

# Chapter 7

## My Wardrobe in the Cloud: An International Comparison of Fashion Rental

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### ABSTRACT

*In response to the 2008 global financial crisis, a range of disruptive business model innovations emerged. The fashion industry saw the introduction of fashion rental platforms, aimed at appealing to price-conscious consumers still hungry for the latest styles. While these new business models filled a gap in the market and saw, in some cases, profit in the millions, the phenomenon remained rather niche. The recent pandemic, alongside other isomorphic pressures, have put further constraints on these fashion rental businesses and their entrepreneurs, leaving them struggling in the current economic climate. This chapter explores the entrepreneurial motivations behind rental platforms, the different platform models in operation, and the challenges these businesses face in the 21st century, including increased technological developments, environmental sustainability, and external pressures, such as the most recent pandemic, which saw economies shutting down. Empirically, the authors draw upon a novel dataset comprising six international case studies.*

DOI: 10.4018/978-1-7998-7545-1.ch007

## INTRODUCTION

The 21<sup>st</sup> century is shaped not only by new technological interventions but also by various events that have had dramatic impacts on people and their livelihoods. These have had a particular impact on the fashion industry and how people consume. Examples of such transformative events prior to the COVID-19 pandemic include the 2008 global financial crisis (Davidson et al., 2018; Brydges et al., 2020), which saw the emergence of disruptive business model innovations such as renting and swapping (Mukendi & Henninger, 2020; Brydges et al., 2020). With consumers being left with less disposable income to spend on luxury and/or unnecessary items, yet still keen on taming their fashion appetite, fashion entrepreneurs have developed disruptive innovations, such as swap parties and rental services for every day, casual, and business wear, in order to fill this gap in the market (Armstrong et al., 2015; Henninger et al., 2019). These innovations are an extension of a market that primarily focused on occasion and/or bridal wear (Conlon, 2020). In line with technological transformations, we have seen a shift from bricks-and-mortar stores towards e-commerce in the first instance, which has since developed into mobile and social commerce with the development of Web 2.0. (Mobile-commerce emerged as part of the development of technologies, including mobile devices, whilst social commerce is linked to social platforms that allow sharing of information and now also shopping). Consumers, especially those part of Generations Y (born between 1981 and 1996) and Z (born between 1997 and 2012), are technology savvy, self-confident, and show a positive attitude towards sustainability (Rogers, 2013; Valentine & Powers, 2013). Moreover, Generation Z consumers are so-called digital natives, as opposed to nomads, seeing as they have grown up with the internet, and therefore are not only comfortable in navigating online platforms but also feel at ease in the cyber world (Francis & Hoefel, 2018). Combined Generations Y and Z make up approximately 40% of all consumers globally and, as such, have the power to enforce change (Amed et al., 2019). They have been described as ‘woke’ consumers, who easily identify injustices and are not afraid to act upon these and as such are likely to engage in new modes of consumption, including renting of fashion garments, if these are seen to fit with their worldview and values of being more sustainable than their counterparts (Amed et al., 2019).

Similarly, one of the biggest and most dramatic factory accidents (Rana Plaza), in which thousands lost their lives (Parveen, 2014), as well as the most recent COVID-19 pandemic (McIntosh, 2020; McKinsey, 2020), have shifted consumer attitudes towards more ‘sustainable’ modes of acquisition. With these events and more, consumers are increasingly aware of the impact their purchase decisions have on the natural and social environment (WRAP, 2020 a, b; Brydges & Hanlon, 2020). While this could lead to the assumption that disruptive business model innovations are on the rise again (Brydges et al., 2020b), unlike in the financial crisis in 2008, the COVID-19 pandemic has left these fashion entrepreneurs struggling, with some platforms having to close their business for good. Yet, there is hope, seeing as the UN has established the UN Alliance for sustainable fashion as well as developed the SDG (Sustainable Development Goal) for better fashion, both of which emphasize the need for change (UN, 2020, 2021). With sustainability being a top global priority and the reduction of fashion waste, as well as the increased use of garments becoming focal points in the industry, we may see another uprise of fashion rental platforms in the near future.

The purpose of this chapter is to explore how entrepreneurs that have set up these fashion rental platforms deal with the challenges they face in the 21<sup>st</sup> century, focusing on increased technological developments and external pressures (e.g., COVID-19). Thus, this chapter seeks to address the following research questions:

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