

# Fashion rental as a new and innovative channel alongside fashion retail

Received  
27<sup>th</sup> February 2022

Revised  
08<sup>th</sup> June 2022

Accepted  
21<sup>st</sup> December 2022

Elisa Arrigo

## Abstract

**Frame of the research:** *The Covid-19 pandemic has accelerated the megatrends reshaping the fashion industry and fashion retail companies are innovating, re-shaping and revising their service-mix in order to respond to the new challenges of this dynamic and uncertain competitive context.*

**Purpose of the paper:** *The purpose of this paper is to investigate fashion rental as a new alternative channel or a collateral channel to fashion retail from a business perspective.*

**Methodology:** *Qualitative research was carried out in Italy, with semi-structured interviews with CEO founders of fashion rental enterprises and a case study on the Please Don't Buy project launched by the Twinset luxury fashion company.*

**Findings:** *The findings reveal the opportunities and challenges related to fashion rental as a new channel through which fashion companies can respond to the sustainable consumption patterns of consumers.*

**Research limits:** *As the study is built on a qualitative research design and a single case study, the findings are not generalizable, although they allow for an in-depth analysis of the fashion rental channel.*

**Practical implications:** *The study has managerial implications for established fashion brands wanting to collaborate with fashion rental platforms or to engage directly with fashion rental following in the steps of the Twinset project. It is also relevant for start-ups interested in launching their own digital rental platforms.*

**Originality of the paper:** *This study is the first to examine fashion rental as a new channel alongside fashion retail, and to wonder if, in response to changing fashion consumption patterns, retail sales channels will continue to dominate the fashion industry or will gradually be replaced in part by these new rental channels.*

*Key words: fashion retailing; sharing economy; marketing channel; luxury fashion marketing; channel management*

## 1. Introduction

The Covid-19 pandemic has seriously changed the world and caused a profound shift in how consumers approach their lives, prompting them to review their consumption practices and making them more conscious of the detrimental environmental impact of their decisions (Hagel, 2020). Furthermore, managers in the luxury fashion retail industry now need to focus on proper operations and strategic management because of the uncertainty in the world (Choi and Shen, 2017). In fact, the luxury fashion retail industry has had to endure particularly difficult circumstances as a

result of restrictions related to Covid-19. The megatrends reshaping the industry have been accelerated by the pandemic, forcing fashion and luxury companies to speed up their digital transformation and act on new priorities for environmental and social sustainability (Amed *et al.*, 2021).

The recent Global Fashion Agenda report even stated that the fashion industry should 'reimagine a world with smaller individual wardrobes, with more focus on longer-life garments and a flourishing resale and rental market' (Amed *et al.*, 2021, p. 84). Furthermore, the diffusion of digital platforms, consumer awareness of sustainability, and decreasing interest in ownership have led to the spread of new collaborative consumption models in the fashion industry (Becker-Leifhold, 2018; Becker-Leifhold and Iran, 2018). Customers are more conscious of, and interested in shifting from 'having-to-being and from owning-to-experiencing' (Cristini *et al.*, 2017, p. 101), and the success of used, rented, and shared products is also associated with opportunities to think of fashion in a more circular way (Machado *et al.*, 2019). Similar consumption patterns had already been observed by fashion companies before the Covid-19 pandemic (Choi and Shen, 2017).

Through fashion rental, the essence of fashion is transferred between customers and fashion brands as a service (Baker *et al.*, 2020), without the implications associated with the purchase of new items (Baek and Oh, 2021; Guzzetti *et al.*, 2021). The fashion rental market expanded in many countries prior to the pandemic (Lee and Chow, 2020) and, although there were signs of a negative trend in 2020 and 2021, it is expected to grow steadily from 2022 onwards by leveraging the resilience displayed in other sharing economy markets during the pandemic (Statista, 2021). Many fashion sharing platforms are active worldwide: in the US, where the online fashion rental business originated with the pioneering fashion rental platform Rent the Runway, other platforms have been launched such as Le Tote, and in other countries there are platforms such as By Rotation in the UK, Dress You Can in Italy, and Ms Paris in China.

Further, at a global level, fashion companies developing rental initiatives have appeared, such as the apparel retailer Houdini Sportswear in Sweden, which moved from selling sportswear towards apparel rental services (Holtstrom *et al.*, 2019). In fact, as consumers become more environmentally conscious and new fashion consumption patterns emerge, some fashion retailers are innovating and re-shaping their offer in order to respond to the new challenges (Li *et al.*, 2022), and fashion rental can fulfil similar consumer desires. In the turbulent world of fashion retailing, firms can achieve a competitive advantage by targeting customers within their channels not simply in terms of demographics but also in terms of lifestyle and attitude to fashion (Lewis and Hawksley, 1990). However, in the prior academic literature, marketing channels are often associated with the process of selling goods or services directly to final consumers (Peterson and Balasubramanian, 2002). Thus a question arises: can fashion rental be considered a new marketing channel? More precisely, this paper aims to investigate fashion rental as a new alternative channel and/or a collateral channel to fashion retailing that has been developed to address new fashion consumption patterns.

To reach this research objective, drawing on the academic literature on channel theory and fashion rental, qualitative research was carried out with semi-structured interviews with CEO founders of fashion rental start-ups and a single case study (Eisenhardt and Graebner, 2007). The company selected for the case study (Yin, 2017) was Twinset, a well-known luxury fashion company that was the first in Italy to launch a fashion rental service (Please Don't Buy) alongside its retailing activity. The findings contribute to the academic literature on retailing by highlighting, from a business perspective, the key aspects of fashion rental as an additional channel alongside fashion retailing, and taking into account both the emergence of new consumption patterns and the effect of the Covid-19 pandemic.

## 2. Literature Review and Theoretical Background

### 2.1 Channel Theory

Marketing channels embody key elements of a value chain, since significant amounts of a nation's economic output flow through them (Krafft *et al.*, 2015). The term 'channel' refers to 'a set of interdependent organizations involved in the process of making a product or service available for use or consumption' (Palmatier *et al.* 2014, p. 3; Watson *et al.*, 2015). In 2015, a special issue of the Journal of Retailing on the 'Past, Present, and Future of Marketing Channels' reviewed important aspects and challenges existing in research studies on marketing channels. In this special issue, four literature reviews examined the role of channels in the supply chain (Kozlenkova *et al.*, 2015), the evolution of their theories, constructs, strategies, and topics (Watson *et al.*, 2015), the methodologies used in marketing channel research (Krafft *et al.*, 2015), and the emerging themes in research on international marketing channels (Hoppner and Griffith, 2015). However, as noted by Bucklin (2015), despite the broad coverage of research topics covering channels, all these papers shared the foundations of marketing channels in the papers of Bucklin (1966) and Stern (1969). Bucklin (1966) examined the distribution channel structure and included the final consumer, explaining that, in competitive markets, channels should be organized in a way that minimizes the total costs. By contrast, Stern (1969) focused on other channel functions such as the organizational forms of distribution systems, and the behavioural dimension of distribution channels.

Some years later, Stern and Reve (1980) underlined the fact that channels were primarily built to perform vital economic functions within society and bridge the gap between production and consumption. Thus, two main orientations can be recognized in channel theory. First, there is an economic approach focused on the efficiency aspects of costs, functions, and channel structure and design. Secondly, there is a more socially oriented behavioural approach centred on power and conflict phenomena (Stern and Reve, 1980). Moreover, strategic decisions are required to define the structure of channels (Kozlenkova *et al.*, 2015) through the selection of intermediary types (wholesaler, retailers, franchisees, etc.), distribution

intensity (namely the number of intermediaries involved), and levels of the channel structure. However, the choice of channel is, at the same time, considered to be a financial decision, based not only on economic aspects, but also on the control aspects of channels and their adaptability to changing conditions (Wilkinson, 2001). In fact, firms do not always need marketing channel intermediaries to sell their products to consumers because they can develop direct channels for sales by becoming retailers themselves (Krafft *et al.*, 2015).

In the late 1990s, a retailer was defined as a business ‘that directs its marketing effort toward the final consumer for the purpose of selling goods or services’ (Lewison, 1997, p. 850), or as a merchant ‘whose primary activity is to sell directly to consumers’ (Rosenberg, 1993, p. 291). However, more recently, as emphasized by Peterson and Balasubramanian (2022), the definitions used in studies of retailing have needed to be considered as context- and time-dependent because of the changes affecting retailers over the years. This is the case for the fashion retail sector, which is vital to the social and economic health of many countries (McCormick *et al.*, 2014).

As stated in the Introduction, the fashion retail market currently faces many emerging trends, and the challenges also involve changes in consumer behaviour. In fact, fashion customers are looking for more digital experiences, and are concerned about sustainability and ethical consumption (Choi and Cheng, 2015). Thus, fashion retailers are being forced to improve their marketing operations and strategies by considering both sustainability trends (Luceri and Martinelli, 2022) and emerging consumption patterns (Choi and Shen, 2017).

## 2.2 Fashion Rental

The practice of renting clothing is not entirely new, as small-scale and local fashion rental operations have been around for a considerable time (Clube and Tennant, 2020). Customers can access apparel or luxury products on a temporary basis through fashion rental by paying a fee and keeping the clothes they borrow in good shape before returning them on schedule (Mukendi and Henninger, 2020). Fashion rental not only satisfies customers’ need to wear something new but also increases the use of fashion products by reducing the need to produce new clothing, with its associated harmful environmental effects (Lang *et al.*, 2019). Additionally, by reducing fashion waste and extending the life of clothing, clothing rental has the potential to promote sustainable consumption (Braithwaite, 2018).

As a form of access-based consumption for customers (Lang *et al.*, 2020; Lang *et al.*, 2019; Lang and Armstrong, 2018), or even as a business opportunity (Adam *et al.* 2018; Arrigo, 2022; Feng *et al.*, 2020; Holtstrom *et al.*, 2019), fashion rental has been examined from a variety of perspectives. As a business opportunity, the prior research has emphasized the key aspects to developing a fashion rental service inside a traditional fashion company (Holtstrom *et al.*, 2019), or a fashion rental business model for a new enterprise (Arrigo, 2022). It has also been demonstrated that, for a fashion company, such a decision has a market expansion effect that

outweighs any potential cannibalization effect on the pre-existing offer, as evidenced by the fact that a much higher proportion of customers adopt fashion rentals than switch from buying to renting (Feng *et al.*, 2020). In order to succeed, new start-ups interested in creating a business model for renting out fashion items must also reorganize their limited resources and create long-term networking connections with external partners (Adam *et al.*, 2018).

Fashion rental can be organized either as peer-to-peer (PtoP) or as business-to-consumer (BtoC). In the first case, garments are exchanged amongst peers, namely customers, with or without the assistance of an outside enterprise, whereas in BtoC fashion rental, a company oversees the rental and frequently keeps the goods that can be rented (Iran and Schrader, 2017). In the latter scenario, income is mostly derived from subscription and rental fees, while expenditures are primarily delivery, laundry, and cleaning expenses, in addition to any rent or retail employee costs related to brick-and-mortar stores (Arrigo, 2022).

Financial savings (Armstrong *et al.*, 2015; Park and Armstrong, 2019), hedonistic or experiential benefits like having a wider selection of fashion items (McKinney and Shin, 2016), trying new styles at lower costs, or feeling a sense of novelty, as well as the opportunity to dress appropriately for a particular occasion (Lang *et al.*, 2020; Lee and Chow, 2020; McNeill and Venter, 2019) are the main drivers behind customers' adoption of fashion rental. It is currently unclear whether environmental considerations influence consumers' adoption of fashion rental. However, some studies show that customers use fashion rental to limit the negative effects of the fashion industry on the environment (Armstrong *et al.*, 2015; Johnson and Plepys, 2021; Lee and Huang, 2020). Prior engagement in other sustainable practices has also been shown to exert a positive influence on fashion rental adoption (Jain and Mishra, 2020), and other influences include the use of micro-celebrities on Instagram (Shrivastava *et al.*, 2021), and influencer e-marketing (Pham *et al.*, 2021).

Beyond the lack of a purchase experience, the worry that one may damage clothing, and the psychological risk of social positional dissatisfaction (Lang *et al.*, 2019), contamination concerns (Baek and Oh, 2021; Clube and Tennant, 2020) and the hygiene and health risks associated with wearing materials worn by others close to the skin (Armstrong *et al.*, 2015; Jain *et al.*, 2022; Yuan and Shen, 2019) are the main customer concerns and barriers to fashion rental.

Some of these concerns were found to be amplified during the Covid-19 pandemic (Brydges *et al.*, 2021); in fact, the value proposition of fashion rental was found to decrease during the period of lockdown, for reasons related to hygiene as well as smart-working, which led to customers working from home and wearing comfortable clothes. However, after experiencing negative growth in 2020, the American fashion rental market realized a yearly growth rate of about 27 per cent in 2021 (Statista, 2022) and, similarly, in the European apparel rental market a yearly growth rate of almost 60 per cent was expected (Statista, 2022).

In order to satisfy concerns about hygiene, customers were found to prefer to rent clothing in BtoC contexts rather than PtoP ones, since an

outside company handled the service and ensured the cleanliness and sanitary quality of the clothes (Kim and Jin, 2020). Perhaps this fact, along with the rapid pre-pandemic expansion of the online fashion rental market, is what has inspired some well-known fashion brands to launch a fashion rental subscription service first in the US and subsequently in European nations. One example in the US is Diane von Furstenberg, who started a rental service but opted to suspend it after a period of time. Another example is H&M, which, as part of its journey towards circularity, began offering clothes rentals in its Stockholm store in 2019 and more recently also in the UK and US. Finally, in response to the way that consumers are creating their own unique wardrobes in a swiftly shifting and increasingly digitally oriented retail world, Ralph Lauren has recently also created a rental service, 'The Lauren Look'. H&M and Ralph Lauren have both been retailers for several years, but as part of their commitment to sustainability and circularity, both have decided to launch rental services. 'Consumers today are taking a different approach to experiencing brands and building their wardrobes. The closet of the future will include a mix of new seasonal fashion, unique customized pieces and wardrobe staples, alongside pre-owned and rented clothing' stated the President and Chief Executive Officer of Ralph Lauren ([www.rli.uk.com](http://www.rli.uk.com)). In the light of this, it is interesting to examine the advantages and disadvantages of fashion rental as a new channel alongside fashion retail.

### **3. Methodology**

#### *3.1 Research design and data collection*

A qualitative research design was carried out to acquire preliminary insights into fashion rental services as an alternative and/or collateral channel to fashion retail, since qualitative research allows an in-depth examination that can generate interesting and new insights (Eisenhardt, 1989). The qualitative methods used included both semi-structured interviews (Adam, 2015) undertaken with influential figures working in the fashion rental business and the examination of a single case study.

The in-depth semi-structured interviews were conducted with the CEO founders of three luxury fashion rental enterprises operating in Italy. One interview was conducted with the CEO and founder of Dress You Can, the first Italian fashion rental start-up (now an SME), which has its headquarters in Milan and was founded in late 2014. The two other CEOs, who wished to remain anonymous, launched their fashion rental companies more recently, approximately three or four years ago. They will be referred to as the 'second CEO' and the 'third CEO'. Each interview lasted between 45 and 60 minutes, and was conducted in Italian, transcribed, and then translated into English. Using an initial interview guide, the interviews concentrated on three key areas: first, a description of the Italian fashion rental market; second, an examination of the main business opportunities and barriers; and third, an evaluation of the impact of the Covid-19 pandemic on the growth of fashion rental.

A single case study (Yin, 2017) was then conducted, since this methodology is especially useful when little is known about a phenomenon (Eisenhardt, 1989), which is the case for fashion rental initiatives created by recognizable and well-known fashion firms. Because Twinset is one of the few high-end fashion companies in the world, and the first in Italy, to offer a rental service alongside traditional retailing, it was chosen as the subject of the single case study. As a single case, it offers insights (Siggelkow, 2007) into a company that launched a new rental channel to fulfil a sustainability commitment. In fact, single case studies present a singular opportunity to explore phenomena that may be complex and embedded in a certain context (Eisenhardt and Graebner, 2007). Additionally, Twinset was chosen since it is a company that was founded and has flourished in Italy, a country with a long association with fashion, as Italian consumers are regarded as 'luxury connoisseurs' (Kauppinen-Räsänen *et al.*, 2018). This aspect amplifies the relevance of the in-depth examination of the rental services channel in a similar context. Data collection for the case study was based on secondary sources (publicly available material, online magazines, articles, press releases, and corporate websites), on in-store observations and a semi-structured interview with Alessandro Varisco, CEO of Twinset. The interview gave additional information on the company's plans and the challenges it faced, illustrating the relationship between the theoretical concepts and reality since this information was not available from the secondary sources.

### 3.2 *The Please Don't Buy (Twinset) case study*

Twinset was founded in Carpi (Modena) in 1987 and started its activities with sophisticated knitwear collections that over time expanded to provide women and girls with a variety of product lines. In 2012, the Carlyle Group acquired a portion of the business and, to broaden the scope of its activities internationally, a managerial reorganization with equity restructuring was implemented. In 2015, Alessandro Varisco was appointed as the CEO, and the Carlyle Group purchased the entire stock of Twinset two years later.

The Twinset brand's classic and passionately feminine aesthetic permeates many product categories, including clothing, beachwear, lingerie, denim, handbags, and various accessories for women and girls. By leveraging the Italian identity through a strong association with Milan, which is widely acknowledged to be one of the most significant global fashion capitals along with Paris, New York, and London, the brand has expanded its reach into other markets with the introduction of the Twinset Milano logo. Twinset's headquarters and production facilities are in Carpi, while its offices and showroom are located in Milan.

On 19 September 2019, as part of Milan Fashion Week, the Please Don't Buy project and designated corners inside Twinset's most important Italian stores were launched. The company's designers created the inaugural Please Don't Buy collection utilizing fashion that was 100% made in Italy and designed especially for this rental service. The collection featured 21 models, providing sizes 38 to 48 in three or four different colour hues. For the first time in Italy, customers had the option to rent clothes for special



occasions from a renowned high-end fashion firm. The dresses were made in Italy using pricey fabrics like silk and cashmere. In fact, the 'Made in Italy' label was a key component of the Twinset philosophy.

The rental fees for Please Don't Buy customers range from €40 to €230 depending on the garment they select, and there is a fixed insurance fee of €15, or €30 for more expensive dresses. The rental service is currently available online in Italy, France, Belgium, and Spain (with the exception of the Canary Islands), and in some Twinset stores in Italy. Following rental, every item is carefully examined and reconditioned using new generation solvents that are both environmentally friendly and kind to clothing.

## 4. Results

### 4.1 Interviews with fashion rental CEOs

The first section of the interviews with the CEO founders of fashion rental enterprises concentrated on obtaining an outline of the Italian fashion rental market.

First, the respondents emphasized that there has recently been an increase in consumer desire for sustainable solutions in the fashion rental market. However, they also noted that, in comparison to the United States, the Italian fashion rental market is still in its infancy. Because American consumers were accustomed to renting items for daily use from the time they started college, the fashion rental business was born in the US. As emphasized by the CEO of Dress You Can, in the US and the UK many brands and retailers, such as H&M, have already entered the fashion rental market by directly promoting rental subscriptions or relying on other pre-existing platforms.

Additionally, during the interviews, the CEOs mentioned that, with the recent launch of the Italian brand Twinset's capsule collections of rental clothing in stores and online, there was a new awareness of rental as a distribution channel, a tool of innovation, and a way to monetize opportunity. They concluded that this was a definite indication that the luxury fashion market in Italy was finally ready to change.

From a commercial standpoint, concerning the opportunities offered by fashion rental from a business perspective, the CEO of Dress You Can highlighted the fact that fashion rental presents a new distribution model for the future that has the ability to address many issues fashion retailers are currently facing related to e-commerce, in addition to helping to protect the environment. The concerns of luxury fashion retailers, for instance, include the need to turn frequently to discounts to clear out unsold product inventories, high return rates, complicated return processes, and associated reimbursements. Using fashion rental services would help to limit these problems. Additionally, fashion rental provides a platform for interacting with clients online by making recommendations or planning events, and, from the perspective of young designers, for reaching out to first-time customers who might then become future buyers. All of the CEOs who participated in the interviews stated that huge luxury fashion



companies may be interested in using fashion rental services since, in addition to reducing waste, they might reach a wider audience of customers who would otherwise be unable to purchase luxury brand clothing.

However, as reported by the CEOs, there are a variety of obstacles to the successful establishment of a fashion rental service from an entrepreneurial standpoint. Two initial barriers for entrepreneurs are represented by the initial expensive investment required to establish the selection of luxury fashion items for rent, and the slower rate of return due to the limited rental rates, making a return on the complete investment reliant on the quantity of rentals. Additionally, the third CEO emphasized how renting fashion differs logistically from buying it; clothes may be ordered in advance, shipped for a 24-hour trial, returned after four days, and frequently altered to fit the customer's body perfectly, before being handled by seamstresses and dry cleaners who assess any damage and get the clothes ready for the next rental. Given the importance of logistics timeframes in fashion rental, even minor delays when a garment is borrowed for a special occasion could pose serious problems for a customer. Therefore, as the second CEO noted, choosing the best logistics partners becomes a strategic choice, particularly in peer-to-peer platforms where the company serves just as a facilitator and the courier must quickly collect the item from the user and bring it back to the renter. Additionally, insurance coverage, deposits and reimbursements are crucial for a fashion rental business, since they give clients the security of knowing that expensive clothes will be protected in the event of accidental damage. The CEO of Dress You Can also pointed out that getting the necessary information technology to run a booking system, which is essential for effectively controlling the flow of clothing rentals, could represent another barrier.

Each interview ended with a discussion of the impact of the Covid-19 pandemic. All the CEOs who were interviewed agreed that the pandemic had caused an economic catastrophe in the fashion retail sector, which had contracted by 27-30% in 2020 because of skipped seasons and enormous amounts of unsold merchandise. Through lockdowns and the postponement of fashion-related events, the Covid-19 pandemic also had a detrimental impact on fashion rental businesses. However, as the second CEO emphasized, the Covid-19 pandemic also helped to centre the fashion system around the value of sustainability, intensifying the conversation about how the fashion sector affects the environment. Furthermore, it shed light on the contemporary problem of over-consumption and excessive production, which have, in part, distorted the true essence of fashion. As affirmed by the third CEO, fast fashion is no longer considered an eco-friendly option, and luxury fashion brands still remain out of reach, which is where luxury fashion resale and rental might be useful.

#### *4.2 Twinset and the Please Don't Buy project*

The CEO of Twinset, Alessandro Varisco, began the interview by outlining the history of the Please Don't Buy initiative and the Italian fashion rental market. According to reports, even though the Italian market for fashion rentals is growing and appears promising, it is still very

small in comparison to the market in the Anglo-Saxon world. Numerous systemic factors, such as the spread of online shopping, a rise in consumer interest in environmental and social sustainability issues, and a shift in consumer preferences from owning physical goods to experiencing them, could further support the growth of luxury fashion rental in Italy.

Alessandro Varisco's inspiration to launch a fashion rental service came while watching a Netflix movie at the end of 2018. In this movie, a female lawyer complained that she had a wardrobe full of identical black clothes for professional purposes, not to mention that these goods could have filled the entire house. The CEO claimed that he had the following idea at the time: 'Since you can rent anything these days, why not provide the option of renting high-quality, entirely made-in-Italy dresses directly from the manufacturer?' As a result, the idea of a luxury fashion rental initiative emerged, and in September 2019, in eight of its flagship Italian stores (in Milan, Rome, Bari, Turin, Orio al Serio and Verona), Twinset placed specific corners for the Please Don't Buy project.

Within these stores, the Please Don't Buy brand started to set out regular capsule collections of goods for special occasions like ceremonies, birthday parties, or evening events. In 2020, the Please Don't Buy website expanded to offer an online platform for fashion renting in Italy.

The Please Don't Buy rental service was initially created for Generation Z, or young women between the ages of 18 and 24, who at the time made up 5% of Twinset's client base. In fact, the CEO of Twinset claimed that young women frequently purchased clothing from fast fashion retailers because they lacked the resources to purchase high-end luxury outfits made of precious materials like cashmere and silk. With a fashion rental service, they would have the option to wear and admire exceptional high-quality fashion goods with a retail value from €900 to €3,000, over four consecutive days, by paying a limited rental price of between €40 and €90. However, even in 2019, the Please Don't Buy project aimed to produce capsule collections for women who were more mature. In fact, the attitudes and opinions of consumers about renting rather than purchasing clothing differed across different market segments. Generations Y and Z were quick to benefit from this new consumption model, whereas baby boomers were more cautious.

Currently the customer base of Please Don't Buy is cross-generational, even including older ladies. Even though Generation Z continues to represent the company's core market, and is primarily reached by marketing communications distributed on social media platforms like Instagram and through involving relevant young influencers, adult women are also regular customers, and rent clothing for special occasions like ceremonies, parties, or evening dates. In general, the advantages of the Please Don't Buy offer are shared by all customer segments, providing them with the chance to engage in a more sustainable form of consumption - with less buying and less overproduction - and to have access, at advantageous prices, to haute couture items produced in Italy by a renowned company already known throughout the world for its style and high quality.

The CEO of Twinset claimed that the Please Don't Buy collections are available in a range of sizes to fit different women's bodies, and 'this means

being democratic for Twinset.' It is also fascinating to note that most clients return to rent additional items after their initial rental because they are very pleased with their first luxury fashion rental experience. The Please Don't Buy collections are refreshed every six months and are distinct from those of the Twinset brand. The capsule collections are currently created by an internal team of designers, but the company also plans to produce capsule collections with other renowned fashion designers in the future.

The Please Don't Buy project required a shift in Twinset's corporate culture, as was explained during the interview, because offering customers a rental option was very different from selling fashion items. Next, cross-functional investments were required for logistics, information systems, manufacturing, and exhibition spaces in the stores, among other areas. Additionally, marketing communication was crucial for raising consumer knowledge of the presence of the new rental service. Finally, staff training was conducted inside Twinset's stores to instruct store managers about how best to present the premium fashion rental service to clients.

According to the CEO of Twinset, the following characteristics set the Please Don't Buy rental service apart from conventional online rental models: items from Please Don't Buy are always cleaned and sterilized so that they remain in outstanding condition, may be tried on in-store, and come directly from the Twinset manufacturer. In fact, in order to have complete control over the high-end fashion products, Twinset has set up an internal laundry service and seamstress studio for minor repairs, in addition to a dedicated team and a logistics organization for renting out clothes.

At the conclusion of the interview, when asked about the effect of the Covid-19 pandemic and the future development plans for Please Don't Buy, Alessandro Varisco noted that the fashion retail industry was one of the industries most severely affected by the pandemic, which disrupted several seasons. However, the pandemic gave Twinset the chance to reconsider certain aspects of its fashion rental operations within the organization. Since many consumers had financial issues connected to their disposable income during the Covid-19 emergency, a rental service was able to provide them with the chance to continue to have access to high-quality fashion at an affordable price.

Regarding the future, Twinset plans to introduce new items to its Please Don't Buy offer in order to cover more fashion occasions, like job interviews and business events. Additionally, future opportunities being considered relate to the idea of opening little stores solely for the Please Don't Buy line and expanding the fashion rental service to other countries.

## 5. Discussion

The results enable a deeper comprehension of the function played by fashion rental as a fresh alternative channel in the fashion retail sector. The interviews revealed that the fashion rental market, though still in its infancy, appears promising, as evidenced by the predicted high rates of growth (Statista, 2022). The interviews with three CEOs of fashion rental

enterprises highlighted the fact that certain high-end fashion brands have chosen to launch a rental effort in addition to their usual retail operations. Because of this, in their opinion, fashion rental represents a 'distribution channel, monetization opportunity, and innovation tool' for fashion companies.

According to previous research, fashion rental satisfies consumers' needs to wear a fashionable garment or accessory for a particular event (Lang *et al.*, 2019; Lee and Chow, 2020; McNeill and Venter, 2019). Customers can choose to rent a fashion item from Please Don't Buy or another fashion rental business so that they can wear something distinctive at a specific event and avoid wearing a dress that has already been seen at other events (Lang *et al.*, 2019; McKinney and Shin, 2016; McNeill and Venter, 2019), or choose to save money by renting an item whose high cost means that it would otherwise be out of their price range (Armstrong *et al.*, 2015; Park and Armstrong, 2019). Thus, regardless of the specific motivation, fashion rental represents, for customers, a channel for access to a special fashion item. Additionally, every CEO who participated in the study viewed renting clothing as a sustainable form of consumption that can contribute to a more sustainable future because it causes less waste and environmental harm than manufacturing.

This is in line with past research on the role of fashion rental in the pathway towards sustainability (Braithwaite, 2018; Johnson and Plepys, 2021) and in allowing for more circular thinking about fashion (Machado *et al.*, 2019). Additionally, as demonstrated in other studies (Botsman and Rogers, 2010; Cristini *et al.*, 2017), consumers are shifting away from owning tangible products and moving towards more lived experiences. In response to the various needs of consumers that cannot be met through the purchase of items, fashion rental denotes a new and sustainable channel that is an alternative to fashion retail. A well-known high-end fashion brand like Twinset uses the fashion rental channel in addition to and collaterally with its traditional retail operations.

These findings contribute to the academic literature on channel theory and retailing (Lewison, 1997; Rosenberg, 1993; Stern and Reve, 1980) by showing that marketing channels serve purposes beyond their mere economic and sales functions. In fact, the prior academic literature about the channel theory described choosing a channel as a financial decision to sell goods (Lewison, 1997; Rosenberg, 1993) by bridging the gap between production and consumption (Stern and Reve, 1980), and minimizing distribution costs (Stern, 1969). It becomes clear, instead, from this case study that Twinset created its fashion rental service as a new, cutting-edge channel to address the challenges of a competitive, dynamic, and increasingly uncertain fashion retail environment. In this case, a new rental channel that nevertheless permits the gap between production and consumption to be bridged, although for a limited time and without an ownership transfer, is integrated with the traditional retail role of a marketing channel. Additionally, Twinset increased its customer base by launching the innovative Please Don't Buy project, because it attracted women of all ages who were interested in renting a dress for a special occasion as well as Generation Z clients, who still represent the

core segment of its rental service. Thus, with the Please Don't Buy channel, Twinset has been forward-looking and has been able to achieve a market expansion that overcomes the potential cannibalization effect of the rental channel compared to that of its retail channel, in line with previous research (Feng *et al.*, 2020).

Since 2019, with the exception of the pandemic period, Twinset has organized events to attract young women interested in renting a Please Don't Buy dress, frequently featuring special guests like Instagram influencers with a large following among Generation Z. This confirms Shrivastava *et al.*'s (2021) observation that the use of micro-celebrities on Instagram can facilitate customer involvement in fashion rental.

An established fashion company can leverage its strengths as a reliable and well-known brand (which act as a guarantee of the new project), its specific marketing or manufacturing skills already developed within the organization, or its extensive network of physical stores and omni-channel strategy to develop a luxury fashion rental channel. However, as the CEO of Twinset emphasized in relation to the Please Don't Buy project, developing a fashion rental initiative is very different from fashion retail. For this reason, at Twinset, a change in the corporate culture was required, which was followed by the reconfiguration of some processes and the creation of new ones with specific investments.

Even during the interviews with the three CEOs of fashion rental enterprises, the crucial aspect of creating strong network partnerships with other designers, insurance advisors, and particularly logistics partners emerged as one of the primary concerns related to starting a fashion rental business (beyond the high level of financial resources required to set up a digital platform, open a store, if necessary, and acquire a luxury fashion assortment). In fact, logistic times and deliveries become strategic in fashion rental if the service is to be properly provided.

These findings not only confirm but also extend previous research on fashion rental development among start-ups (Adam *et al.*, 2018). In fact, it has been observed that new enterprises must develop network relationships with external partners if they are to be successful (Adam *et al.*, 2018), but also that large companies must trigger a cultural change within their organization when they introduce an additional fashion rental channel alongside the existing fashion retail one. In addition, as the CEO of Dress You Can noted, by developing a new fashion rental channel high-end fashion companies might avoid some of the problems seen during the Covid-19 outbreak. The Covid-19 pandemic led to an increase in online orders as well as a rise in item returns (and associated refunds), which is a crucial problem for both fashion companies and the environment. Even fashion companies had to deal with the expense of restocking and reprocessing these online orders (Stöcker *et al.*, 2021).

Finally, as every CEO mentioned, despite the fact that the Covid-19 pandemic produced serious health, economic, and social issues, it helped to raise consumer and fashion industry awareness of the need for environmental and social sustainability (Hagel, 2020; Li *et al.*, 2022). It could also be argued that the pandemic increased the number of customers who shifted away from owning fashion items and accessories in favour of

experiences (Cristini *et al.*, 2017), and that these new consumption trends will drive fashion retailers to revise their service mix. This suggests that fashion rental channels could develop even more rapidly in the future.

## 6. Conclusion

The aim of this research was to examine fashion rental as a new and innovative channel in the fashion retail industry and, because there were no prior studies on this aspect, a qualitative research design was used. First, semi-structured interviews with the CEOs and founders of three fashion rental enterprises were conducted to ascertain their perspectives on the fashion rental market in Italy. These interviews also sought to identify the potential, the challenges, and the effects of the Covid-19 pandemic. Next, the Please Don't Buy initiative by Twinset was the subject of a case study that used a business perspective to look at a high-end fashion brand that had created a fashion rental channel as a complement to its existing retail channel. The results allow for a greater comprehension of the fundamental elements of fashion rental as a new channel, whose development can be connected to the appearance of new consumption patterns in the fashion retail sector that were exacerbated by the Covid-19 issue (Becker-Leifhold, 2018; Hagel, 2020).

This study presents the following theoretical contributions. First and foremost, the findings contribute to the existing academic literature on channel theory and retailing (e.g., Bucklin, 2015; Kozlenkova *et al.*, 2015; Lewison, 1997; Peterson and Balasubramanian, 2002; Rosenberg, 1993; Watson *et al.*, 2015) by demonstrating, for the first time, that fashion rental is a new and innovative channel alongside traditional retail channels in the fashion retail industry. The Twinset case study demonstrates how a reputable and well-established fashion company made the decision to create, alongside its traditional retail channel, a new rental channel that allowed it to reach a larger audience and bridge the gap between production and consumption (Stern and Reve, 1980) without a transfer of ownership. This could represent a useful and valuable response for fashion retailers to the new problems posed by a dynamic fashion retail environment and consumers' new sustainable consumption patterns. Although the number of well-known fashion retailers launching rental channels is still limited, the acknowledged existence of new consumption patterns of fashion customers means that similar channels are expected to grow. Therefore, it becomes reasonable to consider whether the retail channels will continue to remain predominant in the fashion context or whether, in the long term, they might be partially replaced by the new rental channels. Second, by investigating fashion rental as a new channel from a business perspective, this paper contributes towards filling a gap in the fashion rental academic literature, since this had primarily examined attitudes and motivations for participating in fashion rental from a customer perspective (Armstrong *et al.*, 2015; Lang *et al.*, 2019; Lee and Huang, 2020; Jain *et al.*, 2022), while the business perspective (Adam *et al.*, 2018; Arrigo, 2022; Feng *et al.*, 2020; Holtstrom *et al.*, 2019) has remained very underdeveloped.



The study has also managerial implications for established luxury fashion retailers that might prioritize achieving service levels that are consistent with customers' expectations. The Twinset Please Don't Buy case study illustrates the opportunities and challenges associated with creating a fashion rental channel addressed to the final customer (in a BtoC context) or through a collaboration with existing fashion rental enterprises (in a BtoB context). In both scenarios, companies would be able to expand their market, either by attracting clients who are more interested in living experiences than in buying specific products or by attracting new customers who cannot afford to buy luxury fashion items. Additionally, there are managerial implications for new start-ups that might benefit from the insights highlighted in this study before entering the market for fashion rentals.

To conclude, one limitation of this study is the empirical evidence, which is restricted to a limited number of interviews and one case study, making the findings not generalizable. However, acknowledging the novelty of fashion rental in Italy, the qualitative research methods employed in this study seem to allow a deeper understanding of the fashion rental channel. As new fashion rental services are likely to be introduced in the future by other fashion companies, further research might be undertaken to support these initial findings.

## References

- ADAM M., SRAHLE J., FREISE M. (2018), "Dynamic capabilities of early-stage firms: Exploring the business of renting fashion", *Journal of Small Business Strategy*, vol. 28, n. 2, pp. 49-67.
- ADAMS W.C. (2015), "Conducting semi-structured interviews", *Handbook of Practical Program Evaluation*, n. 4, pp. 492-505.
- AMED I., BALCHANDANI A., BERG A., HEDRICH S., JENSEN J.E., LE MERLE L., ROLKENS F. (2021), *The State of Fashion 2022*, McKinsey, available at: <https://www.mckinsey.com/industries/retail/our-insights/state-of-fashion>
- ARMSTRONG C.M., NIINIMAKI K., KUJALA S., KARELL E., LANG C. (2015), "Sustainable product-service systems for clothing: exploring consumer perceptions of consumption alternatives in Finland", *Journal of Cleaner Production*, vol. 97, pp. 30-39.
- ARRIGO E. (2022), "Digital platforms in fashion rental: a business model analysis", *Journal of Fashion Marketing and Management: An International Journal*, vol. 26, n. 1, pp. 1-20.
- BAEK E., OH G.E.G. (2021), "Diverse values of fashion rental service and contamination concern of consumers", *Journal of Business Research*, vol. 123, pp. 165-175.
- BAKER J., BENTLEY K., LAMB Jr C. (2020), "Service environment research opportunities", *Journal of Services Marketing*, vol. 34, n. 3, pp. 335-346.
- BECKER-LEIFHOLD C. (2018), "The role of values in collaborative fashion consumption-A critical investigation through the lenses of the theory of planned behaviour", *Journal of Cleaner Production*, vol. 199, pp. 781-791.



- BECKER-LEIFHOLD C., IRAN S. (2018), "Collaborative fashion consumption-drivers, barriers and future pathways", *Journal of Fashion Marketing and Management: An International Journal*, vol. 22, n. 2, pp. 189-208.
- BOTSMAN R., ROGERS R. (2010), "What's mine is yours", *The rise of collaborative consumption*, Harper Business, New York.
- BRAITHWAITE N. (2018), "Clothing rental could be the key to a stylishly sustainable fashion industry", *The Conversation*, July 31, 2018, available at: <https://theconversation.com/clothing-rental-could-be-the-key-to-a-stylishly-sustainable-fashion-industry-100106> (accessed 19 January 2022).
- BRYDGES T., HEINZE L., RETAMAL M., HENNINGER C.E. (2021), "Platforms and the pandemic: A case study of fashion rental platforms during COVID-19", *The Geographical Journal*, vol. 187, n. 1, pp. 57-63.
- BUCKLIN L.P. (1966), *A Theory of Distribution Channel Structure*, Berkeley: Institute of Business and Economic Research, University of California.
- BUCKLIN R.E. (2015). "An introduction to the special issue", *Journal of Retailing*, vol. 91, n. 4, pp. 543-545.
- CHOI T.M., CHENG T.E. (2015), *Sustainable fashion supply chain management*, Springer, Switzerland.
- CHOI T.M., SHEN B. (2017), *Luxury fashion retail management*, Springer, Hong Kong.
- CLUBE R.K., TENNANT M. (2020), "Exploring garment rental as a sustainable business model in the fashion industry: does contamination impact the consumption experience?", *Journal of Consumer Behaviour*, vol. 19, n. 4, pp. 359-370.
- CRISTINI H., KAUPPINEN-RAISANEN H., BARTHOD-PROTHADE M., WOODSIDE A. (2017), "Toward a general theory of luxury: Advancing from workbench definitions and theoretical transformations", *Journal of Business Research*, vol. 70, pp. 101-107.
- EISENHARDT K.M. (1989), "Building theories from case study research", *Academy of Management Review*, vol. 14, n. 4, pp. 532-550.
- EISENHARDT K.M., GRAEBNER M.E. (2007), "Theory building from cases: Opportunities and challenges", *Academy of Management Journal*, vol. 50, n. 1, pp. 25-32.
- FENG Y., TAN Y.R., DUAN Y., BAI Y. (2020), "Strategies analysis of luxury fashion rental platform in sharing economy", *Transportation Research Part E: Logistics and Transportation Review*, vol. 142, 102065.
- GUZZETTI A., CRESPIR., BELVEDERE V. (2021), "Please don't buy!": Consumers attitude to alternative luxury consumption", *Strategic Change*, vol. 30, n. 1, pp. 67-78.
- HAGEL M. (2020), *Has Covid-19 brought an end to clothing rental?*, Retrieved at <https://www.fashion-north.com/2020/12/04/has-covid-19-brought-an-end-to-clothing-rental/>
- HOLTSTROM J., BJELLERUP C., ERIKSSON J. (2019), "Business model development for sustainable apparel consumption", *Journal of Strategy and Management*, vol. 12, n. 4, pp. 481-504.
- HOPPNER J.J., GRIFFITH D.A. (2015), "Looking back to move forward: a review of the evolution of research in international marketing channels", *Journal of Retailing*, vol. 91, pp. 610-26.

- IRAN S., SCHRADER U. (2017), "Collaborative fashion consumption and its environmental effects", *Journal of Fashion Marketing and Management: An International Journal*, vol. 21, n. 4, pp. 468-482.
- JAIN R., JAIN K., BEHL A., PEREIRA V., DEL GIUDICE M., VRONTIS D. (2022), "Mainstreaming fashion rental consumption: A systematic and thematic review of literature", *Journal of Business Research*, vol. 139, pp. 1525-1539.
- JAIN S., MISHRA S. (2020), "Luxury fashion consumption in sharing economy: a study of Indian millennials", *Journal of Global Fashion Marketing*, vol. 11, n. 2, pp. 171-189.
- JOHNSON E., PPLEPYS A. (2021), "Product-service systems and sustainability: Analysing the environmental impacts of rental clothing", *Sustainability*, vol. 13, n. 4, 2118.
- KAUPPINEN-RÄISANÄNEN H., BJÖRK P., LÖNNSTRÖM A., JAUFFRET M.N. (2018), "How consumers' need for uniqueness, self-monitoring, and social identity affect their choices when luxury brands visually shout versus whisper", *Journal of Business Research*, vol. 84, pp. 72-81.
- KIM N.L., JIN B.E. (2020), "Why buy new when one can share? Exploring collaborative consumption motivations for consumer goods", *International Journal of Consumer Studies*, vol. 44 n. 2, pp. 122-130.
- KOZLENKOVA I.V., HULT G.T., LUND D.J., MENA J.A., KEKEC P. (2015), "The role of marketing channels in supply chain management", *Journal of Retailing*, vol. 91, pp. 586-609.
- KRAFFT M., GOETZ O., MANTRALA M., SOTGIU F., TILLMANNS S. (2015). "The evolution of marketing channel research domains and methodologies: an integrative review and future directions", *Journal of Retailing*, vol. 91, n. 4, pp. 569-585.
- LANG C., ARMSTRONG C.M.J. (2018), "Fashion leadership and intention toward clothing product-service retail models", *Journal of Fashion Marketing and Management: An International Journal*, vol. 22, n. 4, pp. 571-587.
- LANG C., LI M., ZHAO L. (2020), "Understanding consumers' online fashion renting experiences: A text-mining approach", *Sustainable Production and Consumption*, vol. 21, pp. 132-144.
- LANG C., SEO S., LIU C. (2019), "Motivations and obstacles for fashion renting: a cross-cultural comparison", *Journal of Fashion Marketing and Management: An International Journal*, vol. 23, n. 4, pp. 519-536.
- LEE S.H., CHOW P.S. (2020), "Investigating consumer attitudes and intentions toward online fashion renting retailing", *Journal of Retailing and Consumer Services*, vol. 52, 101892.
- LEE S.H., HUANG R. (2020), "Consumer responses to online fashion renting: exploring the role of cultural differences", *International Journal of Retail and Distribution Management*, vol. 49, n. 2, pp. 187-203.
- LEWIS B.R., HAWKSLEY A.W. (1990), "Gaining a competitive advantage in fashion retailing", *International Journal of Retail and Distribution Management*, vol. 18, n. 4.
- LEWISON D. (1997), *Retailing* Prentice Hall, Upper Saddle River, NJ.
- LI D., HUANGH Y., SUN H., ZHI B. (2022), "Achieving sustainability in sharing-based product service system: A contingency perspective", *Journal of Cleaner Production*, vol. 332, 129997.

- LUCERI B., MARTINELLI E. (2022), "The Evolution of the Sustainability Mindset in Retailing and Service Management", In *Managing Sustainability* (pp. 1-8). Springer, Cham.
- MACHADO M.A.D., DE ALMEIDA S.O., BOLLICK L.C., BRAGAGNOLO G. (2019), "Second-hand fashion market: consumer role in circular economy", *Journal of Fashion Marketing and Management: An International Journal*, vol. 23, n. 3, pp. 382-395.
- MCCORMICK H., CARTWRIGHT J., PERRY P., BARNES L., LYNCH S., BALL G. (2014), "Fashion retailing-past, present and future", *Textile Progress*, vol. 46, n. 3, pp. 227-321.
- McKINNEY E., SHIN E. (2016), "Exploring criteria consumers use in evaluating their online formal wear rental experience: A content analysis of online reviews", *Clothing and Textiles Research Journal*, vol. 34, n. 4, pp. 272-286.
- McNEILL L., VENTER B. (2019), "Identity, self-concept and young women's engagement with collaborative, sustainable fashion consumption models", *International Journal of Consumer Studies*, vol. 43, n. 4, pp. 368-378.
- MUKENDI A., HENNINGER C.E. (2020), "Exploring the spectrum of fashion rental", *Journal of Fashion Marketing and Management: An International Journal*, vol. 24, n. 3, pp. 455-469.
- PALMATIER R., STERN L., EL-ANSARY A., ANDERSON E. (2014), *Marketing Channel Strategy*, Pearson Higher Ed.
- PARK H., ARMSTRONG C.M.J. (2019), "Is money the biggest driver? Uncovering motives for engaging in online collaborative consumption retail models for apparel", *Journal of Retailing and Consumer Services*, vol. 51, pp. 42-50.
- PETERSON R.A., BALASUBRAMANIAN S. (2002), "Retailing in the 21st century: reflections and prologue to research", *Journal of Retailing*, vol. 78, n. 1, pp. 9-16.
- PHAM H.T., HOANG K.T., NGUYEN T.T., DO P.H., MAR M.T.C. (2021), "Sharing Economy: Generation Z's Intention Toward Online Fashion Rental in Vietnam", *Journal of Asian Finance, Economics and Business*, vol. 8, n. 3, pp. 997-1007.
- ROSENBERG J.M. (1993), *Dictionary of business and management*, John Wiley & Sons, New York.
- SHRIVASTAVA A., JAIN G., KAMBLE S.S., BELHADI A. (2021), "Sustainability through online renting clothing: Circular fashion fueled by Instagram micro-celebrities", *Journal of Cleaner Production*, vol. 278, 123772.
- SIGGELKOW N. (2007), "Persuasion with case studies", *Academy of Management Journal*, vol. 50, n. 1, pp. 20-24.
- STATISTA (2021), *Power Driven Hand Tools*, available at: <https://www.statista.com/study/78882/power-driven-hand-tools-in-the-sharing-economy/>
- STATISTA (2022), *Statista Dossier Plus Shared Apparel*, available at: <https://www.statista.com/study/81132/apparel-market-in-the-sharing-economy/>
- STERN L.W. (1969), *Distribution Channels: Behavioral Dimension*, Houghton Mifflin, Boston MA.
- STERN L.W., REVE T. (1980), "Distribution channels as political economies: a framework for comparative analysis", *Journal of Marketing*, vol. 44, n. 3, pp. 52-64.
- STOCKER B., BAIER D., BRAND B.M. (2021), "New insights in online fashion retail returns from a customers' perspective and their dynamics", *Journal of Business Economics*, vol. 91, n. 8, pp. 1149-1187.

- WATSON IV G.F., WORM S., PALMATIER R.W., GANESAN S. (2015), "The evolution of marketing channels: Trends and research directions", *Journal of Retailing*, vol. 91, n.4, pp. 546-568.
- WILKINSON I. (2001), "A history of network and channels thinking in marketing in the 20th century", *Australasian Marketing Journal*, vol. 9, n. 2, pp. 23-52.
- YIN R.K. (2017), *Case Study Research and Applications: Design and Methods*, Sage Publications, Thousand Oaks, California
- YUAN Q., SHEN B. (2019), "Renting fashion with strategic customers in the sharing economy", *International Journal of Production Economics*, vol. 218, pp. 185-195.

**Elisa Arrigo**  
Fashion rental as a new  
and innovative channel  
alongside fashion retail

### Academic or professional positions and contacts

**Elisa Arrigo**  
Associate Professor of Management  
University of Milan-Bicocca - Italy  
e-mail: elisa.arrigo@unimib.it

**sinergie**  
italian journal of management

ISSN print 0393-5108  
ISSN online 2785-549X  
DOI 10.7433/s120.2023.07  
pp. 127-145

**FONDAZIONE**  
**CUEIM**

**S I**  
**M A**

Italian Society of  
**MANAGEMENT**