Collaborative consumption: business model opportunities and barriers for fashion libraries

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Abstract

Purpose – The purpose of this paper is to explore barriers and opportunities for business models based on the ideas of collaborative consumption within the fashion industry.

Design/methodology/approach – The analysis is based on a multiple-case study of Scandinavian fashion libraries – a new, clothes-sharing concept that has emerged as a fashion niche within the last decade.

Findings – It is concluded that fashion libraries offers interesting perspectives, e.g. by allowing people to experiment with styles without having to pay the full cost and becoming a meeting place for young designers and end consumers. However, at present fashion libraries remain a small-scale phenomenon with difficulties reaching the mainstream market, not least due to limited financial and human resources as well as conventional fashion consumption patterns.

Research limitations/implications – The study is limited to the new phenomenon of fashion libraries and does not cover other types of collaborative consumption within the fashion industry (Swap-parties, etc.).

Originality/value – The paper is one of the first attempts to examine new business models of collaborative consumption in general and the fashion library concept in particular. The study contributes to the discussions of whether and how fashion sharing and collaboration holds promise as a viable business model and as a means to promote sustainability.

Keywords Business models, Collaborative consumption, Sustainability, Fashion library, Fashion sharing, Promote sustainability

Introduction

The idea of collaborative consumption has gained widespread popularity since the Rachel Botsman and Roo Rogers popularized the term in the book What’s Mine is Yours (2010). Collaborative consumption is ultimately about people sharing and collaborating to meet certain needs, whether it concerns transportation, accommodation, land, etc. Prominent examples include AirBnB (space sharing) and ZipCar (car sharing) though the term collaborative consumption covers practically all types of products and services where people share excess resources. In 2010, Time listed collaborative consumption as one of “10 Ideas That Will Change the World” (Walsh, 2011). Collaborative consumption has also been labeled “access-based consumption” (Bardhi and Eckhardt, 2012) and

The authors would like to acknowledge the support of the MISTRA Future Fashion research program for funding this study.
“participative consumption” (WEF, 2013). Moreover, subparts of the collaborative consumption phenomenon have been addressed in other streams of literature, e.g. research on product-service systems (Tukker, 2004; Tukker and Tischner, 2006).

The idea of collaborative consumption has yet to take hold in the mainstream fashion industry. However, this may be about to change as we are currently seeing a mushrooming of initiatives based around ideas of sharing and community. Examples include online services like ThredUp, which resells children’s wear, Swapstyle, which enables people to swap fashion worldwide, and local Swishing parties where people share clothes from their own wardrobes. There are good reasons to pay attention to these initiatives and explore ways to scale-up these burgeoning business models. First, collaborative consumption is expected to have significant business potential for the fashion industry. The US market value for used children’s clothes alone is said to be between USD 1-3 billion (Botsman and Rogers, 2010). What is more, collaborative consumption may be a means to reduce over-consumption – one of the root challenges facing sustainability efforts in the fashion industry (Armstrong and Lang, 2013; Kozlowski et al., 2012). Today, around 30 percent of the clothes UK households have in their wardrobe have not been worn for a year or longer, representing an estimated value of £30 billion (WRAP, 2012). Promoting redistribution of unused garments will therefore benefit buyers and sellers as well as the environment.

The purpose of this paper is to explore barriers and opportunities for developing a business based on the ideas of collaborative consumption in the fashion industry. So far, alternative business models or marketplaces have received limited scholarly attention. Some research has been done on swap meets, flea markets, or car boot sales, by scholars from consumer culture, human geography, sociology, and anthropology. Focus of the majority of this body of work has been on investigating the trading and circulating of items between strangers, family, or friends, appearance management, identity construction and negotiations (e.g. Freitas et al., 1997; Srigley, 2007; Guy and Banim, 2000) as well as topics of social class (e.g. Nenga, 2003), age, or gender (e.g. Corrigan, 1989).

To limit the scope of the paper, focus is on the relatively new fashion library concept, which is a subscription-based service that allows people to share wardrobes. Contrary to the traditional second-hand industry, fashion libraries constitute a membership-based service with no direct monetary exchange for fashion items. The paper adopts a business model perspective which serves as a useful tool to analyze the challenges and opportunities of the fashion library phenomenon. As we will demonstrate in the next sections, a number of internal and external factors imply that these new, fashion business models based on collaborative consumption often have difficulties in moving from the margins to the mainstream of the fashion industry. Adopting a business model perspective provides a powerful set of lenses for the challenges and opportunities of this new phenomenon. To the authors’ knowledge, this paper is the first attempt to examine the fashion library concept from a business model perspective.

The remainder of the paper is structured as follows. The paper begins with a short presentation of the business model concept that has served as the conceptual framework for analyzing the data. By going through each business model component, it will be possible to describe in detail the business architecture of clothes libraries. The presentation of the business model literature is followed by a description of methodology, which provides details about data selection, collection, and analysis. The subsequent analysis describes similarities and differences in the structure of fashion libraries and highlights barriers and opportunities for making this new concept a sustainable business model. The analysis is structured around along the lines of the business model elements outlined
in the literature review. Based on the findings from the analysis, the conclusion and discussion section reflects on potential avenues for scaling up and mainstreaming the clothes library business model.

A business model perspective on collaborative consumption
It is becoming increasingly popular to talk about business models. From 1995, more than 1,000 articles in peer-reviewed academic journals have dealt with the topic (Zott et al., 2011). In the beginning, the business model concept was especially used in relation to e-business but has since spread to other fields and is now a popular metaphor for portraying different business architectures (Wüstenhagen and Boehnke, 2008). To give a concrete example, Gillette has become the epitome of the “blades-and-razor” business model where a company sells a basic product cheaply but makes money on people using it (Johnson et al., 2008; Teece, 2010). Other business models include “Freemium” (free standard product and premium for advanced offerings), and the “Long Tail” (selling large quantities of multiple niche products) (Osterwalder and Pigneur, 2010).

Although the business model concept is widely used, it remains ill-defined (George and Bock, 2011). The term “business model” is a multi-dimensional construct that has been used by researchers from different disciplines and with different interests (Zott et al., 2011). As there have been several attempts to break down the business model concept into different, interrelated sub-components, numerous definitions of this term now exist (see e.g. Zott et al., 2011; Morris et al., 2005; Johnson and Suskewicz, 2009). Despite its definitional shortcomings, there is a consensus among business-model literature that the concept indicates how a company, alone and as partner, creates value from its activities (Zott et al., 2011; Chesbrough, 2007; Teece, 2010). In the words of Zott and Amit (2007, p. 181): “A business model elucidates how an organization is linked to external stakeholders, and how it engages in economic exchanges with them to create value for all exchange partners.”

Recognizing the centrality of value creation in most business model thinking, we will define the concept in line with Osterwalder and Pigneur (2010, p. 14), who characterize business models broadly as: “[...] the rationale of how an organization creates, delivers, and captures value.” Moreover, Osterwalder and Pigneur’s (2010) popular business model canvas will serve as an analytical framework to examine the clothes library concept (see Figure 1). In short, the business model canvas is made up of nine different elements central to the understanding of how a company creates, delivers, and captures value. Below, we have tried to show how each component of the business model canvas is relevant for fashion companies addressing sustainability:

- Customer segments. This business model component concerns the characteristics of the clients served by the company (Osterwalder and Pigneur, 2010). For instance, a number of fashion companies now build their brand on sustainability initiatives to target the “green” and “ethical” consumer. As an example, the UK fashion company, People Tree, brands itself explicitly as a pioneer in sustainable/fair trade fashion. However, realizing the niche role of sustainable fashion, some mainstream brands are instead trying to reach the green segment by building sustainability into more conventional “fast fashion” business model.

- Value proposition. The term “value proposition” indicates how a customer benefits from choosing a company’s products and services (Osterwalder and Pigneur, 2010). For instance, slow fashion companies address the needs of
consumers looking for alternatives to mass-produced standard goods that are manufactured in anonymous, global supply chains with little or no consideration of their social and environmental impacts (Fletcher, 2008).

- Channels. Companies reach customers with their products and services through different channels (brick and mortar stores, franchise stores, online stores, etc.) (Osterwalder and Pigneur, 2010). The online market for second-hand clothes is a notable example of a channel that extends product lifetime while also potentially lowering over-consumption. The US outdoor company, Patagonia, for instance, has partnered with e-Bay to promote product reuse as part of their efforts to lower the environmental footprint of its business activities.

- Customer relationships. Companies establish and develop relationships with customers in many different ways, e.g. depending on whether their business model is based on self-service or personal assistance (Osterwalder and Pigneur, 2010). For example, offering repair and recycling services can be a means to establish links with customers, generate new revenue streams, and address sustainability all at the same time (WRAP, 2012). One example of this would be the Norwegian outdoor company, Norrøna, which has established a repair service center at their flagship store in Oslo.

- Revenue streams. Some companies generate revenue by selling products to customers, while others base their business on service arrangements, leasing options, subscription payments, advertising etc. (Osterwalder and Pigneur, 2010). To give an example, Electrolux has tested a pay-per-wash system as an alternative to the conventional asset sale of washing machines – a system which may also hold sustainability potentials by incentivizing responsible washing behavior (Black, 2012).

- Key resources. Companies hold different combinations of tangible and intangible resources (buildings, knowhow, brands, etc.), which help them create value for customers and strengthen their competitive position (Osterwalder and Pigneur, 2010). For instance, the Icelandic company, Atlantic Leather has specialized in transforming waste materials from the fishing industry into fashion products.

- Key activities. Companies need to undertake a number of key activities in order to serve customers before, during, and after sales (Osterwalder and Pigneur, 2010). From a sustainability perspective, instilling a sense of sustainability among designers is considered key because the environmental impact of a product is determined at least partly by its design (Kozlowski et al., 2012). Likewise, frontline sales and marketing staff need the right training and education to guide customers toward sustainable alternatives.

- Key partnerships. Companies do not operate in isolation but are dependent on the contributions of various business partners (suppliers, logistics providers, etc.) (Osterwalder and Pigneur, 2010). From a sustainability perspective, a number of fashion take-back partnerships have recently emerged. Patagonia has partnered with e-Bay and Marks & Spencer has joined forces with Oxfam. A number of companies have also begun providing a variety of products and services to support fashion companies’ sustainability efforts.

- Cost structure. While companies must pay attention to the costs associated with running a business model, sustainability makes increasingly good business
sense from a cost perspective. Real prices of raw materials have increased with 147 percent since year 2000 and can be expected to rise even further in the future (ENV, 2013). As an example of cost-saving sustainability initiatives, Puma’s Clever Little Bag is a good example of how some companies are developing smarter packaging solutions that reduce costs and environmental effects.

Methodology

Limited research on collaborative consumption in the fashion context currently exists, thus the nature of this research was exploratory. This study adopted an interpretive methodological approach to get a deeper understanding of the fashion library concept from the perspective of founders/co-founders and representatives from four Nordic fashion library initiatives (Lincoln and Guba, 1985). The approach provides a good overview of the business model design of the fashion libraries which are all small-scale initiatives dominated by a single or a few key actors. We conducted four one-to-one and a half-hour long semi-structured, in-depth interviews with representatives from fashion libraries in Denmark, Finland, and Sweden. The interviews were semi-structured to allow for emergent themes and participant guided findings. Table I provides a short description of the fashion libraries.

The semi-structured interviews began with grand tour questions about the background of the organizations, participants’ backgrounds, key events, learnings, obstacles, and challenges and then became more specific, following the lines of Osterwalder and Pigneur’s (2010) business model canvas, outlined in the foregoing section. The interviewees were asked to describe how they approached each component of the business model and reflect on potential improvements and alternatives that could help expand the fashion library concept. The qualitative interview method is seen as a preferential alternative since the study is explorative in nature and addresses a relatively new field that has, so far, received limited scholarly attention. In addition to interviews, secondary information was obtained from the clothes libraries and other external sources. Secondary sources used were newspaper articles and the organizations own media platforms, ranging from their web sites and blogs to Facebook profiles. Information gathered by means of secondary sources served three purposes. First of all, they served as an entry point to this new phenomenon. Having gained a first understanding of the fashion library concept, these data sources helped identify relevant themes and aided the development of appropriate questions. Last but not least, secondary data enabled the contextualization of the interviews and supported the analysis, i.e. complementing missing information and identifying contradictions between public accessible material and interview statements.

The data collection took place in 2013 and was supported by MISTRA Future Fashion and the Danish Council for Independent Research.

Analysis of findings

The customer segment of the clothes libraries is mainly females between 25 and 35 years old and most of the members live relatively close by, i.e. within ten minutes’ travel. Members living further away are restricted by travel times and the limited opening hours of clothes libraries. In all cases, men only make up a small segment of clothing library users. According to Lånegarderoben, possible explanations for this might be male challenges with fitting of clothes as well as a tendency to slower identify them with the concept: “I think the males are slower in hooking on and getting involved
in this idea. They say, that they like it, but they are not 100% sort of sure, that this is something for them.” The motives for becoming a member of the fashion libraries are varied. While for some, frequent use of the library appears to be driven by access to a variety of clothes at a relatively low cost, for others, in cases where library prices are comparatively higher, frequent use pertains to making the most of one’s membership. Others appear to be especially driven by unifying their interest in fashion while simultaneously making a change, reducing consumption, and ultimately making a sustainable contribution. According to Helsinki fashion library: “I think it is more about the style-thing, but also the sustainability is great. I think all members want to act sustainable and shop at the same time.” Last, some members also seem to buy into the concept of sharing and collaboration. According to Klädoteket:

I think it depends on the customers. Some of them, I think, like the concept of being part of something. They don’t have to put anything into it and [...] it is not like we demand something from them. They do not have to come in and be social, they can just come in and borrow things, but I think some of them really like the concept of sharing something with others [...] .

One of the key value propositions put forth by the libraries is that they give members the freedom to play with different styles and be creative without having to pay full
price. The libraries provide a creative playground without the costs, risks, and burden of ownership. As the Helsinki Fashion Library suggests, having access to a shared wardrobe allows members to experiment with their style, so they do not end up with the conventional black dress but rather move toward something more colorful:

This is really one of the best things about borrowing clothes, that if you have like a party coming and you want to buy a new dress, it is very often that you end up buying a black basic dress, but here you can borrow something totally different and also more experimental. We have these head pieces and hats, and also there are people who come and say, I mostly wear black and grey and after a while they start borrowing only very bright colours, and they are so happy about it.

In addition to providing access to expensive designer pieces and exposing members to a wider variety of apparel, fashion libraries also offer members a break from their usual consumption routines. Fashion libraries provide an alternative to conventional fashion consumption in the sense that members get access to new clothes without having to buy more and more and more of garments that will just pile up in their wardrobe. Moreover, the history of the clothing is also part of the value proposition and the communication in several fashion libraries. For instance, in Lånegarderoben members are encouraged to take pictures of themselves in the borrowed garments and upload them to the fashion library’s Facebook page. Moreover, in Resecond members write small stories about the history of the garments on handwritten tags:

People are crazy about this. Totally crazy. And it’s a crazy add-on that I can feel that like makes people become aware of, so it has a whole extra dimension to the project that all of a sudden it dawns on people that Heavens yes the clothes that other people have worn have a history […]. I have not seen a single one who did not want to write a story about her dress. It really is something that everyone gets carried away with. They sit really carefully and write […].

The main channel for members to share clothes is the physical spaces of the libraries. Besides their fixed physical stores, the majority of libraries engage in additional events, e.g. pop-up libraries in connection with festivals or for instance during the national clothing-swap day. Klädoteket has extended their activities by partnering up with a local library and a community activity center. So far, however, no opportunities for reserving and exchanging clothes online exist. Resecond, however, is in the process of developing a smartphone App, which will allow members to swap their clothes directly online. Overall, unfavorable locations make the revenue channels a challenge for most fashion libraries. The Helsinki Fashion Library is located in a rented storage facility inside a big office building where the main doors are closed at 17.00, which makes it difficult for members to coordinate working hours with opening hours. If Helsinki Fashion Library had the choice, they would have different and longer opening hours. In the case of Klädoteket, the fashion library is located ten minutes’ biking distance from the Malmö city center and thus demands extra effort from potential members. Klädoteket considers its less than optimal location as a significant barrier to further growth. An exception is Resecond, which is located on a popular street in Copenhagen: “It is the most brilliant place for this type of store. It took so long before it dawned on me that of course I should be on Jægersborggade.”

Establishing good customer relationships is a key element of the fashion library concept is done in the physical store and through social media. According to the fashion libraries, members appreciate the social factor that comes with exchanging clothes in a
physical place, being able to see someone else happy in your own clothes, and partaking in the story of the clothes. Moreover, it helps the fashion libraries to differentiate themselves from conventional fashion retailing. For instance, Helsinki Fashion Library has one big fitting room where people can try clothes together and help each other find garments that suit their needs and style: “We have a huge fitting room where everybody fits the clothes together, so they are not queuing like when you go one by one, so it is a fun part of the thing that we are doing this together.” Resecond also highlight the social aspect of the fashion libraries, dialogue in the physical store is seen as crucial for making members feel comfortable and think of the library as their second wardrobe:

So there is also a huge social aspect to it, which I have been unable to plan for […]. There is the whole social aspect, which is very important and great fun. It is the women who do not know each other, who stand side by side and comment on what they wear. This never happens at InWear or H & M. There you don’t knock on the neighbor [fitting room] and ask: - do you think this dress is neat? This happens down here. And then they are strutting back and forth, and what do you think? No, I think it’s a little too small for you, I may say then because I’m 100% honest, because I do not need to sell anything.

Moreover, the fashion libraries host various events, including sewing workshops, parties, receptions, or pop-up stores, and events, where members can buy some of the fashion library clothes which are in low demand or swap their own clothes with other members. With regards to the latter, social media (mainly Facebook) is considered by all libraries as a powerful tool for building customer relationships. The site is in most cases updated every time the shop is open, informing about new events, incoming garments or donations, pictures from users, etc. In the experience of Klädoteket, the more active they are on Facebook, the more people actually go to the shop during opening hours:

So I think it is there is a lot of mouth-to-mouth going on and also a lot of people follow us on Facebook so that has been very positive to us having a Facebook page, because it is an easy way of showing that something is happening, and we try to update our Facebook page every time we are at Klädoteket […]. You know, people seem to check out and we also see that the more active we’ve been on Facebook, like the more people have actually come in and sometimes we hear people say they have wanted do go to Klädoteket in a year, and now I saw this and that yesterday on Facebook, so I came in.

The main revenue stream for most fashion libraries stems from membership fees. Only limited income is generated from other sources (e.g. penalty fees, events, sponsorships, etc.). The Helsinki Fashion Library has three kinds of bi-annual membership fees, ranging from 160 EUR to 460 EUR, with different privileges when it comes to how many items members can borrow and for how long. Becoming a member of Lånegarderoben costs 600 SEK for six months, which gives members the right to borrow up to three items at a time for up to four weeks. Resecond membership is also held on a half-year basis and costs 600 DKK. In contrast to Lånegarderoben, members do not have to return their swapped clothes. When signing up to become a member, new members have to bring dresses they would like to contribute to the wardrobe. In return, they can take home and equal amount of dresses or swapping vouchers, in case they do not find anything. Klädoteket has recently made the decision to make its service free of charge for members. Today, there is only a small penalty fee for damaging clothes or not handing them in on time. In addition to penalty fees, Klädoteket has received minor financial support from the municipality and an educational institution, which enables them to pay the rent and cover fixed costs. The decision to have a free service is based on the conviction that this
will enable Klädoteket to make the service available to more people and thereby spread the message that there is no reason to constantly buy new clothing when there is already so much available:

Since Klädoteket started they had like a fee for loaning stuff so you have to pay a fee every three month, but we got rid of that this fall to get more members basically, and also to make it available for everybody. You don’t have to pay money to borrow things that already exist.

The clothing collection a library can offer its members is obviously a key resource for clothes libraries. Building a collection of clothes sufficient to attract members is the main challenge when establishing a new fashion library. But, most libraries in this study did not report difficulties in acquiring new garments and many receive new items weekly from designers, retailers, and/or members. All libraries have the possibility to influence their collection by choosing which designers or retailers to approach directly, or by selecting specific items brought for donation by individual members and staff. In general, the composition of a library’s collection is highly dependent on the style and philosophy of that fashion library. Resecond only offers dresses, ranging from newer, high-end brands to vintage pieces, and the decision as to which items should enter the shared wardrobe ultimately depends on the founders’ personal evaluation. The Helsinki Fashion Library and Lånegarderoben are also selective when it comes to the style and quality of the garments. In addition, Lånegarderoben requires that fashion brands have a Corporate Social Responsibility (CSR) profile if they want to donate clothes to the library. Klädoteket seems to be the least restrictive fashion library when it comes to accepting new items and explicitly aims at broadening its collection to suit a wide variety of styles, people, and occasions:

As I said, we try to be as broad as possible. Our main focus is to reach out to as many people as possible [...] The best thing is if we could reach out to as many people as possible like both men and children, women and everything, so we try to keep as many different sorts of garment in store, if these customers come in. Our main purpose is to try to be broad and that there is something for everyone, no matter if they have the money to pay for it or if they are older or younger, no matter what your sex is.

Human resources are also of paramount importance for fashion libraries, which are mostly run on a voluntary basis and all highly dependent on the enthusiasm, drive, and commitment of a few key people. Limited human resources, however, is also one of the main threats to the current fashion library concept, as it puts limitations on the services offered to the members. For instance, lack of staff results in limited opening hours, which may collide with the working hours of members. Lack of human resources also put limitations on the activity level, e.g., when it comes to registering new garments, improving IT-systems, planning special events, and developing communication materials (flyers, web posts, etc.). Moreover, limited human resources make the fashion libraries vulnerable to situations in which key personnel decide to leave the organization. The vulnerable character of some of the fashion libraries also makes it questionable if they will be able to scale-up operations, set up new libraries, and otherwise develop the concept to make it more sustainable in the long run. As an example, it has been challenging for people to work voluntarily in Lånegarderoben in addition to a normal jobs, family obligations etc.:

I think that what we constantly have a battle with is time. The time we put into this and our normal jobs and life basically [...] It’s almost like running a shop. It is obviously not open as often, but there is a lot of things that you have to do anyway, and there is also a lot of people
involved, and you have to communicate with these people as well, so it becomes like a second job. That has been the major issue ever since it was started to find time and to not to have people who burn out basically. Just saying: - I cannot take anymore, I cannot do anything more, I really want to quit.

To cope with the human resource problem, Klädoteket and Lånegarderoben have recently thought about involving members more directly in the operations of the fashion library. Essentially, interested members are expected to work every now and then in the library to avoid dependency on a few especially active individuals – a cooperative model well-known in the food retail industry. However, it is too early to say if this change in the fashion library concept will be successful.

The key activities of a fashion library bear similarities to a traditional retail store. In opening hours, there must be staff to arrange the clothes, clean up the library, serve clients, and handle borrowing and returns. Key activities outside opening hours consist of registering new wardrobe entries, making small repairs, checking member accounts to make sure that everyone has paid, checking to ensure pieces have been returned on time, and sending notifications to members whose accounts have expired. In order to further its community character and spread the word, a key activity for fashion libraries is to engage members and promote the library on Facebook and other social media. Recently, there has also been a lot of public interest in fashion library concept, which means that the libraries have been approached by various media and people interested in setting up their own fashion library. According to Lånegarderoben:

"… We get a lot of interests from different people […] but it takes quite some time to answer e-mails for example on the info-address. It’s a big task, answering media of different kinds […]. I would say that is probably the main thing except for just being in open and serving the customers.

Members are both upstream and downstream partners for fashion libraries, since members are often also suppliers who donate part of their own wardrobes to the fashion library. However, some fashion libraries have also established partnerships with well-known fashion brands and various designers that donate part of their collections to the library either permanently or for a limited period of time. For instance, a key sponsor of Lånegarderoben is the Stockholm-based fashion company Filippa K, which has provided approximately 100 items to the library. According to Lånegarderoben, Filippa K considers this partnership as an integrated part of their CSR work, which also includes exploring new forms of sustainable consumption: “I think that they think it is a good portfolio for them to have. I mean, they have a shop, where they have second hand […], and they do other business things which is about sustainability […] and then they also have Lånegarderoben […].” Another example is Helsinki Fashion Library, which collaborates with young, local designers, who are often eager to partner, since they have difficulties in accessing the market through mainstream fashion retailers. By donating clothes to the fashion library, designers gain market access and the opportunity to test collections among members who also have the possibility of buying garments directly from the designers:

And also, if somebody wants, they can buy the clothes from […] the designers. […] It is very good support to young designers: there are many young labels, that do not have any retail, and they only sell on like small design markets which happen from time to time.

Another type of partnership is the collaboration with organizations that help spread the fashion library concept and solves problems associated with unfavorable geographical
locations (see above). For instance, Klädoteket collaborates with a library and a community activity center where they gain access to a group of users who are familiar with the concept of collaboration and sharing. The library offers literature, music, films etc. for free and the community activity center enables people to borrow tools, computers, sewing machines, etc. In the future, Klädoteket hopes to establish relationships with other, similar organizations not based on buying and selling and where sharing materials is common practice among members.

The cost structure reflects the voluntary nature of most fashion libraries. The main costs of running a fashion library concern fixed costs such as rent, electricity, and insurance. In three out of the four fashion libraries surveyed, all work is performed on a voluntary basis. Only the Helsinki Fashion Library has the means to employ staff in addition to the voluntary work put in by the founders. However, at least three fashion libraries aim at turning the libraries into a commercial business, which would allow them to move away from reliance on volunteer work. Klädoteket is the only fashion library that does not perceive a significant need for external funding or for returning to a business model based on membership fees. Instead, the rent of Klädoteket is sponsored by an external educational organization.

Discussion

Fashion libraries and other initiatives based on the collaborative consumption model are popping up all over the world. Klädoteket, for instance, was recently asked for advice by a group in Mexico considering initiating a similar type of clothes-sharing organization. However, the evidence from this study also indicates that fashion libraries still remain a niche activity, driven by enthusiastic entrepreneurs working on a voluntary basis. Fashion libraries have received widespread media attention, which, so far, seems to exceed the actual impact of these libraries on the fashion landscape. On average, fashion libraries maintain only 100-300 members. It is therefore worth considering potential avenues for turning the fashion library concept into a more mainstream and commercially sustainable business model. Based on the findings from this study, we suggest that fashion libraries have to consider especially two interrelated issues: - customer relationships, and partnership development.

When it comes to customer relationships, fashion libraries today are membership-based and target relatively young, private consumers open to alternatives to conventional shopping. However, there may be other relevant customer segments to the services provided by fashion libraries. According to Klädoteket, they recommend that fashion libraries target people who are open to new concepts and experience a clear need. As an example, high school and university students are young, care a lot about their looks, have limited financial resources, and are generally aware of sustainability challenges. Therefore, this group could potentially constitute an interesting market segment for fashion libraries. Moreover, international examples such as the Albright Fashion Library and Bib+Tuck indicate that there may be other and potentially more profitable market niches than the ones presently served by the fashion libraries. Last, fashion libraries could perhaps reach out to more customers if they combine their membership-based services with a conventional, sales-based business concept, allowing customers to choose between buying and borrowing fashion products.

Partnership development will also enable fashion libraries to build entirely new types of customer relationships and thereby benefit from a broader palette of revenue channels. Today, the money for running fashion libraries stems mainly from membership fees, but it may be possible to generate money from, e.g. designers (see above), advertising,
sponsorships, consultancy, web shops, etc. As an example, the evidence from the Helsinki Fashion Library indicates that small, local designers often have difficulties accessing the market through mainstream retailers. Therefore, it may be possible to build an alternative fashion library concept with the active participation of suppliers (young designers and established fashion brands), who pay a small fee for promoting their work for a limited period of time to a relevant audience. Looking at the downstream supply chain, new partnerships could also help fashion libraries, which struggle with unfavorable location, and enable them to reach out to more customers. For instance, Klädoteket has established partnerships with libraries, cultural institutions, and student organizations in order to spread the fashion library concept and attract members who are familiar with and/or supportive of the concept of collaboration and sharing.

Innovation is often considered a precondition for competition in today’s global marketplace. The ability to rethink dominant business logic can be considered a precondition for a company to survive and prosper. However, it is not always advantageous to be a pioneer in a new market with a new product. It may well be the “fast second” company successful in scaling up and consolidating the new market with a dominant design or format that prospers in the end (Markides and Geroski, 2004). Fashion libraries represent a new and innovative concept that breaks with the dominant fashion business model based on buying and selling. As such, fashion libraries continue to experience a number of challenges related to limited resources and the existing ownership culture. It is still unclear whether the fashion libraries studied will be able to prosper and survive going ahead. Regardless, new start-ups and more established brands may glean important lessons from the fashion library experience, and begin to build offerings to consumers with the collaborative consumption model in mind—thereby carving the way for collaborative consumption to become common practice within the fashion industry.

Conclusion: scaling up collaborative fashion consumption?
The purpose of this paper was to examine the new fashion library concept from a business model perspective. By examining four fashion libraries in the Nordic countries, the paper identified some of the barriers and opportunities for developing a business based on the ideas of collaborative consumption. Evidence from the study indicates that a key benefit of fashion libraries seems to be that members get an opportunity to experiment with styles and looks without having to pay full price. Moreover, some members are also interested in exploring alternatives to conventional, ownership-based, fashion consumption. However, limited human, technical, and financial resources imply that fashion libraries are forced to cut down on membership services (limited opening hours) and rewards to staff and owners (who mostly work voluntarily). Today, the survival of most fashion libraries is dependent on the commitment of a few entrepreneurs and the loyalty of a small community of members. These factors, among others, make the current fashion library concept a vulnerable business model. It is therefore important that fashion libraries work on generating new sources of revenue to better serve existing members and attract new ones.

The paper has several limitations. The study is exploratory and based on evidence from four fashion libraries within the Nordic countries. Therefore, further empirical fieldwork from different geographical contexts is needed to back up the preliminary findings of this paper. Moreover, the paper is based solely on reflections and insights
from the owners and core staff who design the business models of the fashion libraries. To better understand barriers and opportunities for collaborative consumption in the fashion industry, it would be relevant to make a broader, empirical study of how consumers in general perceive sharing and collaboration in the context of clothing. Last, the paper is based on a business model perspective which has limitations in explaining the broader institutional environment which enable and constrain collaborative consumption in the fashion industry. For collaborative consumption to have a future in the fashion industry, there has to be a change in dominant consumer mindsets – from ownership to access – but this transformation requires much more than the individual efforts of a few fashion library entrepreneurs. Therefore, more research is needed on the macro-level conditions which influence dominant consumer values, attitudes, and behaviors regarding fashion business models based on sharing and collaboration.

References


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Further reading


About the authors

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