



Sustainable circular economy value propositions in clothing as a service -model



ISPIM Virtual 2020

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Textile industry



1. The most pollutants releasing industries of the world.
2. Currently, the dominant operating logics of fashion businesses are based on the linear take-make-disposal model, the mass production and wasteful fast fashion (Pulse of the Fashion Industry, 2017).
3. Approximately, only around 20 per cent of clothing is currently reused or recycled (Global Footprint Network, 2017). It is estimated that globally customers discard annually up to USD 460 billion by throwing away of usable clothing.

Aim & Outcome



What kind of value propositions clothing as a service business models offer for a) consumers, b) environment, c) society, d) other key stakeholders.

The customer value proposition framework for the textile industry including sacrifices/costs and including environment, society and other central stakeholders.

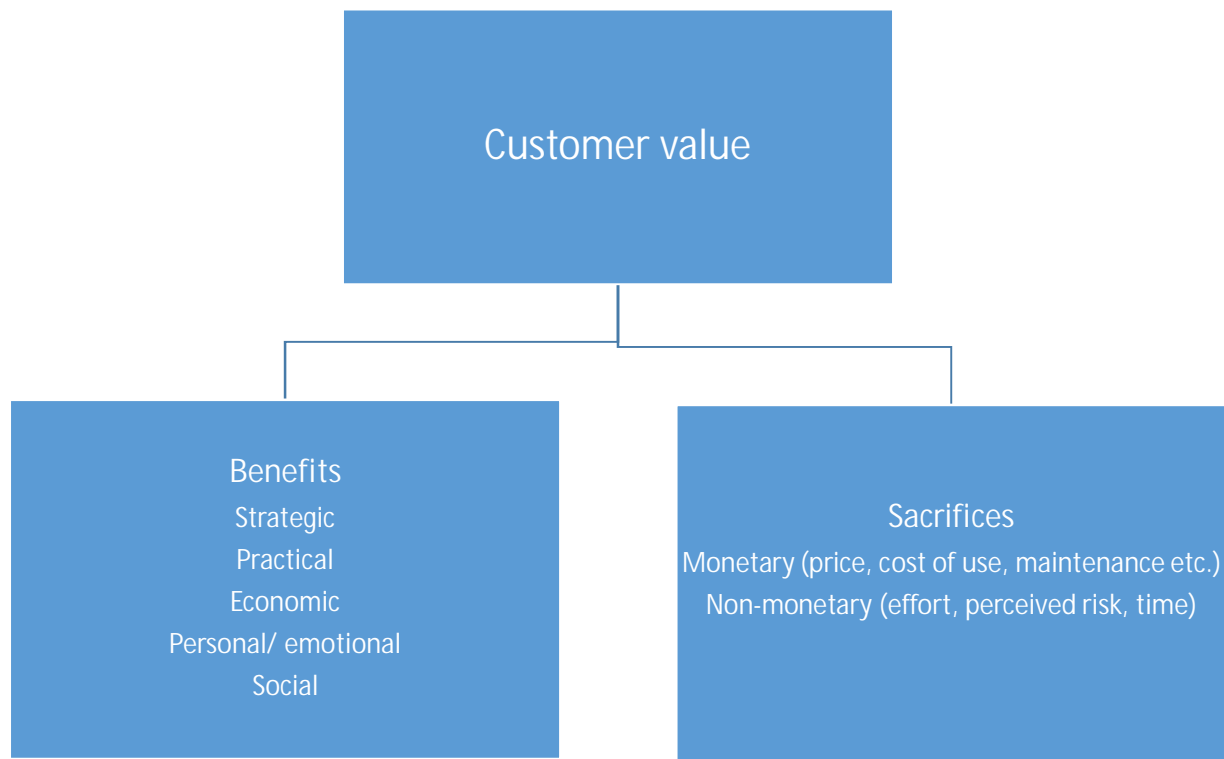


From value proposition towards sustainable value proposition

A value proposition is a statement which identifies clear, measurable and demonstrable benefits for consumers when purchasing a particular product or using service. It should convince consumers that this product or service is superior to other existing available alternatives of solutions on the market (e.g. Rintamäki et al., 2017).

We define sustainable value proposition: “as a promise on the economic, environmental and social benefits that a firm's offering delivers to customer, stakeholders, and the whole society, considering both the short-term and long-term impacts”

(e.g., Anderson et al., 2006; Ballantyne et al., 2011; Hart & Milstein, 2003; Hassan



(modified from Zeithaml 1998; Woodall 2003)



Research Methods

- 3 Finnish clothing companies
- Case study
- Data triangulation
 - A joint workshop, April 2020
 - A follow-up workshop, May 2020
 - Several discussions and meeting memos as a secondary material
- Related to Telaketju2 research project, funded by Business Finland and companies

Customer value

+ "The content of the closet is in more efficient use in the rental model."

+ "Customers can experience shopping with clear conscience."

+ "Customers have a possibility to go wild with styles and stand out in a crowd in a positive way with clothing."

- "The system is not familiar."

Environmental value

+ "CaaS generates demand and respect for sustainable vintage pieces, fashion brands and lifestyle in general. Demand for textile maintenance is also generated."

- "CaaS might in some cases motivate people to consume more, which then might override the positive environmental impacts of the CaaS."

Societal value



+ "Our business creates a modern community in the city, get-togethers and gatherings."

- "CaaS model takes a share of the traditional fashion business in terms of cash flow and employees."

Other stakeholders

- "Some of the design brands use us as a marketing channel. They want to collect feedback from each rented item."

+ "CaaS decreases the volume of the sales turning focus on more long-term customer relationships that might temporally cause decrease in turnover and over production."



	Customer value	Environmental value	Social value	Other key stakeholders' value
Benefits	Economic Control of costs and property management No investments needed	<ul style="list-style-type: none"> • Whole Life-Cycle is planned • Longer life, less production of raw material by optimisation of use • Efficient maintenance • Minimising of the unnecessary purchases • Sustainable and responsible disposal • Less physical space, less travelling • Shifting of the general opinion about consuming 	<ul style="list-style-type: none"> • Increasing employment • Efficiency in waste management • Equality • Path leader • Responsibility • Demand for responsible production • Communalit • Synergies for local businesses 	<ul style="list-style-type: none"> • Life-cycle is planned • Image of responsible company • Brand awareness • Use of spare inventory/items • Stronger customer relationships
	Practical Lower risks Easiness through full-service No storage needed Flexibility and selection Testing is easy Knowing the quality Possibility to test Information and learning Saving time			
	Emotional/social Good conscience of ecologic choice Inspiration and status Community of consumers Entertainment			
Sacrifices	Economic More expensive than buying	<ul style="list-style-type: none"> • Transportation increases energy consumption and emissions • Washing of clothes • Unnecessary production • Energy consuming digital services • Possible rebound effect 	<ul style="list-style-type: none"> • Expenses of sustainability • Decrease of demand and employees for traditional fashion businesses 	<ul style="list-style-type: none"> • Decrease in order volumes • Claims of "green washing"
	Practical Doubt about the compliance Fear of destroying a cloth and the related argument Requires more planning Limited selection			
	Emotional Disappointment of not getting new clothing Doubt about privacy Feels strange Concern of the hygiene			

Conclusions, limitations & next steps



- CaaS model has potential to create multiple kinds of value for the customers including economic, practical and emotional or social benefits.
- Plenitude of still untapped value creation opportunities
 - For example related to adding personalised services and increasing the communality among customers.
 - One of the challenges of CaaS is to evaluate the impacts for the environment and society.
- The data is limited only to service provider data, which therefore needs to be complemented with the customer perspective to gain more accurate framework.
- Understanding how the value is created during the customer journey helps us create a valuable understanding for researchers and companies to develop attractive CaaS models.



Thank You!

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