



# The Circular Retail Revolution

## Four Trends That Will Change Retail Forever

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**Gordon  
Brothers**

# Introduction

1

**The circular economy  
in the retail sector  
will explode**

2

**Consumers will  
punish dirty retail**

3

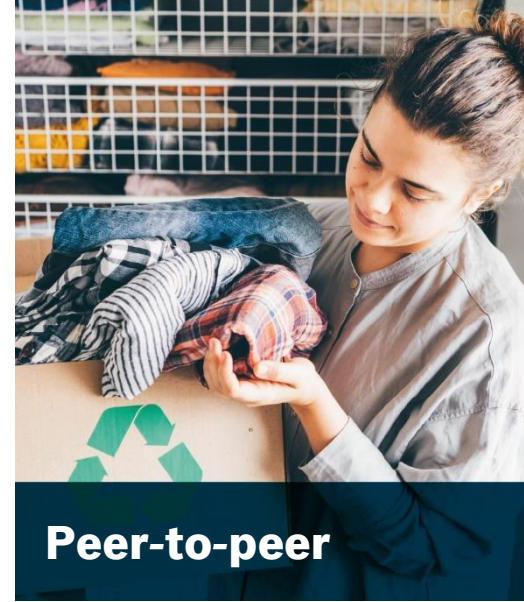
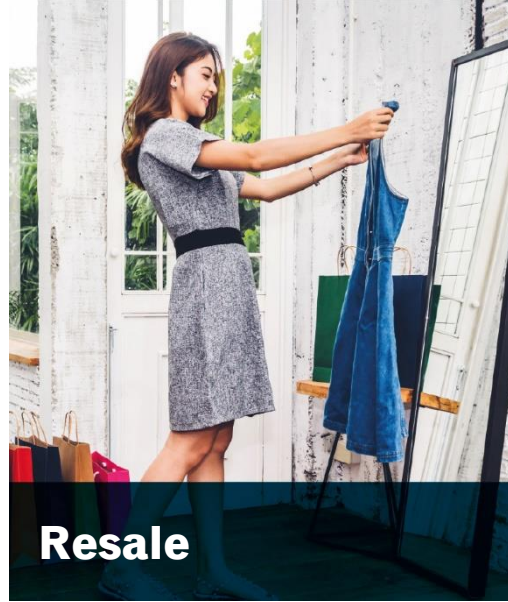
**Fashion will (have to)  
clean up its act**

4

**Clean retail  
will win big**



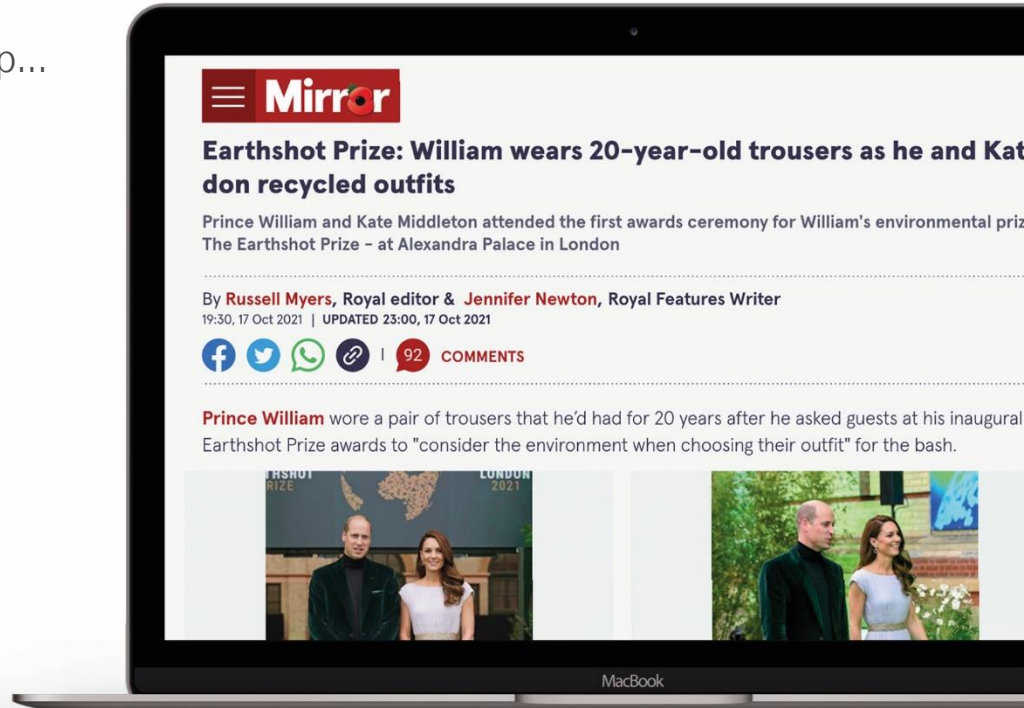
# Change is Underway



**OWNERSHIP > USERSHIP**

# Change is Underway

And the message is coming right from the top...



# Conscious Consumerism and COVID-19

Why is this subject important?

- 1** It has optical benefits
- 2** Good to be in for the money
- 3** Conscious consumerism is forefront of consumers' mind

The reality is the circular economy will ultimately collide head-on with Business as Usual.

Smart retailers will adapt and change from BAU.





# Live Poll

Would you agree that it's worth paying more for a product from a socially responsible retailer?

Would you change your consumption habit(s) to reduce your impact on the environment?

Would you pay up to 5% more and switch your buying habits to brands that align with your own personal values?

slido

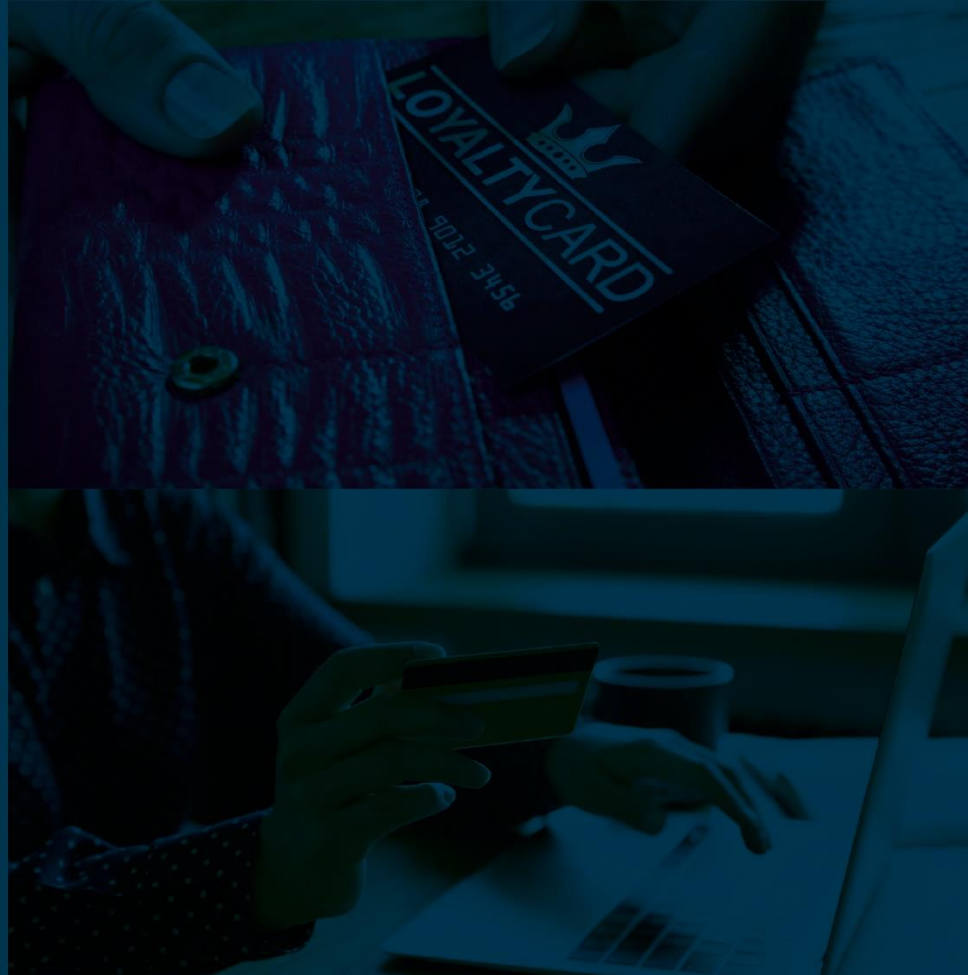
**The retail sector will  
explode; it's already  
changing consumers'  
shopping habits.**



# Changing Consumers' Shopping Habits

Smart retailers are excelling by aligning with consumers' values and benefiting in:

- New market(s)
- Retaining existing customers
- Attracting new customers from competitors





# Changing Consumers' Shopping Habits

The circular economy has three key markets:

**Rental**

**Resale**

**Peer-to-peer**

**The rental market will grow to \$2.3Bn in the U.K**



# Changing Consumers' Shopping Habits - Rental

Fashion

ROTARO HURR

RESELLFRIDGES

Harrods





# Changing Consumers' Shopping Habits - Rental

## Beyond fashion

We're seeing a real shift in consumer behaviour toward usership rather than ownership.



Furniture rentals

musicMagpie

Electrical rentals

Searches for 'sustainable home' on [johnlewis.com](https://www.johnlewis.com)  
**650%+**



# Changing Consumers' Shopping Habits – Resale

musicMagpie

Launched in 2007- buying used DVDs, CDs and books

- 2021 - UK's biggest mobile phone recycler / consumer tech products
- £153.4m in revenues in 2020
- GP £44.8m - a 47.3% yoy growth

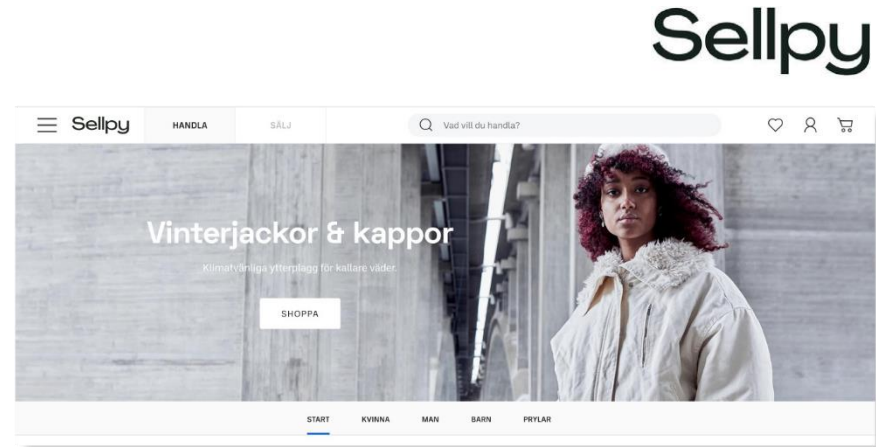
**£16Bn worth of old electronics in drawers – an average of 11 per house.**

# Changing Consumers' Shopping Habits – Resale

H&M's resale arm Sellpy • 24 countries • 9 million garments since 2014

## The process

- 1 Sellpy collects bags of unwanted clothes from customers
- 2 Sorts
- 3 Sells the goods on its own platform Giving
- 4 customers 40% of the proceeds



Resale also popularised by Nike, IKEA and Levi's. Money for old jeans!

# Changing Consumers' Shopping Habits – Peer-to-Peer

Gen Z and millennials are adopting second-hand clothing two-and-a-half times faster than other age groups - and in the process, changing fashion consumption by redefining the way newness is understood and appreciated.

## depop

According to Depop, extending the life of a piece of clothing by an extra nine months reduces its carbon, waste and water footprint by 20% to 30%.  
£459m worth of items were sold on Depop, raking in revenues of £50m.

## Vinted

With a market value of €3.5Bn, 45 million users worldwide and around 300 million items listed at any one time.



# Key Takeaways

Increasingly – the Circular Economy will be seen as **BETTER THAN NEW**

**Growth can be tied to sustainability - rather than in spite of it....**

A photograph of a person's hands holding a large, rectangular cardboard sign. The sign has the words "WE NEED" on the top line and "A CHANGE" on the bottom line, both written in a thick, black, hand-painted, stencil-like font. The person holding the sign is in the foreground, with their arms extended. The background is a large, out-of-focus crowd of people, suggesting a protest or a large gathering. In the far background, there are green trees and a modern building with many windows under a clear sky.

**WE NEED  
A CHANGE**

**...The power of the consumer activist is  
getting stronger**

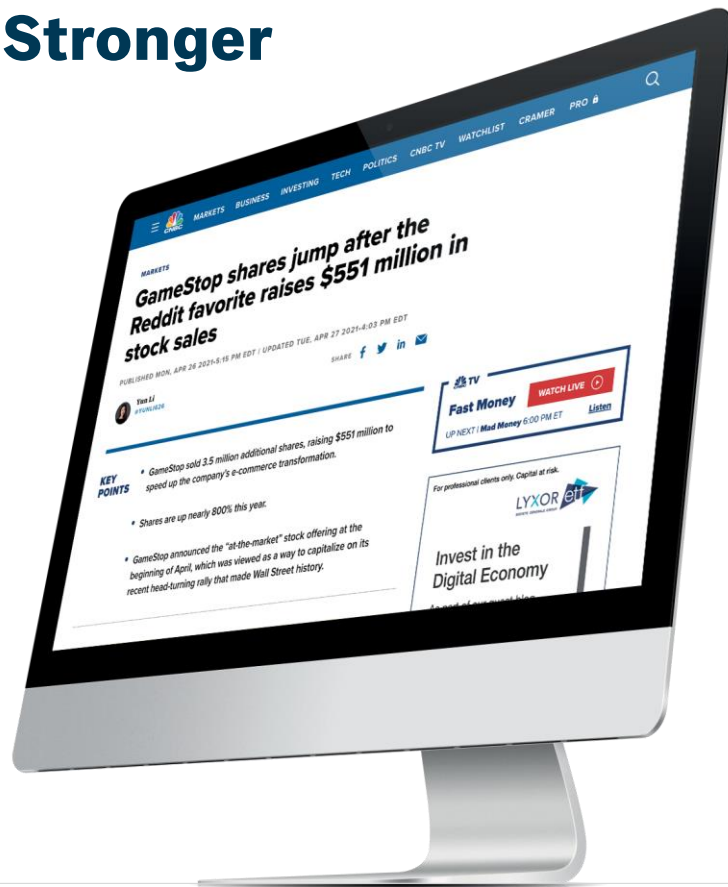
# Consumer Activism is Growing Stronger

## GameStop

### Reddit users punishing the hedge funds

- Consumer activists coordinated a buying spree
- Forcing the share price back up
- Hedge funds caught in a 'Short Squeeze' – had to buy shares to cover their growing losses
- Gamestop share price grew from \$20 to \$483 in days
- The Hedge funds lost \$Bns

Who participated through Reddit? Consumer activists, dubbed the **Power of the Swarm** (Guardian)

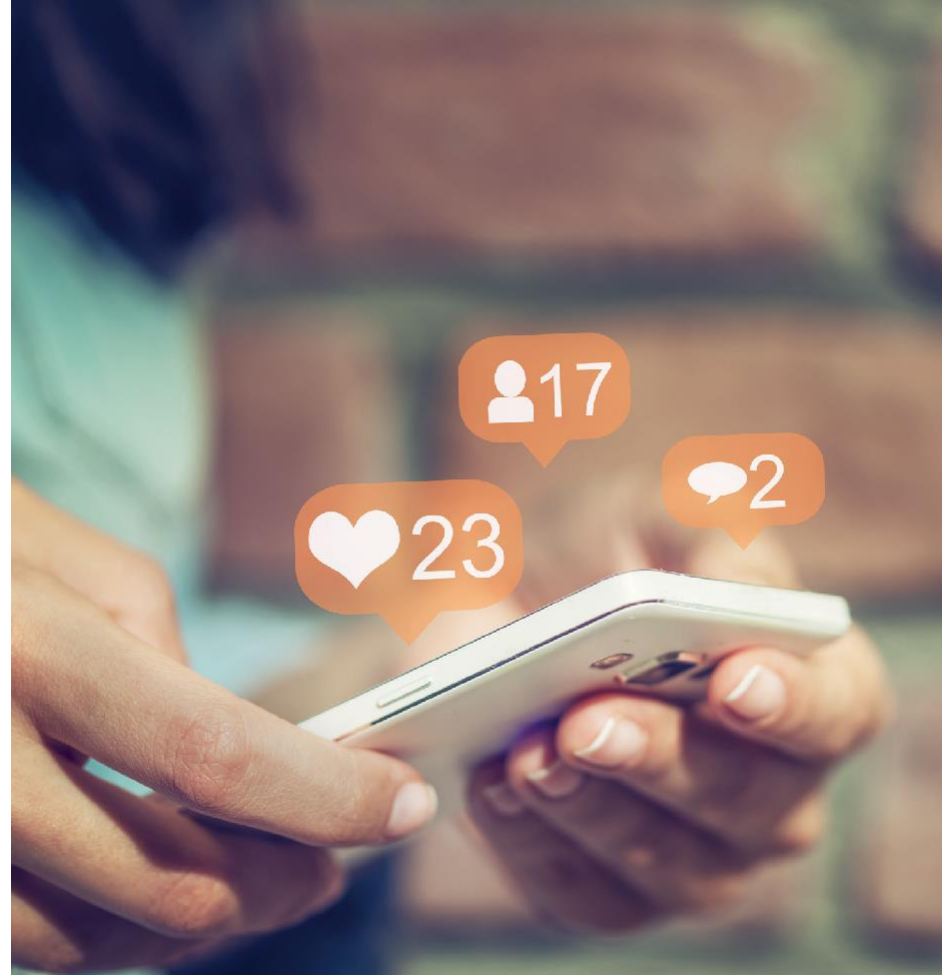




# Consumer Activism

It's very easy for consumers to voice their dislike:

- Brand boycotts now regularly spread virally by social networks worldwide
- Boycotts have the potential to gain steam without anyone ever meeting face-to face



# Consumer Activism

A woman with long brown hair, wearing a beige jacket and red pants, is looking at a piece of clothing on a hanger in a clothing store. She is carrying a black handbag. The background shows various other clothes hanging on racks.

51% of UK adults agree that they prefer to be associated with companies / brands that align with their values.

**(The Holistic Consumer – Global, March 2021)**

# Consumer Activism



73% of global consumers say they would or probably change their consumption habits to reduce their impact on the environment.

**(Meet The 2020 Consumers Driving Change Survey)**



# Consumer Activism



One-third of global consumers, from Gen Z to Baby Boomers (ages 18 to 73), will abandon their favourite brand if it doesn't align with their personal values. And pay more & change their buying habits for brands that do.

**IBM Institute for Business Value**

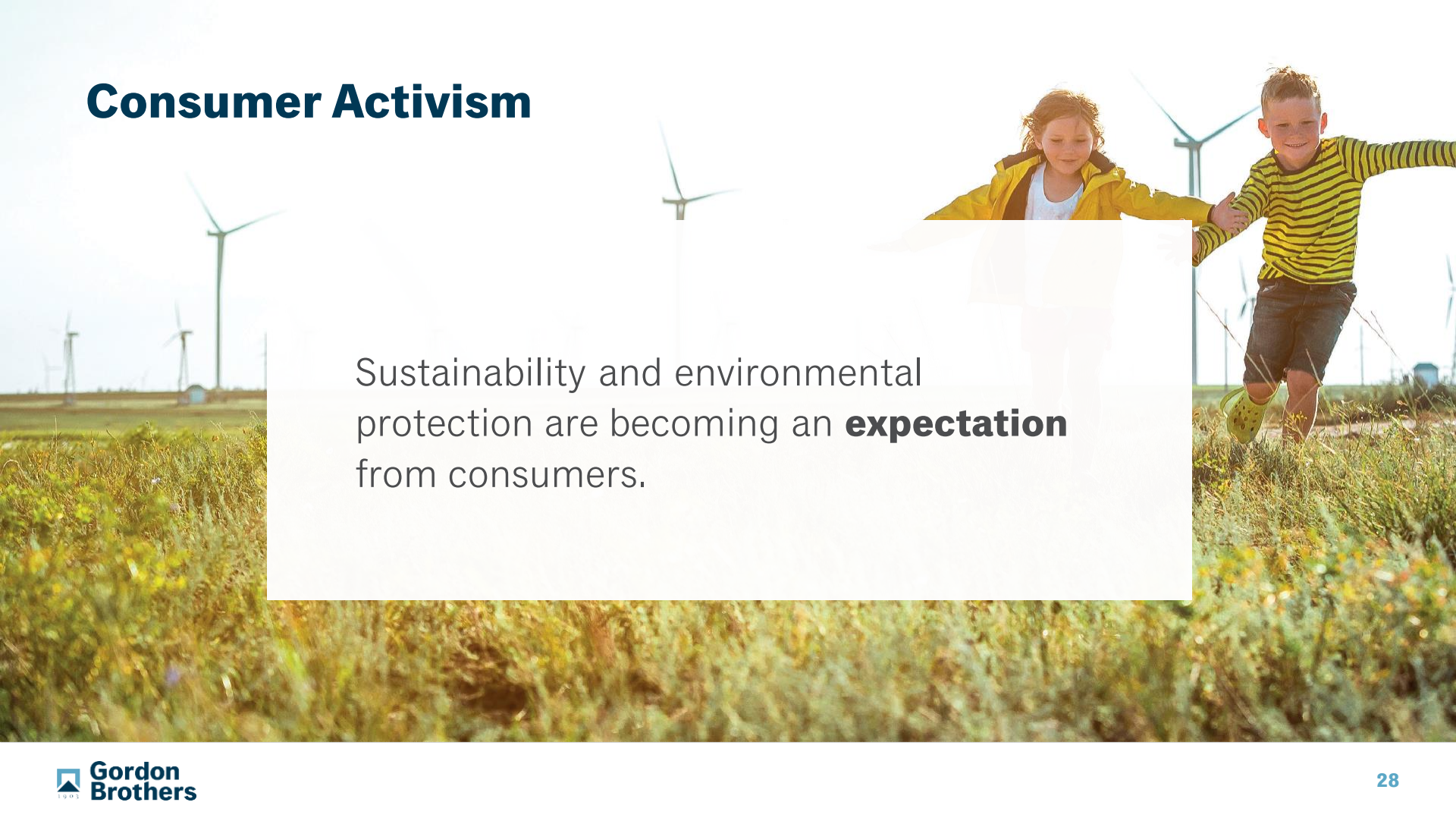
# Consumer Activism

70% of customers would pay up-to +5% more – and change their buying habits – again to brands that align with their own personal values.

**(McKinsey)**



# Consumer Activism



Sustainability and environmental protection are becoming an **expectation** from consumers.



# Key Takeaways

**Brands need to clearly communicate what they stand for in relation to morals and ethics to allow consumers to align their own beliefs with that of the brand.**

**The circular economy  
will throw the apparel  
sector's dynamics  
on its head.**





# The Fashion Sector

It's estimated that the fashion industry produces 4% of global carbon emissions (McKinsey);



**More than all international  
flights and shipping combined**



**120m trees cut pa**



**93Bn cubic metres water pa.  
Water for 5m people**





# The Fashion Sector

350,000 tonnes of clothing from the UK ending up in landfill each year.

More than \$500Bn globally of value is lost every year due to clothing underutilisation or lack of recycling.

Mintel's Fashion Sustainability UK, 2021 report states that consumers now place more importance on sustainability when buying fashion items - than they did a year ago.

60% agreeing that it is important in 2021, vs 56% in 2020.



A woman with a braid is seen from behind, looking into a closet. The closet is filled with various clothing items hanging on wooden hangers, including a denim vest, a white tank top, an orange tank top, a striped shirt, a blue shirt, and a grey sweater. The woman is wearing a grey sweater and a blue watch.

## The Fashion Sector

Mintel figures for July 2021 showed consumers are spending 37% less on clothing. Instead consumers are revisiting their wardrobes, wearing older garments and repairing damaged items - or renting.





## The fashion sector

Where will this lead?

**BHS**  
BRITISH HOME STORE  
LONDON 1978

**DOROTHY PERKINS**

**EVANS**  
World of Curves.

**T O P M A N**

**wallis**

**BURTON**  
MENSWEAR LONDON

**Debenhams**

*Miss Selfridge*

**T O P S H O P**

**W A R E H O U S E**



# The Fashion Sector

A woman with brown hair in a ponytail, wearing a blue surgical face mask and a black leather jacket, is looking out of a glass window. A black rectangular sign with the word 'CLOSED' written in yellow chalk is hanging from a string in front of the window. The background shows a clothing store interior with various garments hanging on racks.

**Fast fashion... its days are numbered!**

Slow fashion is becoming a key priority for consumers.

# The Fashion Sector

Fast Fashion?

- Consumers are buying 60% more than they did 20 years ago
- Keeping garments for half as long

Why?

- Often using cheap labour and fabrics to mass-produce garments at low prices
- Prices low enough that some consumers view the garments as disposable and discard after one use or wear

**It's simply not sustainable**



# The Fashion Sector

Smart retailers have seen an opportunity and are developing ethical and highly lucrative new concepts.

**Growth can be tied to sustainability...**





**Clean retail will grow  
its market share**



## Clean Retail

The circular revolution is good for the bottom line, not just the planet!

Apple began offering discounts with trade-ins in 2013.

**Great optics**

**Reducing its carbon footprint**

**Printing money**

**Dominating market share in the 3rd world.**



# Clean Retail

ESG links to cash flow in five important ways

**Minimising regulatory  
& legal interventions**

**Increasing employee  
productivity**

**Optimising investment  
& capital expenditure**

**Top-line growth**

**Reducing costs**



# Takeaway

**Successful retail has always thrived, responding to, anticipating consumer needs and desires – this is a critical sea-change in consumer behaviour.**

**The winners will be the retailers who hear their consumers' clarion call and do the right thing by their consumers and the planet.**