



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

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# 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*

## 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.

# Why textiles?

The most pollutants releasing industries of the world.

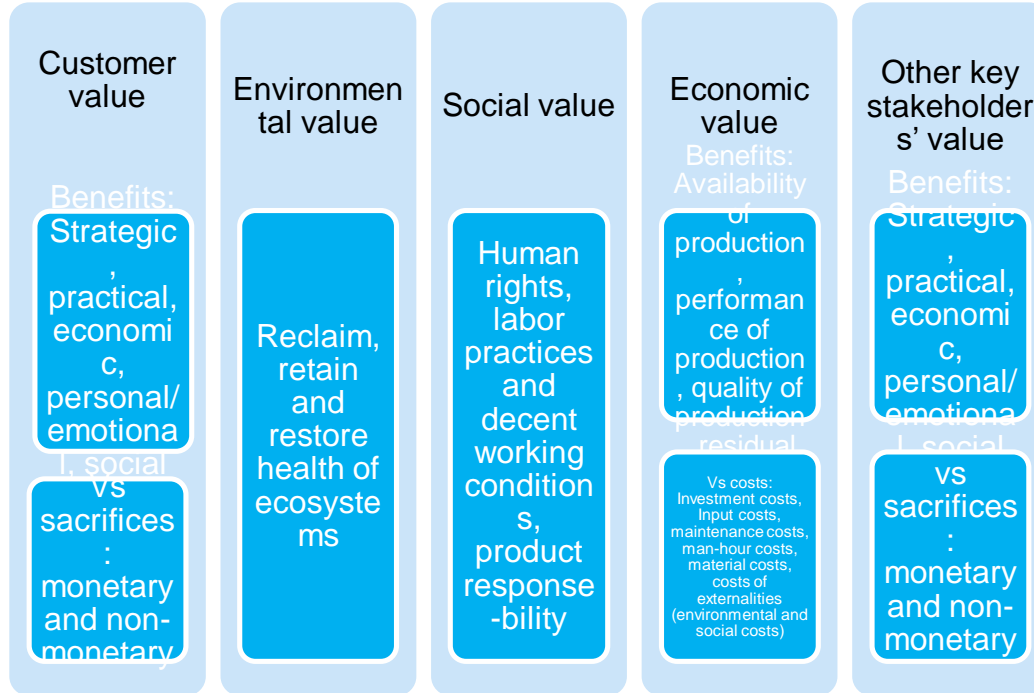
Currently, the dominant operating logics of fashion businesses are based on the linear take-make-disposal model, the mass production and wasteful fast fashion (Pulse of the Fashion Industry, 2017).

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.

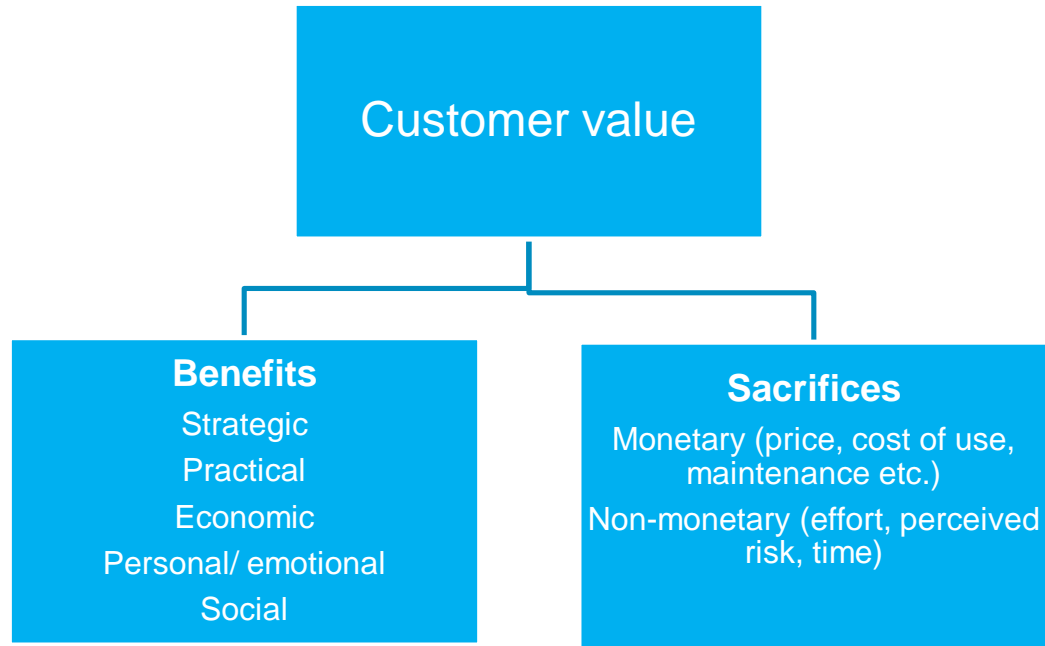
# Research Methods

- 3 Finnish logistics companies
- Case study
- Data triangulation
  - Semi-structural interviews, March 2019
  - A joint workshop, April 2019
  - Several discussions and meeting memos as a secondary material
- Analysis with Nvivo
- Part of the project called Open Mode, funded by Business Finland and companies

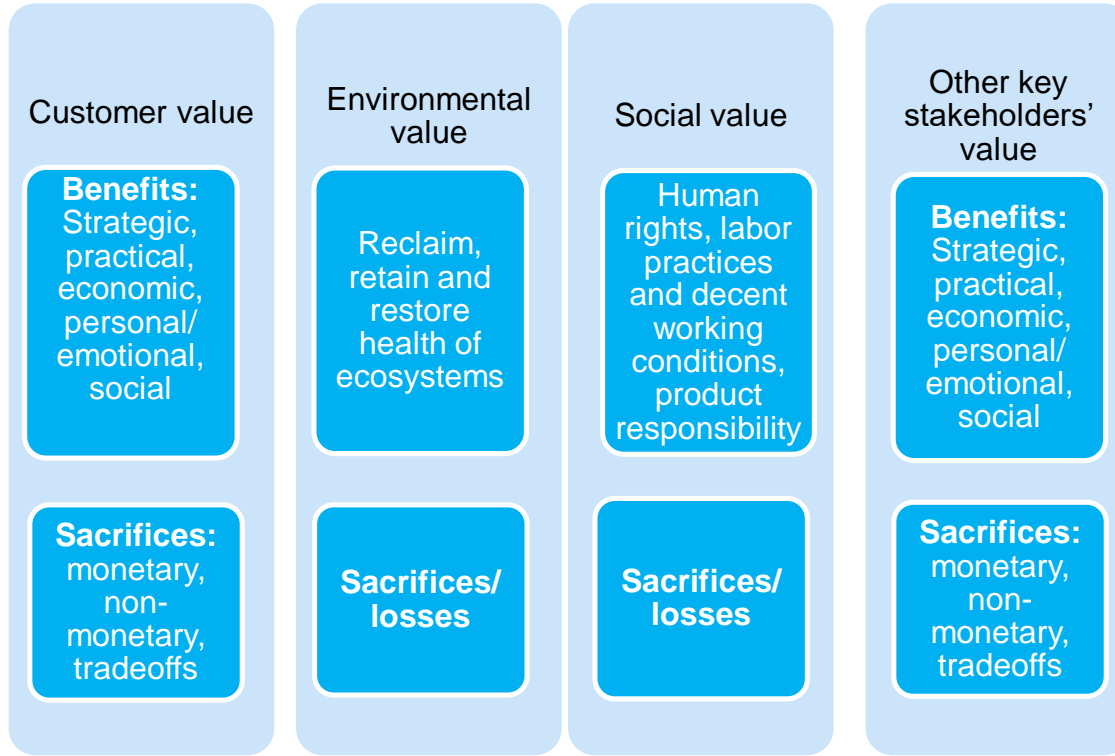
# Sustainable value proposition



Modified from Manninen et al, Patala et al.

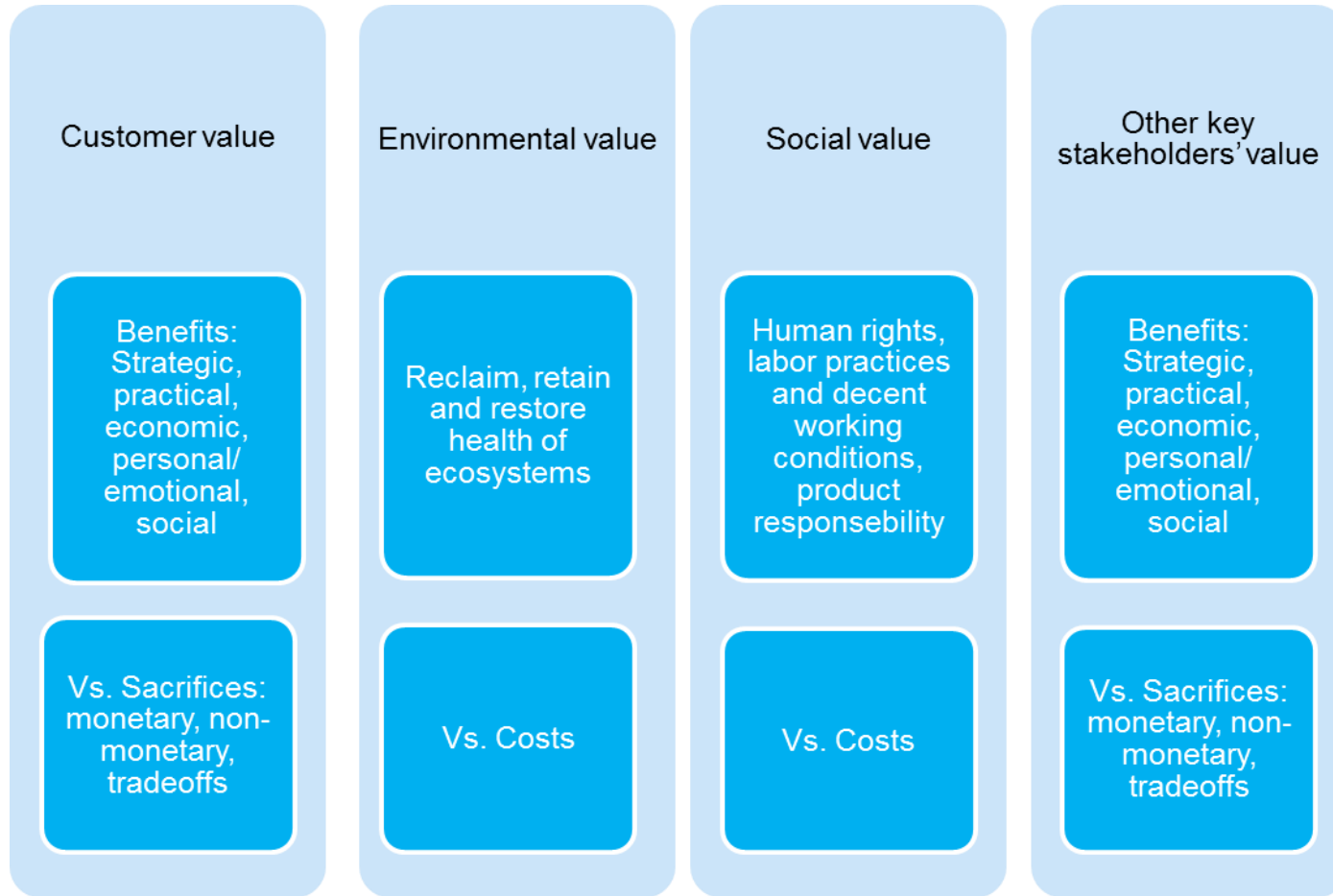


# Sustainable CE value proposition



**Figure 2** Framework of the study (modified from Manninen et al., 2018; Patala et al., 2016)





# Framework

Customer value

Benefits:  
Strategic,  
practical,  
economic,  
personal/  
emotional,  
social

Vs. Sacrifices:  
monetary, non-  
monetary,  
tradeoffs

Environmental value

Reclaim, retain  
and restore  
health of  
ecosystems

Vs. Costs

Social value

Human rights,  
labor practices  
and decent  
working  
conditions,  
product  
responsibility

Vs. Costs

Other key  
stakeholders' value

Benefits:  
Strategic,  
practical,  
economic,  
personal/  
emotional,  
social

Vs. Sacrifices:  
monetary, non-  
monetary,  
tradeoffs

# Results

## Customer value

*Practical:* easiness,  
quick deliery  
holistic service,  
accuracy, reliability

*Monetary:* savings

*Emotional:* nice  
feeling

Vs. Sacrifices:  
monetary, non-  
monetary, trade-  
offs

## Environmental value

Optimising routes  
Combining deliveries  
and driving habits  
Environmentally-  
friendly fleet  
Attitude  
Recycling  
Certificates

Vs. Costs

## Social value

Local support  
Long-term  
visioning  
Safety and  
education  
Towards a dream  
workplace

Vs. Costs

## Other key stakeholders' value

*Emotional:* similar  
values  
*Monetary:* savings

Vs. Sacrifices:  
monetary, non-  
monetary, trade-  
offs

“Easiness factor so that, we are trying to be the most reliable, and sort of, how do you say like straight, straight-backed...”

“We are talking about the same-day delivery, what is now in web shops, they are a hot topic now. And very exact delivery times to the customers.”

“Different way of doing logistics is that we are actually caring about the people.”

“Our aim is to be a dream workplace for people who want to make other people feel good...”

## Results (2/2)

### Conflict

- Current business models focus on bringing new goods to people, who consume them and then throw away.
- The upcoming change towards the long-lasting products can be seen as a risk for their existing business
  - the volumes might drop if goods are reused and/or they last longer

### Solution

- Companies have focused on the C2C segment and people who are getting rid of the used goods

*“We have gone from building, from using lasting stuff to, more and more consuming and then throwing away but now the tide is turning again and people want to have more sustainable stuff.”*

# Conclusions

- The role of logistics becomes even more important in the sustainable and circular economy, which creates new business opportunities for logistics companies.
- At the moment, several companies are adopting sustainable business models. However, our current business model innovation tools are not yet supporting this transformation enough.
- The sustainable value proposition framework needs to be evaluated in different sectors.
- Integrating impact measurement aspect to this qualitative framework would add the understanding how well the value proposition is implemented (*Manninen et al 2018*)
- The sacrifices should be included in the exploration to gain a realistic view of the value propositions.