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Second-hand opening new possibilities - The growth and business in the textile reuse market

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As part of an Interreg project, [Baltic2Hand](#), Turku University of Applied Sciences conducted desk research on the current state, problems and opportunities for reuse of textiles and second-hand market in the Central Baltic region. The business models of the sector were also examined. The research was completed in 2023.

The second-hand market has grown and is expected to continue to grow fast in the Central Baltic area in the upcoming years. In Finland, for instance, the retail for second-hand clothes increased 17 % between 2019 and 2020. The consumption of second-hand clothes has grown as well. The marketplaces include walk-in and online shops as well as non-formal trade. However, textile waste is still a big issue. Although post-consumer textiles are collected, there is still a great number of textiles that go to landfill or incineration. Loads of textiles collected in the Nordics are transported to the Baltic countries, especially to Estonia and Latvia (60% to Estonia).

There are various business models related to the reuse of textiles in the Central Baltic region that create opportunities for companies. The models include resale, closed loops, remaking and design and product as a service. Resale extends the useful life of textiles and intensifies the textile usage market. The used products are sold for instance in different kinds of second-hand stores. Closed loops keep materials in circulation. In the loop, products do not end up as waste at the end of their life cycle, but materials can be used as raw materials for new products. Remaking and design aim to use all materials, and virgin raw materials may be replaced by the raw materials generated in production. By design, it is possible to increase the value of (possible waste) materials by utilizing them at higher rate products. Product as a service takes the life cycle of products into consideration and includes services such as repair, maintenance and renting.

Let's start doing business differently, not just more sustainably

Second-hand business creates revenue; the growth of the number of businesses in the second-hand market indicates that there is trust in circular business models such as reuse being profitable business. There are several opportunities for companies in the second-hand market. The image of being more sustainable is an asset to companies. Technologies and platforms drive second-hand market growth and make data collection easier. Second-hand business may create jobs especially in logistics and handling. Local and cross-border cooperation and knowledge-sharing may fuel the development of the market and increase reuse through a working ecosystem. To succeed, companies should understand the potential of consumers and their behavior.

In inducing consumers to buy second-hand instead of new, nudging can be used as a tool. A nudge may be visual (pictures) or verbal (hints). Nudging affects people's attitudes by changing the way different alternatives are presented to them. People often choose the easiest and most familiar way. For instance, it is easier to nudge already eco-conscious people towards sustainable choices than the ones not interested in the topic at all.

Nudging should be transparent; however, the current problems include excessive information flows, false information and greenwashing. Also, it should be clear why and how people should reuse, for instance. People need to understand the impact that their consumption has on the planet. Providing knowledge and positive examples can help people to make more sustainable choices. In some cases, policy making can

nudge people towards using more sustainable products and services, like reuse and repair. Providing consumers with tax relief or other monetary benefits when consuming sustainably can at the same time lower emissions of consumption in total.

For companies and organisations, developing reuse business requires knowledge and expertise for handling the products. There are questions of logistics, costs, quality and condition of products, consumer attitudes, hygiene, and many other things to be considered. Some retailers think that resale will cannibalize new product sale and that resale does not align with their brand narrative. Other barriers include low quality of textiles as lot of fast fashion and bad quality clothes go to collection, supply and demand not matching, competition with imported used textiles, little interest in unsold locally collected textiles, lack of storage, overloaded containers, contamination by non-textiles, lack of available recycling opportunities resulting in textiles being discarded as waste, and lack of financial aid from the government. Barriers also include costs in transforming the business models to more circular ones.

Reduce first, reuse second

Sustainability is an asset for consumers as well as to brands; it feels better to buy second-hand, and many consumers identify themselves through their second-hand consumption. In general, the more second-hand is used, the quicker it becomes a norm; for instance, changing one's style or following trends may become more sustainable. It may, however, also be a slippery slope, if consumers justify endless consumption by buying used instead of new. Technology and lower prices have the potential to make acquiring second-hand goods more appealing and easier, especially for younger generations. In addition, consumers can make money through resale.

There are barriers that consumers see in second-hand including social norms that may be hygiene, stigma or negative experiences. However, in the global north this view is not very current as buying second-hand has become more of a norm. One big issue is that fast fashion often is easier to buy than second-hand. In second-hand, supply does not meet the need and there are difficulties to find suitable clothes. Accessibility is a barrier as second-hand goods are trending more in the global north and metropolitan areas and not equally everywhere.

The time to imagine and invent new ideas

Second-hand and textile reuse offer new possibilities and revenue for companies and organizations; there are various examples of new, more sustainable business models. Companies should use their imagination to use the models and invent new ones. Consumers are increasingly interested in second-hand as well as reuse and are more environmentally conscious, especially in the global North. In addition to second-hand market and the reuse of textiles, the mindset of reducing the overall consumption of materials is crucial from the environmental perspective. Endless consumption of used products is not sustainable either.

The reputation of used products and textiles should be enhanced; for instance, by making it easy to purchase second-hand instead of new and guaranteeing durable and good quality materials. There are many possibilities and barriers in second-hand business that should be taken into account. However, it is important for companies to be involved in creating more sustainable business models, both to stay in the market and to protect the environment.

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