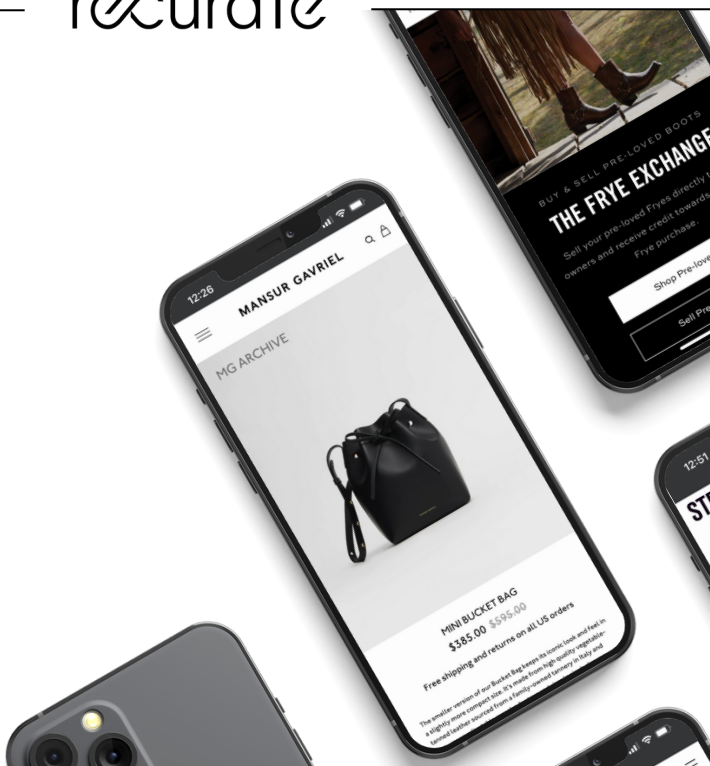




CIRCULAR SOLUTIONS FOR BRANDS & RETAILERS:

How to make the most out of everything you make

recurate



Monday

EON

loop



HEMSTER

FOREWARD

AMANDA SMITH, MONDAY CREATIVE

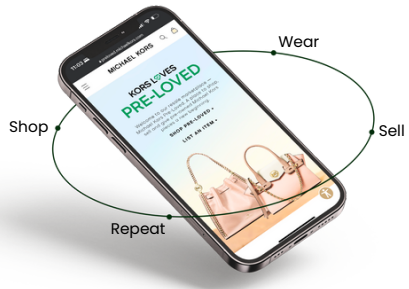
If you're reading this it's possibly because you care for the planet and are worried about the fate we're pummeling towards, thanks to generations of over consumption. You probably believe in your product, but feel a deep inner conflict about the overproduction that seems necessary to keep that product in the world and the business moving forward. Alternately, it could be because you're an ecommerce manager who was given resale as a mandate to explore. Maybe both.

I hope that you're moved by a love of the planet, but I also hope that, by the time you've read this book, you understand that sustaining the planet and sustaining your business may not be mutually exclusive.

For better or worse—thanks to inflation, an unpredictable job market and the high cost of borrowing money—the current economy has primed your customers for second-hand shopping. In fact, Instagram, in their annual trend roundup, identified **“outfit repeating”, “buying less new clothes” and “thrifting”** (both on and offline) as three out of four major sustainable shopping trends for 2024.

Your customers are already buying your product secondhand, they just aren't coming to you for it yet. Not only are you missing out on a

potentially significant revenue stream, you're missing out on an opportunity to forge a deeper connection with your customer or to draw in a new audience group that may not yet consider your brand an option.



As a brand and sustainability champion, your job now is to make it easier for them to find the products they love, and easier to make a circular choice.

Launching a branded resale channel is the simplest first step. But if you're going to do it, do it right.

The right tech and the right

logistics are essential, but successful resale is not solely the work of ecomm ops. This is a brand building and marketing initiative too. Business realities mean this can't just be a feel-good exercise or a social responsibility play—your resale platform needs to drive profit. And that means treating it as a new business line and revenue stream. Like any new business, this takes some up front investment, and (the part many overlook) it takes ongoing maintenance.

As you begin the journey of launching your own recommerce channel here are three ways to ensure your investment pays off:

1. Create Brand Alignment

Your resale program needs to be more than just branded—it needs to be brand-aligned. As you consider how to introduce and tell the story of your recommerce program, start with your existing brand pillars.

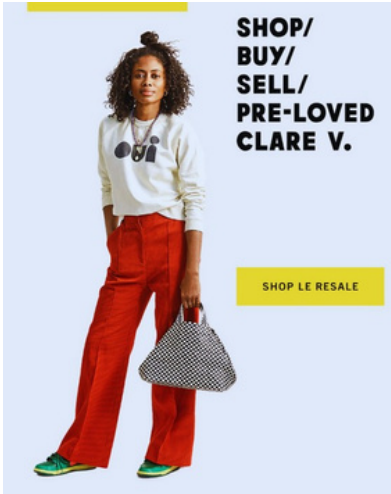
Not every brand is a “sustainability” brand. That's okay. You don't have to change your brand story to be circular. If your brand has always led with

“fashion” then develop messaging that shows how your circularity initiatives enable your customers to stay on the leading edge of style. If your brand is a technical design powerhouse, then lean into performance or your meticulous care, repair or authentication process. Find the story that's meaningful to your audience and true to who you are. Then, give your program a distinct, searchable name and maybe even a branded identity.

2. Build Broad Awareness

Too many brands assign recommerce to an overloaded ecommerce team, believing that if you build it, customers will come. But if they don't know they have other options, customers will stick to their existing habits—namely, buying your product second hand on Marketplace or Poshmark, with no quality control or brand verification. So go big on your recommerce launch: social media, email, press, events, performance channels, targeted OOH. Treat it as you would any other major launch. This takes a strategy and a roadmap. Consider who you are trying to reach: Is it your existing core or

is it an audience you've previously seen as tertiary? How can you best connect with and engage that audience? Don't assume a single social post or email footer will reach them.



3. Maintain Consistency

So you've launched, you created some buzz, you saw an initial wave of sales. Then what? Continue to treat this as a business line. That means maintaining inventory, and staying top of mind for customers. On the supply side, keep up the flow of trade-ins or of peer-to-peer sales with automated post-purchase reminders—one year or two years after purchase are they getting the most out of that coat?

Remind them of the value they can unlock in their closet.

On the demand side, build a dedicated email list for recommerce and work with your marketing team to establish a regular promotional cadence. How can you integrate resale messaging into your existing automated flows and weekly marketing—a dedicated footer? A weekly social post? Quarterly retail pop-ups in key cities? A dedicated resale week each year? It takes a cross-functional plan and creative follow through.

If you launch and maintain it properly, customers should know your resale program by name—and it should be the first first thing they think of when they want to make a conscientious purchase. It should also become an indispensable source of revenue for the business—one that could help you weather economic downturns and lulls or thrive in a moment when secondhand has never been hotter. It could be the very thing that frees up your brand from the cycle of overproduction and sets you on the course to values alignment and financial success.

I. RESALE THROUGH THE CUSTOMERS EYES

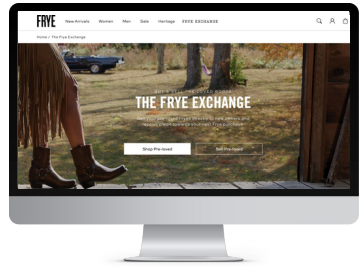
ADAM SIEGEL, **RECURATE**

Resale, thrifting, and vintage shopping have long been a part of our economy, especially in fashion. But today, a powerful combination of technological advances, economic pressures, and environmental awareness is pushing consumers toward the growing apparel resale market en masse. There are no signs of slowing down, as recently noted in *Forbes*, the resale market is projected to double in the next 5 years, reaching **\$77 billion**.

And with its rise, brands are beginning to get in on the action. For Recurate's brand partners, including Frye, Mara Hoffman, Michael Kors, and Steve Madden—the opportunity to own the full circle of their products' life cycle is here. And the benefits are many.

Your customers are already shopping pre-owned goods

Whether your brand has its own recommerce platform or not, the odds are your goods are already being bought and sold in the circular economy. Ebay searches for “pre-loved



fashion” went up **700 percent** following their recent partnership with the popular reality TV show *Love Island*.

A quick search for your brand on resale marketplaces will likely populate an infinite scroll of your products.

Meet the Circulars: the people shaping the future of fashion

Recurate worked with BBMG to research how consumers engage in circular purchasing habits. We found a unique customer segment we call “Circulars.” 73% of the recommerce customers both buy and sell secondhand, participating in the full loop of circular fashion.

These customers are:

- **Young, Urban, High Income**
Circulars are most likely to be under age 40, live in an urban

setting, and have a higher income compared to other segments.

- **Seeking Circular Brands**

More than any other segment of secondhand customers, Circulars are the most likely to shop branded recommerce.

- **Frequently Refreshing Their Wardrobe**

Circulars are the suppliers and the buyers of your recommerce platform – they are actively buying and selling and looking for brands to lead the way in a circular economy.

Why do shoppers crave resale?

The reasons (and seasons) for shopping and selling vary.

For sellers, the top three reasons to list items are:

1. THEIR UNWORN ITEMS STILL HAVE VALUE

2. TO CLEAN OUT THEIR CLOSET

3. TO MAKE SOME MONEY

For buyers, **22%** are looking to save money. Followed by a desire to find fun & unique items and because buying secondhand is better for the environment.

While customers are driving resale, brands are seeing the biggest benefits.



Additionally, our partners see that on average **65% of resale sellers are new to the brand or lapsed**. Their resale customers also engage with the brand more frequently and **spend 1.5x non-resale customers**.

Now is the time to follow the demand for secondhand. By launching a resale program with Recurate you can create a circular ecosystem of your products and customers, both new and old.

II. ENABLING RESALE & CIRCULARITY WITH DIGITAL PRODUCT PASSPORTS

CLAIRE BATES, EON

Digital Product Passports (DPPs), also called Digital IDs, create a digital twin of a physical product to digitally record, store and share item-specific information along the product life cycle. The goal of DPPs is to deliver increased transparency and traceability to all stakeholders in the value chain, while supporting after-sale services such as repair, resale, and recycling.

Not only are DPPs a key enabler for scaling the circular economy, they will soon be required across the EU through new policy initiatives. By providing value chain stakeholders with access to transparent, interoperable product data, DPPs:

- **Empower businesses and consumers to make more sustainable choices**
- **Power new business models and services such as resale, repair and recycling**

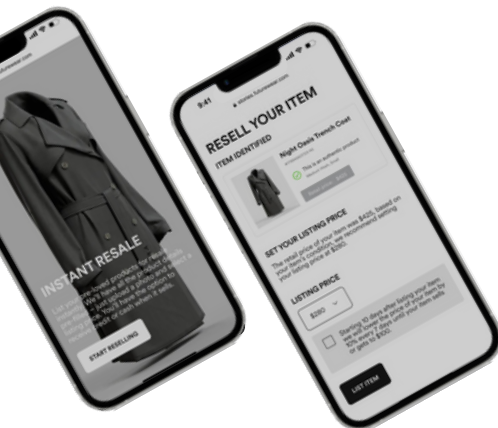
- **Provide a new touchpoint for brands to re-engage customers and access post-sale relationships, revenue and insights.**

The new CRM for products

Product Cloud platforms, like EON, provide a centralized, secure repository for all product and material data, enabling information to be efficiently shared with stakeholders across the value chain to support all product capabilities.

Products on these platforms offer brands robust tools to solve the sustainable product data gap and create traceable, transparent and compliant products.

- **Capture:** Capture product data from across the lifecycle and create a comprehensive Digital ID for every item.



- **Connect:** Share transparent product information and engaging stories through your products.
- **Capitalize:** Extend the capabilities of your products with next-gen services and new business models.

An ecosystem of connectivity

With DPPs, brands can scale efficiently to connect their products to third-party partners. One such example, The EON Exchange, is a network of +40 trusted and pre-integrated partners, apps and services across multiple categories – from resale to care, repair and refurbishment, to digital wardrobe. Through the EON Exchange ecosystem of pre-built connections, partners can seamlessly access and enrich DPP data, supporting a world of next-gen services and capabilities that deliver innovative customer services, generate new revenue and increase trust with on-product transparency across product life cycles.

With connected products, brands can increase business value to the entire ecosystem of brand, customer and business partners:

- Revenue growth by accessing new clients and scaling with existing customers
- Delivery of next-gen services and best-in-class customer experiences
- The acceleration of sustainability, transparency and traceability across the industry
- Streamlining of operations and reduction of manual processes



Scaling circular business models through Digital IDs

Leveraging EON's Digital ID technology, brands can pre-program their products for resale and other services such as digital wardrobe and garment care, repair and refurbishment. A seamless system integration into partner platforms creates a robust repository of post-point-of-sale events and data in the DPPs of

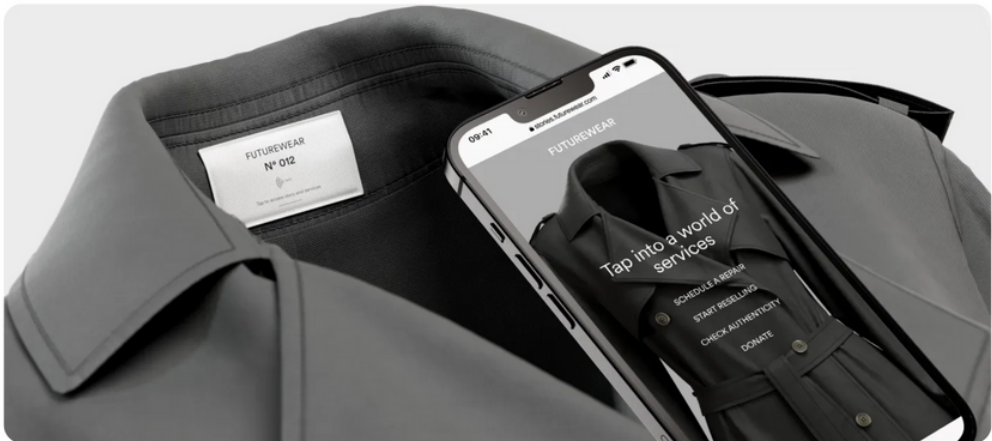
each unique item, and opens a new ecommerce channel for customers to access provided services via their products' Digital IDs.

How does it work?

When a customer scans the QR code or NFC chip embedded in their digitized product, they are redirected to an interactive customer experience stewarded by the brand. This interactive customer experience is a new ecommerce channel for customers and brands to interact. It's a space for the brand to surface services. (e.g. digital wardrobes, resale, repair, refurbishment), authentication, exclusive offers, product sustainability credentials and more.

By leveraging Digital ID technology to steward their products through profitable after sale channels, brands can:

- Unlock additional value and increased revenue from their after-sale services
- Access actionable insights from the product lifecycle
- Increase insights and control from the secondary market and post-sale journey of products
- Empower customers to engage with seamless, integrated offers
- Bring automation to the customer journey by preprogramming every product for circularity



III. INNOVATIVE APPROACHES TO RETURNS & RESALE

TARA DALY, LOOP RETURNS

When customers send back product returns, does your brand have a strategy for reselling, recycling, or repurposing them?

Sadly, most brands don't: Last year, close to 10 billion pounds of returned merchandise ended up in landfills. For retailers, there's a high environmental cost to returns, in terms of the reverse logistics path as well as the resulting waste. The physical cost is just as high, with the total costs of shipping and restocking a product equivalent to about 66% of its original cost.

Looking for a better way?

Think circular.

Using sustainable solutions for returned products can empower brands to embrace circular economies, reduce waste, and maximize value from returned and used products.

Here are a few tips:

1. Use a circular commerce platform to resell gently-used secondhand products

When it comes to gently used returns, the products may still have marketable value, but they can no longer be sold as new. Partner with a circular commerce platform, like Recurate. They will help manage the refurbishment and resale of your seconds through a fully branded marketplace – helping you reduce waste while retaining revenue.



2. Leverage Loop Workflows to route returns to donation centers

By using a returns management solution like Loop, you can set up automated workflows that determine the most viable return path for each of your products – whether that's restocking and reselling them; sending the product to a circular commerce solution; or routing the product to a donation center, where the materials can be recycled or repurposed for a second life.

Your customer will be able to initiate and process the return through a self-service platform, with intelligent automation directing each product towards the most logical path for return.

3. Encourage the customer to “pass it on.”

Not all returned products are viable items for resale, even on a secondhand marketplace – but rather than contributing to the landfill waste problem, encourage your customers to re-gift the item to a friend or family member, in a “returnless refund.” This return option is easy to enable through Loop Workflows, based on pre-set conditions. Your store can process the customer’s refund, enabling them to select another item of their choice, while avoiding the logistics and environmental costs of a return. Who knows – if their friend likes the product, you might just get a new customer out of it, too.

4. Use return drop-off centers.

Requiring customers to personally pack and ship their returns individually can lead to additional packaging waste and a high carbon footprint per return. By setting up local drop-off centers, where customers

can drop off unboxed returns, you’ll be able to enhance the customer experience while prioritizing sustainability. This option enables your brand to categorize returns and choose the right destination for each product off the bat, rather than shipping them all back to your warehouse. You’ll also save money and lower your carbon footprint by consolidating multiple products into bulk shipments to their intended destinations.

Modern shoppers care deeply about brands’ sustainability efforts.

78% of customers say that a store’s eco practices influence where they choose to shop.

By embracing the circular economy, you can show your customers that you care about sustainability in your supply chain – even past the point of purchase – and are committed to reducing your contribution to environmental waste.

Make the move to a full-circle supply chain, and you will see lower waste, reduced logistics costs and higher revenue retention. Best of all, more committed customers.

IV. SUSTAINABILITY MEETS PROFITABILITY

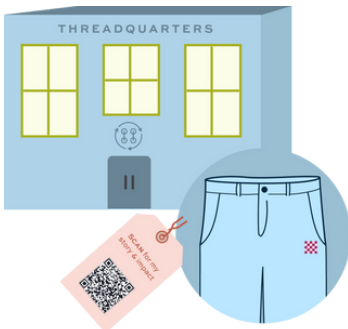
KATIE RYDELL, HEMSTER

There's a huge asset hiding deep in the racks of your 3PL and in the backrooms of your retail stores. Something that for a long time has been viewed as an unfortunate inevitable of doing business, and even accounted for in production orders. Something that most often gets discarded, incinerated, or otherwise destroyed...

...Your damage pile!

But what if your damage pile is actually a pile of opportunity?

Too often brand new, first-hand inventory is tossed aside and discarded because of minor flaws like broken buttons, deodorant marks, or missing packaging. We've seen it too many times to count where ecommerce returns, store try-ons, or floor samples are lightly damaged and deemed unsellable. These units still have so much potential value, and with refurbishment over **85%** of these units can become sellable, revenue generating inventory.



Adding refurbishment into your circularity strategy is an easy way to make an immediate impact. When thinking about refurbishment, there are a few important things to keep in mind:

1. Damages accumulate in a variety of places. Your stores, through ecommerce returns, from manufacturing defects, and in your 3PL. It's important to identify these accumulation points for your business and build processes that encompass them all.

2. Damages are time-sensitive. Just like your other inventory, you want to be able to sell units within season. Having a strategy for regularly refurbishing damages and getting them back into the sales cycle as soon as possible allows you to maximize the value of your inventory.

3. Understanding your damages can make a huge internal impact. Incredibly important insights can be collected by understanding your damages.

- Do you have a lot of similar damages across one fabric?
- Is a specific style always missing buttons?
- Are units from one factory all coming loose at the seams?

A good refurbishment partner should be able to tell you these key observations through data collection to help inform areas of opportunity for your business.

4. Refurbishment doesn't have to be expensive. By deploying the right guidelines, like cost ceilings, you can protect your overall margin and still invest in refurbishing your damages.

5. Refurbished inventory can attract new customers.

Participating in refurbishment to bring your inventory back to life should be celebrated! Customers like to support and shop brands who are thinking circularly, and many shoppers exclusively look to purchase from brands who actively invest in these strategies.

By adding refurbishment into your circularity efforts, you are showing a commitment to keeping items in circulation before they even end up in your customers' hands. It should be an easy promise as a brand to ensure that every unit you produce has the chance to be purchased by a customer, and with refurbishment built into your circularity strategy you can guarantee that no units are produced solely to end up in landfills. It often feels overwhelming when thinking about how to start or add new circular strategies. In our opinion, there is no better place to start than with your own pre-consumer inventory, and with little effort bring it back to life.



CONCLUSION

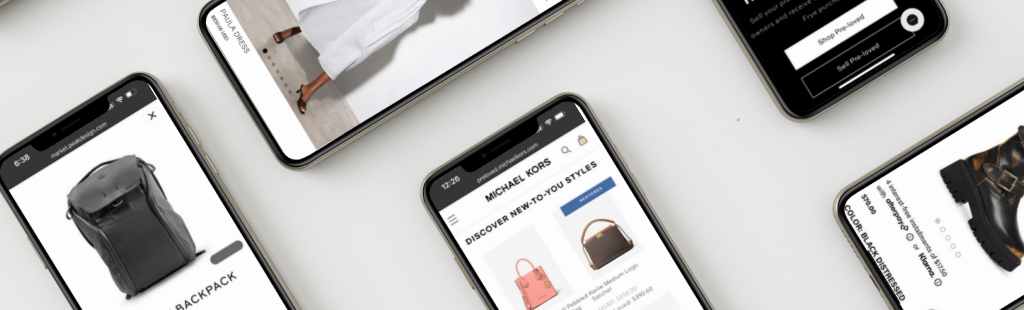
EMILY CULP

In my exploration of circular solutions in the fashion industry, I've observed that leading brands are incorporating sustainability and circularity into their core business strategies. They partner with established circular economy players, like Recurate, allocate financial and human resources, promote their circular initiatives through marketing, educate consumers about the brand's offerings, and invest in enabling technologies like digital IDs. These brands prominently highlight their circular and resale programs, offering consumers additional engagement avenues.

Circular models are crucial for driving business success and preserving natural resources. In the future, it's clear to me that all brands will adopt circular practices, including resale, takeback, refurbishment, and rental, to enhance customer acquisition, CLTV, revenue, and customer service. Plus, resale programs offer an effective strategy for managing the growing challenge of returned inventory. Companies built on circular principles have paved the way for this new market and demonstrated that under the proper conditions, it can be a highly profitable model.

For 2024, my primary recommendation for brands is to view circularity as a vital new revenue and customer acquisition channel. Leading brands will recognize circularity as a key way to enhance customer lifetime value and reduce customer acquisition costs.





ABOUT RECURATE

The Recurate ResaleOS™ technology platform is a robust, secure and extensible platform to operate branded resale programs. The platform provides an on-brand experience for your customer to list products for resale, and for buyers to purchase resale products directly through your website, or a subsite. Thus ensuring customers continue to engage with your brand through the resale lifecycle. Recurate also provides the pathways and platform to monetize your returns, samples, and excess inventory.

Recurate's ResaleOS™ manages all aspects of your resale platform including listings, orders, digital fulfillment, shipping, tracking, customer experience, and dispute resolution.

ABOUT MONDAY CREATIVE

Monday is a branding and creative agency, based in Vancouver, British Columbia. Through insights, strategy and creative, we build brands that enhance human potential—that means brands that prioritize connection to one another and the planet. Ultimately we want to seduce people into the outdoors—to create a world where health, movement, nature and circular thinking are the most desirable products available. Since 2017 we've worked with brands including lululemon, Arc'teryx, Allbirds, adidas and EA Sports to bring their visions of a better planet to life.

ABOUT EON

EON is the leader in Digital ID technology, enabling brands to turn their products into traceable, intelligent and highly valuable assets. With an end-to-end view of every item, brands can unlock new services, provide greater transparency to customers and generate ongoing revenue and insights throughout the entire product lifecycle.

ABOUT LOOP RETURNS

Loop is the leading post-purchase platform optimizing returns, exchanges, and reverse logistics for 3,000 of the world's most-loved brands. Through innovative features like Workflows, Instant Exchanges, Shop Now, and Bonus Credit, Loop helps brands unlock cost savings, increase customer lifetime value, and retain more revenue. Loop has processed over 40 million returns and counting. Learn more at www.loopreturns.com.

ABOUT HEMSTER

Hemster offers Revive as a first-in-line solution for damaged inventory. Before recycling or donating, let our AI-powered platform make a decision on whether the damage is worth cleaning or repairing, based on projected recoverability and sellability. In 2023, Revive diverted over 30,000 lbs of garments from landfill. In 2024, we are planning to save over 250,000 lbs of garments from premature disposition. Join us in prioritizing restoration first!