2017; Koszewska, 2018). Lately, there has been a rise of proposals with 5R, 7R and even 9R, which will be discussed more into depth later. Issues including climate change, habitat destruction, and pollution are minimised when transforming to a circular economy. A circular economy also provides opportunities for improved development (Ellen MacArthur Foundation, 2020).

The circular economy is based on three principles as seen in Figure 4 (Ellen MacArthur Foundation, 2017):

1. Eliminate waste and pollution: It identifies and eliminates the negative consequences of economic activity that cause damage to human health and natural systems.
2. Keep goods and resources in use: To keep products, parts, and materials circulating in the market, designers must consider longevity, reuse, manufacturing, and recycling.
3. Regenerate natural systems: It prevents the usage of non-renewable resources while preserving or improving renewable resources.

![Figure 4. Circular economy system](source: Ellen MacArthur Foundation (2017))

**2.1.2.2 Slow Fashion Defined**

The antipode of fast fashion is slow fashion. It is considered a more sustainable alternative to fast fashion. The “slow” refers to more than just longer latency between design, production and deployment and economy friendliness. Mau & Phelan (2012) mentioned that it is about consumer awareness regarding the design, production, use and potential reuse stages (Schrotenboer 2013). By creating a closeness between providers and consumers, sustainability on the one hand and corporate responsibility on the other hand is enhanced. Slow fashion is thus about a certain transparency in the supply chain and informing the consumers about how
their clothes are made (Study NY, 2021). Slow, or organic, fashion aims at reducing the footprint clothing leaves on the environment (Daignault-Leclerc, 2021) by encouraging consumers to buy fewer but higher-quality clothes (Fletcher, 2007). According to Jung & Jin (2014), slow fashion is the best contribution companies can provide to combat the problems, both social and environmental, that fast fashion has created (Daignault-Leclerc, 2021). Stella McCartney and Eileen Fisher are two examples of slow fashion brands (Estrada, 2019).

2.1.2.3 Examples of Slow Fashion Brands
As mentioned before, some fast fashion companies started making commitments to making themselves greener, but this is not enough to change the fashion industry as a whole. The next step is sustainable brands entering the market. There is an increase in the amount of slow fashion brands. Patagonia, MUD Jeans and Pact are good examples of sustainable fashion brands (Sachs, 2019):

1. Patagonia
   Patagonia is a well-known outdoor label that is considered to be one of the greatest in terms of ethical clothes. Aside from making use of recycled fabrics, the brand extends the lifespan of every item by helping consumers repairing items. Some collections are Fair Trade Certified and Bluesign approved meaning that its supply chain is being kept an eye on to ensure safe working conditions (Sachs, 2019). Patagonia also succeeded to become a B Corporation in 2012, where the B stands for “benefit”. As described by Patagonia (2021), “to qualify as a B Corp, a firm must have an explicit social or environmental mission, and a legally binding fiduciary responsibility to take into account the interests of the workers, the community and the environment as well as its shareholders.” and many more (Patagonia, 2021).

2. MUD Jeans
   MUD Jeans is a brand located in the Netherlands that works with a “lease-a-jean” model. The idea is that the customer pays to ‘use’ the organic denim jeans before returning them for a new pair. The old pair is then cut up, mixed with pure fibre, and recycled into fresh fabric to create new jeans. “On average, it takes 7,000 litres of water to make a fresh pair of jeans.” MUD reduces water consumption by 78 percent by recycling returned jeans and employing an advanced water filtration system. This saves the brand money on several fronts while still introducing the user to the access over ownership paradigm for a common piece of apparel (FitzGerald, 2020).

3. Pact
   All clothing made out of cotton by Pact is certified organic by GOTS and Fair Trade Certified. GOTS involves following organic guidelines throughout the entire production process whereas Fair Trade Certified looks more at the ethical aspect. The clothing they design is both sustainable, ethical, and flattering for all (Sachs, 2019).
2.1.2.4 Examples of Sustainable Initiatives Taken in The Fashion Industry

2.1.2.4.1 Fashion Transparency Index

Consumers are getting more aware and concerned about the environmental and social issues caused by the fashion industry (Amed et al., 2019c). Fashion Revolution, founded by Carry Somers and Orsola de Castro, is a non-profit global movement believing that greater transparency in the supply chain is required to change the fashion industry. The Rana Plaza collapse, which is a disaster caused by the fast fashion industry that will be explained later in section 3, was used as the main inspiration to start this fashion revolution (Blanchard, 2019). Carry Somers mentioned that “there is no beauty without truth and there is no truth without transparency”. 250 of the largest brands and retailers worldwide are rated in The Fashion Transparency Index. The decision is based on “how transparent they are about their social and environmental policies, practices and impact and covers topics such as animal welfare, biodiversity, chemicals, climate, due diligence, forced labour, freedom of association, gender equality, living wages, purchasing practices, supplier disclosure, waste and recycling, working conditions and more”.

As seen in Figure 5, in 2020, H&M was the highest scoring brand with a score of 73%. C&A, Adidas/Reebok and Esprit were the other brands that scored the highest, with scores ranging from 70% to 64%, based on their transparency in their supply chain. Some of the lowest scoring brands in 2020, all with a score of 0%, were Max Mara, Pepe Jeans and Tom Ford (Fashion Revolution, 2020).

![Figure 5. Fashion Transparency Index scores 2020](Source: Fashion Revolution (2020))

#WhoMadeMyClothes? is a social media campaign started by Fashion Revolution to respond to consumers demanding full transparency. The campaign aims to adapt the sourcing, production and consumption of clothing. Informing consumers about the real cost of their clothing could make this process easier. The #WhoMadeMyClothes? movement works by
tagging fashion brands with the hashtag so that they feel pushed to increase the transparency about their supply chain (Fashion Revolution, 2020).

2.1.2.4.2 #30Wears campaign
Compared to 15 years ago, now clothing is being kept only half as long as it is thrown away after only seven or eight wears. This waste is mainly caused by the bad quality associated with fast fashion. In addition to that, consumers might discard an item after it is not in fashion anymore. Between 2000 and 2014, the number of new clothing bought increased around 60% which is possible due to the low prices fast fashion is offered for (Remy et al., 2016). #30Wears campaign is a movement that aims to fight the waste couture by pushing consumers to wear an item at least thirty times to make up for the environmental cost it took. This sustainable fashion initiative was started by Livia Firth who is a sustainable fashion advocate and founder of Eco Age. She believes that every consumer should ask themselves the following question before they buy anything: “Will I wear it a minimum of 30 times?”. In case the answer is positive, the consumer can buy the item (De Klerk, 2021; Leo, 2018).

2.1.2.4.3 The Global Fashion Agenda
The Global Fashion Agenda is a non-profit leadership forum located in Denmark that focuses on fashion sustainability. It encourages fashion companies to commit to developing a circular approach, setting goals for 2020, and reporting on their success. Since 2017, 93 apparel firms have committed, serving 207 brands and accounting for 12% of the overall fashion industry, including Eileen Fisher, H&M and Ralph Lauren (FitzGerald, 2020).

2.1.2.4.4 The Ellen MacArthur Foundation
The Ellen MacArthur Foundation (EMF) is committed circular future and has recently launched the Make Fashion Circular campaign which brings together some of the industry’s biggest brands, including Burberry Group plc, Gap Inc, H&M, Nike Inc, Stella McCartney and HSBC. Make Fashion Circular aspires to lead the industry in the transition to a circular economy and it promotes cross-industry cooperation to achieve this goal. As stated by EMF, "By joining forces to Make Fashion Circular we can harness the creativity and innovation that is at the heart of this USD 1.3 trillion industry to create a system that delivers benefits for everyone." (FitzGerald, 2020).

2.1.2.4.5 Front-End Approach
The front-end approach refers to the incorporation of environmental strategies at the start of the textile product life cycle, such as in the procurement of raw materials and design and development process. The decision to use renewable and recyclable materials that have a low environmental impact could be a sustainability initiative. Using fewer resources in production processes is another way of contributing to sustainability initiatives. Ensuring that all workers are being provided with fair pay and good working conditions is another step that could change the way fashion brands produce. Another effective initiative that many businesses could implement is reducing the amount of packaging or changing the type of packaging they use (Wang, 2010).
2.1.2.4.6 Back-End Approach
The back-end approach refers to policies aimed at reducing the environmental effect of products and processes at the end of the apparel product life cycle, such as when they are discarded. The decision to use renewable and recyclable materials that have a low environmental impact could be a sustainable initiative (Wang, 2010). Surplus means that there is more than needed and thus surplus stock means the brand’s inventory in excess of the sum deemed appropriate to provide within a given time frame (Jane, 2017). Therefore, avoiding and/or managing surplus stock could help not only fast fashion brands but all fashion brands to increase their ecological footprint (Wang, 2010).

2.1.2.4.7 Alternatives to Buying Fast Fashion
There are alternatives to buying from fast fashion brands that are gaining more popularity than ever. One option is to buy second-hand or vintage clothing. Another idea is to swap clothing with friends, family and others. Renting clothing is a relatively new concept that could be a good alternative and stops consumers from throwing away clothing after wearing it a few times. Last but not least is convincing consumers to buy sustainable and durable clothing.

2.2 How Can Fashion Brands Be Convinced to Switch from A Linear Business Model To A Circular Business Model?
It is important to convince brands to switch from a linear business model to a circular business model. Figure 6 shows the difference between linear economy and circular economy once more.

![Linear Economy vs Circular Economy](source)

Figure 6. Linear economy versus Circular Economy
Source: Instarmac (2018)

One of the ways to induce fashion brands to switch from a usual business model to a circular business model is by educating them. At first, it is important for them to understand the concept and later show them the benefits of the “sharing economy”. After having lectured brands, the next step is to inform and/or remind them of the positive impact they would be making by opting for a circular business model. Shika Bodani who is the founder of rental service Front Row mentioned that “the rise of the conscious consumer is something fashion brands can’t ignore” (Little, 2019). The rise of eco-friendly shoppers pushes brands to adapt their traditional model. The change in consumer behaviour is the most important motive for companies to
change their way of doing business to fit consumer’s expectations (Ellen MacArthur Foundation, 2017).

2.2.1 Highlighting Benefits for Businesses and Economy

As mentioned before, switching to a circular business model, especially with the use of clothing rental, has advantages for consumers. However, not only is it beneficial for consumers, but also for companies, fashion brands in this case. In Table 2, the benefits of clothing rental as part of a circular business model for consumers and companies are compared (Ellen MacArthur Foundation, 2017; Little, 2019).

Table 2. Benefits of clothing rental for consumers and fashion companies

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Access to exclusive designers and brands</td>
<td>Brand and product awareness</td>
</tr>
<tr>
<td>Variety of clothing</td>
<td>Close and long-term customer relationship</td>
</tr>
<tr>
<td>Keeping up with latest fashion trends without having to buy new clothing regularly</td>
<td>Steady revenue stream</td>
</tr>
<tr>
<td>Clothing does not take up too much closet space</td>
<td>Generating extra income/new income stream</td>
</tr>
<tr>
<td>Wide assortment of sustainable options</td>
<td>Cost of using virgin fabrics is reduced</td>
</tr>
<tr>
<td>Cheaper way to wear exclusive and expensive items and brands</td>
<td>Opportunity to test new business models</td>
</tr>
<tr>
<td></td>
<td>Access to useful customer data</td>
</tr>
<tr>
<td></td>
<td>Positive impact on overall income</td>
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Source: own elaboration

Clothing rental can build brand and product awareness, cultivate a closer and ultimately a long-term customer relationship focused on loyalty, and provide a steady revenue stream (Ellen MacArthur Foundation, 2017).

As mentioned before, some consumers are unable to buy items from a certain label. Rental services could give individuals access to clothing that they normally would not be able to afford. This could potentially lead to a rise in future brand sales. Furthermore, renting out surplus stock could help companies to generate extra income – a new income stream for fashion brands (Ellen MacArthur Foundation, 2017).

The cost of using virgin fabrics will be greatly reduced in a circular fashion economy. The company’s exposure to high raw material costs would reduce the use of materials and boost its durability. To achieve these advantages for the sector of textiles, the recycling system must be improved to dramatically increase the amount of fabric that is recycled (Ellen MacArthur Foundation, 2017).

Fashion brands can make money without increasing throughput, as well as provide entrepreneurs with the opportunity to test new business models. Furthermore, by “improving resale, offering additional services before and during use such as individualization, warranties, and maintenance” value will be added (Ellen MacArthur Foundation, 2017).
In a new textile economy, the focus would lie on recycling and resource-efficient production, lowering the demand for virgin material input. Naturally sectors that produce such input and certain other production activities would suffer a decrease in revenue. However, the regenerative parts of the value chain and new circular activity business models would potentially overcompensate for that, and overall income could be affected positively. Precise modeling on the overall system, including all the proposed actions, is needed to quantify the economic impact on the textile industry (and other industries through side-effects) (Ellen MacArthur Foundation, 2017).

Clothing rental will also help businesses collect useful consumer data and develop their goods and services accordingly. Some of this valuable customer information available to businesses includes “product reviews, detailed real-time information on what customers want, and potential areas of dissatisfaction such as sizing, styling, or comfort during use, as well as information about product wear and tear”. In this case durability can be achieved by efficiently using the information to an extent that it benefits your business (Ellen MacArthur Foundation, 2017).

2.2.2 Laws and Regulations in the Fashion Industry to Become Greener
The fashion industry’s disruptive environmental and social consequences are gradually contributing to brand reputational challenges and regulatory intervention. All of this could have the ability to jeopardize the income of companies that are seen as laggards in fixing the traditional system’s flaws. Brands can avoid negative exposure by contributing to a circular economy (Ellen MacArthur Foundation, 2017).

2.2.2.1 Sustainability Index
A sustainability index is used to evaluate a company’s involvement in society and environment. The score businesses receive depends on how much they take these aspects into account while doing business. It is needed to increase the transparency about a certain company so that consumers and potential investors are informed. Companies need to start integrating sustainability criteria in their way of doing business to respond to customer’s and investor’s needs (BBVA, 2019).

The three existing sustainability indexes are (BBVA, 2019):

1. The United States: Domini 400 social index
2. Europe: Dow Jones Sustainability Indexes
3. Europe: FTSE4Good

2.2.2.2 Carbon Credits
According to The Collins English Dictionary, a carbon credit is “a certificate showing that a government or company has paid to have a certain amount of carbon dioxide removed from the environment”. The main greenhouse gas is carbon dioxide. A company can obtain a “carbon emission certificate” which could be sold directly or in a futures market to companies in developed countries with emission control quotas to meet and find it more affordable to purchase “offsetting certificates” as an alternative to changing their way of business. This
system aims to curb emissions by requiring countries to adhere to their emission limits and including benefits for doing so (Kaur et al., 2012). There are two types of carbon credits:

1. Carbon Offset Credits which include wind energy, solar energy, tide/wave energy, hydro power energy, geothermal energy and biomass energy
2. Carbon Reduction Credits which include ocean and soil collection and storage, forestation, and reforestation

Offsetting is a method of compensating for greenhouse gas pollution in one location by reducing greenhouse gas reductions in another. An organisation can offset its carbon impact and even become carbon neutral by for example purchasing 100 tonnes of carbon credits to make up for the 100 tonnes of carbon emission produced using electricity and business travel (Kaur et al., 2012).

For the fashion industry to turn into a carbon neutral industry in the future, it will have to focus on buying carbon offsets. Important to mention is that fashion brands should use carbon credits as the last step to cover the portion of their carbon footprint that was not able to be reduced by “direct emissions, reductions, purchase of alternative or renewable energy, energy efficiency programs, or retrofitting of building” (Kaur et al., 2012).

2.2.2.3 Tax on Chemicals
Both countries and fashion companies should take the Swedish government as an example. This government decided to do something against the harmful substances that are present in clothing and footwear. Not only do these products damage the environment, but also human beings. It wants to implement a tax on chemicals in clothing and footwear starting from 2022. The use of dangerous chemicals throughout the production of clothing and shoes could be reduced due to the tax (Société Générale de Surveillance, 2020).

According to the Société Générale de Surveillance (2020), the proposal goes as followed:

- “default taxation for all clothing and footwear that are produced or imported”
- “possibility of up to 95% deduction if the product does not contain specific harmful chemicals”
- “tax rate of SEK 40 (USD 4.81) per kg”
- “an additional tax of SEK 19 (USD 2.28) per kg if product contains rubber material, polyvinyl chloride or polyurethane”
- “an additional tax of SEK 19 (USD 2.28) per kg for all-weather products”

2.2.2.4 Extended Producer Responsibility (EPR) scheme
The concept of Extended Producer Responsibility, also known as EPR, is becoming more known in the European Union. This scheme requires the producer of the product to “take back the product after its use”. The aim of this concept is for manufacturers to consider and schedule how the environmental impact of the used product could be reduced before it is even designed.

\[1\] Carbon neutral = reduced carbon footprint to zero
Having a waste management system, a take-back system or paying waste treatment costs are a few examples of how ERP works. A common example seen in many stores already is in return for consumers giving back their clothing and companies taking the items back, customers will receive a discount or a voucher as an intensive to return clothing whenever it is not used anymore. Extended Producer Responsibility could change both the fashion industry and the company, and it also includes the environmental values that should be taken into account when doing business. This regulation can change the fashion industry and it aims to prevent and/or recycle waste (Niinimäki, 2015).

2.2.2.5 Microfibre Shedding Requirements

Microfibres are a form of microplastic that are shed from synthetic clothing when being washed. Microplastics could be described as small plastic parts with a length of less than 5 mm. The most common source of primary microplastics are textiles. Polyester and acrylic contain these microfibres that end up into wastewater whenever being washed (Somers, 2020).

Somers (2020) mentioned that “around 50% of our clothing is made from plastic and up to 700,000 fibres can come off our synthetic clothes in a typical wash. As a result, if the fashion industry continues as it is, between the years 2015 and 2050, 22 million tonnes of microfibres will enter our oceans.”

Fashion brands and the fashion industry in general must take action against microfibre releases. Fashion brands need to consider the following conditions to lessen the environmental impact a synthetic garment has (Somers, 2020):

1. Utilize textiles that barely shed off any synthetic microfibres
2. Avoid textiles ending up in the landfill by prolonging the life cycle of clothing
3. Aiming for a circular economy by recycling waste and garments

Besides from designers changing their production processes and using different textiles, the government has to come into place to ensure companies are doing whatever it takes to minimise future microfibre releases. Therefore, microfibre shedding requirements should be put into place. A case in point is France that was the first country to enact laws to eliminate microfibre emissions from washing. This law requires all new washing machines bought to contain microfibre filters by 2025. Besides from France, there is not any other government that is implementing federal regulations despite acknowledging the problem (United States Environmental Protection Agency, 2021a).

2.3 What is Clothing Rental and Its Impact On The Environment?

Clothing rental reduces the pressure on the production of new items and the waste created by both the fashion industry and consumers. It results in consumers wanting to stop buying new clothing and thus the fashion industry will produce less to adapt to this change in consumer behaviour. Emerging business models such as clothing rental present alternatives to the current consumption and possession model by offering the services that their goods provide rather than the commodity itself (FitzGerald, 2020).
2.3.1 Clothing Rental Defined

The rental models that some fashion brands are implementing could “provide consumers with access to a variety of clothing while decreasing the demand for new clothing production” (Ellen MacArthur Foundation, 2017). Consumers are increasingly getting more aware of how fast fashion is produced. Clothing rental offers them the perfect alternative to fast fashion. Fashion companies integrate this clothing rental model into their business in different ways.

The three main types of clothing rental are models that (Ellen MacArthur Foundation, 2017):

1. enable consumers to change their wardrobe often e.g., everyday wear which is offered by platforms such as YCloset
2. enable consumers to adapt their wardrobe to their different practical needs e.g., maternity wear which is offered by platforms such as Vigga
3. enable consumers to wear clothing for special occasions that only happen once e.g., bridal dress which is offered by platforms such as Rent the Runway

Specific rental model propositions are tailored to different sectors of the apparel industry. According to UK numbers, 26% of apparel is discarded because the owner no longer likes it, so fashion subscription models are interesting here. Furthermore, as shown in Figure 7, short-term rental could address the dilemma of 42% having to throw away clothing because it no longer suits. For consumers wanting to wear specific items for specific occasions such as formal wear, a rental model that fulfils short-term needs is attractive. Consumers who wish to have unlimited access to a new wardrobe without owning the garments simply pay a monthly subscription fee (Ellen MacArthur Foundation, 2017).

Some businesses operate with clothing subscription services which allows consumers to pay a monthly fee to be able to rent a number of items. Renters can change their wardrobe frequently without having to buy new clothing all the time. In the past, the concept of clothing rental was working well with bags and high-end fashion, but nowadays it is being used increasingly for everyday clothing as well (Sajn, 2019).
To make the process of clothing rental clearer, two examples have been highlighted below. Rent the Runway is one of the most well-known example of clothing rental while Dressr is new in the market, but they differ from other clothing rental services as they offer sustainable brands only on their platform while others do not. Both are explained below.

2.3.1.1 United States of America: Rent the Runway
Rent the Runway is a rental clothing subscription platform that gives members access to a closet full of designer clothes at a fraction of the retail price. The business is located in New York, United States founded in 2009 (Rent the Runway, 2021). The company also has physical locations in New York City, Washington, D.C., Chicago, San Francisco, and Los Angeles (Rent the Runway, 2021). They currently ship to U.S. consumers only.

Rent the Runway offers three different membership plans (Rent the Runway, 2021):

- Up to 4 items: you have basic closet access and 1 shipment for $89 per month
- Up to 8 items: you have full closet access and 2 shipments for $135 per month
- Up to 12 items: you have full closet access and 3 shipments for $174 per month
- Up to 16 items: you have full closet access and 4 shipments for $199 per month

Every membership includes the following (Rent the Runway, 2021):

- Access to hundreds of designers at a fraction of retail price
- Dry cleaning
- Easy, free shipping and returns
- Quick turnaround time
- Wear and tear fees, which covers stains and minor damage
- Exclusive discounts

2.3.1.2 Belgium: Dressr
Dressr is a rental clothing subscription digital platform that gives subscribers access to a great range of qualitative and timeless designs from independent Belgian fashion brands. The business is in Antwerp, Belgium founded in 2020 (Dressr, 2021). The platform of Dressr is available to Belgian consumers.

As a member, each month you can select items, receive them at home, wear them and finally decide to keep renting them, buy them at the member price or send them back to select new ones. As mentioned before, consumers have the possibility to buy an item at a reduced price, but this is only when the item has been worn at least one rental cycle of 25 days to ensure a high amount of wear turns and a conscious purchase (Dressr, 2021).

Consumers are encouraged to subscribe to one of the three membership plans that fit them the most. Dressr offers three different membership plans (Dressr, 2021):

- Up to 2 items: you can rent 2 essential items for 39 euros per month
- Up to 3 items: you can rent 3 essential or 2 essential and 1 exclusive item for 59 euros per month
- Up to 4 items: you can rent 4 essential, 2 essential and 1 exclusive or 2 exclusive items for 79 euros per month

All memberships include free shipping, returns and the costs of cleaning the items (Dressr, 2021).

2.3.2 Reasons to Rent or Not

As reflected by the survey data from the State of Fashion research (Figure 8), a rise is seen in the amount of second-hand or rented garments people have in their closet. Consumers mostly rent or buy second-hand items that are high in value and accessories. Therefore, it is important for fashion brands to figure out consumer preferences when it comes to buying or renting garments (Amed et al., 2019a).

Figure 8. View on preowned and rental business models

Source: Amed et al. (2019)

Jenny Little (2019) stated that “individuals who might feel unable to afford a brand can give it a try though rental”. One of the reasons for most consumers not to rent clothing is their concern about the condition, quality, and cleanliness of the product. Therefore, it is important for businesses to provide consumers with rented garments that look like new (Little, 2019).

Some potential consumers for clothing rental businesses are the ones that look for more variety of clothing. These kinds of consumers could be convinced by showing them that clothing rental offers a way to refresh their wardrobe. Thus, clothing rental as a circular business model could be a compelling alternative for consumers who want to change their clothes often by enabling them to keep up with the latest fashion trends without feeling the need to purchase new clothing on a regular basis (Ellen MacArthur Foundation, 2017). Furthermore, it gives customers access to exclusive brands that one would perhaps not be able to afford otherwise. The likelihood of fashionable consumers renting clothing is much higher if a clothing rental business offers well-known brands such as ZARA and Mango. In addition to this, buying clothing results in hundreds of pieces of clothing being stored somewhere in a house (Little, 2019). Clothing rental allows consumers to have a variety of clothing while not taking up too much closet space (Ellen MacArthur Foundation, 2017). To convince the sustainable consumers, it is interesting to offer
a wide assortment of sustainable options so that every type of consumers finds their preference on such clothing rental platforms (Little, 2019).

Since the world is starting to get more worried about social and environmental issues related to the fast fashion industry, a small community of Instagram “thrift-influencers” has been developed. This type of influencers are the ones who call out fast fashion retailers and serve as an Instagram exposure to harmful businesses instead of being sponsored by them (Beecham, 2019; Powell, 2019). Raising the question of how influencer power can be used more positively could lead to a collective dialogue on the various problems of fast fashion (Beecham, 2019). Even though some influencers might be paid to post about clothing, they do speak up about social and environmental issues relating to the fast fashion industry (Powell, 2019). Their mission is to show the world that fashion can be ethical and environmentally friendly by wearing fair fashion and sustainable brands. Ethical influencing may be the solution to both environmental and social issues, but it still has a long way to grow (Beecham, 2019). Overall, subscription models or short-term rental could be more appealing and cost-effective options than purchasing new products (Ellen MacArthur Foundation, 2017).

Not all consumers are open to rent instead of buy clothing. Consumers might be sceptical about clothing rental as well as doubtful about the impact it could have on the environment. Therefore, it is interesting to discuss some of the reasons why buyers are opposed to renting clothing (Little, 2019).

Most consumers are reluctant to rent clothing because they do not like the fact that “other people have worn my clothing”. This kind of consumers loves the idea of owning their clothing rather than sharing them. Therefore, it is very essential for businesses such as Dressr to clearly communicate the quality of the item, the washing as well as the positive consequences for the environment (Little, 2019).

Some consumers tend to be unwilling to change their consumer behaviour, because they are not familiar with the concept of renting. Clothing rental is an upcoming trend and therefore it is possible that there is not enough information available for consumers to fully get to know this concept. Important to convince consumers like these is to explain the concept and the advantages clothing rental brings (Little, 2019).

Some people shop for the experience they can have when going to the store. They need assistance to find the perfect piece of clothing and they can be convinced to buy or rent by trying it on. Features on the website such as virtual assistance, “recommended outfits for you” “favourites of the week” could help consumers to allow themselves to switch from in-store buying to online shopping (Little, 2019).

Many clients are afraid to do something wrong with the piece of clothing. Some people simply do not have the money to pay a subscription fee every month. To persuade these types of consumers, companies should communicate about all the fees (shipping fees, damage fees, etc.) that are included in the price and discuss how much cheaper it would be on the long-term to rent clothing instead of buying (Little, 2019).
As clothing rental is seen as a “sustainable way of consuming”, some people are sceptical about the real impact that clothing rental would have on the environment. Individuals mention the increase in online deliveries and times an item is being washed that would happen when people switch from buying to renting clothing. It is recommended for businesses to show statistics and numbers to prove the impact clothing rental has that outweigh the disadvantages it could potentially bring (Little, 2019).

2.3.3 The Impact of Clothing Rental
To ensure the planet’s viability, consumers must drastically adapt their patterns of consumption. Clothing rental could help both businesses and consumers achieve that. The Pulse of the fashion industry report estimated that “the overall benefit to the world economy could be about USD 192 billion in 2030 if the fashion industry were to address the environmental and societal fallout of the current status quo”. To meet rapidly shifting requirements and styles, models such as clothing rental that are not dependent on ownership are needed (Ellen MacArthur Foundation, 2017). Besides the potential of having an increase in the amount of shipping and logistics, clothing rental could have a wide range of positive impacts on the environment that outweigh the disadvantages: switch to circular fashion economy, waste management, decreased water consumption, cleaner oceans, minimize greenhouse gas emissions, no leakage of hazardous substances into the environment, increased land productivity and soil health, and R-reduced consumption of virgin, non-renewable materials and of energy. The 7 impacts are discussed below.

2.3.3.1 Circular Fashion Economy
As the concept of a circular economy has already been discussed before, circular fashion is up next. Circular fashion is similar in that it aims to minimize waste and keep products in the consumption and output cycle for as long as possible. When clothing is no longer used, it should be recycled or sold as second-hand clothing (Sajn, 2019). A circular economy, for fashion, results in clothing, shoes and accessories being used more and longer, are turned into something new at the end-of-use stage, and are made from safe, renewable or recycled inputs (Ellen MacArthur Foundation, 2020). A circular fashion economy has three key principles (FitzGerald, 2020):

1. Encourage reuse of clothes through new business models, e.g., swapping, repairing, upcycling, reselling and returning garments
2. Minimize harmful impact on environment and health by switching to non-toxic materials and renewable fibres
3. Up-and recycling old clothes e.g., using unwanted garments to create new ones by redesign or making use of recycling in different forms

The switch from a linear model to a circular economy model offers benefits for both the economy and the natural environment. The circular economy makes a significant contribution to meeting global climate goals by eliminating waste and emissions, keeping goods and resources in use, and regenerating rather than destroying natural environments (Ellen MacArthur Foundation, 2021a). Clothing rental is considered circular since outgrown clothing
is being returned, washed and reused and worn-out clothing is recycled into something new (Amed et al., 2019a).

As illustrated in Figure 9, a circular fashion economy has the following four goals (Ellen MacArthur Foundation, 2017):

1. Avoiding toxic substances and minimizing leakage of microfibres and microplastics into the environment
2. Creating a paradigm shift away from the consumeristic approach of clothing towards new ways of designing and selling
3. Ensuring efficient design, collection and processing of clothes for impactful and effective recycling
4. Changing to renewables in the whole production pipeline and make the most of the resources available

![Figure 9. Ambitions for a new textiles' economy](source: Ellen MacArthur Foundation (2019))

As listed by the Ellen MacArthur Foundation (2017), some of the environmental and system benefits of implementing a circular fashion model are that it:

1. manufactures individualized garments that are high-quality but still accessible and affordable for everyone.
2. ensures that the clothing is used to its full potential throughout the entire product life
3. gains independence from non-renewables, on the one hand, concerning the energy used and on the other hand, concerning the resource input (where needed)
4. informs consumers about the real cost clothing production and resources used have on the environment and society
5. refrains from polluting the environment and where nature is impacted because of production ensuring its complete regeneration
Fashion companies are increasingly using new business models such as clothing rental, as a way of generating new income streams. Such business models ensure that the lifecycle of all garments is extended. The classical ownership model is more and more replaced, as other models are becoming more attractive in the eyes of conscious consumers. The demand for variety, sustainability and affordability pushes businesses to implement new ownership models. Therefore, the fundamental shift in consumer behaviour from renting rather than owning products has a large impact on the fashion business. Nowadays, it is all about newness and sustainability for young consumers (Amed et al., 2019b). Clothing rental could be seen as an environmental practice that more consumers are and will be demanding. As a result, consumers would gain a bargaining power over the fashion companies. Thus, consumers can push companies to become more circular with an increased use of clothing rental. Rental services are only a part of a circular fashion economy, because in the end the one that needs to be circular is the company manufacturing the goods. In a circular economy system, as seen previously in Figure 4, clothing rental would be part of the ‘reuse’ stage where materials and products are kept in use (Ellen MacArthur Foundation, 2017).

2.3.3.2 Waste Management
Styles are shorter-lived, designers are releasing more lines each year and the garments are frequently cheaper. As a result, customers place a lower value on apparel and is being seen as disposable (Cisneros, 2019). As mentioned by Patsy Perry who is a senior lecturer in fashion marketing at the University of Manchester, “clothing rental allows for consumers to keep their clothing in use for longer, reduce the amount of new stuff you need to buy and the consequent use of resources” which in turn reduces their environmental footprint (United Nations Environment Programme, 2018).

Clothing rental could lead to a decrease in the amount of clothing thrown away and this could fight the waste couture. Renting clothing results in consumers buying less and wearing an item longer (Levi’s, 2021).

Circos, founded in 2019 by Erick Bouwer, is a good example on how clothing rental can help fight the waste couture. As stated by Erick Bouwer: “In the first two years of a child's life, parents buy on average 280 items of clothing, most of which are only worn for two or three months. As a circular alternative, we offer a clothing subscription service that grows along with your child”. According to A Life Cycle Assessment from the Danish consultancy firm PlanMiljo, “one Circos member monthly saves 6 kilograms of CO2, 242 litres of water, and 0.3 kilograms of cotton. That means that utilising Circos for one year alone could save 72 kilograms of CO2, 2,904 litres of water, and 3.6 kilograms of cotton.” (Cisneros, 2019). “Extending the life of clothes by nine extra months could reduce carbon, water and waste footprints by around 20-30 percent per garment” according to Waste Resources Action Programme (Siegle, 2019).

The 5 R’s of waste management used throughout all industries are Refuse, Reduce, Reuse, Repurpose and Recycle and it could be applied for the fashion industry as well (Leo, 2018; Bell, 2020):
- **Refuse** is about not buying or not accepting items that are harmful to the environment.
- **Reduce** is about using less and thinking what to use and buy.
- **Reuse** is about using something you already have instead of buying something new.
- **Repurpose** is about taking something and using it for something else.
- **Recycle** is about finding a new home for clothes by selling, swapping or giving clothes away to friends or family.

As mentioned before, now, there is even newer frameworks such as the 9R Framework as shown in Figure 10 (Kirchherr, 2017).

![Figure 10. The 9R Framework](Source: Kirchherr (2017))

### 2.3.3.3 Environmental Consequences

#### 2.3.3.3.1 Water Consumption and Ocean

A circular economy with higher rates of clothing utilisation and recycling will save water by reducing the amount of water used for new goods and items, avoiding water-intensive operations in water-scarce areas, and reducing water use by conservation steps (Ellen MacArthur Foundation, 2017).

Plastics in the ocean are becoming more widely recognized as a serious issue, with washing of plastic-based textiles playing a major role. A circular model will mean that textiles, as well as the systems that use them, are planned to avoid the introduction of plastic microfibres into the atmosphere and, eventually, the ocean (Ellen MacArthur Foundation, 2017).

#### 2.3.3.3.2 Greenhouse Gas Emissions

Greenhouse gas (abbreviated GHG) are “gases that trap heat in the atmosphere causing global warming and climate change” (United States Environmental Protection Agency, 2021b). The fashion industry’s GHG emissions will be drastically reduced under a circular business model.
“GHG emissions would be 44 percent smaller if the wear turns of an item were doubled, and textiles manufactured from recycled fabrics emit less than those made from new materials.” Low-carbon fabric and manufacturing technologies (including renewables) are used (Ellen MacArthur Foundation, 2017).

2.3.3.3 No Leakage of Hazardous Substances into the Environment
Harmful environmental consequences would be phased out in a circular fashion economy by reducing the damaging effects of polluted wastewater and soil, as well as the concentration of toxic substances in the atmosphere. The number of textiles that are landfilled or burned contributes to the leakage of substances of concern. By expanded use and better recycling this number of textiles could be decreased (Ellen MacArthur Foundation, 2017).

2.3.3.4 Increased Land Productivity and Soil Health
Current cotton production degenerates the land it is grown on, which could be changed in a circular textiles’ economy. This is possible by applying regenerative agricultural methods, which returns nutrients to the soil and leads to increased productivity. This would ensure to maintain the high-quality and high value of the land (Ellen MacArthur Foundation, 2017).

2.3.3.5 Reduced Consumption of Virgin, Non-renewable Materials and of Energy
In a linear economy, pesticides and fertilisers are used to produce cotton, virgin materials are extricated for plastic-based fibres, and non-renewable sources are used to produce energy. These toxic processes that lead to the development of clothing result in harmful chemicals and other toxins being released in the environment and high greenhouse gas emissions. The circular economy aims for minimal waste in production, longer consumption of clothing and enhanced recycling which could potentially lower the negative effects caused by the traditional business model (Ellen MacArthur Foundation, 2017).

The objective of my master thesis is to figure out how clothing rental as part of the circular fashion economy could help the fashion industry to become greener. The contextualization says that the fast fashion industry is highly polluting. Therefore, change in fashion is needed. One option could be clothing rental as it could have positive impacts on the environment, in particular fight the waste couture. Consumers changing their purchase behaviour towards the fast fashion companies could serve as an important pressure for brands to switch from a linear economy to a circular economy as a response. To link the theoretical concepts discussed with some empirical research and to achieve our objective, interviews are conducted with the founder and a consumer of a digital clothing rental platform based in Belgium.
3 METHODOLOGY
The aim of this study is to determine how clothing rental could help enhance the transformation towards a circular fashion economy. A literature review was conducted to prove or disprove this statement through literature. After, the qualitative method was used as the methodology for the master thesis.

Interviews will be conducted with the founder of an online subscription-based clothing platform and one consumer that is using this digital platform. This research method was used to understand how clothing rental works and how it could change the fashion industry positively. The study is concerned with clothing rental and therefore the methods used should evaluate the perspective of both a business and a consumer in the world of clothing rental. Asking the right questions to the right people, interviews result in the collection of data such as more in-depth information on the process of clothing rental services, changes in purchase behaviour of the consumers, the environmental and societal impact clothing has, tips on convincing fashion brands to switch to a circular business model, and how to convince consumers into renting clothing. The interviews made it easier to link all the theoretical papers mentioned throughout the master thesis with empirical research.

The first step was to find the right people to interview with and after seeking informed consent from the people taking part in these interviews. The interviews were held with Zaraï De Pelsmacker, who is a subscriber of a clothing rental platform, and Caroline Baeten, who is the founder of a digital clothing rental platform. Prior to selecting the interviewees, questions were asked to determine whether they fulfilled the required criteria:

- be a user and/or a provider of clothing rental
- be a user for more than three months (in case it is a user)
- be employed or have an income

The interviews were conducted online with the help of Google Meet. Both interviews lasted approximately 1 hour. Responses were recorded through notetaking and voice recording. The materials used for the interview were Google Meet, Apple MacBook Air, Microsoft Word, Voice Memos and iPhone XS Max.

The interview with Caroline Baeten, the founder of Dressr, was conducted on 17th of May 2021 from 13:00 p.m. till 14:00 p.m. Additionally, Zaraï De Pelsmacker, a subscriber of Dressr, was interviewed on 20th of May 2021 from 8:30 till 9:30. The questions asked to the participants were mainly open questions together with some closed questions and can be found in Annex A and Annex B. The questions asked in both interviews were similar to a certain extent.

The data was analysed manually without using additional software. The interviews were transcribed to easily find relevant content back. Keywords such as clothing rental, purchase/consumer behaviour, circular economy, fashion, sustainability were searched for to find the most important content. After, the content analysis was done through searching for similarities and dissimilarities between the founder and the consumer of a clothing rental platform.
4 RESULTS
The data gathered and findings from the interview with the founder and a user of the Belgian online subscription-based clothing rental platform on the process and impact of a clothing rental model are discussed in this section. First, the individual cases will be presented and after a comparison will be discussed.

4.1 Interview with Caroline Baeten
4.1.1 Personal Information
The first interviewee was Caroline Baeten, a 36-year-old woman living in Antwerp, Belgium. She graduated from her MBA at the Vlerick Business School in 2016. After having worked many years as a Business Unit Manager at Movify which is a digital consulting company in Brussels, she decided to switch careers, because of her passion for fashion, entrepreneurship, and sustainability. Ms. Baeten is the founder of Dressr which is a digital clothing rental platform based in Antwerp, Belgium that started a bit more than a year ago.

4.1.2 The Mission of Dressr and How It Works
The mission of Dressr initially was to “find a solution or an alternative to traditional shopping”. In her eyes, Dressr is a creative and sustainable solution to fight the dirty side of the fashion industry. Caroline Baeten described Dressr as “a two-sided platform offering a subscription to clothing rental to consumers and offering an end-to-end solution for fashion brands to participate in rental.”

At the moment, Dressr is currently working with fashion companies that are “Belgian independent designers that are quite far advanced into sustainability meaning they are selecting ecological fabrics, they are producing locally meaning Belgium or Europe.” To her, the most important criteria to select a brand for Dressr is the fabric they are using and the human rights behind the entire production process. It is not a requirement to be in Belgium, but she thinks that “we have the luxury of having more than 500 independent designers here, so why not start local? Now, Dressr offers exclusive and sustainable pieces, but not all clothing rental services follow this idea. Renting from fast fashion brands is something we want in the future to shift the fast fashion industry towards a more circular economy. The process of clothing rental at Dressr is showed in Figure 11.

![Figure 11. Process of clothing rental at Dressr](Source: Dressr (2021))

Dressr is not the only platform that is offering clothing rental as a service and therefore she has to deal with competitors like many other businesses. Fast fashion is her biggest competitor as
it allows consumers to get variety in clothing for low prices which is “basically the same concept that we want to provide to our consumers”. Other rental systems in Belgium could be seen as competition as well, but they are not that similar in a way that they are bind to a physical location while Dressr is digital.

On an international level, LeCloset in France is very comparable as well as Rent the Runway in the United States. On the other hand, there are brands such as Essentiel who are offering rental services themselves without the need of a platform. Her biggest fear is that e-commerce companies like Zalando could capture the market way faster than her if they were to be starting to offer clothing for rent as well. Of course, that is from a founder point of view, but as a conscious consumer, she loves the idea of more brands and organizations getting more normalized with the idea to rent instead of buy.

In the future, Ms. Baeten hopes to become the best alternative to buying fast fashion. Not only does she wish to outgrow Flanders and Brussels which is her test market at the moment, but she wants to see Dressr on a European scale. Clothing rental is not only present in Belgium, France, and the United States, but it is something that is increasingly happening on a global scale. The impacts that clothing rental could have are not limited to the place where it is happening, but it affects the entire world and planet.

4.1.3 Main Reasons to Rent or not to Rent

Some consumers would be interested in the concept of renting because of the possibility to 1) have variation in a responsible way. Of course, the other consumer who is conscious and sensitive about the fashion industry would be convinced because of 2) the responsible aspect that goes with the concept of clothing rental. A motive for people who are not aware of the dirty side of the fashion industry is that it allows them to 3) have access to exclusive designer pieces for an affordable price. Caroline Baeten prefers to rent categories such as bags, shoes, and earrings, but she would also like to rent a designer item each time to fit with these accessories.

As said by Ms. Baeten in the interview: “A consumer that is familiar with the environmental consequences fast fashion brings is likely to rent clothing when being offered the possibility. On top of being familiar with the harm the fashion industry causes, a reason to rent could be his or her concern for the environment. This type of consumer is easily convinced by reminding them of the positive impact clothing rental could bring. One of the most important ways to attract all types of consumers into renting clothing is by making it cheaper (or equally priced) for them to rent than to buy.”

Some categories are preferred to be bought over rented. Categories such as underwear because it is not hygienic to share that with others. Categories such as sportswear since “she does not need a lot of variation when it comes to sportswear, and she does not mind wearing the same things for years when it comes to sportswear”. Some consumers still love the “feeling of immediate satisfaction when they go to a store, and they buy a lot of stuff” rather than waiting multiple days before your order arrives.
4.1.4 Change in Purchase Behaviour

When asked to imagine herself as a customer of Dressr and not as its founder, she mentioned the following: “Even before starting Dressr I did not buy anything new, but I think most consumers will start to buy less, because they will just send back an item so they can choose another item and it is quite expensive to purchase everything that they rent so it is more that they will look at the occasion that they have and that they will rent an item that is fit for the occasion and then send it back. So, I guess the purchase behaviour will change in that sense that they will buy less and that they will buy more investment pieces instead of cheap stuff.”

Caroline Baeten mentioned that consumers 1) buying less, and 2) buying more investment pieces after being informed are one of the main changes she expects to find in the purchase behaviour of a consumer. As for Ms. Baeten herself, she stopped buying new clothing, started buying second handed on sites such as Vinted, and created a sustainable solution that allows consumers to rent clothing.

According to her, “buying from sustainable brands is a good alternative, but it still allows the problem of greenwashing to occur as well as investing a lot of time finding out everything about the label. I love variation and therefore buying one or two pieces from sustainable brands is not worth it, because it still costs a lot of money while being unsure still. I realized it was more about the system rather than having good alternatives. Thus, I wanted to find an alternative to traditional shopping. On my personal Instagram profile, I share a lot about the issues of fast fashion, but also always coming with a solution, for example sharing about second-hand sales, normalizing Kringwinkel which is a store that a lot of people think of is not for them, but I try to normalize it and show that you find really nice clothes there, or for example selling and buying on Vinted and like showing that there are alternatives.”

4.1.5 The Impact of Clothing Rental

Clothing rental is seen as a circular way of doing business. Renting out clothing could extend the life span of an item by increasing the wear turns per item. This would decrease the ecological impact of the item. Caroline Baeten mentioned:

“As soon as we increase 10 wear turns per item, we make a positive impact, and we are very optimistic about having more than 10 wear turns per item. We are still measuring now with Dressr how many times one renter is wearing an item; we assume that it will be way more than 10 times that an item will be worn. According to a study by VITO – who got their data from Ellen MacArthur Foundation, traditionally when an item is sold, the wear turns are between 7 and 10 times, we expect to exceed these 10 times per item as the renter will be allowed to wear the item all the time and then hand it over to another consumer. The higher the wear turns per item, the better the ecological footprint that is left behind. The goal of clothing rental is to increase the wear turns per item to make up for the cost behind our clothing.”

According to her, with clothing rental as an alternative to buying fast fashion brands, people are being more selective before buying something. Most consumers will buy less, and some will buy more investment pieces rather than cheap items that are not that high in quality. She
even mentioned that she would be open to switch from buying to renting completely: “I believe the amount of clothing I will buy is going to be so little that 95% of the clothing will be from renting in the near future.”

Ms. Baeten agrees that clothing rental could help transform the fashion industry into a circular model, but “only if they work with the system. Brands must think about rental already in the design phase, because they have to design for maximizing the life span of an item, so it needs to be easy to wash, it needs to be repairable even at the end of life it needs to be detachable to be able to recycle it. The most challenging part for brands will be the profit model and that is why I believe that not every brand will go into rental, but that platforms like Dressr and Rent the Runway will allow brands to contribute to making the fashion industry a circular fashion economy. Platforms like these should make it easy for brands to join this trend without having to invest in it. Brands could be convinced by showing the rewards they would get for offering items and then clothing rental could be an option.”

The future of clothing rental could work with a lot of young and mid-sized companies changing the way they do business. This could be reached with the pressure of stakeholders such as consumers changing their purchase behaviour. However, the real change is going to have to happen on a larger scale and changes must be made from higher up. The companies that are to be blamed for this fast fashion culture should be the ones that make the next big change in this industry. It could be about selling less but providing higher quality clothing. Fashion brands could also perhaps start offering rental services as well or perhaps starting with local production rather than making use of developing countries for their production processes. The system will not change if profit is still seen as the number one priority. To change the fashion industry to a more ethical and responsible way of doing business, profit cannot be a priority anymore. Businesses know that higher profit is possible but realize that as a result it comes with higher costs to produce as well.”

4.1.6 Reasons for Fashion Brands to Join and Not to Join a Circular Economy

For small fashion brands, it is easy if the infrastructure and communication to the consumer is already taken care of and the only thing, they have to do is offering the item to them. The larger companies could be convinced by “finding a solution for their challenges, being stock or image. On top of that, we work on visibility for the brands and one other argument is that items that have been worn at least once by our renters can be sold through Dressr as well and we have a very low margin compared to normal B2B sales”, as said by Caroline Baeten.

For smaller brands, the challenge of changing their way of business is the financial risk as they do not know what is going to happen if they decide to do so. They are quite unsure about earning their investment back. Sales, on the other hand, is a security because it guarantees money coming in.

For larger companies, shifting to a circular economy might not be attractive for them as Caroline Baeten mentioned: “They lack the agility or flexibility to just change a lot of stuff, because it affects everything. For some companies, it will be a decrease in profit, because working with
ecological fabrics and ethical processes could be quite intensive and expensive in some cases. For the main big industry, they would like to change, but also, they are quite stuck in this profit model of having a very low production cost and that is the main issue because if they want to change that their whole model is impacted, but it does not mean that they would like to change, it is just way more difficult for a larger company.”

4.1.7 Buying Second-Handed versus Clothing Rental
Caroline Baeten also talked about the main differences between clothing rental and buying second-hand clothing. Both are alternatives to buying new clothing from fast fashion brands, but it is thought that one is still better than the other.

The motive that she gives behind this reasoning is: “What I see as a danger is that the second-hand market is growing and evolving which is good, but it is not evolving the brands anywhere at all. In the second-hand market it is consumers amongst each other and of course the retailers who are going into second hand, but the brands who create new stuff completely fall out of this system. Clothing rental services bring fashion brands and consumers together and in this system all parties are involved. And that’s why besides from working with sustainable brands, Dressr integrates companies that want to become greener as well. Clothing rental It is always better to have the whole chain involved and not only working on maximizing the life span of an item. It is part of it, but brands should start playing a role in clothing rental. A good example could be to use returns that were send back by items to rent it out on platforms such as Dressr or rent it out themselves.”

4.1.8 Fashion Companies that Use Circular Model
Some of the brands that Ms. Baeten knows are very circular in their way of doing business. Big e-commerce websites like Zalando selling whatever is send back by buyers second handed. HNST, Studio Ama and Tropas are examples of Belgian brands that only use recycled materials in their production processes. More and more brands are joining this trend and becoming circular in their production.

4.1.9 Greenwashing
The level of greenwashing according to Caroline Baeten is quite high, but hard to find out. There are two types of fashion companies. One type where sustainability is the heart of the concept who decided to build something with the intention to be sustainable. The other type is where the brand is reactive to the demands of the consumer. This is often the case for older brands as they tend to follow what was happening and they are quite stuck there. For them, sustainability is not in their core business model and therefore they change the way they market their products. It is very hard to convince these types of brands as sustainability is not their core value.

4.2 Interview with Zaraï De Pelsmacker
4.2.1 Personal Information
The second interviewee was Zaraï De Pelsmacker. She was one of the most interesting consumers to interview since she has been using Dressr to rent clothing from the start and for
the longest period of time. She is 25 years old and lives in Ghent, Belgium. Miss De Pelsmacker is currently working as a Microcredit Advisor. She studied Public Management and Administration at the University of Ghent. She is one of the renters using Dressr to rent clothing and accessories for a period of around 6 months already. Even though she was aware about the dirty side of the fashion industry, before Dressr, she was not yet familiar with the concept of clothing rental even though she has heard sometime about “clothing libraries”, but she had never used it or looked more into it.

When asking her about how she got to know Dressr, she said: “Having met Caroline Baeten more than a year ago at an event where she told me she wanted to start her own business in circular fashion, I contacted her to offer help with the funding and subsidizing at Dressr and then after I decided to become a renter as well since I am super interested in the concept and fully stand behind the idea.”

4.2.2 Main Reasons to Rent or not to Rent
When being asked about some of the main reasons she rents clothing from Dressr, Zaraï De Pelsmacker said that 1) concern for the environment and society, 2) awareness of the impact the clothing industry has on the climate, 3) having a lot of variety in my clothing, 4) having access to exclusive brands without having to pay too much, 5) helping local brands and designers, 6) a good alternative to buying fast fashion brands were her motives behind renting, and 7) saving money because buying less clothes. The items she prefers to rent are mostly handbags and outfits that she only wears once to an occasion.

Important to mention is also when she as a consumer would not be willing to rent instead of buy. One of the reasons why she would understand that some consumers would not be open to renting is because of the 1) price one has to pay per month. In her eyes, it could be very expensive if the items rented are not worn enough or when there are not enough occasions to wanting to wear it. However, she does believe that if this is not the case, it is much cheaper to rent instead of buy. She believes renting clothing to be a better alternative to buying fast fashion than buying sustainable brands which often gets quite expensive. She mentioned that she 2) prefers to buy underwear, shoes and jewellery, because of hygienic reasons and basic items as she likes to own a few basics to combine with items that are rented. She believes that basic items are worn enough times to make up for the environmental cost it took compared to other more exclusive items that people tend to wear only once. In this case, 3) ownership is important.

4.2.3 Change in Purchase Behaviour
Miss De Pelsmacker believes that using clothing rental as a way of consuming clothing changed the way she would shop now and in the future.

She mentioned the change in her purchase behaviour before and after using Dressr: “I think I only bought one thing during these 6 months compared to 5 items per month before, because I was always looking forward to something new in my wardrobe, but then I realized I do not need it because in two weeks the new items from Dressr will arrive. Furthermore, I always look at the materials now whenever I am buying something new e.g., if it is polyester, I never buy it.
If I buy something from a fast fashion brand, which does not happen a lot anymore, then I try to wear it as long as possible or maybe give it to second life. I rarely buy something new anymore. Now, I think 70-80% of my clothing is bought second-handed from a shop like Vinted. The number of items I buy online decreased. In addition to that, I have successfully influenced my friends and family to change their way of buying by making them aware of the dangers of buying from fast fashion brands.”

Not only did Zaraï De Pelsmacker start buying less and renting more, but she also became more selective before buying something new. One of the most interesting things she mentioned is that besides from buying second handed, she also pushes herself to not buy too much from fast fashion brands anymore. In case, at one point in time, she would buy a fast fashion item, she mentioned that she would wear the item longer than usual to make up for the environmental and societal cost it took to produce the item. She is conscious before buying, because she tends to look at the materials used in the item before buying. After getting introduced to the concept of clothing rental, she asks herself the following questions before buying:

1. Do I really need it?
2. Am I going to wear it a lot?
3. Can I combine it with a lot of clothes?

4.2.4 The Impact of Clothing Rental

One of the most important aspects in the interview together with change in purchase behaviour is the impact clothing rental presumably has. The interviewee said the following when asked about the impact she believes clothing rental has: “People are more aware of what they buy or rent. They see the item and know the worth. It is also a good way to change the mindset of people who are not aware of the climate issue that is related to the fashion industry. Thirdly, Dressr puts more focus on the local brands. More specific, if you rent clothing, you are not the person who will decide “this is the moment I will throw it away”, Dressr itself will be the one that decides that it cannot be used anymore and then decides what to do with it. Most, if not all, brands that Dressr connects with use sustainable clothes and materials and produce locally or themselves.”

She mentioned important topics that clothing rental has an influence on such as 1) people buy less, 2) people are more aware of what they buy, 3) people are more aware of the issues related to fashion industry, 4) more focus on local brands and designers, 5) consumer is not the one who decides when to throw away an item and what happens with it, 6) people wearing an item longer and 6) brands offered are sustainable and ethical.

When asked whether she believed clothing rental to be able to help transforming the fashion industry into a circular model, she mentioned: “Of course, the fashion industry has a lot of different topics, so you cannot say that the clothing rental services are the only solution for it, but is a really good aspect for it, to make it more circular and to make more people aware for it, because actually it is the perfect opportunity to make sustainable fashion more accessible, attractive and more fancy. I really want to contribute to a circular fashion. It is a good way of
making it more sustainable. But of course, it is not only Dressr, because that focuses only on the end-of-use or end of the product life cycle, but it is the whole supply chain before not only the end that counts and if more initiatives like this will come there is a possibility that a lot can change.”

One of the most positive impact clothing rentals has is increasing the wear turns per item. To find out about how much more or less she wears an item, questions were asked regarding the amount of wear turns per item before and after using Dressr. Before using Dressr, she tended to wear an item around 10 times while after using Dressr, she wore an item 15 times on average. This exceeds the minimum of 10 wear turns per item which reduces the ecological impact.

4.2.5 Reasons for Fashion Brands to Join and Not to Join a Circular Economy
Another topic in the interview was the willingness or reluctance of fashion brands to join this trend to become circular. Zaraï De Pelsmacker mentioned that fashion companies joining a circular initiative such as clothing rental platforms could benefit from 1) an easy-to-use digital platform, 2) access to a new customer base, 3) a new income stream in case a brand’s item is sold, 4) gaining credibility, trustworthiness, and good reputation, 5) showing the willingness to improve business model, and 6) possibility to get money from surplus stock or items that could not be sold anymore.

4.3 Comparison of Two Perspectives: Similarities and Dissimilarities
Analysing a consumer and a founder of a clothing rental platform, some points in common and some dissimilarities were found which are discussed in Table 3.

Table 3. Similarities and dissimilarities in perspective of founder and consumer about clothing rental platforms

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<tr>
<th>Similarities</th>
<th>Caroline Baeten (founder)</th>
<th>Zaraï De Pelsmacker (consumer)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Favourite places to buy clothing</strong></td>
<td>Vinted and Dressr</td>
<td>Vinted and Dressr</td>
</tr>
<tr>
<td><strong>Change in Purchase Behaviour</strong></td>
<td>Renting clothing Stopping to buy Buying less Buy more investment pieces instead of cheap stuff</td>
<td>Renting clothing Buying less in store and online Buying less from fast fashion brands More conscious purchases Shopping local Buying second hand Looking at textile Wearing items longer Giving items a second life Switching to renting completely for certain items</td>
</tr>
<tr>
<td><strong>Average wear turns of an item before Dressr</strong></td>
<td>Consumers wear items only 10 times on average Wearing each item as many times as possible</td>
<td>10 times</td>
</tr>
<tr>
<td>Average wear turns of an item after Dressr</td>
<td>Exceeding the 10 wear turns per item is the goal. Wearing each item as many times as possible</td>
<td>15 times</td>
</tr>
<tr>
<td>------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------</td>
<td>--------</td>
</tr>
</tbody>
</table>
| Main reasons to rent                     | Variation  
Concern for environment and society  
Access to exclusive designer pieces  
Affordable | Concern for environment and society  
Variety  
Support local brands and designers  
Access to exclusive items  
Saving money  
Different  
Support innovative and sustainable project |
| Main reasons not to rent                 | Immediate satisfaction rather than waiting for order to arrive  
Unhygienic e.g., underwear  
Prefer ownership for some items e.g., sportswear | Price (if you do not wear the items)  
Unhygienic to rent e.g., underwear  
Prefer ownership for some items e.g., basics |
| Dissimilarities                          | View on sustainable brands  
Time-consuming  
Possibility of greenwashing  
Too expensive  
More about creating a system | Lack of information  
Lack of sustainable brands in past  
Expensive |
| Preferred membership and why?            | 4 items per month (after Covid-19)  
Occasions  
Variation | 2 items per month  
Good combination with own clothing  
No occasion to dress up (Covid-19) |
| Categories to rent                       | Bags  
Shoes  
Earrings  
Designer item | Handbags  
Exclusive and/or special piece of clothing |
| Categories preferred to buy over rent    | Underwear  
Sportswear | Underwear  
Shoes  
Jewellery  
Basics |
| Impact of clothing rental                | Reduce ecological impact of item  
Fighting waste couture  
Circular business model  
Extending life span of items  
Sustainable brands  
Local production | More awareness of dirty side of fashion  
More awareness of what they buy and rent (buying less)  
Focus on local and sustainable brands  
Company decides end-of-life  
New way of thinking for consumers  
Buying or renting less from fast fashion brands  
Increased wear turns  
Transparency about cost of item |
<table>
<thead>
<tr>
<th>Involvement in fighting fashion industry</th>
<th>Not buying new clothing</th>
<th>Informing and influencing friends and family</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Buying and selling second handed</td>
<td>Continuous research on fast fashion</td>
</tr>
<tr>
<td></td>
<td>Creating a sustainable solution</td>
<td>Trainee at Clean Clothes campaign</td>
</tr>
<tr>
<td></td>
<td>Sharing issues of fast fashion</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Informing friends and family</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Reasons for Fashion Brands to Join and Not to Join a Circular Economy</th>
<th>Offering infrastructure and communication to consumer</th>
<th>Access to easy-to-use platform</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Finding a solution for challenges such as stock or image</td>
<td>Access to larger client base</td>
</tr>
<tr>
<td></td>
<td>Help with visibility of brand</td>
<td>Earning revenue on sold items</td>
</tr>
<tr>
<td></td>
<td>Promoted on social media</td>
<td>Contributing to environment and society which gives credibility, trustworthiness, and good reputation</td>
</tr>
<tr>
<td></td>
<td>Access to new customer base</td>
<td>Easy way to join the circular fashion</td>
</tr>
<tr>
<td></td>
<td>Sell items with low margin</td>
<td>Giving second life to surplus stock</td>
</tr>
<tr>
<td></td>
<td></td>
<td>New income stream</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Future of Clothing Rental</th>
<th>Brands have to work with system</th>
<th>Good step towards 100% circular economy</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Design for maximizing life span of item</td>
<td>Integrate circular business model in entire supply chain</td>
</tr>
<tr>
<td></td>
<td>Easy to wash, repairable and detachable to allow recycling</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Consumers need to adapt</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Attract brands with profit and rewards</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Optimizing logistics</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Rise of clothing rental platforms</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Players at big level need to change fast fashion</td>
<td></td>
</tr>
</tbody>
</table>
5 CONCLUSIONS

The objective of this project was to figure out how clothing rental could enhance the transformation towards a circular fashion economy. Besides theoretical concepts, two interviews with a founder and a consumer of a Belgian-based clothing rental platform were held. Based on them, the following conclusions could be extracted.

First, fast fashion, which is known to be cheap, quick, and accessible, is so dirty that it is to blame for 10% of all industrial pollution and 20% of all global wastewater (Bick et al., 2018; United Nations Environment Programme, 2018). Even though brands are producing twice as much as 15 years ago, consumers seem to discard their clothing after around 7 to 10 wears only (Ellen MacArthur Foundation, 2017; C. Baeten, 2021). What is needed in this harmful industry is change. Circular economy is a way to make that change happen. It eliminates waste and pollution, keeps good and resources in use, and regenerates natural systems (Ellen MacArthur Foundation, 2017; Koszewska, 2018).

Second, it has been analysed if one option to solve the waste couture, as an environmental issue, could be the provision and increased use of clothing rental services which is part of the reuse stage in a circular economy system. When consumers share instead of own clothing, the number of wear turns per item could increase and thus the ecological impact of the item will decrease (C. Baeten, 2021; De Pelsmacker, 2021). On top of that, with clothing rental as a new concept, a shift in the way consumers purchase and behave towards sustainable practices is realistic. Even though the rise of clothing rental services is a good alternative to buying and could result in a decrease of fast fashion sales, it is not enough to turn the fashion industry into a circular economy that is 100% sustainable. Adaptation in the entire supply chain of a fashion brand is needed in order to see enormous changes. Clothing rental could enhance the transformation towards a circular economy in the future, but fashion brands need to take responsibility by producing less, adapting production processes, and integrating second-hand sales in their business model.

These statements are supported by the interviews held with Caroline Baeten, the founder of a Belgian-based clothing rental platform called Dressr, and Zaraï De Pelsmacker, one of its consumers. The main findings of the interviews were a change in purchase behaviour and the impact of clothing rental. As for the former, since renting clothing, both interviewees started buying less or even nothing at all. In addition to that, the consumer made more conscious purchases and started buying local and second-handed, among other aspects. The most important finding was that before using Dressr, the consumer wore items only 10 times on average whereas after she wore an item around 15 times. Besides from that, from the perspective of the founder, clothing rental could fight the waste couture, turn fashion into a circular economy, and support sustainable brands, among others. The main impacts clothing rental has in the eyes of the consumer are more awareness of dirty side of the fashion industry and of what consumers buy and rent, and company decides end-of-life instead of consumer, as the most highlighted. In addition to that, reasons to rent (from both points of view), the preferred categories to rent, and the future of clothing rental, were also analysed. Together with a rise of
clothing rental platforms or fashion brands offering rental services themselves, the fashion companies are responsible for changing fast fashion.

The main contribution of this project is, thus, evidencing that clothing rental can promote the implementation of a more circular model in the fashion industry. In addition, although the sample is small, having the two points of view of renting shows the importance of having a similar vision. And it is also important considering that clothing rental seems to be a more consumer-driven movement.

The main implications for the fast fashion companies are to consider that this movement is increasing when designing their production processes and communication, as consumers are more aware of greenwashing campaigns and are taking actions to increase the real sustainable practices in this industry. For consumers, they can find another way of contributing to make the industry and their behaviour greener. Finally, for governments and decision-makers, rental clothing is a new way of doing business that should be regulated but also supported.

One of the limitations of the master thesis are the two interviewees who were both from the same country, Belgium. In addition to this, the number of interviewees was also rather low. This limits the research to a national context. However, these platforms are not very common, and their activity is mainly national, adapting to each country’s characteristics. Thus, the internationalization of the topic will probably arrive in the coming years, which gives the option to be investigated in the future.


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ANNEXES
Annex A  Copy of the Questions Asked in Interview 1

The first interview was with the founder of Dressr who is called Caroline Baeten. The questions that were asked during the interview were:

- What is your name?
- What is your age?
- What is your academic and professional background?
- What is the mission of Dressr? In other words, why did you create Dressr?
- Do you buy from sustainable fashion brands? If yes/no:
  o Which sustainable fashion brands do you buy from?
  o What (else) do you do to fight the fast fashion brands?
- What does Dressr do?
- How does clothing rental at Dressr work?
- Who are Dressr’s biggest competitors?
- How do you measure the impact Dressr has on the environment and/or society?
- Does Dressr have a positive impact on the environment and/or society? If yes, tell me more.
- From the point of view of a founder:
  o What are the main reasons that you rent items?
    ▪ Is one of the reasons that you rent items because of the dirty side of the fashion industry?
  o What are the main categories of items you rent?
  o What do you prefer buying over renting?
  o How much times do you normally wear an item?
  o Has your purchase behaviour changed since using Dressr?
  o How many item(s) did you rent per month and how many times did you wear the item(s)?
    o Would you switch from buying to renting completely? If yes/no, why?
    o Are you being more selective now before buying something?
    o Would you use Dressr to rent clothing?
- How do you think consumers can be convinced to switch from buying to renting clothing? In other words, how would you try to convince me to rent clothing through your platform?
- How do you think fashion brands can be convinced to switch from a usual business model to a circular one? In other words, how do you convince fashion brands to offer clothing on your platform?
- Do you know any other fashion companies that are using a circular economy model as well?
- Do you know why other companies are not yet changing their way of doing business?
- How much do you know about the level of greenwashing in the fashion industry?
- Do you think that clothing rental can help transform the fashion industry into a circular model?
- Do you look at other companies to learn more about sustainable practices?
- What should be the next steps taken in the future to change the fashion industry?
- What is the future of Dressr?

Annex B  Copy of the Questions Asked in Interview 2
The second person interviewed was Zaraï De Pelsmacker who is using Dressr as a way of renting clothing. The following questions were asked:

- What is your full name?
- What is your age?
- Where do you live? (city + country)
- What is your academic and professional background?
- What is your income?
- Do you know what circular economy means?
- How did you find out about Dressr?
- How long have you been renting clothing from Dressr?
- Did you know about clothing rental as a concept before using Dressr?
- What are the main reasons that you rent items from Dressr?
  - Are you informed about the dirty side of the fashion industry?
- What are the main categories of items you rent?
- What do you prefer buying over renting?
- How much times do you normally wear an item?
- Has your purchase behaviour changed since using Dressr? (If yes: how, what, where, how much, when, before/after)
- Which are the brands you buy from the most?
  - Do you know whether they are sustainable or not?
- Do you buy from sustainable fashion brands? If yes, which ones/if not:
  - What (else) do you do to fight the fast fashion brands?
- How many item(s) did you rent per month and how many times did you wear the item(s)? Which membership of Dressr do you prefer?
- What is the economic impact of renting instead of buying clothing for you? In other words, are you saving money or not?
- Would you switch from buying to renting completely? If yes/no, why?
- Are you being more selective now before buying something?
- What are the main reasons not to rent clothing?
- What impact do you think Dressr has?
- How do you feel about Dressr?
- How do you think consumers can be convinced to switch from buying to renting clothing?
- How do you think fashion brands can be convinced to switch from a usual business model to a circular one?
- Do you think that clothing rental can help transform the fashion industry into a circular model?