



RENTAL CLOTHING

HOW SUSTAINABLE IS THE RENTAL CLOTHING
INDUSTRY?

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THE NEW FASHION INITIATIVE

HOW DOES RENTAL CLOTHING WORK?

In a fast-paced world driven by ever-changing trends, fast fashion dominates the industry because it provides trendy yet cheap clothing options. However, the environmental impact is jarring: every year, \$460 billion worth of usable clothing is sent to landfills in the US, and the fashion industry emits 10% of the world's carbon emissions, making it the second-most polluting industry in the world. An up-and-coming industry that is trying to remedy this problem is the online rental clothing industry.

The concept of online rental clothing is simple: you subscribe to a company and you either select, or the company selects and sends a limited number of clothing items to your front doorstep. Still a relatively new industry, it provides customers access to high-end clothing at a lower price, all while extending the life of garments and preventing buyer's remorse. Most importantly, it is much more sustainable than supporting fast fashion brands. While companies like Rent the Runway pioneered this industry, newer companies such as Nuuly are slowly beginning to gain recognition. Nevertheless, it is still a new industry, and there are still many concerns regarding the actual environmental impact of this industry and the overall affordability for customers.

MARKET SIZE AND TRENDS

Stats:

- Growing at CAGR of 10.6% from 2017 to 2023
- Expecting to reach \$1,856 million by 2023

The market is **fragmented**, and the degree of fragmentation is accelerating. There are several key players sharing market space. The industry has a **low barrier to entry**, as it is a new market.

Segmented by:

User (women, men, kids)

Clothing style (Formal clothes still hold largest portion of market. Clothes other than formal wear have grown to 36% of the market in recent years because of subscription-based casual clothing options)

Region (North America is largest share at 40% of the market, then Europe at 27%. In the Asia-Pacific region, growth of e-commerce indicates it could become a key player, but limitations there include: less societal acceptance, improper regulations, and low consumer awareness.)

Trend of online retail and fast fashion are **key drivers of the market**. Rental clothing is more popular and feasible where online retail is already established. Social media is used to spread the word and the growth of fashion blogs/vlogs give a market for one-time clothing use.

Ideal customer bases:

- people with events that need one-time designer pieces
- people going through rapid periods of size change (ex: pregnant women)

<https://www.alliedmarketresearch.com/online-clothing-rental-market>

<https://www.grandviewresearch.com/industry-analysis/online-clothing-rental-market>

<https://www.marketwatch.com/press-release/global-online-clothing-rental-market-size-trends-global-industry-analysis-size-share-growth-trends-and-forecast-2020-2025-2020-08-12>

<https://www.businesswire.com/news/home/20200427005635/en/Clothing-Rental-Market-2019-2023-Growing-Trend-Fast>

CUSTOMER EXPERIENCE

The rental clothing industry presents a plethora of pros and cons in regards to the customer experience; it truly depends on the company.

General Pros:

Rental clothing also allows consumers to have variety in their wardrobe.

It allows shoppers to wear brands they otherwise would not be able to afford.

It could become a primary avenue for consumers in a post Covid-19 economy.

General Areas for Improvement:

Clothing accessibility for shoppers of all identities and body types.

Shipping efficiency — customers are paying for this monthly service and must receive merchandise on time.

Website designs must be straightforward to navigate.

Rent the Runway

\$159/month for unlimited clothes, 4 items at a time.

Pros: straightforward website, fast shipping.

Cons: Confusing subscription practices, limited clothing for certain body-types.

Vince Unfold

\$160/month for unlimited clothes, 4 items at a time

Pros: Large inventory & wide selection

Cons: "Mystery Box" model-shopper is sent random items from their Wishlist, slow logistics.

Nuuly

\$88/month for 6 items

Pros: Clothing from large brands such as Urban Outfitters, Anthropologie, Free People, fast shipping.

Cons: Selection more limited than it appears.

Le Tote

\$89/month for 2 totes, four items at a time.

Pros: Fast shipping. good value.

Cons: Poor inventory, pay for shipping, confusing credit card charges.

Banana Republic Style Passport

\$85/month for unlimited clothing, 3 items at a time.

Pros: Excellent selection.

Cons: "Mystery-box" model, slow logistics.

SUSTAINABILITY

PROS

- Rental clothing shoppers are not encouraging the constant overproduction of new clothing.
- The Rental Clothing industry could help alleviate the retail industry's huge excess of garments.
- The Rental industry could create a mindset-shift for consumers and educate them on the importance of quality versus quantity.

CONS

- Returning and transporting clothes = carbon dioxide emissions.
- Most rental clothing companies ship with non-recyclable cardboard boxes and shipping materials.
 - Must continuously be packaged and repackaged in dry cleaning bags and shipping boxes, increasing the material footprint.
- The dry cleaning of worn clothing also requires a large amount of water and emits much more carbon dioxide than normal washing machines.
 - However, many rental clothing companies were praised for avoiding the use of "perchloroethylene, a dry cleaning solvent that's carcinogenic, classified as a toxic air pollutant by the EPA, and still used by 70% of the nation's dry cleaners"
- Decreased clothing lifespan due to careless wear.
- Rental clothing industry could potentially backfire as it poses the risk of increasing "our appetite for clothes" encouraging consumption.
- Difficulty of meeting the increased demand of sanitation due to COVID-19

Conclusions

While rental clothing holds much promise, a world where it is the primary method of retail consumption cannot exist without a significant cultural shift and feasible solutions to its environmental drawbacks. A partial transition, given the current rate of industry growth, seems likely in certain geographical regions within the next ten to twenty years. Whether it maintains that position, however, or fades into irrelevance depends on which consumer values persist and how rental retailers plan to meet them.

Our recommendations:

- The most sustainable choice is to **wear what you already own**, so make conscious purchasing decisions
- Focus on **up-cycling** your own clothing
- Renting clothing should be an **educational experience** on how to treat garments in such a way as to extend their life spans as long as possible

INTERVIEW HIGHLIGHT:

Liz Ricketts, Co-Founder of The OR, coordinator of Dead White Man's Clothes

What is Dead White Man's Clothes?

This multimedia research project, coordinated by the OR, explores the secondhand clothing trade in Accra, Ghana. Liz and her co-researchers have been studying the social, environmental, and economic impacts of this industry in Ghana since 2016.



Kantanamo Market

- The Kantanamo market receives clothing from 15-25 countries
- Bales are identified by country and item type (which determines value)
- Similar model to the rental clothing industry where it is very niche for certain markets
- 46% of every bail will likely not be sold (old collar, stain, looks worn)
 - With over 15 million items entering it every week, consumers can be discerning
 - The rental clothing industry faces this same challenge by making sure clothing that is reused fits the standards of discerning shoppers
- Push tailoring and upcycling within our market systems → reutilizing what we already have
- Politically: the only solution is to produce less clothing
 - For example, focus on paying laborers living-wage, which would inevitably reduce the quantity of clothing



Liz's opinion on the rental clothing industry

- Only good for certain segments of society
 - Ex. events, travel, capsule-travel and young people
- Problems: packaging, cleaning (dry cleaning)
- Could be educational and help with destigmatizing the concept of "secondhand"
- Overall, argues that the circular economy "dream" is quite false and we do not have 30-50 years left for the vision to come to life
- Most effective solution is to simply wear what is already in your closet - stop producing more clothing waste!

