



# HOW CAN RETAILERS PARTICIPATE IN THE CIRCULAR ECONOMY?

With insights & testimony from



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WHITE PAPER

 OneStock

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# EDITORIAL

Circular economy, second-hand, rentals, recycling, the used goods market, CSR strategies, corporate foundations... These are all concepts, ideas and buzzwords that define the new major trend in retail. And what a trend! Retailing is looking to be more sustainable, more environmentally friendly and more socially responsible.

From a personal point of view, I'm delighted to see the emergence of more and more new initiatives which encourage circularity. Brands are challenging business models that have been in place for years and are committed to meaningful change. And just as well, because customers haven't waited for them!

The meteoric growth of second-hand platforms and of sales between individuals is proof of this. All industries are affected by the phenomenon: furniture and all manner of goods on Gumtree, fashion and decoration on Vinted, luxury items on TheRealReal or Vestiaire Collective...

The circular economy has created a kind of parallel retail market. By involving themselves fully in this strategy, retailers can show that they're concerned about ecological issues and take their responsibilities seriously.

Certainly, retail in the broadest sense but also fashion (and more specifically fast fashion) is often labelled, rightly or wrongly, as the most polluting of industries. It's time to act, for the planet, for your customers and your brand!



**Romulus Grigoras**  
CEO of OneStock

# The circular economy: A trend directly linked to customer expectations

Although questions related to recycling and protecting the planet were already being asked before the Covid-19 pandemic, this latest event has certainly led to an acceleration of this way of thinking. It's clear that in the space of two years, customers have significantly changed their habits. In 2021, we published a study on the post-Covid European shopper, to better understand their concerns and the challenges brands are facing. This highlighted 3 clear customer characteristics:



## Attention to the ecological impact of shopping

They are looking for brands with proven sustainable initiatives and recycled product lines.



## Sensibility to alternative buying patterns

They are more likely to buy on second-hand, swapping or private sale platforms than before the pandemic.



## Controlling budgets is a new top priority

Successive lockdowns and the resulting loss in wages have prompted customers to pay more attention to their non-food budget.

So, the thinking behind spending has changed:

Single  
use



**Reuse**

One owner



**Multiple owners**

Throw away

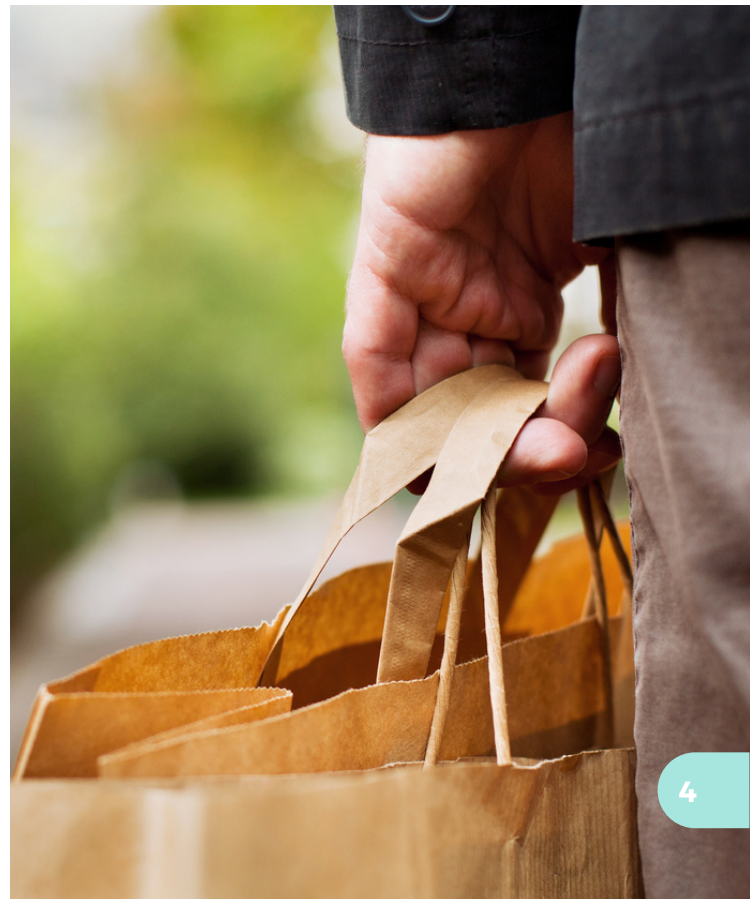


**Resell**

Buy



**Rent**



By listening to their customers' concerns, great initiatives in favour of a circular economy have emerged at Curry's, Stella McCartney, Patagonia, Madewell, Net-a-Porter and many others! 60% of retailers say they're ready to offer pre-owned options to their customers. Brands now play a central role in the quality control of items and their re-sale. Some even go as far as creating sustainable departments or entire stores dedicated to used items.

Several strategies are possible: **Rental services, pre-owned goods, Recycling.** These business models require the internal development of these offers, and partnerships with - or purchases of - companies already recognized in these areas.

This trend will intensify in the coming years. Cross-Border Commerce Europe has stated that 33M consumers bought used goods for the first time in 2020 and that the market is expected to grow 11 times faster than traditional commerce, doubling in size by 2025.



# The circular economy: What are the different models?

The circular economy incorporates many business models. In this white paper, we've chosen to focus on today's 3 most popular models: **Rental services, pre-owned goods, and recycling.**



**In the future, Petit Bateau customers will have access to new, used & rental items, depending on their budget and their concern for environmental issues.**

**Delphine Lebas**  
CSR Director at Petit Bateau



## Rentals

This trend follows the current tendency toward 'renting rather than buying new'. The major advantage of the rental market lies in its capacity to be deployed across many sectors of activity.

For example, in the DIY sector, it's simpler and more cost-effective to hire an angle grinder for occasional use than to buy a new one. Another example is footwear, with Atelier Bocage's initiative, which allows consumers to rent rather than buy and thus allows them to refresh their wardrobe according to the seasons. Baby clothing is another niche where renting can be very advantageous as parents need to constantly renew their child's wardrobe as babies grow up very fast. There are many other examples within omnichannel retail that we could mention, as the trend is relevant, useful and adapted to all industries, both B2C and B2B!



In certain sectors, renting is very similar to the subscription model. If we consider the Atelier Bocage example, the shoes are rented and returned at the end of the rental period. However, to facilitate the process, the customers sign up for a flexible subscription package. In this sort of context, the customer must complete the following steps:



Create a profile and fill in the information relating to their gender, size, the type of items they are looking for and their tastes (to benefit from personalised suggestions). If the retailer allows it, it is also possible to choose the number of items they wish to rent each month.



Choose the dates / rental period (1 month, 1 quarter, 1 year) depending on the options offered by the retailer. Generally speaking, the longer the rental period, the lower the subscription costs .



Choose the preferred type of delivery from the available options: home delivery, pick-up point, store delivery.



After having enjoyed the items within the time limit, it is time to return them! Generally, the retailer facilitates the return process either by integrating the return label when sending the items or by allowing returns in store.

It's not uncommon for retailers to improve on the rental/subscription offer by giving their customers the option to buy the items at a lower price than the one typically displayed for the item.



**Omnichannel retailers are truly entering the era of providing services around their initial offer. Beyond a marketing strategy, it is crucial that they anticipate how this rental stock might be integrated into their overall offering. These items can be reintegrated into a used goods sales channel.**

**Aurelie Launay Abert**  
Head of Customer Success at OneStock





## Pre-owned Goods

The used goods market, with its slogan 'sell rather than throw away', is a new strategic axis for retailers with growth estimates of 84 billion dollars by 2030 (GlobalData Consumer Survey). The question of giving a second life to products has become key since the pandemic. Lockdowns and store closures have certainly put economic and ecological responsibility at the heart of customer concerns. It's for this reason that they've turned more and more to selling their used items so that they can afford new ones regularly.

Retailers have seized on this phenomenon and have done well! GlobalData estimates that the used goods market will double by 2025 to reach a total value of 77 billion dollars. By taking an active role, brands contribute to a socially responsible retail industry that is as carbon neutral as possible. It is also strategic because it generates sustainable practices by encouraging the use of items for as long as possible and so extending the life cycle of a product.



The collection process is relatively simple:



The customer brings the branded items to the store.



Store staff, previously trained in the process, identify and classify the items according to their condition: Excellent (new with label), Very Good, Good, Poor. Items classified as poor will not be put back on sale but will be recycled.



In exchange for the deposited item, the store gives the customer a voucher. This voucher is valid both in-store and on the e-commerce site, for both new and used products.



Additional checks are made (item is inspected). If everything is in order, the used products are then steam cleaned, relabelled, and sold using the company's expertise.

The used goods market is a model that particularly appeals to fans of household appliances and electronics. They've come to replace sales between private individuals by providing reassurance to customers who have the assurance that the reconditioned electronic goods purchased (telephones, washing machines, refrigerators...) are in good working order, without hidden defects, and that their condition has been verified. To guide consumers, the condition of the item is sometimes rated and the product information provides extensive details on visible defects (scratches, impacts and others).

It's important to specify that integrating pre-owned items into a store assortment requires a minimum width and depth of range to win over customers.



# Recycling

Recycling is another avenue that the retail sector has been looking into for years now. The idea was first considered in the electronics sector, where some retailers, like Currys, have been involved for several years now and recycle an average of 65,000 tons of electrical waste every year. To support this initiative, they offer to remove the customers' old appliances when they have a new one delivered. Alternatively, shoppers can bring old items into their Currys local store for free recycling. The used appliances collected in this way are then either refurbished and given to low-income households or sent to one of Currys' recycling partners.

The fashion sector has also been expected to address issues related to recycling. We have seen that even the major players in fast fashion have been involved. H&M, for example, has created a dedicated collection program called TakeCare and a partnership with I:CO. The retailer offers its customers the opportunity to drop off unwanted clothes in-store, regardless of their condition, in exchange for a voucher. After collection, I:CO comes into play using 3 principles:



**Return:**

Clothes that can be reworn will be resold.



**Reuse:**

Clothes that cannot be reworn are transformed into other products.



**Recycle:**

Remaining clothes are transformed into fibres and used to produce insulation materials.



There are also similar initiatives in lingerie with Chantelle and its 'Chantelle One' bra! This is the first bra to be 100% zero-waste made entirely of polymer, a solvent-free fibre that replaces traditional elastane. Chantelle includes this eco-friendly approach in its values:



**Playing a part in the circular economy by rethinking the design of lingerie items was the goal that Chantelle set itself when launching the first 100% recyclable bra in the world. With Chantelle One, the brand places sustainability at the heart of its new project: by developing a new line of lingerie based on a circular and responsible economic model.**

Sustainability goes further and also leads fashion retailers to review the way textiles are sourced and manufactured. There are now many labels and certifications aimed at enlightening buyers: GRS (Global Recycled Standard), RCS (Recycled Claim Standard), EU Ecolabel, Oeko-Tex® STANDARD 100, OEKO-TEX®MADE IN GREEN, GOTS (Global Organic Textile Standard), BioRe, Max Havelaar Fair Trade, RWS (Responsible Wool Standard), European Flax®, Masters of Linen®, and many more.

Sourcing, recycling and the circular economy are at the foundation of some brands. For example, Faguo uses recycled materials for 80% of its products. The brand also launched a pair of trainers made from recycled tennis balls in February 2022.

Faguo has not limited itself to its products and has designed its entire business model around these ecological concerns: from the assembly line (using raw material scraps) to post-purchase (recycling stations), including retail (wind, water and solar energy), packaging, the choice of partners and the ban on air transport, Faguo is committed!



**2 billion tons of textile waste are produced in the world every year. This waste is the key to reducing our impact on the climate: it is our raw material of tomorrow.**

**Nicolas Rohr**  
Co-founder of Faguo,  
for Fashion Network



# The circular economy: Why take the plunge?

Beyond certain ecological concerns, expanding your services with a circular economy model has many advantages, both for customers and your brand:

## The benefits for omnichannel customers



### **A better control of their budget:**

It gives shoppers access to quality items at affordable prices compared to new collections. The budgetary aspect is even stronger for rentals since the omnichannel buyer knows, in detail, the amount he needs to spend over a given period of time in order to make a short term purchase of X items.



### **Renewing their wardrobe:**

The same applies here for the rental model. As well as controlling his budget, customers have the assurance of receiving new items every month, according to their preferences, tastes, the latest trends and the seasons. (sandals in summer, boots in winter).



### **Access to exclusive items:**

Many sites now offer pre-owned or luxury items for rent. Renting a designer dress for a party, buying a luxury bag, all this is now possible to the delight of the fashionistas!



### **Confident purchases:**

In the fashion and leather goods sectors in particular, customers can renew their wardrobe with confidence as items resold are checked and authenticated. In the electronics and household appliances sector, buyers are reassured knowing that they are purchasing a reconditioned item that is in good working order.



### **Respect for environmental concerns:**

Customers who are sensitive to sustainability issues find that the used or rental markets offer a new way to shop that is more in line with their values.

# The benefits for brands

Engaging in the used goods market contributes to the generation of new sales. Effectively, vouchers are reinvested in new items for a 100% circular economy!



## Modernising the brand's image:

By implementing consumer models in favour of the circular economy and maximising the communication around them, the omnichannel retailer conveys a modern brand image, in line with the current concerns of buyers.



## Improved loyalty:

By creating circularity, brands encourage their customers, via vouchers, to reinvest in new items.

**60% of retailers say they are willing to offer used goods options to their customers.**

(GlobalData Consumer Survey)



## Winning over new customers:

The circular economy enables brands to win over a new, younger audience, who are fans of used goods and second-hand stores. 45% of Millennials and Generation Z refuse to buy from non-responsible brands.

(Source: GlobalData Consumer Survey)



## Optimising margins:

Optimise margins and generate new revenue by reselling or renting the same product multiple times. The more an item is rented, the higher the margins. If we take the example of a drill, if the purchase value of the machine is £150 and it is rented 10 times a month at a rate of £30 per day... the formula quickly becomes interesting!

One of the key points regarding the circular economy is that the different sectors are self-sustaining:

At the end of a rental period, the items can be integrated into the used goods network or sent for recycling if their condition is not good enough



Recycled items can be used to make new products

Second-hand items in fair condition can be recycled

**This highlights the positive impact of the circular economy!**

# The circular economy: Testimony from a retailer who has risen to the challenge!

Sustainability is also at the heart of OneStock's customers' omnichannel strategies. And among them, we were lucky enough to get testimony from Petit Bateau.

At the beginning of 2022, a number of interviews highlighted Petit Bateau's strategy in terms of circularity, as the brand brilliantly tried out different models: used goods, rental services and recycling.

We invite you to discover Petit Bateau's exciting strategy.



## Petit Bateau, sustainability is in its DNA

**Interview with Delphine Lebas, CSR Director**

Petit Bateau is Rocher Group's only textile brand. At the instigation of Bris Rocher, Groupe Rocher became the first international group in 2019 to adopt the Mission Statement Company status, establishing an action plan for the growth and transformation of its business.

With 130 years of history and know-how, the brand now has a turnover of €300 million and a network of more than 300 directly operated stores in some 50 countries. Petit Bateau is one of the largest French textile companies thanks to its dual role as a distributor of products through its various sales channels and as a manufacturer thanks to its historic factory and logistics platform in Troyes, France.





# Sustainability, a love story between Petit Bateau and its customers

CSR (Corporate Social Responsibility) is at the heart of Petit Bateau. The brand is based on values of sustainability and, over time, has demonstrated its loyalty to quality.

And it is the brand's customers who say so: "Petit Bateau clothes are passed on from generation to generation", "on average a Petit Bateau item has 5 lives". Attentive to this customer feedback, the brand is a forerunner on the subject and launched, as early as 2017, a customer-to-customer used goods application.

In early 2021, Petit Bateau repositioned itself to be even more in line with its vision. The brand slogan evolved to become "freedom, quality, sustainability" and the company's mission statement is clear: "Connecting children to nature".

4 key principles reinforce the brand's DNA and provide the guidelines for the years to come:

- A circular economy, via the development of new business models
- Sustainable development, through eco-design, product life-cycle analysis, traceability etc
- Social issues, via the training school integrated into the Troyes factory, via supplier audits, etc.
- The mission to connect children to nature

To take another step forward, Petit Bateau wishes to become a B Corp certified member by 2025.



# Petit Bateau: transforming its business models, combining sustainability and circularity

One of the challenges for Petit Bateau was to "close the circle". For this reason, the brand chose to implement different business models: used goods, rental services, recycling and repair.



**In the future, Petit Bateau customers will have access to new, used & rental items, depending on their budget and their concern for environmental issues .**

**Delphine Lebas**  
CSR Director at Petit Bateau



## The used goods market

"Entering the second-hand market was as obvious as it was natural given the quality of our products and it was also a request from our customers and a market need" confides Delphine Lebas, CSR Director of Petit Bateau.

Originally starting in 2017 with an application for private sellers, the question came up in mid-2020. "Being keen to develop this but not really knowing how to go about it, we thought about turning to a partner. On reflection, the subject being so important to us, we decided to go it alone and so developed our own service, without a partner."

Today, the brand has pre-owned sections in some of its stores and has even created its first 100% pre-owned store with more than 25,000 items (in place of its Outlet space in the St Julien-Troyes store)!

To promote pre-owned clothing, Petit Bateau offers to take back clothes, whatever their condition.

### For resalable items:

Customers are offered a voucher redeemable on all products - new and used - online and in stores.

Items considered resalable require several actions to be taken before they can be sold again: registration, quality control, sorting according to condition, transfer directly to one of the brand's 3 resale stores, steam cleaning, resale.

The advantage for the customer is clear. It's a bespoke offer with no charges: everything is taken back, no need to photograph the items, print a label, find packaging and send out the parcels. In addition, thanks to the different control points, the company assures the quality of the product and offers a 100% guarantee of its authenticity. Petit Bateau's service, advice and commercial policy also add value to these articles which are sold with the same level of attention as new articles.

### For non-resalable items:

Items that are not in good enough condition for resale are sent to the warehouse. There are then 2 options:

- Downcycling where the original product is transformed into something else, in this case, insulation for the building industry
- Recycling with the aim "to close the circle ". Petit Bateau is involved in several Research & Development projects, particularly with the European platform SCIRT to "make" new Petit Bateau clothes with old Petit Bateau items. This involves stripping down, re-spooling and reknitting with one aim: The same quality!



**Our customers are delighted! Beyond just buying pre-owned goods, some are truly looking for hidden treasures and to find nostalgic items that have been handed down through generations.**

**Delphine Lebas**  
CSR Director at Petit Bateau

## Rentals / baby subscription

As Delphine confides to us, "We see a trend emerging, a demand moving away from the desire to own goods. Mentalities are changing. We are lent items, we pass them on and above all, we don't hang on to things".

From here, Petit Bateau started with a clear understanding: a baby changes clothes size 6 times in its first year. The idea to make parents' lives easier whilst preserving the planet is not to own but rather to subscribe to a wardrobe of say X n° of items. At each change of size, the customer receives an adapted box! The subscription offer follows the growth of the baby and avoids unnecessary purchases.

Via this model, Petit Bateau also anticipates 'exceptional' situations. If the customer lives in a cold and rainy region and has booked a 15-day holiday in the sun, then it's possible to have a holiday box delivered, including, for example, t-shirts, shorts and swimwear. This is particularly interesting if the departure is in winter, a season during which it can be difficult to find baby swimwear in stores.

Each box can include both new and used items, the main thing being that the items are perfect!



## Repairs and recycling

Petit Bateau also has in mind a very useful service for parents: Repairs! This service is currently being tested. Here, restitching rather than throwing items away gives them a longer life.

As far as recycling is concerned, beyond the recycling of second-hand goods, the brand wants to find a perfect balance between People, Profit and Planet to skilfully combine economic performance and consideration for the common good.



## Where does one start?

Some advice from Delphine Lebas, CSR Director at Petit Bateau

"The used goods market is a cross-company project which involves several teams: supply chain, legal, finance, communication, retail, etc.! Having a dedicated project manager makes it possible to coordinate internal efforts and define a viable plan."



"It's important to think about the retail teams, they're at the heart of this change. They are already being asked to do a lot: adapt to new modes of shopping (Click & Collect), transform their business (Ship From Store) and now, integrate a new pre-owned goods offer. We're fortunate to have teams that are concerned about these sustainability issues, and we have worked on training models (which are also deployed during the integration of new employees) to ensure that product inspection is consistent. Finally, the dialogue was not one-sided; we listened to the teams and their feedback to optimise the processes."

A final word?



**The circular economy is no longer a choice. We have to adapt! The integration of environmental and societal issues is more unavoidable than ever.**

**Delphine Lebas**  
CSR Director at Petit Bateau



## Insights from a sustainability expert

To gain further insights into how businesses can integrate circular models into their strategies, and why, we turned to the BRC's resident Sustainability Expert, Leah Riley Brown. She advises businesses steer clear of ready-made solutions and instead reflect on which circular economy models are truly in line with the brand's DNA and can be implemented as smoothly as possible.



**The way to drive change and implement circular economy principles is through collective action. The aim and ambition for any circular policy that is introduced should be that the design of it is right and fit for purpose so that it enables everyone to level up. What we don't want to happen is to have an industry where good and responsible businesses are undercut by bad actors. In the end, what we want is a systemic change and we need everyone to perform to the same standard.**

**Leah Riley Brown**  
Sustainability Policy Advisor  
at British Retail Consortium

# The circular economy: How does omnichannel support these sustainable approaches?

In the context of a circular economy, omnichannel and Order Management Systems (OMS) help retailers share reliable information with their customers and provide them with a multitude of digital services.

The OMS plays its role as the focal point here. It shows where the stock is and defines the best stock point to serve the customer order, whether it's new, used or a rental.

With order handling, it's possible to set up 100% customised rules. For example, in the case of a rental, you can reinforce a circularity approach by defining rules that favour the rental of already used items. If these items are not available, then the OMS will use the stock of new items to service the rental.

When it comes to used goods and the circular economy, the OMS also facilitates the resale of items and their marketing within the network. The OMS will account for used items within the unified stock and organise them, in the same way as it would for new items. Customers can create baskets of different types: new items only, used goods only, mixed basket (new items + used items). Whatever the combination, the order will be managed by the OMS, which will select the stock point best able to fulfil the order whilst at the same time respecting the business requirements.



**Our vision is far-reaching. The circular economy is not limited to used goods. It includes rental services and the recycling of product components. Omnichannel is a strategic asset in such a context.**

**Aurelie Launay Abert**  
Head of Customer Success at OneStock



In terms of digital scenarios, the Delivery Promise plays an essential role in allowing reliable delivery dates to be displayed, even for mixed baskets. For rentals, the Delivery Promise allows the display of rental slots and the automatic synchronisation of new slots as soon as a rented item is returned.

It's also important to know that the services made available to customers are the same as those generally offered by the brand: home delivery, Click & Collect, etc. One can even envisage e-booking in the footwear sector where the customer can confirm their size via an in-store fitting before purchasing/renting their choice of shoes. The management of self-service returns can also be handled by the OMS.

From a retail point of view, the OMS offers the same omnichannel solutions as for new items: ordering references in store (Order in Store), shipping items from stores (Ship From Store), etc.

### The 4 Rs of the circular economy



**Reduce**



**Reuse**



**Repair**



**Recycle**

In a nutshell, the role of the OMS in a circular economy context is as follows:



Establishing a unified stock taking into account new items, used items and items reserved for rental.



Handling orders, whatever the type of basket, according to the same business rules.



Use of the same omnichannel solutions already used by the retailer to process orders: Ship From Store, Order in Store, etc.



Offering the same delivery methods as those offered by the retailer for baskets of new items: Click & Collect, Reserve & Collect, home delivery, etc.



The possibility of self-service returns on used or rented items.



# OneStock, the N°1 Order Management System for sustainable retailers

As a committed software company, OneStock has always put environmental and social issues at the heart of its corporate strategy. These concerns are reflected in our CSR policy and our product offering (Delivery Promise). That's why we're delighted to support brands in dealing with these new issues. OneStock is now positioned as the top Order Management System for the circular economy!

OneStock is committed, alongside its clients, to making the retail industry more socially responsible and as carbon neutral as possible.

As a team, we are unanimously convinced that the concept of "sustainable products" will become a new business model for the retail industry in the years to come. This is why we want our OMS to be able to handle orders containing new or used products!

From an omnichannel scenario point of view, all the existing solutions also apply to used items thanks to the OMS! This makes it possible to search and order a reference in-store, to ship from the store...

In this respect, we are proud to support brands with strong environmental commitments such as Petit Bateau with its 100% second-hand departments, Kaporal with its Kaporal Vintage marketplace, Chantelle and its first O-waste bra Chantelle One, ba&sh with its ba&sh Resell service, Jules and its Men In Progress approach and many others!

Retailers, the circular economy is the future of retail. Don't underestimate the environmental stakes. Contact us now to find out how our offer and solutions support this approach.



**OneStock is the first OMS to fully integrate issues related to the circular economy. We're proud of this approach which is an entirely logical extension of actions taken on a daily basis, by all our employees. We're passionate about these issues, which are in line with our values, and we want to be part of it!**

**Romulus Grigoras**  
CEO of OneStock



**Would you like to know more?**

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