

BEEES Competition - Qualifiers Report



HIVE

THE OVERARCHING EFFECTS OF FAST FASHION ON
THE ENVIRONMENT AND THE BUSINESS MODEL

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Introduction

The HIVE (hope, innovation, vision, and execution) team is the centralized hub of socially minded business practices aimed at addressing prevalent issues in today's world, particularly the lack of sustainability. Composed of Emily Zhou, the project head, Sabrina Tam, the project consultant, and Mandy Nguyen, the main researcher, the HIVE focuses on addressing fast fashion in the following proposal. Upon reflection, the team members realized the critical role adolescents, like themselves, play in encouraging rapid and detrimental clothing production practices indicative of unethical business models. In a fast-paced society where social media governs purchasing patterns, fast fashion has taken a storm, essentially displacing sustainably and ethically focused businesses, and consumers are facing difficult decisions when it comes to trading off morally correct decisions for financially attractive options. Fast fashion poses large-scale problems, all of which require multi-faceted solutions with global economics, business models, revolutionary entrepreneurship, and sustainable practices to promote a healthier world, financially, environmentally, and ethically. Hoping to target the generation most impacted by fast fashion, the HIVE team proposes BUZZ: a simple clothing exchange program hosted by mainstream clothing shops, targeted specifically at high schools and higher institutions, allowing students to swap clothing at the start of each semester based on similar preferences in fit, style, and material. The "buzz" surrounding an environmentally and economically friendly option for consumers will improve customer loyalty and public persona for businesses, all the while limiting the negative environmental effects of fast fashion by scaling back major oil and production companies in the global economy.

Contextualization

Fast fashion is growing at substantial growth rates and is forecasted to exponentially increase by the end of the decade. With the industry's prominent producers (SHEIN, Forever 21, H&M, etc.) selling products around the world locally and online, people more than ever have access to the purchase of cheap, trendy clothes to accustom to their changing needs. In 2020, the fast fashion market was valued at \$1000.3 Billion (USD) and is predicted to reach \$1,412.5 Billion by 2028, demonstrating the excessive rate at which this market is growing. Annually, the market generates at least \$5 billion USD; therefore, growing at a percentage rate of approximately 21.9%. With the assistance of social media development, increase in young population, and economic structures, fast fashion can thrive and continuing to lower standard of living in other underdeveloped parts of the world. Our market is like rental/resell- but not quite. The secondhand market involves the selling of unwanted clothes for those looking to clear up their wardrobes, desiring something new. Rather than leaving clothes for disposal, belongings once loved by an individual can be passed down and treasured by someone else. Essentially, this market advocates the concept of recycling clothes throughout the market to limit waste and control the expansion of new clothing production. The secondhand market is projected to double in the next 5 years, reaching \$77 billion. However, this is nowhere near the market value of the fast fashion industry. Why is fast fashion far more appealing than the secondhand market to the public eye? Although you can purchase clothes much cheaper at secondhand stores (thrifths) while not damaging the environment, fast fashion tends to be more appealing because of its trendiness and people's desire for new clothes. A negative connotation surrounds the idea of thrifting because people dislike "hand-me-downs." After all, people do not know what the product's past owners did with it. The idea that the product is not new gives the wrong impression that it does not work, there is something with it, or it lacks durability. In general, society acts on self-interest and would be far more satisfied with a product they purchased in perfect conditions. Nonetheless, secondhand markets simultaneously encourage overconsumption. It gives individuals an excuse to drive their purchasing power with the thought that since



they can just donate their old clothes and limit environmental damage, whilst having the ability to even more new clothes without further thought. However, this excuse prolongs the endless fashion. Businesses such as H&M, which utilize fast fashion, will be able to benefit from a clothing exchange program through improved customer interactions and the elimination of unnecessary inventory costs. Academic institutions will also need to be involved because they offer incentives to students to participate, and businesses provide publicity and funding for unique school events as agreed upon. For instance, perhaps the business will create more merchandise with the school's influence. Additionally, people ages 14-22 will find the program particularly useful because of its convenience, benefits, and economic soundness. Essentially, people who shop for clothes often will be looking for alternatives to fast fashion, and the program offers them a simple solution without forcing them to give up their favorite brands. Imagine a high school student named Carol, 18 years old, on a popular social media app, Instagram. She sees influencers and artists promoting clothing styles, such as her favorite pop idol that has an exceptional taste for couture. Suddenly, she decides to purchase something from there; with two taps, she's already at the home page of the store, ready to start placing her order-- but oh wait; she sees BUZZ! There's her dream dress, listed under the exchange program. At no expense of "feeling out of the loop," BUZZ provides the perfect alternative for students. With partnerships with fashion businesses, she can recycle, reuse, swap her clothes out. But what's stopping her from using platforms that have already established their name in resell such as Depop or Poshmark? For starters, Depop charges a 10% flat rate fee on every item sold and Poshmark taxes and shipping fees. Also, her school is giving her a fee waiver for enrollment if she participates in the BUZZ program. Not to mention, she has her eye set on a particular piece of clothing, and Depop and Poshmark does not have the item. Naturally, she makes the obvious choice: BUZZ is the way to go.

Solution

Influenced by trends and social media, people ages 14 to 22 have turned to excessive shopping. However, most adolescents do not make enough money to support their spending habits, forcing them to purchase clothes from brands for cheap. Thus, BUZZ, the clothing exchange program will target a young demographic's actions, while the business model will be marketed towards large corporations with consumers that fall predominantly into the age range. The solution will be applied to current fast fashion companies, making it a theoretical business model that will bring companies closer to their consumers. Since fast fashion has overarching effects environmentally, socially, and economically, BUZZ addresses each aspect. By minimizing the physical transportation associated with shipping, often requiring multiple stops, carbon emissions are lowered. Currently, the fashion industry is responsible for 10% of global CO₂ (1.2 billion tons) emissions each year, according to the Ellen MacArthur Foundation. Additionally, as fewer clothes are entering the landfill, the chances of microplastics leaching into the soil or bodies of water will be minimized, promoting environmental health. In fact, 57% of all discarded clothing ends up in a landfill, which releases poisonous gases that affect biological life, posing serious health hazards. The fast fashion industry poses serious ethical and social concerns, chiefly related to the dangerous working conditions of underpaid and overworked workers who help keep costs of mass production low. Specifically targeting at-risk groups such as children, companies exploit people with lesser means of living, preventing worker unions from forming to avoid confrontations regarding wages. Finally, fast fashion is a major constituent of the global economy, especially with countries like China and India providing products for US companies to redistribute at higher prices. Although fast fashion provides many jobs, its business model has proven to be unsustainable because profits are not keeping pace with demand. For instance, Forever21, a clothing powerhouse, shocked the domestic economy in the US when it was forced into foreclosure. Since the proposal requires a partnership between institutions and businesses, it is important to consider the benefits of both parties. HIVE will help businesses set up a membership program in which clothing exchange news will be sent periodically to consumers as reminders. In addition, the system will tailor potential exchanges to consumer responses, elevating the





consumer participation. Schools will need to provide an incentive to students, such as free passes (especially prevalent in cities) or fee waivers to promote environmental sustainability. Stores will not provide incentives to consumers, such as coupons or returns to prevent unnecessary purchases. Additionally, with an opportunity for a student ambassador program where students will promote the clothing recycling program in turn for a free month membership, there will be a growth of positive branding for both the institution and business. In the future, HIVE aims to scale BUZZ to a larger audience of users and business partnerships.

Reasoning

Looking at the features and qualities of BUZZ, there are important factors to consider. The positive aspects are apparent with the innovative idea of connecting both businesses and consumers through a solution. Thus, partnerships and scaling into a nationwide/global program are goals for the future. However, with growth, it is critical to sustaining a reliable relationship between businesses and consumers. Although a functional program, BUZZ cannot eliminate the ongoing cycle of fast fashion. Instead, it can promote more environmentally and ethical practices that can stimulate a change in the fast fashion system as a whole. Additionally, as this program becomes more known, the negative stigma around secondhand shopping will decrease.

Furthermore, online resale companies like Depop and Poshmark growing in recent years, public interest in resale and secondhand shopping is evident. Top fashion companies such as Gucci, ASOS, and Levi, are also participating in promoting fast fashion alternatives with investments and launches of resale sites. Thus, the secondhand clothing market is growing 11 times faster than traditional retail and is estimated to be worth more than double that of fashion at \$84 billion by 2030. With over 100,000 students and over 20 malls in the Houston area with fast fashion businesses, there is a potential market in our very own local community. Specifically, high schools and colleges will act as a liaison between stores and students to promote reusing clothing. Although it may be counterintuitive to think that a business would promote a clothing exchange program, it benefits the business in the following ways:

Improved Public Image - The use of positive branding by promoting eco-friendly habits, saving the earth, being ethically considerate, etc.

Effect: Consumers feel more passionate about supporting a company that is a leader in the sustainability movement. The stigma surrounding second-hand clothing is dismantled, especially if models/public figures are associated with the launch of the program.

"Stand out" Factor - There are not many programs out there that are well-rounded in the ways it benefits the business and consumer with environmentally conscious and sustainable practices.

Effect: All humans are naturally attracted to the "new and shiny" objects, or in this case, a new program that, with trendy and effective marketing, is ultra-appealing and boosts morale. There will be lots of buzz surrounding the program, welcoming new consumers to the membership and raising sales.

Improved Inventory - Since there are items always in high demand due to fashion trends, businesses will still be able to sell large units of clothing to keep revenue high. However, the clothing exchange will allow less popular pieces to be circulated, which gets rid of the need for "riskier" inventory that has a smaller rate of marketability, cutting out potential losses.



Effect: Because clothing exchanges will happen frequently, there is a constant cycle of rehome that ensures that even clothes that fall out of trend find a permanent home. Thus, clothes will not get left behind in style, keeping consumers interested in participating.

Since there has been a recent movement directed towards dismantling the fast fashion business model, stores will be inclined to implement the program to keep customer satisfaction high. More importantly, BUZZ will set off more environmentally oriented improvements in businesses due to external pressure from competition and public expectations. Shopping ethically proves its importance with environmental and social concerns.

Conclusion

As the cycle of fast fashion continues to pose immense environmental and ethical issues in society, the HIVE team researched and discussed possible solutions to combat the effects of these issues. Hence, we designed BUZZ, a convenient and easy-access program for adolescents to recycle and reuse clothes. With BUZZ, HIVE aims to provide an eco-friendly and practical alternative to fast fashion. With reasonable aspirations in mind, HIVE is aiming to establish a strong foundation of users in our local community to build consumer confidence in our solution. Through social media, we plan to develop a globalized reach and cultivate a sense of consumer loyalty. However, potential risks are evident with starting a new project. Some risks include financial risk through funding to execute the idea and sustaining a profit to grow, market risk in terms of consumer interest in the idea and maintaining a solid target audience, and competition risk with differentiating our solution from other ideas on the market. To develop the project further and company branding, consumer outreach, and the definite creation of the solution would be areas under work. As the team lead, Emily will facilitate the division of assignments, overseeing the execution of the tasks and aiding where needed. With the role of the main researcher, Mandy will conduct the research to gather supplemental information about the development of our solution and entrance into the market. Sabrina will deliver management over budgeting, efficient use of resources, and evaluating project endeavors. Together, we will cooperate and grow BUZZ to set off a global movement that tackles fast fashion in an economically viable way.





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