THE VALUE OF FINNISH SECOND-HAND CONSIGNMENT STORES FOR
SECOND-HAND SELLERS

Master's Thesis

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Abstract

Today, clothes are significantly underused due to increased competition among fashion companies, mass production of garments, and price-sensitive consumers. The underuse of clothes wastes resources and strains the environment and the economy. One solution to the issue is reusing clothes, which leads to environmental improvements if it replaces the demand for new clothes. In recent years, consuming used clothes, also called second-hand, has gained popularity, and the market has been estimated to double in five years.

In this thesis, Finnish second-hand consignment stores (SHCS) are studied from the perspectives of business models and second-hand seller consumers. SHCSs provide a marketplace for the buyers and sellers of second-hand. This study aims to connect SHCS to the broader theory of business models by evaluating them against business models in the circular economy and the sharing economy. Moreover, the thesis investigates how SHCSs create value for second-hand sellers. To understand second-hand sellers better, the analysis investigates second-hand selling as a disposal method. Clothing disposal has a crucial role in determining whether clothes end up in reuse or not.

The applied research strategy is an extensive case study. The research consists of five cases, which represent the value propositions of Finnish SHCS to second-hand sellers. Three case company representatives and ten second-hand sellers were interviewed for the cases. Moreover, the interview data was enriched with documentary data. The study is an embedded case study as it has three sets of analysis units. The first set investigates how SHCSs relate to circular and sharing economy business models. The second set of analysis units evaluates second-hand selling as a disposal method. Finally, the value proposition canvas is used to assess how SHCSs serve second-hand sellers.

The analysis indicates that all SHCS support the circular economy by directing clothes to reuse. Yet, only some SHCSs have sharing economy business models. Consequently, the circular economy might be a more fruitful study context for SHCS than the sharing economy. The thesis also shows that consumers sell clothes to earn money and support sustainable development. Further, the analysis indicates that clothing must be in good condition and have resale value to be sold forward. By applying these insights, companies may develop more circular offerings. The study demonstrates that consumers choose their selling channel based on convenience, familiarity, and possible monetary returns. SHCSs provide consumers a secure way to sell their clothes, but their offering varies from turnkey service to self-service. SHCSs must tailor their offering to a specific customer segment as not all second-hand sellers value the same services.

Keywords second-hand, value proposition, business model, clothing disposal

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Vaatteiden käyttöikä on huomattavasti lyhyempi kuin aikaisemmin, mikä rasittaa ympäristöä ja taloutta. Kehityksen syynä ovat lisääntynyt kilpailu muotiyritysten välillä, vaatteiden massatuotanto ja hintaherkät kuluttajat. Yksi ratkaisu ongelmaan on vaatteiden uusiokäyttö, joka johtaa positiivisiin ympäristövaikutuksiin, mikäli se korvaa uusien vaatteiden kysynnän. Käytettyjen vaatteiden, eli *second handin,* suosio on kasvanut viime vuosina, ja markkinan on ennustettu kaksinkertaistuvan seuraavan viiden vuoden aikana.

Tässä lopputyössä tutkitaan suomalaisten käytettyjen vaatteiden alustayritysten (KVAY), liiketoimintamalleja ja arvolupauksia second hand -myyjille. KVAY:n kautta kuluttajat voivat ostaa ja myydä käytettyjä vaatteita. Lopputyön tarkoituksena on tuoda KVAY:t osaksi laajempaa liiketoimintamalliteoriaa vertaamalla niiden liiketoimintamalleja kierto- ja jakamistalouden liiketoimintamalleihin. Lisäksi tarkastellaan, miten KVAY:n luovat arvoa second hand -myyjille. Koska tärkeänä osana arvolupausanalyysia ovat kuluttajat, lopputyössä analysoidaan myymistä kuluttajien tapana luopua vaatteista. Kuluttajilla on merkittävä rooli vaatteiden ohjaamisessa uusiokäyttöön, koska he päättävät, minne vaate päätyy käytön jälkeen.

Lopputyön tutkimusmenetelmä on ekstensiivinen tapaustutkimus. Tutkimus koostuu viidestä tapauksesta, joista jokainen edustaa suomalaisen KVAY:n arvolupausta käytettyjen vaatteiden myyjille. Tutkimukseen haastateltiin kolmea tapausyrityksen edustajaa ja kymmentä second hand -myyjää. Haasteluista kerättyä tietoa täydennettiin dokumenttidatalla. Tapauksien analysoimisessa käytettiin kolmea eri analyysiyksikköryhmää. Ensin lopputyössä arvioitiin KVAY:n liiketoimintamallien suhdetta kierto- ja jakamistalouden liiketoimintamalleihin. Toiseksi käytettyjen vaatteiden myymistä tutkittiin kuluttajien tapana luopua vaatteista. Lopuksi arvolupauskanvaksen avulla analysoitiin, miten KVAY:t luovat arvoa käytettyjen vaatteiden myyjille.

Tutkimustulosten perusteella kaikki KVAY:t tukevat kiertotaloutta, mutta vain osa niiden liiketoimintamalleista muistuttaa jakamistalouden liiketoimintamalleja. Kiertotalous vaikuttaa siis paremmalta kontekstilta KVAY:n tutkimiselle kuin jakamistalous. Tutkimus osoittaa, että kuluttajat myyvät vaatteita ansaitakseen rahaa ja tukeakseen kestävää kehitystä. Myytävän vaatteen tulee olla hyvässä kunnossa ja omata jälleenmyyntiarvoa. Ymmärrys käytettyjen vaatteiden myymisestä voi auttaa vaateteollisuutta kehittymään kiertotalouden mukaiseksi. Kaikki KVAY:t tarjoavat kuluttajille turvallisen myyntikanavan, mutta niiden tarjoamat vaihtelevat "avaimet käteen" -mallista itsepalvelumalliin. Kuluttajat valitsevat myyntikanavan vaivattomuuden, tuttuuden ja myyntituottojen perusteella. Alustayritysten tulisi kohdistaa palvelunsa tietyille myyjäsegmenteille, koska eri kuluttajat arvostavat eri palveluominaisuuksia.

Avainsanat second-hand, arvolupaus, liiketoimintamalli, vaatteiden hävittäminen

PREFACE AND ACKNOWLEDGEMENTS

The year 2020 has been a strange and stressful year due to the Covid-19 pandemic. Despite the numerous downsides of the year, the year turned out to be perfect for thesis writing. I have been free of distractions and able to focus. However, although I have had plenty of time, the writing process has been frustrating and stressful at times. The thesis process has taught me patience and persistence. I have also learned a lot about the circular economy, the sharing economy, disposal methods, and business models. However, I'm glad to go back to considering second-hand shopping only as my hobby.

I couldn't have completed the thesis without the support of fantastic people (and a cat) in my life. Firstly, I want to thank my SUPERvisor Ville Eloranta, who has patiently helped me with the study. Thanks also belong to the whole IDBM program that encourages students to combine multiple interests creatively and find their original life path. Secondly, I want to thank my roommate and friend Klara. Whenever I see tomatoes, I think about you and the year 2020. Thank you, Anna, Sonja, Mirva, and Marisa, who have supported me throughout the writing process. I also want to thank my family, who have tolerated my thesis frustrations the whole year. I promise I never use my thesis as an excuse again. Thank you, Chaplin, for offering cat therapy. Big thanks also go to my colleagues at Posti Design Team, especially to manager Juho Paasonen, who has been understanding and flexible, so I have been able to get this thing done.

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1. INTRODUCTION

The fashion industry is facing a rising pressure to become more sustainable. The industry has many negative externalities[1], from destroying natural environments to overlooking human rights (Ellen MacArthur Foundation [EMF], 2017). One problem of the industry is the underuse of clothing[2]. According to McKinsey & Company (2016), the average use time of clothing has halved in 15 years. Sometimes consumers can use clothing only seven or eight times before they throw it away (McKinsey & Company, 2016). The main driver of this development has been intensified competition among fashion companies and changed consumption habits (Bhardwaj & Fairhurst, 2010). Since 1990, the fashion industry has moved from mass production and product standardization to short lead-times, a high number of fashion seasons, and outsourced manufacturing to low-income countries. Also, consumers became more price-sensitive and fashion-conscious. (Bhardwaj & Fairhurst, 2010). As fashion develops and changes continuously, consumers' appetite for novelty increases (Kamamura, 2004).

The underuse of clothing does harm not only the environment but also the economy. EMF (2017) estimates that early over USD 500 billion value is lost because of the industry's wastefulness. As a form of sustainable fashion[3], a second-hand market has started to grow. To demonstrate, in March 2019, the value of a US-based clothing lending startup Rent the Runway [4] was increased to 1 billion US dollars through its funding round

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[1] Negative externalities refer to negative effects of production or consumption that one or multiple parties cause to a third party without paying or profiting from the impact. (Pohjola, 2012)

[2] The term clothing in this thesis refers to wearable items such as clothes, shoes, hats, and bags.

[3] Sustainable fashion refers to a value chain in which environmental, social and economic aspects are considered throughout the chain from design and material sourcing to consumption and post-use (Henniger et al., 2016).

[4] Renttherunway.com

(Maheshwari, 2019). Moreover, Zalando [5] and H&M[6], which are significant players in the fashion market, recently announced entering the second-hand market (Arnett, 2020). Second-hand clothes have become popular among young consumers (Vehmas et al., 2018), and the size of the market has been estimated to double (from USD 24 billion to USD 51 billion) in five years (thredUP, 2020). The consumers' motivation to buy second-hand is driven by low prices, sustainability, and search for novel items (Guiot & Roux, 2010).

This study aims to understand how the business models of Finnish second-hand consignment stores (SHCS) relate to the business models in the sharing economy and the circular economy. SHCSs bring together individuals who want to sell and buy second-hand (Gopalakrishnan and Matthews, 2018). The topic is significant since despite the second-hand market growth, so far, only some studies have studied second-hand companies and their business models (e.g., Camacho-Otero et al., 2019; Hvass, 2014, 2015; Pedersen & Netter, 2015). The business model perspective is applied as business models have been recognized to turn fashion business more sustainable (Todeschini et al., 2017) and circular (Bocken et al., 2017).

The focus of this thesis is on the value proposition of SHCSs to second-hand sellers. A value proposition is a crucial component of business models that links the company's offering and customers' needs (Osterwalder et al., 2014). The analysis reveals what makes SHCS a lucrative selling channel, which may help the companies improve their offering and, in this way, reinforce the circular economy.

To understand how the business models of SHCSs serve second-hand sellers, it is necessary to know why consumers sell their clothes and what kind of clothes they sell. So far, more studies have been conducted on consumers as buyers rather than sellers of second-hand (Turunen et al., 2020). The thesis investigates second-hand selling as a disposal method. The use and disposal of clothing have a crucial impact on the garments' total environmental footprint (Allwood et al., 2008; Norum, 2017). From the discarded clothes, only about 1% is recycled, and about 73% end up in landfills or are incinerated

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[5] Zalando.fi
[6] www2.H&M.com

(EMF, 2017). In 2012 in Finland, about 80% of discarded clothes (approximately 10 kg/capita) were directed to energy recovery through waste management systems (Dalhbo et al., 2017). Thus, more clothes should be directed to reuse, which reduces the fashion industry's environmental impact if it decreases the number of new clothes that need to be manufactured (Farrant et al., 2010). Studying why consumers sell their clothes helps design solutions, such as new business models, that support second-hand selling and this way reuse.

The research questions of the thesis are
- How do second-hand platform companies relate to circular and sharing economy business models?
- Why do consumers sell their clothes, and what kind of clothes they sell?
- Why do second-hand sellers choose to sell through a second-hand consignment store?

1.1. CONTEXT OF THE THESIS

This thesis focuses only on Finnish second-hand platform companies and second-hand sellers. The geographical context was chosen as second-hand clothing has gained popularity in Finland, making the data needed for the study readily available (Rinne, 2019; Vuoripuro, 2020). Moreover, Finnish people have a more positive attitude towards second-hand and are more aware of the circular economy than people in other Nordic countries (SB insights, 2019). The positive attitude may indicate growth potential to second-hand companies. It is also possible to join the academic discussion as the subject has already been studied in Finland. Previous studies have investigated, for instance: Finnish consumers' attitudes towards circular fashion and communication (Vehmas et al., 2018), the meanings Finnish consumers associate with second-hand luxury (Turunen & Leipämaa-Leskinen, 2015), and Finnish consumers' attitudes toward product-service-system based fashion offerings (e.g., renting, repairing and swapping) (Armstrong et al., 2015)

In addition to the study's geographical location, a few other contexts related factors must be mentioned. The sustainability of second-hand is left outside the discussion due to the researcher's limited resources available for the study. However, it is crucial to note that second-hand clothes are understood as a form of sustainable fashion, for instance, in papers studying sustainable fashion pioneers (Bly et al., 2015) and sustainable business models (Hvass, 2015). This analysis concentrates on the second-hand in high-income countries and studies only second-hand clothing for adults.

1.2. STRUCTURE OF THE THESIS

This thesis starts with a literature review. The literature review presents the earlier research on business models in second-hand, the circular economy, and the sharing economy. Moreover, the literature review focuses on the value proposition aspect of a business model, second-hand consumers, and clothing disposal. After the literature review, the research design and methods are described in detail. The research strategy of this thesis is an extensive case study, which consists of five cases. The chapter also covers ethical considerations and limitations. The research design and methods are followed by empirical research findings. After this, there is an analysis and discussion chapter. In the chapter, the empirical findings are analyzed against the previous research results. The final chapter of the study includes conclusions, a discussion on potential managerial implications, and suggestions for future research.

2. LITERATURE REVIEW

The literature review has multiple parts. In the first part, the concepts of the second-hand, business model, and SHCS are introduced. The second and third parts explain the circular economy and the sharing economy concepts and how those can be translated into business models. Following this, the review zooms into the business model's value proposition and second-hand consumers as sellers of second-hand. Moreover, the attention is drawn to selling as a clothing disposal method. In the conclusion part, the insights from all the previous parts of the literature review are synthesized.

2.1. SECOND-HAND CONSIGNMENT STORES

2.1.1. Second-hand clothing

Second-hand clothing is a synonym for used clothing (Cervellon et al., 2012). Clothing becomes second-hand at the moment when it changes its owner regardless of when it was bought (Cervellon et al., 2012). Second-hand clothing is currently a trend, especially among young female consumers in high-income countries (thredUP, 2019). This development is reasonably new since second-hand clothing has been associated with poorness (Hansen, 2010). Second-hand clothing got stigmatized in the mid 20th century when the mass production of apparel democratized new clothes (Hansen, 2010). Before this, second-hand clothes were a common clothing source (Hansen, 2010). Importantly, second-hand clothing still has different meanings for people of various socioeconomic statuses[7]. Many people, especially in low-income countries, buy second-hand fashion to satisfy the basic need for clothes (Mhango & Niehm, 2005). This study concentrates only on second-hand in high-income countries. In high-income countries, second-hand clothing's popularity has increased because of consumers' growing environmental awareness (Hansen, 2010).

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[7] "Socioeconomic status is the social standing or class of an individual or group. It is often measured as a combination of education, income, and occupation." (American Psychological Association, n.d.)

The term second-hand overlaps with the terms vintage, luxury, or a collector's item that can be found to describe used or old fashion items (Turunen & Leipämaa-Leskinen, 2015). Second-hand fashion items are vintage if they reflect the style of a specific historical era or couturier and are valued by age (Cervellon et al., 2012). Second-hand fashion items can also be luxury second-hand and collector's items. Luxury second-hand refers to luxury branded used items and collector's items to products bought for the joy of owning them (Turunen & Leipämaa-Leskinen, 2015). This study's primary attention is on "regular" second-hand clothing.

2.1.2. The concept of business model

A business model refers to how a company does business (Massa et al., 2017). It describes how a firm creates and delivers value to its customers and how it captures that value (Osterwalder et al., 2010). In its simplest form, a business model consists of three value dimensions: value proposition, value creation and delivery system, as well as value capture (Richardson, 2008). Value proposition explains why customers buy the company's offerings and how they are different from other players' offerings in the market (Lindic & Marques da Silva, 2011). Value creation happens when a customer wants to buy a new benefit, pay more for an offering they consider better than other somewhat similar offerings, or when a customer buys a product or service at a lower cost (Priem, 2007). Value is captured when a firm manages to profit from the sum its customer has paid to it (Priem, 2007).

2.1.3. The business model in the context of second-hand

Second-hand clothing business models are defined in this thesis as business models that create and capture value from selling second-hand clothing or facilitating second-hand clothing trade. The researchers have previously analyzed the business models of small privately-owned second-hand companies (Gopalakrishnan & Matthews, 2018) and investigated second-hand as a potential circular economy solution for established fashion companies (Hvass, 2014; 2015; Hvass & Petersen, 2019).

This thesis's attention is on the business models of second-hand consignment stores (SHCS) (Figure 1). Consignment stores have been recognized to facilitate second-hand trade (e.g., Lee et al., 2013; Norum, 2017). However, only Gopalakrishnan and Matthews (2018) seem to have analyzed SHCSs from a business model perspective. Gopalakrishnan and Matthews (2018) focus on consignment stores that operate in physical locations and explore them through the business model canvas of Osterwalder and Pigneur (2010). This thesis builds on the study of Gopalakrishnan and Matthews (2018) and investigates the business models of SHCSs operating in physical and virtual space.

The business model of a second-hand consignment store
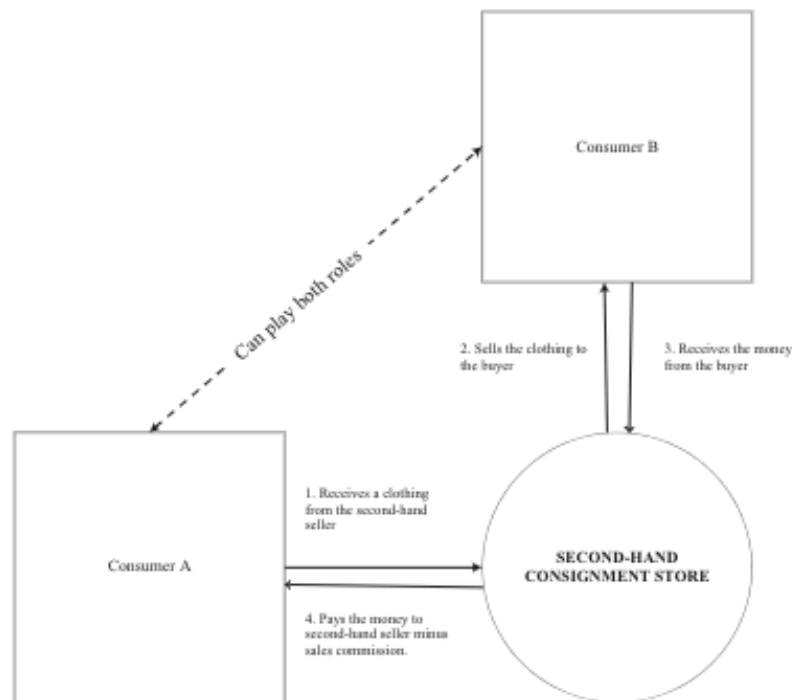
Figure 1: The business model of a second-hand consignment store

SHCSs connect the sellers and buyers of second-hand and take a sales commission (Figure 1) (Gopalakrishnan & Matthews, 2018). SHCSs can be understood as multisided platforms (Osterwalder & Pigneur, 2010). The value creation of these platforms depends greatly on the strengths of an indirect network effect. Indirect network effect means that the customers on one side benefit from the number of customers on another side. The value proposition of these multisided platforms consists of drawing in users, matching them, and reducing the transaction cost. (Osterwalder & Pigneur, 2010).

2.2. SECOND-HAND IN THE CIRCULAR ECONOMY

2.2.1. The concept of circular economy

In the second-hand market, consumers buy used clothes to reuse them. Reuse is one of the fundamental principles of the circular economy (Bocken et al., 2016; EMF, 2013). The circular economy is considered a potential solution to the fashion industry's negative environmental effects by eliminating waste, increasing resource efficiency, and shifting from fossil fuels to renewable energy (EMF, 2017). The circular economy is the opposite of the currently dominant linear economy as it recognizes the scarcity of natural resources. The circular economy can be defined as "*a regenerative system in which resource input and waste, emission, and energy leakage are minimized by slowing, closing, and narrowing material and energy loops. This can be achieved through durable design, maintenance, repair, reuse, remanufacturing refurbishing, and recycling.*" (Geissdoerfer et al., 2017, p., 759). The circular economy's ideology is inspired by the biochemical cycles in nature in which the material such as water circulates in a closed-loop, and nothing goes to waste (Murray et al., 2017). Importantly, the circular economy recognizes two types of resources: technological and biological nutrients. Biological nutrients are toxic-free and can be composted, and technological nutrients refer to human-made substances, which should be reused with minimum energy. (EMF, 2013)

Reuse of resources is connected to slowing material flows. Slowing means extending product lives, for instance, through durable design, reuse, and repair services (Bocken et al., 2016). As the item remains longer in the system, the flow of material slows down (Bocken et al., 2016; Pal & Gander, 2018). In an ideal case, items are reused and repaired until they reach their physical end-of-life (Van Loon et al., 2017). Notably, in the circular economy, the material flows can also be closed and narrowed. Closing resource flow

refs to recycling material to raw material to make new products (Bocken et al., 2016). When a product cannot be reused or repaired, it should be recycled (Van Loon et al., 2017). Ideally, the item made of recycled material would be used as such as long as possible. It is also possible to minimize waste by reducing the amount of material used in the product (Bocken et al., 2016). This is called a narrowing resource flow. However, for instance, Bocken et al. (2016) do not see narrowing resource flow belong the circular economy as the positive environmental effects of reducing the amount of material are canceled if the production volume increases. Figure 2 demonstrates all the three resource flows in the circular economy (Bocken et al., 2016). The slowing resource loop is the main focus of the thesis.

Material flows in the circular economy

Closing
(Recycle)

Linear Slowing
(Reuse)

Narrowing
(Use less material)

The ideal circular system
(Reuse and recycle)

Focus of the study
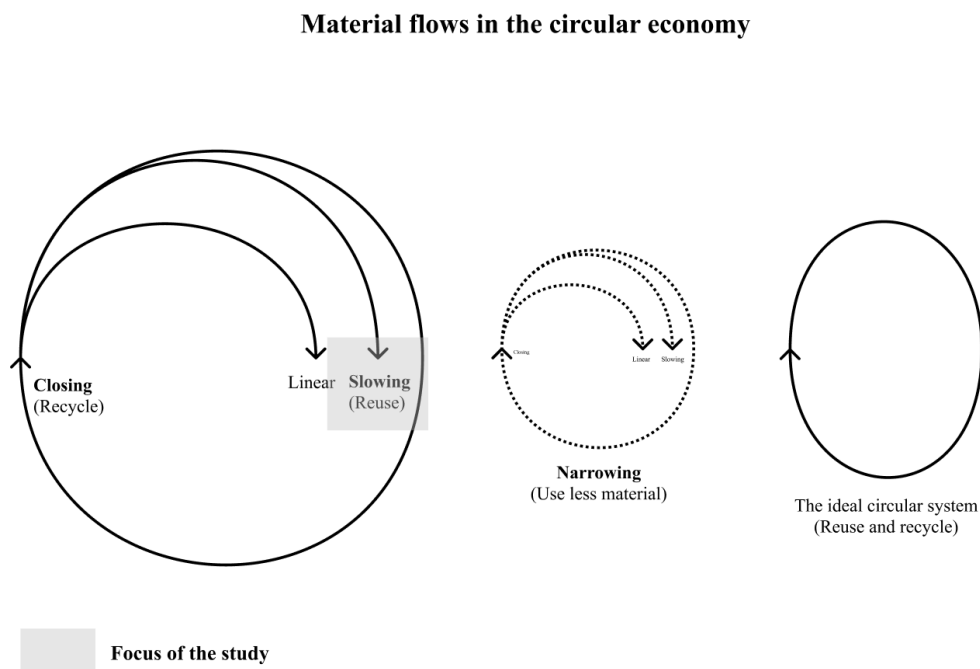
Figure 2: Different material flows in the circular economy. Adapted from Bocken et al. (2016)

2.2.2. Second-hand consignment store as a circular business model

The business models of SHCSs are similar to the reuse and redistribution circular business models (CBM) described by Lüdeke-Freund et al. (2019). Reuse and redistribution CBM aim to extend product life (Lüdeke-Freund et al., 2019). They promote reuse of products by connecting buyers and suppliers to give old products new owners (Lüdeke-Freund et al., 2019). These business models slow down resource flow as the product itself does not need to be modified significantly to be used again (Van Loon et al., 2017). Reuse and redistribution CBMs can be further divided into facilitators and redistribution business models according to the framework of Whalen (2019). Whalen (2019) studies CBMs that extend items' value and notices three CBMs based on how much they interact with products. Facilitators connect supply and demand without handling the product. Redistributors connect suppliers and customers, but they interact with the product before distributing it to another party. These CBMs can be seen as reuse and redistribution CBMs of Lüdeke-Freund et al. (2019). The primary revenue of doers comes from products they repair or otherwise modify (Whalen, 2019). The doer CBMs are outside the scope of the thesis.

2.3. SECOND-HAND IN THE SHARING ECONOMY

2.3.1. The concept of sharing economy

When consumers sell their clothes, they engage in the sharing economy (Gopalakrishnan & Matthews, 2018). The sharing economy is a contemporary phenomenon that can be understood as an alternative to the wasteful "*single-use throwaway living*" (Botsman & Rogers, 2010). The concept refers to sharing and consuming resources with other people (Botsman & Rogers, 2010). These resources can be tangible (e.g., cars, clothes, drilling machines) and intangible (e.g., skills, knowledge). In the sharing economy, consumers are not only buyers and customers but also sellers and suppliers (Machado et al., 2019). The sharing economy differs from traditional sharing, renting, and consumption of public goods[8] as it happens between private individuals, and it is often facilitated by digital technology (Botsman & Rogers, 2010; Schor & Fitzmaurice, 2014).

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[8] Public goods refer to goods, such as parks and roads, that are accessible to all regardless of the payer (Pohjola, 2012)

Second-hand is a borderline case of the sharing economy because there seems to be no common understanding of whether the sharing economy entails exchanges where the ownership of the item changes or not. For example, Frenken and Schor (2017) argue that the sharing economy includes only exchanges where the item's ownership changes temporarily. In contrast, Acquire et al. (2017), and Botsman and Rogers (2010) include second-hand selling to the sharing economy. Moreover, the sharing economy is often mixed with collaborative consumption and other related terms. For instance, the sharing economy has been used as a synonym to collaborative consumption (Schor & Fitzmaurice, 2014; Camacho-Otero et al., 2018). The concept has also been understood to cover collaborative consumption and other related terms such as access-based consumption[9] and the gig economy[10] (Acquire et al., 2017; Frenken & Schor, 2017; Henninger et al., 2019). In this analysis, the sharing economy is used as an umbrella term as it allows to investigate second-hand under the sharing economy. This approach follows the sharing economy definition of Acquire et al. (2017), who understand the sharing economy to consist of three economies: platform economy, access economy, and community-based economy. According to Acquire et al. (2017), the sharing economy's ideal presentation is when all the economies are present simultaneously.

Second-hand trade between peers via digital platforms represents the platform economy of the sharing economy (Figure 3). Acquire et al. (2017) define the platform economy as "*intermediate decentralized exchanges among peers through digital platforms*" (p. 5). Moreover, the sharing economy consists of the access economy and the community-based economy. In the access economy, resources are shared and redistributed to optimize their capacity. The community-based economy refers to sharing without any hierarchies, contracts, or exchange of money. The community-based economy members participate not to earn money but to create and reinforce social relationships, support community projects, foster values, and strive for social missions. (Acquire et al., 2017)

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[9] Access-based consumption refers to "transactions that can be market mediated but where no transfer of owner takes place" (Bardhi & Eckhardt, 2012 p. 881).

[10] "The on-demand or gig economy includes purchasing personal services such as a ride, a handyman or a cooked meal." (Fenken and Schor, 2017 p. 6)

1. Access economy

Sharing underutilized assets to optimize their use

3. Community based economy
Coordinating through non-contractual, non-hierarchical or non-monetized forms of interaction

2. Platform economy
Intermediate decentralized exchanges among peers through digital platforms.

Focus of the study
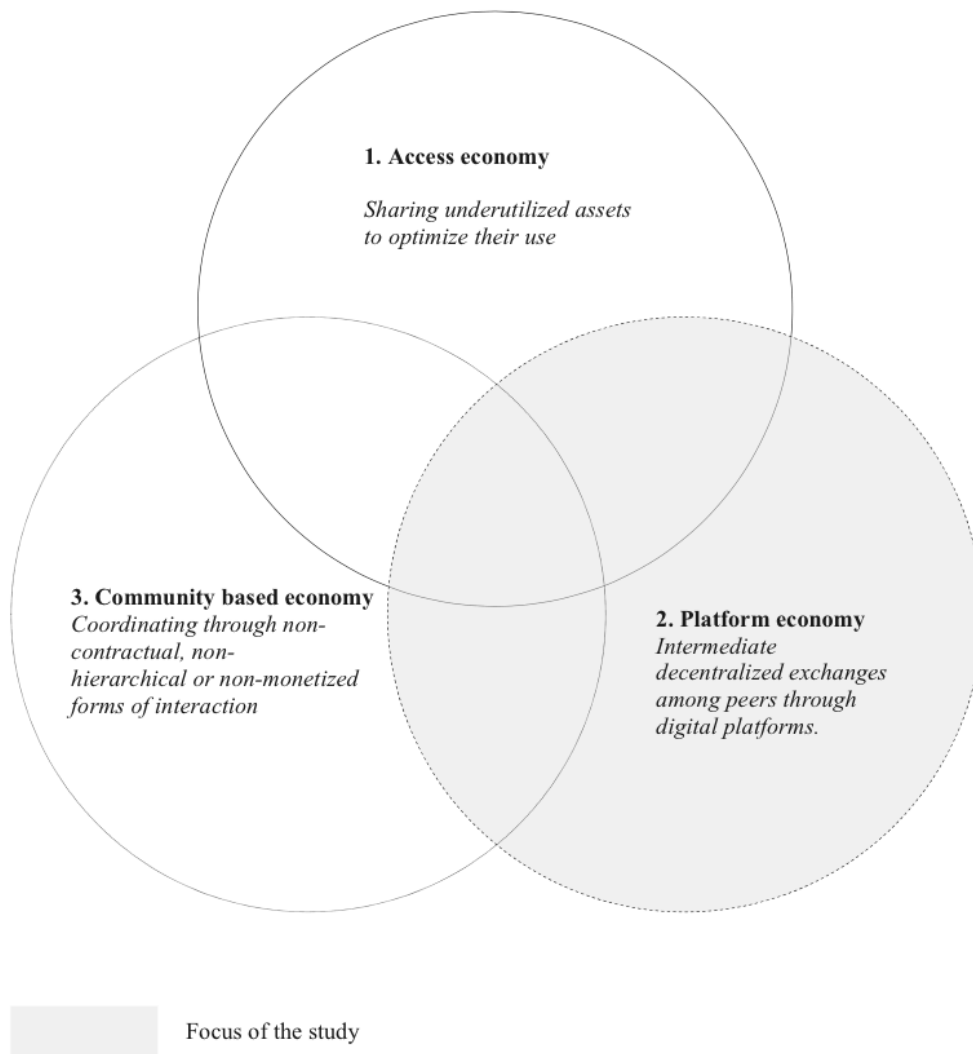
Figure 3: The sharing economy adapted from Acquire et al. (2017).

2.3.2. Second-hand consignment store as a sharing economy business model

The business model of SHCS resembles the peer-to-peer (P2P) [11]redistribution platforms, which Laukkanen and Tura (2020) define as a business model based on *"intermediated transactions between peers through digital platforms"* and *"transfer of ownership"* (p. 5). P2P redistribution platforms represent the platform economy of the sharing economy (Acquire et al., 2017). Importantly, the P2P redistribution platform is only one type of sharing economy business models (SEBM). Laukkanen and Tura (2020) find multiple SEBMs when analyzing the sharing economy framework by Acquire et al. (2017).

The business model of SHCS also has similarities with a collaborative consumption SEBM of Muñoz and Cohen (2017). The collaborative consumption business model builds on underutilized resources, P2P interaction, and leverage on technology. Muñoz and Cohen (2017) discover the collaborative consumption business model when investigating what attributes make a SEBM. They recognize six standard features of SEBM: collaborative governance, mission-driven, underutilized resources, alternative funding, P2P interaction and leveraging technology. Collaborative governance implies that SEBMs can be governed together with different stakeholders. Alternative funding means that the companies unconventionally seek financing, for instance, through crowdfunding campaigns. Some SEBMs are mission-driven as they strive for social and environmental value instead of monetary value. Moreover, some SEBM platforms create and capture value from facilitating P2P interaction, and some rely on digital technology. The six SEBM attributes can exist in the SEBM types either as core and peripheral conditions or be irrelevant for the SEBM type (Muñoz & Cohen, 2017).

2.4. SECOND-HAND CONSIGNMENT STORES' VALUE PROPOSITION

This thesis concentrates on the value proposition of SHCSs to second-hand sellers. The approach is used as lucrative value propositions may encourage consumers to sustainable consumption (Stål & Jansson, 2017). Moreover, a mismatch between the customers and its value propositions has been among the most significant reasons why sustainable business models do not replace the dominant business models (Pal & Gander, 2018).

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[11] Peer-to-peer refers to transactions and interactions between individuals that are often strangers to each other (Gassmann et al., 2014).

Further, the thesis concentrates on second-hand sellers as the focus of the previous research has been more on second-hand consumers as buyers (e.g., Bly et al., 2015; Cervellon et al., 2012; Guiot & Roux, 2010; Xu et al. 2014; Yan et al. 2015) rather than sellers (Turunen et al., 2020). There is also a limited understanding of second-hand selling as a disposal method (Bianchi & Birtwistle, 2010; Joung & Park-Poaps, 2013), although selling directs clothes to reuse. Figure 4 summarizes the focus of this study.

**The second-hand consignment stores'
value proposition to second-hand sellers**
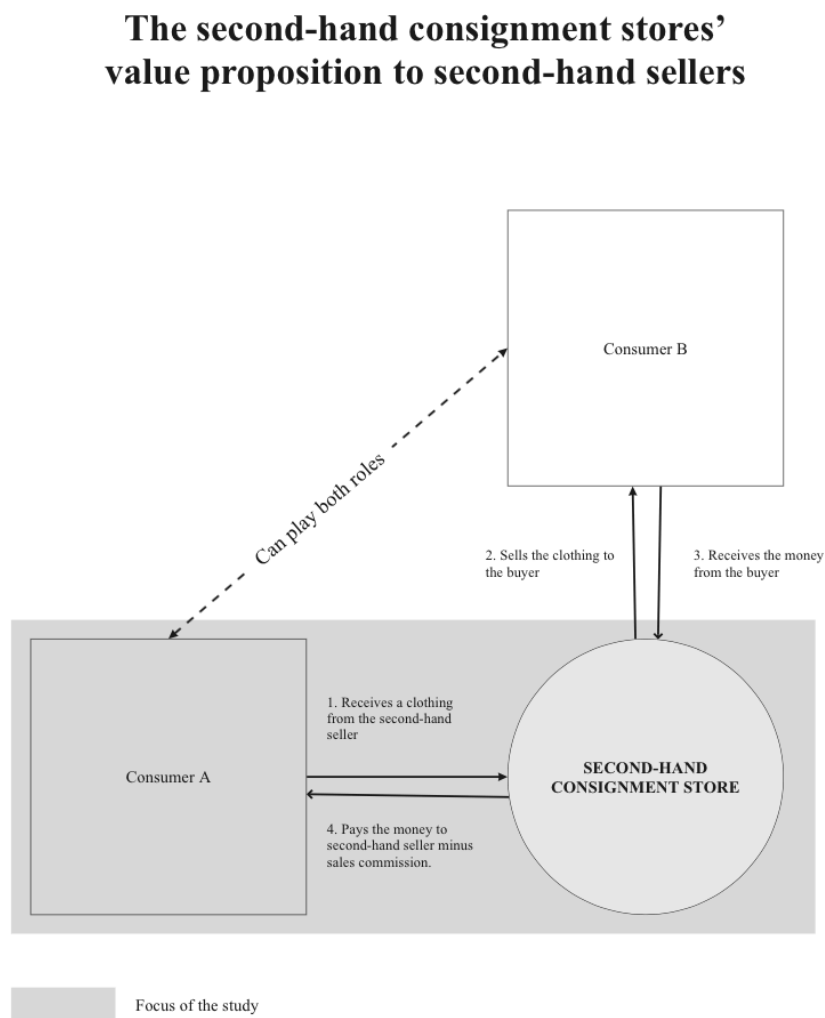
Figure 4: The second-hand consignment stores' value proposition to second-hand sellers

2.4.1. The concept of value proposition

Value proposition focuses on identifying customers' problems and solving them as well as creating value for the customers (Chesbrough & Rosenbloom, 2002). Payne et al. (2017), who study value proposition in a marketing context, define value proposition as "*a strategic tool facilitating communication of an organization's ability to share resources and offer a superior value package to targeted customers.*" Companies need to form lucrative value propositions to stay competitive in the market (Teece, 2010). Because customers make purchase decisions, a firm's value proposition and the ability to capture that value are directly linked to its financial success. A company can create value for customers, or customers can co-create value with the company (Payne et al., 2017).

The value proposition can be described with a simple equation: Value = Benefits minus Cost (Barnes et al., 2009). The cost can refer to money and risk (physical and mental), time, and convenience (Barnes et al., 2009). The firm's offering's benefits and costs can realize before, during, and after the purchase (Payne et al., 2017). A value proposition can consist of different qualitative (e.g., design and customer service) and quantitative (e.g., price and speed) factors that answer the needs of a specific customer segment (Osterwalder & Pigneur, 2014). Targeting the value proposition to specific customer groups is essential because the value is subjective, situation, and time-dependent (Barnes et al., 2009). A firm's value proposition can also be targeted to many stakeholders, not just customers. Notably, the multiple stakeholders view is an essential part of a sustainable value proposition design (Bocken et al., 2015). The main focus of this thesis is on the customer value proposition.

2.4.2. Value proposition canvas

This thesis analyzes the value proposition of SHCSs to second-hand sellers by using a value proposition canvas (VPC) by Osterwalder et al. (2014) (Figure 5). The canvas focuses on the customer segment and value proposition aspects of the business model and consists of two interrelated parts: a customer profile and a value map. VPC should be made separately to each customer segment the company serves because their needs and wants may differ significantly. Moreover, the VPC should always prioritize one to three of the most crucial attributes in each sector. (Osterwalder et al., 2014).
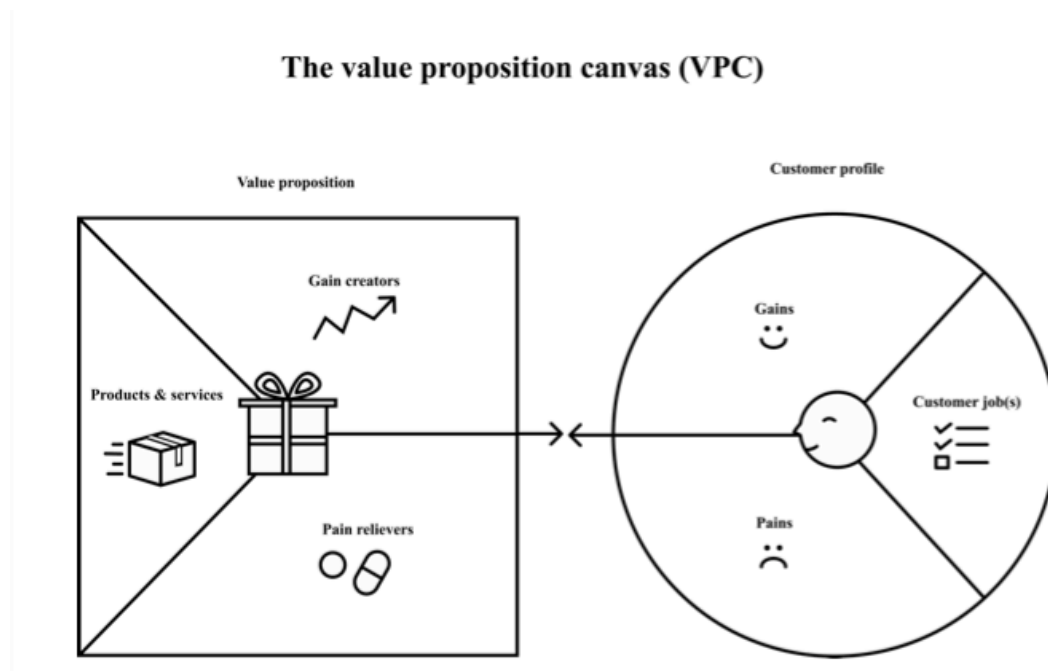
Figure 5: Value proposition canvas (Osterwalder et al., 2014)

A customer profile helps the user of the canvas to gain a deeper understanding of the customer segment (Osterwalder et al., 2014). Customer jobs refers to the underlying outcomes the customers are trying to achieve and the problems they want to solve (Wunker et al., 2016). The jobs can be emotional, functional, and social. Moreover, the customer jobs are context-specific and have varying importance to consumers. Besides the customer jobs, the VPC consist of gains and pains. The customer gains are positive outcomes and benefits that a sure solution gives to consumers. Sometimes customer gains can be unexpected, and again they vary in terms of their importance. Instead, the customer

pains refer to things that prevent or slow down customers to get the job done, unwanted outcomes, and risks associated with the job. Some pains are more excruciating to solve than others. (Osterwalder et al., 2014).

A value map allows the user of the VPC to reflect the value proposition on a detailed level. The value map is comprised of products and services, pain relievers, and gain creators. Products and services represent the company's offering. The bundle of products and services helps the consumer to get their jobs done. Some offerings may also assist consumers in buying, co-creating, and disposing of. The pain relievers address the customers' pains and solve them. Successful value propositions relieve only a few of the most excruciating pains. Instead, the gain creators describe how the offering produces gains to the customer. (Osterwalder et al., 2014)

2.5. SECOND-HAND SELLING AND CLOTHING DISPOSAL

In this thesis, the customer profile of VPC represents second-hand sellers, and therefore it is vital to understand them more in-depth. Second-hand selling has mostly been studied as a clothing disposal method (Bianchi & Birtwistle, 2010; Joung & Park-Poaps, 2013). Product disposal represents the final phase of consumer behavior (Blackwell, 2006; Jacoby, 1976), and it has a crucial impact on how and whether the product is reused (Laitala, 2014). The disposal process starts by choosing the items that one wants to get rid of (Jacoby et al.,1977). In general, product disposal behavior includes two main phases: picking the items for disposal and choosing how they are disposed of (Figure 6) (Jacoby et al.,1977). According to Jacoby et al. (1977), the phases are influenced by three interdependent and, in some cases, overlapping factors:

- the decision-maker (e.g., emotions, character, and attitudes)
- the product's attributes (e.g., condition, value, and replacement cost)
- the situation in which the decision is made (e.g., storage space and finances)

The product disposal process
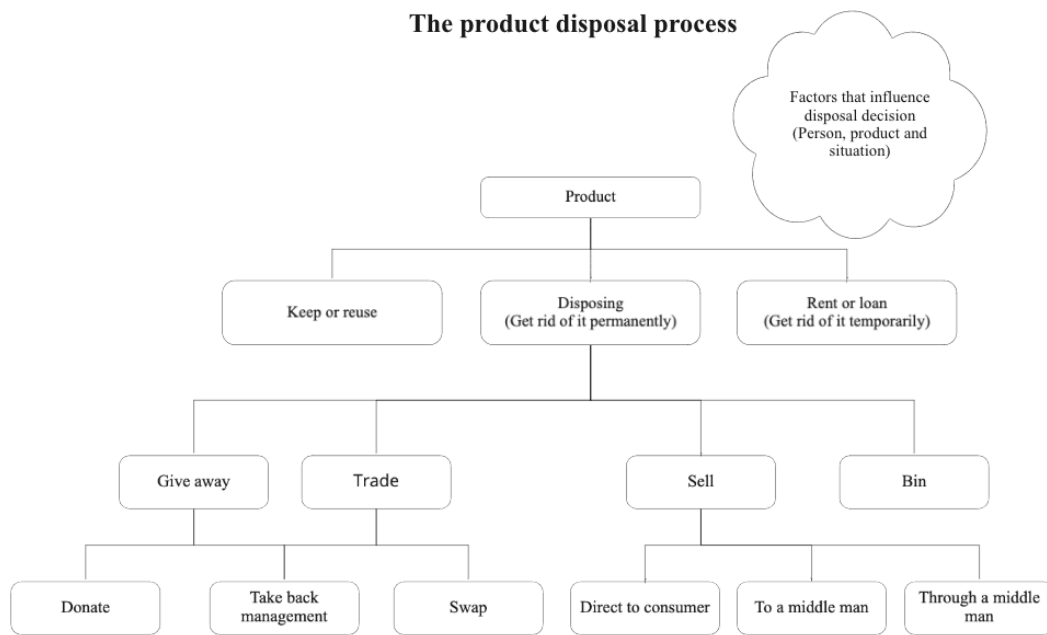
Figure 6: The product disposal process adapted from Jacoby et al. (1977)

2.5.1. Motivations to dispose of clothing

This research aims to understand what kind of clothing consumers sell. The number of studies focusing on consumers' motivations to dispose of clothes to sell them is limited and concentrated on luxury second-hand (Turunen et al., 2020). However, the previous research can help to analyze which clothes are disposed of by selling them. Several studies have investigated the factors influencing consumers' disposal decisions (e.g., Albinsson & Perera, 2009; Birtwistle & Moore, 2007, Lee et al., 2013). These factors are listed in the clothing disposal taxonomy (Table 1) adapted from Lee et al. (2013) that builds on the product disposal framework of Jacoby et al. (1977).

Motivations for disposal		Sources
Item attributes	Condition and quality	Birtwistle and Moore (2007), Ha-Bookshire and Hodges (2009), Lee et al. (2013), Norum (2017)
	Physical fit and size	Lee et al. (2013), Norum (2017)
	Monetary value	Albinsson and Perera (2009), Birtwistle and Moore (2007), Joung and Park-Poaps (2013), Lee et al. (2013), Norum (2017)
	Use purpose	Birtwistle and Moore (2007)
	Sentimental and symbolic value	Albinsson and Perera (2009), Ha-Bookshire and Hodges (2009), Lee et al. (2013), Turunen et al. (2020)
	Intimacy	Ha-Bookshire and Hodges (2009), Norum (2017)
	Frequency of use	Albinsson and Perera (2009), Ha-Bookshire and Hodges (2009), Lee et al. (2013)
Situational attributes	Style	Albinsson and Perera (2009), Birtwistle and Moore (2007), Lee et al. (2013), Norum (2017)
	Finances	Joung and Park-Poaps (2013), Lee et al. (2013)
	Transition in life	Albinsson and Perera (2009), Lee et al. (2013), Turunen et al. (2020)
	Closet space	Albinsson and Perera (2009), Ha-Bookshire and Hodges (2009)
	Community values and infra	Albinsson and Perera (2009), Lee et al. (2013)
Individual attributes	Age	Albinsson and Perera (2009), Birtwistle and Moore (2007: 12)
	Psychological fit	Albinsson and Perera (2009), Lastovicka and Fernandez (2005), Lee et al. (2013)
	Desire to buy new clothes and fashion boredom	Albinsson and Perera (2009), Ha-Bookshire and Hodges (2009), Lee et al. (2013), Norum (2017)
	Need to simplify	Albinsson and Perera (2009), Lee et al. (2013)
	Seasonal habit	Ha-Bookshire and Hodges (2009), Lee et al. (2013)

Table 1: The clothing disposal taxonomy adapted from Lee et al. (2013).

Clothing can be disposed of because of factors related to it. The garment may be in bad physical condition (Birtwistle & Moore 2007; Ha-Brookshire & Hodges, 2009; Lee et al., 2013; Norum, 2017), fit poorly, or be the wrong size (Lee et al., 2013; Norum, 2017). The evaluation of the condition is subjective as the consumer evaluates the clothing's condition based on whether they would use it (Ha-Brookshire & Hodges, 2009). Clothes can also be disposed of for factors unrelated to the items' functionality and usability. For instance, undergarments are often thrown into the trash as they are considered personal and intimate (Ha-Brookshire & Hodges, 2009; Norum, 2017). Also, clothing can be bought only for a specific occasion and disposed of after that (Birtwistle & Moore 2007). Further, clothes with high economic value (Birtwistle & Moore 2007; Norum, 2017) and high sentimental or symbolic value (Albinsson & Perera, 2009; Ha-Brookshire & Hodges, 2009; Lee et al., 2013; Turunen et al., 2020) are kept longer.

In addition, situational factors can affect clothing disposal. Fashion changes may encourage consumers to discard clothes because they are out of style (Birtwistle & Moore, 2007; Laitala, 2014). Consumers can also give away their clothes because they need more closet place (Ha-Brookshire & Hodges, 2009) or money (Joung & Park-Poaps, 2013; Lee et al., 2013). Sometimes, a change in life, such as a move or an end of a relationship, can start the disposal process (Albinsson & Perera, 2009; Lee et al., 2013; Turunen et al., 2020). Moreover, the community around the consumers can encourage them to dispose of clothes responsibly by providing clothing recycling and collection points (Albinsson & Perera, 2009) or campaigning for it (Lee et al., 2013).

Besides, the decision maker's personality affects the disposal decision they make. In some cases, an item of clothing does not correspond with the decision maker's identity (Albinsson & Perera, 2009; Lastovicka & Fernandez, 2005; Lee et al., 2013). A consumer may also dispose of a garment out of boredom (Norum, 2017) or because they want to get more closet space for new clothes (Albinsson & Perera, 2009; Ha-Brookshire & Hodges, 2009; Lee et al., 2013). A consumer may want to dispose of clothes to simplify their lives (Albinsson & Perera, 2009; Lee et al., 2013). Moreover, getting rid of stuff, for instance, every spring can also be a consumer's habit (Ha-Bookshire & Hodges, 2009; Lee et al., 2013).

2.5.2. Selling as a clothing disposal method

The goal of this study is to understand why consumers sell their clothes via SHCS. The studies conducted on consumers as second-hand sellers are relatively scarce (Bianchi & Birtwistle, 2010; Joung & Park-Poaps, 2013; Turunen et al., 2020). Researchers have found that consumers resell their clothes for both environmental (Joung & Park-Poaps, 2013; Lee et al., 2013) and economic reasons (Joung & Park-Poaps, 2013). Researchers have also studied Scottish and Australian consumers and tried to determine whether consumers' recycling behavior is connected to their clothing selling habits. However, they have only managed to find conflicting results (Bianchi & Birtwistle, 2010). Moreover, Turunen et al. (2020) find that second-hand luxury sellers rarely buy second-hand and that selling second-hand luxury items is related to empowerment and strengthening and signaling a high social role.

The previous research on disposal methods can help analyze consumers' decisions to sell (Table 2). For instance, Bianchi and Birtwistle (2010; 12) and Lee et al. (2013) discovered that the decision maker's recycling behavior and attitude might sometimes be linked to disposal behavior. Moreover, consumers may dispose of clothes in the same way their families do (Albinsson & Perera, 2009; Joung & Park-Poaps, 2013). Consumers can also get rid of clothes to be environmentally sustainable (Albinsson & Perera, 2009; Bianchi & Birtwistle, 2010; 2012; Joung & Park-Poaps, 2013) and socially responsible (Albinsson & Perera, 2009; Joung & Park-Poaps, 2013; Lee et al., 2013). Moreover, a consumer can choose to dispose of clothes in a certain way to avoid feelings of guilt that emerge from either owning many clothes or disposing of clothes in good condition (Ha-Brookshire & Hodges, 2009). Often undergarments are thrown into the trash because they are considered personal and intimate (Ha-Brookshire & Hodges, 2009; Norum, 2017). Besides, familiarity and convenience influence the disposal decision (Joung & Park-Poaps, 2013; Laitala, 2014).

Motivation to choose a certain disposal method	
Convenience	Birtwistle and Moore (2007), Ha-Bookshire and Hodges (2009), Joung and Park-Poaps (2013),
Familiarity	Laitala (2014)
Subjective family norms and role models	Albinsson and Perera (2009), Joung and Park-Poaps (2013)
Recycling behavior and attitude	Bianchi and Birtwistle (2010: 12), Lee et al. (2013)
Avoiding feelings of quilt	Ha-Bookshire and Hodges (2009)
Environment	Albinsson and Perera (2009), Bianchi and Birtwistle (2010: 12), Joung and Park-Poaps (2013)
Social responsibility	Albinsson and Perera (2009), Joung and Park-Poaps (2013), Lee et al. (2013)
Intimacy	Ha-Bookshire and Hodges (2009), Norum (2017)

Table 2: The factors influencing the clothing disposal method choice

2.6. SUMMARY OF THE LITERATURE REVIEW

This thesis investigates the value proposition of SHCSs from two perspectives that reflect the two sides of VPC (Osterwalder et al., 2014). Firstly, the value proposition and business model of SHCSs are studied from the company perspective. Secondly, the SHCSs' value propositions are evaluated from the second-hand seller perspective. Together these perspectives form a holistic understanding of how SHCSs serve second-hand sellers. The following sections demonstrate the study objectives more in-depth.

The purpose of this thesis to connect SHCSs to the broader business model theory by analyzing how SHCSs relate to CBMs and SEBMs. The circular economy and the sharing economy are contemporary topics linked to sharing and efficient use of resources (Schwanholz & Leipod, 2020). This thesis analyzes the business models of SHCSs against specific CBMs and SEBMs types. These include the reuse and redistribution business model of Lüdeke-Freund et al. (2019) and the facilitator and redistribution business models of Whalen (2019). Moreover, the business models of SHCSs are compared to the P2P redistribution platform business model of Laukkanen and Tura (2020) and the collaborative consumption business model of Muñoz and Cohen (2017). The final goal of this investigation is to understand the business models of SHCSs better.

Further, this thesis is to understand why consumers chose to sell through a SHCS when they also have other selling channel options to choose from, some of them being free of charge. To attract consumers, SHCSs need to form lucrative value propositions. A value proposition is a crucial part of every business model as it connects the company's offering and customers' needs (Osterwalder & Pigneur, 2010). A firm creates value when it fulfills a specific customer segment's needs in a profitable way (Barnes et al., 2009). SHCS is equally dependent on both second-hand sellers and buyers due to the indirect network effect (Osterwalder & Pigneur, 2010). However, this thesis' attention is on second-hand sellers as the previous research has focused more on second-hand buyers. The value proposition of SHCSs to second-hand sellers is analyzed using the value proposition canvas by Osterwalder et al. (2014).

As a part of the value proposition analysis, this study seeks to discover why consumers sell their clothes and what kind of clothes they sell. In most cases, second-hand selling has been researched as a disposal method (Joung & Park-Poaps, 2013; Bianchi & Birtwistle, 2010). Factors related to the product, situation, and the person explain why consumers choose to get rid of their garments (Jacoby, 1976) and how they dispose of those clothes (Jacoby, 1976). The previous studies have discovered that consumers choose selling for environmental (Lee et al., 2013; Joung & Park-Poaps, 2013) and economic reasons (Joung & Park-Poaps, 2013) as well as to empower and strengthen their social role (Turunen et al., 2020). Figure 7 demonstrates the research focus

Focus of the study

€ = Costs to the consumer
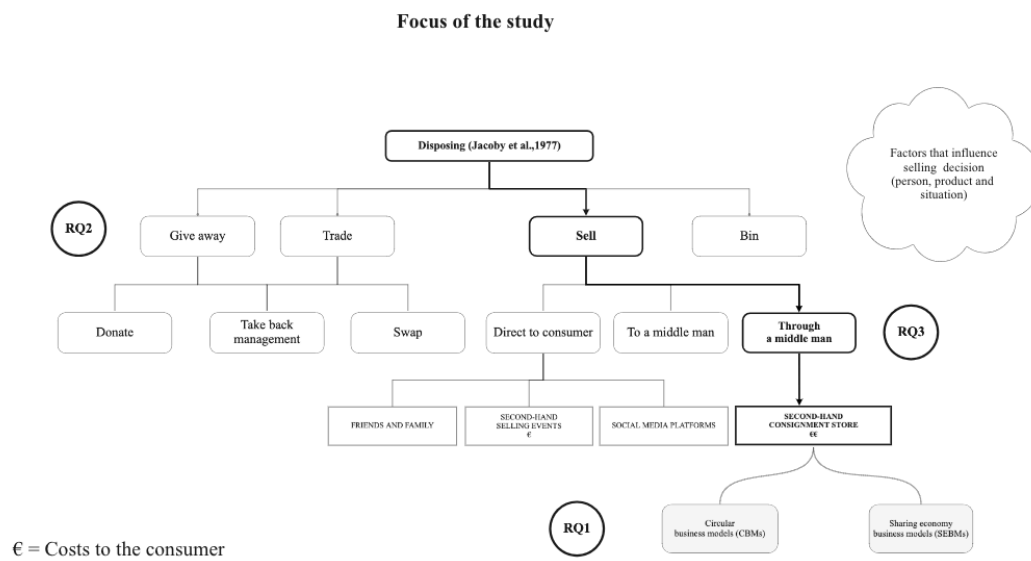
Research questions

Q1: How do second-hand consignment stores related to circular and sharing economy business models?
Q2: Why do consumers decide to sell they clothes and what kind of clothes do they sell?
Q3: Why do consumers decide to sell through a consignment store?

Figure 7: The focus of the study: Consumers decision to sell clothes through second-hand consignment stores with the circular and sharing economy business models

3. RESEARCH DESIGN AND METHODS

The following chapter of the thesis presents the research design and methods. The first part introduces the case study research and explains why it was chosen to be the research strategy of the thesis. After this, the case study setting is demonstrated. The case study is extensive and consists of five cases. The third part draws attention to the data collection methods, and the fourth part focuses on data analysis. The ethical considerations and limitations conclude the research design and methods chapter of the thesis. Notably, the study is exploratory because there is little existing theory on the business models of SHCSs, second-hand sellers, and SHCSs' offerings to second-hand sellers.

The research questions of the thesis are:
- How do second-hand platform companies relate to circular and sharing economy business models?
- Why do consumers sell their clothes, and what kind of clothes they sell?
- Why do second-hand sellers choose to sell through a second-hand consignment store?

3.1. CASE STUDY AS A RESEARCH STRATEGY

This thesis follows the research strategy of a case study. A case study approach is chosen as it is a suitable strategy for studying a contemporary phenomenon (Yin, 1994), such as second-hand. Moreover, a case study allows using multiple sources of evidence (Eriksson & Kovalainen, 2008). Using multiple evidence sources is likely to result in a holistic understanding of the business models of SHCSs rather than using a single source of evidence. The following parts explain the central characteristics of the case study.

Case study research is a popular way of doing business research because it can turn complex and abstract real-life phenomena into an understandable and approachable format (Eriksson & Kovalainen, 2008). Yin (1998) defines a case study as "*an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident*" (p. 13). In other words, case study research is a fruitful research approach when a researcher's purpose is to investigate a phenomenon in its natural context or when it is

not possible to separate the study subject from its context (Yin,1998; Farquhar, 2012). A case study can be exploratory, descriptive, and explanatory (Farquhar, 2012). A case study is a useful strategy when the research question's type is either exploratory "what" or explanatory "how" or "why" (Yin,1998 p. 6).

At the heart of case study research is constructing a case or cases (Eriksson & Kovalainen, 2008). Stake (1995) states that "*a case is a specific, a complex and functioning thing*" (p. 2). An often-used example of a classical case is an individual (Eriksson & Kovalainen, 2008; Yin, 1994). However, a case can also be more abstract and harder to define, such as an organization, a process, or an event (Yin, 1994). In addition to the construction of a case, a key characteristic of case study research is that it uses multiple sources of evidence to build a case (Eriksson & Kovalainen, 2008; Gillham, 2000; Yin, 1994). Although case study research is often understood as a form of qualitative research, it cannot be automatically understood as a qualitative research method (Gillham, 2000). This understanding is faulty because the evidence used to create a case can be qualitative and quantitative (Yin, 1994). Thus, a case study should be understood more as a research strategy than a method (Eriksson & Kovalainen, 2008).

The purpose of a case study is not to produce statistical generalizations but analytical generalizations (Yin, 1994). Statistical generalizations are central to quantitative studies. The results of quantitative studies are considered to hold for a particular population. In contrast, case studies can produce analytical generalizations, which means their results can be generalized to a specific broader theory (Yin, 1994).

3.2. THE CASE STUDY SETTING

The study is an extensive case study. An extensive case study looks for common patterns and attributes across multiple cases (Eriksson & Kovalainen, 2008). The cases can generate a new theory, verify an existing theory, or examine theoretically interesting resemblances (Eriksson & Kovalainen, 2008). This extensive case study consists of five cases (Figure 8). The cases represent the value proposition of five Finnish SHCSs to second-hand sellers. The case companies are Emmy, Rekki, Vähänkäytetty, Zadaa, and Relove (See Appendix I for detailed case descriptions). Five cases of SHCSs is likely to be sufficient to understand how SHCSs relate to the sharing economy and circular business models and how they create value for second-hand sellers. The cases were chosen based on literal replication logic. The literal replication predicts the result to be the same in all cases, and thus, the cases should be similar enough (Yin, 1994).
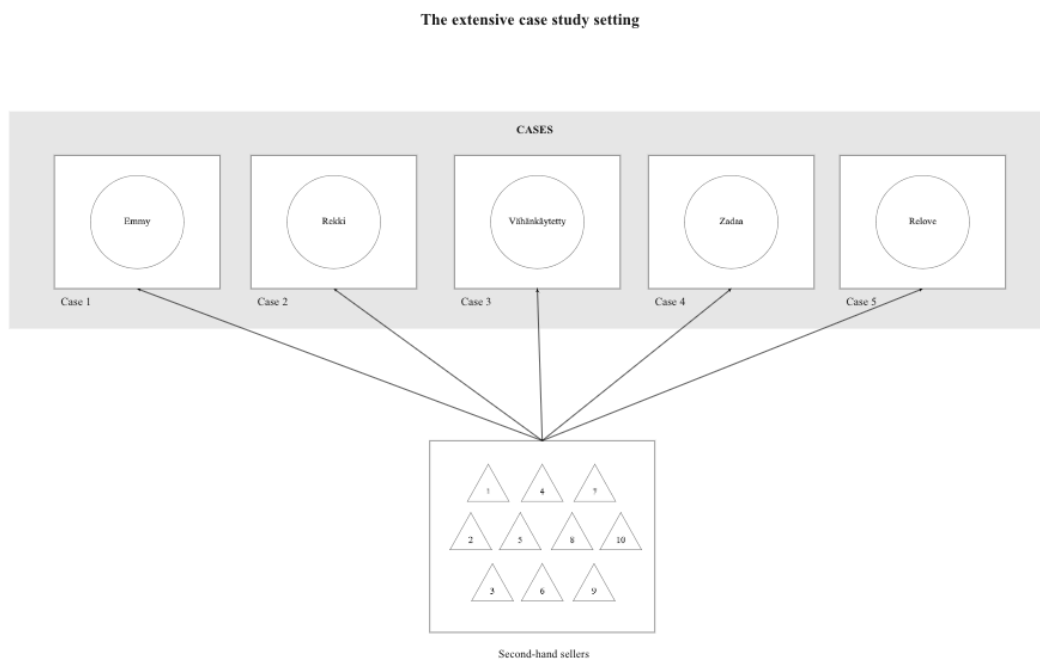
Figure 8: The extensive case study setting

The cases are embedded as three sets of analysis units are evaluated (Figure 9) (Yin, 1994). Firstly, the business models of SHCSs are compared to the sharing economy and circular business models. More specifically, the business models of SHCSs are analyzed against the P2P redistribution platform business model of Laukkanen and Tura (2020) and the collaborative consumption business model of Muñoz and Cohen (2017). Moreover, the study evaluates how SHCSs' business models relate to the reuse and redistribution business model of Lüdeke-Freund et al. (2019) and the facilitator and redistribution business models of Whalen (2019). Secondly, the research zooms into consumers' second-hand selling behavior. Understanding consumer motivations and behavior is crucial to construct the consumer side of the value proposition canvas (Osterwalder et al., 2014). Here, the units of analysis are the different factors that affect the consumers' decision to choose clothes for sale and sell through consignment stores (see Table 1 and 2). Finally, the case companies' value propositions are compared against the different factors that affect the decision to choose clothes for sale and sell them through consignment stores (see Table 1 and 2).
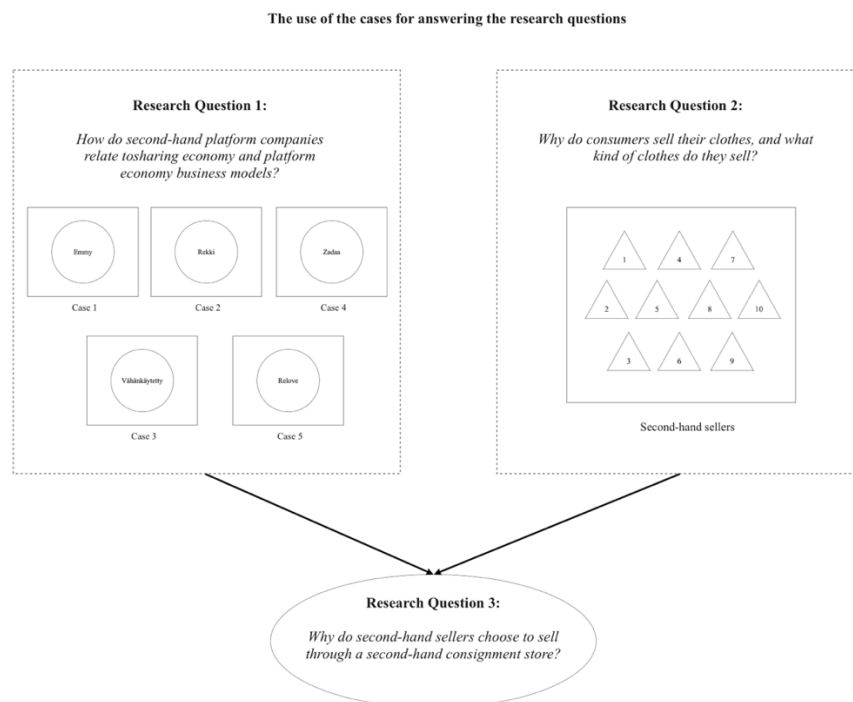
Figure 9: Research questions and the cases

3.3. DATA COLLECTION METHODS

The approach of the study is qualitative. The qualitative study allows the researcher to investigate second-hand companies from multiple perspectives and work as an interpreter of the phenomenon (Lapan et al. 2011). In this study, interviews were used as a primary data source to construct the cases. Documentary material was used to supplement interviews. Indeed, Table 3 shows what data is used in the cases.

Data sources
One-on-one semi-structured, in-depth interviews with ten Finnish second-hand sellers
Three one-on-one semi-structured, in-depth interviews with three case company representatives
Documentary data sources (company web pages, online newspaper articles, open financial data, video interviews, and crowdfunding pages)

Table 3: The use of data sources in the cases

3.3.1. Second-hand seller interviews

Interviews are often used primarily as evidence in case study research (Eriksson & Kovalainen, 2008; Yin, 1994). Interviewing second-hand sellers was necessary to know how SHCSs create value for them. Ten Finnish consumers who had sold second-hand were interviewed. Regarding the study's exploratory and qualitative nature, ten interviews were considered a sufficient number. In general, the number of interviews depends on the research's nature (Kvale, 2007). However, the number of interviewees is often around 10 or 15 due to the interviewer's resources (Kvale, 2007). The interviews were one-on-one semi-structured, in-depth interviews, and they were conducted in Finnish. The interviewees were recruited through social media.

The criteria for choosing the interviewee were that they had sold clothing through at least one of the case companies. Nine out of ten interviewees were women. The gender ratio was acceptable, considering previous research found that most second-hand sellers and buyers are women (Gopalakrishnan & Matthews, 2018). The age of the interviewees varied between 25 and 37. All of the informants lived in Southern Finland and spoke Finnish as their mother language. The researcher had a previous history with some of the

informants (friend or colleagues). Other informants were recruited through social media posts or by sending them a private message. Three euros was donated to the Eetti organization [12]per interview to reward the informants for their participation. Eetti was chosen since the topic of ethical trade in line with the study subject. After the donation, the interviewees were sent a receipt of the 30 euros payment to the organization. The interviews were conducted in Finnish.

3.3.2. Company representative interviews

Three representatives of Finnish SHCSs were interviewed for the cases. The interviews were semi-structured and lasted approximately 30 minutes. The representatives were from Vähänkäytetty, Emmy, and Rekki. The interview material was only used as secondary material to deepen the platforms' understanding due to the unavailability of interview material from all of the cases. The second-hand company representatives were contacted through email in which I told the purpose of the study and asked if they were willing to give a short interview. The interviews were conducted in Finnish.

3.3.3. Documentary data

In addition, documentary data was used to understand the cases better and ask informed research questions (Yin, 1994). The documentary data included online newspaper articles of the case companies, open financial data, video interviews, and crowdfunding pages. Also, information from the online platforms' web pages was used. All the relevant documentary data that was possible to find from the internet was used. The data was found using the Google search engine. The data was collected from the webpages of the case companies, on the sites of popular media companies, and crowdfunding sites. Since modern SHCSs and platforms are relatively new phenomena and operate mostly online; the data was digital. Yin (1998) pointed out that documentary data can be biased and inaccurate, as there is only little control over who has created it. Multiple sources of data were used to minimize biases and improve the accuracy of the findings. Moreover, documentary data were enriched with insights from interviews with the case company representatives.

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[12] Eetti is a Finnish non-profit organization that campaigns for ethical commerce.

3.4. DATA ANALYSIS

The overall analytic strategy was descriptive (Yin, 1994). The data analysis was primarily a realist evaluation. Realist evaluation means that the researcher interprets the language as a reflection of reality (Saaranen-Kauppinen & Puusniekka, 2006). This interpretation method, as opposed to the relativist point of view that understands language as a version of reality (Saaranen-Kauppinen & Puusniekka, 2006). Realist evaluation focuses on describing the phenomena rather than analyzing how people talk about it (Saaranen-Kauppinen & Puusniekka, 2006).

The data was coded[13] using thematic analysis, which according to Gibson and Brown (2009) means *the process of analyzing data according to commonalities, relationships and differences across a data set.*" (p. 127). A single theme can be defined as "an implicit topic that organizes a group of repeating ideas" (Auerbach & Silverstein, 2003 p. 42) or types (Saaranen-Kauppinen & Puusniekka, 2006). The data from documentary sources and company representative interviews were organized according to products and services, pain creators, gain creators, and differentiating factors (Appendix III). Instead, the transcribed material from second-hand seller interviews were first organized into codes based on emerging themes. After this, the codes were categorized into code families [14](Appendix II).

The company representative interviews and documentary data was used to evaluate the relationship between the business models of SHCSs, SEBMs, and CBMs. More specifically, the findings were analyzed against the circular business model frameworks of Lüdeke-Freund et al. (2019) and Whalen (2019). Further, the results were compared with the collaborative consumption business models of Muñoz and Cohen (2017) and the P2P redistribution platform of Laukkanen and Tura (2020). The analysis process was iterative and required going back and forth between the theory and the data. For instance, Muñoz and Cohen's (2017) framework was first overlooked but noticed later to be relevant. In contrast, the data from second-hand seller interviews were utilized to understand the second-hand sellers' disposal behavior and analyze why they would

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[13] Coding refers grouping the data content into categories that are relevant to the study (Lapan et al., 2011).

[14] Code families are a group of codes that are connected in a certain way (Gibson & Brown, 2009)

choose a SHCS as a selling channel. The data was investigated against the disposal process framework (Jacoby, 1976) and the clothing disposal taxonomy adapted from Lee et al. (2013). Finally, the insights from all the data sources were used to analyze how SHCSs create value for second-hand sellers using the value proposition canvas of Osterwalder et al. (2014).

3.5. ETHICAL CONSIDERATIONS

A qualitative extensive case study research strategy is considered ethically appropriate because the study subject is a contemporary phenomenon (Yin, 1994). Moreover, the study's qualitative nature allows the researcher to take the role of an interpreter (Lapan et al., 2011). The data collection methods are in line with the research strategy (Yin, 1994).

The relationship between the researcher and the informant is meaningful and influences the ethical considerations the researcher must make, for instance, in terms of confidentiality (Eriksson & Kovalainen, 2018). The researcher's role in this study was being marginal participant. This role was taken because the researcher has previous experience and understanding of the study subject and a close relationship with some informants (friends or colleagues). In general, the marginal participant researcher role falls between two other roles a researcher can play: the neural and distant, and an active participant (Eriksson & Kovalainen, 2018).

The study was conducted following the ethical guideline of The Finnish Advisory Board on Research Integrity (TENK) (2012). The ethical guideline illustrates the fundamental principles of responsible research conduct and describes how the violations are handled. TENK (2012) highlights the importance of integrity, meticulousness, and accuracy in the research. These principles were kept in mind throughout the study process. Moreover, the researcher must have a sufficient amount of basic knowledge to plan and conduct the study (TENK, 2012). As an Aalto university student, the researcher is considered to fulfill this requirement. A lot of effort was put into making sure the other researchers are always credited for their findings. The study was conducted without any sponsors, and therefore, it does not serve any of the second-hand companies specifically. The five cases are handled as equal, and no particular company is favored. (TENK, 2012).

The purpose of the study was transparent, the analysis was made in informed consent, and the anonymity and confidentiality were paid attention to as Eriksson and Kovalainen (2018) suggest. All the interviewees participated in the study on a voluntary basis, and the use purpose of the interview material was clearly communicated. Moreover, it was assured that the interviewees understood the study's objective, who it serves, and how the data is handled after the interviews to avoid the interviewees' deception. The data collection did not cause any negative feelings such as stress and discomfort to the participants. The privacy of the interviewees was respected. The identity of the second-hand sellers is kept secret as agreed during the recruitment process. Personal details, such as the interviewees' names and gender, are kept anonymous in the study. Further, gender-neutral personal pronouns are used to cover the gender of the interviewees. It was also made sure that no delicate company information that can affect the companies' financial success was published. The empirical research data was handled as confidential and deleted after completing the thesis. The data is not used for other purposes than the research.

3.6. LIMITATIONS

The limitations of this study were approached from three key qualitative study evaluation concepts: reliability, validity, and generalizability presented by Eriksson and Kovalainen (2018).

3.6.1. Reliability of the study

Reliability refers to showcasing the research's operations to minimize errors and biases (Yin, 1994). When a study is reliable, it is possible to repeatedly get the same results by using the same measures, procedures, and instruments used (Eriksson & Kovalainen, 2018; Yin, 1994). A crucial part of reliability is to create a database and follow the case study protocol during the data collection process (Yin, 1994). The study is sufficiently reliable as a database was maintained throughout the study process. The database consisted mainly of empirical data but also company information. To improve the reliability, a snapshot of the information on the online sources could have documented and stored those for the analysis to ensure that the information remained the same.

Further, there was a limited amount of data on the case companies available since they are all relatively young. There were also two interviews in which the recording failed, and I had to rely on extensive notes. Yin (1994) suggests creating a formal case study protocol to guide the data gathering process to ensure the study's reliability. The case study protocol illustrated by Yin (1994) includes aspects such as the purpose of the study, defining the procedures of the study such as verifying access, choosing the people to be interviewed and training for the study, the protocol itself with predefined questions and key terms as well as plan for the data analysis. No formal case study protocol was created for the study. However, the data collection preparation included determining research questions, ensuring access, and familiarizing interview practice and techniques. Moreover, it is necessary to point out that this study is a master thesis, and thus the study itself can be seen as a case study training.

3.6.2. The validity of the study

Validity concerns the conclusions' accuracy that is drawn in the study (Eriksson & Kovalainen, 2018). Setting clear operational measures to avoid "subjective judgments" is crucial to ensure validity (Yin, 1994, p. 34). While aspects of value proposition were rather clearly defined, the units of analysis could have been more specific. Defining what aspects of the business model are paid attention to beforehand would have helped to gather more accurate data. Although it was possible to analyze the case companies' business models with the collected data, more data would have enabled me to explore the business models of the case companies more in-depth. Measures to evaluate the clothing disposal behavior were not set before the interviews. The awareness of the research on clothing disposal guided me to pay attention to relevant aspects of second-hand selling motivation and behavior when gathering data. The validity of the study could also be improved with the triangulation of data. Data triangulation refers to using "*evidence from multiple empirical sources is used to cross-check information.*" (Eriksson & Kovalainen, 2018 pp. 290-297). For instance, observation and quantitative data could have been used to understand better both the second-hand sellers and SHCSs.

3.6.3. Generalization of the study

External validity or generalizability refers to the possibility to analytically generalize the findings to some broader theory (Yin, 1994; Eriksson & Kovalainen, 2018). The cases all represent SHCSs but vary in terms of their business model. However, the amount of existing documentary data differs significantly between different case companies. Only three case company representatives were interviewed, which limits the use of interview material. Having the same amount of data would lead to more generalizable results. Moreover, the generalizability of the cases could be improved by interviewing more sellers with different backgrounds. All the second-hand sellers interviewed were from Southern parts of Finland. The Southern part of Finland is more densely populated than the Northern part of Finland, so exchanging clothes may be more effortless in the South than in the North. The second-hand sellers had more experience in specific selling channels than others, and thus, the comparison between channels may not be entirely accurate. However, the study results seem to show patterns and support previous literature written on clothing disposal.

4. EMPIRICAL FINDINGS

This chapter presents the empirical findings that emerged from the data. The chapter has two parts. The first part focuses on second-hand sellers as understanding consumer behavior is crucial to evaluate the value proposition of SHCS. The part explains why consumers sell clothes, which barriers prevent them from selling, and what kind of clothes they sell and do not sell. The second part brings forth the interviewees' experiences related to different selling channels, including the case companies. Knowing consumers' attitudes towards different selling channels is vital to understand why second-hand sellers choose SHCSs over other available selling channels.

4.1. REASONS TO SELL CLOTHES

This part of the empirical findings presents the factors related to consumers' decision to sell clothes. Moreover, the part focuses on what kind of clothes consumers choose to sell and what aspects prevents them from selling. Table 4 illustrates the main findings.

4.1.1. Attributes of clothes that are and are not sold

The interviewees disposed of clothes they had not used for two months or half a year. They also wanted to abandon clothes that were poorly fitting, wrong style, or too small. Out of these clothes, the interviewees wanted to sell clothes in good shape. The interviewees did not dare to sell garments they would not wear. For instance, one of the interviewees said that "*I don't dare to sell clothes that are worn out, bad quality or broken*," and another said, "*Selling only clothes that I could wear is a very crucial principle for me.*" Notably, some interviewees seemed to have a looser definition of an excellent condition than others as some had also sold broken items.

The resale value of the clothing influenced the decision to sell. Items with more resale value were more likely to be sold. In general, the informants set prices half of the clothing's original retail price or lower. If they did not remember the actual price, they benchmarked what similar items cost at retail stores and what other sellers ask for similar products on P2P platforms. One interviewee described pricing in the following way "*First, I try to remember the original price of the item, and then I determine the price. I*

trust my gut feeling and also think about what similar items cost at the store. If the item is from a valued brand, I add extra to the price." The informants could put the highest price on trendy clothes, in perfect condition, and from a valued brand. They also pointed out that clothes from fast fashion brands, like H&M, have almost no resale value. Interestingly, one interviewee mentioned that a premium brand item's price also needs to be set relatively lower than medium-priced items. In addition to the brand and style, the level of urgency, the selling channel, and the seller's personality influenced the price. The interviews appeared that the faster the owner wants to get rid of the clothing, the lower the price. One interviewee said, *"I set the price of the item higher; if there is a change, I might still use it. I'm currently moving, so I sell clothes with a minimum price at Zadaa. I just want to get rid of them"*.

Unsold clothes and clothes in bad condition and with low resale value were disposed of using another method or stored. The interviewees stored or disposed of the clothing they did not manage to sell. The clothes the interviewees had tried to sell were stored later or disposed of using another disposal method. For example, one interviewee stated that *"The clothes I haven't managed to sell are in my closet. Next time when I go to sell clothes I take those with me. I think that the clothes still have value but haven't reached the right target group yet. Timing is essential for sales success."* Another interviewee pointed out, *"I donate the clothes that I haven't managed to sell. I also donate worn-out clothes that I can't sell"*. If the interviewees had used platforms with an option to donate after the sales period, they had chosen to donate. Other disposal methods were used to abandon clothes in bad condition or with low resale value. The interviewees gave clothes with low or zero resale value to family and friends. Instead, clothes such as underwear, broken and worn-out clothes were thrown to the trash bin, taken to retail stores with take-back initiatives, or used, for instance, as cleaning racks at home. One interviewee said they take all worn-out and broken clothes to a local settlement house that collects unused items and textile waste. They know that the organization handles the clothes appropriately.

4.1.2. Reasons to choose selling as a disposal method

The interviewees sold clothes because they wanted to clear closet space to buy more clothes or simplify their lives. One of the interviewees stated that *"getting rid of clothes is the main reason I sell. I like change, and I wouldn't have enough closet space if I didn't sell"*. In contrast, another interviewee noted that "*Two years ago I sold more clothes as I was going through a Konmari process. [15]Now I try to avoid buying clothes, especially from fast fashion brands*". The interviewees sold clothes once a week, once a month or once, twice or three times a year. Most of the interviewees viewed selling clothes as a project they engage in once in a while, for instance, after a spring cleaning or when a certain amount had accumulated to their closets.

Besides, the clothes were sold to get money. The interviewees were not looking for profit but wanted to capture the value they still saw in the clothes. One informant stated, "*I know that I can get hardly half of the price back, but I get at least some compensation.*" Another pointed out that "*The clothes still have value, and I want to liquidate that value so that it doesn't stand still in my closet.*" The interviewees appreciated the convenience and quick selling. For instance, they said that "*I just want to get rid of clothes as fast and conveniently as possible with a reasonable price*" and "*Best thing (about selling) is if I get the clothing sold easily.*"

Moreover, the interviewees sold their clothes because they wanted to be responsible consumers. An interviewee pointed out: "*Money is a nice plus, but I think selling more as recycling. It is nice to know that somebody wants to use the clothing.*" The interviewees considered reselling clothes as a more sustainable way of disposing of clothing than donating them. One informant noted, "*I could throw my clothes to UFF[16], but I don't think that is the solution of today.*" Another interviewee said that "*I want to sell to a person who needs the clothing. I am not sure if that is always the case when I donate. For instance, I feel that people in low-income countries don't need a party dress.*"

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[15] Konmari is a popular home organization method developed by Japanese Marie Kondō (Konmari.com)

[16] UFF.fi is a Finnish non-profit organization that collects clothing donations

To continue, the interviewees sold clothes as it made them feel good. The interviewees enjoyed giving their clothes new lives and experiencing the joy of the buyer. As an example, one interviewee said, *"(The best thing about selling is) that I make somebody happy and get money from it."* Another informant stated that "*(The best thing about selling is that) I see that the clothing makes somebody happy and they want to use it.*" Selling clothes made it easier for them to abandon their clothes. One interviewee said, "*I get emotionally attached to my clothes. Knowing that the clothing brings joy to somebody makes it easier for me to abandon the clothing.*"

4.1.3. Reasons that prevent selling

Many interviewees considered the time and effort as the downside of selling clothes. One interviewee noted that "*It takes time to sell. Price negotiations and agreeing on meeting time and place.*" Another said that "*The effort that goes into taking product photos and sending the item.*" For one interviewee, the waiting time was one of the most significant pain points: "*Time slack. You might need to wait a long time for somebody to get interested.*" Another interviewee stated that "*A year ago I was very actively selling clothes, but now I haven't had energy for that.*" Importantly, if the interviewees perceived the effort as higher than the products' potential resale value, they did not sell the item. One of the interviewees pointed out that "*I only sell valuable items since I don't want to use time and effort to get two euros.*" Notably, the interviewees seemed to perceive the effort of selling differently as some said they sell almost everything and some that they sell only clothes with high-resale value.

The informants pointed out also other challenges. Some interviewees felt a lack of trust as the most challenging aspect of selling second-hand. An interviewee pointed out that "*It's annoying when I try to sell on Facebook, and the seller doesn't show up.*" The informants also mentioned the lack of inspiration, creating packaging waste, setting prices, and bugs in an application as the negative side of selling. Notably, the informants' opinions differed. Some interviewees did not mind if a buyer did not appear to pick up the item: "*Sometimes people don't show up, but I don't take it too seriously.*" Similarly, while some interviewees were annoyed by time and effort, one interviewee stated, *"I sell so little that I don't consider selling time-consuming and effortful."*

Summary of the findings related to second-hand selling behavior
The interviewees sold clothes that they did not need anymore but still were in good shape and had resale value; other clothes were disposed of in another way.
The interviewees sold their clothes to clear closet space, earn money, be responsible, and feel good.
The interviewees considered time and effort as the most significant pain points of selling.

Table 4: Summary of the findings related to second-hand selling behavior

4.2. SECOND-HAND SELLING CHANNEL EXPERIENCES

The interviewees had used multiple selling channels. The most frequently mentioned are presented. The empirical findings related to Vähänkäytetty, Rekki, and Emmy are presented together as the companies are relatively similar as the platform resembles a conventional online store. Moreover, the comments related to Relove were combined with those related to other physical selling channels as only some interviewees had used Relove. Table 5 summarizes the most relevant empirical findings.

4.2.1. Experiences related to Rekki, Emmy and Vähänkäytetty

Only some interviews had used Rekki, Vähänkäytetty, or Emmy. The comments related to the consignment stores are presented in the following sections. Rekki was characterized as following "*Rekki is easy since I can drop my stuff to an R-kiosk [17]and somebody else takes care of the rest. However, while I understand why Rekki has requirements for clothes, going through all the clothes and checking that they match the requirements is inconvenient. Rekki didn't even accept some of the clothes I sent although I checked them*". Further, one informant had mixed feelings regarding Rekki "*First time I got more money I expected, but the following times the returns were not so great. The last time I tried, I was very disappointed that they didn't accept one of my brand-new coats. Rekki would work if I got a reasonable sum back.*"

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[17] R-kioski.fi

Similarly, an interviewee who had sold through Emmy regarded its pricing as untransparent and high. They also commented that *"The platforms bring trust and security. There may be scams in Tori and Facebook, but if I sell at Emmy, that risk is Emmy's. Of course, ease, if there is a lot to sell, but Emmy is so expensive that I don't know if it's worth for its ease."* Another interviewee noted, *"I think Emmy and Rekki serve better those people who can buy branded clothes and who don't care so much about the sales returns."* Vähänkäytetty was seen as more affordable than Emmy and Rekki. An interview that had used Vähänkäytetty liked that they could sell clothes from all brands and set prices by themselves.

Some of the interviewees had been thinking about testing the services of Vähänkäytetty, Rekki, and Emmy. Not having enough clothes for the services, being shy about the unfamiliar processes, and preferring to sell themselves to get all the sales returns were the most common barriers to test the services. There was also a person who questioned the platform's sustainability: *"It seems that extra CO2 emissions are generated through service providers, although the environmental cost of logistics is not high. There are more emissions compared to selling a garment to a neighbor."*

4.2.2. Experiences related to Zadaa

The interviewees who had used Zadaa characterized it as convenient, approachable, and easy. They thought that Zadaa is excellent as it allows for selling all kinds of clothes and every number of them. An interviewe stated that *"Zadaa allows me to sell clothes from every brand. It the clothing is faulty clothes, I can write a note on the product description."* The interviewees also praised Zadaa's easy and free shipping process, and no returns possibility as these make the selling process more convenient than selling through Facebook. One informant enjoyed the approachability of Zadaa: *"Zadaa is easier than regular second-hand consignment stores. You can sit on your couch and decide to sell a product. You need to take photos and write the item description, and you are ready to go. Easiness is the thing about Zadaa."* The informants considered the buyer's positive reviews and comments as a positive thing, and some of them even mentioned it to be the best thing about selling.

Despite overall positive experiences, the interviewees brought up some downsides of Zadaa. One interviewee mentioned the fee Zadaa takes, while another would like to sell items with a price lower than five euros. There was also a person who prefers a desktop over a mobile application. One interviewee had noticed a few bugs in the system. To continue, some noted that Zadaa might be time-consuming and frustrating when trying to sell many clothes. An interviewee also said that supply is higher than demand in Zadaa, resulting in clothes not selling fast. Further, a few informants explained that Zadaa requires inspiration and effort. To demonstrate, one interviewee said that "*Many of their friends had been interested in trying the service but have not been ready to take action.*"

4.2.3. Experiences related to Facebook

The interviewees considered Facebook a great way to trade clothes as it is free, fast, and does not have any restrictions on the product or the number of products. One interviewee stated, "*It is easy to post your item there, and people react quite fast. For instance, if you have one winter coat that is in good shape.*" Some interviewees pointed out that they prefer Facebook as they often have only a small number of clothes to sell or want to have all the sales returns.

Further, a few interviewees considered community or brand-specific groups as a positive aspect of Facebook. As an example, one interviewee said, "*I'm a sales agent for branded clothes. I sell those clothes in Facebook groups that are dedicated to the brands. The clothes sell well, and people know their value*". Besides, they said, "*I sell through the local Facebook group with only around 2000 members. The benefit of a small group is that you know many people from there. When you have once bought from a person, you can trust that they always sell high-quality stuff. For instance, my spouse is allergic to dogs, so it is important to know that the seller doesn't have dogs. I might also know the age of their kids is a few years younger than mine, so that I can be in touch with them directly*".

On the other hand, the interviewees mentioned several downsides of selling through Facebook. Many informants thought that Facebook sometimes requires more time and effort than is justifiable, considering the seller's compensation. For instance, one

interviewee pointed out that "*The selling process (through Facebook) takes time. People pay attention to details regardless of the price. They ask for additional information a lot. After a person is interested, you need to negotiate how you do the exchange. It is such a hassle. I prefer to go to a second-hand event and sell my clothes in one go.*" One of the interviewees referred to the risk of losing money by pointing out that "*Selling through Facebook is a compromise: You can sell whatever you want but at your own cost.*" There was also an interviewee who did not mind the strict moderators and rules of some Facebook groups.

4.2.4. Experiences related to Tori.fi

The interviewees had also sold through an online P2P market place and in second-hand events and conventional consignment stores. A few interviewees had sold through Tori.fi, that is a Finnish P2P online marketplace that allows consumers to sell anything from perfumes to houses free of charge. Tori.fi was considered similar to Facebook but less targeted and unsafe. The interviewees understood it as similar to Facebook: the platform is free of charge and allows the users to sell everything, but they also need to risk losing money. One interviewee noted that compared to Facebook, Tori.fi is slightly unsafe since the profiles are not as thorough as Facebook profiles. Further, an informant pointed out that Tori.fi does not match users, which can hinder reaching the right customers.

4.2.5. Experiences related to Relove and other physical selling channels

Only a few interviewees had sold through Relove. One of the interviewees pointed out that the benefit of Relove is that the buyers can touch and see the products in real-life. An informant with experience in selling through Relove noted that "*Relove is the best place to sell at the moment. People go there to buy, not just wander around window shopping.*" Overall, the interviewees had previously sold items through physical selling channels such as traditional consignment stores and second-hand events. They said they have started using solely online-based services as they do not require taking care of the physical consignment store sales table. One interviewee who had plenty of experience selling items on physical consignment stores described it as exhausting for a diligent seller like them. Another interviewee said that the downside of second-hand selling events is that

the seller needs to be physically present, and prices need to be set low. One interviewee thought second-hand events as fun, while others said the events are a great chance to get rid of many items in one go.

Summary of the findings related to selling channels
Consignment stores Rekki, Vähänkäytetty, and Emmy are relatively similar as they sell clothes through an online store and take care of the shipping and customer service.
Consignment store Zadaa is convenient and easy, especially for selling a small number of clothes.
Social media channel Facebook is flexible, free, and targeted but also time-consuming and inconvenient.
Market place Tori. fi is considered similar to Facebook and second-hand events and consignment stores as fun but time-consuming.
The benefit of physical second-hand consignment stores is that the buyers can see the clothes in real-life.

Table 5: Summary of the findings related to selling channels

5. DISCUSSION AND ANALYSIS

The discussion and analysis chapter compares the empirical findings with previous study results and theory. The structure of the chapter follows the order of the research questions. The first part analyses the business models of SHCSs against the previous literature on circular and sharing economy business models. This analysis helps to understand the differences and similarities between the business models of SHCSs. The second part zooms into the second-hand consumers as a customer segment and examines their second-hand selling behavior and motivations. The part gives insights on second-hand as a clothing disposal method and helps to understand the customer profile side of VPC by Osterwalder et al. (2014). The last part summarizes the previous parts' findings and evaluates how SHCSs create value for second-hand sellers. The final part also explains how consumers decide their selling channel.

5.1. How do second-hand consignment stores relate to sharing economy and circular economy business models?

The first research question focuses on the business models of SHCSs and aims to connect the knowledge of SHCSs to previous research on CBMs (Lüdeke-Freund et al., 2019; Whalen, 2019) and SEBMs (Muñoz & Cohen, 2017; Laukkanen & Tura, 2020). The analysis suggests that all SHCSs have CBMs, but some reflect the sharing economy better than others. The following sections demonstrate how SHCSs relate to CBMs and SEBMs more in detail.

The results indicate that SHCSs have reuse and redistribution models (Lüdeke-Freund et al., 2019) as they direct under-utilized clothes to reuse (Bocken et al., 2016). The study also suggests that some SHCSs are redistributors (Rekki, Emmy, Vähänkäytetty, Relove), and some facilitators (Zadaa). The finding highlights that SHCSs have an essential role in the circular economy and strengthens the frameworks of Lüdeke-Freund et al. (2019) and Whalen (2019). Moreover, the finding helps better to understand consignment stores' role in the circular economy and be aware of different ways to apply the business model. The study also suggests that it might be beneficial to conduct more research on reuse and redistribution models as in practice, SHCSs appear to realize their roles in various ways.

The SHCSs relate to the sharing economy business models in various degrees. All the business models of SHCSs appear to be P2P redistribution platform business models. The SHCSs match this business model as the ownership of the items changes in the exchange, the transactions between peers, are intermediated, and all the companies have digital platforms. Notably, Relove is a borderline case as its business is mainly built on physical stores. However, differences in how SHCSs relate to sharing economy business models arise when SHCSs are compared with the collaborative consumption business model (CCBM) of Muñoz and Cohen (2017). SHCSs do business by facilitating the trade of used clothes, leveraging technology to some degree, and are somewhat mission-driven due to second-hand products. Moreover, collaborative governance is irrelevant to SHCSs. Yet, the SHCSs differ in terms of the degree of P2P interaction and alternative funding. P2P interaction is a central part of the business model of Zadaa, while it is missing as the customers of Vähänkäytetty, Rekki, Relove, and Emmy. Their customers do not interact with each other, although the companies connect them. Further, Emmy and Rekki have sought alternative funding through crowdfunding campaigns. The analysis suggests that the business model of Zadaa seems to resemble the SEBM business model the most and the business model of Relove the least.

The analysis suggests that, in principle, the business models of SHCSs are linked to the circular economy (Lüdeke-Freund et al., 2019) and the sharing economy business models (Muñoz & Cohen, 2017) as they redistribute under-utilized resources. However, the circular economy's business models appear to be more centered around the material than SEBMs. The quality of the distributed material itself does not seem to make a business model SEBM. The study suggests it might be more beneficial to investigate SHCSs and consignment stores in general in the context of the circular economy than in the sharing economy. However, the studies on the sharing economy business models may assist in understanding digital technology's role in the business models of SHCSs.

5.2. Why do consumers sell their clothes, and what kind of clothes they sell?

In this thesis, consumers' second-hand selling motivations and behavior has been studied. The research has been conducted to gain knowledge of second-hand sellers as a customer segment of SHCSs. The analysis has investigated the reasons to sell used clothes and the quality of clothes that are sold. The research question is answered in the two following sections.

5.2.1. Why do consumers sell their clothes?

This study has aimed to investigate the consumer side of the VPC by Osterwalder et al. (2014) by studying second-hand sellers' motivations. The findings are in line with the studies arguing that consumers dispose of clothes because they have limited closet space (Albinsson & Perera, 2009; Ha-Brookshire & Hodges, 2009) or because they want to simplify their lives (Albinsson & Perera, 2009, Lee et al., 2013). However, the results extend the previous research by suggesting that consumers choose specifically to sell because they want to be responsible and capture some of the clothes' value.

This study supports the study of Joung and Park-Poaps (2013), who find that consumers sell their clothes for economic reasons. Yet, the findings indicate that consumers are not looking for profit. Instead, they want to benefit from the value that the clothes still have. Consumers appear to perceive their clothes as sunk cost as the prices they set were only half of the clothing's original price or less. Notably, money matters to some consumers more than others.

This thesis builds on Albinsson and Perera (2009) and Joung and Park-Poaps (2013), demonstrating that consumers sell to be responsible. Interestingly in this study, selling clothes was viewed as a more sustainable way of disposing of clothing than donating. The clothing's afterlife seemed to be perceived as more guaranteed when it was sold than donated. When consumers donate, they hardly know if somebody ever receives their clothes and how much they value the clothing. In contrast, the buyer's willingness to pay for the garment may work as proof that it has some value for them. Moreover, when second-hand clothing is bought, the item goes directly to the new owner, with whom sellers, in some cases, even interact.

This study is in line with Ha-Brookshire and Hodges's (2009) investigations and Lee et al. (2013), who show that responsibly disposing of clothing makes consumers feel good. The study suggests that selling may ease bad consciousness resulting from abandoning clothes in good shape (Ha-Brookshire & Hodges, 2009; Lee et al., 2013). Moreover, the findings show that consumers feel good after giving the clothing a new life or experiencing the buyer's joy. Feeling good after experiencing the receiver's joy is close to Lee et al. (2013), who found that consumers feel good because they can connect with the receiver. Interestingly, some selling platforms, such as Zadaa, reinforce this feeling by allowing buyers to give second-hand sellers reviews and feedback. Notably, regardless that feeling good was considered the best thing about selling, it is unlikely to be the main reason to sell. Thus, it appears that feeling good belongs to the "gain *creators*" section of the value proposition canvas by Osterwalder et al. (2014).

5.2.2. What kind of clothes do consumers sell?

This study aims to understand what clothes consumers dispose of so SHCSs can better tailor their offering to second-hand sellers. All in all, the findings indicate that consumers dispose of clothes with low usage rates (Albinsson & Perera, 2009; Ha-Brookshire & Hodges, 2009; Lee et al., 2013) but sell those in good condition and with resale value. Consequently, the findings suggest that consumers are less likely to sell clothes that are in bad shape (e.g., Birtwistle & Moore, 2007; Ha-Bookshire & Hodges, 2009) from fast-fashion brands (Birtwistle & Moore 2007) or considered intimate (Ha-Brookshire & Hodges, 2009). The following sections demonstrate the research findings in-depth.

The results show that consumers dispose of items in bad condition (Birtwistle & Moore, 2007, Ha-Bookshire & Hodges, 2009; Lee et al., 2013; Norum, 2017) and clothes that fit poorly or are the wrong size (Lee et al., 2013; Norum, 2017). Consumers also get rid of the clothing they do not have a useful purpose for (Birtwistle & Moore, 2007) or because they go through a change in life such as a move (Albinsson & Perera, 2009; Lee et al., 2013; Turunen et al., 2020). Besides, consumers may want to make room for new clothes because of fashion boredom (Norum, 2017) or because they do not see the clothes matching their identity (Albinsson & Perera, 2009; Lastovicka & Fernandez, 2005; Lee

et al., 2013) or lifestyle (Birtwistle & Moore, 2007). The findings asuggest that consumers are likely to keep items with high sentimental value (Ha-Brookshire & Hodges, 2009; Roux & Korcia, 2006; Turunen & Leipämaa-Leskinen, 2015). However, there is no evidence that the item's high price would influence how long it is kept (Norum, 2017; Birtwistle & Moore, 2007). There is also no proof that a person's community (Albinsson & Perera, 2009; Lee et al., 2013), age (Albinsson & Perera, 2009; Birtwistle & Moore, 2007: 12), and family norms and role models (Albinsson & Perera, 2009, Joung & Park-Poaps, 2013) would influence their disposal behavior. However, the unconscious nature of these factors may explain their absence.

This analysis proposes that although there may be many reasons to abandon the clothing, it needs to be in good shape to be sold. The finding builds on research showing that clothing condition affects its disposal (Birtwistle and Moore, 2007; Ha-Brookshire and Hodges, 2009; Lee et al., 2013; Norum, 2017). Like in the study of Ha-Brookshire and Hodges (2009), consumers appeared to evaluate the clothes' condition subjectively and sell only clothes they could see themselves using. The evaluation is subjective as some consumers might also sell broken, worn out, and stained clothes. However, the study indicates that, for some consumers, the clothing's shape seems to be a question of pride and identity as they want to be trustworthy. Clothes in bad subjective condition are gotten rid of using another disposal method. Interestingly, the clothes that are donated seem to be of lower quality than those that are sold.

This study also suggests that regarding selling, clothing's resale value plays a crucial role: Items with high resale value are more likely to be sold than clothes with low resale value. This finding extends research demonstrating that an item's monetary value influences its disposal (e.g., Albinsson & Perera, 2009; Birtwistle & Moore, 2007; Joung & Park-Poaps, 2013). The resale value must be higher than the perceived effort of selling the item. The perceived effort seems highly subjective as some consumers seem to have a lower threshold of selling.

The findings also show that the resale value is often half of the item's actual price or less. Consumers seem to evaluate the item's resale value based on its actual cost and the price of similar items. Moreover, style, brand, and condition affect the resale value as clothes

from a well-known brand, excellent condition, and up-to-date style can be priced higher. Consumers also may increase the price if the item has a high sentimental value because they want to keep it longer (Albinsson & Perera, 2009; Ha-Brookshire & Hodges, 2009; Lee et al., 2013; Turunen et al., 2020). Moreover, some selling channels, such as Facebook groups targeted to a specific brand, allow consumers to ask for higher prices as the demand side values the item more. Moreover, consumers might decrease the item's price if they want to get rid of it quickly.

5.3. Why do second-hand sellers choose to sell through a second-hand consignment store?

The objective of this study was to understand why consumers choose to sell through a consignment store. The answer is split into two parts following the VPC by Osterwalder et al. (2014). The first part focuses on the customer profile, and the second part on the value map. At the end of the second part, there is Figure 10 that summarizes the findings. Notably, the results show that there are several answers to the research question as several types of SHCSs and second-hand sellers exist.

5.3.1. Customer profile

The results indicate that second-hand sellers' jobs are getting rid of clothes, being sustainable, and earning money. The customer gains and pains appear to be two sides of the same attributes. The findings suggest that convenience, familiarity, positive experiences, and excellent sales returns create added value to second-hand sellers. Consequently, the results show that high-effort, unfamiliarity, and low sales returns are the most significant pain points of second-hand sellers.

This study is in line with previous studies suggesting that convenience plays a role when consumers decide the disposal method (Birtwistle & Moore, 20070, Ha-Bookshire & Hodges, 2009; Joung & Park-Poaps, 2013). In the context of second-hand selling, convenience seems to refer to the second-hand sellers' subjective perception of how easy and fast it is to get rid of clothes. Moreover, convenience might relate to the security of the selling channel. Importantly, the number of clothes the consumer has to sell affects the effort of selling, which, in turn, influences the channel choice. Further, the study

proposes that consumers chose a particular sales channel because of its familiarity. The finding supports previous studies highlighting the role of familiarity when choosing the disposal method (Birtwistle & Moore 2007; Laitala, 2014; Vehmas et al., 2018). Notably, because of familiarity, consumers may be hesitant to test new service concepts. Thus, consignment stores should invest in making their service as approachable as possible. Besides, findings suggest that the potential sales return influences the choice of selling channel. Consumers try to optimize their sales revenue by choosing a selling platform without sales commission, low commission, or demand for a specific brand or style. Some channels create extra added value by allowing users to interact and give feedback to each other.

Notably, the attribute that matters the most seems to depend on the seller. Some consumers seem to appreciate money more than convenience and vice versa. Moreover, the results show that a higher price justifies more effort. There also appears to be a hierarchy between different disposal channels (Bianchi & Birtwistle, 2010). High quality and value clothes seem to be the first tried to sell online and after that on second-hand events where the customers are more price sensitive. Figure 10 shows how different aspects can be mapped based on how they influence the value a customer perceives. Safety and feeling good may create added value, but they do not explain why consumers chose a particular channel.

The value proposition canvas (VPC)
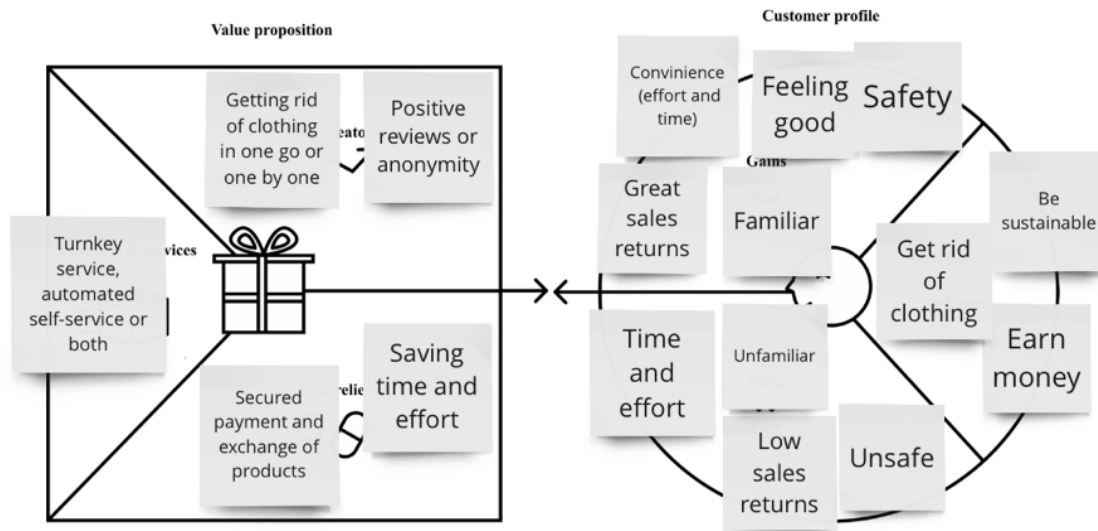
Figure 10: Value propositions of second-hand consignment stores to second-hand sellers

5.3.2. Value map

The results indicate SHCSs seem to provide second-hand sellers with a secure channel to sell their used clothes. This result is in line with Osterwalder and Pigneur (2010), who argue that multisided platforms create value by drawing in users, matching them, and reducing the transaction costs. Further, the study suggests the offerings of SHCSs can roughly be divided into a turn-key and self-service offering. The value the SHCSs create for second-hand sellers depends on the offering's nature and what the customer segment values. Figure 10 summarizes the findings.

The benefits of the consignment stores with turnkey services are that their customers can get rid of their clothes in one go, which makes them appropriate for a high number of clothes. In turn, SHCSs with a self-service offering is the most suitable for a small number of clothes and clothes without a well-known brand. The turnkey SHCSs must target customers who own high-quality clothes and who value convenience over money as the sales commission is relatively high due to the service's nature. Instead, the consignment stores with lower sales commission may appeal to customers willing to do more work for higher sales return. Moreover, the consignment stores might create a feeling of safety through anonymity or create added value through P2P interaction.

6. CONCLUSIONS

The final chapter of the thesis demonstrates the main findings and theoretical contributions. Further, there are suggestions for potential managerial implications and proposals for future studies.

6.1. MAIN FINDINGS AND THEORETICAL CONTRIBUTION

This study has evaluated the value proposition of SHCSs to second-hand sellers from the perspectives of SHCS and second-hand consumers. The thesis has aimed to connect the SHCS to a broader theory on business models by analyzing the business models of SHCSs against the previous studies on CBMs and SEBMs. Moreover, consumers' second-hand selling has been researched to know why they choose to sell as a disposal method. Further, the study has investigated how SHCSs create value for second-hand sellers. The following sections illustrate the most critical findings and theoretical contributions.

The thesis's objective has been to connect SHCSs to business models' theory by analyzing how SHCSs relate to circular and sharing economy business models. The study reveals that SHCSs have reuse and redistribution CBMs (Lüdeke-Freund et al., 2019). More specifically, SHCSs appear to enhance the circular economy by redistributing used clothes or facilitating their trade between peers (Whalen, 2019). The finding underlines that SHCSs and business models, in general, have a crucial role in turning the fashion industry more circular. More efficient use of resources requires new ways of doing business that business models can provide.

Further, the study also reveals that only SHCSs built on P2P interaction and digital technology have SEBMs (Muñoz & Cohen, 2017). Interestingly, the research indicates that while the definitions of CBMs focus on the material than SEBMs, distributed material is only one aspect of sharing economy business models (Muñoz & Cohen, 2017). Consequently, it might be more fruitful to study SHCSs in the circular economy than the sharing economy. However, the sharing economy context may help evaluate digital technology's role in circular business models.

Moreover, the goal of the thesis was to study why consumers chose to sell their clothes. The study indicates that consumers sell their clothes to earn money (Joung & Park-Poaps, 2013) but are not trying to profit. Further, consumers sell because they want to be sustainable (Albinsson & Perera, 2009; Joung & Park-Poaps, 2013). Interestingly, selling was understood as a more responsible disposal method than donating. Giving clothing a new life made consumers feel good (Ha-Brookshire & Hodges, 2009; Lee et al., 2013). These findings deepen the knowledge of selling as a disposal method. Selling is a way to direct clothes to reuse, reducing waste, and demand for new clothes. Further, the study results may help SHCSs to improve their offering through increased customer understanding. Moreover, the study suggests that charity organizational might benefit from making their operations more transparent to consumers.

This study has also investigated what kind of clothes consumers sell. The results show that consumers dispose of clothes they do not use (Albinsson & Perera, 2009; Ha-Brookshire & Hodges, 2009; Lee et al., 2013). Out of those clothes, the consumers sell the ones in good shape and with resale value. The garment's condition is evaluated based on whether the seller would use it themselves (Ha-Brookshire & Hodges, 2009). The item must have enough resale value to justify the effort of selling. The garments' brand, style, and condition influence the resale value. Moreover, items might be priced higher and lower based on the item's sentimental value (Albinsson & Perera, 2009; Ha-Brookshire & Hodges, 2009; Lee et al., 2013; Turunen et al., 2020), selling channel, and level of urgency. Consequently, the clothing produces wishing to support reuse should invest in their brand, timeless design, and durability. These attributes may also guide consumers to make sustainable purchase decisions. Notably, durable clothes are necessary for reuse. Reuse is ideal from the resource efficiency point of view since the material does not need to be processed before use (Van Loon et al., 2017).

Lastly, the study was conducted to understand why consumers choose consignment stores as their selling channel. The findings show that consignment stores provide trust and security to second-hand sellers compared with other possible selling channels such as social media. However, consumers seem to choose their selling channel based on convenience (Birtwistle & Moore, 20070, Ha-Bookshire & Hodges, 2009; Joung & Park-Poaps, 2013), familiarity (Birtwistle & Moore 2007; Laitala, 2014; Vehmas et al., 2018), and sales returns. The most important attribute to the consumer determines whether

consumers sell through consignment stores or not. As there seem to be differences between the second-hand sellers, SHCS should tailor and target their offering to a specific customer segment. Further, although this study's focus is on SHCS, the findings might help evaluate other clothing disposal method choices such as donation, binning, and returning back to store.

6.2. MANAGERIAL IMPLICATIONS

This study has several useful insights for managers wishing to enter the second-hand market and become circular. The findings suggest that the SHCSs' main task should be to make disposal of high-quality clothes as easy as possible. Further, SHCSs should consider how they could help their customers assess their clothing's value even before they buy items to encourage them to sell. The study also highlights that consumers may consider selling as more transparent than donating. Thus, SHCSs could highlight transparency in their communication, and charity stores could increase their attractiveness by making their operations more transparent. The study also indicates that stylish, high-quality clothes from well-known brands are the most likely to be sold. Therefore, the thesis suggests that fashion companies wishing to become more circular could design timeless, high-quality clothes and invest in a premium brand.

The thesis provides managers a broad overview of different SHCS business models. SHCSs differ in their service offering, how much they rely on technology, and how much they interact with the products. The knowledge of SHCS might help existing SHCS to enhance their business model. Moreover, companies aiming to turn their business circular might find the insights on SHCSs useful when innovating with business models. Notably, the study suggests that adopting a particular business model leads to trade-offs: the more the consignment store does for the customer, the higher priced the offering is.

Further, the study results indicate that second-hand sellers cannot be seen as a homogenous customer segment. Thus, the company should tailor its offering and business model to a specific customer segment. For example, the study shows that a turnkey service may not be appealing to a customer that values money over convenience. Similarly, P2P consignment stores may not be preferred by consumers with a busy lifestyle, as posting the items individually to the platform takes time. The study also

suggests that SHCSs should invest in making their new service approachable as consumers may choose their selling channel based on familiarity.

6.3. SUGGESTIONS FOR FUTURE RESEARCH

This thesis has proposals to further research. This study focused on SHCSs, but future research could investigate other second-hand business model types, such as resale business models and fashion libraries. Resale stores resemble traditional retail companies as they buy or collect stock and then sell that forward (Gopalakrishnan & Matthews, 2018). The fashion libraries rent their clothes to consumers on a monthly subscription of a fixed fee (Pedersen & Netter, 2013). Further, it might be interesting to study how the consignment store business models are applied to other specific clothing types such as children's clothing or accessories or other reusable products, such as furniture and electronics.

This study analyzed second-hand sellers as a relatively homogenous group, and therefore, future research could focus on categorizing second-hand sellers in more specific customer segments. The study demonstrated that individual factors have a crucial effect on which selling channel consumers chose. Thus, categorizing second-hand sellers might help to gain more in-depth understanding of second-hand selling and clothing disposal.

Second-hand's connection to future purchasing behavior could be studied more. The thesis has based on the study of Farrant et al. (2020), who conclude that reusing clothes leads to positive environmental effects as it reduces the need for new clothes. However, it is possible that, in some cases, the affordable prices of used clothing reinforce over-consumption. Moreover, researchers could study how many times, on average, an item of clothing circulates.

Notably, the thesis has been exploratory. It would be beneficial to study second-hand selling as a disposal method and the business models of SHCSs more. The forthcoming studies could take a broader approach to SHCSs and study their business models more holistically as there seem to be differences between SHCSs. Moreover, as most of the informants in this study were women, it would be crucial to study men as second-hand sellers or as second-hand consumers in general, as proposed by Laitala (2014).

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Appendix I: Case descriptions

1. EMMY

Background

Emmy is a Finnish online second-hand consignment store founded in 2015 and is currently led by CEO and co-founder Petra Luntiala. The company launched a crowdfunding campaign in Spring 2019 (Inversdor, 2019). Emmy collaborates with department store chains Stockmann and Sokos and brands such as Nanso and Reima. Through the collaborations, Emmy can provide its seller customers a possibility to get their sales returns as gift cards and to have clothing collection boxes in central locations.

Customers and offering

The customers of Emmy can both buy and sell men, women, and children's clothes. Emmy ships to all EU countries, but only Finnish and Estonian customers can buy and sell their clothes. Emmy offers its seller customers a turnkey second-hand service of sale. The company takes care of the whole selling process after the items have been given to it. It handles categorizing, taking photographs, setting prices, customer service, warehousing, and sending the items to the seller. The buyer customers of Emmy can buy used clothes online in the same way they can purchase clothes from conventional online clothing stores.

Prices

The customer's compensation varies between 18,20% and 72,70% of the item's final resale price, depending on the price of the product. On top of Emmy's fee the customers pay 1,30 euros handling cost per product as well as a possible 6,90 euros shipping cost to Emmy. Because of the collaborations, Emmy customers can choose to get their sales to return as partner company gift cards. If they choose a gift card option, they will get 10 % more money than otherwise.

The service process

1. The customer creates a profile and fills in a clothing consignment on Emmy's webpage. The customer chooses how she/he wants the sales profit to be paid and whether the clothes that are not accepted or sold are donated to charity or shipped back to them.

2. After registration, the customer needs to choose the clothing for the consignment and pack it. There is no minimum batch size. The vendible clothes must be modern, appropriate considering the season, and match the company's condition requirements. The clothes also need to be brands that the company accepts or be self-made but of high quality.

3. When the customer has chosen the clothes, they pack the consignment and send it to Emmy. The customer can also drop the items in an Emmy box or order a home pickup.

4. After the company has received the clothes, Emmy sets the products' prices based on the company's experience. The product's brand, season, and style affect the price. The sales period is six months, during which the company can decrease the prices of the clothes. The customer can follow sales success by logging into their account.

5. After the sales period, the clothes are sent back to the customer via mail or donated to charity. The customer covers the 15,90 euros shipping cost if they want to get the clothes back.

2. REKKI

Background

Rekki is a Finnish online second-hand consignment store founded in 2015 and is currently led by CEO Bertta Häkkinen. Rekki launched a pilot in Estonia in 2019 to test new markets. The company had a crowdfunding campaign in Spring 2020 (Investdor, 2020).

Offering and customers

Consumers can sell and buy used women's, men's, and children's clothes through Rekki's platform. Rekki offers its seller customers a turnkey second-hand selling service. The company takes care of the whole selling process after the items have been given to it. For buyers, Rekki resembles a regular online clothing store.

Prices

The customer gets 30-80% of the item's final resale price, depending on the product's price. The customer also needs to pay 9,90 euros handling costs and a possible shipping cost to Rekki. Rekki promises that 70% of the clothes are sold during the first sale month.

The process

1. The customer creates a profile and registers the clothing consignment on Rekki's webpage. The customer receive a code which they need to attach to the batch of sellable clothes.
2. After registration, the customer chooses the clothes for the consignment and packs them. The minimum batch size of clothes is 10. The vendible clothes must be appropriate considering season, be modern, and align with the firm's condition requirements. The clothes also need to be brands that the company accepts.
3. After making sure the clothes are the right kind and packing them, the customer needs to send or bring the clothes to Rekki.

4. The company goes the clothes through and provide an offer to the seller. The offer contains which products are accepted and how they are on the platform. Rekki sets the products' prices based on the product's brand, season, style, and experience. The company can also later decrease the price maximum of 30%.

5. The seller can either accept the offer or reject it. If the customer agrees with the proposal, the clothes are posted on the Rekki online store within seven days and be sold for 180 days. If the customer rejects the offer, the apparel can be sent back to them via mail or donated to charity. The customer needs to cover the 5,90 euros shipping cost if she/he wants clothes back via mail. Only 3-5% of customers reject the offer.

6. After the sales period, the clothes are donated or shipped back to the customer according to their wishes.

3. VÄHÄNKÄYTETTY

Background

Vähänkäytetty (Nettikirpputorit Ltd.) is an online second-hand consignment store. The company was founded in 2014 in Oulu, Finland, and is led by CEO and founder Ossi Salo. Vähänkäytetty operates in Finland and 13 other European countries. Outside Finland, the company calls itself Netflea.

Exchanged products

Vähänkäytetty has focused on the low-end second-hand, which means that its customers can sell items from fast fashion brands like H&M and Gina Tricot. The company offers its second-hand sellers a platform through which they can sell used items. The company provides a selling service that is partly self-service. Customers need to take photos, set prices, and fill in product details on the compan''s webpage. The company handles the actual selling process, including customer service and shipping. In fall 2020, Vähänkäytetty launched a new service called Kirppismestari (Second-hand master translation). Kirppismestari is outside of this thesis's scope as it did not exist when empirical material was collected.

Prices

On Vähänkäytetty, the prices l automatically decrease by 20% every six weeks. Vähänkäytetty takes a 2,90 euros fee per product. The customer can extend selling time by eight weeks by paying 0,50 euros per product.

The process (self-service)

1. The customer first creates a profile on the webpage. After that, they can start registering the products by using a virtual form. The form is partly automated and offers the customers content options. The customer needs to upload a picture of the clothing, set the price, and describe the item's quality. The clothes must be in good condition, and the minimum batch size is ten items.
2. After the customer has uploaded the clothes, the company checks them and give a code to the customer.
3. The customer packs the consignment, attaches the code to it, and sends it to Vähänkäytetty by mail.
4. After the company has received the clothes, it posts the items on its platform. The selling period is 24 weeks and can be extended within eight weeks by paying 0,50 euros/product. The customer can follow the sales success by logging in to his/her account.
5. After the sales period, the clothes are sent back to the customer via mail or donated to charity. The customer covers the 6,90 euros shipping cost if they want the clothes back.

4. ZADAA

Background

Zadaa is a Finnish second-hand consignment store that focuses on women's and men's clothing and accessories. The service works through a mobile application. Zadaa was founded in 2015 and is led by CEO and founder Iiro Kormi. The company operates in Finland, Denmark, and Germany. In 2018, the company received 2,3 M euros capital investment and is currently expanding to France and England (Markkinointi ja Mainonta, 2018).

Offering and customers

The customers of Zadaa are mostly women, but also men buy and sell clothes through Zadaa. The service is popular among young people. The company provides a digital marketplace with secure payments, logistics systems, and a communication channel. The service is entirely self-service as the company does not interfere with the transaction between peers.

Process

1. The seller creates a profile for the service. For the profile, they need to give their body type details.
2. After registering, the seller can start posting the clothes to the service. The customer needs to take a photo of the clothing, fill in product details, and set a price. The price needs to be a minimum of 5 euros. The form is automated and offers product detail options.
3. When the clothing form is ready, it appears to the other users with the same body type. There is no time limit for the sale period, but new clothes get better visibility on the platform. There is also no minimum limit for the number of clothes that can be sold.

4. After a product gets sold, the seller needs to pack the item and send it to the buyer. The receiver pays the shipping. Zadaa takes 1 euro handling cost and 0-12% fee of the resale price. The buyer and seller can communicate through the platform.
5. The buyer rates the seller after the transaction.

5. RELOVE

Background

Relove is a modern second-hand consignment store located in Helsinki, Finland. The company was founded in 2016 by CEO Noora Hautakangas. Relove operates in two central locations in Helsinki and has an online store. Coffee places accompany the brick and mortar stores. The company sells women's and men's clothing. Relove is open every day.

Customers and offering

The customers are mostly women who live in the capital area. The company has four different service offerings: self-service, all-inclusive, all-inclusive petit, and value account.

- Self-service offering includes a clothing rack for a week. The customer needs to bring the items to the store, price them, and fill the rack during the week. Each clothing needs to be tagged with the price and the number of the rack. The store staff take care of keeping the rack organized and selling the items. The price of the self-service offering is 65 euros and 10% of the sales.
- All-inclusive is a turnkey service, including pricing, organization, filling, and selling. The items can also be picked from the custome's home in the capital area. Relove takes 50% of the sales price plus a fixed cost depending on the number of clothing bags. The sales period depends on how many clothes the customer wants to sell. The sales period for two bags is seven days and price 39 euros and the sales period for three bags is ten days and price 55. If the customer has more than four bags full of clothes, the sales period is 14 days and costs 68 euros.

- All-inclusive petit is a turnkey service, but the clothes are sold on Relove's website for 28 days. The service is for 10-20 clothes. Relove will take 50% of the sales.
- Value account is for 1-3 items whose price is over 100 euros. Those items will be sold in Relove stores and displayed in a locked glass vitrine. The price of the service is 35% of the sales.

Appendix II: Table of codes for the analysis of the second-hand sellers

Code table	
Code family	Code
Clothing related insights	Types of clothes disposed
	Types of clothes sold
	Types of clothes not sold
Selling related insights	Reasons to sell
	Best things about selling
	Worst things about selling
	Selling frequency
	Pricing
	Percentage of clothes sold
	Purchasing decision and selling
Other	Men's clothing market
Selling channel related insights	Instagram
	Tori.fi
	Facebook
	Zadaa
	Vestaire Collective
	Rekki
	Vähänkäytetty
	Emmy
	Physical selling channels
	Relove
Other disposal methods	Donation

Appendix III: Table of codes for the analysis of the case companies

		Case companies				
Code family	**Rekki**	**Emmy**	**Vähänkäytetty**	**Zadaa**	**Relove**	

Code family	**Rekki**	**Emmy**	**Vähänkäytetty**	**Zadaa**	**Relove**
Products and services	Turn key service (providing a market place, categorizing the clothing, taking photographs, setting prices, filling in product information, taking care of customer service, warehousing, sending the items to the seller, donating the clothes) Trust (securing payments, no stealing)	Turn key service (providing a market place, categorizing the clothing, taking photographs, setting prices, filling in product information, taking care of customer service, warehousing, sending the items to the seller, donating the clothes) Trust (securing payments, no stealing)	- Providing a market place - Securing transactions - Sending the items to a seller - Warehousing - Taking care of customer service - Donating the clothes - In the future, also set prices, etc. - No stealing	- Providing a market place - Securing transactions - Matching sellers and buyers - No stealing - Providing communication channel - Easy shipping, no meetings	- Providing a market place - Securing transactions - Taking care of the display - Possibility of turnkey service - Online: taking photos, shipping, filling in product information, setting prices - All-inclusive: turnkey
Gain creators	-Better prices than in traditional consignment stores - Wide visibility - Getting rid of clothes at once - Being a responsible consumer - Possibility to have a final word regarding the prices	- Better prices than in traditional consignment stores - Wide visibility - Getting rid of clothes at once - Being a responsible consumer - Emmy boxes and home pick up - Better profit through gift cards	- Better prices than in traditional consignment stores - Wide visibility - Possibility to affect prices and display - Possibility to sell everything in good shape - Being a responsible consumer	- Better prices than in traditional consignment stores - Wide visibility - Possibility to affect prices and display - The seller can know who the buyer is - Possibility to sell everything - Being a responsible consumer - Possibility to sell items from home.	- Multiple service offerings for different types of customers - Better prices than in traditional consignment stores - Being a responsible consumer - Customer service is taken care of
Pain relievers	- No need to worry about dishonest buyers - Saving time, anonymity - Making selling easy because the only effort is just to send or bring the items to the company - Customers can access 24/7	- No need to worry about dishonest buyers, anonymity - Saving time - Making selling easy because the only effort is just to send or bring the items to the company - Customers can access 24/7	- No need to worry about dishonest buyers, anonymity - Saving time - No customer service - Customers can access 24/7	- No need to worry about dishonest buyers - Saving time - No need to agree on meeting times and shipping - Customers can access 24/7	- No need to worry about dishonest buyers, anonymity - No agreement on meeting times or shipping - No need to set prices and fill in product details if one does not want to
Differing factors	Offer	Emmy Boxes, home pick up, life tracking of sale success, gift cards	Affordable	Mobile	Lifestyle atmosphere
Other	- Only certain brands are accepted - Fixed fee -> the customer can potentially lose money - Picking the acceptable clothing can be time-consuming - Expensive - Not suitable for consumers who have only a few items to sell - The seller needs to carry the clothes to pick up point -Not possible to sell modified, handmade or broken items	- Only certain brands are accepted - Fixed fee -> a customer can potentially lose money - Picking the acceptable clothing can be time-consuming - Expensive - The seller needs to carry the clothes to pick up point - Not possible to sell broken items - Focus on children clothes	- Fee, although more affordable than Rekki and Emmy - Not suitable for consumers who have only a few items to sell - No positive feedback from buyers - Requires some effort - The seller needs to carry the clothes to pick up point	- Mobile-only - Fee - Requires some effort - Packing and sending - No product aftercare	- Only high-quality items can be sold - A fixed fee which is why a customer can potentially lose money - Picking the acceptable clothing can be time-consuming - Expensive - Limited reach because only in Helsinki - Clothes can get stolen and price tags can disappear - The seller needs to carry the products to the store - No product aftercare