HIGH DEMAND FOR SECOND-HAND:

A Qualitative Study on Challenges and Opportunities Faced by Second-hand Clothing Retailers

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Abstract

The second-hand market has been subject to a lot of change in recent years. New actors with disruptive business models have entered the market, changing consumer perceptions and altering market conditions. In line with this, the general demand for second-hand clothing has risen, possibly because of the increased awareness surrounding sustainability and the negative environmental impact of the fashion industry. Previous literature has exclusively focused on the consumer perspective, primarily in an offline setting, investigating shopper motivations and attitudes towards second-hand. This study aims to look at the second-hand clothing market from a retailer perspective, investigating three main areas of interest: (1) market conditions, (2) digitalization and (3) sustainability. A qualitative study was conducted by interviewing actors on the Swedish market, covering different typologies of second-hand retailers. Findings show that the increase in demand for second-hand is not just a trend but a shift in consumer behaviour, that the entry of new actors is positive for all actors on the market, that securing sourcing is challenging as it is based on consumer donations or consignments, that maintaining an attractive assortment is crucial in order to compete with first-hand actors, that traditional second-hand actors feel pressured to expand into online channels, and that it is challenging for smaller second-hand actors to ensure climate-conscious transportation. To meet the challenges of this fast-growing market, second-hand clothing retailers can implement the winning attributes of a resale-based concept, incentivize customers to donate or consign their used clothes, and partner up with larger platforms in order to grow online.

Keywords: Second-hand, Clothing, Fashion, Retailing, E-commerce, Digitalization, Sustainable Consumption, Thrift Shops, Charity Shops, Vintage, Resale, Peer-to-peer

1. Introduction

The second-hand clothing market is growing at a faster pace than traditional retail. Driving this growth is the resale sector, the "…sector of the broader 'secondhand' market that includes more curated product assortments, often well merchandised and/or higher end" (thredUP, 2021). By 2025, the resale sector is expected to grow at a rate 11 times higher than that of traditional retail, and it is estimated to generate $77 billion in sales (see Figure 1). Second-hand clothing retail is even expected to grow to double the size of fast fashion by 2030 (thredUP, 2021).

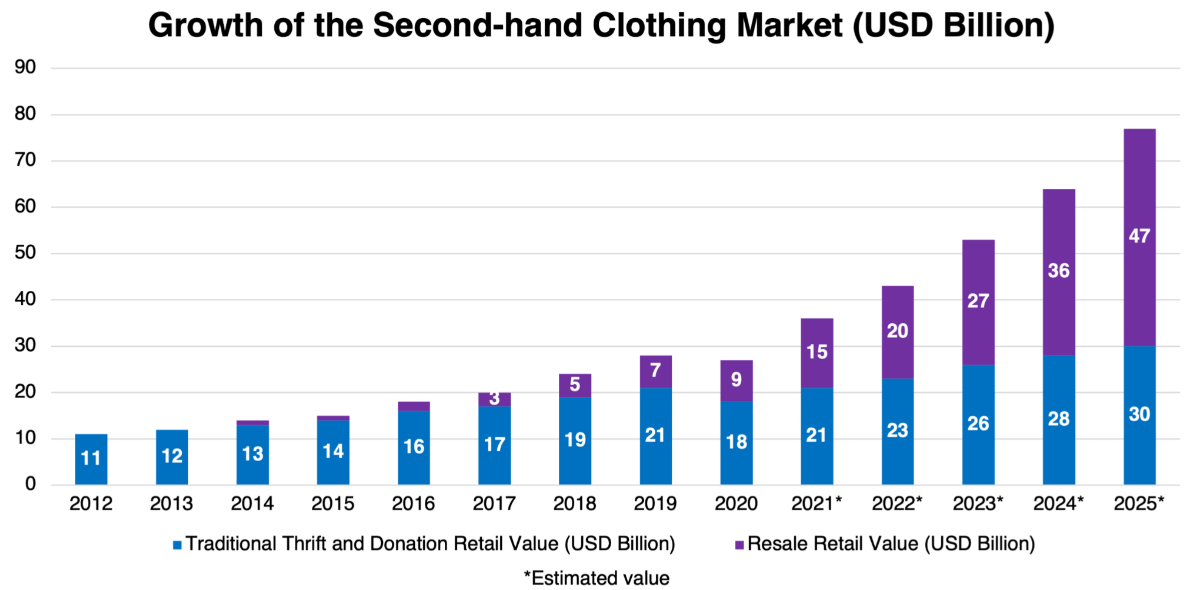

Figure 1. *Growth of the Second-hand Clothing Market. (thredUP, 2021)*

Despite this great rise in popularity, there is an extensive knowledge gap in terms of understanding the development of market conditions for second-hand clothing retailers. Market conditions can be defined as the state of the competitive landscape, specifically supply and demand, as well as the interplay between incumbents and new entrants. Previous research covering second-hand retailing has predominantly focused on the consumer perspective, in particular the topics of shopping motivations and consumer perceptions, though not limited to the clothing industry. Attitudes and barriers towards second-hand have been heavily researched, while the dramatic increase in demand has not yet been studied to the same extent. There is therefore a clear need for research from a retailer perspective, in order to understand the changing market conditions and provide actionable insights for second-hand clothing retailers going forward.

Recently, even more traditional retailers have felt the need to respond to the “threat” of the growing second-hand market, by themselves starting to engage in resale practices. Many are doing this through acquisitions of already well-established second-hand actors, for example Etsy’s acquisition of Depop, as well as the luxury conglomerate Kering acquiring Vestiaire Collective (Sampath Kumar, 2021). The fast-fashion giant H&M has also delved into the second-hand market by acquiring Sellpy, a Swedish resale platform. H&M has since invested more than 20 million euros, and is now the majority owner with a share of around 70% (Ringstrom, 2021). This trend of retailers acquiring second-hand businesses clearly illustrates that the resale market has huge potential. In the long run, retailers will not be able to rely on the fast fashion system, as consumers change their habits to become more sustainable.

There are many possible factors explaining the second-hand market’s immense growth. Williams and Paddock (2003) suggest that consumers choose second-hand due to economic constraints, driven by a decrease in the purchasing power of the middle class since the 1980s. Another reason being that consumers choose second-hand due to the recreational appeal of second-hand channels. It has in recent years become somewhat of a trend to shop second-hand, to some extent popularised by Youtube creators’ so-called “thrift-hauls” (Pavich, 2021).

However, another possible reason for the growth of second-hand is increased awareness surrounding sustainability in general. In line with the increased awareness, the share of consumers wishing to reduce their climate impact by shopping second-hand instead of newly produced has also risen, with 63% of consumers reporting that they have changed their behaviour to become more sustainable in the past five years (Simon-Kucher & Partners, 2021).

Defining Second-hand

Second-hand shopping can be defined as the “...the acquisition of secondhand objects through methods and places of exchange that are generally distinct from those for new products” (Guiot & Roux, 2010), p. 384). The idea is that second-hand shopping consists of two dimensions: the product dimension and the sales dimension. The product dimension refers to the fact that the product purchased is not new but has been previously used or owned by somebody else. The sales dimension refers to how the characteristics of second-hand channels usually differ from those found in conventional channels. (Guiot & Roux, 2010).

In terms of the sales dimension, not only do the characteristics differ from conventional retail channels, but the characteristics also differ between players on the second-hand market. More specifically second-hand retailers "…vary in degree of formality, consistency and standardization, the price of merchandise sold, and strength of the profit motive." (Parker & Weber, 2013), p.1097). Many different archetypes of second-hand retailers can be found on the market, all with their own distinct characteristics. These archetypes have different retail formats that cater to different customer segments. For example, the market features everything from charity shops operated by non-profit organisations to high-end luxury resale. A typology of actors present on the market can be found under section 3.

Purpose and Contribution

The purpose of this thesis is to explore the second-hand clothing market from a retailer perspective, subsequently gaining a deeper understanding of the current and future challenges and opportunities as interpreted by the market's actors. This report aims to bring forth the retailer perspective on the second-hand clothing industry, contributing both to a deeper theoretical understanding of the market conditions as well as present findings relevant from a managerial perspective.

In order to gain relevant insight into the second-hand actors' point of view, interviews were conducted with second-hand retailers on the Swedish market. This allowed for the retailer perspective to be examined in depth, with the research centering around three key areas of interest: (1) market conditions, (2) digitalization and (3) sustainability.

2. Background

The following section presents a background on previous literature as well as the concepts of digitalization and sustainability in retailing. In the previous research on second-hand retailing, consumer motivations and perceptions have been focused on. This study aims to shift the focus to the retailer, specifically investigating the effects of digitalization and sustainability on the second-hand clothing market.

2.1 Motivations and Perceptions of Second-hand

Second-hand Shopper Motivations

The driving forces of second-hand shopping motivations have been heavily researched. Historically, researchers have highlighted an economic-hedonic duality (Bardhi & Arnould, 2005), arguing that second-hand shoppers are primarily driven by economic and/or recreational motives. More recent research has, however, added a third dimension to this dichotomy, namely critical motivations (Guiot & Roux, 2010). According to Guiot and Roux (2010) shoppers are not only motivated by economic factors (e.g, the search for a good price) or recreational factors (e.g., treasure-hunting or a desire to be unique), but they can also be motivated by a need to express criticism towards mainstream consumption. This criticism is expressed through, for instance, seeking to distance themselves from the system, combating waste, and letting ethical consumption ideologies guide their shopping. Similarly, Gullstrand Edbring et al. (2016) highlight economic, recreational, and critical factors as key drivers. In contrast to Guiot and Roux (2010), however, they found “[...] no clear tendency that respondents wanted to distance themselves from the consumption society…” (Gullstrand Edbring et al., 2016).

As a further extension to the field of second-hand shopping motivations, Ferraro et al. (2016) propose fashionability as a fourth dimension, where second-hand clothing acts as an enabler to building a personal style identity, facilitates avoidance of mainstream fashion, and simplifies the following of certain trends. In their study, three different consumer segments that, to some extent, were driven by fashionability in their consumption of second-hand goods were identified; (1) infrequent fashionistas; (2) fashionable hedonists; and (3) thrill seeking treasure hunters. While the infrequent fashionistas shop second-hand more seldom than other consumers, they were identified as the only group where fashion is the primary motivational driver for their second-hand purchases. Furthermore, fashionability is, together with the ‘surprise element’ of second-hand shopping, an important driver for fashionable hedonists. Lastly, thrill seeking treasure hunters are, in addition to fashionability, strongly driven by economic and recreational motives. (Ferraro et al., 2016)

The notion of second-hand consumption in a traditional brick-and-mortar context has been around for decades and even centuries (Fontaine, 2008), and the drivers and motivations behind it have, in accordance, been widely researched. Nevertheless, the introduction and growth of e-commerce has generated an extensive knowledge gap with regard to shopper motivations in an online context (Parguel et al., 2017). In the context of online grocery retailing, Rohm & Swaminathan (2004) identified shopping convenience, information seeking, variety seeking, social interaction, and shopping experience as motivational drivers. Drawing on their research, Padmavathya et al. (2019) explored online second-hand shopping motivations (OSSM). They identified three main drivers: economic, convenience, and ideological motivations (Padmavathy et al., 2019), which are all aligned with the findings of previous research. The economic and ideological factors appear to be closely linked to Guiot and Roux's (2010) economic and recreational factors, respectively, whereas the convenience motivation is aligned with Rohm and Swaminathan (2004).

Consumer Perceptions

In order to understand why or why not consumers choose to shop through second-hand outlets, it is crucial to map out enablers and barriers to second-hand consumption as expressed by second-hand clothing (SHC) and non-second-hand clothing consumers. One identified category of SHC consumption enablers is favourable consequences that might arise for the consumer post-purchase, as discovered by Hur (2020). Two types of consequences were identified: physiological consequences and social consequences. The psychological effects can be connected to previous research and its findings on motivational drivers, as SHC consumption makes customers: (1) feel unique and enhance their creativity and individuality, related to Bardhi and Arnould’s (2005) and Guiot and Roux’s (2010) hedonic/recreational dimension; (2) experience satisfaction originating from making a good financial decision, i.e., the economic dimension (Bardhi & Arnould, 2005; Guiot & Roux, 2010); and (3) feel happy to support the environment, which is in line with Guiot and Roux’s critical dimension (2010). In addition, Hur (2020) found that consumers (4) feel that they are helping a cause; and (5) feel good about themselves; two SHC consumption effects that arguably are more connected to self-image and self-perception than any of the four identified motivational drivers economic, recreational, critical, and fashion (Bardhi & Arnould, 2005; Guiot & Roux, 2010; Ferraro et al., 2016). Thus, it is apparent "[...] that consumption of SHC is directly linked to consumers' personal values…" (Hur, 2020). The social consequences of SHC consumption relate to (1) being environmentally friendly; (2) contributing to positive social impacts by supporting local charities and communities; (3) acquiring financial benefits from engaging in these types of social activities; (4) social engagement with peers; and (5) creating a personal image as a "good person". In addition to these five positive effects of SHC consumption, Hur (2020) also identifies social disapproval as a potential side-effect. Several respondents in Hur's study expressed concerns related to "[...] the perceived risks of undesirable social status that the lower-income group of SHC consumers were often portrayed as holding." (Hur, 2020). Similar conclusions have been drawn by other researchers, e.g., Kim et al. (2021) and Fisher et al. (2008). On the contrary, industry players like the Spanish second-hand marketplace Micolet (2019) concluded that "Second hand shows symptoms of having overcome its social stigma." in their 2019 report, indicating that the topic of stigmatization around SHC is divided. This perception has also been reflected in the media (Walker, 2019).

Non-SHC consumers have expressed various barriers hindering them from purchasing and using second-hand products. Hur's (2020) findings on this topic can be divided into three categories, namely product-related attributes (poor quality, unfashionable, uncleanliness, poor size and fit, etc.), logistical attributes (lack of accessibility, lack of personal time, buying new clothes being a better option), and store-/retailer-related attributes (e.g., overpriced stock, lack of branded products or speciality goods, unclear product information, etc.). In addition, the number one reason given by non-SHC as to why they don't shop second-hand does not fall into any of the three aforementioned categories. Instead, the most critical barrier to SHC was "[...] the perceived negative social image of being lower class." (Hur, 2020). In contrast, several enabling factors facilitate SHC consumption for both SHC consumers and non-SHC consumers, such as availability and easy accessibility of physical and online SHC shops; product availability; and improved marketing efforts aimed at minimizing the social stigma associated with SHC and "[...] instead create positive images…" (Hur, 2020).

2.2 Digitalization in Retailing

E-commerce

In line with the retail sector in general, the second-hand fashion segment has been subject to the rapid pace of digitalization. During the past ten years, the growth of e-commerce for apparel and footwear has surpassed the growth of traditional offline (store-based) retailing immensely. Between 2011 and 2021, e-commerce sales grew over 4 times in size with a 466% increase from $90 551 million to $512 771 million. Offline retailing, on the other hand, has suffered from a 23% decrease over the same ten-year period, whilst the apparel and footwear industry in total has grown by 3% from 2011 to 2021 (see Figures 2a and b). (Passport, 2022).

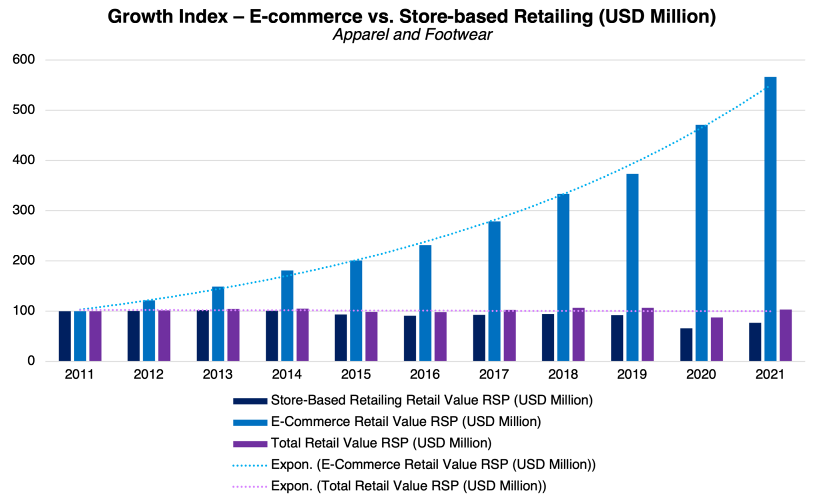

Figure 2a. *Growth Index of e-commerce vs store-based retailing. (Passport, 2022)*

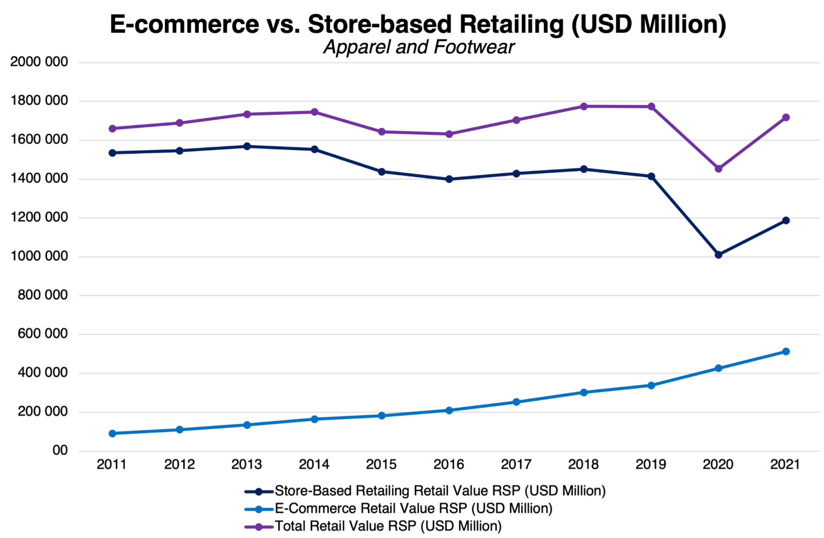

Figure 2b. *Comparison of sales growth between e-commerce and store-based retailing. (Passport, 2022)*

The introduction of e-commerce has affected the market conditions for second-hand retailing in many ways. For instance, Parker and Weber (2013) highlight that e-commerce offers customers the benefit of reduced search costs, and therefore enables shoppers to overcome Gullstrand Edbring et al.'s (2016) identified barrier of second-hand shopping being perceived as time-intensive. The authors also emphasise the potential benefit of reduced overhead costs that can be reaped by online second-hand retailers. This advantage enables online retailers to offer lower prices in comparison to offline actors, whilst still maintaining margins, which consequently risks decreasing the competitiveness of offline second-hand retailers. In addition, the introduction of online players has offset the conventional balance between supply and demand for second-hand retailers. This is especially noticeable in the subcategory of high-end or luxury second-hand clothing, where retailers may face sourcing challenges as their consignors (who are individuals rather than corporate actors) have recognised the additional revenues to be gained by eliminating the middleman (Parker & Weber, 2013). Moreover, there is a possibility that e-commerce has contributed to reducing the negative stigma associated with second-hand retailing. According to a post by one of American non-profit organization and second-hand retailer Goodwill's bloggers, "[...] the idea of purchasing something second-hand has been more glamorized as opposed to the stigma that once attached to it." (Concepcion, 2020) thanks to the introduction of online second-hand retailing. Some research also indicates that online second-hand retailers may have the ability to capture so-called "Disengaged Second-Hand Shoppers" (Ferraro et al., 2016), who do not associate second-hand clothing with fashionability per se and rarely shop second-hand, by offering platforms and services that better cater to their specific needs and preferences.

Whilst online second-hand retailers appear to have the ability to overcome certain barriers to second-hand consumption, its format falls short in other areas. For instance, Parker and Weber (2013) found that the uniqueness associated with second-hand consumption risks being lost in the transition from offline to online. Not only do second-hand shoppers strive to find unique items, but there is also a desire for uniqueness related to the actual shopping journey, as "[...] shoppers enjoy relating the tale of how their one-of-a-kind apparel was acquired." (Parker & Weber, 2013). Another benefit of offline second-hand retailing over the online format is reduced uncertainties regarding product attributes like fit, condition, and quality. As previously noted, these aspects have been widely recognised as deterrents to second-hand consumption, highlighting a potential challenge for online second-hand retailers.

Lastly, offline second-hand stores naturally eliminate the drawback of lead times, as garments do not have to be shipped to the customer, as is the case for e-commerce actors. (Parker & Weber, 2013)

Social Media

With the introduction and rise of digital media outlets during the 21st century, both with regards to an increased internet presence in general as well as the increased usage of social media platforms, traditional media outlets have suffered from a decrease in consumption and usage. For example, online database Statista reports a 39% decrease in daily consumption of newspapers from 18 minutes in 2012 to 11 minutes in 2018. Concurrently, average minutes spent on social media and the internet increased by 58% and 92%, respectively, with the average user allocating over two hours per day for online media consumption (see Figure 4) (Statista, 2019; Statista, 2022).

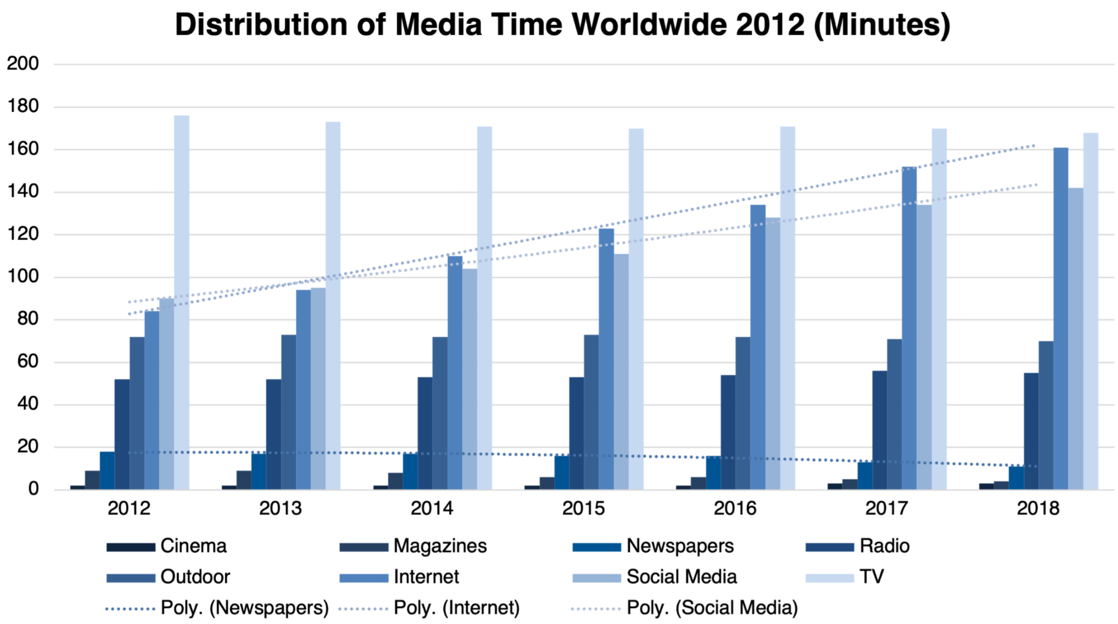

Figure 3. *Average media usage (minutes) 2012-2018. (Statista, 2019) (Statista, 2022)*

In addition to expanding their operations into the e-commerce sector, second-hand retailers should indeed not underestimate social media and its great potential as a means of communicating and engaging with existing and potential customers. Ferraro et al. (2016) propose that social media be used for building up a community around second-hand consumption, and for these efforts to be specifically targeted toward second-hand consumers with an interest in fashion. This suggestion could be interpreted as a wink toward the contemporary phenomena of fashion influencers – a celebrity segment consisting of “it girls” (or guys) with strong relationships to renowned fashion houses and designers, who create inspirational style content wearing sponsored fashion garments (Alex, 2018). The social media influencer community is, however, not limited to personalities sponsored by exclusive designers. Rather, it is packed with ‘ordinary’ people that simply want to share their ‘passion for fashion’ with like-minded followers. Some of these profiles are so-called ‘micro-influencers’ with a following of 10,000-50,000 people. Their primary advantage over the more distant macro-influencers lies in their ability to engage niche market segments, such as social media users interested in second-hand fashion (Ehlers, 2021). By either collaborating with micro-influencers or adopting social media strategies similar to theirs, second-hand retailers could attract customers’ attention and create a buzz in the social media feed.

2.3 Sustainability

A commonly used definition for sustainability is “meeting the needs of the present without compromising the ability of future generations to meet their own needs” (World Commission on Environment and Development, 1987). Building on this, sustainability can also be looked at from three different angles: economic, social and environmental, also known as the triple bottom line (Elkington, 1998).

Environmental Sustainability

Environmental sustainability has been a highly discussed topic in recent years, powered by initiatives such as the UN’s Sustainable Development Goals and Friday’s for Future led by activist Greta Thunberg. A large contributor to the climate crisis is the alarming rate at which products are produced and consumed, only to be discarded. Sustainable Development Goal (SDG) 12: Sustainable Consumption and Production aims to combat this growing issue.

The fast fashion industry, “...which relies on cheap manufacturing, frequent consumption and short-lived garment use” (Niinimäki et al., 2020), p. 189), is responsible for churning out “…a massive amount of textile waste, accelerating carbon emissions and global warming” (Yang et al., 2017), p. 6). Currently, the fashion industry produces over 92 million tonnes of waste every year (Niinimäki et al., 2020). Target 12.5 of SDG 12 is concerned with reducing “…waste generation through prevention, reduction, recycling and reuse.” (United Nations, 2022). The consumption of second-hand products can therefore be seen as a more sustainable alternative to buying newly-produced products, as it extends the life cycle of already existing products, thereby eliminating the emissions associated with production. Parker and Weber (2013) state that "[...] even when shipping is taken into account — online second-hand shopping has significantly fewer negative ecological effects and lower carbon footprints than do production processes for new goods…" (p. 1109), making second-hand a viable option for consumers who enjoy shopping for clothes but wish to minimise their climate impact.

Social Sustainability

Social sustainability refers to the people aspect of sustainability. One could possibly define it as ensuring human well-being for all. Elements of social sustainability include social homogeneity, equitable incomes and access to goods, services and employment (Vallance et al., 2011). Woodcraft (2012) writes that "…there appears to be a consensus in the literature that social sustainability incorporates a set of underlying themes that could be described as social capital, human capital and well-being" (p.31).

The nature of second-hand retailing has traditionally lent itself to promoting social sustainability. There are two main ways in which second-hand engages in social sustainability. Firstly, many second-hand businesses contribute to charity. A lot of stores are run by non-profit organisations or charities, with the profits being donated to help various causes. Secondly, second-hand retailing makes products accessible to a wider customer segment. Since SH stores often feature lower price points than regular stores it offers the opportunity to households with lower than average disposable incomes to purchase goods they otherwise would not have been able to afford.

Furthermore, second-hand retailing can also be positive in terms of production workers and their working conditions. Parker and Weber identified that "When products are used by multiple owners and for an extended period of time, the need to produce new ones is diminished, thereby potentially decreasing the likelihood of exploitation of workers involved in production processes; the generation of toxins and waste; and the overuse of environmental resources." (p. 1099).

3. Typology of Second-hand Retailers

The following typology, derived from the authors' own empirical observations, presents a categorisation of the different types of players that can be found on the second-hand market as of today. Second-hand clothing retailers have been analyzed according to the following dimensions: assortment, profit model, channel(s), target group, value proposition and sourcing. Table 1 gives an overview of the typology.

Thrift Shops

Likely the most widespread and well-known store format for second-hand clothing retailing is thrift shops. Known for their low prices and extensive assortment, often offering several categories other than clothes, such as home decor, books or records. Thrift shops make a profit from the sales of used items, which are often sourced through wholesale partners, many of which are companies that specialize in recycling clothes. These recycling companies in turn receive clothes through donations.

The target group of thrift stores is very wide, consisting of people of all ages and socioeconomic backgrounds. Though traditionally mostly frequented by low-income households, the rise in popularity of thrifting as a social and recreational activity has seen an increase in younger generations going thrifting. The value proposition of thrift shops relies heavily on the increased accessibility they offer to consumers by having low prices. Furthermore, because the items are second-hand, they also offer an aspect of uniqueness which is largely appreciated by customers.

Thrift stores have traditionally operated mainly through physical stores, but with the growth of e-commerce many actors have responded by launching an online presence as well.

Charity Shops

Similar in concept to thrift stores, charity shops are run by charities or non-profit organisations. Therefore, the aspect of social sustainability is a big part of their business. In contrast to thrift shops, which also offer merchandise at an affordable price and of similar nature, charity shops are not profit-driven. Rather, the sales go towards funding the continued operations of the shops or back into the business and its current charity initiatives. The second-hand businesses of charity shops are generally only part of their operations, with their primary commitments often involving efforts like work integration, activities for children and youths, or support for the homeless.

The merchandise offered by charity shops is sourced through donations, either dropped off at their physical stores or via drop-off bins in connection to recycling centres or stations. Historically, charity shops have been strongly associated with physical outlets, but in recent years, multiple actors have expanded into digital channels.

Similarly to thrift shops, charity shops attract a wide range of customers driven by various shopper motivations; for some customers, charity shops are the only viable option due to economic constraints, whilst other shoppers turn to them for the sheer excitement and to hunt for treasures.

Vintage

Vintage stores are highly specialised in clothing from certain eras. Often being much smaller, independent businesses, they offer more intimate and personalised shopping experiences to their customers. The target group consists mainly of people with a specific interest in vintage fashion. These businesses are usually located outside of highstreet areas, and generally rely on a physical store, rarely operating an online channel.

The value proposition of vintage stores lies in the fact that they offer a very niched assortment and that they are not that common. The personnel are typically also very knowledgeable about the merchandise's provenance, as well as fashion in general. However, this also entails that they cater to only a slim target group, in comparison to other types of second-hand retailers. The merchandise offered is typically sourced by the personnel in a hand-picked manner through various channels, for example, other second-hand businesses, platforms or wholesale.

Resale

The concept of resale is built around the fact that the assortment is much more curated as opposed to in thrift shops or charity shops. It is common that products go through a process of quality control, or in the luxury sector, authentication. Products are mainly sourced through customers wishing to sell their items and dropping them off to the store. The store then takes a commission as part of the sale, and this is how they make a profit.

The resale sector consists of both physical and online players, as well as those taking an omnichannel approach. Resale caters to a large target group, largely depending on the type of resale business. Some resale businesses specialising in luxury, will usually have a more affluent target group, though the sometimes lower resale price of luxury goods increases their accessibility to a wider audience. Other resale businesses offer an assortment similar to those found in thrift shops and charity shops, giving them a wider target group.

Peer-to-peer

On peer-to-peer (P2P) platforms, users can list their own second-hand items for sale. Here, the idea is simply to connect buyers and sellers. The business operating the platform acts as an intermediary, facilitating the transaction. The most common revenue streams for P2P platforms are commissions and advertising.

Since P2P platforms are completely digital there is no constraint on physical space, enabling them to have a virtually unlimited assortment. The platforms typically offer a wide range of goods, spanning from clothing and accessories to furniture or even cars. Some P2P platforms have integrated a business-to-consumer aspect, where companies can post listings on the platform as well. P2P platforms are popular amongst many customer segments, though some cater specifically to a younger audience, offering a sense of community through a social media-like interface.

	Assortment	Profit Model	Channel(s)	Target Group	Value proposition	Sourcing	Actors
Thrift Shop	Wide, offering a range of different categories	Profit-driven	Mostly physical	Wide	Low price, uniqueness	Wholesale purchasing from recycling companies	Beyond Retro, smaller local independent actors
Charity Shops	Wide, offering a range of different categories	Non-profit	Mostly physical	Wide	Low price, uniqueness	Donations	Goodwill, The Red Cross, Myrorna, Emmaus, Stads-missionen,
Vintage	Limited, specializing in products dating back to specific eras	Profit-driven	Mostly physical	Narrow, appeals to people interested in the niched offering	Niche offering, personnel expertise, intimate shopping experience	Hand-picked through various channels	Smaller local independent actors
Resale	Wide to medium, mostly specializing in clothes and accessories	Profit-driven (through commissions)	Physical, digital or omnichannel	Wide, strongly dependent on the price and exclusivity of the offering.	Curated offering, often quality-controlled & authenticated Increased accessibility because of resale value	Consignment	Vestiaire Collective, The ReaReal, thredUP, Arkivet, ReRobe, Sellpy
Peer-to-peer	Unlimited, no constraints on physical space	Profit-driven (through commissions)	Digital	Wide	Uniqueness, community, wide offering	Direct selling	eBay, Depop, Blocket, Tradera, Tise, Plick

Table 1. *Typology of different types of retailers on the second-hand market and their attributes.*

4. Methodology

4.1 Information Search

In order to gain an overview of the current literature on second-hand clothing retailing, a number of relevant search terms were selected for the purpose of conducting a keyword search in the Scopus database. The key terms used covered second-hand (OR "second hand" OR "secondhand" together with both retail (OR "retailing"), online retail (OR "online retailing" OR "e-commerce"), and clothing (OR "fashion"). This search revealed that second-hand shopper motivations and preferences have been the primary area of interest within the field of second-hand clothing retailing. Furthermore, an extensive research gap was identified in terms of capturing a retailer perspective within the field of second-hand, as well as a lack of research regarding digitalization and sustainability-related implications for second-hand actors. This first step was crucial in identifying the purpose and scope of this report, and it facilitated the development and maturation of the research questions.

4.2 Qualitative Study

When approaching the general research questions on which this report is based, a qualitative research method was deemed most appropriate considering the exploratory nature of the study. The structure of the study was based on Bryman and Bell's (2011) "An outline of the main steps of qualitative research" (p. 390) – a six-step model on structuring qualitative research: (1) General research questions; (2) Selecting relevant site(s) and subjects; (3) Collection of relevant data; (4) Interpretation of data; (5) Conceptual and theoretical work; and (6) Writing up findings/conclusions.

4.2.1 General Research Questions

The process started out with defining several general research questions revolving around the area of interest: second-hand clothing retail. These questions were based on the authors' interests and thoughts about the topic. After examining previous research and having discussions with each other and the supervisor, it was decided to merge the research questions into a general purpose, capturing the exploratory nature of the study.

4.2.2 Selecting Relevant Site(s) and Subjects

In order to gain insight from a broad segment of the second-hand clothing industry, a total of 20 relevant subjects (second-hand actors) were identified and contacted. In the process of identifying actors that were of interest, the primary focus was on contacting a wide range of actors, varying in size, channel, and type of business model. Actors from all of the five segments as highlighted in the theoretical framework (thrift shop, charity shop, vintage, resale, and peer-to-peer) were contacted via e-mail, LinkedIn, or the authors' own networks. No geographical distinction was made when selecting interview subjects to contact. However, the study was later on limited to actors primarily operating in the Swedish market. Seven actors ultimately agreed to participate in the study and were later interviewed.

Table 2 shows an overview of each interview, and information about the interviewee. The company name has been omitted and replaced with its typology, for the sake of the interviewees' anonymity. As can be displayed, no actors belonging to the thrift shop or vintage typologies were interviewed. The sampling of interviewees naturally gravitated towards the three typologies P2P, resale, and charity shops as they are most prevalent in the Swedish market, based on the authors' experience and perception of the market.

#	Company typology	Interviewee position	Interview duration	Date	Interview type
1	P2P 1	Country Manager Sweden	40 minutes	28 February 2022	Teams video meeting
2	Resale 1	Retail Manager & Head of Sustainability	21 minutes	1 March 2022	Teams video meeting
3	Resale 2	Founder & CEO	22 minutes	11 March 2022	Teams video meeting
4	Charity 1	Business Developer	34 minutes	22 March 2022	Teams video meeting
5	P2P 2	Head of PR & Communication	36 minutes	5 April 2022	Teams video meeting
6	Charity 2	Communication Manager	24 minutes	13 April 2022	Teams video meeting
7	Resale 3	Co-founder & CFO	32 minutes	12 May 2022	Phone interview

Table 2. *Overview of the interviews held.*

4.2.3 Collection of Relevant Data

The main method of data collection was conducted through semi-structured interviews with the selected subjects, companies operating second-hand businesses. The semi-structured interview approach was deemed appropriate in order to make sure that all topics touched upon in the research questions would be covered, while still having the freedom to steer the interview in new and interesting directions.

The interview guide was constructed based on the key areas of the general purpose and was therefore divided into four main parts; (1) background information, capturing information about the interviewee, their background and current role at the focal company, (2) questions about the current market conditions for second-hand retail, (3) the impact of digitization on the second-hand market, and (4) the role of sustainability in their operations. All interviews were also concluded with a final free-form question on how they view the future of the second-hand industry. For the complete interview guide see appendix 1.

4.2.4 Interpretation of Data

After conducting the interviews, the recordings were transcribed. The interviews were then read through and analyzed following Gioia methodology (Corley & Gioia, 2004). First, several 1st order concepts were found and then grouped into 2nd order themes, the main themes presented in the results section. The seven main themes were then linked to aggregate dimensions, being the three key areas of interest: market conditions, digitalization and sustainability.

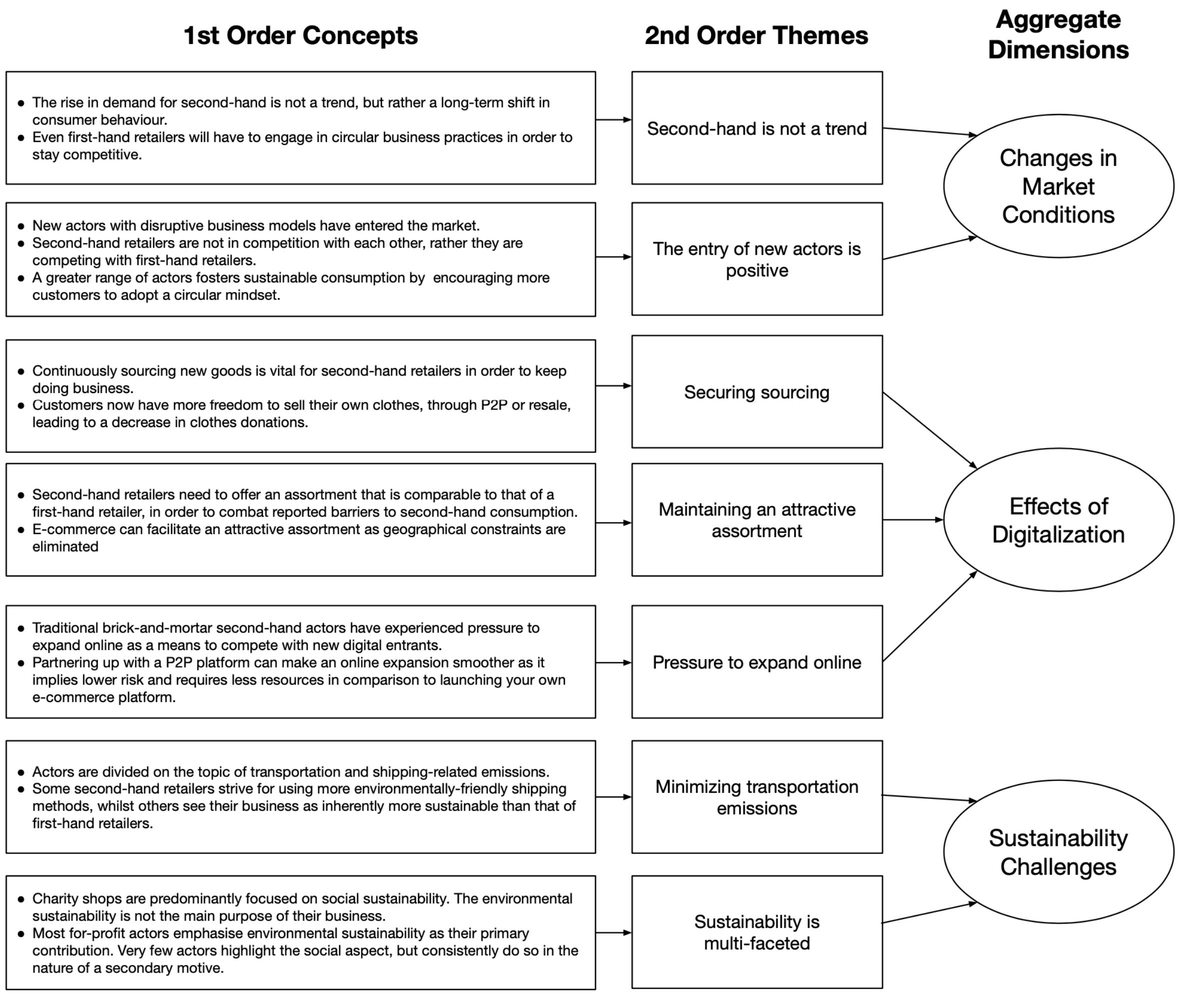

Figure 1. *Visualisation of the data structure process following Gioia methodology. (Corey and Gioia, 2004)*

4.2.5 Conceptual and Theoretical Work

The findings of this report have generated a deeper perspective on changing conditions for second-hand clothing retailers by examining the second-hand clothing market from a retailer perspective, in contrast to previous research mainly focusing on the consumer side. Furthermore, this report provides a more nuanced view of the challenges and opportunities faced by the market's actors through its qualitative approach, capturing the perspective of several different second-hand clothing retailer archetypes.

4.2.6 Writing Up Findings/Conclusions

Upon interpreting the data collected through the interviews, the main findings were examined in light of the previous literature. Several conclusions were drawn and their respective contributional value was discussed, as well as managerial implications, limitations and relevant areas for future research.

4.3 Reliability and Validity

The reliability and validity of this study has been analyzed according to the four criteria as put forth by Bryman and Bell (2011): internal reliability, external reliability, internal validity and external validity.

The internal reliability of the study can be deemed high considering two researchers participated in the collection and analysing of data. Thus, the data interpretation should be more nuanced and critical in nature and contribute to a high level of objectivity.

The external reliability is ambiguous. Interviewing other managers with companies falling into the same typologies as those interviewed here may result in similar research findings. On the contrary, the topics and themes covered in the interviews are somewhat subjective, implying that general perceptions might not be shared among all industry players.

The internal validity is high as the interviewees stated similar views about the same topics, resulting in the findings presented. The typology of second-hand retailers developed was also confirmed through the interviewees' statements on the market and its actors, increasing the internal validity.

The external validity of this study is relatively high, considering a certain level of theoretical saturation was reached after completing seven interviews. However, the external validity could have been further improved by conducting additional interviews as well as capturing responses from every typology of second-hand retailer. The limitation was that certain actors were not willing to participate out of time constraints or general objections.

5. Results

The findings from the interviews conducted are presented below according to seven main themes identified after coding and analysis of the transcripts. The themes were defined based on similarities and shared views between several of the interviewees, leading to more nuanced and generalizable findings.

5.1 Second-hand Is Not a Trend

As previously mentioned, second-hand clothing consumption has increased tremendously in recent years. The rise can possibly be attributed to the practice of shopping for second-hand clothes, or thrifting, becoming trendy. This trend was largely fueled by the phenomenon of "thrift hauls" on social media, where people show off items they have bought at the thrift store. However, when the interviewees were asked whether they view the rise in popularity for second-hand clothing as a trend the consensus among the interviewees was that second-hand is not a trend, rather it is here to stay.

Two interviewees unpromptedly brought up traditional first-hand retailers in their discussions on this topic and stated that they believe it will be vital for first-hand retailers to also adopt some kind of sustainable model in order for their business to stay competitive, be it an initiative in resale, repair, or renting.

> *"I definitely think it's here to stay. Of course, it's like a trend, but it's not a trend that that will go away because we can see both the second hand shops it's happening a lot, but also regular shops are trying to make a shift because it looks like they won't survive if they don't have like a small department where they have second hand or they rent or they like H&M are creating these areas where they can fix and sew and you can give your old clothes there, so I definitely think it will go on."* (Communication Manager at Charity 2, interviewed 13 April 2022)

> *"Well, I don't see it as a trend, I see it as a necessary shift. Because the fast fashion industry can't go on like it has been going on, for sustainability reasons. And it's a very wreckless way to consume from a consumer perspective, very wasteful. And I think we just need to extend the lifetime of products in general, reuse them more and resell them more. Cause most items are just sitting in their closets, we only use a fraction of our closets. So I would say that the transition for circularity within retail, that's gonna happen like fast and there's a lot of money on the table for the brands to pick up with the resale value, so it's gonna be. I don't think it as a trend, that second hand is gonna be a parallel process to like traditional retail, I think we're gonna see like a merge between the two. Because the retail brands are gonna have to launch their own resale facilitate programs like within resale or add a circular part of their business model otherwise I think they will have a hard time keeping up, they will lose a lot of money. They will be stuck in the old model, while the rest of new brands and resale is moving into a new model."* (Founder & CEO at Resale 2, interviewed 11 March 2022)

5.2 The Entry of New Actors Is Positive

A majority of the managers interviewed agreed that the introduction of new second-hand actors is positive and beneficial to the second-hand clothing market. They argued that a greater range of actors contributes to fostering sustainable consumption, and that it also creates opportunities for collaborations between actors contributing to development and improvement of their respective businesses. In terms of perceived competition, it is rather a matter of the second-hand players competing with traditional first-hand retailers and trying to capture their customers and inspire them to adopt a more circular mindset.

> *"We see that for us it's just so good that more business come to the market cause that is like a signal to the community that this is something that we should do more and more should take this initiative to open second-hand businesses either if it's clothing or furniture or I don't know."* (Retail Manager & Head of Sustainability at Resale 1, interviewed 1 March 2022)

> *"And when it comes to other competitors you can find more of like interior, or more electrical devices or cars if you want. So we can create a whole ecosystem of second-hand."* (Country Manager Sweden at P2P 1, interviewed 28 February 2022)

> *"For us, actually we very much welcome competition, which I think it's a good thing. [...] our primary competitor is actually the traditional retail."* (Head of PR & Communication at P2P 2, interviewed 5 April 2022)

5.3 Securing Sourcing

The sourcing of goods is an essential part of every second-hand retailer's operations, and as highlighted in the typology, it differs substantially between actors. Depending on the model chosen, actors face different challenges related to sourcing, one of them being an imbalance between supply and demand. The Country Manager for Sweden at P2P 1 stated that there is somewhat of a shortage on the market because the interest for buying second-hand exceeds the interest for selling, which inhibits them from meeting customer expectations through having a sufficient inventory. On the contrary, P2P 2 (that has a very wide assortment covering multiple product categories) currently struggles with having excess supply in their clothing category, which the interviewee presumed was related to the fierce competition for clothing in particular on the second-hand market. For other product categories they, however, experience a supply shortage similar to that of P2P 1.

Another sourcing challenge uncovered relates primarily to charity shops who rely on donations as a means of sourcing. The increased presence of resale and P2P has made it easier for individuals to sell their own items themselves, and make a profit by doing so. This has to some extent decreased the willingness to donate clothes as evidenced by charity shops stating a decrease in the amount of donations received. As a result, charity shops may struggle with offering a wide range of items.

> *"Before Tradera and Blocket people donated every- like all they had and it was very expensive things. But now it's so easy for persons to just, they sell what they can sell and then they just donate what they can't sell. And then maybe we can sell it either. So it definitely makes it harder."* (Communication Manager at Charity 2, interviewed 13 April 2022)

5.4 Maintaining an Attractive Assortment

Another theme that was heavily discussed was assortment, and, in particular, the importance of having a satisfactory assortment from a customer point of view. For instance, one interviewee explicitly stated that it is essential to have an assortment that is comparable with that of traditional first-hand clothing retailers. As confirmed by both numerous interviewees and previous literature on second-hand retailing, assortment is currently a barrier to second-hand consumption. Therefore improving the assortment can encourage the shift to buying second-hand and minimize the gap between newly produced and second-hand goods.

> *"You want to find the item you are looking for and you want to express your style. And that is something that you actually can do second-hand. But the challenge is to make people to realize that what you are looking for, you don't have to buy it like straight from the factory. You could find it online in a second-hand platform as well."* (Country Manager Sweden at P2P 1, interviewed 28 February 2022)

Online second-hand retail eliminates geographical constraints and facilitates finding the right buyer, which is particularly relevant for more niche product offerings. This benefit is also relevant from a profit-perspective, as it increases the possibility of finding the right customer for the product, with a higher willingness to pay. According to one interviewee, this became particularly relevant during the COVID-19 pandemic when traditional offline retailers struggled with no or low foot traffic.

> *"We've helped physical, traditional secondhand shops to find customers. And they're not going to stop, they're gonna continue the cooperation even after the pandemic. Because, you know, sometimes they have really unique things that they're selling and maybe they don't*

have that many customers for, you know, a very unique microphone from 1925 in Borås. But if they put it up on P2P 2, they will for sure find a microphone-lover somewhere in Sweden who wants to buy it at a better price, a higher price." (Head of PR & Communication at P2P 2, interviewed 5 April 2022)

5.5 Pressure to Expand Online

The more traditional players on the second-hand market have been forced to either move online or use digital tools in order to stay competitive in response to new actors disrupting the market. For example, the two charity shops interviewed both partnered up with a P2P platform (P2P 2) in order to be present online. Today, Charity 1 has moved on to launch their own e-commerce platform whilst Charity 2 remains active in the online channel solely through the P2P platform.

> *"It's lot of other second hand shops start selling clothes online. We do it on P2P 2, we have our own shop on P2P 2, but we don't have our own online shop, except for that."* (Communication Manager at Charity 2, interviewed 13 April 2022)

In response to the question if they felt pressure to move online, the business developer at Charity 1 stated that there definitely was a pressure, although it took some convincing to get the board on board with the idea. They therefore started out with the partnership with P2P 2 and noticed great results – she mentioned that they had doubled their sales year after year. The success of the partnership with P2P 2 led to them gaining the confidence to launch their own online store.

Another actor also stated that they felt pressure to be more digital. Because of this they are currently developing a digital platform of their own in order to reach more customers and not only be tied to their geographical location.

> *"Yeah, we are at the moment building up our digital platform. So we are looking at sell our clothes like e-commerce, like building a website. So we have hired a person who's just doing this at the moment. So we think that we have to keep that platform we have in our physical stores, but also transform in the digital store area. Because we want to reach all our customers, whether you live in Stockholm or I don't know Umeå. [...] So I think it's both that, that we feel of course the pressure that we have to be more digital and also because take that space in the area and to form the website as we want it to be, to be the first choice for the customer to choose Resale 1."* (Retail Manager & Head of Sustainability at Resale 1, interviewed 1 March 2022)

However, some also stated that the physical store will continue to be important going forward, as they can offer additional services in store that can not be performed online. The Retail Manager & Head of Sustainability at Resale 1 even remarked that the physical stores make out a competitive advantage for the business.

> *"Yes, we will keep the physical stores. That's like our main, how do you say, that's what we're the best in, the physical stores. So we will maybe just try to copy the website so it feels like the physical stores, but it's on the website. So we are very much focusing on the physical stores, because you get so much from our physical stores as a customer, you can leave your clothes for commission, for selling, you get styling tips, you get inspiration, you get advice from our sellers. And it's like a vibe when you come into *Resale 1*, we have the music, we have the energy, so we will definitely keep the physical stores, yes."* (Retail Manager & Head of Sustainability at Resale 1, interviewed 1 March 2022)

5.6 Minimizing Transportation Emissions

Perceptions of the negative implications related to shipping and returns differed between the interviewees. Some (Resale 2, P2P 2) argued that, due the second-hand garments being inherently eco-friendly as opposed to first-hand garments, the environmental impact of transportations was not of great concern and they still perceived their respective businesses as very environmentally sustainable.

> *"Our mission is to get more consumers to shop second-hand. So we have never seen it as a negative effect on the planet if that product is being shipped because we think it's almost like a pretty elitist way of thinking if we would only target people in Stockholm, and say like "We don't ship to Norrland because it's too much of an emission." Because then we are removing the opportunity for them to buy second-hand clothing. It's almost plus minus zero in that sense. Yes, it is shipping but it's second-hand. At least it's better than buying shipping and buying ten pairs of t-shirts from Asos or something. Because then it would be double the negative."* (Founder & CEO of Resale 2, interviewed 11 March 2022)

Other interviewees expressed greater concern related to the environmental implications of shipping and discussed ways in which customers could be encouraged to purchase second-hand online so as to lower the number of shipments per item.

> *"Concretely, the webshop; the negative thing there is like the transportations. Like buying the product, moving that is one part, like to you. But if you don't want to have it, you need to send it back. So I think that's a bit problematic. And of course, you can buy like transportation that is environmental. The best would be you can just have it sent to you by bicycle. But it's not like that with cars transporting. So that's definitely a challenge. Like how can we make that part sustainable? And maybe like encouraging people that bought a*

> *product. Like OK, it's not perfect. Do you really need to send it back or can you give it to another non-profit or back to us? But it's also like we have consumer laws in this country and then people have the right to send it back, so it's sensitive of course."* (Business Developer at Charity 1, interviewed 22 March 2022)

Furthermore, smaller e-commerce actors experience a sense of discrimination from established more environmentally friendly shipping providers, due to volume requirements, which inhibits them from investing in greener transportation solutions and thus become more sustainable throughout their supply chain.

> *"[...] the best thing you can do from an emissions perspective is to have the consumer walk to a locker, like Instabox. So you would walk to the same centralised hub., So you won't have these home deliveries driving endless routes in cities. Or walking to Postnord ICA that's the best thing. The consumer walking the last mile to different places, and then you have the suppliers filling those lockers. [...] but the bad thing about that is those companies, Instabox etc, they don't allow us, we are too small for them as a company. You need to have very high volumes to be connected to their platform. So we have been trying to push them for two years to welcome and onboard small companies but you have to have very high volumes to be a supplier.*" (Founder & CEO of Resale 2, interviewed 11 March 2022)

5.7 Sustainability Is Multifaceted

Overall, the concept of sustainability is defined rather narrowly by the interviewees. Everyone mentions environmental sustainability, but very few bring up other aspects of sustainability (social or economical). Naturally, social sustainability is central (and perhaps even more important than environmental sustainability) to the charity shops interviewed, which was confirmed in our interviews. However, it was also touched upon by one resale actor and one P2P actor. The CFO of Resale 3 brought up social sustainability in the sense of their lower price point (compared to first-hand actors) is "democratizing" fashion for their consumers, as people who normally can't afford to buy certain items are facilitated to do so thanks to the decreased monetary value of second-hand goods (CFO of Resale 3, interviewed 12 May 2022).

In addition, P2P 2 hosts various charity auctions on their website contributing to increased social sustainability. In that sense, social sustainability may not be an obvious effect of their 'standard' peer-to-peer sales transactions taking place on a daily basis, but they still facilitate social sustainability by helping various non-profit organizations reach a broader audience through their large and well-established platform.

"*We're also offering… quite often we do charity auctions ("välgörenhetsauktioner"). [...] For example, when the pandemic hit, Tradera started their own campaign that we called "Together", where we collected money for those who were in most need during the pandemic, via Radiohjälpen. And now we've just concluded a charity auction for Rädda Barnen and the Ukraine. So we actually collected over 700,000 kronor to Rädda Barnen, so that will go to children and families that are in the Ukraine*". (Head of PR & Communication at P2P 2, interviewed 5 April 2022)

The following table presents a summary of the findings of the qualitative study divided by the main themes identified.

Main themes	**Illustrative quote(s)**
Second-hand Is Not a Trend	*"Well, I don't see it as a trend, I see it as a necessary shift. Because the fast fashion industry can't go on like it has been going on, for sustainability reasons. And it's a very wreckless way to consume from a consumer perspective, very wasteful. And I think we just need to extend the lifetime of products in general, reuse them more and resell them more. [...] I don't think it as a trend, that second hand is gonna be a parallel process to like traditional retail, I think we're gonna see like a merge between the two. " (Founder & CEO at Resale 2, interviewed 11 March 2022)*
The Entry of New Actors Is Positive	*"For us, actually we very much welcome competition, which I think it's a good thing. [...] our primary competitor is actually the traditional retail." (Head of PR & Communication at P2P 2, interviewed 5 April 2022)*
Securing Sourcing	*"In Sweden we have, I wouldn't call it 'a problem', right now a lot of buyers. I can only talk for P2P 1, of course. But people are, in general, more interested in buying second-hand than selling." (Country Manager Sweden at P2P 1, interviewed 28 February 2022)*
Maintaining an Attractive Assortment	*"You want to find the item you are looking for and you want to express your style. And that is something that you actually can do second-hand. But the challenge is to make people to realize that what you are looking for, you don't have to buy it like straight from the factory. You could find it online in a second-hand platform as well." (Country Manager Sweden at P2P 1, interviewed 28 February 2022)*
Pressure to Move Online	*"[...] So I think it's both that, that we feel of course the pressure that we have to be more digital and also because take that space in the area and to form the website as we want it to be, to be the first choice for the customer to choose Resale 1." (Retail Manager & Head of Sustainability at Resale 1, interviewed 1 March 2022)*
Minimizing Transportation Emissions	*"It's almost plus minus zero in that sense. Yes, it is shipping but it's second-hand. At least it's better than buying shipping and buying ten pairs of t-shirts from Asos or something. Because then it would be double the negative." (Founder & CEO of Resale 2, interviewed 11 March 2022)* *"Concretely, the webshop; the negative thing there is like the transportations. Like buying the product, moving that is one part, like to you. But if you don't want to have it, you need to send it back. So I think that's a bit problematic." (Business Developer at Charity 1, interviewed 22 March 2022)*
Sustainability is Multifaceted	"*We're also offering… quite often we do charity auctions ("välgörenhetsauktioner"). [...] For example, when the pandemic hit, Tradera started their own campaign that we called "Together", where we collected money for those who were in most need during the pandemic, via Radiohjälpen. And now we've just concluded a charity auction for Rädda Barnen and the Ukraine. So we actually collected over 700,000 kronor to Rädda Barnen, so that will go to children and families that are in the Ukraine*". (Head of PR & Communication at P2P 2, interviewed 5 April 2022)

Table 3. *Summary of main themes with illustrative quotes.*

6. Discussion

The following section aims to discuss the results in the context of this thesis' three key areas of interest; market conditions, digitalization and sustainability. From this analysis, three main takeaways emerged that will be of importance to second-hand retailers going forward. These three takeaways are not linked to a single area but touch upon several or all, since market conditions, digitalization and sustainability are all highly interlinked concepts.

6.1 Resale Is A Winning Concept

As previously mentioned, resale is very much driving the growth of the market and is expected to grow 11 times faster than traditional retail by 2025 (thredUP, 2021). Three of the seven actors interviewed are resale businesses and are fairly new on the market, the oldest of the three being founded in 2014. This recent emergence and growth of resale businesses has disrupted the second-hand market, which was largely dominated by charity shops. The reason behind the success is twofold. Firstly, the curated nature of resale adds a lot of value for the customer, as it minimizes the search costs often associated with the activity of "thrifting". Secondly, resale minimizes the negative perceptions of second-hand that consumers may have; for example, that second-hand clothing is not good quality, clean or it communicates low social status. Since the concept of resale entails quality control and authentication, consumers gain more positive perceptions of second-hand. Thus, the concept of resale has the ability to tear down multiple second-hand consumption barriers, such as the three categories of obstacles highlighted by Hur's (2020) non-SHC consumers (product-related, logistical, and store/retailer-related attributes).

The resale businesses interviewed stated that they believe the concept of resale has been a contributing factor in their success. Because of the evolution of the second-hand market to become increasingly digital, many of the traditional actors are starting to expand online. Therefore, our recommendation is that they adopt a resale approach, as it has been proven to be successful. However, these more traditional retailers should continue to operate their physical stores as well, as the different channels cater to different customer needs. Customers shopping in stores tend to be more hedonic, and enjoy the recreational aspect of thrifting. In contrast, online shoppers tend to be more utilitarian, therefore the curated nature of resale aids them in their shopping journeys.

6.2 Incentivize Customers to Hand in Their Clothes

As presented in the results it can be challenging for second-hand actors to continuously source new items. The sourcing models of second-hand retailers are largely dependent on a customer, be it through donations, drop-offs or direct selling. Without the customers providing their used clothes, second-hand businesses will struggle to go on conducting their business. Therefore, it is vital that second-hand retailers work to encourage customers to hand in their clothes. One of the resale actors interviewed offers customers the option to receive the profit in the form of store credits worth 5% more than the profit. Other actors simply offer the profit to shop for in store, without any increased incentive. Our suggestion is that more resale actors should implement the system of offering customers x% more of the profits should they choose store credit over direct deposit in order to incentivize people to hand in their clothes. This encourages the development of more long-term customer relationships, by keeping them in a loop. Furthermore, it will help foster circular consumption behaviours as customers will be encouraged to choose second-hand rather than first-hand.

For charity shops, using vouchers or discounts would not be appropriate, as it deviates from their non-profit business models. Therefore, we suggest that charity shops incentivize donations from customers by more clearly communicating their social contribution. This could for instance be done through a campaign showing where, after someone shops at the store, the profits end up and how they do good. This can help encourage customers to drop off clothes they have no use for to a charity instead of going through the hassle of trying to sell them themselves.

6.3 Partnerships Are The Way To Go

Partnerships will be crucial for second-hand businesses to develop and meet the new conditions fueled by the increased digitalization. Take the example of charity shops 1 and 2, and how they partnered up with P2P 2, joining their platform in order to sell online. These partnerships proved to be very successful, enabling Charity shop 1 to open their own online store. Charity shop 2 stated during the interview that the partnership was a good solution for them, considering that they do not have sufficient resources to develop and run their own digital platform. Thus, partnerships should be seen as a great option for second-hand retailers, mainly but not limited to charity shops, who have limited resources but still want to stay relevant in the digital landscape.

Partnerships will also be highly relevant for first-hand retailers wishing to add a resale part to their business. As stated in the results, second-hand is not a trend, and many actors believe that traditional first-hand retailers will have to respond in some way by engaging in circular business practices as well. For these first-hand businesses, teaming up with a partner to offer some sort of resale operation can be a simple yet effective way of staying relevant. This can be seen as a first step, as taking the learnings from these partnerships can facilitate the development of their own proper circular business.

6.4 Limitations and Future Research

Firstly, with the aim of this thesis being to investigate the second-hand clothing industry from a retailer perspective, the data collection has naturally not focused on the consumer side of things. In addition, an extensive body of existing literature has indeed researched consumer motivations and perceptions heavily. Nevertheless, we expect the recent and rapid digitalization of the second-hand industry to have altered these consumer attitudes, and thus highlight the need for future researchers to investigate this area further.

Secondly, our study was set in a Swedish context, with the actors interviewed primarily present on the Swedish market. Consequently, there is a lack of consensus with regards to whether the findings presented can be generalised across geographical markets considering that both actors' business models and consumers' attitudes and habits may differ.

Lastly, data was not successfully collected for all second-hand typologies that were identified with the thrift shop and vintage retailer perspectives lacking. Despite the general finding that second-hand actors appear to experience similar challenges and opportunities regardless of respective business model, size, etc., it can not be assumed that our findings are generalizable for every typology of second-hand clothing retailer.

7. Conclusion

On a concluding note, this study has confirmed that the second-hand clothing market has been subject to drastic change in the past few years. The market conditions have changed significantly, in part due to the entry of new players with unconventional business models, in part as a consequence of the growth of e-commerce and digitalization that has pressured traditional offline players to expand online. Our data collection and analysis indicate several challenges and opportunities faced by retailers. In particular, securing continuous sourcing of goods is growing ever more challenging as consumers have more opportunities than before to sell their own clothes themselves, either directly or through a reseller. Moreover, it is also a challenge for second-hand clothing retailers to maintain their sustainable image as they expand online, scaling their business and thereby drastically increasing transportation emissions.

The most valuable opportunity for second-hand clothing retailers identified is the adoption of a resale format, and especially resale in an online context, which can be deemed particularly fruitful due to its ability to overcome reported consumer barriers through offering a curated and quality-controlled assortment that is easy to navigate. Furthermore, the actors interviewed all agreed that the increased demand for second-hand is not a short-term trend but rather a long-term shift in consumer behaviour. This view is also further confirmed by the second-hand market's growth in recent years, as well as its continued projected growth. As discussed, it will also be crucial for traditional first-hand retailers to engage in circular business practices in order to stay relevant.

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9. Appendix

9.1. Interview Guide

Theme	Questions
Background Information	• Tell us about yourself and your role at company X ◦ How long have you worked there? ◦ Name, age, gender • How would you describe the company's business? ◦ Is your company profit-driven? Commission-based? Non-profit? ◦ How are the goods sourced? ◦ Do you see any advantages/disadvantages with your chosen business model in comparison with other business models?
Market conditions	• How would you describe the market for second-hand clothing retailing? • Do you see any changes in market conditions? If yes, in what ways? • Have you noticed a change in demand/interest for second-hand clothing? ◦ If yes, do you see this increase as a trend or a more long-lasting shift in customer demand? ◦ How has this shift affected your business? What changes have you made in response to this shift? ◦ What do you think is the reason(s) behind this shift? • How has the introduction of new actors in the market affected your business? What effects have you seen? • Are there any other factors you see that are affecting your business?
Digitalization	• Do you work with any digital tools? (In which part of the chain) • Do you work with digital channels? • Do you feel pressure to move online?
Sustainability	• How do you define sustainability (economic/social/environmental)? Is it important for your business? • What are the main sustainability-related implications of your business operations? (transportation, shipping, returns) • Do you work to encourage your consumers to be more sustainable? (shipping, returns, monetary/nonmonetary incentives etc.) If yes, in what ways? • Do you actively market yourselves as sustainable toward your customers? • What challenges have you encountered in terms of being sustainable? • In what ways are you working with sustainability? Any initiatives and so on, be concrete.
Final question	• How do you see the future of the industry?