Unlocking the Reuse Revolution for Fashion: A Canadian Case Study

by

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ABSTRACT

This research aims to explore the potential of **clothing reuse** as a stepping stone towards a more circular economy for fashion. A systems approach to problem finding, framing, and solving is applied to explore how we might increase fashion reuse behaviours amongst consumers and industry alike. This research includes an analysis of the key barriers that prevent higher rates of participation in fashion reuse despite the potential economic, environmental, and social benefits of doing so (Part 2), and identifies areas of opportunity to focus innovation (Part 3). Research methodology included more than 30 one-on-one consumer interviews, 20 interviews with industry professionals along the fashion value chain, and an extensive environmental scan with a particular focus on the Canadian market. While this research aims to be accessible for all, the intended audience for this paper includes industry professionals, individual consumers, and regulators with the desire or agency to create meaningful change to the current fashion system in Canada and beyond.

This study identified a variety of psychological and physical barriers preventing reuse adoption. For consumers, this is primarily a self-regulation challenge, enabled by our biological design and a cultural environment that has been purposefully constructed to exploit consumer behaviour for profit. This is further reinforced by a deep stigma towards used fashions within a culture that values newness and convenience above quality and longevity. For industry, fast fashion business models challenge both the economics and practicality of reuse, while lack of regulation and barriers to scale reuse models enable the status quo to persist.

An analysis of these barriers suggests several points of leverage to focus resources and efforts for innovation to drive increased participation in fashion reuse. Emergent examples from fashion reuse are presented and discussed to inspire action in four key opportunity areas for innovation including: (1) destigmatizing used clothing; (2) addressing our culture of accumulation and disposal; (3) increasing the attractiveness of reuse for consumers; and (4) motivating increased industry participation.

Clothing reuse may not be the sole solution to the global fashion industry's long-term sustainability challenges but it is a critical step along the path to creating a more circular and sustainable economy in which fashion can flourish and provides a mechanism for changing the way we think about the true cost, and potential value, of our clothing. While this research sheds light on many of the challenges and innovation opportunities that exist for clothing reuse on the horizon, turning insight into action is a key next step for further exploration.

Key words: Fashion; Reuse; Circular Economy; Resale; Second-hand

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*"Once you start to see the world as a collection of shared fictions, it never looks the same again. **If we collectively decide to alter the myths, we can relatively quickly and dramatically alter behavior.** The "Cognitive Revolution" is what happens when we decide that, while biology dictates what's physically possible, we as a species decide norms." – Yuval Noah Harari*

This section will provide a brief history of clothing consumption trends (1.0), including evolving industry practices and consumer values over time, to shed light on the pressing challenges facing the fashion industry today. The concept of a "Circular Economy" ("CE") for fashion will be discussed as a promising solution to these challenges and will explore why a specific focus on "clothing reuse" is a critical step along this journey. Part 1 will also introduce the key research questions explored throughout this paper and provide further details on the project frame (1.2), intended audience (1.2), methodology (1.3), and scope (1.4). Finally, this section will conclude with an overview of the potential benefits of the reuse economy uncovered from the current literature and will shed further light on existing challenge areas within the Canadian reuse landscape (1.5).

1.0 A MACRO VIEW OF THE PROBLEM SPACE

Today's Fashion Landscape and How We Got Here

There was a time before fast fashion, Black Friday blowout sales, and Amazon Prime two-day delivery. Clothing was scarce, expensive, and therefore, highly valued. Instead of being mass produced by factories in impoverished countries located thousands of miles away from the consumers who buy them, individuals were skilled in producing and repairing clothing. Given the high cost of materials, the lack of large-scale industrial manufacturing, the significant skills and time involved to produce garments by hand, and the low disposable income per household, clothing was regarded as a necessity - one did not own more than they needed and continually reused and repaired clothing until it was no longer wearable (Waxman, 2018). As such, people primarily valued the durability of their garments - which needed to stand up to the test of hard labour (at least for the masses) - and they experienced firsthand the costs and physical effort that went into making each item of clothing.

The industrial revolution was a major turning point for production at large, including the garment industry, that would shift the way we make and consume products over the next two centuries and beyond. It was during this time that today's linear value chains for consumer products (Figure 1) were established and optimized (Benifand, 2015). During this time, the emergence of large scale production-manufacturing facilities and formal job networks also raised the overall income, and therefore buying power, of North Americans, introducing more affordable ready-to-wear fashions to the masses.

By the late 19th century, the average person gained access to more styles, colours, and fabrics through desirable new retail channels such as department stores and catalogues. Longevity as the primary driver of clothing design was slowly replaced by the desire for the latest fashions. The new art of marketing led to a flourishing and lucrative fashion industry and brand names emerged as shorthand for both quality and style. Fashionable ready-made-clothing was still affordable enough that the average middle-class household could introduce a variety of options into their everyday wardrobes but expensive enough to be valued and well-maintained. As time went on, globalization, off-shore manufacturing, fashion cycles and consumer culture all continued to accelerate, shifting consumer values with it.
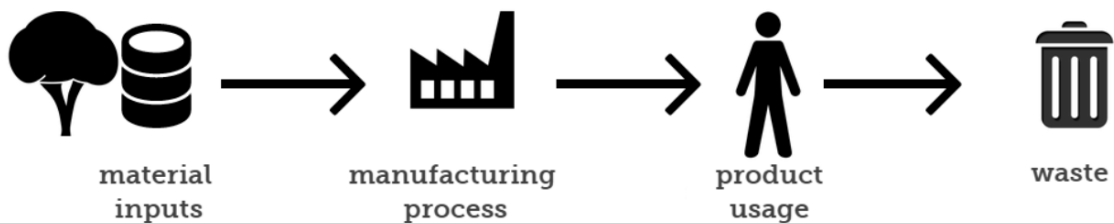
Figure 1. Linear "Take, Make, Waste" Value Chain (Benifand, 2015)

Today, the linear value chain for fashion is highly sophisticated, globally connected, and optimized for speed and profitability. For industry, this means that the business of fashion has never been more complex or competitive. For consumers, it has never been easier, faster, or cheaper to access the latest fashion trends. This hyper-level of convenience and affordability is intentional by design, and was the next major disruptive evolution to follow the post-industrial industry boom. As the costs of doing business locally increased alongside the growing prosperity of the middle class in North America, clothing production, like so many other industries, slowly moved overseas. This "offshoring" of production enabled fashion brands to produce garments at significantly lower costs, and these savings were in turn passed along to consumers in the form of lower prices.

As the fashion industry became increasingly sophisticated, enabled by new technology (i.e. the Internet, synthetic fabrics, etc.), complex global logistics networks and a deep understanding of consumer psychology, a new disruptive business model known today as "Fast Fashion" emerged. With it came the concept of "planned obsolescence", a business strategy which factors in that the product manufactured will inherently become obsolete. This is done so that in future "the consumer feels a need to purchase new products and services that the manufacturer brings out as replacements for the old ones" (Hindle, 2008). These new business models shifted consumer expectations of value across the entire garment industry, replacing the desire for high quality, fashionable clothing, with the desire for trendy pieces at an extremely low cost. The more affordable and widely available fast fashion became, the more these garments were seen as disposable by consumers (Waxman, 2018).

Over time, this has resulted in clothing utilization rates that are staggeringly low. Consumers now buy more clothing than ever before with the average North American purchasing 60% more clothing than 15 years ago and keep these items for only half as long before discarding of them (McClure, 2019). The Global Fashion Agenda estimates that the average garment today is worn only seven to ten times before being discarded, and most of these garments are in perfectly good condition when they are disposed of (Lehmann et al., 2018). According to management consulting firm McKinsey & Company, 60% of all clothing produced winds up in incinerators or landfills within 12 months.

These wasteful practices have led the global fashion industry to become one of the worst polluters on the planet, coming second only to energy production, with negative impacts expected to drastically increase by 2050 (Figure 2). Yet the true costs of our addiction to cheap prices are challenging to comprehend as the greatest tolls are often well out of sight beyond our nation's borders. Specifically in Canada's most populous region of the country, the Greater Toronto Area ("GTA"), clothing is now the fastest growing category of municipal solid waste with the average Toronto household throwing away approximately 37 pounds of clothing every year (City of Toronto, 2019). While these practices are both environmentally unsustainable and ethically disheartening, these high levels of waste also equate to real economic dollars that are currently lost throughout the linear fashion value chain (Ellen MacArthur Foundation, 2017).

Negative impacts of the textiles industry are set to drastically increase by 2050

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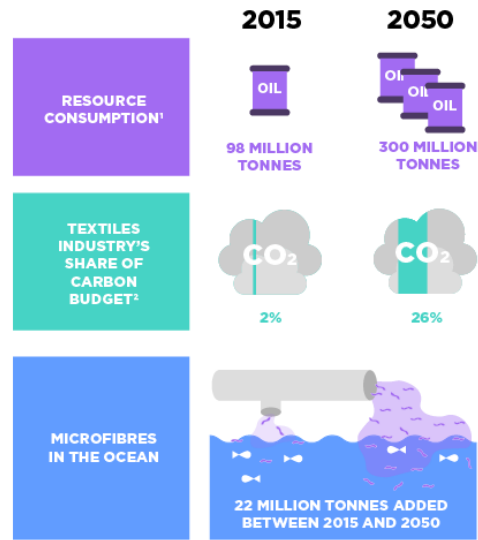
Figure 2. Increasing Negative Impacts of the Textiles Industry (Ellen MacArthur Foundation, 2017)

Recent headlines in mainstream news highlighting billions of dollars in unsold inventory (Ex. H&M had $4.3B in unsold inventory in 2018), burning of excess inventory (Ex. Burberry destroyed $36.8M worth of inventory in 2018), store closures (Ex. J.Crew closed five stores across Canada in 2018), and bankruptcy filings from various notable fashion retail brands (Ex. Forever21 filed for bankruptcy in 2019 and plans to close all of its Canadian stores), suggests that the current system is operating with significant inefficiencies, and that "business as usual" is vulnerable to being superseded by new ways of doing things.

As news of the "true costs" of fast fashion spread and the reality of wasteful business practices begins to catch up with industry, consumers are beginning to question their impact and agency within the system, while also putting more pressure on brands to act. At the same time, an endless variety of ever-rotating trends at the lowest possible prices has led to the commoditization of clothing and consumer fatigue. The toll on consumer's emotional and financial well-being of constantly trying to attain the latest thing, may have finally run its course.

The Circular Economy: A Paradigm Shift on the Horizon

The next big disruption to the fashion industry offers yet another shift in values towards our clothing and it is one that has been gaining steady momentum for the past decade - the concept of a Circular Economy. The concept of a Circular Economy ("CE") for fashion can be described as a system that is "*restorative and regenerative by design and provides benefits for business, society, and the environment. In such a system clothes, textiles, and fibers are kept at their highest value during use and re-enter the economy after use, never ending up as waste*" (Ellen MacArthur Foundation, 2017). Put another way, achieving circularity requires moving

from an economic system driven by growth at all costs, which has normalized today's "take-make-waste" value chain, to a system that values sustainability and reuse. In "A New Textiles Economy" the Ellen MacArthur Foundation makes the case for how transitioning the fashion industry towards circularity is good for both the environment and for business. If the current industry growth rate is sustained, the fashion industry is expected to balloon to $3.3T and manufacture an additional 102 million tonnes of clothes and shoes by 2030 (Segran, 2019). However, if we don't fix our current system, 85% of these garments will continue to end up in landfills, which has significant environmental and social costs ("OTDC," 2019).

While the total sum of negative externalities created by this industry are difficult to quantify, experts estimate that the adoption of circular practices by the fashion industry could provide an overall benefit to the world economy of approximately $192 billion (Ellen MacArthur Foundation, 2017). The UN's *Sustainable Development Goals* are also strongly aligned with the need to develop innovative new solutions for industry, including a focus on "Responsible Consumption & Production" and "Climate Action", highlighting the relative importance of these issues.

Given the complexity of the challenges at hand, The Ellen MacArthur Foundation - which includes collaboration with some of retail's largest players, such as H&M and Nike - outlines four key actions to enable a successful industry transition towards circularity as outlined in Figure 3, including increasing clothing utilization.
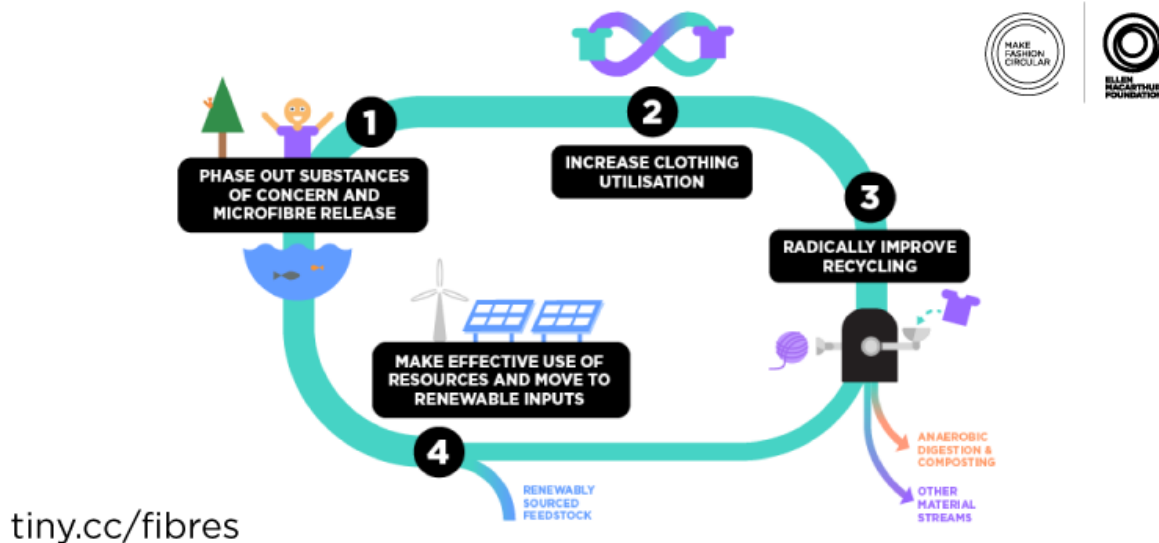
Figure 3. Key Actions towards Circularity (Ellen MacArthur Foundation, 2017)

At its core, this recipe for circularity boils down to the popular sustainability mantra of "*Reduce, Reuse, and Recycle*". While all of these actions will be necessary to a successful transition to circularity, change of this magnitude does not happen overnight. Affecting lasting change will involve shifting the dynamics of the entire fashion system, ultimately, refocusing its goals and incentives, to change patterns of behaviour. Notably, as leverage for change increases, so does the resistance to change.

When it comes to phasing out materials of concern and optimizing recycling for the circular economy, technology has been one of the major stumbling blocks to date. Phasing out materials of concern means replacing them with other, more sustainable options, primarily those that require limited natural resources and no harmful chemicals to produce (i.e. water, energy, chemicals, etc.) and can be easily recycled into new fabrics at end-of-life. While many brands from Levi's to Reformation are experimenting with more sustainable fabrics, this field is still very much in its infancy. Similarly when it comes to turning old clothes into new clothing through recycling, the industry has been extremely limited by the technology required to separate mixed fibre fabrics, primarily those made with synthetics. Worldwide, less than 1% of the material used to produce clothing is recycled (Ellen MacArthur Foundation, 2017).

Notably, solving for the recycling challenge, including the development of more sustainable fabrics that can be easily transformed back into quality new fabrics, is a top priority for fast fashion's largest players. These players have strong financial interests in maintaining their high throughput business models. While Fast Fashion may be blamed for creating these problems in the first place, its largest and most recognizable players should also be credited with making a concerted effort towards leading the adoption of circular fashion at scale.

However, the fact that industry encourages individual use and disposal of too many clothes cannot be ignored. While recycling plays a critical role in a more circular fashion economy, the volume of material that would result from recycling all of our unwanted clothing today far exceeds the size of any market's ability to absorb the resulting output. As such, it is estimated that nearly three-fifths of all clothing produced ends up in incinerators or landfills within years of being made (Remy, Speelman, & Swartz, 2016). This boils down to a larger cultural challenge of excessive consumerism. While reducing the sheer volume of clothing we produce and consume may not require any sophisticated technology, the financial implications of this shift for the fashion industry's largest and most powerful actors means strong resistance to change is likely to be encountered.

Of the four key actions towards circularity identified by the Ellen MacArthur Foundation (Figure 3), "increasing clothing utilization" is particularly interesting as it is something that many individuals already know how to do. In fact, as the brief historical overview of values towards clothing suggests, maximizing utilization of our garments is something people did without much thought for many years. While values towards clothing utilization may look substantially different today, a significant portion of the Canadian population, and other societies around the world, currently participate in various practices of clothing reuse that helps to extend the useful life of garments and their utilization rates. Further research on the subject suggests that attitudes towards clothing reuse are evolving and that business models which support increased utilization of clothing are on the rise, providing meaningful benefits and opportunities for those who opt to participate.

1.1 RESEARCH QUESTION & OBJECTIVES

The existing body of research on fashion reuse appears to be a subset of a larger category of research on sustainable clothing consumption that has primarily focused on the factors which motivate participation. To date, the research has paid little attention to the moderating factors of clothing resale and reuse. While the broader known barriers to consumer participation in the

reuse economy for fashion include: the fear of contamination of used clothing by the previous owner; utilitarian barriers such as size and price; personal values and preferences; and store characteristics, such as location and organization (Hansson & Morozov, 2016), existing research appears to overlook the broader systemic context that is contributing to low participation rates in reuse, particularly amongst Canadian consumers.

While the subject matter of fashion sustainability and clothing reuse appears to be growing in interest and scope, a literature review suggests this gap may come from a lack of study on the systemic barriers to participation in fashion reuse.

By taking a systems approach to exploring the barriers and the interactions between industry, consumers, government and supporting stakeholders - particularly through a Western context where consumerism is most acute - it is the objective of this research to identify effective points of leverage for fashion reuse innovation to help it flourish.

As such, this study will seek to address the following research question:

How might we create a flourishing reuse system to maximize the usable life of our clothing and accelerate the transition towards a more circular economy for fashion?

To address this rather lofty question, the following sub-questions will be explored throughout in more depth:

Part 2
- *What are the key components of a flourishing reuse economy?*
- *What are the contributing factors that create barriers to participation in fashion reuse?*

Part 3
- *Where are the leverage points for change within the system?*
- *What new organizations, business models, concepts and/or policies are challenging these barriers and creating opportunities for fashion reuse to flourish? Where might additional opportunities exist?*

The further study of fashion reuse is an important endeavor primarily for the cascade effects this could create. If industry and consumers alike can become less reliant on the production of new clothing, this has the potential to help address some of fashion's largest sustainability challenges, including a shift in how clothing is designed (i.e. to be more durable, meant to last, and recyclable at end-of-life) and the general economics behind the current fast fashion value chain (i.e. reduced reliance on high throughput production models, less pressure to reduce material and production costs beyond their true value). While contributing to the broader effort of creating a more sustainable global fashion system, this research may also assist in uncovering opportunities and strategies to accelerate the transition towards the circular economy for other industries beyond fashion.

1.2 RESEARCH FRAMING & INTENDED AUDIENCE

Anyone with an interest in fashion, who would like to see the industry flourish for years to come, may find value in this research. However, the specific target audience for this research are those with the desire or agency to create meaningful change to the current fashion system in Canada and beyond. As such, the research analysis has also been framed through the lens of these key stakeholders, including:

- **Industry Professionals** at small, medium and large organizations, including designers, manufacturers and/or retailers who control or influence how clothing is produced, marketed and sold, and in turn help to shape the culture around fashion and consumption. This research is relevant for fashion industry professionals with an interest in understanding how the reuse economy might evolve and the potential impacts on shifting consumer demand for new goods. This research will also address opportunities where organizations might benefit from participation/innovation in this sector.

- **Individual Consumers**, who despite their cognitive biases and exploitable nature, have the ultimate agency over their purchase decisions. With immense collective spending power, individual actors may have more ability to affect change than they might think. This research is relevant for individuals who might benefit from more active participation in the reuse economy (i.e. significant savings, earnings, novelty, access to brands, individuality, community, etc.), including entrepreneurs who might capitalize on addressing the gaps in the current reuse system. For those who want to advocate for change, this study will also shed light on alternative options and actions individuals can take in their own lives to make an impact.

- **Policy Makers,** who have the ability to affect system-level change by moderating industry and consumer behaviour where appropriate and most effective. As the reuse economy creates significant economic, environmental and social impacts that contribute to well-being of Canadians, it is important for policy makers in varying levels of government to be aware of the shifting nature of the industry, including where existing policy no longer serves us and/or where new policy is required, to facilitate and manage the potential growth of this sector. While government policy is not the primary focus of this research, potential interventions are discussed where relevant and necessary.

The shift towards a flourishing reuse system for fashion will come from the intersection of business, government, and civic action; making big and small changes individually and in partnership. As such, it is the relationships between these audience targets that this research seeks to highlight, and in doing so, provide a new perspective on the subject matter that will enable meaningful change to occur.

1.3 RESEARCH METHODOLOGY

To tackle the research question at hand, a human-centered problem solving methodology was broadly applied. Due to the time and resource constraints of the Major Research Project, this research focused on the initial stages of the design thinking process which broadly includes: problem finding, fact finding, problem definition and preliminary problem solving.

Further, in an effort to understand the complexity of the ecosystem that encompasses fashion reuse, including all its components, processes, functions, stakeholders and interactions of the past, present and possible futures, this research and analysis used an approach guided by systems thinking. The discipline of Systems Thinking has been developed over the past 50 years and its theory can be particularly useful when applied to complex problems that involve helping many actors to see the "big picture" beyond their individual part in it; an important objective of this study. Specifically, Donella Meadows' framework of *Places to Intervene in a System* was utilized as a lens to identify and analyze potential leverage points for innovation within the reuse system, as discussed in Part 3 of this paper.

Specific sources for the data outlined in this research include:

Secondary Sources

Literature Review - A comprehensive review of relevant literature from the domains of Consumer Behaviour, Psychology, Economics, Business, and Environmental Studies was conducted. A variety of sources were reviewed including academic journals and books, industry reports, popular media, fringe media and fashion-related blogs. This was used to gain a thorough understanding of the current challenges facing the fashion industry; the circular economy for fashion and key development areas; the relative importance of Canada's reuse economy; as well as consumer motivations and participation rates in the reuse economy. This review provided critical context for the primary research which followed.

Environmental Scan - To supplement the literature review and provide a deeper dive on the current state of Canada's reuse economy, an environmental scan, with a specific focus on the Toronto/GTA area, was conducted. This scan included a robust online review of popular media, corporate, non-profit, and government websites, online reuse marketplaces and "re-commerce" sites, along with a series of store visits. This effort focused on identifying the key stakeholders in Canada's reuse economy while also seeking to better understand the business models and value propositions present in Toronto's reuse economy for fashion, with a particular focus on identifying emerging trends. For the trend scan, the scope was broadened to include innovative reuse models outside of Canada using the STEEP-V Framework, a popular scanning tool used by foresight practitioners to consider the emergent social, technological, economic, environmental, political and values-based factors for analysis.

Primary Sources

As empathy is at the core of any human-centered design process, the primary research conducted for this study involved speaking with human subjects from varying stakeholder groups within the fashion reuse industry, including:

Consumer Interviews - To gain a deep understanding of perceptions towards clothing reuse and awareness of acquisition and disposal channels, thirty 1-1 consumer interviews were conducted in/around shopping environments in Toronto, including the Toronto Eaton Centre, Yorkdale Mall, and Dufferin Mall. The target population for this research were consumers aged 18-64 who were primary non-thrift shoppers.

Expert Interviews - A series of 1-1 interviews were also conducted with twenty, primarily Canadian industry professionals and experts across the fashion value chain. The intent of these interviews was to gather diverse perspectives on the barriers to consumer and industry adoption of fashion reuse. While the personal identity of these experts has been withheld to protect their anonymity, a generic list of participants and their experience is provided in Table 1.

Table 1. Sample of Industry Experts Interviewed

General Description and Experience of Experts Interviewed
University professor of economic policy & taxation with experience studying the second-hand economy
Leading industry experts from the non-profit sector (with specific focus on sustainability)
Professors of fashion design at Canadian colleges (with specific expertise in sustainability)
Canadian fashion designer & program manager at Toronto innovation accelerator
Apparel retail consulting professional
Senior executives from two large Canadian apparel retailers and/or manufacturers
Apparel boutique owners (both retail and consignment)
Former CEO of large clothing reuse chain
CEO of popular second-hand peer-to-peer marketplace
Various entrepreneurs from Toronto's reuse industry (i.e. rental, swap, thrift)
Stylist, entrepreneur and sustainability educator in Toronto
Consumer behaviour specialist working for the Federal Government focused on advancing the CE in Canada
Charity program manager & textile waste specialist

1.4 RESEARCH SCOPE

Based on the researcher's physical location and relatively low participation rates in fashion reuse uncovered in the initial literature review, the Canadian market, and more specifically, the region of Toronto/GTA, were selected as the main focus area for this study. However, it is critical to note that Canada's reuse system is nested within a much larger fashion system that is global in its scope, scale and impact. As such, while this research explores the barriers to fashion reuse through a uniquely Canadian lens, the researcher has drawn comparisons to US and other global fashion markets where appropriate.

The researcher has also opted to focus the scope of this study on the conventional reuse of clothing, meaning reuse for an item's original purpose, rather than creative reuse or repurposing where an item is reused to fulfill a different function. As such, other related circular behaviours such as reduction strategies and recycling, while not discussed in detail, are referenced where appropriate.

1.5 REUSE, AN OLD SOLUTION TO NEW PROBLEMS?

Clothing use, from the point in time when a garment is sold to a consumer, to when it is disposed of, is a critical part of the fashion value-chain. It is also the part where the majority of value from extracting, manufacturing, shipping, and marketing is lost when useful clothing is disposed of prematurely by consumers (Lehmann et al., 2018). Worldwide, clothing utilization has decreased by 36% in the past 15 years, but in rich world nations, this number tends to be much higher - in the US, clothing is worn for around a quarter of the global average while clothing utilization has decreased in China by 70% during the same timeframe (Ellen MacArthur Foundation, 2017).

A small subset of existing research on fashion sustainability has studied the disposal habits of consumers, finding varied motivations for discarding clothing that can be grouped into four categories: wear and tear; fit or size; taste or boredom; and other situational reasons, such as lack of space (Laitala, 2014). Notably, while the order of importance of these reasons varies between studies, existing literature suggests that a significant percentage of this clothing is disposed of in wearable condition, with a large proportion of clothing that has never been used due to unsuitable design (ex. fit) or mistaken purchases (ex. wrong size).

Fashion reuse and the activities that enable redistribution of used clothing is highly opportunistic, attempting to maximize clothing utilization and extract maximum value from a garment's useful life. For the purposes of this study, reuse includes the resale, rental, swap, borrowing and exchange of clothing in its existing form, while the redistribution activities enable these transactions and includes activities such as the collection, cleaning, repair, refurbishment, and authentication of clothing between users.

While the terms 'resale' and 'reuse' are often used interchangeably, 'reuse' most accurately captures the various processes that extend the useful life of garments, and is the preferred term used herein.

Recent literature on the subject suggests that the "Reuse Economy", also known as the "Second-Hand Economy", for fashion plays an important role in addressing the industry's current sustainability challenges. Increasing domestic participation in clothing reuse could also provide significant economic and social benefits. The 2020 Circular Fashion System Commitment Agreement produced by the Global Fashion Agenda ("GFA") and the Boston Consulting Group ("BCG") in collaboration with several notable fashion apparel brands has four key action strategies, one of which includes "increasing the resale of used garments" (Watson, Eder-Hansen, & Tärneberg, 2017). Reusing clothing also ranks second in the European Union's waste hierarchy, which means it has the second lowest environmental impact behind waste prevention.

Environmental Impacts

From a sustainability perspective, a thriving reuse economy for fashion is desirable because it delays the typical consumption-disposal cycle and helps to divert garments from prematurely ending up in landfills (Figure 4; Figure 5). Based on today's fashion business models discussed above, the sheer resources required to produce a single garment of clothing is immense including:

- The growth, extraction and processing of raw materials, including the energy (almost all of it non-renewable) and human labour
- The materials for packaging & shipping
- The energy and resources for transportation (Ex. the average t-shirt travels ~35,000km)
- The labour, energy and resources required for marketing and sales
- All of the pollution and waste generated from this process (i.e. emissions, chemicals, packaging, etc.)

As such, fast fashion prices do not reflect the true value and costs of these garments (McClure, 2019). Of particular concern are the costs externalized through our environment every time we dispose of perfectly wearable clothing. **Yet by extending the use of a garment through by just 9 months, we can reduce its environmental footprint by 20-30%** (WRAP, 2015). If this pattern is replicated at scale, the environmental savings alone would be huge.
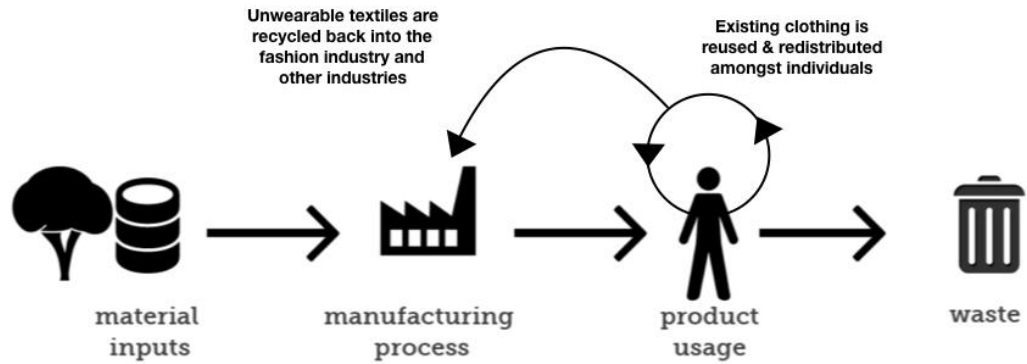
Figure 4. The Role of Reuse in the Fashion Value Chain
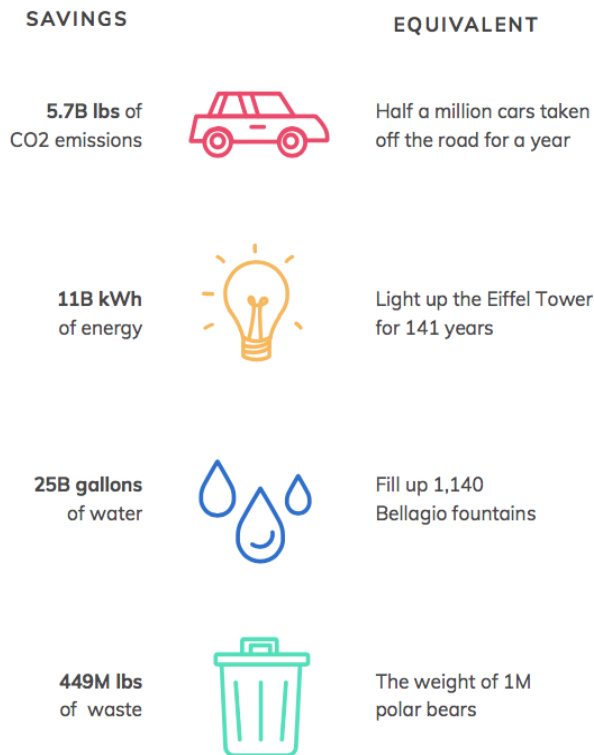
Figure 5. The Environmental Impacts of Fashion Reuse (ThredUP, 2019)

Economic Impacts

Up until recently, little was known about the size and participation rate of Canadians in this alternate economy. Today, the "Second-Hand Economy Index", sponsored by Kijiji, estimates that nearly 85% of Canadians have participated in second-hand trades and that the value of all activity, including direct and indirect effects, contribute a value of $34-37 billion towards the national Gross Domestic Product ("GDP") (Durif F, Arcand M, 2018). While our GDP may not formally take second-hand transactions into consideration, the literature suggests that the collective value of this industry is equivalent to approximately 1.4% of our total economy (Tedds, 2016). Far and away, clothing, shoes and accessories are the largest category of goods exchanged through second-hand channels (Durif F, Arcand M, 2018).

Further, a recent report from online clothing reseller ThredUP suggests that the total second-hand market for apparel is set to double over the next five years to approximately $51 billion USD (ThredUP, 2019). This growth will come primarily from an expansion of the resale sector driven by the desire of Millennials and Gen-Z for variety, value, and sustainability in their wardrobes (ThredUP, 2019). With resale growing at a rate 21 times faster than retail over the past three years, it is projected that resale will overtake fast fashion within the next 10 years to become 1.5 times the collective size (Figure 6). This presents a unique opportunity for entrepreneurs and industry alike to capitalize on this growing trend.
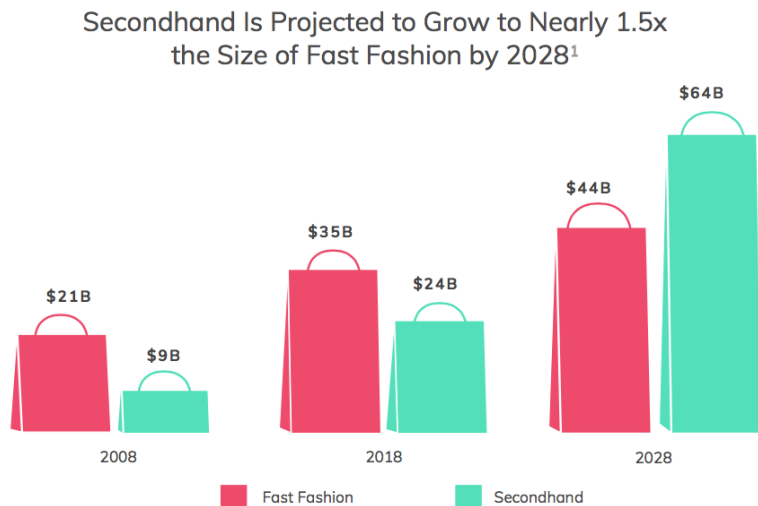
Figure 6. Size of Resale Market vs. Fast Fashion (ThredUP, 2019)

This accelerated growth is helping to re-shape the reuse experience and perceptions. A new cohort of start-ups focused on rental, resale, exchanges, and the supporting logistics have entered the marketplace within the past decade, attracting loyal users and the attention of investors. In March 2019, Rent the Runway (US), a pioneer of the clothing rental industry, received official "unicorn status" with a valuation of over $1 billion USD, raising more than $337 million in total equity to date (Maheshwari, 2019).

For existing fashion retailers, the promise of reuse boosting foot traffic, sales, and customer loyalty through reuse may be particularly attractive. A recent survey by ThredUP found that

97% of senior executives across 20 of the top retailers said they are interested in advancing their company's circular fashion efforts by 2020, which includes testing of "resale" (87%,) "rental" (61%), and "refurbishment" (52%) programs (ThredUP, 2019). Proponents of resale claim that lower price-points may help attract new value-seeking customer segments to higher-end brands they may not have otherwise considered, while collecting and refurbishing clothing could provide potential new revenue streams for some brands. After posting disappointing Q2 earnings in 2019, both JCPenney and Macy's have announced in-store partnerships with ThredUP, America's most successful online re-commerce player. In addition, rental programs, collection schemes, and the element of treasure hunting may prompt customers to engage with a brand post purchase.

Lastly, the reuse economy enables individuals to monetize their latent clothing, earning additional income that will be reinvested into the economy (Tedds, 2018). New jobs that support the sector will also be created through reuse - from the collection of clothing, to cleaning, repairs, and insurance to name a few. However, as participation rates in clothing reuse rise reducing demand for new garments, these jobs may come at the expense of those affiliated with new production. This is the effect of a changing job market that appears to be taking place across many industries due to shifting values and technological disruption.

Social Impacts

While the concept of reusing clothing is nothing new, the idea of the thrift shop is relatively so. In fact, the first thrift stores were conceived in the late 1800's by Christian Missionaries looking to fund their community outreach programs (Waxman, 2018). Leveraging their strong religious affiliations, these missionaries partnered with organizations such as The Salvation Army and Goodwill to provide legitimacy to their business model. These organizations would hire poor, homeless, and/or disabled people armed with pushcarts to collect clothing and do any necessary repairs in return for food, lodging, and/or payment. In addition to clothing, many of these thrift stores offered social services and an opportunity for poor new immigrants to access affordable clothing and "become Americanized" (Waxman, 2018).

Since then, the concept of a thrift store has evolved dramatically to attract a wide variety of customer segments - from high-end "vintage-seeking" clientele starting in the 1950's (when the concept of the "consignment" store was born), to "recessionistas" following the global financial crisis in 2008, and more recently, the "environmental stewards" looking for more sustainable clothing alternatives. Notably, these stores have also become increasingly sophisticated businesses, most of which now operate as for-profit entities. Yet the core benefit of thrift primarily remains unchanged - enabling people to access better value for clothing (Tedds, 2016). Undoubtedly, the Internet has been one of the most dramatic innovations to advance the reuse game by enabling scalability and more widespread access to an endless supply of fashions at any price point. In addition, discussions with industry professionals for this research suggests that many peer-to-peer marketplaces have helped to create a strong sense of community by connecting strangers with one another for mutual benefit that often transcends the value of the clothing exchanged.

As industry and consumers alike look for ways to save time, money, energy, and resources, the reuse economy for clothing appears to have a bright future ahead. Yet notable challenges remain if we want to unlock the full potential of the reuse opportunity.

Part 1: Why We Should All Care About Fashion Reuse

While much of the literature on fashion reuse concludes that we are experiencing a surge of interest in used clothing as part of a larger transition towards a circular economy for fashion, we have a long way to go. Many consumers and industry decision-makers remain unaware, unmotivated, or simply unsure of how to participate in reuse.

For most Canadians, their experience with the reuse economy stops and ends at donating used clothing to charity. Kijiji's 4th Annual Second-Hand Economy Index Report suggest that while 85% of Canadians had participated in the second-hand economy, their actual desire for used goods, including clothing, is particularly low. Only 4% of Canadians surveyed would prefer to buy second-hand clothing rather than new (Durif F, Arcand M, 2018). This lack of enthusiasm translates into low participation rates in reuse, with 60% of North Americans claiming to only shop second hand once per year or less (McClure, 2019). When considering that the average North American purchases 59 new items of clothing and disposes of 82 pounds of textiles every year (i.e. approximately 8.1 trash bags full), Canadians are running out of places to hide their proverbial dirty laundry (The Fashion Law, 2018).

PART 2: AN ANALYSIS OF CANADA'S FASHION REUSE SYSTEM - UNCOVERING THE BARRIERS TO GROWTH & ADOPTION

"You could say paradigms are harder to change than anything else about a system […] but there's nothing physical or expensive or even slow in the process of paradigm change. In a single individual it can happen in a millisecond. All it takes is a click in the mind, a falling of scales from eyes, a new way of seeing. Whole societies are another matter — they resist challenges to their paradigm harder than they resist anything else." - Donella Meadows

This section will provide an overview of Canada's fashion reuse system, including its key components (2.0), potential threats (2.0), conditions required for flourishing (2.1), and its major stakeholders (2.2). This context will assist in framing the latter portion of Part 2, an identification and analysis of the systemic barriers to flourishing encountered by key stakeholder groups (2.3).

2.0 FASHION REUSE 101

In the specific context of the reuse system for fashion, **the term "reuse" encompasses all of the inputs, actors, actions and activities that enable or prohibit the redistribution of clothing in a marketplace once it has been sold by a retailer.** In a well-functioning system, these components would foreseeably work together to maximize value extraction from used clothing, keep garments in circulation as long as possible and divert usable textiles from landfills. Yet in our globalized fashion system, we know that rates of clothing reuse vary significantly by both region and country.

In terms of collection and reuse rates, Europe is leading the pack. As the long-standing epicenter for fashion, the region has been one of the most aggressive and progressive in setting policy with respect to clothing waste. Specifically, Germany outperforms most countries by collecting almost three-quarters of all used clothing, reusing half and recycling one-quarter (Remy et al., 2016). In other regions of the world, collection rates are far lower, with an average of 15% in the US, 12% in Japan, and 10% in China. While no specific distinction is made for Canada in the existing literature, statistics from the US are widely accepted as a proxy.

North America's fashion systems are indeed largely intertwined, sharing many retailers and consumer behaviours. This suggests that many of the barriers uncovered in this study speak to the broader challenges of reuse in North America and possibly even globally. Yet, Canada's fashion landscape and supporting reuse system is distinctly different from the US in several key ways.

Canada's population and relative economy is a fraction of its American neighbour, which in turn has a significant impact on who holds the power and influence in the broader system to affect change. Canada also has distinctly different government structures and regulations with the potential to motivate or discourage reuse. Lastly, it is the researcher's personal observation that the degree of innovation and infrastructure dedicated to clothing reuse in the Canadian marketplace appears to be lagging behind major markets in the US by approximately a decade.

In order to identify specific focus areas of opportunity and innovation for Canada's reuse landscape (Part 3), we must first understand the core components of a reuse system and how they interact, key stakeholders and their interests, and where we might encounter systemic barriers preventing widespread adoption of reuse in Canada.

The Components of Reuse

Garments

To gain an understanding of the behaviour of a complex system and how the different components interact with each other, it is important to understand the concepts of "stocks" and "flows". As Donella Meadows describes in her foundational book, *Thinking in Systems*, "*a system stock is just what it sounds like: a store, a quantity of material or information that has built up over time. It may be a population, an inventory, the wood in a tree, the water in a well, the money in a bank…Stocks change over time through the actions of flows, usually actual*

physical flows into or out of a stock–filling, draining, births, deaths, production, consumption, growth, decay, spending, saving. Stocks, then, are accumulations, or integrals, of flows."

In the case of the fashion reuse system, physical garments (including clothing, footwear and fashion accessories) are the "stock" and critical inputs that flow through the fashion value chain. The quantity, quality, cost and maintenance of clothing in the system, along with the consumer culture surrounding fashion, will all affect the rate at which garments flow from production to end-of-life. In turn, these factors also affect the total stock of garments within the system and whether they are stable, growing or declining. Based on the dynamics of supply and demand, changes in stocks and flows can lead to excess or scarcity challenges.

When it comes to the stocks of second-hand clothing, findings from expert interviews reveal that in order for clothing to be reused (i.e. additional value to be extracted from garments in their existing form), they must be of a certain quality (i.e. durable materials and construction) and designed to withstand long-term wear by potentially multiple users and fluctuations in seasons and styles. In addition, garments must also be maintained in such a way that they are kept in good wearable condition. Today, 70% of clothes consumers throw away have damage such as colour fading, stains or shrinking, much of which could be prevented with proper laundering and a better understanding of care labels (Fashion Takes Action, 2018).

"Buyers" & "Sellers"

The researcher has observed that in most reuse exchanges today, individual consumers provide both the supply of, and the demand for used clothing. The emergent model of clothing rental tends to be the exception whereby some retailers or pure-play rental companies manufacture or buy inventory new. Generally, the supply of used clothing increases when an individual seeks to temporarily or permanently part with an item of clothing. The perceived value of the garment, the reason(s) for parting with it (i.e. fit, style, need, etc.), and the individual's awareness of their reuse options will likely inform where and how the garment enters the reuse system. We can broadly refer to these individuals as "Sellers" or "Suppliers" in the case where garments are exchanged, loaned, gifted or donated into the reuse system.

In a typical reuse exchange, Seller-related tasks may include organizing items for reuse, cleaning them, or dropping off/shipping them to a specific location or consumer. For their part, Buyers exchange in their own series of tasks, such as vetting an item, or negotiating prices with Suppliers.

Intermediaries

Several experts, particularly the reuse entrepreneurs interviewed for this research, believe that this friction creates an opportunity for "Intermediaries", such as resellers, retailers, charities and community organizations to assist consumers with these tasks and facilitate more seamless exchanges. They can do this by collecting unwanted garments from individuals and delivering them to the reuse system where they can then be redistributed to other consumers. These Intermediaries, along with the technology that enables them, play a key role in providing scalability for reuse beyond direct communication between two individuals. Experts also suggest that these third parties play a key role in creating trust between strangers by providing

legitimacy through mechanisms such as brand, consumer ratings, insurance and secure payments.

Observations from this research suggest that the reuse redistribution process is made up of a series of key activities, such as collection and intake of items, repair or refurbishment of garments, or advertising/promoting them online, that enhance the value and attractiveness of reuse for individuals and may be performed by one or more organizations working in collaboration with each other. Notably, each of these activities has affiliated costs, such as labour, overhead, processing fees, etc., that are recaptured when individuals participate in these business models.

A generic fashion reuse value loop is illustrated in Figure 7, which illustrates the flow of garments as they are redistributed within the reuse system. The incremental value that is generated through this process can be collectively considered the business of reuse.
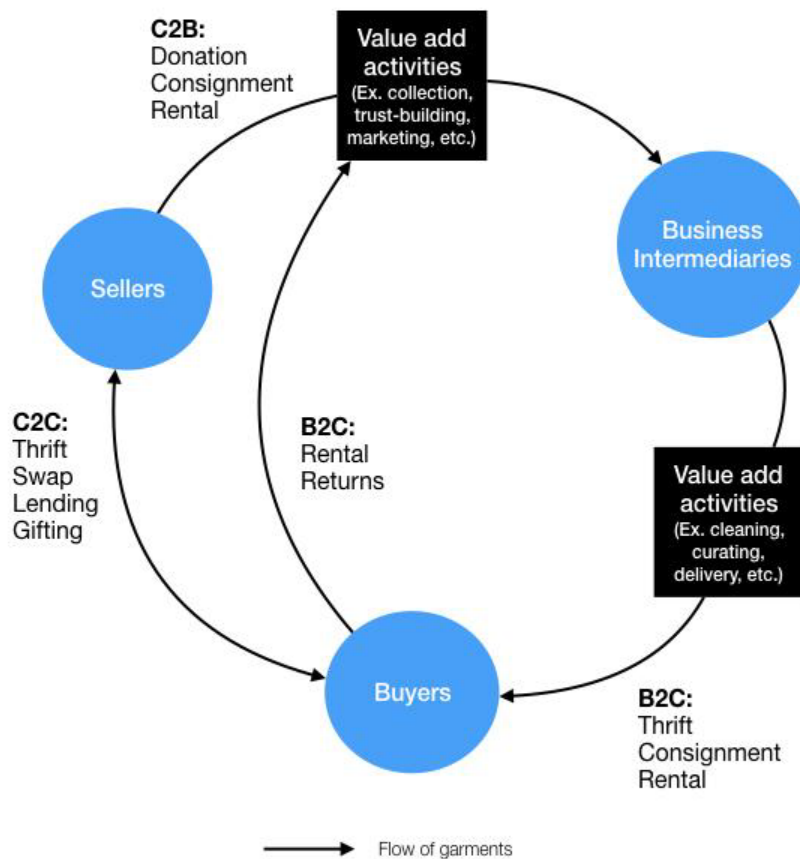
Figure 7. The Fashion Reuse Value Loop

The varying level of involvement in the redistribution process between Consumers and Suppliers and Intermediaries can be visualized along a simple Reuse Service Spectrum (Figure 8). At one end of the service spectrum, Intermediaries simply bring Buyers and Sellers together,

whereby the burden to complete an exchange is primarily on individuals. An example of this would be a local community organization facilitating a clothing swap or a peer-to-peer reuse platform such as Facebook Marketplace, which aggregates posts from Sellers and enables communication with interested Buyers. Further right on the spectrum, Intermediaries play an increasingly important role in facilitating redistribution of garments on behalf of consumers and performing activities that make choosing reuse an efficient and attractive option. Notably, this level of value-add service also increases the cost of used clothing, reducing the potential savings for consumers relative to new items.

Self-Service   **Full-Service**

Burden of Redistribution on Consumer   Burden of Redistribution on Industry
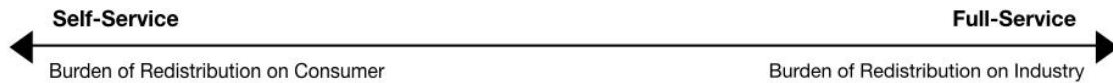
Figure 8. The Reuse Service Spectrum

Key Threats to Fashion Reuse on The Horizon

With low domestic demand for used clothing today and high disposal rates, many large thrift business models rely heavily on international exports of our unwanted clothing to developing countries to make the economics work. At the same time as our clothing has become increasingly disposable in the rich world, **a rising global standard of living** has led to reduced international demand for our used clothing exports. However, many of these countries have seen imported second-hand clothing stifle their local textile manufacturing industries and create an accumulation of waste without proper disposal infrastructure. As a result, several African nations, including the likes of Burundi, Kenya, Rwanda, South Sudan, Tanzania, and Uganda have implemented or considered bans on used clothing imports (Planet Aid, 2018). At the same time, as the standard of living rises around the world, the demand for second-hand clothing has slowly begun to dry up, as a growing middle-class trades up and demands access to the same luxuries afforded by the West. Recently, China has become a net exporter of used clothing, increasing international supply and reducing demand from one of the largest global economies (Simoes, 2017). As we run out of places to hide our unwanted clothing, we will be forced to confront the realities of our consumption culture, and reuse alone may not be enough to solve these challenges.

When it comes to closing the loop on circular fashion, those with expertise in the area of **textile recycling** acknowledge that the current technology available to recycle used clothing made of synthetic and mixed fibres (i.e. synthetic-natural blends) is very much in its infancy. The unfortunate irony is that more expensive clothing designed for quality and longevity, is often the easiest to recycle as it is typically made from pure fabrics, unlike cheap fast fashion which is primarily constructed from synthetic blends. Today's limitations of chemical recycling technology

mean that the fashion industry must find other methods of redistribution to avoid landfilling or incineration, including upcycling or downcycling to other industries and shipping clothing abroad.

To address the massive waste problem created by the Fast Fashion industry, many of these companies are investing heavily in the development of this technology. Notably, the H&M Foundation signed a four-year partnership with The Hong Kong Research Institute of Textiles and Apparel ("HKRITA"), and has committed $5.8 million to develop the technology to recycle blended textiles into fabrics fit for new clothing (Edelbaum, 2016). While the ability to close the loop on the fashion industry's waste problem and reduce reliance on virgin materials is extremely promising, the potential impact on reduction and reuse behaviours is concerning, along with the potential environmental footprint of this process. If the fast fashion industry can find a way to reduce the guilt factor of "churn and burn" clothing and maintain their stronghold on the industry, it is not implausible to imagine a future where reuse is eliminated altogether. A major challenge to consider is that the next effect of resources exploited in this process may be greater than the benefits recycling can provide long term.

Lastly, the **Marie Kondo Effect,** a cultural phenomenon started by the Japanese organizational consultant, author of *The Life Changing Magic of Cleaning Up*, and a recent Netflix series about getting more enjoyment from less stuff, has had very real impacts on the fashion reuse industry**.** In fact, data from ThredUP suggests that if one in ten Netflix subscribers were to "Kondo" their closets, it would generate 667 million pounds of trash (ThredUP, 2019). With exploding closets and a rallying cry to purge them, consumers are disposing of their unwanted clothing by the masses, further exacerbating the supply-demand problem. Even more concerning is that this cultural phenomenon has the potential to kickstart a vicious cycle of donation followed by the reward of new clothing, rather than a true shift towards a culture of more conscious consumption.

2.1 CONDITIONS FOR REUSE TO FLOURISH

While it is one thing to strive for an efficient reuse system that extends the useful life of clothing, it is an entirely different thing to create a "flourishing" system that develops rapidly and successfully while also considering the economic, environmental, and social impacts that are created down the chain. An analysis of the literature reviewed for this study, along with the numerous interviews conducted with industry professionals along the fashion value chain, suggests that the following prerequisites are likely required to assist in creating a flourishing reuse system for fashion in Canada and around the globe:

1. **Quality Clothing -** Increasing availability and access to durable, well-made, and timeless garments that are designed to last the test of washing, wearing, and changing trends over time. Ideally garments are also ethically and sustainably produced with end-of-life disposal in mind.

2. **More Conscious Consumption** - Increasing consumer preference for well-made quality clothing over cheap, disposable fashion. This also includes proper garment maintenance habits to extend the longevity of clothing.

3. **Rewarding Disposal Experiences** - Disposal experiences that motivate individuals to reclaim value of unwanted items rather than cast or throw them away.

4. **Revaluation of "Waste"** - The ability to add value back to used clothing (i.e. through repair, refurbishment, rebranding, cleaning, etc.) to maximize perceived value with target customers. This includes a shift in the consumer mindset towards "waste" and the potential value of unwanted garments.

5. **Healthy Domestic Demand for Reuse** - A culture that considers the acquisition/wearing of used clothing a desirable option for the average domestic consumer.

6. **Business Models that Maximize Utilization Rates of Garments** - Attractive value propositions that enable clothing rotation rather than accumulation and assist in optimizing the number of times a garment is worn before it is disposed of.

7. **Desirable Textile-to-Textile Recycling Solutions** - While recycling sits outside the scope of reuse (as it has been defined for this study), it is a critical complement to a more circular fashion system that serves to process used garments at the end of their valuable life and create new sustainable inputs into the system.

Through the lens of prerequisites, we can analyze Canada's current fashion reuse system to understand where perceived and/or structural barriers to flourishing may exist.

Notably, the fashion reuse landscape and the retail industry at large are constantly evolving. During the course of this study, the number of new entrants, acquisitions, restructuring, closures, expansions and innovations has been nearly impossible to track. With change inevitably on the horizon, the summary below provides a critique of the current reuse landscape identifying key barriers with the hope of guiding future innovation in the right direction.

2.2 KEY STAKEHOLDERS AND RELATIONSHIPS
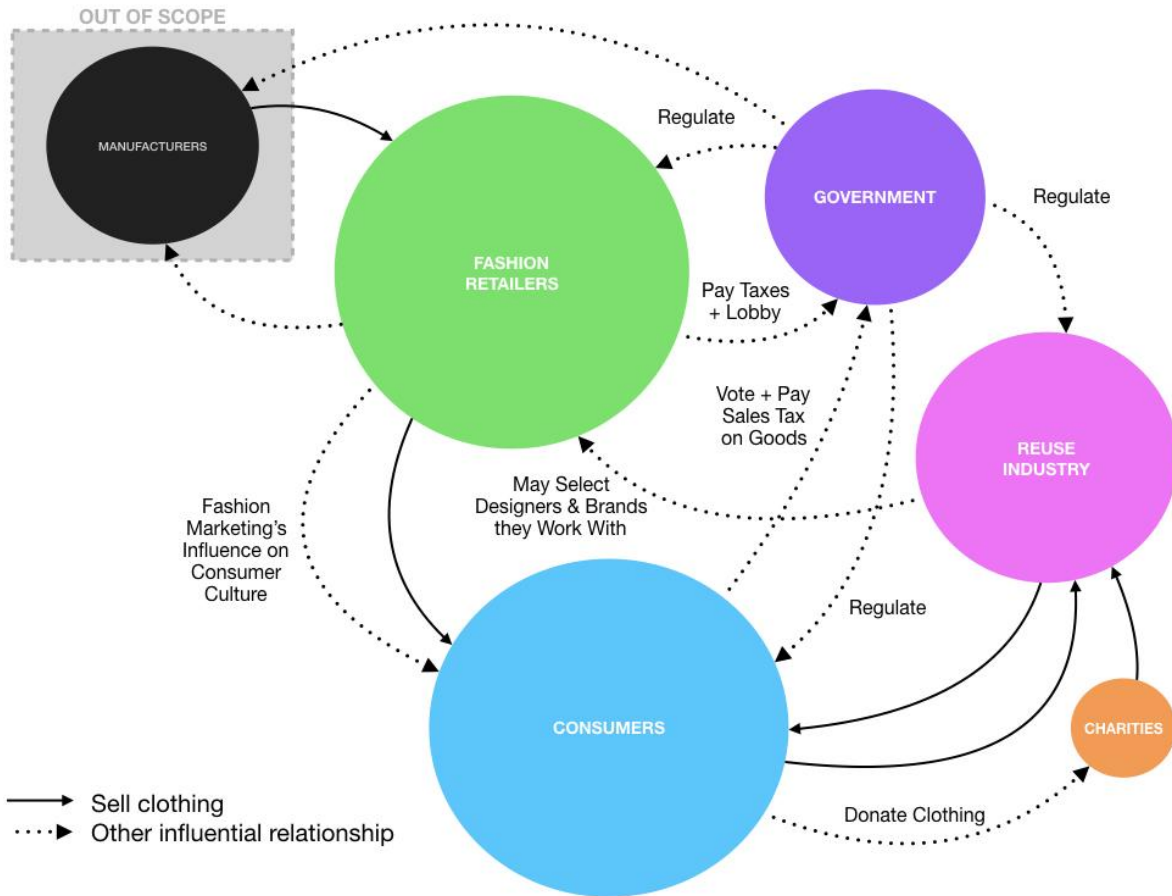
Figure 9. Stakeholder Influence Map

As discussed in Part 1, Canada's fashion reuse industry exists within a much larger global fashion apparel industry. This is an important consideration, as multinational corporations with offshore manufacturing and immense influence in the industry play a significant role in shaping Canada's fashion system and consumer behaviour. As this research focuses specifically on fashion reuse, several stakeholders in Canada's broader fashion system will not be examined here in significant detail, but may be referenced to provide critical context where necessary (See Figure 10).
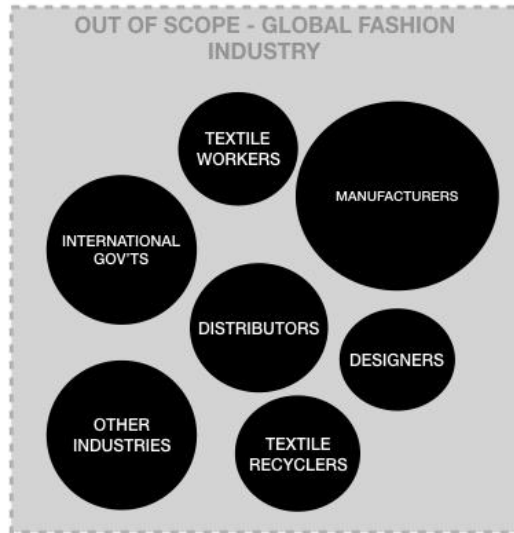
Figure 10. System Boundary: Out of Scope Stakeholders

The Players

i.e. Key Stakeholders who play a direct role in facilitating the reuse of clothing.

The Reuse Industry

Canada's fashion reuse industry is comprised of organizations whose primary business is predicated on clothing reuse. These Intermediaries facilitate the reuse of clothing through a variety of different ways including resale, rental, repair, and other business models designed to extend the useful life of garments until they are no longer desired or usable in their current form. An environmental scan undertaken by the researcher suggests that this sector primarily consists of two key groups - large, widely-known stores, platforms and service providers (Ex. Value Village, eBay/Kijiji, Facebook Marketplace, StitchIt, iCollect, etc.) which tend to dominate their respective area, along with many small, independent players that serve localized or niche populations. Data from consumer interviews suggests that top of mind awareness in this category is very much related to relative scale. Unlike the broader fashion retail category, there does not appear to be a significant mid-size market for reuse today.

Traditionally, the reuse industry has had little control over the fashion value chain. Yet, as the Stakeholder Influence Map presented here suggests (Figure 9), **clothing rental may have the potential to shift this dynamic as these companies may select which designers and brands they choose to work with and maintain control over inventory throughout its lifecycle.**

Fashion Retailers

Data from interviews with industry experts and professionals (confirmed through an environmental scan) suggest that the current rate of fashion reuse amongst retailers today is considerably low. Particularly in Canada, clothing reuse in mainstream retail has been primarily limited to in-store collection schemes belonging to larger global programs, including the likes of H&M and Zara. However, with respect to Business-to-Business ("B2B") reuse, off-price retailers appear to present a particularly interesting case study. This segment of the market includes the outlet chains of mass retailers (Ex. Nike Outlet, Gap Factory, Guess Factory Store, etc.) and discount department stores, such as Winners, Marshalls, Nordstrom Rack, Designer Depot, etc.

Originally, these outlets served as a strong model for reuse, creating an opportunity for brands to capitalize on overstock or defective production runs. They did this by selling items to consumers at discounted prices rather than writing them off as a loss where they would end up landfilled or burned. While off-price channels still serve this purpose today, several notable brands, such as J.Crew, Coach, Banana Republic, and Kate Spade have been found to produce cheaper quality garments specifically designed for sale in outlet stores, flooding the market with increasingly poor quality clothing disguised as high-end brand name designs (Mancini, 2016). This is a key concern in the Canadian market, as off-price is now the fastest growing channel for apparel in the country (Toneguzzi, 2019).

To transition the entire fashion industry towards more widespread adoption of fashion reuse behaviours, it is important to consider the relative scale and influence of existing fashion retailers, of which, the top ten Canadian retailers control nearly one third of the market (Figure 11) While approximately 50% of these retailers are currently headquartered within the country, further research suggests that nearly all of these brands are primarily foreign-owned. This includes several Canadian-founded brands such as Lululemon (50% owned by Advent, based in Boston, MA) and Winners (owned by TJX Companies in Framingham, MA). As such, key strategic business decisions with implications for reuse are likely to occur outside of Canadian borders.

Figure 11. Total Canadian Apparel Market by Retail Dollar Sales 2018 (Trendex North America, 2018)

Consumers

As in the greater industry, consumer participation in fashion reuse outside of donations remains low (Durif F, Arcand M, 2018). Theoretically, consumers should have an immense amount of influence in the fashion reuse system as they provide the supply of, and demand for clothing. Industry experts suggest that consumers can advocate for fashion reuse by buying quality garments, maintaining them with care, and promoting their eventual disposal in an eco-conscious manner. Yet they also recognize that individuals are complex, busy individuals with a variety of potentially conflicting values, and that they make their purchase decisions within a system intentionally designed for disposability. As such, the ability or will to exercise agency over this process is often challenged by a variety of physical and psychological barriers created by retailers and the reuse industry alike.

Charities

As discussed in Part 1, the original thrift store concept was developed by religious institutions who partnered with charitable organizations for credibility. While most thrift stores in Canada today operate as for-profit entities, several large not-for-profit organizations are still very much involved in clothing reuse where they provide an essential service to the resale industry. Primarily they do so through partnerships with resale companies whereby charities are paid in bulk for the unwanted clothing they collect from individuals. This is a symbiotic relationship that

has been particularly lucrative for charities such as Diabetes Canada and Big Brothers Big Sisters Canada, helping to raise substantial funds for their organizations, which in turn gives back to local Canadians.

Yet, this research suggests that the act of clothing donations, and further, associations between charitable organizations and the second-hand market, may be helping to reinforce poor perceptions of used clothing; a dynamic that is discussed in more detail below. At the same time, these business models are being challenged as international markets for our used clothing dry up and face ethical scrutiny. As we begin to see new business models for reuse emerge, the role of charities in the reuse system may be challenged.

The Influencers

i.e. Key Stakeholders who do not play a direct role in clothing reuse but have the ability to influence the adoption of reuse practices.

Government

All levels of the Canadian government have a role to play in regulating and/or incentivizing more circularity and waste reduction policies for key industries with a focus on climate change, and fashion is no exception. For example, the Federal government regulates how textile products are labelled, including second-hand items, while Health Canada outlines strict guidelines as to what products can be resold and how they can be used by industry.

Generally, provincial governments establish waste reduction policies and programs, and are responsible for monitoring municipal-level programs that collect, recycle, and dispose of household waste (Government of Canada, 2018). Increasing textile waste is becoming an imminent financial and logistical challenge for many provincial and municipal governments who have come to bear the burden of our throw-away culture ("OTDC," 2019).

To accelerate the adoption of reuse, it is important that Canadian policy is working to support increased circularity and waste reduction, or at the very least, not discouraging it.

Educators

Educators of all kinds have the potential to play a key role in influencing reuse behaviour. This includes individuals and brands advocating for fashion reuse along with formal educators in Canada's school system. However, it is post-secondary educators at fashion colleges across the country who play a direct role in influencing the next generation of designers, buyers, supply chain managers and fashion entrepreneurs who will become the future leaders of this industry. Yet in making efforts to impart these lessons, they face barriers such as operating with limited funding, lack of expertise, and/or lack of perceived time amidst a full curriculum.

Non-Profit Advocates

These organizations play a critical role in providing essential resources, education and advocacy for increased transparency and sustainability within the Canadian fashion industry. They work within and across stakeholder groups to collaborate on projects that tackle large industry challenges and help to set examples for others to follow. While these organizations do not have regulatory powers, they are well-versed in the realities of industry and exert influence through focused action on removing barriers to change. Critical challenges for these organizations tend to include access to funding and additional resources to tackle industry problems at scale.

2.3 REUSE INDUSTRY BARRIERS TO GROWTH

Fast Fashion

> *"It's cheaper to buy a new pair of cargo shorts than it is to take your shorts and get a waistband taken out because your waist has changed since last summer...Your clothes become a burden to own because you don't know how to take care of them. I get why people throw them away to get something new. We've made it really cheap to buy something new." - Paul Dillinger, VP of Global Product Innovation at Levi's*

A clear and consistent theme that emerged from the expert interviews was the significant role that fast fashion business models play in creating barriers to reuse. The concept of planned obsolescence is what makes fast fashion so powerful, yet is also what makes it ill-suited for reuse by design. The fact that fast fashion is based on a constant churn of new trends that soon become outdated, sometimes in as little as one season or less, leaves the reuse industry highly vulnerable to the increasing speed of these fashion cycles. **Of all the clothing donated in Canada, which accounts for approximately 62% of the second-hand market, only about a quarter is sold domestically** (Durif F, Arcand M, 2018).

Several fashion design experts suggest that this issue of declining average quality of clothing (i.e. poor construction, cheap materials) is no longer unique to Fast Fashion. The collective influence of the "churn and burn" business model has brought the collective industry standard down with it, impacting the overall supply of quality garments that can be effectively utilized by the reuse sector and the value that can be extracted from them.[1]

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[1] For further reading on Fast Fashion's impact on our global fashion system, including a systems perspective on the declining quality of clothing, Laura Dempsey's, *Fashion for A Finite Planet* provides an excellent explanation of these challenges, their widespread effects and potential solutions in sufficient depth (Dempsey, 2015).

For fast fashion garments that do make it in to reuse resale channels, the domestic value is extremely low. Findings from consumer interviews suggest that nearly 20% of people do not sell their used clothing because they do not believe it would have sufficient value. On the buyer side, 44% of consumers interviewed suggested that the primary driver of interest in second-hand fashion is access to better quality brands for significantly less than retail prices. ThredUP (US) recently published a list of the top brands with the best resale value based on data from their platform, as seen in Figure 12 and Figure 13 (ThredUP, 2019). Notably, top brands include the likes of Frye, Burberry, Patagonia and Rag & Bone, all of which fall on the higher end of both price and quality.

TOP 10 BRANDS WITH THE BEST RESALE VALUE RANKING*

1. FRYE	6. ANTHROPOLOGIE
2. kate spade	7. patagonia
3. TORY BURCH	8. HUNTER
4. BURBERRY	9. lululemon athletica
5. UGG	10. rag & bone
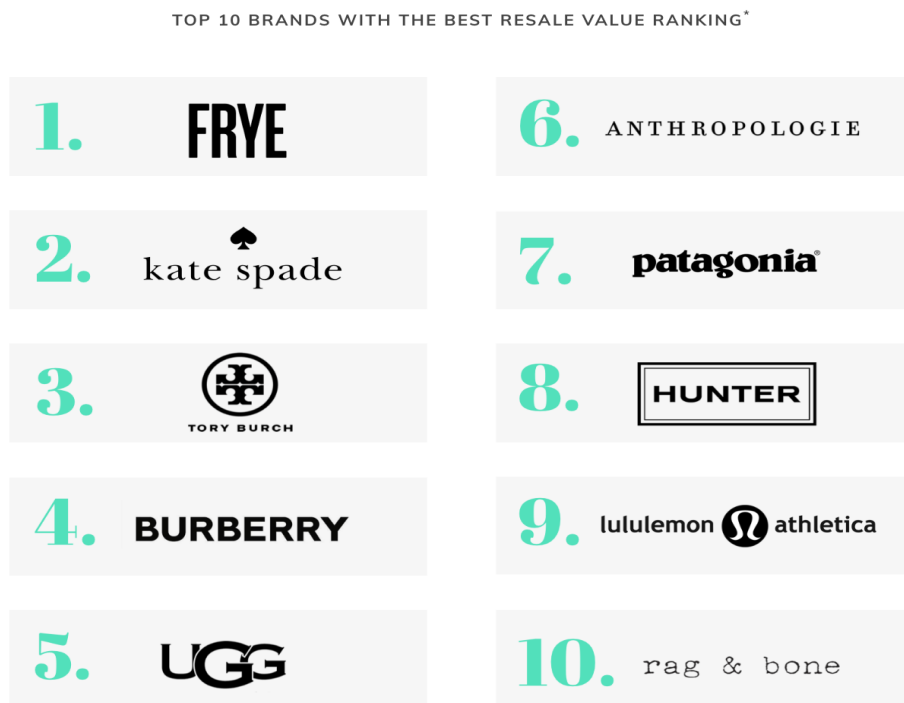
Figure 12. The Top 10 Brand with the Best Resale Value Ranking (ThredUP, 2019)

BRANDS WITH THE BEST RESALE VALUE RANKING: BY PRICE

$$$$$	$$$$	$$$	$$
1. Burberry	1. Frye	1. Anthropologie	1. TOMS
2. Alexander McQueen	2. Kate Spade	2. UGG	2. Herschel Supply Co.
3. Versace	3. Tory Burch	3. Patagonia	3. KEDS
4. Tom Ford	4. rag & bone	4. Hunter	4. Sam Edelman
5. Louis Vuitton	5. Veronica Beard	5. Lululemon	5. Teva
6. Givenchy	6. Vince	6. The North Face	6. Steve Madden
7. Christian Siriano	7. Coach	7. Dr. Martens	7. Vera Bradley
8. Gucci	8. Diane von Furstenberg	8. Free People	8. Eloquii
9. Hermès	9. alice + olivia	9. Madewell	9. Athleta
10. Prada	10. Mara Hoffman	10. Everlane	10. Skechers

Figure 13. The Top Brand with the Best Resale Value Rankings By Price (ThredUP, 2019)

Several industry experts interviewed who advocate for more sustainable fashion suggest that when clothing is abundant, cheap and designed for disposal, the economics of proper garment care are eroded. The time, money, and skills required to prevent and repair any damage is less important when consumers can cheaply and easily replace damaged items with new ones.

As such, the large fast fashion giants pose one of the most significant barriers to mass adoption of reuse. They have grown so large and dominant that they have normalized this kind of consumption. Any sort of counter culture will be met with resistance, yet any shift in this direction by mass fashion retailers would have significant effects in increasing access to, and awareness of fashion reuse.

Reliance on Individuals

In speaking with several rental entrepreneurs for this research, it became apparent that the ability to control inventory by sourcing new from designers, manufacturers or distributors is a significant advantage over reuse models where individuals both supply and purchase inventory. This produces a number of barriers for the fashion reuse industry as nearly all models today rely entirely on consumers to stock their racks. Businesses must compete with one another to secure the best product and must create a strong value proposition for both Buyers and Sellers in order to survive (Table 2. The Business Models of Reuse). As standards for inventory increase, it becomes harder and more expensive to source.

Table 2. The Business Models of Reuse

Business Model	Where does inventory come from?	Value Delivered
Peer-to-peer marketplaces	● Consumers own their own inventory	● Facilitate matching & transactions between consumers to meet wants and needs ● May offer added benefits like insurance or assistance with shipping & handling
Consignment	● Consigned by consumers (i.e. consumers own inventory but provide the right for the intermediary to sell it on their behalf)	● Sell items on behalf of consumers and share the profits
Thrift	● Purchased directly from consumers (cash or credit) ● Purchased through intermediaries (ex. Charities; large collection agencies)	● Offer consumers an easy way to dispose of unwanted clothing ● Provide value in exchange for unwanted clothing, whether monetary or

	● Donated by consumers	emotional (altruistic)
Brand take-back	● Consumers incentivized to return inventory	● Offer consumers an easy way to dispose of unwanted clothing ● May provide value as an incentive to return unwanted clothing
Rental	● Purchased directly from retail brands or distributors ● May also be sourced temporarily from consumers	● Explore an infinite closet with no commitment

Further, unlike retail, every piece of clothing is unique and must be carefully inspected for quality, sorted, priced, and if online, described in appropriate detail for customers. Since most second-hand articles will not have tags, key information such as brand, the original manufacturer suggested retail price ("MSRP"), and materials may not be readily available, further complicating this process.

In self-service models where consumers list their own products for sale, buyers must rely entirely on sellers to provide information about their products. As such, a varying level of skill (photography, pricing, negotiation) and attention to detail amongst sellers can lead to a highly inconsistent shopper experience within the same platform.

Lastly, because consumers supply the inventory, the reuse industry must heavily upon them to maintain garments appropriately. If consumers fail to clean their garments according to instructions and maintain proper upkeep, this affects a reseller's ability to extract additional value.

Value-Based Business Models

In speaking with business owners working in the reuse space, it became evident that striking the right balance between price and service offering can be a particular challenge for reuse businesses. Since clothing tends to depreciate from point of purchase and must often be discounted further for resale to account for past season's styles and wear, resale prices tend to be heavily constrained by the original MSRP of an item.

This is supported by sales data which indicates that on average, second-hand goods in Canada are 50% less expensive than the equivalent new goods (Tedds, 2016). The consumer expectation that used clothing will be deeply discounted relative to new clothing challenges the ability of an organization to add additional value to used clothing that might make it more attractive to a wider audience. Like regular retail, resale must also factor in the cost of inventory, which can vary greatly between 5-85%+ but must be attractive enough to lure sellers. A key exception to this rule includes collector, vintage, particularly unique, or special edition pieces

that have appreciated beyond their MSRP resulting from a combination of high demand and scarcity.

The "margin squeeze" outlined above puts pressure on the profitability of reuse causing many businesses to focus on only the essential functions at the expense of the customer experience. This is why we tend to see so many self-serve business models in the reuse space, as competing with larger retail and its established business models for low-end fast fashion retail is challenging.

Awareness & Scalability

When compared to the Canadian fashion retail market, which consists of 25,000 retail and wholesale fashion companies in Canada, the reuse industry's presence is comparatively tiny (Fashion United, 2019). As such, general awareness amongst consumers tends to be low, and is further limited by the value-based models discussed above. Data from consumer interviews indicates that top of mind awareness for reuse companies includes only a small selection of brands, such as Value Village, Salvation Army and Facebook Marketplace. Comparatively, approximately one in four participants could not recall a single brand name at all.

Offline, the majority of Canada's resale landscape is primarily comprised of independent boutiques and small chains (Ex. The Common Sort has three retail locations in Toronto). As most of these stores are located outside of major shopping malls and commercial districts, accessibility and awareness tends to limited by proximity to a physical location as reflected by consumer interview responses. In terms of reuse brands with national presence, this is limited in Canada to a few select chains, a fact that industry professionals working in this space attribute to the sophisticated logistics involved in collecting, sorting, and reselling one-of-a-kind items.

Far and away, Value Village, has the largest retail footprint in Canada. It boasts stores in 94 cities across the country, and 300 total stores across North America (Value Village, 2019). Collectively, this is a significantly larger footprint than H&M (CA), yet Value Village does not compete in the e-commerce space, where the majority of growth is occurring for fast fashion apparel retailers like H&M (Howland, 2019). Not surprisingly, Value Village is the most widely cited by consumers when asked to recall any reuse brands they are aware of. Yet these same consumers (i.e. non-reuse shoppers) suggest that perceptions of the Value Village experience is one of the main barriers to shopping reuse.

When it comes to online resale/reuse, sometimes referred to as "recommerce", data suggests that this category is growing at a rate four times faster than traditional bricks and mortar retail (ThredUP, 2019). In Canada, large multi-category players like eBay and Kijiji tend to dominate the landscape, followed by more community-oriented platforms like Facebook Marketplace. Notably, the researcher has observed that none of these platforms is specifically dedicated to fashion, although clothing, shoes, and accessories tends to be the most highly exchanged items (Durif F, Arcand M, 2018). This is an important distinction as the way consumers desire to shop

for clothing is likely to be markedly different from the way they might shop for power tools, furniture, and other household items. However, a recent wave of interest and innovation in fashion reuse is beginning to change this.

Yet issues remain, as several entrepreneurs interviewed for this research expressed that access to funding remains a key challenge to scaling their reuse businesses. Given fashion's relatively small focus in the broader Canadian marketplace, versus other high growth industries such as technology, finance, healthcare, and energy, options for new ventures lacking sufficient proof of concept can be limited. This problem does not appear to be unique to the fashion reuse industry alone. Data suggests that investments in Canadian apparel companies have declined at a rate of 1.4% since 2006, while simultaneously increasing by 7.2% in the United States (Mohammad, 2017).

Several of the entrepreneurs interviewed for this research spoke to their personal struggles with financing. One business owner in particular noted the additional hurdle Canadian entrepreneurs encounter in having to justify how they plan to globalize their business due to the relatively smaller size of the Canadian market when compared to places like the US, China or Europe. This stems from a persistent stigma that focusing on Canada as a primary target market is "not big enough", which can pose barriers for Canadian entrepreneurs who want to maintain ownership at home. While there are a growing number of recent success stories from the Canadian start-up scene in other categories, the numbers in fashion are much more limited. Only six (1.2%) of Canada's 500 fastest growing companies in 2018 were from the fashion apparel and accessories category (Canadian Business, 2019).

For larger established brands looking to expand into the Canadian market, self-serve models have a significant advantage in that the platforms themselves do not manage or own the inventory. This means that individuals are free to send items between themselves, albeit with potentially higher shipping fees and longer wait times across international borders. Companies that own their inventory (ex. thrift, rental) or manage it on behalf of individuals (ex. consignment) stand to encounter these same challenges at scale, and may confront additional challenges with respect to international duties, taxes and other cross-border logistics.

As such, Canadian innovation in the online space has primarily centered around the full-serve consignment and rental spaces, with an opportunity to develop further as foreign brands encounter barriers to expansion. While several local brands have managed to cultivate small, loyal followings with their fresh value propositions and user experiences, general awareness and scale remains low for reasons identified above. Notably, while omni-channel experiences are now table stakes for many fashion retailers, no brand in the Canadian reuse space has managed to recreate this kind of shopping experience for consumers at scale.

Competitive Mindset

Conversations with Toronto's reuse community helped illuminate some of the competitive tension between players in this space. On one hand, the reuse community is quite small and localized, with many entrepreneurs working towards a shared objective of growing reuse behaviours and the category as a whole. They also share an immense passion for fashion and its power to change individuals and the world. Yet the industry as a whole tends to experience fierce competition for what are seen as limited resources, from clothing donations to highly coveted consigners. It is this same competitive mindset that prevents the biggest fashion brands from collaborating to share the knowledge and resources involved in developing the necessary infrastructure, solutions and technology to accelerate a more circular fashion system.

2.4 CONSUMER BARRIERS TO FASHION REUSE

The relationship that individuals have with their clothing is complex and influenced by a number of motivations beyond physical needs for wearing, as seen in Figure 14 (Ellen MacArthur Foundation, 2017).
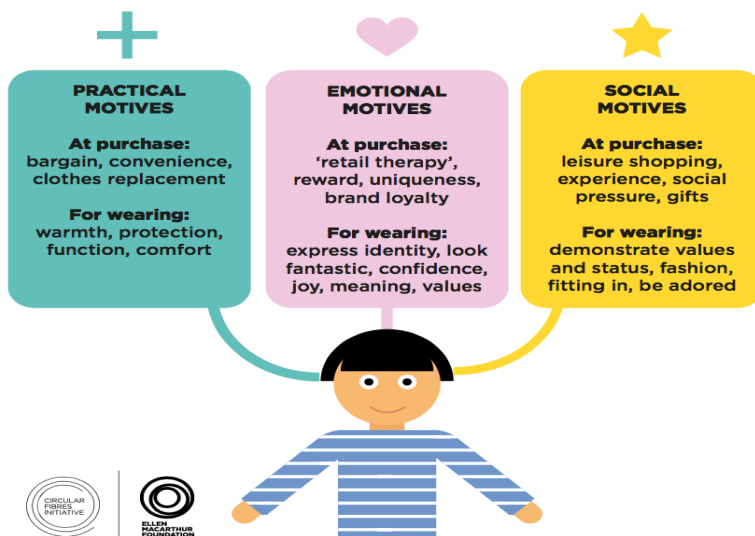
Figure 14. Motivations of Clothing Purchase (Ellen MacArthur Foundation, 2017)

As part of the consumer interviews undertaken for this research, participants were asked about their interest in participating in fashion reuse. 74% of respondents replied that they were at least "somewhat interested" in considering second-hand fashions. When pressed to elaborate, respondents cited a variety of rationale, including practical motivators (i.e. bargains), social motivators (i.e. friends or influencers promoting reuse), or emotional motivators (i.e. unique

finds). Yet when these same individuals were asked to discuss their perceptions of reused fashions and the barriers preventing them from participating to date, a variety of negative associations were identified. Interestingly, responses tended to be consistent across consumers of different ages, genders, races and household incomes. On the surface, these results may appear contradictory. Yet when a behavioural and systems lens is applied to the data, a much richer picture of where and why resistance persists emerges, despite a category that is rapidly innovating to make reuse more attractive.

The Invisible Impact of Fast Fashion (Out of sight, out of mind)

"Price is what you pay, value is what you get." - Warren Buffet, 2008

Not unlike other consumables, it has become the norm to use, and quickly 'throw away' clothing without a second thought as to where they end up or the resources that went into making them. The fact that 'away' is hidden from plain sight creates a mental barrier to the impact of this behaviour and the relative importance of clothing reuse. What we do not see is the used clothing piling up in landfills or being shipped overseas to developing countries where it is in turn landfilled or burned.

However, part of the challenge is that awareness of these impacts does not necessarily translate into action. As discussed above, motivations that drive purchase behaviours are complex and often conflicting. Discussions with industry professionals working across retail and reuse suggests that environmental and social impact has yet to become a primary motivator for the majority of consumers with respect to their fashion behaviours. Yet, several reuse entrepreneurs noted that educating their customers about their sustainability impact appears to make reuse more sticky and help the message spread organically.

Further discussions with reuse industry professionals and sustainability experts reinforced that a critical part of this attitude-behaviour gap is fast fashion's extremely attractive value proposition. Although currently unsustainable, the combination of affordable prices, trendy styles fresh off the runway, and convenience is particularly appealing for consumers. Yet concurrently, it is these cheap prices that devalue the significant amount of resources, labour, and skill that go into making every new garment consumers buy. This culture of novelty and disconnection from the making process appears to hinder the ability of individuals to think critically about the value of a garment through its life cycle. Even the savviest of consumers would be challenged to make these calculations based on the information provided to them at point of sale, which create barriers to thinking beyond the immediate gratification of price and style.

Influencers and the Cult(ure) of New

Fashion is inherently social, which can be strongly tied to purchase motivations for consumers (Ellen MacArthur Foundation, 2017). In part, this is why Influencer Marketing, *"a form of social media marketing involving endorsements and product placements from influencers, people and organizations who possess a purported expert level of knowledge and/or social influence in their respective fields"*, has grown to become an $8 billion dollar industry, and was widely acknowledged by industry experts interviewed for this research as having a significant impact on driving the demand for fast fashions (Schomer, 2019). It has helped create a culture in which securing the latest trend at an affordable price is valued above all else, including cost per wear, quality, timelessness, and environmental impact.

This culture of new is perpetuated via brand campaigns, popular media, and particularly through social channels which appears to suggest that a constantly rotating wardrobe of the latest fashion trends is a status symbol to strive for. Experts also noted the stigma of being an "outfit repeater" as a key contributor to these challenges, which reinforces the message that once one has been seen or photographed in an outfit, it cannot be worn again (Figure 15). This barrier is particularly more prevalent for women than men. Data from *The Business of Fashion* suggest that nearly 50% of women stress about repeating outfits at work.

Figure 15. Satirical Meme about Fashion Reuse (Photo by: @thefatjewish)

Further research suggests that influencer marketing is especially sticky in the fashion world as people tend to want to be in the know regarding the latest trends, but most are not interested in, or capable of being fashion innovators themselves (Kong, 2019). As such, consumers often rely on trusted advisors such as celebrities, influencers, brands and peers when making decisions about what to buy and wear. In turn, these individuals are paid by brands to promote an endlessly rotating closet of the latest trends to keep consumers wanting more. One stylist and sustainability advocate interviewed suggested that a lack of personal confidence and awareness of how to dress one's unique body creates a significant, yet hidden barrier to fashion reuse. As many consumers have become reliant on trends socially accepted by others, they are often challenged outside mainstream retail channels given each second-hand item's unique quality.

As such, resale has typically enabled shoppers to stand out rather than fit in whether that is the desired result or not. For those of lower socio-economic status and/or without means to access particular brands/styles, clothing can easily become a source of stigma and shame, solidifying one's identity as "poor" or "unstylish".

The Stigma of Used

If fast fashion's influence on our consumption culture and its hidden costs make it difficult for consumers to recognize the true impact of their behaviours, the "stigma of used" creates a strong perceptual barrier to participation in reuse as a more sustainable alternative. The belief that used clothing must come at a significant trade-off to new clothing is one of the most prominent barriers to consumer participation in fashion reuse and a key takeaway from this research. While many interview participants believe they can find good prices for second-hand items, they also presume they must give up something else they value in return, such as time, quality, or experience.

As part of the consumer interviews conducted for this study, individuals who rarely or never shop thrift were asked to provide their immediate, unfiltered associations when presented with a series of words related to reuse. Findings from this exercise suggests that the word "second-hand" quickly conjures negative associations with terms such as "dirty", "worn", and "poor quality" clothing. For research participants who had visited a thrift store in the past - approximately a quarter of those interviewed, the majority of which "rarely" do so - they recalled their experience as being "cluttered", "disorganized" and in several cases, accompanied by a distinct "used smell" highlighting a relationship between used clothing and undesirability.

Figure 16. Toronto Out-of-Home Reuse Campaign Reinforcing Undesirability

In reality, there is little to be concerned about with respect to the health and safety of used clothing. In fact, one ought to be more concerned with the contamination of new clothing that is

processed, dyed, sprayed, and wrapped with chemicals before being tried by multiple potential buyers, than used clothing that has been washed repeatedly before making its way to the reuse system. Further, Health Canada does not classify "used adult clothing" as a regulated product that poses a potential health risk to the public (whereas other used consumer products such as "cosmetics" and "sports equipment" are) and work with second-hand retail establishments, in very much the same way as mainstream retailers to monitor unsafe/non-compliant products to protect consumers from potential harm.

Further analysis by the researcher suggests there is likely a connection between the thrift category's perceived charitable affiliations (i.e. the pervasive donation of used clothing to "people in need") and resulting associations with necessity over desirability. While 85% of Canadians have participated in reuse through clothing donations, rates of participation in other reuse behaviours, such as renting clothing or shopping consignment, tend to be significantly lower (Durif F, Arcand M, 2018). Used clothing and its deep associations with poverty were overtly articulated by two research participants who identified as first generation Canadians. They recalled stories of their own lived experience with thrift shortly after arriving in Canada, when out of necessity, they had little choice but to shop at second-hand stores and came to associate this experience with feelings of shame. Notably, once both of these individuals could afford to shop elsewhere, they never returned to thrift or considered buying used clothing.

Clothing Donation & The Myth of Disposability

> *"We're the ones that are buying too much stuff and then we want our*
> *unwanted things to somehow be good for the world" - Elizabeth Cline, Author*

According to a poll by Bunz (CA), a cashless barter platform that enables the peer-to-peer exchange of goods, 59% of people who decide to thin out their wardrobe usually "donate" the clothes they no longer want. This aligns with Kijiji's estimate of 62% (Durif F, Arcand M, 2018). As individuals have come to acquire more clothing than they could ever possibly need or wear, clothing donation has become the most popular form of disposal that provides an easy and feel-good way to get rid of unwanted things.

It is important to note that clothing donation drastically increases participation rates in reuse, at least from a supply perspective, and helps to keep usable textiles out of the domestic waste stream through collection, sorting and diversion to various industries for recycling. This model whereby charities partner with for-profit thrift organizations such as Value Village to collect unwanted clothing has also proven extremely lucrative for charities, and contributes significantly to fundraising efforts for local communities. Every year Diabetes Canada collects 100 million pounds of donated items, which raises approximately $8.7MM annually (net) in support of diabetes research, educational programs, services and advocacy (Canadian Diabetes Association, 2019).

Despite the positive domestic effects of clothing donation, the reality is that current levels of donation and recycling are unsustainable without significant innovation in circularity and a shift in consumption behaviour. Yet it appears that the concept of clothing donation and its charitable affiliations may be misleading for consumers, creating potential barriers to adoption of other reuse behaviours and more responsible clothing consumption. When research participants were asked to conjure associations of "people who donate their used clothing to charity", nearly 70% cited overtly positive traits, such as "conscious", "kind", "charitable", and "generous". Further questioning suggests that these associations are tied to beliefs that unwanted clothing would go directly to someone in need.

While this perception is not entirely misguided, it is clear that how clothing actually helps those who are less fortunate is widely misunderstood. As discussed in Part 1, only about 25% of donated clothing ends up being sold domestically (Jay, 2018). This tends to be the best quality inventory, much of which may not go to the poorest people in need. Another 30% of potentially wearable, yet less desirable clothing, is exported internationally to be sold in markets abroad. As experts suggest, these markets are being flooded with clothing, a significant portion of which cannot be sold and ends up as trash, challenging the sustainability of this model (Matteis & Agro, 2018). The rest of our clothing ends up as recycled materials used by other industries, with a small percentage (5%) going to landfill due to contamination.

Further analysis of consumer interview data suggests that convenience appears to play a significant role in this preferred method of disposal, likely more so than altruistic motivations. Numerous donation bins and options for home pick-up make donation the easiest way to get rid of unwanted clothing short of throwing them in the trash. As such, the pervasive beliefs about the altruistic benefits of clothing donation combined with the ease and convenience of this disposal method, contribute to a consumer mindset (Table 3. Consumer Donation Mindset) that assists in enabling irresponsible consumption of clothing. In turn, this appears to create perceptual barriers to alternative forms of reuse and the development of adequate recycling infrastructure for textiles.

Table 3. Consumer Donation Mindset

THINK	Based on what I originally paid, this item is likely to have little resale value
FEEL	Badly about throwing it away when it could still be used by someone else
DO	Donate it to charity where someone in need can use it; Buy more new clothing

While donation plays a key role in diverting textiles from landfills, the narrative that someone else in need will desire and use these items means that a significant number of recyclable textiles believed to be 'unusable' likely end up in landfills. Items such as holey socks and underwear, badly damaged or stained garments, single shoes, worn bedding and towels, etc. are commonly tossed with the belief that they have no reuse or recyclable value. However, in a circular economy, these unwearable items may still be deconstructed, resold and repurposed into new textiles, or commonly, raw materials for other industries, to create new products.

Buying & Selling Requires Effort

For some individuals, the "thrill of the hunt" and the lure of getting a great deal on something truly original is what attracts them to reuse channels for their apparel needs. These individuals tend to have more time on their hands, love to shop, are style-confident, and extremely value-driven based on need or practicality. Yet for other segments of the population who may not feel as confident in their own personal style and/or have limited time for shopping, the comparative convenience of full-service retail is highly attractive. They are lured by an abundance of items in multiple sizes and colours organized by style, a large number of locations to choose from (which are often centrally located in large shopping centres with ample parking/access via public transit), retail associates to assist with any questions and fast, cheap (or free) shipping with the convenience of shopping from home.

Responses from interviews with experts working in and around the reuse space suggest that the time and effort involved in reusing our clothing is one of the largest barriers to participation, and that to increase participation, industry must make it extremely convenient for individuals to do so. When compared with consumer interview data, we find that the perceived time and effort involved in shopping second-hand is identified as the primary barrier to participation for roughly one in four interviewees. Compared to the supply side, nearly all interviewees stated that the primary reason they donate rather than sell their unwanted clothing is the time and effort involved in doing so. In context of the other barriers discussed above, this latter point appears to be deeply connected to our culture of consumption (we have too much stuff), the impact of fast fashion (our clothing is cheaper/lower quality and we value it less) and donation mythology (that used clothing is going to a good place).

Further, when we compare this data to the unaided awareness of reuse brands and plot these responses on an effort versus price matrix (Figure 17. Price vs. Burden of Effort to Redistribute), we see that the majority of brands recalled fall towards the lower left-hand quadrant, low price-high effort by consumers. While unaided top of mind awareness is generally low for this category, consumer interview data suggests that perceptions of second-hand shopping as a time consuming experience may in fact be truly reflective of known options.

Figure 17. Price vs. Burden of Effort to Redistribute Used Clothing

Additional analysis of retail consumer behaviour data sourced from the retail industry suggests that perceived time and effort in a disorderly shopping environment could be overpowered by the lure of great deals for a large number of Canadian shoppers. In fact, off-price retail (Ex. Winners, Marshalls, Nordstrom Rack, etc.) is the fastest growing apparel category in Canada (Toneguzzi, 2019). In many ways these retailers resemble the experience of buying second hand - large, inconsistent inventory with one-of-a-kind items that turnover quickly, items with potential irregularities, no frills service, etc. The success of Winners, the largest retailer in Canada based on dollar volume sales, despite having no e-commerce presence, suggests that Canadians are truly value-driven shoppers and are willing to work for these deals (Toneguzzi, 2019). As such, it is primarily overconsumption, the stigma towards used clothing, general awareness of reuse options, and donation mythology that likely play a larger role in reinforcing the consumer barriers to participation in reuse, at least for those who enjoy shopping to some extent. Yet increasing convenience and customer experience to reduce friction to purchase should be noted as effective strategies for driving conversion with consumers.

Awareness & Accessibility

Given the relative size of Canada's fashion reuse industry, it is no surprise that one quarter of individuals interviewed for this research could not recall a single reuse brand or that 74%

suggest they would be at least "somewhat interested" in second-hand fashions but 88% "rarely" or "never" source their clothing from reuse channels. While many of the contributing factors to low participation rates have been discussed above, the fact remains that many consumers are simply unaware of the many quality reuse options, especially in a large city such as Toronto/GTA.

Yet, online access has accelerated adoption and innovation of clothing reuse around the globe and is growing four times faster than bricks and mortar resale (Ellen MacArthur Foundation, 2017). The fact that most bricks and mortar resellers, particularly those with the largest footprint (ex. Value Village, Style Encore, Plato's Closet, Once Upon A Child, etc.) do not enable online shopping may create yet another barrier for those without access to a store in their area given the relative growth of online shopping. However, likely more importantly, the results of an environmental scan suggest that Canadians still have limited access to some of the best and most successful reuse platforms. These organizations offer consumers new and exciting ways to participate in fashion reuse and include the likes of Rent-the-Runway (US), Le Tote (US), Depop (UK), Kidizen (US) and Vinted (LT). Additionally, major retailers who have embraced thrift and rental as a way to boost sales do not currently offer their services in Canada. As the Canadian-based reuse industry races to catch up, options and selection remain somewhat limited, particularly with respect to specific categories such as menswear, kids wear, outdoor gear, size-inclusive options, and maternity. Nearly all of the emergent fashion-specific reuse brands in Canada to date appear to cater entirely to the female market.

In many respects, the barrier of accessibility appears subject to the classic chicken and egg problem. If participation in reuse amongst Canadians remains low, local innovation and international expansion will be limited. Yet if Canadians do not have access to an increasing number of desirable reuse options, participation will remain limited. If trends around the world are any indication, if industry takes the first step to invest in desirable reuse experiences such as the ones noted above, consumer participation will follow.

2.5 FASHION INDUSTRY BARRIERS TO REUSE

"The retail sector needs to find ways to embrace, acquire, or partner with resale business models because customer adoption is likely to continue. Customers of the future will look for ways to recycle, resell or upcycle, and will be drawn to the incredible value of buying secondhand. We believe that brands will need to partner with resale sites and support the circular economy." – Cowen and Company, "Thrift & Retail Resale Is Major: Understanding thredUP", 2018

When it comes to accelerating fashion reuse in Canada, the reuse industry on its own can only do so much of the heavy lifting. As such, one of the most critical barriers to address is the participation in fashion reuse by large-scale retailers across the country. While many small businesses are making strides in fashion reuse and sustainability efforts more broadly, without

the involvement of a sizable number of mid-to-large size brands to build momentum, participation by the masses will be limited. As Canada has become heavily reliant on the global fashion system as a major source of apparel imports, an understanding of the attitudes, business challenges and specific regulations that create barriers to adoption of reuse practices for mass retailers operating domestically is critical to understanding how we might encourage greater industry participation (Government of Canada, 2017). Further, we must acknowledge that accelerating adoption of reuse behaviours and demand for clothing that is compatible with this new system will conversely lead to lower participation rates in fast fashion. This implies that resistance to change from some of the most powerful financial actors in the global fashion system is likely to be the largest barrier of all.

Like consumers, decision making by industry is also motivated by a variety of value-based factors, the priority of which varies by organization. However, within a capitalist economy, the goal of maximizing profits must be at the core of all business decisions, with other initiatives often falling into a distant second place.

The rising awareness and concern for the environmental and social impacts of businesses suggests that corporate social responsibility matters increasingly to consumers, employees and investors alike. Yet Canada's retail industry, especially when it comes to issues of reuse, appears to be lagging behind, with many retailers taking a "wait and see" approach to these issues. General sentiment also appears to vary by organizational archetype and throughout various regions of the country.

Canada's Place in a Global Fashion Industry

One of the more challenging barriers to accelerating fashion reuse behaviours domestically is the lack of large-scale businesses with decision-making power headquartered in Canada. Industry experts point out that most known brands in malls across the country today are in fact large, foreign-owned companies with significant interests outside of Canada. In large enough organizations, Canadian headquarters may exist in major Canadian markets (i.e. Toronto or Vancouver), but they likely have little say in larger corporate decisions that affect the full value-chain, including sourcing, design, production or end-of-life disposal. These tend to be decisions that are made from global headquarters, which are often found in Europe, Asia or the US. For Canadian executives interested in integrating reuse into their business model, they are likely to have limited influence over the outcome of these decisions if they do not align with global objectives. Rather, it is likely to see brands testing new concepts in their local markets and rolling out successful pilots to other similar markets.

Given Canada's relatively small role in the global fashion industry, and our close ties to the American retail sector, it is also important to acknowledge the differences that make Canada's retail landscape distinct and may complicate decisions to expand successful US initiatives northward. While Canadian retail sales are equivalent to the US on a per capita basis (and in

fact, lead on a per square foot basis), with less competition overall, the repeated failure of several large American brands that expanded to Canada has woven a cautionary narrative about business north of the border (Page, 2019). Higher labour and real estate costs, taxes and cross-border expenses all play a role in perpetuating these perceptions. Distinct regulation, language and labelling laws can also add costs to the cross-border equation. However, likely more important than costs, differences in consumer attitudes and behaviours should not be overlooked. Collectively, Canadians tend to be much more cautious, value-oriented shoppers who spend less on clothing overall (Page, 2019). Demographically, Canada's population is nine times smaller than the US and slightly older, with many more foreign born residents. Canadians also tend to earn less and have more debt on average (Page, 2019).

While Canada's role in a much larger and powerful global fashion system is indeed a significant challenge for the Canadian reuse market, it also presents an opportunity for larger Canadian retailers, entrepreneurs and regulators to step into a leadership capacity. In many ways, the resale market in Canada today is not unlike the Canadian retail market of the 1980s and 1990s, before the rise of the internet and when access to popular American and international retailers was significantly constrained.

The Status Quo

Disrupting the status quo, such as introducing reuse into mainstream fashion, is challenging largely because it threatens existing retail business models that have proven highly profitable to date. Organizations who have accumulated immense power and wealth in the capitalist fashion system will be resistant to any change that disrupts these business models and may affect profitability. Discussions with Canadian professionals working in the fast fashion industry revealed that executives are well aware of the sustainability challenges faced by their industry, yet they feel highly constrained in their ability to make change. One executive in particular acknowledged that change will be necessary for their organization's' survival but wrestles with justifying return on investment ("ROI"). They cited the reality of competing constraints, including shareholder expectations, increasing pressure from consumers to maintain low prices amidst the mounting costs of doing business, and demand for more expensive sustainable alternatives as the source of this tension.

It is also important to consider that change itself can be extremely complex and intimidating. Several industry professionals interviewed referenced the recent example of e-commerce, which arrived and forever changed the game in retail. Many organizations, including fast fashion giants like H&M who were late adopters, are still working to get their e-commerce operations up-to-speed to compete with the likes of digitally-native brands (Howland, 2019). For leaders straddling the transition between a linear and more circular economy for fashion, change may be an unexpected necessity, but the path to get there is clouded with old ideas. Even for the savviest of leaders, the personal, operational, and reputational risk associated with these changes can be very real.

Further analysis suggests that risk aversion towards adoption of fashion reuse behaviours may also be linked to a lack of organizational competency in this area. By examining the business model archetypes of today's mass fashion retailers, it is clear that the key activities required to facilitate clothing reuse at scale are not existing core competencies. Rather, these organizations are focused primarily on manufacturing, distribution, merchandising and fulfillment, which are fundamentally different from reuse activities like collection, sorting, refurbishment and recycling. Similar to the labour intensive nature of self-serve reuse for consumers, full-serve reuse is highly labour intensive for organizations. As previously discussed, despite the potential for generating additional value through reuse, these additional key activities have affiliated costs, including upfront investment in the development of new resources and capabilities, which may risk exposure for organizations looking to incorporate reuse into their business models.

Another interview with an industry expert focused more broadly on the retail category suggests that attitudes toward risk in Canada tends to differ by region and are generally reflective of two major fashion centres within the country - Montreal in the East and Vancouver in the West. In the East, recognizable, well-established brands that have been owned and operated locally for many decades tend to be more conservative in their approach to sustainability and broader market shifts. In part this is the result of the business as usual mentality, but also the fact that adopting more sustainable business practices such as reuse would likely require significant changes to their existing business models. Despite a wealth of information that suggests otherwise, there is still a widespread perception within the Canadian market that sustainability does not sell.

Conversely, they suggest that brands originating from the West Coast tend to be newer and more proactive with respect to tackling the environmental and social challenges of clothing production. For many of these companies, sustainability is a core foundational value and risk-taking is built into a brand's DNA from the start. This is largely based on the fact that their local, eco-conscious customer-base expects this. Yet many of these brands face a significant risk-reward trade-off when they want to communicate their sustainability wins. Heightened transparency and the moral high ground also comes with a new level of accountability and public scrutiny.

Current Regulation and Incentives

In Canada the Federal, Provincial, and Municipal governments all play a role in regulating the Fashion retail environment and their reuse (or lack thereof) behaviours. Notably, the researcher has observed that critical inputs into fashion reuse tend not to be regulated, such as specific materials used for production (Ex. mixed fibres that cannot be recycled) or specific handling of textile waste.
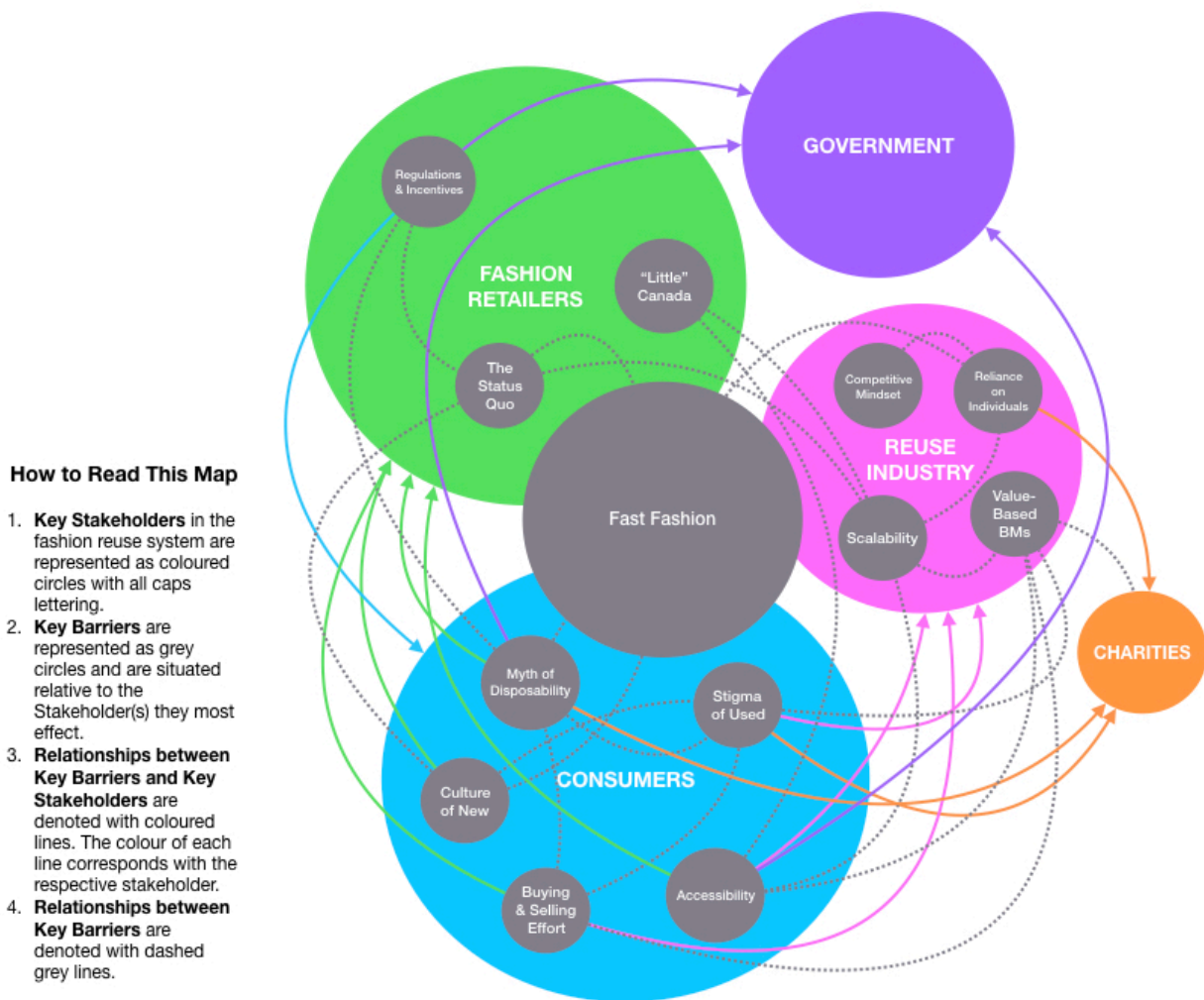
Not only does lack of regulation play a role in creating barriers to adoption of reuse but industry sustainability experts highlight there is specific regulation in Canada that acts to disincentivize industry participation. A commonly cited example is the "Duty Drawback", a Federal provision which incentivizes corporations to burn or landfill excess inventory by enabling brands to collect a refund on customs duties paid for imported goods. In many cases these regulations are well-intentioned but may not consider the knock-on effects in other areas - such as the impact of a trade incentive program under the Canadian Border Services Agency on provincially regulated waste management. Further, experts also suggest that historical regulations reflective of their time may be dated in today's context given cultural and/or technological advancements. One such example is the now amended *Upholstered and Stuffed Articles Regulation*, which limited the use of recycled materials (such as textiles) in bedding and upholstered furniture due to public safety concerns that did not reflect the ability of modern technology to adequately clean and process these textiles for reuse (Ontario Government, 2017).

Those who have been working to change these regulations suggest that one of the key challenges they face is the ability to coordinate efforts across a vast and diverse country while also helping regulators see the bigger picture. In a global textile economy, certain free trade agreements between countries do not allow Canada to provide preferential incentives to domestic businesses that exclude foreign importers. As Canada has increasingly become a global import country, new tools and approaches will be required to manage issues like textile waste, the roots of which extend well beyond our borders (Government of Canada, 2017). The researcher has also observed that retail's significant financial contribution to all levels of government through sales taxes, corporate taxes, import duties, and property taxes may also create resistance towards any efforts to increase regulation of this industry.

Given the scope of the sustainability challenges faced by the fashion retail industry, regulation alone will not solve our overconsumption problem; We currently consume more than we could ever possibly recycle. Yet while the experts agree that changing dated regulations can be an uphill battle, providing incentives to reduce the barriers to the circular economy is critical to enable a thriving fashion retail environment in Canada.

2.6 KEY TAKEAWAYS FROM ANALYSIS

Armed with an understanding of the components of reuse and how they interact with one another, the key stakeholders in Canada's reuse system, and where we encounter barriers preventing widespread adoption of reuse in Canada, we can visualize these elements together in a simplified map of Canada's Fashion Reuse System (Figure 18).

How to Read This Map

1. **Key Stakeholders** in the fashion reuse system are represented as coloured circles with all caps lettering.
2. **Key Barriers** are represented as grey circles and are situated relative to the Stakeholder(s) they most effect.
3. **Relationships between Key Barriers and Key Stakeholders** are denoted with coloured lines. The colour of each line corresponds with the respective stakeholder.
4. **Relationships between Key Barriers** are denoted with dashed grey lines.

Figure 18. Systems Map of Barriers to Fashion Reuse in Canada

This map can be used to trace the various sources of resistance within the system and how the different barriers interact with one another. Some of the key observations from this analysis suggest that the Canadian market faces a variety of realities when it comes to fashion reuse:

● **Fast Fashion** - Our culture of consumption and disposability is accelerated by the business models of fast fashion, which directly impact how often we shop, the quality of our clothing, and its longevity, both real and perceived. Despite industry efforts to take a leadership role on fashion sustainability at scale, these industries have strong financial interests in preserving the status quo of planned obsolescence. Notably, these models are incompatible with the required inputs for fashion reuse to flourish, which in turn hinders advancement towards a truly sustainable fashion system.

- **Little Fish, Big Pond** - In terms of scale, Canada is a little fish in a big pond with respect to influence within the global fashion system. As such, our fashion supply, culture, and regulatory landscape is heavily impacted by activity in the US and other key fashion markets abroad.

- **Cult(ure) of New** - At the root of why we shop are a core set of motivations that are significantly more complex than satisfying a basic physical requirement. Fashion's culture of novelty, an innate human desire to belong, and the relative invisibility of the fashion value chain fuels a powerful desire for a constant churn of new trends. Further, the stigma of "outfit repetition", reinforced by social media and fashion's influencers, subtly shames consumers for reusing clothing.

- **Stigma of Used** - The widespread perception of used clothing as "dirty" and "poor quality", along with the reuse shopping environment as "disorganized", "time-consuming", and "poor quality control" has created deeply entrenched psychological barriers towards fashion reuse. These perceptions are further reinforced by low-cost reuse business models and the "altruistic" convenience of clothing donations.

- **Lack of Regulation and Incentives** - In Canada, many of the critical inputs for clothing reuse (ex. Materials, disposal methods, etc.) remain primarily unregulated. Further, Federal regulation, such as The Duty Drawback Provision, actually disincentivize industry participation in reuse.

Accelerating adoption of reuse behaviours with consumers and industry alike will involve tackling psychological barriers based on cultural myths and norms which no longer serve us. In particular, the stigma that still exists towards used clothing is one of the largest barriers to accelerating reuse behaviour. While an increasing number of consumers have sustainability issues on their radar, there is still a long way to go in terms of normalizing clothing reuse behaviours and tackling shame culture around outfit repetition. In part, this is about making reuse and the real impacts of our purchase decisions more visible in positive ways and creating more convenient reuse experiences that are attractive to a broader audience.

At the same time, industry must remove physical barriers to access to increase reach and accessibility of used garments. Accelerating adoption of reuse will require building scale - a combination of scaling pure-play reuse apparel players and enabling participation by mainstream retail to provide more and better reuse alternatives on masse. Doing so will require innovative new business models, partnerships and collaborations (i.e. infrastructure, industry standards, etc.) along the fashion value chain to reduce industry barriers to participation.

All considered, we can sum up the challenges facing reuse today into four key areas of opportunity for innovation that will be explored further in Part 3 of this research. Notably, these opportunity areas focus on how we might move the needle on criteria #2-6 of the "Conditions for Reuse to Flourish" discussed in Section 2.1, including (#2) driving more conscious consumption;

(#3) creating rewarding disposal experiences; (#4) revaluating "waste"; (#5) generating healthy domestic demand for reuse; and (#6) business models that maximize utilization rates of garments.

PART 3: PLACES TO INTERVENE IN THE SYSTEM

"So how do you change paradigms? [...] In a nutshell, you keep pointing at the anomalies and failures in the old paradigm, you keep coming yourself, and loudly and with assurance from the new one, you insert people with the new paradigm in places of public visibility and power. You don't waste time with reactionaries; rather you work with active change agents and with the vast middle ground of people who are open-minded." - Donella Meadows

This last section will identify and explore potential places to intervene in Canada's fashion system to help clothing reuse flourish. Four key opportunity areas for reuse innovation will be discussed. Citing leading examples from around the globe, this section aims to highlight new and emerging potential opportunities and strategies to help destigmatize used clothing (3.0), promote more conscious consumption and disposal (3.1), drive consumer participation and domestic demand for used clothing (3.2), and motivate industry participation in reuse (3.3).

3.0 OPPORTUNITIES FOR INNOVATION IN FASHION REUSE

In the previous two sections we explored how and why existing options, perceptions, and participation rates in clothing reuse are constrained in the Canadian fashion landscape. Yet the picture is not all bleak. A horizon scan of emerging trends in this space suggests that there are several weak signals of change to come on the horizon, both from Canada and abroad. Further, interviews conducted with industry professionals revealed that despite the complexity of challenges ahead, there is a general sentiment that industry is moving slowly in the right direction, and there is a mounting desire among many business leaders along the fashion value chain for a more sustainable future.

Each section of Part 3 will explore a different area of opportunity for innovation including:

1. Breaking the stigma towards used clothing
2. Tackling consumer culture of accumulation and disposability
3. Exploring ways to increase consumer participation in clothing reuse
4. Exploring ways to increase industry to participation in clothing reuse

Current actions by actors in the Canadian apparel landscape and abroad who are taking a leadership role in this space will be discussed to provide a glimpse of what a flourishing fashion reuse future may hold. Additionally, perspective on existing gaps, new opportunities to accelerate adoption of reuse behaviours and potential areas for further exploration will be identified.

3.1 HOW MIGHT WE DESTIGMATIZE USED CLOTHING?

As discussed in Part 2, consumer stigma towards previously worn clothing is one of the largest barriers to increasing domestic participation in clothing reuse in Canada from the demand side. At its core, this stigma stems from perceptions of used clothing as being unfoundedly contaminated by previous owners. Sadly, there remains a prevailing stigma of poverty that is reinforced by the widespread practice of clothing donations. As such, addressing this barrier will involve shifting perceptions of clothing reuse from a necessity to a desirable option for sourcing stylish and quality clothing. Some potential ways in which this might be accomplished are discussed below.

3.1.1 Mechanisms to increase trust and credibility with consumers.

Clothing is considered unique from other used items in that garments are worn on or in close proximity to the body and are seen as deeply connected to the previous owner (Strahle & Klatt, 2017). Yet a deeper dive into the validity of these claims suggests that fears of bodily contaminants are primarily unfounded. In fact, this logic is fraught with contradictions - while we are quick to dismiss used clothing as dirty, we are just as quick to sleep in hotel beds, eat and drink from restaurant dishware and utensils, and use communal towels at the gym. In these latter cases, we have trusted that some responsible intermediary has taken the care to thoroughly refresh these items between users and that they are regulated to uphold a certain standard of care. In these instances, an established brand name, seal of approval, expert or peer reviews, and the design of the environment itself may all play a role in establishing this proxy for trust. By creating mechanisms that increase trust and credibility with and between consumers, we may reduce the negative perceptions typically associated with previously worn clothing. These mechanisms also take the burden of responsibility off of the consumer to enable a more comfortable shopping experience.

Emerging Signals of Change:

- **Sprout Collection** (CA), a maternity clothing rental service that has expanded to include mainstream clothing, opts to leave its dry cleaning tags on items to provide assurance to the next user that an item has been thoroughly cleaned between customers.

- **Tulerie** (US), an exclusive invite-only peer-to-peer fashion lending service is exactly the opposite of what people might expect from used clothes. Like their user-base, their selection is highly curated, with only certain brands accepted on the platform. To build trust with their users, Tulerie has created a series of policies to protect both borrowers and lenders. For example, borrowers who do not return items within one week will be charged 200% of the item's MSRP and moderators will remove any users with negative peer-reviews from the platform.

- **The RealReal** (US), a popular online luxury consignment marketplace, has a rigorous process and policy in place to guarantee 100% authenticity of every item that they sell through their site. This includes staffing an in-house team of professional gemologists, horologists, and apparel experts who inspect each item for authenticity and general condition. If they suspect an item may be counterfeit, they will contact the seller to request proof of purchase. Items determined to be counterfeit will not be returned to the seller and the item will be destroyed. This provides buyers with additional peace of mind when purchasing through second-hand channels, especially when they may not have the physical proximity or skills to do so themselves.

- **Tradesy** (US), a peer-to-peer fashion marketplace, improves the user experience on their platform and builds credibility by offering sellers assistance with photo retouching, to make images consistent and presentable, along with providing shipping kits for more seamless transactions.

- Having a high quality brand name that stands behind their products is also helpful in lending credibility to the quality and cleanliness of refurbished clothing. Innovative sustainably-minded brands like **Patagonia** (US) and **Eileen Fisher** (US) work with third party, **Yerdle Recommerce**, to take back, thoroughly refurbish (through techniques like resewing, overdyeing, creative patching and part replacement), and resell their products at a discount to value-conscious and sustainably-minded consumers. Buyers who know and trust these brands can safely assume that their high quality standards directly translate to anything else the brand sells, including any second-hand items.

Additional Opportunities:

Given the root causes of the stigma towards used clothing, the cleaning, refurbishment and authentication (for luxury brands and performance wear) are key for innovation. Technology may have a large role to play in helping to address these challenges. For example, RFID tagging of garments could enable easier processing and cleaning of items where tags may have been removed by previous users and could even help source specific damaged or missing parts from manufacturers. Further, technology such as 3D printing could even enable resellers to recreate these parts themselves.

Other areas of opportunity to improve trust and credibility could include the use of other sensory cues that are linked to perceptions of cleanliness and newness. For example, the development of a unique signature scent could help create a stark contrast to the distinctly "used" smell many consumers have personally experienced. An industry-wide collaboration to create minimum standards for used clothing and a complimentary visual language may also address broader concerns about cleanliness and quality by standardizing this process for all, impacting perceptions of used clothing at scale.

3.1.2 Redefining what used really means.

Used clothing has long been positioned as an affordable alternative to mainstream retail that involves a "treasure hunt" to find the proverbial needle in the haystack. As a result, many individuals have a narrow and stigmatized view of clothing reuse. Yet this view is only reflective of a small segment of the potential reuse landscape and the many benefits clothing reuse can provide. Redefining how used clothing is branded and the language we use to describe clothing that is redistributed for use after retail could be key to shifting perceptions of what fashion reuse is and may become.

Emerging Signals of Change:

- In 2013, **Value Village** (US/CA) began the process of rebranding their stores in an attempt to contemporize the brand and make thrift more acceptable. Using the tagline, "Rethink. Reuse.", the shift was meant to promote environmental benefits of reuse and position the brand as an agent of change. Today, the brand continues to focus on raising awareness about the environmental impact of clothing consumption and positions itself as a sustainable alternative to mainstream consumerism.

- Nowhere in their communications does Canadian rental start-up, **Rent Frock Repeat** (CA), promote their clothing as "second-hand", despite the fact that items are shared between multiple users throughout their lifespan. Instead they position themselves as an affordable and responsible way to access an unlimited closet of designer brands that are curated by pro stylists without the commitment of ownership. They even take the hassle out of shopping by recommending looks based on one's personal style preferences, and offer prepaid exchanges of items with each rental to guarantee customer satisfaction.

- In 2019, **Rent the Runway** ("RTR")(US) introduced children's clothing to its growing rental offering (which also includes work wear, maternity, vacation wear, bridal, etc.) as a way to address the challenge of kids constantly outgrowing their clothing. RTR offers all the same benefits as their adult lines including shipping, cleaning and most importantly, the ability to change sizes from month-to-month.

Ultimately, overcoming this barrier is not about stigmatizing new clothing but instead, highlighting the numerous benefits and potential ways to participate in clothing reuse that make choosing used a desirable alternative to buying new. Fortunately, cultural tides are in favour of reuse (See **Appendix A: The Drivers of Reuse**). As the trend towards sustainability shifts from niche status symbol to mainstream expectations, the story for clothing reuse is likely to only become more compelling. Retail brands, who avoid confrontation with this reality, provide pure-play reuse organizations with a significant head start and risk falling out of favour with consumers as the stigma of used wears off.

3.1.3 Building connections and communities with influencers.

"People don't spring into action just because they see smoke; they spring into action because they see others rushing in with water." - Hackel & Sparkman

Research on social behaviour suggests that while policy changes drive individual behaviour, individual actions influence social networks and can in turn lead to broader policy changes (Hackel & Sparkman, 2018). This suggests that the implementation of policy-level change drives widespread behaviour change at scale, but that people taking substantial, sustained, and wide-ranging action in their personal lives signals to others in their sphere of influence that an issue is important, inspiring new social norms that in turn influence industry and policy to change

(Hackel & Sparkman, 2018). In particular, Psychologists have found that conservation behaviour is a social phenomenon, and that people are most influenced by watching others take measures to conserve.

Given the importance of social influence in motivating behaviour change and that fashion itself is a socio-cultural phenomenon (Hansson & Morozov, 2016), the ability to empower social influencers and build communities around reuse can be powerful strategies to raise the industry's profile. As such, brands that design platforms and experiences with social behaviours and its influencers in mind can create authentic opportunities that invite new users to explore fashion reuse.

Emerging Signals of Change:

- **Depop** (UK) is an online community of more than 10 million fashion designers, artists, collectors, etc. where sellers can build communities of followers based on their unique style and creativity. To set users up for success, Depop has authored an extensive *Sellers Handbook* to help newcomers "build their empire on Depop". The platform also actively promotes their favourite sellers in their highly curated *Depop Shop* and offer a *Supplies Shop* with easy access to shipping necessities, such as mailing envelopes and customizable cards so sellers can include personalized notes in their packages to their followers. In 2018, its users sold more than $230 million USD in clothing with some sellers making more than $10,000 per month (Knowles, 2018).
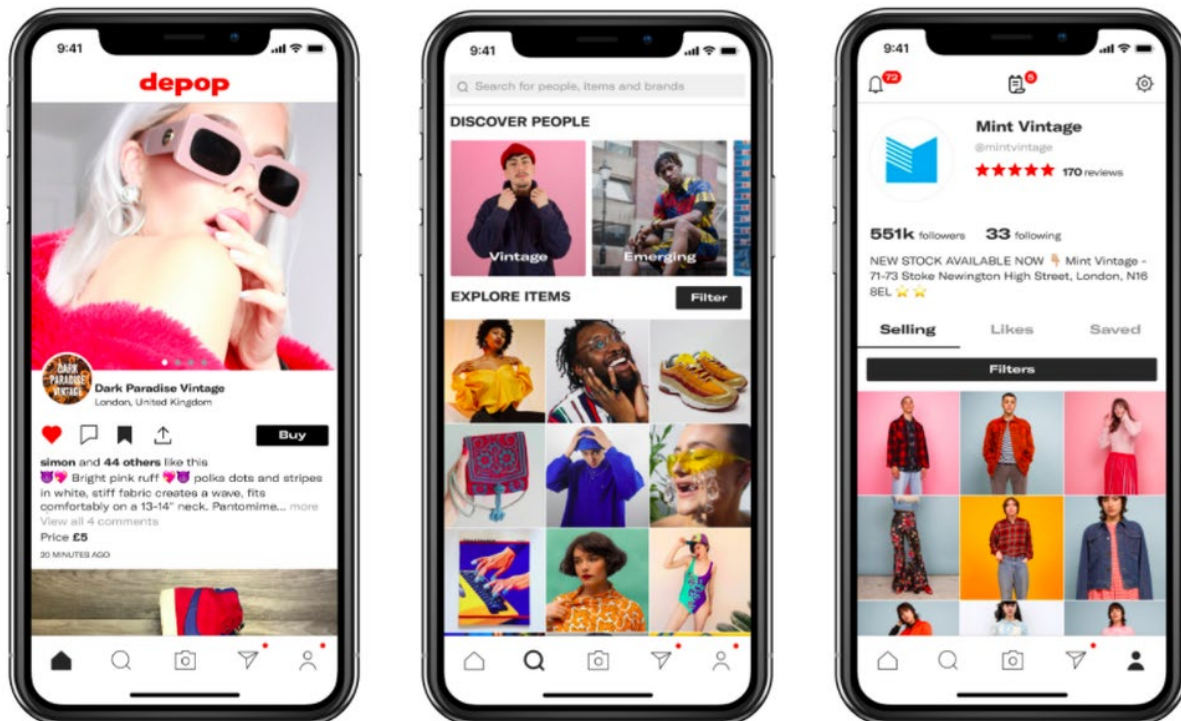

Figure 19. Depop's Aspirational Mobile-First Platform for Fashion Reuse (Photo by: Depop)

- **The RealReal** (US) has gained popularity in part by rewarding influencers through their formal *Influencer Program*. Influencers earn commissions when their followers shop The RealReal via an influencer's website or social channels, including escalating commissions for attracting new users to the platform. In 2017, the top influencer on their platform earned over $60,000 USD in commissions (The RealReal, 2019).

- **Value Village** (US/CA) has explored various ways of partnering with style influencers who embody thrift to promote awareness of National Thrift Day. In 2015, this included a series of pop-up shops called *Thrifting Spaces*, which gave three different influencers the opportunity to curate a shipping container of Value Village finds for the public to shop. In Canada, Value Village has partnered with local style icon Cary Tauben, and fashion designer Evan Biddell, to create runway shows for the public using only reused clothing found at their stores in order to raise awareness of fashion's impact.

- Toronto's **V-S-P Consignment**, which provides its local customers with a highly curated shopping experience of mixed price used fashion finds, conducts regular interviews with style icons, which they publish blog-style on their website and actively promote through social channels. They also frequently collaborate with other local influencers, such as The Rebel Mama, a popular cool-girl mommy blog, to increase awareness and engage their following.

Making it easy and even profitable for influencers to engage with a platform can help to shine a light on reuse and its benefits. For smaller brands, collaboration with other like-minded brands creates opportunities to reach a broader audience, differentiate with customers and borrow brand equity from one another. Further areas of opportunity could include exploring ways to engage highly coveted consigners.

3.2 HOW MIGHT WE ADDRESS CONSUMER CULTURE OF ACCUMULATION AND DISPOSABILITY?

Fashion's disposability challenge is directly connected to the stocks and flows of clothing within our fashion system. As discussed in the research above, the ability to reuse clothing is greatly impacted by the quality and quantity of clothing in the system. Too much clothing can never be fully redistributed and poor quality items simply cannot be reused long enough to justify their true cost, so they quickly become waste. As such, it is critical to address our culture of accumulation and disposability in order to create a flourishing reuse system.

3.2.1 Make the invisible, visible.

In thinking about fashion reuse challenges from a systems perspective, the work of Donella Meadows, "*one of the most influential environmental thinkers of the twentieth century*" provides a useful lens. In her paper entitled, *Leverage Points: Places to Intervene in a System*, Meadows identifies twelve key "leverage points" within a complex system, areas where a small change to one of these points has the potential to create much larger effects everywhere else (Meadows, 1999). One such leverage point is "structure of information flows" where Meadows goes on to suggest that "*a system's behavior is determined almost entirely by the information at its disposal. The world can't solve problems it doesn't know about; it can't take into account information it doesn't have; it can't pursue goals it can't imagine.*" What this means in the context of the fashion reuse system is that if individuals do not have access to critical information about their clothing, including its potential benefits and harms, they cannot act on it.

While concerns about the fashion industry's impact are increasingly discussed by the mainstream media, few consumers are fully aware of the true impact their buying habits have on the world and even fewer are motivated to change their behaviour. By enabling greater sharing of information and transparency along the fashion value chain about the true cost of clothing, it might help consumers override emotional triggers to buy, and think more consciously about what kinds of purchases they choose to make. This in turn directly affects the quality and quantity of clothing available for reuse.

Emerging Signals of Change:

- **Everlane** (US), a leading clothing brand, known for their modern basics and radical transparency, provides a fresh approach to pricing that not only reflects the true cost of an item but also breaks down these costs for consumers to see. For sale items, they enable shoppers to "choose what they pay" by providing information about what each option includes. For example, saving 30% off the retail price "covers the basic cost to develop, produce, and fulfill a product" versus saving only 10% "covers the basic costs of development, production, and fulfillment with the additional [margin] going towards office overhead and future product development". This not only helps Everlane to justify their prices in an extremely competitive category, but also to educate consumers about how much clothing should really cost when designing clothing to last and paying producers a proper living wage. A similar strategy could be applied to reuse.

Figure 20. Radical Pricing Transparency from Retailer Everlane

- Every year, the popular online thrift platform **ThredUP** (US), publishes their annual Resale Value Rankings to "*give consumers the confidence to invest in garments that are durable and resellable*" by highlighting brands with the best resale value. They do this by mining ThredUP's extensive database to guide consumers towards items that can likely be resold rather than discarded.

- **The RealReal** have developed a custom sustainability calculator to measure the greenhouse gasses, energy output and water usage offset by the consignment process since the founding of The RealReal. Taking this one step further, they might consider helping consumers understand and quantify their personal impact by participating in consignment and how they might share and/or monetize this tool within their industry.

- **Circular ID** (US) is "*a global standard and digital system that enables products to be systematically identified in circular economy. The CircularID enables the product to consistently communicate and share information about itself essential for identification and management of the product and its materials in circular economy.*" This technology would be extremely valuable for accelerating the adoption of reuse as it could assist organizations with challenges they face when processing items after their first user. This might include functions such as identifying an item's age, brand, and original MSRP to help in the collection, sorting and pricing for resale, especially if tags have been removed after the initial purchase. Further, information on materials and care instructions can assist with repairs and end-of-life reprocessing. From a consumer perspective, this technology lays the foundation for brands to empower individuals with more information about where their clothing came from, how to care for items, and even find places to get repairs or properly dispose of garments at end-of-life.

Additional Opportunities:

With many potential inputs to consider with respect to an item's projected lifetime value (i.e. Brand, materials, style, care, etc.), providing individuals with the tools to make these calculations and visualizing the data in digestible ways may help consumers override emotional impulses, marketing stimulus and old habits while thinking about how they get rid of an unwanted item. If these tools were to become widely adopted by consumers, they are likely to influence industry behaviour as well. These tools can be extremely simple, such as **ThredUP's Resale Value Rankings** or even a diagram to help individuals think through the concepts of "need" and "ownership" (Figure 21). They could also be more robust, adapting existing methods such as the **HIGG Index**, a suite of tools created by the Sustainable Apparel Coalition that "enables brands, retailers, and facilities of all sizes — at every stage in their sustainability journey — to accurately measure and score a company's or product's sustainability performance" to empower consumer decision-making.
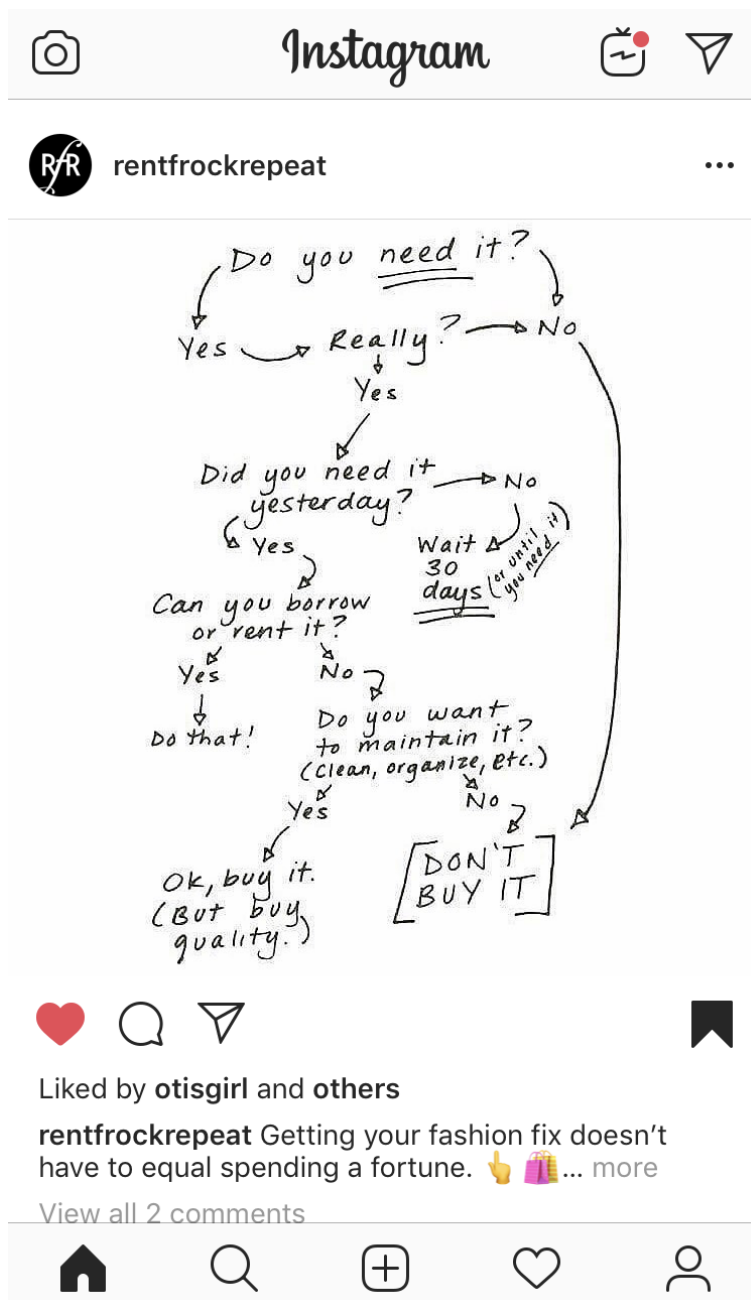
Figure 21. Conscious Consumption Decision Tree (Photo by: Rent Frock Repeat)

3.2.2 Introduce delays to new clothing purchase.

Another key point of leverage identified by Meadows is playing with the "length of delays in the system relative to the rate of system changes". In the interest of increasing reuse behaviour, this translates to focusing on innovations that delay the disposal of clothing and keep them in use for as long as possible. While these delays are a key benefit of the reuse industry in general,

helping individuals take better care of their clothing to maximize longevity may translate into fewer, better quality items in the fashion system.

Emerging Signals of Change:

- Popular adventure brand, **Icebreaker** (NZ), makes clothing made from merino wool that is meant to be washed infrequently while maintaining its freshness.

Figure 22. Icebreaker Promotes Awareness of Clothing Maintenance Habits

- Not only does sustainably-minded outdoor adventure brand, **Patagonia** offer a re-commerce site called "Worn Wear", but they also empower customers to maintain and repair their own gear to maximize longevity. They readily provide access to repair kits, spare parts and how-to guides and moderate an online answer forum where customers can make specific inquiries about repairs.

- reMARKable patch kits by **Humade** (NL) provide a creative and beautiful DIY solution for damaged clothing.

- Leading up to the winter season, outerwear brand, **Nobis** (CA), launched a pop-up laundromat in downtown Toronto, offering visitors free same-day cleaning services to refresh their winter coats for the season.

Figure 23. Nobis Laundromat Pop-up in Toronto (Photo by: Ryan Emberley Photography)

3.2.3 Business models that disrupt the traditional value equation.

"The most stunning thing living systems, and some social, systems can do is to change themselves utterly by creating whole new structures and behaviors. In biological systems that power is called evolution. In human economies it's called technical advance or social revolution. In systems lingo it's called self-organization." - Donella Meadows

Another powerful point of leverage identified by Meadows is "the power to add, change, evolve or self-organize system structure", essentially altering the dynamics of the system. With the intent of driving participation in reuse and more conscious attitudes to clothing consumption, we can look to develop new business models, and potentially entirely new industries, that disrupt the traditional value equation (i.e. costs, time, skills, etc.) involved in purchasing, maintaining, and disposing of clothing. **"Clothing as a Service" (CaaS)**, the shift away from the traditional ownership model for clothing through one-off transactions to a rental-based system, is one of the best examples of this in practice to date. These models enable individuals to access clothing without commitment, which can be ideal for special occasions (e.g. weddings, galas/parties,

holidays, etc.), individuals who regularly fluctuate in size (e.g. children, pregnant/postpartum women, etc.) or those who simply love the novelty of the latest trends.

Emerging Signals of Change:

- **Reheart** (CA) is a Canadian peer-to-peer platform that enables individuals to rent out items they are not currently using from their closets. Reheart manages all inventory on behalf of individuals and includes shipping, insurance, and cleaning of items between users. This innovative approach means that individuals can now monetize their clothing without having to permanently sell it, giving them license to invest in more expensive, better quality clothing (Notably, Reheart has a strict no fast fashion policy). It also has the potential to unlock the coveted closets of stylish individuals to the public, giving influencers another platform to connect with fans and monetize their expertise.

- B2C rental companies like **Le Tote** (US) and **Rent Frock Repeat** (CA), who source new inventory from designers rather than individuals while maximizing the utilization of each item, enable their customers to rent-and-return, or buy desired items at a significant discount. This disrupts the impulse nature by delaying the buying decision until after an individual has had a significant trial period with an item - approximately one-month or more. This can help individuals experience for themselves how often they wear an item and how well it integrates into their existing wardrobe before committing, if at all. There is also no fast fashion in this model, where individuals have access to high quality pieces and unique brand names at more affordable prices. These companies also provide styling services based on personal preference and manage all inventory, including maintenance, cleaning, shipping and end-of-life disposal, taking the effort out of wardrobe management.

- **Bunz** (CA) is a cash-free community trading platform that enables users to trade any item (Ex. clothing, houseplants, meals, board games, etc.) for another. This means that individuals can acquire clothing in exchange for their skills or other household items they no longer need without having to spend any money to do so. They can also use clothing as a currency to acquire other items they may want or need. Although more time and effort is typical required by individuals, they are likely to end up with more of what they need and less of what they do not. Further, by removing money from the platform, Bunz gives individuals the opportunity to acquire an entire stylish wardrobe without ever spending a cent.

Additional Opportunities:

While rental takes the burden out of clothing maintenance without the need for ownership, what about items that individuals would prefer to own, such as timeless pieces that never go out of style? By attaching professional value-add services to new clothing, might we help consumers better maintain garments throughout their lifespan and convince them to invest in quality? Examples could include offering clothing maintenance packages with purchase, particularly for

frequently worn seasonal staples like winter coats and footwear, or a capsule wardrobe offering (i.e. a collection of a few essential items that do not go out of fashion) that includes styling, cleaning, repair and replacement of items as needed.

3.2.4 Focus on how fashion is taught and where.

"Education is the most powerful weapon which you can use to change the world." – Nelson Mandela

Since fashion and style are uniquely personal, and a formal education is often provided only to those who seek it at the post-secondary level, it is important to think about how and where we might educate individuals about the impact of their fashion choices and how to make more conscious decisions about their wardrobes. Some areas of focus that may be particularly ripe for innovation include:

- Organizations that help individuals identify their personal style and shop accordingly to reduce reliance on seasonal trends and fashion marketing.

    Emerging Signals of Change:

    - **Smithery** (CA) is an online clothing boutique that helps women identify and shop their unique shape. They run regular pop-up events across the country where their "Stylesmiths" will assist women in identifying their shape and also provide an online toolkit to help women do this from the comfort of their homes. All clothing is photographed on real women (i.e. varying ages, sizes and ethnicities) and items can be filtered specifically by shape and/or style so that individuals can focus only on items that will flatter their unique shape. While this approach to fashion marketing is indeed more inclusive, it is particularly relevant for reuse because it also assists women in making better clothing decisions (i.e. quality fits and styles that flatter their specific body type, not a runway model). This leads to clothing that is kept longer and worn more frequently, reducing the reliance on new.

    - **Citizenne Style** (CA) are a personal style collaborative founded on the premise that style can be a helpful tool to transform one's life, the planet and society for good. They host events, retreats, 1-1 consults and provide tools such as quizzes and a guided *100 Days of Great Style* program to help women find their unique expression of style and confidence to enable more conscious wardrobe decisions. This includes how to take their newly defined style and apply this to shopping second-hand.

    - **Style Bee** (CA) is an online platform dedicated to inspiring women to declutter and fall in love with fashion in a sustainable way. Their step-by-step toolkit guides

women through the process of a "Closet Mission" to help them spend less time, money and effort on clothes; define their personal style; shop confidently and consciously; and find contentment with less.

● Purpose-led brands creating shareable content to educate followers about the impacts of the fashion industry. When done in creative and aspirational ways, not by preaching or shaming, this can be a powerful tool to spread awareness and knowledge in the age of social media.
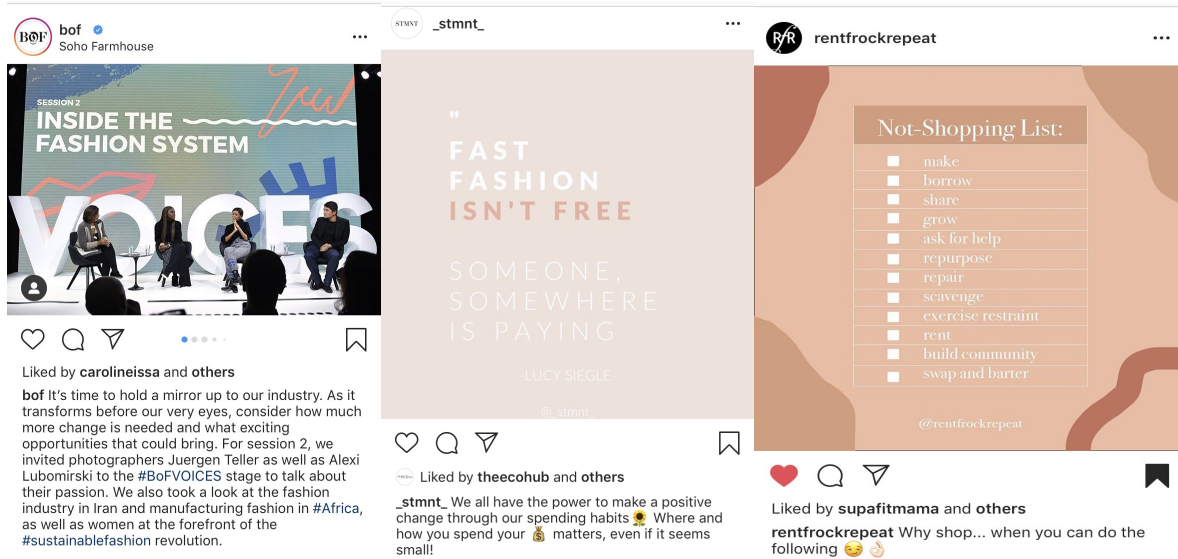
Figure 24. Educational Instagram Posts by Influencers and Reuse Brands (Photos by: Business of Fashion; STMNT; Rent Frock Repeat)

● Programs designed for and targeted at school-aged children, including elementary through high school, are an important way to spread adoption of more conscious consumption behaviours as educators interviewed for this research suggest it is significantly more difficult to change our behaviour as adults. This makes it critical to reach children (potentially as young as 8) and empower them with the knowledge and solutions to consume clothing responsibly and share their knowledge with others. Focusing on the education of children is also a great way to reach and educate their parents.

Emerging Signals of Change:

○ **Fashion Takes Action** (CA) has developed a series of full and half-day workshops designed specifically to engage children of various ages in discussions about conscious consumerism, including topics such as where and how clothing is made, fashion's role in the UN's Sustainable Development Goals, the environmental footprint of fashion, and how to organize a 7R's of fashion

stewardship event. With the help of strategic partners and their investment, these programs have the potential to reach many more children.

Additional Opportunities:

Further analysis suggests that a gap in the market still exists with respect to a credible and aspirational authority on fashion sustainability for consumers. While the broader fashion industry has institutional resources such as magazines and designers, there are few places where curious individuals can obtain the same level of information. This presents a unique opportunity for an organization, brand, individual, or a combination of these actors to fill the void.

3.2.5 Connect the purchase and end-of-life experience.

Another way we might help individuals think about the full lifecycle of their clothing, in particular what happens to their clothing when it is no longer wanted or reusable in its current form, is to connect the point of purchase with end-of-life planning for the item. By providing shoppers with the right infrastructure, incentives and tools, retailers can make participation in responsible disposal programs both easy and attractive while deterring excess accumulation of clothing. Where retailers may not be interested or particularly motivated to participate, regulations can help direct retailers and suppliers to take responsibility for the entire lifecycle of their product, as seen in global markets such as Germany.

Emerging Signals of Change:

- **The Rag Bag** (SE) is a shopping bag designed to be repurposed as a prepaid shipping envelope that encourages shoppers to donate used items of clothing when they make a new purchase.

Figure 25. The Rag Bag (Photo by: Nord DDB)

- Circular t-shirt company, **For Days** (US), is "on a mission to make zero-waste available to everyone" by offering a subscription-based service for their selection of basic organic tops. Worn shirts are returned to the company for recycling at their end-of-life and replaced with new items made from 100% recycled fibres.

- **H&M's** (CA+) garment collection initiative incentivizes shoppers to drop-off their unwanted clothing and textiles at any H&M store across the country (approximately 94 locations as of 2018) for recycling in exchange for a $5 voucher off of any $30 purchase.

- **Harper Wilde** (US), an online DTC retailer that sells "*fairly priced, everyday bras without the hassle*" includes a bra recycling initiative that prompts customers to use their shipping box to return any old bras for recycling. Prepaid return shipping labels are included with every order to make the process seamless for individuals. 11

3.3 HOW MIGHT INDUSTRY MAKE IT MORE ATTRACTIVE FOR CONSUMERS TO PARTICIPATE IN CLOTHING REUSE?

If we aim at moving the needle towards destigmatizing used clothing and helping individuals to curb their excessive clothing consumption habits, the challenge remains as to how we might encourage them to consider used products as an equally or even more attractive option to purchasing new. Tackling this challenge will involve directly addressing both physical barriers to participation such as accessibility, and values-based barriers related to convenience, belonging and aesthetics.

3.3.1 Reuse shopping experiences that mirror best-in-class retail.

A significant part of what makes some retail brands so attractive is their investment in, and attention to every detail of the customer experience. Brands that painstakingly think through each touchpoint of the customer journey, including what their employees are wearing, the smell of their stores, how clothing is displayed and what items are packaged in to ship, all make a difference in what customers associate with that brand and choose to tell others. As assessed through this research, there is a significant perceptual gap in Toronto's reuse landscape compared to the shopping experience of mainstream retail. However, the brands noted below are an indication of potential change on the horizon and a glimpse of how we might design fashion reuse experiences in the future.

Part 3: Places to Intervene in the System

Emerging Signals of Change:

- Located on the outskirts of Stockholm, Sweden, **Retuna** (SE) is the world's first recycling mall, and is helping to revolutionize shopping in a more sustainable way. The mall is designed to resemble a contemporary shopping centre with sustainable touches - ample natural light, live trees and even pleasant smelling air. The key difference is that everything sold at the mall has been recycled, reused or organically/sustainably produced. The mall is also attached to a large recycling centre where people can drop off their unwanted goods and vendors can get first pick of what they want for their stores. Beyond being a marketplace for 100% recycled goods, the shopping centre also serves as a gathering place to learn more about sustainability, organizing lectures, workshops and events for the community on site.

Figure 26. Retuna Shopping Mall in Sweden (Photo by: CNN)

- Toronto-based consignment store, **V-S-P** (CA) looks more like an upscale designer boutique than a thrift store. By focusing on customer service and a highly curated mix of high-low one-of-a-kind styles, they have become the go-to shopping destination for Toronto fashionistas in the know. They also regularly host special events and unique promotions that have included the likes of a partnership with popular Canadian TV series, Schitt's Creek, to provide clients with the opportunity to shop the show's designer wardrobe.

- When **Value Village** (US/CA) embarked on an extensive rebrand in 2013 it was the first time the organization truly took a human-centered design approach. They wanted to ensure that all shopper segments would feel welcome in the new stores, including fashionistas on the hunt for designer bargains shopping alongside lower socio-economic clientele shopping out of necessity. Over three years, the brand undertook an extensive rebranding effort that led to a variety of improvements, reinvigorating the band's value proposition for all customers. This included changes such as moving donation drop-off to the front of the store rather than the back to make donors feel welcome and respected; using reused materials throughout the store in an aesthetically appealing way; replacing sterile white walls with colour blocking to denote distinct sections throughout the store; improving signage and wayfinding; and reimagining the checkout experience.

Figure 27. New Value Village Store Design in Bedford, NS (Photo by: Seagate Construction)

- **Stock-X** is a unique online marketplace that has created the first ever stock market for things, including sneakers, handbags, and streetwear. Not only do they offer customers the benefits of anonymity, transparency and authenticity when shopping for resale items online, but they do so in a gamified way. This creates a sense of hype and excitement around the shopping experience that aims to reflect the real-world craziness for limited-release designer streetwear.

3.3.2 Increased integration of new & used products.

One of the more significant challenges for reuse today is that the industry is starkly divided between those who sell new versus those who sell used clothing, with new clothing being disproportionately larger in scale and influence. This in turn creates a twofold challenge as access to, and awareness of reuse alternatives are limited for the mass consumer. Given that reuse is truly a compliment to well-made, ethically produced clothing, there is a significant opportunity for brands to integrate reuse into their existing models, effectively blurring the lines between new and used products. In turn, this may help to attract new customer segments, drive frequency, build loyalty and generate incremental revenues.

Emerging Signals of Change:

- **Amazon** (US/CA), who for years have deployed the strategy of showcasing used products alongside new ones on their platform, including the subsequent savings associated with choosing used. While Amazon does not currently sell used clothing, this could be a future area of opportunity for the brand or others taking a similar approach.

- As a strategy to enter into the physical retail space and increase access and awareness for their brand, **ThredUP** (US) partnered with mainstream retailers like **JCPenny**, **Macys** and **Madewell** to open over 100 thrift boutiques within their stores across the US.

- In Toronto, **V-S-P Consignment** (CA) partnered with sustainable retailer, **Reformation** (US) at their Yorkdale mall location to create a pop-up display of consigned goods alongside new product in one of the busiest and most iconic shopping destinations in Canada.

- **Arc'teryx Gear Library** (CA) was launched in 2018 as a way for outdoor enthusiasts to borrow free Arc'teryx gear for trial in their real life adventures. Users could "check out" gear for hiking, climbing, running and cycling for up to four days with no commitment to buy, picking and dropping off gear from the company's Queen St. location in Toronto.

- **Patagonia's "Worn Wear"** (US) was one of the first of its kind to collect and refurbish gently used Patagonia items and resell them to consumers. Currently this program is operated by a third party outside of their main e-commerce site but connecting the two experiences could be a potential opportunity area in the future to provide increased access to iconic Patagonia gear for less.

3.3.3 Leverage technology and data science to optimize the customer experience.

The use of increasingly sophisticated data science and tools to manage inventory, understand customer behaviour and provide a more personalized experience for customers is a trend that is on the rise in retail. Direct-to-Consumer ("DTC") brands, many of which are technology-led, companies, are particularly savvy in leveraging user-generated data to create better user experiences and undercut the competition. By applying this approach to reuse, organizations can get closer to customers to bridge the real and perceived experience gap between new and used.

Emerging Signals of Change:

- Few brands do this as well as **ThredUP** (US), a "technology first" re-commerce company that has managed to automate nearly every step along the reuse journey. Using the extensive data generated by their online platform, the company has created a host of new tools to improve the reuse experience and reduce the burden on consumers to find exactly what they are looking for amidst an endless inventory of one-of-a-kind items. They do this by collecting a personal style profile with preferred brands, sizes and price ranges, remembering these preferences each time a user visits and filtering recommended selections through this personalized lens. They also use this profile to provide users with "new treasure notifications", which culls thousands of items to instantly notify customers of new arrivals in their size, favorite brands and styles.

  ThredUP has also entered into the physical retail environment, reviving the offline thrift model and providing increased access for local shoppers. This involves a complex data management network to ensure local inventory is tailored to the company's most active customers and their respective taste profiles. Their 'psychic salespeople' can even deliver a smarter, personalized experience by pre-stocking a customer's dressing room, suggesting online treasures based on in-store browsing behaviour, and even send a surprise box to their doorstep to try on at home.

- **Carousell** (SG) is a mobile-first online classified platform for buying and trading unwanted items (including clothing) in Southeast Asia. The company leverages AI to make the selling process as quick and painless as possible. Using image recognition to automatically identify, tag, and possibly one day, price items, they are working to reduce the average listing time for sellers from minutes to mere seconds. The company's technology-first approach has helped the founders attract more than $150 million in funding from investors to date (Gilchrist, 2019).

- Rental companies such as the ones mentioned previously are also making headway into this space, testing predictive AI to mimic personalized stylists that understand customers unique challenges and anticipate every need. One day this might include considerations

such as the predicted weather forecast for a specific event and how an individual should plan their wardrobe accordingly.

The key takeaway is that these tools reduce the burden on individuals (i.e. buyers, sellers, and donors), including the time and effort required to find what they are looking for. Further, by personalizing the experience to each customer, they make the entire process more attractive.

Additional Opportunities:

To accelerate adoption of reuse with an even broader audience, the industry could consider leveraging technology to reduce additional areas of friction - such as reassurance of the right size and fit - efficiently connect online-offline experiences to compete with omni-channel retail, and curate increasingly personalized and unique experiences for customers.

3.4 HOW MIGHT WE MOTIVATE INDUSTRY TO INCREASE PARTICIPATION IN REUSE?

Despite the increasing number of retail transactions moving online, when it comes to mass awareness and scale, brands with a strong foothold in the physical retail space still dominate the Canadian apparel landscape (Trendex North America, 2019). As such, these brands in particular could play an important role in accelerating the adoption of reuse behaviours across the industry. For brands desiring to focus on quality and design but feeling squeezed by the pressure from lower prices of fast fashion, a reuse strategy may be a viable solution. Yet getting these brands to pay attention to reuse amidst the realities of daily operations and other competing priorities can be a challenge. Even more difficult could be motivating them to take action amidst strong feelings of resistance and risk aversion to disruptive change. Therefore, it is important to consider industry barriers amidst the changemaking process, and work cooperatively with members of the industry to make innovation more palatable. Discussed below are a series of potential interventions and thought starters to assist in shifting industry attitudes and behaviour towards clothing reuse.

3.4.1 Reuse as a Service.

Meadows' leverage point of adding, changing, evolving, or self-organizing system infrastructure apply similarly to industry. The concept of "**Reuse as a Service" (RaaS),** which essentially provides CaaS logistics for industry, could be a significant catalyst to accelerate adoption by big and small organizations alike. Given the complexity of logistics involved in offering reuse at scale, third party organizations, who can perform these services on behalf of brands, help to reduce barriers to entry by hedging investment and reputational risk. To date, these services

primarily exist outside of Canada but their continued growth suggests the potential for these models to work here in Canada as well.

Emerging Signals of Change:

- **The Renewal Workshop** (US) works with popular consumer brands such as **The North Face** (US), **Timbuk2** (US), **Mara Hoffman** (US) and **Outerknown** (US), to "take discarded apparel and textiles and turn them into renewed apparel, upcycled materials or recycling feedstock". Data is collected on every item that flows through their system and is provided back to brand partners to assist with improving production and design of future products.

- In a similar vein, third party, **Yerdle** (US) enables popular brands like **Patagonia** (US), **Eileen Fisher** (US) and **REI** (US) to manage their own resale markets by creating custom solutions to process, manage, and fulfill millions of unique items.

- Given their technology-first approach and increasing dominance of the online thrift market, it should come as no surprise that **ThredUP** (US) recently announced their intent to launch "Thrift as a Service" (TaaS) in the near future.

- **CaaStle** (US) is another B2B company offering CaaS logistics that enable retailers to participate in clothing rental. The company was started by the founder of the size-inclusive online rental company, **Gwynnie Bee** (US), and now works with mass American retailers such as **Bloomingdales** (US), **American Eagle** (US), **Express** (US) and **Ann Taylor** (US) to provide the technology, reverse logistics and managed services to participate in the sharing economy for fashion. Rental has been a particularly compelling entry point into reuse for retailers as a way to address the rising number of returns resulting from an increase in online shopping and instagram culture. Research from rental company, Le Tote, suggests that one fifth of consumers already know they plan to return an item when they buy it, which is projected to result in $550 billion USD of clothing returned by 2025.

- **STMNT** (CA) is a small, Canadian-owned and operated business that provides a unique service for local dress boutiques in London and Toronto, Ontario by managing the logistics of rentals. While the other examples of companies mentioned above provide their services under the retailer's brand name, STMNT is its own platform where customers come to browse and rent dresses from a variety of different stores. In this sense, STMNT is a rental company that does not own any inventory, reducing one of the major barriers to rental start-ups - the increasing cost of inventory as the business scales.

Additional Opportunities:

Thinking about how this concept might apply to repurpose existing or latent infrastructure to help deliver RaaS is another path towards innovation in this space. If charities begin to see a shift away from donation towards other forms of reuse, might their donation trucks be repurposed to deliver used clothing between individuals for a charitable fee? Or might local craftspeople form service networks to provide repair and refurbishment on behalf of small-mid-sized brands? The possibilities are ripe for an innovator mindset.

3.4.2 Coopetition for mutual business interest.

Where RaaS involves collaboration with a third party vendor to provide essential reuse services to apparel retailers, there exists another opportunity for brands to collaborate with perceived resale competitors in the reuse space for mutual benefit. This strategy of coopetition, in which competitors collaborate to expand the market for everyone, is likely to be most effective when corporate interests are well-aligned and may work especially well for high-quality brands with strong resale value that are coveted by buyers in resale channels.

Emerging Signals of Change:

- Sustainability focused brand, **Stella McCartney** (US) partnered with the popular luxury re-commerce platform, **The RealReal** (US) to promote awareness of fashion's sustainability challenges. The program incentivizes individuals to list Stella McCartney items they are no longer using for sale on The RealReal platform with a $100 voucher to shop sustainably at any Stella McCartney store. At the same time, The RealReal provides a trustworthy platform that authenticates and resells Stella McCartney clothing without the brand having to manage these logistics themselves.

- **Filippa K** (SE) is one of fashion's sustainability pioneers. In 2008, they partnered with local second-hand boutique, **Judit's Second Hand** in Stockholm (near the brand's headquarters in Stockholm) to better control the consignment and resale experience for their clothing.

With **Poshmark** (US/CA), the largest online peer-to-peer platform for fashion, entering into the Canadian market in 2019, followed closely by **ThredUP** (US/Limited services in CA; Canadians can ship to Canada but cannot currently sell their clothing on ThredUP at time of publishing) are likely to introduce a new level of competition and awareness for thrift in the Canadian marketplace. This presents Canadian brands with an opportunity to consider how they might partner with these new entrants or other like-minded brands for mutual benefit - possibly to provide physical real estate, cross-promotional opportunities and/or incentivizing resale in exchange for a boost in brand image, access to data on their products post sale, and a host of other potential benefits.

3.4.3 Collaboration & support for responsible industry intermediaries.

Partnerships and collaboration appears to be a general theme when it comes to motivating industry to participate in clothing reuse, but is especially true when designing solutions for some of the industry's toughest challenges. These systemic problems affect a variety of stakeholders in varying ways, and provide a unique opportunity for organizations with diverse objectives (Fast Fashion, resale, government, not-for-profits, etc.) to collaborate towards shared goals. Often these stakeholders may compete directly against each other or may not regularly interact, so these types of opportunities are usually not overtly obvious. Benefits of these multi-stakeholder collaborations may include pooling resources and expertise, breaking down competitive mindsets, and involving stakeholders in the solutioning process to increase the likelihood of adoption.

Emerging Signals of Change:

- **The Ontario Textiles Diversion Collective ("OTDC")**(CA), which "is committed to minimizing the number of textiles going into landfill by increasing the rate of textile diversion and by encouraging the development of a textile recycling industry in Ontario", is one leading example of this collaboration in action. The collaborative is organized and facilitated by **Fashion Takes Action ("FTA")**, a Toronto-based non-profit organization focused specifically on advancing sustainability in Canada's fashion industry. The OTDC's make-up includes stakeholders such as municipalities, academics, brand owners, retailers and industry organizations, NGOs, textile collectors and charities. Various working groups operate under a leadership committee, including the founder of FTA, to develop campaigns and policy positions that promote environmental stewardship. It also considers economic impacts and feasibility, while the collective itself is funded by the Ontario Trillium Foundation's Collective Impact grant.

The biggest roadblock in the development of these collaboratives tends to be lack of leadership, funding and participation from necessary stakeholders. In the case of the OTDC, FTA serves as a responsible intermediary and works to organize diverse stakeholders around shared interests, despite funding being an ongoing challenge. Without this intermediary and adequate support, a collaboration of this scope would not be possible.

Additional Opportunities:

Other challenge areas that may benefit from industry collaboration and have direct impacts for the clothing reuse industry could include **industry-wide implementation of digital garment tagging** (CircularID being an example of this technology cited above) and/or the development of **industry guidelines regarding material standards for apparel**.

Another example of a responsible intermediary with potential influence over the reuse industry is the **Retail Council of Canada ("RCC")**, which oversees the retail industry at large, and is a participant in the OTDC. The RCC is substantial in size and scope, representing over 45,000 "independent, regional, national mass and specialty retail businesses and online merchants in general merchandise, drug and grocery". Unlike FTA, the RCC's mission involves advancing the interests of a specific group of stakeholders, in this case the retail industry, but uses similar approaches to FTA such as advocacy, education and communication to engage them. The RCC is also a non-profit but is an industry-funded association supported by a membership model that provides participants with access to a full range of services and programs. With a mandate to work with all levels of government to support employment growth, retail investment in communities across Canada, and enhancing industry competitiveness, the RCC plays a critical role in shaping the Canadian retail landscape. Given the RCC's substantial influence with retailers across Canada, and FTA's specific focus on fashion sustainability, there are strong synergies between these two organizations that could lead to the development of a specific strategy, working group or even a sub-organization focused on accelerating clothing reuse in Canada.

A collaboration of this nature might also include the creation of a long-term public-private partnership to develop and fund a Canadian incubator for fashion sustainability.

- For example, **The Joe Fresh Centre for Innovation** at Ryerson - a four-year program that ended in March 2019 - was dedicated to shaping the future of fashion in Canada and supported by a $1 million gift from Canadian fashion icon, Joe Mimran. A more permanent collaboration between industry professionals, Canada's top retailers, students, educators, and a responsible intermediary that is more specifically focused on advancing fashion sustainability in Canada may help to tackle some of the barriers discussed in Part two.

Another potential area of collaboration that could help reduce barriers to participation is the centralization of knowledge and resources related to reuse.

- In 2019, FTA partnered with consulting firm, PwC to create the **Sustainable Fashion Resource Toolkit** to provide resources to assist fashion brands and retailers in sourcing sustainably. The free online platform features hundreds of "*vetted, credible resources from global organizations*" including reports, guidelines, standards, articles, podcasts, case studies and platforms. While these resources are helpful for those ready to take action, they also provide access to credible resources that can be used to build the case for change within organizations.

3.4.4 Government intervention to help reshape the rules of the system.

"The power of big industry requires the power of big government to keep it in check" - Donella Meadows

In her work, Meadows also addressed intervening in the "rules of the system" including the incentives, punishments and constraints that define a system's scope, boundaries and degrees of freedom. This intervention point directly addresses how the rules of the system need to change in order to provide better conditions for reuse. As discussed in Part 2, the current lack of regulation related to the disposal of textiles by industry and individuals alike has led to a glut of clothing in our landfills and continues to enable the culture of consumption. Some areas of opportunity that relate specifically to clothing reuse include:

- Short of creating regulation that limits the production and import quantities of textiles, some industry experts with systems-level knowledge interviewed for this research suggest that the introduction of an **Extended Producer Responsibility ("EPR")** program for textiles is likely to be one of the most effective regulatory strategies in shifting attitudes and reducing the burden on landfills. EPR is a provincially regulated program which mandates that producers are obligated to manage the products they sell through to end-of-life. Using Ontario, Canada's largest market, as an example, the Ontario's *Waste Diversion Transition Act* does not yet regulate EPR for textiles. However, if they were to be included, the program would be second only in size to Ontario's blue box program. Experts suggest that this represents a $500 million opportunity that would contribute significant funding to the $1.6 billion raised annually from other industries subject to EPR, and support expanded collection and recycling efforts for textiles. A new *Strategy for a Waste-Free Ontario* suggests that clothing and textiles is likely to be one of the key priorities for extending a full producer responsibility program in the near future but a concrete roll-out strategy has yet to be seen at the time of publication (Government of Ontario, 2017). Organizations like the RCC are working closely with government to help address some of the key challenges to implementation that remain, such as harmonization amongst a diverse group of provinces.

- Regulations that disincentivize apparel reuse must also be critically examined and addressed. The most concerning of these regulations is the Canadian **"Duty Drawback Provisions"**, a trade incentive program under the Canadian Border Services Agency that rewards corporations for incinerating or landfilling their excess inventory rather than reusing or recycling it by enabling them to collect a refund on customs duties paid for imported goods. For many large brands caught with substantial overage of inventory on their hands, H&M and Lululemon being prominent examples in the Canadian marketplace, these potentially usable textiles end up as waste before ever reaching consumers. The OTDC is currently working to change these regulations to encourage reuse and recycling instead.

- Industry collaboration towards **guidelines for use of materials in apparel** was discussed above as a potential opportunity area for further exploration but could also be an area that would benefit from government intervention. Introducing regulations that outline permissible materials for apparel that can be manufactured, imported and sold in Canada could go a long way in addressing the buildup of materials that do not break down in landfills and cannot currently be recycled at end-of-life, including synthetic fibres such as polyester, spandex, acrylic or nylon (FTA, 2019). Further consideration of such an initiative should involve consultation and collaboration with responsible industry intermediaries to ensure viability and feasibility of implementation.

CLOSING REMARKS & REFLECTION

"All flourishing is mutual" - Robin Wall Kimmerer, Professor & Author of
Braiding Sweetgrass

"…When we don't value others and what we have, we all ultimately lose." -
Janessa Olsen, Co-founder of STMNT

In many ways, the examples outlined in Part 3 suggest that the future of reuse may already be here, with the potential to grow smarter and more sophisticated as technology only improves. While many of the barriers identified in this study will certainly pose challenges for fashion reuse going forward, the key drivers underpinning the reuse trend are only getting stronger (**See Appendix A: The Drivers of Reuse**). In turn, this will likely motivate action amongst all stakeholders out of both necessity (e.g. resource scarcity, excessive waste, etc.) and desirability (e.g. enhanced convenience, experiences and desire to simplify).

If there is one key takeaway from this project's research, it is not that we should boycott all new clothing, although there is certainly no better solution to reducing fashion's impact on the planet than consuming less. In fact, fashion reuse is very much a compliment to well-made, beautifully designed and ethically produced clothing that has the potential for a long and vibrant life. The point is that reuse is a way for individuals to enjoy clothing more responsibly by providing flexibility to maximize the utility and joy we extract from these items as we eb and flow through different ages, sizes, and stages of life. On a deeper level, it also involves thinking more critically about the true cost and potential value of our clothing and how we can be more thoughtful in what we choose to buy and own, how we take care of our things, and how to ensure they do not end up as waste each runway season.

To unlock the potential of reuse, it will be critical to think about partnerships and collaborations that might help to overcome barriers within all areas of the system as well as emergent innovations and business models for reuse that create the conditions for flourishing.

Knowledge Activation

In advancing the knowledge gained from this study, social media has proven to be a successful tool in raising awareness within my personal networks. Posting key takeaways, learnings and actionable steps to Instagram has garnered significant interest to date and the responses have been truly inspiring. As a result, several personal connections, some with influence in the design, marketing and retail space, have reached out to learn more. Several others have offered to connect me with their network of peers who are working specifically in the fashion industry or in parallel industries and projects that may benefit from this study's findings.

Figure 28. Knowledge Activation on Instagram

As a next step, platforms such as LinkedIn may be leveraged to further spread key learnings beyond family and friends and specifically target industry professionals. Personalized follow-ups with the experts who generously gave their time to this research may also be helpful to find and

explore specific opportunities for collaboration, testing, and/or activation of suggested interventions as nearly all of the professionals interviewed for this research expressed interest in being notified once the research was complete.

Further, the potential to collaborate on a condensed and easily accessible research summary has been discussed with my editor, Shaun Bernstein, a lawyer and freelance journalist/editor whose grandfather worked for decades in the textiles business before the concept of "fast fashion" existed (Note: Years later, his grandfather's truly vintage sweaters are being resold on Etsy for hundreds of dollars). I received a very kind note from Shaun following the completion of this project summarizing the widespread personal impact of this work within his inner circle. Given the personal connection to the subject matter, we determined that developing a series of short articles targeted at the various audience groups could be an effective way to spread the word about fashion reuse.

Some Thoughts on Future Study

For those interested in building on this research, a deep-dive into any of the sub-topics discussed in Part 3 could prove useful, with a specific focus on turning insight into action. As the fashion industry plays such a large role in its ability to hinder or accelerate the adoption of fashion reuse behaviours, business model innovation research focused on real case studies of organizations looking to integrate clothing reuse behaviours could prove helpful for moving the needle with other brands. In addition, research focused specifically on fashion reuse experience design or how to build the necessary Reuse-as-a-Service infrastructure for existing retail brands could prove highly valuable in attracting industry to this space to make a meaningful impact at scale. With respect to regulating and incentivizing reuse behaviours, further research on what other governments have done around the world to address these challenges may be useful. Lastly, tracking industry and consumer interest and participation rates in clothing reuse over time would be helpful to measure progress in this area and understand where potential barriers continue to persist relative to emergent new offerings and opportunities.

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APPENDIX

Appendix A: The Drivers of Reuse

In today's uncertain economic, political, and environmental climate, a series of weak signals and more mainstream trends suggest change is on the horizon. When viewed collectively through the lens of the STEEP-V Framework, a methodology for gathering information about the future across domains (i.e. Social, Technological, Economic, Environmental, Political, Values), it appears that the constrained conditions under which fashion reuse becomes increasingly is attractive (i.e. the drivers of reuse) are gaining strength. At a high level this includes:

Social Drivers:

- **The Sharing Economy** ("SE") - Increasing trust between individuals via mechanisms designed to enhance accountability/transparency, algorithms to flag potential bad actors, and platforms assuming the risk through customer guarantees. Driven by a shift away from ownership towards an openness to rent as needed.

- **Rising Trust in Strangers** - Enabled by the sharing economy through companies like Airbnb, Uber, etc.) & diminished trust in institutions/corporations

- **The Growth of E-Commerce** - Growing reverse logistics costs for retailers regarding returns. Enabling emergent new business models for reuse.

- **The Casual Nature of Work** - Has impacted the frequency and type of of clothing purchased. Rise in popularity of athleisure wear.

Technological Drivers:

- **Human-Centered Tech** - Brands are leveraging technology in increasingly creative ways to reduce friction for consumers and create new benefits for fashion reuse.

- **Always-on Connectivity** - Widespread accessibility of high-speed internet and affordable e-commerce solutions have enabled more options to buy/sell used goods, reducing barriers to purchase by creating customer experiences in line with mainstream retail.

- **Tech Enabling Transparency** - AI and increased digitization are helping to increase transparency throughout the fashion supply chain, illuminating previously invisible challenges and opportunities for consumers and industry professionals alike.

- **Increased Focus and Investment in Recycling Technology** - Fast Fashion giants are investing heavily in recycling technology for textiles, driven primarily by the need to preserve existing business models.

Environmental Drivers:

- **Rising Awareness of Sustainability Challenges** - As awareness of climate change and its widespread impact gains traction around the globe, many consumers are looking at all aspects of their lives in an attempt to reduce their personal impact, from single-use plastics to disposable fashion.

- **Increasing Distaste for Waste** - At the same time, consumers are becoming increasingly critical of brands with overtly wasteful practices, and are taking to social media to express their distaste. In several cases, seemingly small efforts to boycott wasteful practices have created significant impacts, such as the ban on plastic straws.

Economic Drivers:

- **Rising Cost of Living** - Coupled with a looming economic downturn in North America means many people are living with less and finding creative ways to save money.

- **Rising Cost of Doing Business** - Retailers of all sizes are experiencing margin squeeze as the costs of raw materials, shipping, labour, and operation continues to rise alongside consumer expectations for faster, better, and cheaper products.

Political Drivers:

- **Growing Political Support for Waste Reduction** - Governments around the globe are taking action to combat all waste of all kinds, from plastics to textiles.

- **Trade & Tariff Wars** - Growing international tension between major global economies, such as the US and China, could have serious implications for the price of goods exchanged between these countries, such as increasing the cost of clothing imports.

- **Deglobalization** - Amidst rising industry disruption and political instability around the globe, several Western nations are experiencing a wave of support for deglobalization efforts, including enforcing tighter borders, reducing reliance on imports and retaining local jobs.

Values Drivers:

- **Rising Consumer Expectations for Faster, Better, Cheaper** - Resulting from trends such as hyper convenience, increasing personalization, cheap prices, and free one-day shipping.

- **Hyper Convenience Leads to Increasing Transience** - From production to consumption, everything has become increasingly transient, from digital music to binge-watching online content. This has led to decreasing consumer patience and a constant desire for newness.

- **Rise of the Experience Economy** - The desire for experiences over things. Further enabled by social media.

- **The Desire to Simplify** - As the pace of work, consumerism, and technology takes its toll on the physical and mental health of individuals.