

Article

From Preloved to Reloved: How Second-Hand Clothing Companies Facilitate the Transaction of Used Garments

Linda Lisa Maria Turunen ^{1,*}, Maike Gossen ²

¹ Department of Marketing, School of Business, Aalto University, Espoo 02150, Finland

² Department of Economic Education and Sustainable Consumption, Technische Universität Berlin, Berlin 10587, Germany

* Correspondence: Linda Lisa Maria Turunen, Email: linda.turunen@aalto.fi.

ABSTRACT

The second-hand clothing market is crucial for redirecting consumption away from new garments, promoting reused clothing, and preventing premature disposal. This article examines the business and marketing strategies, distribution channels, and communications of second-hand clothing companies to analyze how they attract consumers to extend the lifetime of garments. Empirical data consist of market ethnography, including physical visits to stores and observations of companies' digital channels. Qualitative data were collected for six months, and a total of 20 companies operating in the Finnish second-hand market were included. The findings reveal that second-hand companies use different operating models with a variety of marketing practices to attract consumers and facilitate product circulation. Some marketing practices appear to unintentionally promote increased consumption: tactical pricing and constant discounts, novelty-driven merchandising, and call-to-action communication may attract customers to unconsidered purchases. Some second-hand companies also appeared to offer credit to sellers for the purchase of new items, which could lead to higher rather than lower consumption. Second-hand companies predominantly prioritize transactions, yet sufficiency-orienting marketing practices for intensifying use or extending product lifetime are less emphasized.

Open Access

Received: 16 December 2023

Accepted: 31 January 2024

Published: 02 February 2024

Copyright © 2024 by the author(s). Licensee Hapres, London, United Kingdom. This is an open access article distributed under the terms and conditions of [Creative Commons Attribution 4.0 International License](https://creativecommons.org/licenses/by/4.0/).

KEYWORDS: second-hand; clothing; reduced consumption; business models; circular economy

INTRODUCTION

The second-hand clothing market can play a vital role in shifting consumption away from new garments by promoting and enabling reused clothing [1]. Reused clothing does not require production, and its consumption helps reduce the environmental and social impacts of the clothing industry [2] by increasing the use of existing clothing in circulation, preventing premature disposal, and providing alternative

purchasing channels to replace the consumption of new items [3]. This extending of the useful life of clothing beyond the first user can be conducted through second-hand retailing models i.e., through collection and resale of garments [4] or by facilitating the exchange by connecting sellers and buyers [5]. Moreover, second-hand clothing companies can promote reduced consumption by contributing to better-informed consumer practices and influencing attitudes and behaviors toward sufficiency [6,7]. Therefore, second-hand clothing consumption is discussed as an essential part of the circular economy [8].

Previous literature articulates the social and environmental gains of second-hand practices. For example, second-hand clothing is available to consumers at affordable prices [9], and when a new item is replaced by a used item, fewer materials and resources are required and waste is avoided [10,11]. Reuse practices can extend the lifetime of unwanted garments and multiply their usage times, eventually contributing to a decrease in absolute consumption. Therefore, reuse is described as a business approach that enables sufficiency-oriented lifestyles and slow fashion practices [12]. At the same time, critical concerns have been raised about potential rebound effects of second-hand practices: the possibility of shorter usage time and premature disposal [13], the link between disposal activities and purchasing new products [14,15], and a buying frenzy connected to the uniqueness and low price of a second-hand product [16]. For example, by saving money on their overall clothing purchases, consumers may be able to invest more money in specific items needed to complement their wardrobe [17]. Moreover, the ability of online clothing resale to meaningfully support product longevity has been found to be undermined by consumers' desire to purchase like-new or barely worn goods at a price they could not normally afford [3]. In addition, Peugeot et al. [18] have shown that, on peer-to-peer platforms for second-hand goods, the motivation to consume used goods goes hand in hand with the purchase of more luxurious goods, as these can be sold after a few uses (especially at fashion markets). Therefore, consumers' desire to contribute to improving the environment by engaging in second-hand practices may be undermined by the risk of what is called a circular economy rebound [19].

Apart from the risk that unintended effects may diminish the positive environmental impact of second-hand practices, the role of second-hand companies and their business models have also been questioned lately. Second-hand business models can include forms of consumer-to-consumer (C2C) interactions, but also business-to-consumer (B2C) and business-to-business (B2B) interactions [5]. The second-hand market landscape, originally dominated by non-profit companies, has changed following the entry of for-profit companies into the market. The emphasis on profit and revenue diminishes the positive sustainability impacts of second-hand and comes at the expense of positive social outcomes [20]. Therefore, it remains an open question if second-hand companies are

actually helping to reduce overall material consumption or whether growing second-hand consumption is in addition to the already high, unsustainable demand for new products.

The dynamic nature and the mixed expectations towards the second-hand clothing market are the starting point of this research. Our aim was to examine the business and marketing strategies, distribution channels, and communications of Finnish second-hand clothing companies to analyze how they attract consumers to extend the lifetime of garments. Finland has a long tradition in second-hand trade [21] and a growing market potential [22]. The Finnish Commerce Federation [23] has estimated that the entire market for circular trade is around EUR 895 million in Finland. This includes 20% from traditional flea market sales, 19% from sales in physical and online stores, and 61% from C2C online transactions through various platforms and non-facilitated peer-to-peer channels. According to the Global Consumer Survey [23], the Finnish market aligns with global patterns, with clothing being the most popular category of used items. The survey also reveals that consumers in the compared countries (Finland, Sweden, UK, Germany) return used items more frequently than purchases on the primary market, which could be due to impulsive buying and bargain hunting. The Finnish market therefore provides a good starting point for this qualitative research, which applies a market ethnographic approach to identify and describe the business strategies and marketing practices of second-hand companies.

BACKGROUND

Items that enter the second-hand clothing market are sold either directly by consumers or with the help of third-party vendors. An increasing number of companies have been entering the market to facilitate second-hand transactions [24]. As a result, the second-hand market is expected to grow exponentially in the EU: while it was worth €16 billion in 2021, it is estimated to reach €34 billion by 2025 [22]. Even primary operating fashion companies are investigating ways to integrate second-hand as a service to their customers and are experimenting with take-back and resale services [4,25]. The second-hand cycle depends on the existence of the primary market and consumer behavior there, as consumers become partners and suppliers when they dispose of items in good and reusable condition and make used clothing available for second-hand use [26,27]. Second-hand businesses thus serve two types of consumers: those who are disposing of clothing items (sellers) and those who are willing to buy used clothing (buyers).

Moreover, Yrjölä et al. [5] examined second-hand business models by categorizing services that focus on facilitating C2C transactions in an online context and found that second-hand retail models have unique characteristics, such as the dual role of consumers, the intermediary or facilitative role of a company, and the source of revenue streams derived from transactions, fees, and commissions. Studying second-hand

companies from a value creation perspective, Yrjölä et al. [5] suggested three main types of second-hand business models: Companies operating through connector, supporter, or controller models. While connector models focus on offering self-service concepts and platforms, which act as intermediaries of consumer-driven supply and demand, companies following the supporter model operate in narrower product categories, such as clothing or fashion accessories, and aim to attract specific customer segments by offering a collection of services that support successful transactions. Companies operating under the controller model offer a complete package of services to customers, further focusing their offerings in terms of product categories and market segments. Each model differs in terms of the scope and depth of the offering, the degree of control by the company and services, revenue streams, and the role of the company as an intermediary between consumers [5].

While business model literature focuses on the overall structure of business and defines how a company creates, delivers, and captures value [28], the marketing mix literature provides tools and tactics to implement marketing aspects of the business model [29]. For example, the core offering of a second-hand business is to facilitate the transactions of used products, and the pricing of these second-hand services generates the revenue streams for the second-hand business. Place and distribution channels determine the accessibility and convenience of the service, and the communication of the business is related to creating appeal and providing value. In general, the marketing strategies for the second-hand market are assumed to be similar to those of traditional fashion retail. In profit-oriented fashion retail companies, consumption is most likely to be encouraged as it is assumed that more and more of it is always better for business. When attention is paid to consumption as a problem, it usually centers around the environmental sustainability of clothing (e.g., sustainable cotton, recycled fibers) rather than the level or scale of consumption overall. At the same time, marketing has been criticized for contributing to environmental problems by promoting a culture of consumption [30] and enabling a cycle of overconsumption and environmental degradation. Suggested terms for alternative approaches include green demarketing [31] or sufficiency-oriented marketing [32]. However, the general topic of business and marketing strategies in the clothing second-hand sector remains understudied, and there is no clear evidence of how these marketing practices might affect overall consumption.

MATERIALS AND METHODS

In order to gain a comprehensive understanding on business models and marketing practices of second-hand companies, we collected qualitative observations. Observations are commonly used as a research method to collect data about the phenomena or topic of research, such as consumers, businesses, products, and services, in the context of their natural

environment [33]. While ethnographic observations often focus on how consumers behave or interact in the marketplace under natural conditions [34], by using market ethnography we refer to the marketing activities of companies to retain customers. In this study, observations were conducted from an “observer-as-participant” perspective [35], meaning that the researchers adopted an outsider perspective to document marketing practices but did not intervene. Thus, the observational data aimed to uncover how second-hand companies present their offerings in stores and on online platforms and what communication messages customers encounter. As second-hand companies operate in a two-way market [5], the observations were collected from two perspectives: The first author of this study observed how the companies approached consumers as buyers of used items and how they approached consumers as sellers of these items.

The sample companies were selected through social media and online desk research combined with a deliberate snowballing approach. The data collection started with the most popular Finnish second-hand companies, such as UFF, SPR Kontti, Relove, Emmy.fi, Zadaa [23], and after searching for them on social media, algorithmic recommendations led to other similar suggestions. The preliminary sample included 96 companies, which was checked against further selection criteria, e.g., were located in the center of Helsinki or online platform with Finnish website, had a focus on clothing and/or fashion accessories (companies focusing solely on children’s clothing and peer-to-peer platforms with all product categories were excluded), or had a social media account. Further, to obtain rich and heterogeneous data, companies of different sizes (revenue, employees, social media followers), business types, and brand selection were chosen. The final sample comprised 15 physical second-hand stores and 5 online second-hand companies (see Supplementary Table S1). On-site observations were conducted in all physical stores, online platforms were examined, and social media content was studied several times during data collection period. The sample was deemed appropriate as it included the most popular players in the Finnish second-hand market [23] and the saturation point in terms of new operating models was reached.

In addition to the sampled companies, market ethnography also uncovered other channels for accessing or disposing of used clothing, such as non-facilitated spaces to buy and sell, e.g., Facebook groups, free online marketplaces with all product categories (not just clothing), and traditional flea markets, which are events limited in time and space where private sellers sell their items [36]. However, these channels were excluded from the data collection because they do not involve a company to facilitate transactions or marketing activities, do not have a clear focus on clothing, or are more of a one-time event.

The field observations were conducted by the first author of this study and took place between November 2022 and April 2023. The ethnographic approach was open-ended and flexible and allowed the researcher to focus on emerging issues [37]. At the beginning of the field study, the focus

was on observing the offerings of the second-hand companies in general. The field notes documented by the first author related to aspects such as which items and brands were available and at what price, how the products were presented and categorized, what information was provided and what services were offered. The social media and website observations focused specifically on the content of social media posts and the information available to sellers and buyers. As ethnography facilitates the researcher's learning process [38], data collection was focused on general business activities, then narrowing the focus to marketing practices that encourage purchase, usage, and/or disposal, based on the knowledge gained in the field. The observational material consisted of textual and visual field notes and screenshots.

The data analysis followed a qualitative content analysis approach [39] and proceeded as follows. First, background knowledge of the types of companies was gathered by analyzing the available website information. By categorizing the companies based on consumer-oriented services and operating and revenue models, an overview of the Finnish second-hand market operators was created. In a second step, the observational data were coded and categorized according to an inductively-deductively developed category scheme. Inductive categorization was applied in the content analysis of social media. The examination of visual and textual content of 1194 social media posts of the sample companies was coded based on the content that emerged from the data, such as "sales announcements and campaigns", "store information", "brand collaborations", "product presentations", "events", "lotteries and giveaways", "facts and figures", "tutorials and facts" etc. These were divided into further categories: call-to-action content, informative content, inspirational engagement & community building content, and awareness-rising content.

A deductive approach was used to analyze the observational data from the in-store visits and the observation on the online platforms: The traditional 4Ps of the marketing mix were used as a conceptual framework to structure the field notes into the categories "product and service", "price", "place", "promotion". The categories were further subdivided according to whether they referred to sellers or buyers. Finally, the data was analyzed and the business strategies and marketing practices of second-hand companies were described.

RESULTS

Market ethnography revealed a heterogeneous second-hand market with different operating and sales models: donation-based thrift stores, self-service flea markets, consignment stores, decentralized platforms, curated second-hand stores and online platforms and peer-to-peer platforms or smartphone apps. The overview (see Table 1) shows that there are different options for different consumer needs, from selling conveniently to searching for unique items and treasures, which could explain the coexistence of different types of business models.

Table 1. Services and business models of second-hand companies.

Company type	Business logic	Revenue model	Product selection	Selling period	Return possibility
Donation-based companies (non-profit and for-profit)	Company handles sorting, preparation for sale, and storage of donated items. After donation, items are owned by company.	Revenue is generated by sorting, preparing, and selling donated items, serving both B2C and B2B.	All pieces are accepted and sorted. Suitable pieces are sold to consumers.	No information	No
Self-service flea market retail space	Company rents out physical retail space to sellers. Sellers prepare items and leave them for sale in the space. Ownership remains with seller until item is sold.	Revenue comes from renting space and selling services: “Do-it-yourself” service: rent space for 32€–74€/week and pay a 5%–20% fee on items sold. “All-inclusive” service: rent space for 30€–59€/week and pay a 50% fee on items sold, with the company preparing items for sale.	All pieces accepted, suitable for season recommended.	1–2 weeks	No
Consignment stores	Company provides physical retail space for selected, consigned items, with optional third-party authentication. Buyers find curated selection, i.e., carefully selected brands or items that fit for chosen style. Items still belong to the seller but are stocked and sold by the company.	Revenue comes from selling services for selected items, charging a 30%–50% fee on sold items.	Specific style, condition and brands of selected pieces.	4–12 weeks	14 days/no return
Decentralized online platforms	Company provides an online platform with an all-inclusive service for sellers who wish to sell multiple items simultaneously. Items, which still belong to the sellers, are stocked and sold by the company. Unsold items are donated to charity if not reclaimed by sellers.	Revenue comes from selling service for selected items, charging a 40%–60% fee on sold items, a 1€ service fee, and an extra fee for shipping items to the company.	Suitable for seasonal wear, brand recommendations, recommended resale price, rules about product condition.	10–24 weeks	14–30 days

Table 1. *Cont.*

Company type	Business logic	Revenue model	Product selection	Selling period	Return possibility
Curated second-hand and vintage stores & online platforms	Company buys or pays in advance for hand-picked items. Company owns the items. Company offers a curated collection for buyers, with no services for sellers.	Revenue from the sale of hand-picked items purchased from original owner.	Specific styles, eras or brands.	No information	14 days
Peer-to-peer online platforms or smartphone apps	Company offers online marketplace for consumers to buy and sell used items. Items are owned, stored, and sold by consumers.	Revenue comes from a 0%–12% fee for each item sold, along with a 1€ service fee. Sellers can pay for extra services to raise visibility. Some platforms offer premium monthly subscriptions.	There are recommendations, but often consumers are allowed to sell almost anything.	No limit, depends on seller	Only if the item differs from description

The main differences among the observed second-hand companies relate to whether the company operates in the digital or physical space and to the business logic and revenue model. The revenue model influences, for example, the level of services offered to sellers, what items are available, for how long, and at what price. Characteristics and space of operations influence the experience of buying and selling of used goods. For example, the greater a company's control, the more security and convenience it offers consumers: product selection is curated, a variety of convenient services are available to sellers, and return options are available for buyers.

Next, the marketing practices are examined in more detail based on the classic 4Ps (product, price, place, promotion) of the marketing mix [29], but have been adapted to the specifications of the second-hand market.

Product: Convenience through Services

Second-hand companies provide various services to consumers who wish to sell or buy used items. Their product selection depends on their ability to persuade consumers to sell or donate clothing in good condition to them. Therefore, both the services and the product assortment vary from company to company, e.g., some focus on curated styles and popular brands while others offer a channel to dispose of or purchase all types of used clothing. The observed second-hand companies focused on resale services, with other circular services such as leasing and renting rarely offered. Only one second-hand company (15, see Supplementary Table S1) in the sample offered rental and tailoring services for rare vintage pieces.

Services for sellers. Second-hand companies actively encourage their customers to discard items that are “dormant in your closet” (Company 1), i.e., unused clothing that has resale value. Especially in consignment models, sellers are required to provide clean products in good condition and from popular brands that are in season and fashionable. Despite the product-related requirements, the second-hand companies we observed do not offer any additional care and maintenance services. Companies (1, 3, 6) with consignment services stated on their websites that they refused to prepare the product for sale if it was not in a saleable condition due to stains, missing buttons, poor condition, or odor. Instead, they would forward the garment to a channel appropriate for the product's condition, such as charity or textile recycling.

Consignment companies provide an all-inclusive service to sellers to increase convenience for them. The seller becomes merely the “supplier”, and the company handles everything else such as pickup or shipment, pricing, discounts, sales announcements and preparations, storage, shipping, and redistribution of unsold items. For self-service flea markets, the company provides the general organization of the items and folding clothing to keep the tables neat and attractive. These self-service flea markets organized in retail spaces are characteristic of the Finnish second-hand landscape. The observed companies not only offered, for example,

racks for rent, but were also hybrid businesses offering, for example, consignment service packages for sellers (Companies 6, 7, 8, 9 and 10). For peer-to-peer platforms (4 and 5), services related to assisted selling processes, such as guided product descriptions and images, recommendations on pricing and price reduction, and shipping procedures (e.g., codes for shipping). In addition, one peer-to-peer platform (4) also provided security for sellers: if the item sold is delivered in the promised condition but the buyer does not pick up the purchase or the item is lost during delivery, the seller nevertheless is paid for its loss.

Services for buyers. For buyers, second-hand companies offer easy, attractive and safe access to used clothing items. While the heterogeneous product selection at self-service flea markets is unsorted by vendors and often offered as piles of clothing on tables or on racks, it can provide a treasure-hunting shopping experience for consumers who have time to browse (Companies 11 and 12). Companies with consignment services offer curated and more targeted product selection, and online platforms in particular make it easier to navigate on-screen by selecting by size, brand, color, type, etc. Ease for in-store navigation, second-hand and donation-based companies is often provided through categorization by size and/or type of product or by providing curated “vintage” or “premium brands” sections (Companies 15, 16, 17, 18, 19 and 20). While a curated selection (e.g., Companies 15 and 16) restricts the diversity of available products and reduces the number of surprise treasures and bargains, it also lowers transaction costs for consumers looking for more specific items.

Second-hand companies provide security not only to sellers but also to buyers. In general, the more a company is involved in the transactions, the more security and flexibility the buyer gets. For example, peer-to-peer platforms hold the money until the buyer has received and accepted the item. That is, if the item does not match the product description, buyers have a return option if they respond within a few days. This option usually expires after 24–72 h. Most platforms and stores with consignment services offer a 14-day return policy (Companies 1, 2, 3, 13 and 14). However, similar to traditional retail, products must be returned in the same condition and with the labels attached. With decentralized platforms (1, 2, 3), the buyers can also purchase multiple items and only have to pay shipping once, as the items are stored and shipped from the warehouse. Physical second-hand stores, such as self-service flea markets and consignment- and donation-based stores have fitting rooms, but generally do not have a return option.

Place: From Physical to Virtual Spaces

Whether the used garments are available in physical and/or virtual spaces depends on the business and distribution model of the company. Donation-based second-hand stores (17, 19 and 20) and traditional self-service flea market (11), for example, serve customers in physical locations

located in city centers and shopping malls, while some are in warehouse areas (12, 18). Curated consignment stores (13 and 15) and some consignment services providing flea markets (6, 7, 8, 9 and 10) have both an online presence and physical stores located in town centers with attractive window displays. Some online consignment companies (1 and 14) also offer physical services, such as collection boxes for consumers who wish to sell or pop-up stores for buyers.

Place-related strategies for sellers. For sellers, the location of the second-hand company is crucial to the usability of its services. Physical stores handle services mainly in their stores or warehouses, while online providers offer services virtually, inviting sellers to ship items themselves, bring them directly to the warehouse, or drop them off in drop boxes. In the self-service flea market, the seller is often responsible for adding items as the week progresses. Some second-hand companies (6, 16 and 19) take care of regular exchanges of clothing on the retail store floor. For example, in curated second-hand, thrift- and donation-based stores, items visible in the store are often swapped with items in storage to convey a sense of newness. Peer-to-peer platforms attract potential sellers by offering an easy process and guidelines for sales announcement preparation. Sellers need to provide pictures and relevant product information required by the company. Some companies (4 and 5) also require sellers to evaluate the condition or estimate the price of a new item to enhance the attraction of the item.

Place-related strategies for buyers. For buyers, the attractiveness of the second-hand offering consists not only in the external accessibility but also in the internal accessibility created by the assortment and the presentation of the products in the physical store. The findability of items is related to the floor plan, which influences the buying experience. Self-service flea markets, for example, had a “sellers’ racks” approach and offered a wardrobe-experience for buyers. In donation-based stores (17, 18, 19 and 20), the floor plan followed categorization by product type, color, vintage, or newness to make it easier to find specific items: jeans were in one area and t-shirts in another, which were further divided by size. Similarly, physical consignment and curated second-hand stores (15 and 16) often followed categorization by product type but upgraded the experience by offering a specific selection of styles and brands. On online platforms (1, 2, 3) and smartphone apps (4 and 5), the shopping experience was enhanced by filtering and navigation features: users could search by size, type, color, brand or other detailed screening tools. Peer-to-peer platforms offered the ability to follow sellers to see all the items they have on sale. So, depending on the business model, the online context offered either a product-centric (decentralized platform) or an individual wardrobe approach with the opportunity for interaction and more personal transactions (peer-to-peer platforms). Depending on the provider of the product information, the service experience changed. In addition, one platform (1) also provided notification applications that facilitate

predictive buying and potentially reduce browsing. Place-related strategies also determine visual merchandising. For example, some second-hand stores in shopping malls and city centers follow common fashion merchandising practices such as visually appealing window displays with torsos showcasing the piece. Unlike traditional fashion stores, customers can sign up for a waiting list of items on display, which are sold after the window display has changed (Companies 19 and 20).

Price: Balancing between Attractive Product Prices and Profitable Service Fees

Price also plays a crucial role in attracting both buyers and sellers. Prices for used products are set—depending on the business model—either by sellers themselves or by second-hand companies. In addition to the price of the product or service visible to the consumer, cost may also consist of other aspects, such as consumer time and effort. However, this section focuses primarily on price as a monetary cost to sellers and buyers.

Price-related strategies for sellers. Sellers typically pay a fee for the second-hand service, such as a weekly rental for a rack (offline), an all-inclusive service that covers the entire process (online/offline), or a small service fee for per-item handling costs (peer-to-peer platforms). In addition to the basic fee, sellers usually pay a commission for each item sold.

Decentralized platforms, which take care of the entire sales process and store the items in their warehouse during the sales period, have graduated revenue-sharing models in which the service cost varies depending on the product's final selling price. The higher the price, the greater the percentage the seller receives. Some platforms even have rules of the minimum product price, for example, if the item sells for less than 5€ (Company 3) or €8.50 (Company 1), the seller receives no money. These rules encourage consumers to use the platform to sell premium and high-quality items, whose resale price is higher. If products remain unsold after the selling period and the seller does not reclaim them, the company forwards them to charity.

Our observations have shown that the commission percentage increased the more services companies provide—such as assembling the product selection, pricing the items, and preparing the items for sale, but was lower for more expensive items: The most valuable used items are sold in curated second-hand stores, which had hand-picked, unique and select treasures, and were vintage or high-end design items. Some companies provide an AI-supported authentication service to reduce the risk of counterfeits. Alternatively, the items had to come with a certificate, receipt, and box to ensure the authenticity of the product. For the company's services, the seller usually paid 20%–30% of the revenue of the luxury items sold. Second-hand companies that collaborate with primary operating companies sometimes offer cash alternatives for sellers, e.g., a store-credit alternative or a gift card (Companies 1 and 14). By choosing

store credit, the seller might gain some monetary benefits, e.g., price reduction for platform fee or additional balance for gift card. Some peer-to-peer platforms also offered subscription-based premium services for both sellers and buyers, which can reduce the usage- and shipping costs in the platform.

Price-related strategies for buyers. The price that buyers paid relate to the items and possible shipping fee. The price structure was often not transparent to the buyer, neither was the form of revenue-share. As highlighted above, on peer-to-peer platforms and self-service flea markets, sellers are responsible for pricing, and prices can vary widely and depend, for example, on the subjective value placed on them by the seller, the platform's popularity, or the season. Any discounts on self-service flea markets took place at the end of the sales period and affected all a seller's items. In donation-based companies that own the used items, discounts were applied to the entire assortment before the new collection arrived. For example, one company (19) applied radical discounts several times a year: In the last days before the end of the sale, the remaining unsold clothes were worth 1€/piece.

Decentralized platforms (1, 2, 3) applied built-in price reductions for each item, and the automatic price reductions gradually decrease until sold or the sale period ends. Thus, consumers could always find something on sale on these platforms. On peer-to-peer platforms (4 and 5), price reductions were more disorganized, as sellers could change prices or accept price bids from potential buyers at any time (the "suggest price" option was available on several platforms).

Our observations also showed that tactical pricing methods (e.g., €5.90 or €12.90) were used on most platforms and in stores where the company was responsible for pricing. In addition, when comparing products from the same brands, prices were slightly lower offline than in the online context, e.g., products were available for less than five euros at self-service flea markets and donation-based stores, which was rarely the case on online platforms, which had clear rules for suitable brands. Significant differences in price levels were also observed between operating models. For example, prices for vintage pieces were more affordable in donation-based stores than in hand-picked and curated consignment stores. In addition, online platforms also add shipping costs to the price unless there is a special offer or the purchase is above a certain price.

Promotion: From Call-to-Action Content to Practical How-to Tutorials

Second-hand companies use communications and advertising to increase the appeal of unique used items or the services of second-hand businesses in general.

Promotion for sellers. While communications were primarily targeted at buyers, some peer-to-peer companies (4, 5) highlighted product categories or brands that were currently trending in buyers' product searches and encouraged sellers to list these items. In addition,

announcements concerning free pick-up services or reduced service fees were the main social media content targeted for sellers. Indirect attraction was also generated among sellers, for example by featuring prices and styling combinations on social media. Company websites were typically used for sharing information about the selling process. However, some companies (1, 6, 8) also shared visually appealing content or short videos, which guided sellers, for example, to compile an attractive flea market rack or prepare items for sale.

Promotion for buyers. Second-hand companies mainly used social media for their communication and advertising. The analyzed social media accounts revealed that advertising messages can be broadly divided into four categories: direct call-to-action, informative content, inspirational engagement and community building content, and awareness-raising content. The first two categories aim to increase the appeal of products, invite customers to websites and stores, and encourage purchase while the latter two engage with the existing wardrobe and aim to educate consumers about the impact of consumption on the environment.

Call-to-action content on social media referred to specific products available in-store, general sales announcements, product drops, campaigns or reductions in shipping or service fees. These posts accounted almost a fifth of the Instagram posts. In addition to these posts, most of the disappearing social media content, such as Instagram Stories (Companies 6, 8, 13), consisted of “buy now” features that showcased individual products with prices or styling combinations and emphasized the uniqueness of the items and the sense of urgency. Call-to-action messages were also presented as sponsored product catalogues with direct links in social media feeds, banners (on other websites), or visually appealing, styled content that showcased the unique items in the store. The latter not only invited consumers to visit the store but also served to inspire them with styling tips.

Social media was also used as a channel for sharing general information on the specific company, such as updates on store opening hours, new collections, available product categories, styles, or lifestyle content which invited to visit stores, etc. The informative content made up the largest part of the social media communication, and the content generated attraction and attention to the company’s offerings or the second-hand market in general. For example, when companies advertised second-hand offerings to satisfy an emerging, one-time desire for certain items (e.g., New Year’s Eve bling bling, winter wardrobe), they encouraged consumers to look for used items first before buying brand new. Similar to call-to-action approaches, informative content focused mainly on the purchase phase, and therefore encouraged consumers to use the companies’ services to buy second-hand rather than new.

Inspirational content related indirectly to the purchase situation was found less frequently. It serves as a community-building tool that

encourages all followers to tag the company as they share unique second-hand treasures or participate in a lottery by tagging a friend under a post, which is intended to increase the user base or market share of the company. Tagged content was shared only through disappearing social media features. Some companies (1, 3, 5, 8, 16, 17) also provided awareness-raising content, which included information on why second-hand products are less harmful than new purchase, humanitarian work, tutorials and styling tips for timeless styles, and guides such as how to identify long-lasting, high-quality clothing or how to wear a scarf five different ways. While awareness-raising content is clearly the smallest part of the communication, it can inspire followers to have a sustainable wardrobe and reconsider future purchases of new products.

Social media activity varied widely between companies with between 3 and 159 posts recorded for 6 months of data collection. The active Instagram accounts with the most followers posted an average of 2–4 posts per week, while some companies used social media as a passive outlet to provide information about opening hours. Just over two-thirds of the social media posts analyzed were call-to-action communication and informative content, which can be considered as consumption-inducing marketing practices. Some communicative differences between the business models can be identified: self-service flea markets and decentralized platforms predominately used call-to-action messages, while peer-to-peer platforms, consignment stores and donation-based companies were more likely to publish informative content. There were no significant differences between business models in terms of inspirational and community-building content, but instead, awareness-raising content was significantly more prevalent among online second-hand companies (decentralized platforms and peer-to-peer companies) while physical stores, such as flea markets, consignment stores and donation-based companies, were not as active in publishing awareness-raising content.

Apart from social media communication, websites were used for the communication of legal information about the company, descriptions and pricing of services, or Q&As. Some second-hand companies (1, 4, 14) also presented information about the environmental impact of second-hand practices, such as figures on resources and emissions (CO₂, water, textile waste) saved when buying second-hand products, to encourage consumers to do so. Advertising formats such as banners on national news websites and short narrated radio ads were also spotted during the online search and observation phase.

DISCUSSION

Our market ethnography study shows the diverse marketing practices applied by Finnish second-hand companies to attract consumers. We used the traditional 4Ps of the marketing mix as a conceptual framework to structure the observational data. To build on the Yrjölä et al.'s [5] research,

which examined the value creation in second-hand business models, this study analyzed marketing activities that target both sellers and buyers. Similar to Yrjölä et al. [5], we uncovered levels of business control, but our perspective analyzed marketing activities with the goal of uncovering their potential impact on sustainable consumption practices. The increasing servitization of second-hand market shows that both buyers and sellers are willing to pay for the services that second-hand companies offer, such as convenience, curated selections and security. Furthermore, our results show that it is important to keep transaction costs low in order to make it as easy as possible for sellers to give used clothes away for reuse, e.g., by adapting certain place-based strategies that have also been discussed in previous research [40].

With this research, we were able to gain a deeper understanding of which business models and marketing strategies are prevalent in the (Finnish) second-hand clothing market and how they attract consumers to extend the lifetime of garments. For example, some of the business models and marketing practices we observed tend to encourage reduced consumption, such as consignment and curated second-hand and vintage stores that offer more expensive, carefully selected pieces to try on. However, on the other hand, strategies such as tactical pricing, automatic price cuts, and constant discounts applied by decentralized platforms can create a sense of urgency that leads to excessive shopping. Further, frequent communication focused on calls-to-action related to available (affordable) treasures in flea-market-based consignment services may encourage constant purchase and resale rather than reuse. While previous research has discussed possible rebound effects of second-hand clothing in theory [19], our study shows that consumption-promoting marketing strategies can indeed be found in the current practice of current second-hand business models. In addition, we noticed (but did not systematically document) an increasing number of unworn or slightly used items on these platforms, which could be an indication of the current state of overconsumption but also reveals the pulse of the online second-hand market. Furthermore, peer-to-peer platforms, which operate on lower profit margins, are increasingly using subscription models to entice consumers to continually buy and sell, which can lead to shorter usage times of the garments. Self-service flea markets offer a wardrobe approach and lower prices that appeal to treasure hunters, yet the shopping experience might be the attraction, not the actual purchase. Of course, bargain prices can lead to less responsible purchases. These preliminary observations should be followed up in future research.

The second-hand companies in our sample rarely offered additional models and services for reuse and longer product life, such as renting, leasing, care and maintenance services, washing and repairing clothes, or tutorials on how to use clothes until the end of their life, which are described as sufficiency-promoting strategies in the fashion market [7,41,42]; this service would increase the effort required by the second-

hand companies. Instead, they tend to focus on services that offer convenience, comfort, and security to their customers in terms of pricing, shipping, and sales activities. For example, the wide selection and easy navigation on the platforms can be an attractive alternative to search for used items before buying them new.

In terms of communication, the practice of online second-hand companies show initial attempts to align with reduced consumption, e.g., by promoting the value of a used product and its economic and environmental benefits or by providing inspiring and awareness-raising content about non-materialistic lifestyles. However, most promotional efforts still focus on pro-consumption messages, such as affordability and uniqueness of the items, or the joy and pleasure of shopping rather than on reuse as part of a sufficiency-oriented lifestyle. Although some communication priorities between the business models were identified, the differences between the companies observed varied, so no clear conclusions can be drawn between the communication practices of the individual business models. A digital addition to support reflected purchasing was the notification option offered by some platforms to consumers who searched for a particular item. On the other hand, some second-hand companies also appeared to offer credit to sellers for the purchase of new items, which could lead to higher rather than lower consumption. Call-to-action messages primarily target purchases, and if they are not accompanied by content related to reduced consumption and sufficiency-oriented lifestyles, they may contribute to increasing consumption rather than discouraging overconsumption.

CONCLUSIONS

The purpose of this study was to investigate how (Finnish) companies offering second-hand clothing encourage consumers to extend the lifetime of garments by examining the companies' business and marketing strategies, distribution channels, and communications. The findings suggest that certain second-hand business models are more supportive of product circulation and convenient accessibility of used items than others, but the business model itself is not sufficient to lead to sustainable consumption practices. Instead, excessive consumption might be caused by marketing practices such as tactic pricing and constant discounts, novelty-driven in-store merchandising practices, resale, and call-to-action communication focused on purchasing. More responsible consumption of second-hand clothing can be supported through awareness-raising and inspirational content that celebrates reuse rather than resale, as well as through curated product selection that is accompanied by practical and detailed product information. This underlines that second-hand is an important part of a sustainable clothing system, but not necessarily the way it is currently done.

This study comes with methodological limitations that call for further research: First, the market observations were collected in a single

geographic area. For future research, it would be valuable to examine whether and how marketing practices and business strategies of second-hand companies differ between countries. However, triangulation brought reliability to data analysis. Although we assume that our results are partly generalizable to other countries in the Global North, some approaches such as self-service flea markets were found to be characteristic of the Finnish context. Second, the observational data itself provides a valuable snapshot of companies' practices. However, future work could conduct interviews with practitioners in the second-hand sector to identify the reasons behind companies' operational and marketing decisions. In addition, we found that the business practices of second-hand companies may lead to increased consumption, but further consumer research should be conducted to draw more accurate conclusions.

Using the traditional marketing mix was advantageous because it allowed us to examine the practices of second-hand companies from an external perspective. At the same time, however, the two-sided nature of the second-hand market made it necessary to adopt a more dynamic approach. Thus, the analysis of the different roles of consumers, i.e., buyers and sellers on the second-hand market, requires a consumer-centered perspective. Moreover, we found that the focus of second-hand clothing companies is on service as a facilitator of resale instead of only offering a certain product.

This work has implications for practitioners and policymakers. First, the many variants of second-hand business models we observed and their different business logics, degree of formalization, and revenue models illustrate the diversity of the Finnish second-hand fashion market. This diversity and the linear business logic of most companies may discourage practitioners from collaboration and group-level resource management, resulting in untapped synergies and benefits such as cost savings and greater eco-efficiency [43]. An example of this type of management can be found with the resell platform Sellpy, which recently entered into a new partnership with H&M, which has integrated a curated second-hand assortment from Sellpy into its online stores in Sweden and Germany [44].

On the policy side, another challenge for second-hand businesses is the lack of reliable information about the materials and workmanship of their offerings, as they rely on the product information they receive from sellers or that is attached to the products. Any type of label or traceable product information to guide both consumers and second-hand stores would increase transparency and help extend the life of garments in the circular economy [45,46]. Overall, the majority of second-hand businesses struggle with profitability. They rely on the supply of reused products with high resale value and thus on the primary market. To be profitable, most of them need to sell a large number of garments because the income, for example of a consignment store, is based solely on a revenue share per item sold. Donation-based models are also labor-intensive due to the

collection, sorting, and resale phases. These structural challenges make it difficult for second-hand models to exist and make it a natural consequence for them to engage in pro-consumption marketing. This marketing, in turn, increases the risk that second-hand practices will trigger new consumer needs or consumer desires for inexpensive but fashionable items [47]. To reduce this dependency, effective policy instruments are needed to support the second-hand market, such as reduced taxation (e.g., VAT) on reused products, labelling schemes to ensure the quality of reused products, and awareness campaigns to promote second-hand [48].

In summary, our research found that there are several business and marketing practices that could promote sustainable fashion consumption. However, it is not only the responsibility of second-hand companies to promote longer product life and reuse. Rather, every actor in the fashion industry must take action if a sustainable fashion future is to be achieved.

SUPPLEMENTARY MATERIALS

The following supplementary material is available online at <https://doi.org/10.20900/jsr20240002>. Supplementary Table S1: Background information of the sample.

DATA AVAILABILITY

The dataset of the study is available from the authors upon reasonable request.

AUTHOR CONTRIBUTIONS

The first author designed the study and conducted the fieldwork and data collection. The first author did initial inductive and deductive coding, which was then reviewed by the second author. The authors worked together to validate the analysis. Both authors prepared the outline and drafted the final paper.

CONFLICTS OF INTEREST

The authors declare that there is no conflict of interest.

FUNDING

This research was funded by Marcus Wallenberg Foundation, grand number 16-5297-21, and the German Federal Ministry for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection, grant number 67KI2022A.

REFERENCES

1. Niinimäki K, Peters G, Dahlbo H, Perry P, Rissanen T, Gwilt A. The environmental price of fast fashion. *Nat Rev Earth Environ*. 2020;1(4):189-200.

2. Peña-Vinces J, Solakis K, Guillen J. Environmental knowledge, the collaborative economy and responsible consumption in the context of second-hand perinatal and infant clothes in Spain. *Resour Conserv Recycl.* 2020;159:104840.
3. Armstrong CMJ, Park H. Online clothing resale: a practice theory approach to evaluate sustainable consumption gains. *J Sustain Res.* 2020;2(2):e200017.
4. Hvass KK. Business model innovation through second hand retailing: a fashion industry case. *J Corp Citiz.* 2015;58(3):11-32.
5. Yrjölä M, Hokkanen H, Saarijärvi H. A typology of second-hand business models. *J Mark Manag.* 2021;37(7–8):761-91.
6. Bocken NM, Short SW. Towards a sufficiency-driven business model: Experiences and opportunities. *Environ Innov Soc Trans.* 2016;18(3):41-61.
7. Garcia-Ortega B, Galan-Cubillo J, Llorens-Montes FJ, de-Miguel-Molina B. Sufficient consumption as a missing link toward sustainability: The case of fast fashion. *J Clean Prod.* 2023;399(5):1-10.
8. Todeschini BV, Cortimiglia MN, Callegaro-de-Menezes D, Ghezzi A. Innovative and sustainable business models in the fashion industry: Entrepreneurial drivers, opportunities, and challenges. *Bus Horiz.* 2017;60(6):759-70.
9. Borg D, Mont O, Schoonover H. Consumer acceptance and value in use-oriented product-service systems: lessons from Swedish consumer goods companies. *Sustainability.* 2020;12(19):8079.
10. Sandin G, Peters GM. Environmental impact of textile reuse and recycling—A review. *J Clean Prod.* 2018;184:353-65.
11. Klepp IG, Laitala K, Wiedemann S. Clothing lifespans: what should be measured and how. *Sustainability.* 2020;12(15):6219.
12. Freudenreich B, Schaltegger S. Developing sufficiency-oriented offerings for clothing users: Business approaches to support consumption reduction. *J Clean Prod.* 2020;247:119589.
13. Laitala K, Klepp IG. Global differences in consumer practices affect clothing lifespans. Available from: <https://api-depositonce.tu-berlin.de/server/api/core/bitstreams/47achf2e-f743-437d-a7f9-c6a8f713f97c/content>. Accessed 2024 Feb 1.
14. Sarigöllü E, Hou C, Ertz M. Sustainable product disposal: Consumer redistributing behaviors versus hoarding and throwing away. *Bus Strategy Environ.* 2021;30(1):340-56.
15. Sharpe SA, Brydges T, Retamal M, Pugh R, Lavanga M. Wellbeing Wardrobe: A wellbeing economy for the fashion and textile sector. Available from: <https://eeb.org/wp-content/uploads/2022/03/Wellbeing-Wardrobe-A-wellbeing-economy-for-the-fashion-and-textile-sector-March-2022.pdf>. Accessed 2023 Oct 26.
16. Xu Y, Chen Y, Burman R, Zhao H. Second-hand clothing consumption: a cross-cultural comparison between American and Chinese young consumers. *Int J Consum Stud.* 2014;38(6):670-7.
17. Turunen LLM, Pöyry E. Shopping with the resale value in mind: A study on second-hand luxury consumers. *Int J Consum Stud.* 2019;43(6):549-56.

18. Peugeot V, Beuscart JS, Pharabod AS, Trespeuch M. Partager pour mieux consommer? Enquête sur la consommation collaborative [Share to consume better? Survey on collaborative consumption]. *Esprit*. 2015;(416):19-29. French.
19. D'Adamo I, Lupi G, Morone P, Settembre-Blundo D. Towards the circular economy in the fashion industry: the second-hand market as a best practice of sustainable responsibility for businesses and consumers. *Environ Sci Pollut Res*. 2022;29(31):46620-33.
20. Persson O, Hinton JB. Second-Hand Clothing Markets and a Just Circular Economy? Exploring the Role of Business Forms and Profit. *J Clean Prod*. 2023;390(3):136139.
21. Ekholm L. Jews, second-hand trade and upward economic mobility: Introducing the ready-to-wear business in industrializing Helsinki, 1880–1930. *Bus Hist*. 2019;61(1):73-92.
22. Statista. Second-hand e-commerce in the Nordics. Available from: <https://www.statista.com/study/133047/second-hand-e-commerce-in-the-nordics/>. Accessed 2023 Oct 18.
23. Finnish Commerce Federation. Finland is one of the world's leading second-hand markets. Available from: <https://kauppa.fi/uutishuone/2023/09/21/suomi-on-maailman-johtavia-second-hand-markkinoita/>. Accessed 2024 Jan 2.
24. ThredUp. ThredUp Resale Report 2023. Available from: <https://www.thredup.com/resale>. Accessed 2023 Oct 18.
25. Turunen LLM, Henninger CE. The Hidden Value of Second-Hand Luxury: Exploring the Levels of Second-Hand Integration as Part of a Luxury Brand's Strategy. In: Henninger CE, Athwal NK, editors. *Sustainable Luxury: An International Perspective*. Cham (Switzerland): Springer International Publishing; 2022. p. 13-33.
26. Machado MAD, Almeida SOD, Bollick LC, Bragagnolo G. Second-hand fashion market: consumer role in circular economy. *J Fashion Mark Manag*. 2019;23(3):382-95.
27. Gopalakrishnan S, Matthews D. Collaborative consumption: a business model analysis of second-hand fashion. *J Fashion Mark Manag*. 2018;22(3):354-68.
28. Osterwalder A, Pigneur Y. *Business model generation: a handbook for visionaries, game changers, and challengers*. New Jersey (US): John Wiley and Sons; 2010.
29. Kotler P, Keller KL. *A Framework for Marketing Management*. Essex (UK): Pearson Education Limited; 2016.
30. Kilbourne WE, McDonagh P, Prothero A. Sustainable consumption and the quality of life: A macromarketing challenge to the dominant social paradigm. *J Macromark*. 1997;17(1):4-24.
31. Armstrong Soule CA, Reich BJ. Less is more: is a green demarketing strategy sustainable? *J Mark Manag*. 2015;31(13–14):1403-27.
32. Gossen M, Ziesemer F, Schrader U. Why and how commercial marketing should promote sufficient consumption: A systematic literature review. *J Macromark*. 2019;39(3):252-69.

33. Ghauri P, Grønhaug K, Strange R. Research methods in business studies. Cambridge (UK): Cambridge University Press; 2020.
34. Arnould EJ, Wallendorf M. Market-oriented ethnography: interpretation building and marketing strategy formulation. *J Mark Res.* 1994;31(4):484-504.
35. Agafonoff N. Adapting ethnographic research methods to ad hoc commercial market research. *Qual Mark Res Int J.* 2006;9(2):115-25.
36. Evans F, Grimmer L, Grimmer M. Consumer orientations of secondhand fashion shoppers: The role of shopping frequency and store type. *J Retail Consum Serv.* 2022;67:102991.
37. von Koskull C. Ethnographic research in service marketing: Theory, methods, and practice. Available from: <https://doi.org/10.1108/S1069-096420140000021004>. Accessed 2024 Feb 1.
38. Forsythe DE. It's just a matter of common sense: Ethnography as invisible work. *Comput Support Coop Work.* 1999;8(1-2):127-45.
39. Belk RW, Fischer E, Kozinets RV. *Qualitative Consumer and Marketing Research.* Thousand Oaks (US): Sage; 2013.
40. Ekström KM, Salomonson N. Reuse and recycling of clothing and textiles—a network approach. *J Macromark.* 2014;34(3):383-99.
41. Gossen M, Kropfeld MI. “Choose nature. Buy less.” Exploring sufficiency-oriented marketing and consumption practices in the outdoor industry. *Sustain Prod Consum.* 2022;30:720-36.
42. Niessen L, Bocken N. How Can Businesses Drive Sufficiency? The Business for Sufficiency Framework. *Sustain Prod Consum.* 2021;28(6):1090-103.
43. Figge F, Thorpe AS, Good J. Us before me: A group level approach to the circular economy. *Ecol Econ.* 2021;179:1-8.
44. H&M. H&M Group Sustainability Disclosure. Available from: <https://hmgroupp.com/wp-content/uploads/2023/03/HM-Group-Sustainability-Disclosure-2022.pdf>. Accessed 2023 Oct 27.
45. Antikainen M, Uusitalo T, Kivikytö-Reponen P. Digitalisation as an enabler of circular economy. *Procedia CIRP.* 2018;73:45-9.
46. Charnley F, Knecht F, Muenkel H, Pletosu D, Rickard V, Sambonet C, et al. Can digital technologies increase consumer acceptance of circular business models? The case of second-hand fashion. *Sustainability.* 2022;14(8):4589.
47. Vesterinen E, Syrjälä H. Sustainable anti-consumption of clothing: A systematic literature review. *Clean Responsib Consum.* 2022;5(6):1-12.
48. Hartley K, van Santen R, Kirchherr J. Policies for transitioning towards a circular economy: Expectations from the European Union (EU). *Resour Conserv Recycl.* 2020;155:1-10.

How to cite this article:

Turunen LLM, Gossen M. From Preloved to Reloved: How Second-Hand Clothing Companies Facilitate the Transaction of Used Garments. *J Sustain Res.* 2024;6(1):e240002. <https://doi.org/10.20900/jsr20240002>