

## Sustainable Innovative Business Model For Fast Fashion Industry Augmenting Sharing Economy.

Kajal Harilal Shah

Surrey Business School, University of Surrey, Alexander Fleming Rd, Guildford GU2 7XH, United Kingdom.

\*Corresponding Author's Email: kajal.shah19@gmail.com

### ARTICLE INFO

#### Article history:

Received : 02 Mar. 2020

Accepted : 26 Apr. 2020

Available online : 09 May 2020

#### Keywords:

Trending Daily,  
Innovative,  
Affordable,  
Sustainable,  
Sharing Economy,  
Fashion technology,  
Market demand,  
Perspective,  
Innovation,  
Subscription-based.

### ABSTRACT

'Trending Daily' is a UK based online clothing rental aimed at providing an affordable & sustainable solution for the day to day clothing needs of fashion conscious women. Founded and operated by Kajal Shah, 'Trending Daily' is a fashion technology start-up that will meet the unmet market demand of regular fashion wear that is rented on a subscription basis as opposed to being purchased.

Thorough research is conducted to understand consumer market and understanding competitors from a global as well as UK perspective. The target market identified is women in the age group of 18 to 50 years located in a 200 miles radius from East London. The company will set up its office and warehouse in East London, considered to be the fashion destination in UK.

'Trending Daily's affordable subscription-based pricing model promises to gain popularity and has potential for infinite membership sign up on the board. The key to success is procuring and maintaining enough inventory from lenders to run the show in good condition and delivering as per customer wants and needs. Many risks and scenarios were taken into consideration while developing the financial, marketing and operations plan for successful execution.

© 2020 International Journal of Advanced Research in Science and Technology (IJARST).

All rights reserved.

### PAPER-QR CODE

IJARST



Volume 9, Issue 1

Citation: Kajal Harilal Shah, Sustainable Innovative Business Model For Fast Fashion Industry Augmenting Sharing Economy. Int. J. Adv. Res. Sci. Technol. Volume 9, Issue 1, 2020, pp.797-817.

### Introduction:

Traditionally, fashion conscious women purchase outfits for themselves and may not engage in repeat wear, so garments collect in the closet indefinitely. There is an unattended growing need of variety & fashion in regular daily wear clothing amongst style-conscious women (Bruce and Daly, 2006).

Also, unused clothes eventually end up in land-fills which is a threat to the environment, considering the pollution hazards involved in its manufacturing (Zamani et al., 2017). From a sustainable point of view, 'Trending Daily' wants to bring in people together and create awareness on waste and pollution created through fashion, majorly fast fashion and how a sharing economy model can help mitigate environmental risks while

offering a cost-effective solution to their daily fashion needs. This makes the event far more cost effective, while being fashionable and environmentally sustainable. Hence by renting out a garment can be useful to reduce waste, promote sustainability and zero waste fashion (Insights, 2019).

Women also experience issues with accumulation of clothes they do not need and find it difficult to discard. With rental subscription services they can now also earn from the clothes lying in their closet as they can seldom use them by making them available for lending. In this way they also contribute towards the environment by minimising waste. It is therefore very practical to provide them with an opportunity to lend clothes; in the light of the fact that the fast fashion wear purchased will only be used only once or twice.

Moreover, according to Statista (2019), there has been predicted rise and growth for ecommerce fashion consumers in UK in apparel, accessories, footwear from year 2107 to 2023. Above all clothing segment is predicted rise of 53.4 million, accessories to 41.8 million and footwear to 23.3 million users (CNBN, 2018). There has been a significant rise in the discard of clothes from 7% to 30% (Morgan and Birtwistle, 2009).

'Trending Daily' as a start-up, company's goal is to serve women between age group of 18 – 50, for their different fashion daily needs with trending clothes that look stylish at an affordable rate. The aim is to help them fulfil their dream of being stylish and live the fashion to the fullest by providing them with a cost effective & sustainable solution. This research aims at key facts and findings related to rental subscription market with empirical evidence.

### **Key Problem - Making "Fast Fashion" Sustainable:**

'Fast fashion' refers to fast moving clothing designs. These designs are highly influenced by what celebrities wear. This has led to a desire amongst consumers to buy similar clothes. The difficulty is that these consumers want to catch up with the emerging trends but cannot afford them (Barnes & Lea Greenwood, 2006).

'Fast Fashion' is like a trend that fades faster, and new trends emerge rather swiftly (Byun and Sternquist, 2008). People like being trendy therefore they buy more on low cost which is more accessible due to low prices in last few years (Fast Fashion, 2007). Concerns have been raised, that the current 'fast fashion' business model is encouraging over-consumption and generating excessive waste.

'Fast fashion' is also referred to as throw away fashion (Bhardwaj and Fairhurst, 2010). It relies on quick imitation of ready to wear & copy haute couture designs. (Reinach, 2005, Tokatli, 2008). Fletcher (2010), rightly argues if fast fashion can be sustainable. The emphasis on reduced production lead times often leads to environmental sacrifices (Barnes and Lea-Greenwood, 2010).

While there is an attempt to address the impact of fast fashion on the environment, there is a lot of scope for further investigation. Fletcher, (2010) stated that both purchase and disposition of clothes are on the rise and at a fast rate. In fact, Morgan and Birtwistle, (2009) stated that consumers are discarding much more textiles than ever before. They inferred this based on the percentage increase of the weight of textile waste over a 5 years period.

Another study by Morgan and Birtwistle (2009) recorded 1000,000,000 kilo-grams of textiles end up in landfills each year. These warrants notice as the landfill space is running out rather quickly.

It appears that some consumer preferences are starting to change, and this is evident from the growth in

H & M's sustainable line. Joy et al, (2012, pg 289) studied five barriers to going green for the clothing industry. These are lack of awareness, distrust, negative perceptions, rising prices, and lack of availability. Today's consumers, especially millennials, are more environmentally conscious than the previous generations. Hence, once these consumers become more aware of the process of how these clothes are produced and the impact its production has on the environment, they will avoid purchasing them, just like they avoid purchasing water provided in plastic bottles.

### **The Need—A Sustainable Solution for Rental Fashion:**

Growing number of online clothing platforms and fashion retailers have started offering rental options for apparels, accessories, luxury brands, etc. This clearly suggests that customers have welcomed the idea of keeping up with the latest fashion trends without upgrading your wardrobe. The key benefit for renting is that it costs them about 10% to 20% of what they would have paid if they had to purchase them. Consumers often complain about the accumulation of clothes in the wardrobe due to fast changing trends (Millan et al, 2013).

Appendix 1 gives us an overview of the existing rental service providers within the fashion space. Rental platforms & fashion marketplaces such as Bag Borrow & Steal and Rent the Runway have operated successfully in the last decade. For example, Rent the Runway, launched in 2009, has more than 9 million registrations with US \$100 million in revenue (CNBN, 2018).

### **Business Services - Subscription based Clothing Rental:**

Durgee & O'Connor, 1995 believes online fashion rental services is communicated through social media and interpreted by institutional theory. According to Durgee & O'Connor, 1995 renting is process of acquiring product without ownership and with a monetary fee for using the product or service for specific time period. Studies prove that usage of rental service are related with monetary benefits and convenience (e.g., Durgee & O'Connor, 1995). But the explanation as to why consumers may choose to rent rather than own apparel and accessories, decisions signals a fundamental shift in consumer behaviour related to fashion product acquisition. 'Trending Daily' will provide subscription based regular wear at a competitive price for users and will provide a peer to peer platform for lenders to offer their unused quality clothes.

Subscription market is growing in popularity as various fashion companies have been venturing into renting out clothes, accessories, shoes etc. For instance Le Tote managed to raise \$15 million for its venture, while jewellery subscription company Rocksbox raised \$8.7 million while the other players in market like Golden tote delivers products to monthly subscribers. Adore me offers a lingerie subscription box costing \$39.35 monthly. (PYMNTS, 2019) Not every

subscription fashion service proves to be a trendsetter, though ‘Trending Daily’ is targeting to set daily new styles and trends for clients.

Renting clothes alone does not solve the customers problem of a bloated closet. However, a subscription based model will ensure that the surplus clothes will not accumulate in the closet and will be reused adequately. This concept also promotes sustainability by controlling wastage of clothes and enhancing their reuse.

**Target Market – Fashion Conscious Women around East London:**

The target market of most of the clothing rental providers listed in Appendix 1, are women in the age group of 25 to 50 years. However, most of the providers offer designer, branded & luxury fashion clothes, which may not address to the day to day fashion needs. Also, renting designer wear occasionally does not necessarily address to the environmental impact caused due to its production and consumption.

Most providers of rental services are not catering to the needs of young women between the age group of 18 to 25 years who are heavy consumers of ‘fast fashion’ clothes. There is a need for an affordable & trendy fast fashion for this age group as well.

‘Trending Daily’ will cater to the needs of all women between the age group of 18 to 50 years. They will operate from their office and warehouse located in

East London and will serve up to a geography of 200 miles.

**Key core competencies for ‘Trending Daily’:**

**Inbound Logistics:**

The ability to identify & procure clothes from lenders is going to be the key to success. Post procurement, managing and maintaining inventory is an important function. Most competitors procure clothes from luxury retailers and their cost of inventory is very high. However, for ‘Trending Daily’ we will pay commission to lenders when their clothes are selected by subscribers. So, the inventory cost is minimal, and this can be our core competence.

**Service:**

Providing efficient pre and post sales service to subscribers is going to go a long way to build customer loyalty. ‘Trending Daily’ will set up processes for maximum utilization of lenders clothes and efficient supply of quality and trending clothes to subscribers. Knowledge of customers’ needs is our core competency.

**Market and Industry Analysis:**

**Industry Analysis:**

A PESTLE analysis was conducted to understand the opportunities and threats in the online clothing rental industry environment. Various political, economic, social, technological, environmental & legal factors were researched

**Table 1:** Sourced & Adapted, PESTLE concept based on the work of: Aguilar 1967

<b>Pestle</b>	<b>Opportunities</b>	<b>Threats</b>
Political	No Significant Impact	No Impact
Economic	Booming Sharing Economy Decline in UK Retail	Recession – low impact
Social	Millennial Lifestyle Trend Limited financial means and budget Inclination towards experiences	Changing tastes
Technological	Digitization transforming Industries	Rapid developments Competitors may come up with advanced features like virtual changing room and augmented reality
Environmental	Fashion as responsible for pollution	Accumulate clothes end up in landfills Recycling of clothes involves higher energy consumption
Legal	No Significant Impact	No Significant Impact

The following factors from the external environment pose the greatest opportunities in the clothing rental space.

**Economic Factors:**

**Boom in the Sharing Economy:**

Internet has allowed the rise to newer marketplaces and unique business models. There are a host of start-up firms that have created platform link owners with borrowers and renters and provide superior

communication and logistics (Rise, 2017). Rent the runway is one such example in the clothing rental space. Consumers are forgoing ownership over choosing to rent products & services.

Uber is one of the most popular service in the shared economy for transportation. Other popular example would be the home sharing platforms by Airbnb. There are several other start-up companies who provide a peer to peer sharing platform for renting luxury fashion accessories like apparels, jewellery,

designer wear, branded bags and footwear (Smith, 2016).

Bothun et al., (2015) cited that PwC forecasted that the global sharing economy could generate US\$335 billion in annual revenue by 2025 from about US\$12 billion in 2015. This indicates a 30% growth in the sharing economy model.

New companies that make up for the sharing economy could transform the way people consume products and services by matching people who need these items with those who can provide them. 'Trending Daily' has a unique opportunity to take advantage of the boom in sharing economy. They want to connect ladies with surplus clothes they seldom use with those who aspire to wear new trendy clothes daily but cannot afford them.

#### **Decline in UK Retail:**

There has been significant decline in attracting consumers in UK retail due to facilities which are expensive like parking in town centre, low sales, and higher cost of maintenance while online presence can operate from anywhere and its more over cost efficient as cost does not involve higher rent neither high maintenance cost. Retailing offers more merchandise in various locations which is again a costly affair involving promotional events to attract customers (Statista, 2018).

This change in consumption pattern invites newer opportunities for online providers of services.

#### **Social Factors:**

##### **Limited Financial Means and Budget Consciousness**

Many millennials, people born between 1980 and 2000, in the US, Canada and the UK are struggling with high student debts and lack of employment prospects. Hence, this age group is much more budget conscious. Millennials have limited financial means but are constantly seeking value, so renting items makes sense for them. (Bothun et al., 2015)

There lies a unique opportunity to provide an affordable cost-effective solution to their growing need for trending clothes.

##### **Millennial lifestyle trend:**

Millennials appear to be driving the growth of the apparel rental segment, and two key millennial lifestyle trends are underpinning the segment's development are the social media effect & their value for experience over possession.

Social Media is fun and interesting. However, combined with celerity culture and selfie phenomenon, women are becoming more style conscious and there is growing need for an ever-changing wardrobe (Grandviewresearch, 2017).

Millennials value experiences over acquiring products. Apparel rentals allow millennials to wear

high-end brands at lower cost, and so funnel more of their spending toward services and leisure experiences. Meanwhile, the low priority that millennials attach to owning products makes renting apparel a more viable option for them (Grandviewresearch, 2019).

Besides, Naderi et al, (2018) stated that there is also a growing awareness and concern for the environment amongst millennials. However, they also mentioned that millennials despite their education and awareness have not truly began to integrate beliefs with actions.

#### **Technological Factors:**

##### **Digitization is transforming Industries:**

Hirt, Wilmmot, (2014) states digitization is bringing more productivity at faster pace by creating online platforms. E-commerce platforms allow faster flow of products and services, making global market accessible and small. This helps start-ups to participate in global trade. Digitization allows uploading content, designs, manage payments and logistics.

##### **Fashion as responsible for pollution:**

Chen and Burns (2006) stated that fashion is created and consumed by both users and designers, and so it's responsibility of both to reduce the impact of its consumption on the environment. As of today, fashion is affordable and consumed faster, wearing and disposing waste is harming social environmental. Besides, the textile sector is one of industry which also consumes energy, chemicals and water. In most of cases recycling was suggested as the best option as stated (Birtwistle et al, 2003).

However, Woolridge et al, (2006), has an interesting view on recycling textile waste. He stated that the amount of energy consumed for reselling such products is much less than recycling them or even making a new one. Hence, maximising the use of surplus clothes accumulating in the closet which would otherwise go waste poses a great opportunity for a sustainable business solution.

From the analysis of the industry environment we can safely conclude that there is a boom in the sharing economy, change in consumption patterns and increasing environmentally concern while consumers like to be up to date with fashion trends.

#### **Market analysis – UK:**

##### **Fashion e-commerce users in UK:**

According to Statista (2019) as we see in figure 1, there has been predicted rise and growth for ecommerce fashion consumers in UK for apparels, accessories, footwear between years 2017 to 2023.

Of all, the apparel or clothing segment is predicted to rise to 53.4 million, accessories to 41.8 million and footwear to 23.3 million users.

This indicates great demand for apparels for e-commerce firms dealing in fashion wear.

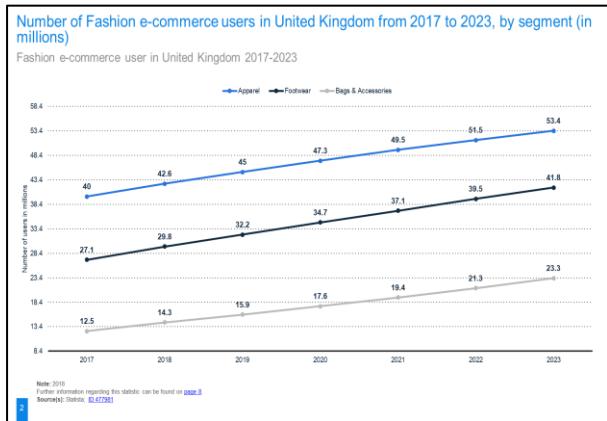


Figure 1: Sourced from Statista, 2018

**Consumer reasons for online shopping:**

According to Royal Mail (2019) as we see in figure 2, consumer motivations in UK depend on various factors like comparing prices, more choices, browsing in free time, online cheaper options and easy accessibility so the percentage is higher on comparing products is 55%.

However, the key reason that motivates consumers to shop online is to compare price. Hence, it would be safe to conclude that e-commerce consumers who shop online are looking for cheaper options.

**Online purchasing by age & demographics**

According to office for National Statistics UK (2018) as we see in below figure 3 below, there are 2 key insights which support our decision for the identified target market. They are

- Women are buying more online than men. 59% of women as against 50% for men are purchasing online
- 74% of 16 to 24 years old, 70% of 25-34-year old and 72% of 35 – 44-year-old are shopping online

‘Trending Daily’ has identified women between 18 to 50 years as the target group who would benefit the most from our offering. This statistic supports their contention.

The above analysis of the online fashion industry confirms the acceptance of an e-commerce platform amongst UK consumers for their purchase needs. Also, the target market for ‘Trending Daily’ is fashion conscious women, predominantly millennials and they are buying online more than man. There is a clear need of choice and variety as per the research which validates the need for variety. We will further explore the global online clothing rental space.



Figure 2: Consumer motivation for online shopping in UK, Sourced from Statista, 2018

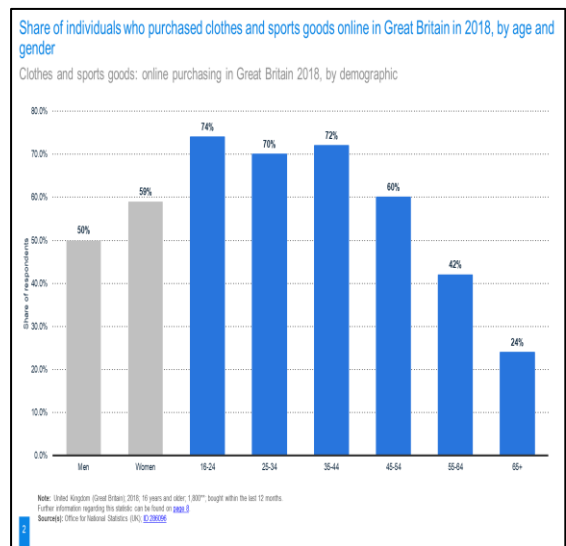


Figure 3: Sourced from Statista, 2018

**Competitor Analysis:**

Below Table was created to conduct a detailed analysis of the competitors who operate in the online clothing rental space in UK. The aim was to compare the features and benefits of their offering. We also compared cost and leaders in the market.

Amongst the various online option in clothing, office wear accounts for a good market share in global online rental clothing in 2017. This could be due to rise in demand of consumers for renting clothes. Online clothing rentals offer wide range at affordable cost.

Rent the Runway is one of bigger online renter of clothes in US. Firms like Bag Borrow Steal & Baby Culture are providing rental services for kids wear have also shown upward trend in growth.

Renting clothes per day start at a minimum of 3£ per day and the price varies with the dress you hire. Besides, most of the players provide rental services with an exception of Girls meet dresses who have a subscription-based service.

**Table 2:** Competitor analysis on who operate in the online clothing rental space in UK

Company Name	Functions	Renting	Subscription and Pricing	Delivery partners	Occasions	Sustainability angel	Dry cleaning	Insurance
Our closet 2018	Lender and borrower	Designer clothing, bags, accessories	Rental min 4 days and varies piece to piece	City Sprint Day & night: same day and overnight deliveries Chargeable and paid by lenders too	All	No	Not free	No
Find Rent wear	Lender and borrower	Luxury brands, Accessories, shoes, bags	Renting on day basis pricing starts from 3£ per day and varies according to product. Rental 4-7 days	Standard courier delivery and chargeable	All	No	Not free	No
Girls meet Dress	Lender and borrower	Designer clothes, physical store	Unlimited dresses 99£ no membership required. Rent option 2 - 7 nights. Delivery next day option.	free delivery, returns, full refunds, flexible delivery	All	No	Free	No
My wardrobe HQ	Lender and borrower	Designer	no deposit, unique rental from one day to one year	Green Courier, UPS, DHL	All	Yes	Free	No
Front Row 2016	Lender and borrower	Design, Bags, accessor sunglasses	rental till 5 days	Next day delivery	All	No	Free	Optional
Hire street	Lender and borrower	Designer, Bags, accessories, sunglasses	rental from 4 to 15 days	Next day delivery, charged delivery, royal mail	All	No	Not free	Yes

Lending and Borrowing service is offered by all the companies. This involves cost of stocking inventories and /or sourcing them from large retail outlets. These companies also deal majorly in the luxury and branded fashion segment and cater to the needs of the affluent class.

Considering the rising need for trendy daily wear, impact of its wastage on the environment, increased consumption of fashion, influence of celebrity culture and increasing awareness of sustainable fashion, we anticipate a huge opportunity for an affordable & sustainable solution for the regular trendy clothing needs of women.

**Market Research:**

‘Trending Daily’ has employed a comprehensive research methodology to understand the complete value chain. Primary research was conducted through a survey to uncover the assumptions and a thorough secondary research was conducted by reviewing academic literature and industry sources to identify the opportunities that lie in the external environment.

In order to facilitate this;

- an online survey was rolled out on the social media network
- 94 responses received from the survey were analysed
- wide range of industry and trade journals were reviewed
- academic sources were investigated and

Find below the data collection matrix to understand the supply and demand perspectives of the research and its type.

To gather insights for ‘Trending Daily’ the following academic and industrial sources were explored in great depth.

- Industry landscape and trends
- Market dynamics and key issues
- Technology landscape
- Market opportunities
- Porter’s analysis and PESTEL analysis
- Competitive landscape and component benchmarking
- Policy and regulatory scenario

**Primary Research:**

The key objectives of primary research were as follows:

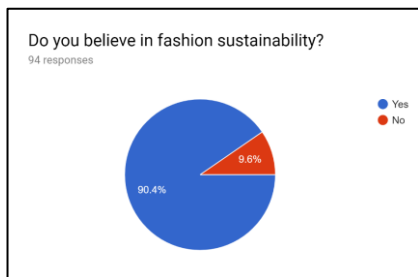
- To validate our data in terms of accuracy and acceptability
- To gain an insight in to the current market and future expectations

The following research was conducted through a survey conducted with over 100 women in the age group of 18 to 50 years. Company -Trending daily reached out to them through Whatsapp and other free social media campaigns. Most respondents were from the founder members social circle.

The questions of the survey were designed based on the business assumptions from the secondary research. ‘Trending Daily’ wanted to validate our assumptions regarding

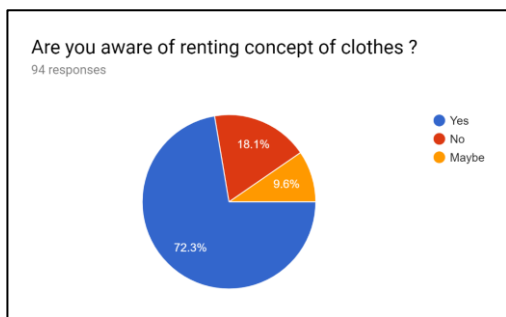
- consumer belief in fashion sustainability
- awareness of the concept of renting clothes
- influence of needs v/s wants while purchasing clothes
- acceptance of renting & borrowing clothes

**Online Survey Results:**



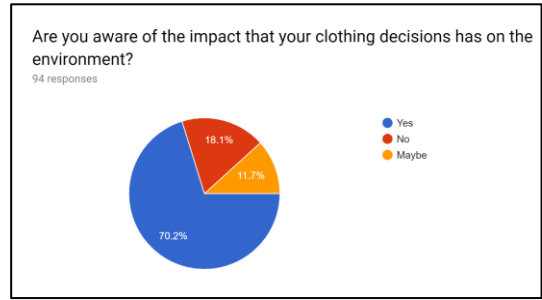
**Figure 4:** Pie Chart- Awareness fashion sustainability

90.4% of people care about the environment and are aware of the impact caused due to fast fashion, considering the fact there is awareness fashion sustainability.



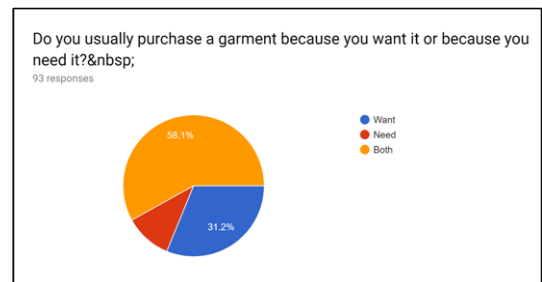
**Figure 5:** Pie Chart- Awareness of renting clothes concept

Around 72.3% of people are aware of renting clothes concept. ‘Trending Daily’ also wants to make more women more aware the concept of rental business.



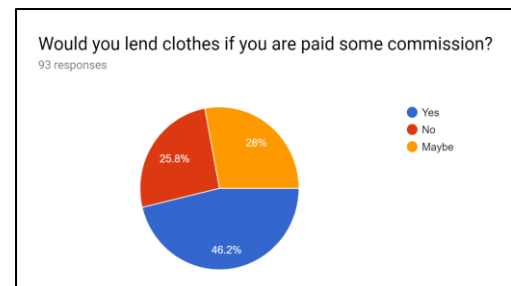
**Figure 6:** Pie Chart- Aware of the impact of their clothing decision on the environment

70.2% of the respondents are aware of the impact of their clothing decision on the environment. This demonstrates a growing awareness amongst end users about the consequences of their personal clothing decisions on the environment.



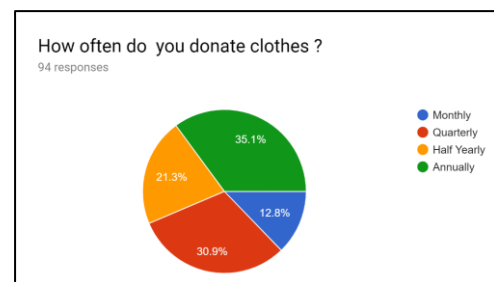
**Figure 7:** Pie Chart- Rent garments

There is more demand on purchasing clothes as a need than as a want. ‘Trending daily’ hence wants people to rent garments as it’s affordable.



**Figure 8:** Pie Chart- Encouragement from ‘Trending daily’

Nearly 46.2% would lend clothes if paid commission, there can be encouragement from ‘Trending daily’ to earn more money by promoting on larger scale.



**Figure 9:** Pie Chart- People donate clothes

People donate clothes more often quarterly and annually. From sustainability aspect there can be more motivation for donation clothes for reuse or recycling.

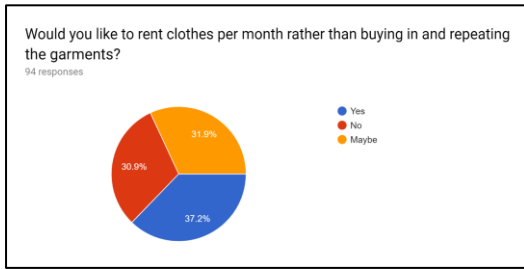


Figure 10: Pie Chart - Opt for rental clothing

37.2% of people would like to opt for rental clothing, more awareness can be created for the rental market by promoting it.

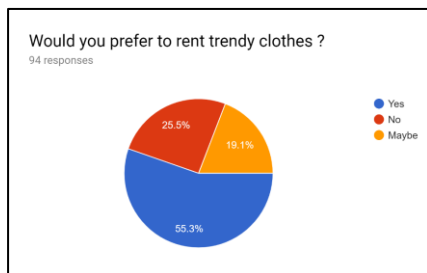


Figure 11: Pie Chart - Like to rent clothes

55.3% would like to rent clothes. People are more willing to rent clothes in trend. 'Trending Daily' will need to ensure that the clothes they source are trendy.

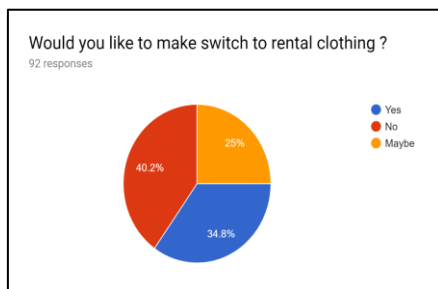


Figure 12: Pie Chart- Switch to rental clothing

34.8% of people would like to switch rental clothing while another 25% may be willing to switch to renting clothes over buying them. This indicates a potential growth in acceptance of renting over purchasing, there by a possible switch in consumer behaviour.

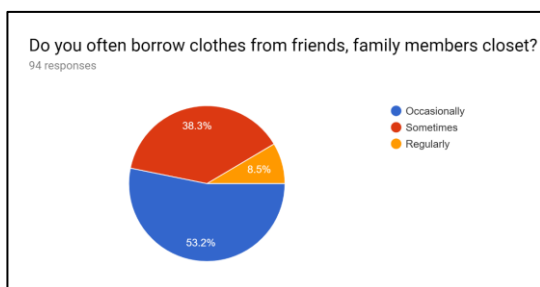


Figure 13: Pie Chart - Borrow clothes

53.2% of people like to borrow clothes occasionally while 38.3% borrow them sometime and 8.5% borrow them regularly. This indicates that fewer people like to regularly borrow clothes. However, the acceptance of renting clothes is much higher.

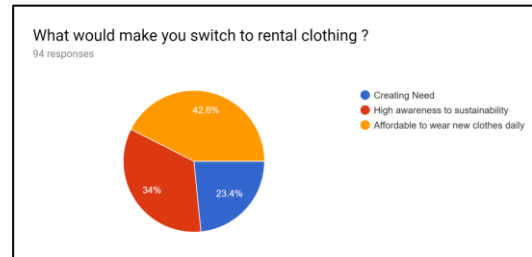


Figure 14: Pie Chart - Willing to switch to rental clothing

42.6% of people are willing to switch to rental clothing if it is made affordable while 34% of the people feel they would switch due to the sustainability perspective.

The following were the key findings of the research

- More than 90% of the people we interacted with are aware of the impact of their purchase decision on the environment
- There is willingness to consider the concept of renting clothes if they are trending and affordable
- Large proportion of people are willing to lend & donate clothes if this action leads to a sustainable future
- Trending Daily will need to spread awareness about the positive impact of lending and renting clothes

**USP / Differentiation:**

**Competitive Advantage:**

Competitive advantage can be defining as the firm's ability to outperform competitors in a way that they will find it difficult or cannot match (Kotler et al, 2008). Michael Porter urges companies to build a sustainable competitive advantage and which can be gained through core competences and unique resources (Kotler & Keller, 2007). Porter (1985) said there are two ways in which an organisation can gain an advantage over competitors. One is based on cost while the other is based on differentiation over rivals. 'Trending Daily' will adopt a cost leadership strategy.

While 'Trending Daily' aspires to beat competitors based on cost, they also possess certain core competencies that is expected to give them a competitive edge. The core competencies for 'Trending Daily' include

- A unique Inbound Logistics model where the clothes will be sourced from lenders who pre dominantly are fashion conscious women between age group of 25 and 44
- High customer service standards for both subscribers and lenders

- Deep understanding of the needs of subscribers
- Opportunity for women to lend & earn from clothes that may land up in the landfill
- A sustainable image by reducing the impact caused to the environment by reuse of clothes
- A unique technology platform to facilitate peer to peer sharing of clothes and banking on the growing popularity of the sharing economy

garment can be useful to reduce waste and promote zero waste fashion.

‘Trending Daily’ is keen to enhance the use of fast fashion wear by encouraging lenders to offer their clothes which they would not be using and to subscribers to use new styles daily on a subscription basis as against buying them.

**KEY Differentiator - Promote Zero Waste Fashion:**

According to Tanrisever (2019), waste fabric and evaluation are not new subject it has been into existence since old times. There are different ways to decrease the waste in zero waste fashion method. As defined zero waste is kind of ability of removing waste during process of design. Many methods can be applied for zero waste fashion. In this process, fabrics are cut and use in useful way or in zero waste pattern.

Reducing the waste is one of key factor and can be used in new designs and with help of new techniques old fabrics can be reused or refurbished. Other than this recycling of clothes causes more harm to the environment over revamping or reuse of second-hand clothing Gürsoy (2010). Therefore, renting out a

**Company Building:**

**Business Model Canvas:**

According to Zott and Amit (2010) business canvas is a model for creating a new business by solving any key issue for any person. Calvalcante et al (2011) believe that business models integrate deep understanding for innovating, process and routines. According to Teece (2010), business models are reflecting on customers want, customer’s needs, how they shall pay and how can enterprise shall organise to meet customer needs and get paid for doing so. In other words, business models define also that money should be utilized for sustainability and company management (Andersen 2011, Cegarra- Navarro et al.2011; Chilton and Bloodgood 2010, Lin et al2010).

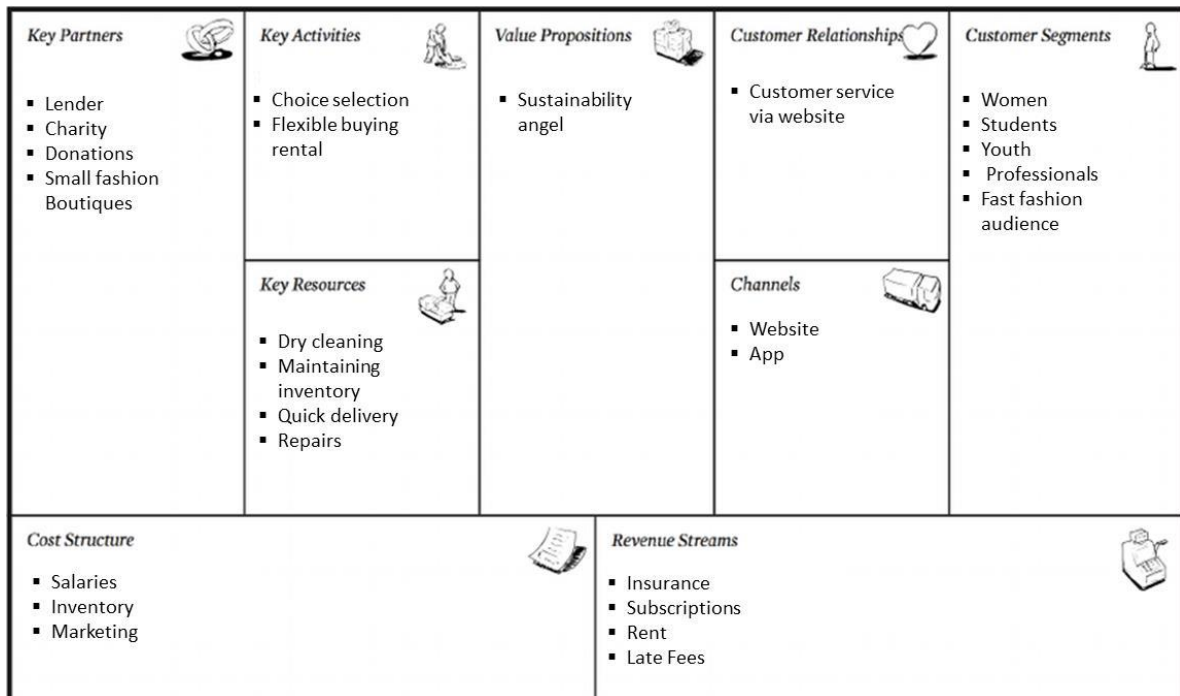


Figure 15: Sourced and adapted, Business Model Canvas, based on the work of Osterwalder, Pigneur & al. 2010

**Key Partners:**

‘Trending Daily’ include lenders who are ladies with surplus clothes between 18 and 50 and want to encourage daily fashion by providing their clothes for the use of ‘Trending Daily’ subscribers.

Besides, small fashion boutiques who stock clothes and are willing to earn by lending them.

**Key Activities:**

Whilst customer service and the platform development are important the key activity that ‘Trending Daily’ undertakes is sourcing the clothes from potential lenders. These need to be of good quality so that they are attractive enough to keep looking good after multiple uses. The first activity would be to maximize conversions of lenders, whilst the second would be to maximizes the number of subscribers. A

process will be set to facilitate the lending and subscription.

#### **Key Resources:**

The key resources that 'Trending Daily' includes the inventory it will procure from lenders, managing its stock, streamlining delivery and the maintenance services that will let it refurbish dresses if required and get them back out to subscribers as quickly as possible. As a result, it has invested significantly in dry cleaning and ware-house refurbishment with a goal to maximise utilisation rates.

#### **Value Proposition:**

The value that 'Trending Daily' creates is threefold. First it gives customers access to quality & branded clothes without owning or renting it. Second, it allows customers to select frequently from the comfort of their home thereby spending the less time shopping. Finally, it increases the number of times clothes are used which would have either landed up in the landfill or accumulated in the cupboard.

Unlike competitors focusing on tie ups with shop keepers and manufacturers for their client's rental needs, we have more of a peer to peer model to facilitate this. Our lenders will be predominantly of the similar age group and our users. 'Trending Daily' also plan to approach smaller stores and shops who may be willing to lend their stock. Digital marketing, especially social media marketing will be the key to success. Word of mouth and PR are the usual major marketing channels too.

#### **Customer Relations:**

Customer relations in the case of 'Trending Daily' include relations with both lenders and subscribers. Since both belong to the same age group all employees of the firm will be involved in providing efficient and prompt customer service. Besides a low-cost insurance as low as 5 pounds is offered to customers. This is a way of driving down customer interactions thereby saving operational costs.

#### **Customer segment:**

'Trending Daily' targets fashion conscious women in UK cities. The women are typically between 18 and 50. This segment was targeted because from our research, a clear need for a cost-effective solution for regular & fashionable daily wear was evident within this group. Age group of 25 to 50 received the positive impact of renting on sustainable fashion quite well.

#### **Channels:**

'Trending Daily' will be primarily an internet-based operation. Most subscriptions will take place via the app and website. 'Trending Daily' will promote its smartphone app and deliveries will happen from their warehouse in East London. While digital will be the key selling platform, word of mouth and PR are the other major channels for promotion.

#### **Revenue:**

The major revenue streams for 'Trending Daily' is the monthly subscription model. This will be the key source of revenue. Monthly subscription ensures a steady and predictable cash flow throughout the year. Besides the nominal cost toward insurance and late fees towards delayed returns from subscribers is expected to generate additional revenue.

#### **Costs:**

The largest costs in the business will be the salaries. There will be nominal costs associated with inventory due to the uniqueness of our business model. When lender's clothes are provided to monthly subscribers, they receive a 3% commission. The platform development is unlikely to be a significant cost as it will be developed in house. The other major cost is the monthly marketing spends. The largest amongst the marketing cost will be on digital spends to create awareness and desire through social media campaigns.

#### **Operations Plan:**

##### **Resources:**

The company will secure a warehouse cum office in East London. At this point all employees will work from the warehouse space. Presently, 'Trending Daily' does not require a bricks-and-mortar rental location. The dry-cleaning and logistical activities like inventory management, deliveries, etc will be conducted at the chosen warehouse facility.

3 Electric Vans will be used in its initial growth years for sourcing clothes from lenders and delivering them to subscribers through. 'Trending Daily' has chosen electric vans for delivery to spread the message of environmental conservation, build a sustainable identity and to also reduce the impact caused by polluting normal vans.

The Human Resources will be led by the company founder. A culture will be defined, and a cooperative work environment has been envisioned. While clear roles and responsibilities will be defined, there will be shared responsibilities. Every employee will be trained in customer relations as service quality is going to be our key differentiator.

Additionally, the founder will also attend relevant fashion trade shows to create awareness of their unique affordable clothing subscription solution within the sustainable fashion space.

##### **Supply chain management:**

Figure 16 below shows the relationship between Lender - Intermediaries – borrower.

##### **Lenders – Women or small boutiques owners:**

The lender can initially sign up and send the clothes to be rented to Trending daily. When the clothes will be borrowed by consumer then lender will be paid

a 3% commission by the company each time. Lenders will also have an option to donate accumulated clothes instead of lending. In the first 3 years the company shall encourage donation. As discussed earlier, small boutique owners or firms running small scale fashion business also have an opportunity to lend their unsold clothes.

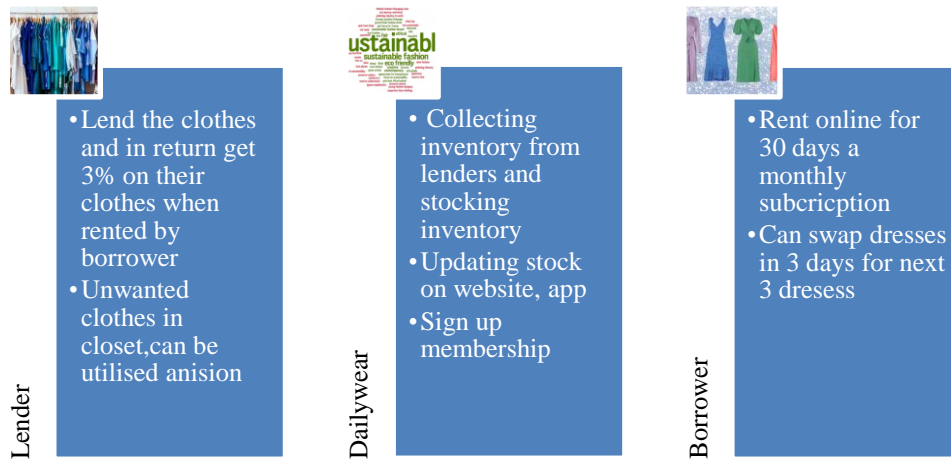
**Intermediaries - ‘Trending Daily’ team:**

Once ‘Trending Daily’ receives the clothes from lenders, a quality check will be conducted. The cleaning department shall then dry clean the items and stock them as inventory. The clothes will be monitored for wear and tear and reused until the lifecycle of the

garment. The company shall rotate the same garment only after they inspect the wear and tear.

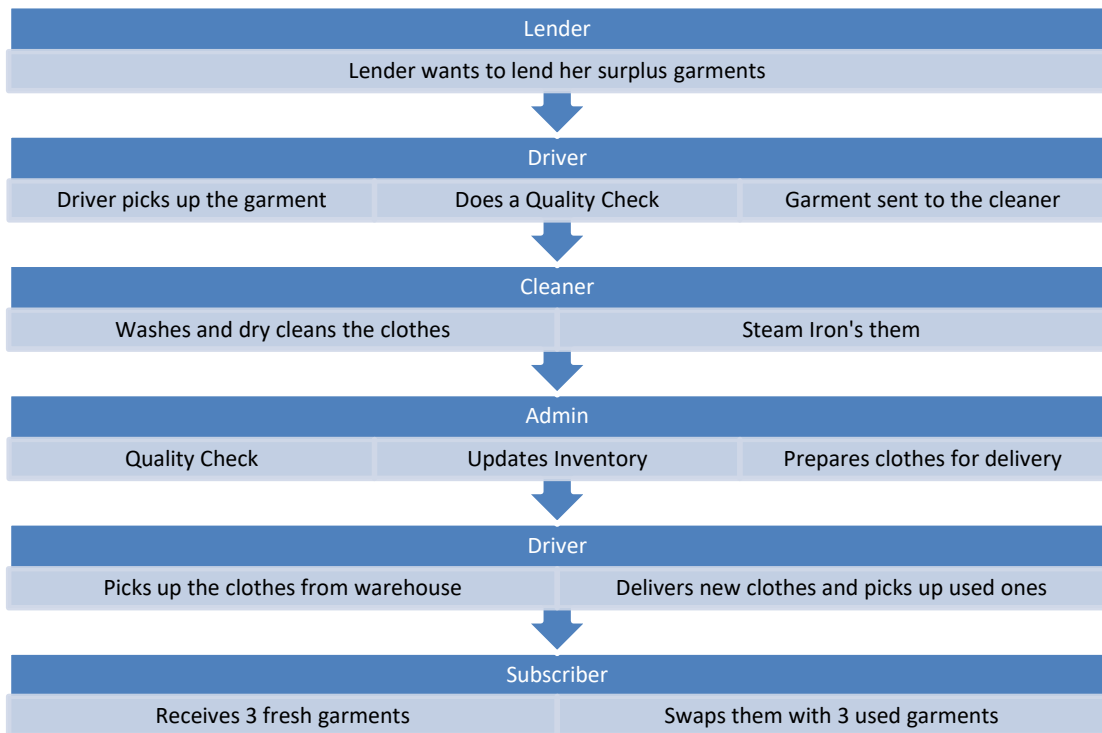
**Borrowers or Subscribers:**

As the subscription is purchased monthly, ‘Trending Daily’ shall send 3 garments immediately to the customer as per choice and availability online. Once the customer receives, in next 3 days they must swap those 3 for other 3 garments. Delivery and pick up shall be borne by the company and which shall not be chargeable to customers. The subscribers will receive regular updates of the inventory as they receive them from the lenders.



**Figure 16:** Relationship between Intermediaries: Lender- intermediary – borrower

**Process Flow:**



Process Flow diagram above gives an understanding of the key day to day activities and important touch points between the lenders and the subscribers.

**Marketing Plan:**

**Marketing Objectives:**

- Build a sustainable & affordable alternative trendy regular wear for women
- Attract professionals, fashion-conscious women & small shopping boutiques to donate or to lend clothes.
- Maintain steady rates of growth in the number of subscribers each month.
- Generate an increase in referrals from word of mouth monthly for both lenders and subscribers.

**Target Market:**

- Women age group from 18 to 50 years residing within 200-miles radius from East London
- Students, Youth, Professionals, Fashion Bloggers, Stylish women, Social media enthusiasts and Influencers

**Marketing Mix:**

Palmer (2004), defines marketing mix as a conceptual framework made for manager to identify principal decisions to offer suitable solutions for the consumer need.

The key elements of the marketing mix that impact our business plan are Product, Price, Promotion and Positioning. They are explained in more detail below.

**Product:**

‘Trending Daily’ offers an unlimited subscription plan of 30 dresses for 30£.

**Rent monthly for 30 dresses for 30£:**

As per Appendix 1, the monthly rent is decided based on 10% of the average cost to purchase 30 trendy fast-fashion clothes (herein referring to daily wear) Competitor pricing has also been considered while taking this decision. Competitors are charging much higher rentals, minimum being 99£ per month. However, competitors are required to invest heavily in inventory, while ‘Trending Daily’ have a unique advantage of sourcing the inventory for lenders there by promoting a peer to peer rental service.

**Swap 3 pieces for 3 pieces:**

After thorough investigation of the existing business models by competitors in the clothing rental subscription space and forecasting the logistics requirements, it is feasible for the company to deliver to subscribers 10 times a month, without incurring any additional than estimated costs. Hence 3 pieces will be swapped for 3 pieces each time over a month until the subscription is active.

**Free Shipping, dry cleaning:**

Research in online shopping trends as identified in the market research, indicates that customers prefer to buy only those products and services online, which offer free shipping and do not attract additional maintenance. On the other hand, customers are happy to pay for insurance.

**Rent unlimited for a month on rotation basis:**

The most common rental subscription model in the sharing economy is based on unlimited services for a month on rotation basis. Owing to this and acceptance of this model from credit card companies, banks and consumers alike, we have decided to offer a rent unlimited plan.

The following features and benefits outline the way the ‘Trending Daily’ delivers value to its targeted users. The table below compares the key features of ‘Trending Daily’ with user benefits.

**Table 3:** Features & Benefits for Subscribers and Lenders

User	Features	Benefits
Subscriber	Low cost	Enhances affordability
	Subscription	No need to buy fast fashion clothes which are seldom used
Lender	Lending	Opportunity to earn from lending surplus clothes
	Donate	Better to donate accumulated clothes than discarding them

**Promotion:**

**Digital channels:**

Promotional channels for online services are majorly digital (Owen & Humphrey 2009). These include adverting on search engines like Google, social media marketing on platforms like Facebook and Instagram, blogging on fashion websites and participating in discussion forums (Sharma & Verma 2018).

The below table gives us an understanding of the effectiveness of digital platforms at the various AIDA stages which stands for Awareness, Interest, Desire and Action. Once the app is ready, launching it on App Stores see to be a very effective option.

Trending Daily will promote its app on the App Stores of apple, google and android platforms. This is expected to be very effective to increase the number of subscribers. Social media marketing will be the key to create awareness and desire. Blogs around the impact of subscription-based clothing services on sustainability will be posted on forums frequented for the fashion and environmentally conscious users.

**Table 4:** Source & Adapted: AIDA concept in relation to a subscription-based clothing rental based on the work of Rehman et.al (2014).

DIGITAL	Awareness	Interest	Desire	Action
App Store, Google Play Store & Android	Not effective	Somewhat effective	Somewhat effective	Very effective
Cost Per Click on Google	Somewhat effective	Somewhat effective	Not effective	Not effective
Social Media Marketing on Facebook, Instagram & Twitter	Very effective	Somewhat effective	Not effective	Not effective
Blogs & Forums	Somewhat effective	Not effective	Not effective	Not effective

**Price Strategy:**

Armstrong et al, (2014) says consumer perceptions are explored by sustainable product systems. Secondly pricing strategies should be worked according to demand in market for creating awareness on sustainability. ‘Trending Daily’ pricing is affordable to have a better expansion in market, initially profit can be minimal to inspire consumers to change the consumption behaviour. Political guidelines also should be reconsidered if any.

**Low cost subscription model:**

A nominal subscription pricing model will be employed by ‘Trending Daily’ to encourage users to subscribe for renting clothes rather than buying them.

**Market Penetration:**

To penetrate the market with new solution, firms are adopting a freemium pricing model. However, Nagle & Muller, (2017) says this pricing should only be utilised in case of broad market penetration.

‘Trending Daily’ will penetrate the market by keeping the price of its subscription very nominal so that they can capture maximum market share.

**Sources of Income:**

‘Trending Daily’ is established with the aim of providing a peer to peer subscription based online clothing rental platform for lending and using a variety of clothes they need on a daily base. Trending Daily are going to ensure that they do all it takes to attract lenders and subscribers on a regular basis.

‘Trending Daily’ will majorly generate income from Subscriptions. The subscribers will be required to pay a monthly rental of 30£ for 30 days for a monthly membership. An insurance fee of 5£ will be charged over and above.

The cost for subscription was decided after analysis the business models of various providers of rental subscription clothing. While competitors are serving majorly to luxurious & designer clothing needs, their minimum rental cost for unlimited clothes is around 99£ per month. Refer to Appendix 1 to understand

pricing of competitors. This cost is calculated estimating saving of 10% of total value.

**Positioning:**

‘Trending Daily’ will position its subscription-based clothing rental services as an affordable and environmentally friendly alternative to fast purchase of trending daily wear.

This is a new concept by ‘Trending Daily’, and as a first mover in the UK market, it will leverage a competitive edge over other rental clothing providers with their unique peer to peer renting model.

Having a service offering that supports an unmet market demand will give ‘Trending Daily’ a sustainable competitive advantage. The unique business model of procuring clothes from ladies who have a surplus of them is another differentiating factor. Not only do they earn out of surplus clothes, they also promote a green practice by increasing the reuse of their clothes.

On the other hand, subscribers now do not require to purchase clothes to live up their fashion dream of wearing different and trending clothes daily. A business succeeds only if it can meet or exceed its customer expectations (Hitt et al, 2017).

Most firms in the rental clothing industry are catering to the luxurious fashion needs of their customers. Table 1 demonstrates that many of the rental companies are catering to the needs of the bridal industry. Here the needs are one off and repeat business may be a challenge. However, these firms have done well.

‘Trending Daily’ will position itself as a unique player in the daily wear industry with this sustainable solution at an affordable monthly subscription fee.

**DIGITAL Marketing Strategy:**

Our goal is to sustain and grow ‘Trending Daily’ to become the leading daily wear clothing subscription company in East London and be the best choice for women to lend and subscribe to their services

‘Trending Daily’ will make use of the following digital marketing strategies to attract lenders and subscribers.

Introduce our clothing lending and subscription services through an email campaign.

Blog on local online fashion publications about our sustainable solution to daily clothing.

Leverage on social media platforms like Facebook, Snapchat, Pinterest, Instagram and Twitter to promote the brand.

Create awareness, generate interest and desire amongst women users between 18 to 50 years around East London.

**Financial plan:**

**Sales forecast:**

Market research shows that there is great potential for sustainable fashion. Therefore, Trending Daily is optimistic that they will achieve our target profits from year 2.

**Table 6:** Sales Forecast

Years	Subscription	Sales per day	Monthly Sales	Annual Sales
Year 1	30	15	(30*15)=450	(450*12*30)=162000
Year 2	30	30	(30*30)=900	(900*12*30)=324000
Year 3	30	45	(30*45)=1350	(1350*12*30)=486000
Year 4	30	60	(30*60)=1800	(1800*12*30)=648000

**Breakeven analysis:**

It is expected that ‘Trending Daily’ will achieve breakeven in year 2. The following are the expected variable and fixed expenses which form the basis of our further calculations.

**Variable Expenses:**

**1-Commission:**

Commission is calculated on 3% for lender for every dress and paid post rented.

**2-Washing material:**

Washing material is calculated at 14£ per pack and 15 in quantity each month.

**3-Packaging material:**

Packaging is calculated at 2£ per subscription.

**Table 7:** Year wise Packaging material

Year	Cost per month	Cost per annum
1	30*15 = 450	450*2*12= 10800
2	30*30=900	900*2*12 = 21600
3	30*45 = 1350	1350*2*12 = 32400
4	30*60= 1800	1800*2*12 = 43200

**4-Electricity:**

Electricity is calculated as per UK standard rate.

- Year 1-450 £
- Year 2-550 £
- Year 3-650 £
- Year 4-800 £

‘Trending Daily’ has evaluated the rental clothing market and analysed their company’s potential to survive in the industry. This analysis has been used to prepare the following sales forecast, based on increasing trend of sustainable fashion.

Our business model is subscription based, therefore, a subscription fee of 30 pounds will be charged for items sold. The table below shows the sales projections for the four years.

As per industry and market analysis, these projections have been estimated on the assumption that there are very low chances of new competitors to enter the market with a similar service. Moreover, it is also expected that economic conditions will remain stable in the industry and clientele will increase as potential customers will become more aware due to advertising efforts. Hence, we are hopeful that market conditions will be favorable for us to achieve sales targets stated below.

**5-Fuel:**

Fuel is charged on miles covered daily.

**6-Internet charges:**

Internet charges are calculated flat fees annually at 260£ per month.

**Fixed expenses:**

**1. Salaries and wages:**

Salaries and wages are calculated 9£ per hour for all employees. Students and freshers shall be hired. Every year there is 10% of increase in wages.

**2. Warehouse rent:**

Warehouse rent is calculated 1000£ per month with an increase of 10% every year.

**3. Washing machine:**

Washing machine as per amazon UK prices.

**4. Iron machine:**

Iron machine as per amazon UK prices.

**5. Delivery vans:**

Delivery vans as UK market prices.

**6. Computers:**

Computers as per amazon UK prices.

**7-Website and App fees:**

Website and app fees charge annual on first year.

**8. Advertising and marketing fees:**

Advertising and marketing fees calculated more for first year and decreases after first year.

As shown in the table below, we have used insurance as a source of revenue in Year 1. Insurance

will be charged in the first year, i.e., a charge of 5 pounds along with the subscription fee will be paid by the customer. The insurance charge will only be applied in the first year, after which customers will only be required to pay the subscription fee.

**Table 8:** Breakeven Analysis

<b>Break-Even Analysis</b>				
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Sales</b>	162,000.00	324,000.00	486,000.00	648,000.00
<b>Insurance</b>	5,400.00			
<b>TOTAL SALES</b>	<b>167,400.00</b>	<b>324,000.00</b>	<b>486,000.00</b>	<b>648,000.00</b>
<b>Less Variable Expenses</b>				
Commissions	4,860.00	9,720.00	14,580.00	19,440.00
Washing Materials	2,520.00	5,040.00	7,560.00	10,080.00
Packaging	10,800.00	21,600.00	32,400.00	43,200.00
Electricity	5,400.00	6,600.00	7,800.00	9,600.00
Fuel	20,250.00	33,750.00	47,250.00	67,500.00
Internet charges	3,120.00	3,120.00	3,120.00	3,120.00
<b>Contribution Margin</b>	<b>120,450.00</b>	<b>244,170.00</b>	<b>373,290.00</b>	<b>495,060.00</b>
<b>Contribution Margin Ratio</b>	<b>71.95%</b>	<b>75.36%</b>	<b>76.81%</b>	<b>76.40%</b>
<b>Fixed Expenses</b>				
Salaries and wages	141,120	155,232	170,755	187,831
Warehouse rent	12,000	13,200	14,520	15,972
Washing Machines	1,740			
Ironing Machine	200			
Delivery Vans	36,000			
Desktops and Laptops	567			
Website and app fees	2,000			
Office supplies	1,000	500	500	500
Advertising & Marketing	4,000	3,500	3,000	2,500
<b>Total Fixed Expenses</b>	<b>198,627</b>	<b>172,432</b>	<b>188,775</b>	<b>206,803</b>
<b>Total Fixed Expenses Ratio</b>	<b>118.65%</b>	<b>53.22%</b>	<b>38.84%</b>	<b>31.91%</b>
<b>Break-Even Sales</b>	<b>276,049</b>	<b>228,808</b>	<b>245,773</b>	<b>270,691</b>
<b>Break-Even %</b>	<b>164.90%</b>	<b>70.62%</b>	<b>50.57%</b>	<b>41.77%</b>
<b>Operating Profit</b>	<b>(78,177)</b>	<b>71,738</b>	<b>184,515</b>	<b>288,257</b>

As per the above table to company is expected to be profitable in year 2. Considering that a large proportion of expenses are fixed, the company is expected to be having a large growth in operating profit in years 3 and 4.

Also, the fixed expenses ratio significantly reduces from 118.65% in year 1 to 53.22% in year 2 and further to 38.84% & 31.91% in years 3 & 4 respectively as per table 7. This indicates better returns post breakeven which is expected in year 2.

**Capital Spending:**

The table below is a list of assets to be purchased along with quantity and unit price.

**Table 9:** Capital Spending

<b>Description</b>	<b>Qty.</b>	<b>Unit price</b>	<b>Total</b>	<b>Notes</b>
<b>Washing Machine 32 KGS</b>	1	1,500	1,500	
<b>Washing Machines 8 KGS</b>	1	240	240	
<b>Ironing machine</b>	1	200	200	
<b>Desktop</b>	2	169	338	
<b>Laptop</b>	1	229	229	
<b>Delivery Vans</b>	3	12,000	36,000	

**Cash Flow Projections:**

‘Trending Daily’ will invest 15,000 £ from personal funds as seed money in year 1, shown here as beginning cash balance. Long-term financing denotes the cash borrowed from investor over the four years to cover business expenses.

**Table 10:** Cash Flow Projections

CASH FLOW PROJECTION					
	2019	2020	2021	2022	Total
<b>Operating Activities</b>					
Net Income	-78,177	71,738	184,515	288,257	466,333
<b>Total operating activities</b>	-78,177	71,738	184,515	288,257	
<b>Investing activities</b>					
Capital expenditures	-	-	-	-	
Acquisition of business	-	-	-	-	
Sale of fixed assets	-	-	-	-	
Other investing cash flow items	-	-	-	-	
<b>Total investing activities</b>					
<b>Financing Activities</b>					
Long-term debt/financing	-3750	-3750	-3750	-3750	
Total Financing Activities					
<b>Cumulative cash flow</b>	-81,927	67,988	180,765	284,507	
<b>Beginning cash balance</b>	15,000	-66,927	1,061	181,826	
<b>Ending Cash balance</b>	-66,927	1,061	181,826	466,333	

**Income Statement Projections:**

As seen below, in year 1, expenses will exceed revenues, resulting in a loss. However, as sales increase, we will be able to generate profits from year 2.

**Table 11:** Income Statement

Sl. No. Particulars	FYE 2019-2020	FYE 2020-2021	FYE 2021-2022	FYE 2022-2023
<b>A REVENUES</b>				
<b>1 Gross Operating Revenue</b>				
Subscription Sales	162,000.00	324,000.00	486,000.00	648,000.00
<b>Total Operating revenues</b>	<b>162,000.00</b>	<b>324,000.00</b>	<b>486,000.00</b>	<b>648,000.00</b>
<b>2 Insurance</b>	5,400.00	0.00	0.00	0.00
<b>TOTAL REVENUES</b>	<b>167,400.00</b>	<b>324,000.00</b>	<b>486,000.00</b>	<b>648,000.00</b>
<b>B EXPENSES</b>				
<b>1 Cost of Materials Consumed (Commissions)</b>	4,860.00	9,720.00	14,580.00	19,440.00
<b>2 Operating and other expenses</b>				
Washing Materials	2,520.00	5,040.00	7,560.00	10,080.00
Rent	12,000.00	13,200.00	14,520.00	15,972.00
Packaging Charges	10,800.00	21,600.00	32,400.00	43,200.00
Electricity	5,400.00	6,600.00	7,800.00	9,600.00
Fuel	20,250.00	33,750.00	47,250.00	67,500.00
Internet	3,120.00	3,120.00	3,120.00	3,120.00
Office Supplies	1,000.00	500.00	500.00	500.00
Other Expenses				
<b>3 Marketing Expenses</b>	4,000.00	3,500.00	3,000.00	2,500.00
<b>4 Total Expenses</b>	<b>63,950.00</b>	<b>97,030.00</b>	<b>130,730.00</b>	<b>171,912.00</b>
<b>C NET OPERATING PROFITS</b>	<b>103,450.00</b>	<b>226,970.00</b>	<b>355,270.00</b>	<b>476,088.00</b>
<b>E SALARIES AND WAGES</b>				
STAFF SALARIES	141,120.00	155,232.00	170,755.20	187,830.70
OVERTIME AND BONUS				
<b>TOTAL SALARIES AND WAGES</b>	<b>141,120.00</b>	<b>155,232.00</b>	<b>170,755.20</b>	<b>187,830.70</b>
<b>NET INCOME</b>	<b>-37,670.00</b>	<b>71,738.00</b>	<b>184,514.80</b>	<b>288,257.30</b>

The Net Income is expected to grow at a steady rate from Year 2 onwards. The cost of materials consumed is the amount ‘Trending Daily’ will have to pay as commission to lenders. This cost is taken into consideration only when the lenders cloth is provided to a subscriber.

**Explanation of Contribution margin:**

The contribution margin was calculated by subtracting an item’s variable costs from the sale price. In the excerpt below ‘Trending Daily’ is selling the product at 167,400 and the cost of materials is 46,950, the contribution margin is 120,450.

120,450 is then used to cover the fixed costs, and any amount remaining after that will be net profit.

**Table 12:** Contribution Margin

Contribution Margin	120,450	244,170	373,290	495,060
Contribution Margin Ratio	71.95%	75.36%	76.81%	76.40%

**Risk Analysis:**

As mentioned by Doolin et al., (2005) being cautious and aware about risk is very important for e-consumers. Kothandaraman and Wilson, (2001) suggestions are based on perfect buying for consumers with low risk. It is true that online shopping has positive and negative influence on consumers final decision. Bhatnagar and Ghose (2004). It also depends on word of mouth which spreads faster and has impact on purchasing behaviour of consumer as an type of risk too (Crespo et al., 2009, Lin et al., 2010). In addition this the way handling of products is also a risk (Ramanathan, 2011).

‘Trending daily’ from sustainable point of view want to reuse the garments minimum five times as it is like fast fashion clothing. Risk is identified as perceiving values and risk and identify the benefits in purchasing by consumer (Woodwall, 2003).

**SWOT:**

“SWOT Analysis is a simple but powerful tool for sizing up an organization’s resource capabilities and deficiencies, its market opportunities, and the threats to its future” (Thompson et al., 2007: 97). SWOT analysis prepares an organisation for strategic decisions. Reflecting upon threats & weaknesses helps in further analysing the possible business risks.

According to market inflation or may be economy there are high chances customers to rent clothes as it is economical. As per the Tang and Deo, (2008) in rental for fashion products should be devised. Rental products must be competitive in market; therefore, ‘Trending Daily’ has a flat fee at 30£ for 30 days. Sales and logistic are adapted in rental model, also promoting green, environment and social values by means sustainable fashion products.

<p><b>Strength</b>                  Accessible                  Affordable                  Reach out to all women in market                  Social media online presence                  Sustainable option</p>	<p><b>Weakness</b>                  Inventory shortage                  Meeting expectations of customers                  Lower investments in R &amp; D</p>
<p><b>Opportunities</b>                  Adding to new customers for membership                  Expansion globally                  Client orientated                  Exploring new segments                  Booming sharing economy                  Increase in rental consumption</p>	<p><b>Threat</b>                  Government Regulations                  Consumer tastes                  Rise in cost due to inflation                  Competitors                  Uncertainty in demand                  Low subscription volumes                  Low Inventory</p>

**Risk & Mitigation:**

**Uncertainty in demand:**

Rent-based supply chain researchers have identified problems such as revenue management and have observed the uncertainty in rental demand and return process, (Tang and Deo, 2018). The base model of ‘Trending Daily’ was decided are analysing competitor’s issues in rental duration and pricing. Clothes borrowed by subscribers need to be trendy or competitive enough to sustain in market. If markets are not distinguishing properly as rental is different compared to retail. Also, there may be challenges in perception associated with a low-price strategy. Right pricing, trendy and quality clothes, along with social value is very important.

**Low Subscription volumes:**

(Coughlan et al., 2001) states the complex purchasing behaviour in online shopping due to various marketing channels have increased within short span of time. Consumers are comfortable in switching from retail to online platforms as offers security in financial transactions and offers more than compared to offline retailers (Lee, 2009).

Therefore, offering good quality, trends, quality and low risk (Chiu et al., 2011) has higher sale chances for ‘Trending Daily’. Defining various and updating constantly marketing strategies can lower risk and increase sales (Fletcher, 2010). Also, awareness around the impact of textile waste on the environment will help motivate the environmentally conscious to subscribe for clothes over buying them (Chiu et al., 2011).

**Inventory Risk:**

(Li et al) considers pricing in centralized and decentralized channel mode due to complexity of supply chain channels in fashion industry. ‘Trending

Daily's' primary lender of clothes will be affluent women who have a lot of clothes piling up in their closet. While earning commission may not be the only motivation behind lending, accumulation of clothes in the closet is another key problem addressed from the lender's perspective. If 'Trending Daily' does not receive enough traction from this segment, they are at a risk of not having enough inventory. To mitigate this risk, 'Trending Daily' will approach small fashion boutiques for sourcing the clothes.

#### **Material Risks:**

There is a high risk of damage to clothes during warehousing or transportation as well as all other material risks such as theft, fire, etc. Especially with a very tight financial base at the start up stage, the impact of such mishaps in the warehouse or during transportation can be devastating for the company. 'Trending Daily' plans to mitigate this by maximising its insurance coverage.

#### **Operational Risk:**

The operational hazards that the company will be confronting are of a very different nature. To begin with it is very unlikely to expect a smooth and flawless operations from the very beginning. Unforeseen costs may be incurred in the first two years of operation. Trending Global will seek consultation and guidance from experts in inventory management & operations to set up a process to minimise operational risks. The founder's academic background in fashion and management will come in handy to mitigate this risk.

#### **Scenario Analysis:**

Research on this plan suggests that the concept of renting clothes will become more common than purchasing it, and firms providing rental services will disrupt the apparel market. However, peer-to-peer sharing marketplaces still may face some roadblocks that may restrict their adoption on a larger scale (Yuan and Shen, 2019).

First, all consumers may not want to lend their clothes or subscribers may not want to wear clothes worn by others, although the consumer mindset may evolve favourably on this over time. Second, not all the small boutique shops would want to offer their products on loan. While, all potential lenders 'Trending Daily' interviewed, have shown excitement in the opportunity to earn money from the clothes that are just accumulating in their closet, in the worst-case scenario, lack of inventory due to shortage of supply will hamper the growth of the business and will cause dissatisfaction to the subscribers. 'Trending Daily' will be aggressively reaching out to lenders to source clothes before lending them so that they will always have enough in stock.

The most likely scenario is that borrowers or monthly subscribers of our clothing rental services will most often not mind giving this model a try for a

month. Currently, fewer than 1 million tuxedos are purchased in the US annually, while more than 10 million are rented (Botsman, 2015).

Given the growth of the fast fashion trend, need for variety and a less-formal dressing culture at the workplace, there could be a huge opportunity of subscribing for clothes on a monthly basis as against owning them.

In a best-case scenario, subscribers will have a wide range of clothes to choose from and lenders will earn extra commission on the clothes they would have never used. One hindrance in this scenario is that they do not get to try the fit and how it looks, before they receive it. As the business grows, features such as virtual fitting rooms can be added on our app which will encourage more traction on our app and website and these new features may resolve the challenges with finding the right fit or size while selecting clothes from our inventory online.

#### **Conclusion:**

'Trending Daily' understands that the future of any business stems from the number of loyal customers they have and the capabilities of their team members besides funding and the business model.

One major goal of the start-up company is to build a business that will survive on its own without the need of additional funding once the business commences operations.

One of the keys to success would be to gain approval from both our lenders and prospective subscribers. This will be achieved by providing efficient and quality service to the subscribers of our services. We will also need to ensure that lenders benefit from our initiative.

'Trending Daily' will ensure operational processes & organisation culture is in place and the team will always be well taken care of. With this vision, the firm will be successful in hiring and retaining a committed team who will help us build on our business plan.

Future of the clothing rental market looks promising. While the existing competitors may have an upper hand in the luxury clothing business, since our service is inclined towards a more affordable and sustainable solution of the day to day to clothing needs of women, we are confident that our identified ecosystem will benefit from our offering.

With the rising concern for the environment, increasing awareness of the reuse of clothing items, increasing need of variety in daily wear, acceptance of rental options and the boom in the sharing economy, 'Trending Daily's' unique subscription-based service will support women live their fashion dream while supporting the sustainable fashion movement.

## References:

1. Bhatnagar, S. Ghose, "Segmenting consumers based on the benefits and risks of Internet shopping", *J. Bus. Res.*, 57 (12) (2004), pp. 1352-1360.
2. A.C. Woolridge, G.D. Ward, P.S. Phillips, M. Collins, S. Gandy, (2006) "Life cycle assessment for reuse/recycling of donated waste textiles compared to use of virgin material: an UK energy saving perspective", *Resour. Conserv. Recycl.*, pp. 94-103.
3. Aguilar, FJ 1967, *Scanning the business environment*, Macmillan.
4. Amit, R., & Zott, C. (2001). Value creation in E-business. *Strategic Management Journal*, 22(6/7), 493–520.
5. Andersén, J. (2011). Strategic resources and firm performance. *Management Decision*, 49(1), 87–98.
6. Annamma Joy, John F. Sherry Jr, Alladi Venkatesh, Jeff Wang & Ricky Chan (2012) *Fast Fashion, Sustainability, and the Ethical Appeal of Luxury Brands*, *Fashion Theory*, 16:3, 273–295, DOI: 10.2752/175174112X13340749707123.
7. Armstrong, C.M.; Niinimäki, K.; Kujala, S.; Karell, E.; Lang, C. (2014), "Sustainable product-service systems for clothing: Exploring consumer perceptions of consumption alternatives in Finland". *J. Clean. Prod.*, in press.
8. Doolin, S. Dillon, F. Thompson, J.L. Corner, "Perceived risk, the internet shopping experience and online purchasing behaviour: a New Zealand perspective", *J. Glob. Inf. Manag.*, 13 (2) (2005), pp. 66-88.
9. Zamani, G. Sandin, G.M. Peters, (2017) "Life cycle assessment of clothing libraries: can collaborative consumption reduce the environmental impact of fast fashion?" *J. Clean. Prod.*, 162 , pp. 1368-1375.
10. Barnes, L. & Lea-Greenwood, G. (2006), "Fast fashioning the supply chain: shaping the research agenda", *Journal of Fashion Marketing and Management*, 10, 259–271.
11. Barnes, L., Lea-Greenwood, G., Bruce, M. and Daly, L. (2006), "Buyer behaviour for fast fashion", *Journal of Fashion Marketing and Management*, Vol. 10 No. 3, pp. 329-344. <https://doi.org/10.1108/13612020610679303>.
12. Birtwistle, G., Moore, C., Otieno, R., Harrow, C. and Lea-Greenwood, G. (2005), "The unhappy shopper, a retail experience: exploring fashion, fit and affordability", *International Journal of Retail & Distribution Management*, Vol. 33 No. 4, pp. 298-309. <https://doi.org/10.1108/09590550510593220>.
13. Birtwistle, G., Siddiqui, N. and Fiorito, S.S. (2003), "Quick response: perceptions of UK fashion retailers", *International Journal of Retail & Distribution Management*, Vol. 31 No. 2, pp. 118-28.
14. Bothun, Deborah et al. 2015. "Consumer Intelligence Series: The Sharing Economy." PwC. <http://www.pwc.com/us/en/industry/entertainment-media/publications/consumer-intelligenceseries/assets/pwc-cis-sharing-economy.pdf>.
15. Botsman, R. (2015). *Defining the Sharing Economy: What Is Collaborative Consumption What Isn't?* [online]. Available at: <http://www.fastcoexist.com/3046119/defining-the-and-sharing-economy-what-is-collaborative-consumption-and-what-isnt>
16. Botsman, R., & Rogers, R. (2011)., "What's Mine is Yours. The Rise of Collaborative Consumption." London, UK: Collins.
17. Bruce. M. & Daly, L. (2006) Buyer behaviour for fast fashion. *Journal of Fashion Marketing and Management*, 10, 329–344.
18. Cegarra-Navarro, J. G., Sanchez-Vidal, M. E., & Cegarra-Leiva, D. (2011)., "Balancing exploration and exploitation of knowledge through an unlearning context: an empirical investigation in SMEs.", *Management Decision*, 49(7), 1099–1119.
19. Chen, H-L. & Burns, L.D., (2006), "Environmental Analysis of Textile Products", *Clothing and Textiles Research Journal*, vol. 24, no. 3, pp. 248–261.
20. Chilton, M. A., & Bloodgood, J. M. (2010)., "Adaption-innovation theory and knowledge use in organizations.", *Management Decision*, 48(8), 1159–1180.
21. CNBN, *Rent the Runway*, (2018). Viewed on May 22. Available at: <https://www.cnn.com/2018/05/22/rent-the-runway-2018-disruptor-50.html>.
22. Coughlan M, Cronin P, Ryan F (2007) Step-by-step guide to critiquing research. Part 1: quantitative research. *British Journal of Nursing* 16(11): 658–63.
23. Crespo A., Crespo, C., Lin, W.Y., Cheong, P.H., Kim, Y.C. & Jung, J.Y. (2010), "Kids online: Opportunities and risks for children", Bristol: The Policy Press.
24. Durgee, J.F. & O'Connor, G.C., (1995), "An exploration into renting as consumption behavior," *Psychology and Marketing*, Vol. 12, No. 2, pp. 89-104.
25. Fang, Y., Chiu, C. and Wang, E. (2011), "Understanding customers' satisfaction and repurchase intentions", *Internet Research*, Vol. 21 No. 4, pp. 479-503. <https://doi.org/10.1108/10662241111158335>.
26. *Fast Fashion*, *Ecologist*, 37 (2) (2007), pp. 60-61.
27. Finch, B.J., (2007), "Customer expectations in online auction environments: an exploratory study of customer feedback and risk", *J. Oper. Manag.*, 25 (5), pp. 985-997.
28. *Grandviewresearch*, G. (2019)., *Online Clothing Rental Market Size | Global Industry Report, 2019-2025*. [online] [Grandviewresearch.com](https://www.grandviewresearch.com/industry-analysis/online-clothing-rental-market). Available at: <https://www.grandviewresearch.com/industry-analysis/online-clothing-rental-market> [Accessed 6 Aug. 2019].
29. Hirt, M., & Wilmmott, P. (2014). *Strategic principles for competing in the digital age*. McKinsey Quarterly, May 2014, 1–13.
30. Hitt, M.A. and Ireland, R.D. and Hoskisson, R.E., (2017), "Strategic management: Competitiveness and Globalisation : Concepts and Cases, Cengage Learning Asia Pte Limited, viewed at <https://books.google.co.in/books?id=AZWbtAEACAAJ>
31. Insights, C. (2019)., "Global Online Clothing Rental Market to Surpass US\$ 3,299.6 Million by 2026" *Coherent Market Insights*. [online] *GlobeNewswire News Room*. Available at: <https://www.globenewswire.com/news-release/2018/12/10/1664363/0/en/Global-Online-Clothing-Rental-Market-to-Surpass-US-3-299-6-Million-by-2026-Coherent-Market-Insights.html> [Accessed 6 Aug. 2019].
32. Kate Fletcher (2010), "Slow Fashion: An Invitation for Systems Change", *Fashion Practice*, 2:2, 259-265, DOI: 10.2752/175693810X12774625387594.
33. Kothandaraman, P., Wilson, D.T., "The future of competition: value-creating networks", *Ind. Mark. Manag.*, 30 (4) (2001), pp. 379-389.
34. Lin, E., Lin, T. M. Y., & Lin, B. W. (2010). New high-tech venturing as process of resource accumulation. *Management Decision*, 48(8), 1230–1246.

35. Millan, E.; De Pelsmacker, P.; Wright, L.T., (2013), "Clothing consumption in two recent eu member states: A cross-cultural study.", *J. Bus. Res.* 2013, 66, 975–982.
36. Morgan, L.R. & Birtwistle, G. (2009), "An investigation of young fashion consumers' disposal habits", *International Journal of Consumer Studies*, 33, 190–198.
37. Naderi, Iman & Van Steenburg, Eric. (2018), 'Me first, then the environment: young Millennials as green consumers', *Young Consumers*.
38. Nagle, TT & Müller, G 2017, *The strategy and tactics of pricing: A guide to growing more profitably*, Routledge.
39. Office for National Statistics (UK). (2018). Share of individuals who purchased clothes and sports goods online in Great Britain in 2018, by age and gender. Statista. Statista Inc.. Accessed: August 08, 2019. <https://www.statista.com/statistics/286096/clothes-and-sports-goods-online-purchasing-in-great-britain-by-demographic/>.
40. Owen, R & Humphrey, P 2009, 'The structure of online marketing communication channels', *Journal of Management and Marketing Research*, vol. 2, p. 1.
41. Palmer, A. (2004). *Introduction to Marketing - Theory and Practice*, UK: Oxford University Press.
42. Porter, ME 1985, 'Creating and sustaining superior performance', *Competitive advantage*, vol. 167.
43. Prahalad, C.K. and Hamel, G. (1993), "Stretch and Leverage.", *Harvard Business Review*, 71, 75-84.
44. PYMNTS (2019)., "Deep Dive: Clothing Rental Services Hit The Subscription Runway.", [online] Available at: <https://www.pymnts.com/subscription-commerce/2019/fashion-clothing-rental-consumer-spending/> [Accessed 20 Aug. 2019].
45. Ramanathan, R., (2011), "An empirical analysis on the influence of risk on relationships between handling of product returns and customer loyalty in E-commerce", *Int. J. Prod. Econ.*, 130 (2), pp. 255-261.
46. Rehman, FU, Nawaz, T, Ilyas, M & Hyder, S 2014, 'A comparative analysis of mobile and email marketing using AIDA model', *Journal of Basic and Applied Scientific Research*, vol. 4, no. 6, pp. 38-49.
47. Royal Mail, (2019), "Consumer motivations for online shopping in the United Kingdom (UK) in 2018." Statista Inc.. Accessed: August 08, 2019. <https://www.statista.com/statistics/986802/consumers-reasons-for-shopping-online-uk/>.
48. S. Byun, B. Sternquist, "The antecedents of in-store hoarding: measurement and application in the fast fashion retail environment", *The international Review of Retail*, 18 (2) (2008), pp. 133-147, 10.1080/09593960701868241.
49. Sharma, S & Verma, H 2018, 'Social Media Marketing: Evolution and Change', in *Social Media Marketing*, Springer, pp. 19-36.
50. Smith, Aaron. 2016. "Shared, Collaborative, and On Demand: The New Digital Economy." Pew Research Center. <http://www.pewinternet.org/2016/05/19/the-new-digital-economy/>.
51. Statista. (2019). Number of Fashion e-commerce users in United Kingdom from 2017 to 2023, by segment (in millions). Statista. Statista Inc.. Accessed: August 08, 2019. <https://www.statista.com/statistics/477981/fashion-e-commerce-users-in-united-kingdom-by-segment/>.
52. T. Woodwall, (2003) "Conceptualising 'value for the consumer': an attributional, structural and dispositional analysis".
53. Tang, C.S.; Deo, S. Rental price and rental duration under retail competition. *Eur. J. Oper. Res.* 2008, 187, 806–828.
54. THOMPSON, A. A., STRICKLAND, A. J. & GAMBLE, J. E. (2007). *Crafting and Executing Strategy-Concepts and Cases*, (15th Edition), USA: McGrawHill/Irwin.
55. V. Bhardwaj, A. Fairhurst,(2010) "Fast fashion: response to changes in the fashion industry", *The International Review of Retail, Distribution and Consumer Research*, 20 (1) (2010), pp. 165-173, 10.1080/09593960903498300.
56. Yuan, Q. and Shen, B. (2019). Renting fashion with strategic customers in the sharing economy. *International Journal of Production Economics*, [online] 218, pp.185-195. Available at: <https://www.sciencedirect.com/science/article/pii/S092552731930163X#bib23> [Accessed 6 Aug. 2019].

**APPENDICES**

**Appendix 1.** Industrial examples of rental services in fashion.

Company	Rental Services	Retail Services	Target Market
Rent the Runway	Consumers rent unlimited designer clothes and accessories for \$99 a month or about 10% of the retail price per time.	No	Women age group 25-50
Chic by Choice	Consumers can rent designer fashion for about 20% of the retail price per time.	No	Students, women later stage expansion to men model
Armarium	Consumers can rent luxury fashion for about 20% of the retail price per time.	No	Luxury uses high spending group
Ann Taylor	A womenswear brand offers unlimited clothes rental for \$95 a month	Yes	Female age group of 25-50 years
Express	Customer can rent three items for \$69.95 a month	Yes	Female age group of 20-30 years
New York & Co	Customer can rent three items for \$49 a month	yes	Female age group of 25-50 years

Source and adapted by the work of Yuan, Q. and Shen, B. (2019)

As per the above table, it can be observed that all the competitors in the global environment cater to women of the age group of 25-50 years. Also, they are providing rental services.