

Discussing the fashion rental service and the attitude of the Hungarian population towards clothing rental models

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Abstract

As traditional linear business models collapse and sharing economy thrives, it has become clear that the future of fashion is renting. New clothing rental companies are springing up like mushrooms in societies susceptible to innovative, sustainable solutions, in contrast, in Hungary circular business ideas to the textile industry remain somewhat isolated.

This paper aims to discuss the clothing rental model, more specifically its functions and potential pitfalls, and examines the attitude of the Hungarian population towards this model. No similar scientific research has been conducted in this question; however greener fashion is in the interest of everyone. Apart from synthesizing related literature and analysing secondary data, my methodology consists of primary research, too: I conducted a survey of 360 people, moreover, an interview was done with the founder of an innovative, Netherlands-based clothing rental start-up, the so-called Palanta to answer my research question "Is Hungary ready to introduce the clothing rental model?" The expected result is no due to Hungarian's price-sensitivity (H1) and apprehension from used apparel (H2). In order to further investigate the above question and my hypotheses, and to find the most effective ways of popularizing sustainable dressing, a content creator was interviewed. The aim of this research is to provide support to rental businesses pursuing to expand in Hungary by giving information on already operating fashion rental stores abroad and discovering Hungarians' opinion and the potential problems.

Keywords: sharing economy, sustainable business model, clothing rental, slow fashion, consumer behaviour

Introduction

The textile industry is the second largest polluter in the world, right after the oil industry. Enormous water consumption and water pollution, disproportionately big amount of discarded clothing, greenhouse gas emissions are potential source of concern. Moreover, the apparel industry is renowned for the exploitation of farmers and garment workers and the usage of child labour. There is no doubt that the consumption-oriented, throw-away-society based fast fashion business model is to be blamed. Therefore, the flourish of share economy, is a huge breakthrough in this very field, too. Clothing rentals offer a more circular option for dressing in an increasing number of countries, yet environment-conscious Hungarians still must content themselves with thrifted goods or clothes swapped with acquaintances since sustainable solutions are still unavailable in this country.

Besides discussing the operation of a clothing rental model, this paper presents a case study and illustrates potential pitfalls as well as findings on the attitude of the Hungarian population towards renting apparel. Synthesizing literature and analysing statistical information represent important part of my desk-based research. As part of my primary research, apart from implementation and evaluation of surveys, I interviewed CEO of Palanta, Netherlands-based, online clothing rental start-up. Moreover, I interviewed a content creator to further investigate my research question: "Is Hungary ready to introduce the clothing rental model?". The expected result is no due to Hungarian's price-sensitivity and apprehension from used apparel. The aim of this research is to investigate, what are the biggest hurdles in the expansion of this model, and what are the possible stimulating incentives to foster the potentials. Consequently, this research paper provides useful information particularly for enthusiastic entrepreneurs pursuing to spread this alternative model in Hungary, however, it might be an essential

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tool, too, to emphasize the importance of altering current fashion practices and introducing innovative, sustainable business solutions. Because we all need to dress – but it doesn't matter at what cost.

Sharing economy

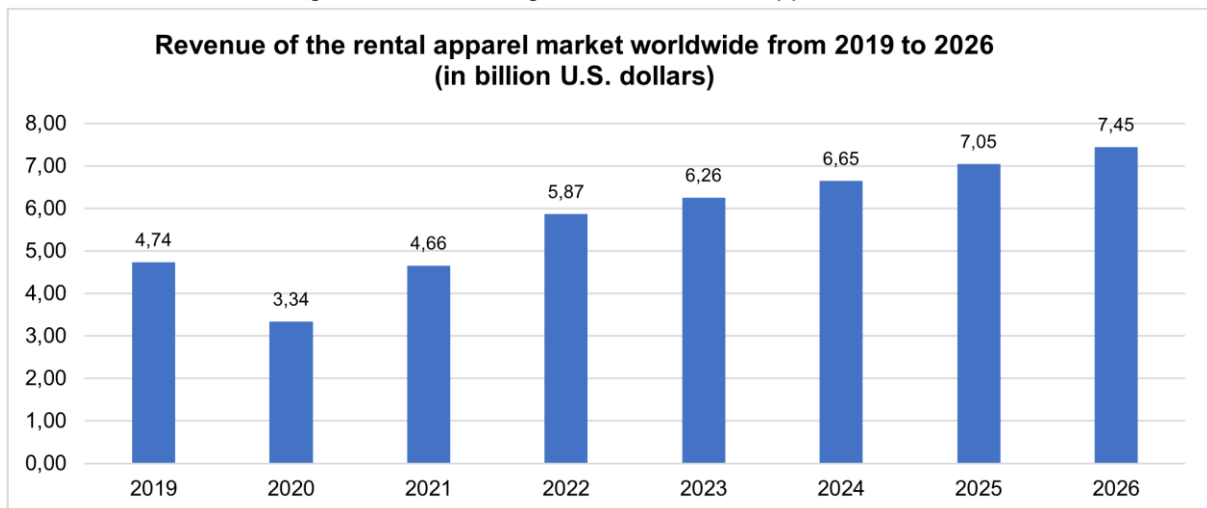
In recent years or probably decades, our attitude towards ownership has changed radically. Any switching of possessing tangible goods to subscribing to services happened unnoticed, raising our lives to a higher standard from several points of view.

The sharing economy is a relatively new economic model also known as a peer-to-peer (P2P) based activity of obtaining, providing, or sharing access to goods and services that is often facilitated by a community-based online platform. Other names for this phenomenon include gig economy, platform economy, access economy, and collaborative consumption. The basis of this model is to make money from idle, underused assets e.g., parked cars and spare bedrooms. In this way, physical goods are shared as services. For example, car sharing services like Uber can illustrate this. "Data shows that private vehicles go unused for 95 per cent of their lifetime. Together with the fact that there are fewer requirements to drive for Lyft, Ola and Uber than for a taxi company means greater supply of rides. Prices of shared services are also falling as indicated by Airbnb rates that are between 30 and 60 per cent cheaper than hotel rates around the world (Yaraghi et al., 2017)."

The sharing economy is a constantly evolving model that – according to expertise - will inevitably become a major part of the global economy. "The sharing economy is estimated to grow from \$14 billion in 2014 to \$335 billion by 2025. This estimate is based on the rapid growth of Uber and Airbnb as indicative (Yaraghi et al., 2017)." The PwC report from 2014 disaggregates this growth across sectors. The predicted growth rate from the shared economy is significantly higher in sectors such as crowdfunding, online staffing, P2P accommodation, car sharing, music, and video streaming. The growth projections are, on the other hand, lower in traditional sectors such as equipment, cars, and DVD rentals (PricewaterhouseCoopers, 2015).

The apparel industry is no different. In the next five year, the revenue of the rental apparel market worldwide was predicted to increase steadily. The revenue of the rental apparel market worldwide was forecasted to increase to approximately seven and a half billion U.S. dollars by 2026.

Figure 1. Predicted growth of the rental apparel market.



Source: Smith, 2022 (Statista)

Clothing rental models

Due to consumers becoming more and more conscious, both financially and from an environmental sustainability perspective, there is a growing demand for sustainable business models. Sharing economy operates well in several sectors but could this alternative model work in the field of fashion, too? If yes, how?

In the fashion industry, the sharing economy means activities like swapping, renting and resale. With these methods, the life cycle of clothes can be expanded by accessing already existing products instead of purchasing new ones. This model can solve the problem of consumerism: generally, we accumulate twice as many clothing as our grandmothers used to. Clothing production has approximately doubled in the last 15 years, while the average number of times a garment is worn has decreased by 36%. On the other hand, extending the life of garments by 9 extra months of active use would reduce carbon, water, and waste footprints by around 20-30% each (Palanta, 2022).

Expanding the use of a product is great, however, sustainable clothing needs to fulfil other criteria, too. Organic or circular materials, fair wages, healthy working conditions are important factors, too. Nowadays, more and more brands play a part in the sharing economy. Their vision is clear: providing an alternative to destructive fast fashion. However, some rentals' product palette still does not comply with the above criteria and consists of unsustainable assortment, built in a sustainable economic model. Moreover, at the present time, fashion companies cannot be 100% sustainable. Local air pollutants and greenhouse gas emissions from last mile deliveries, by-products of cleaning process are those issues that are needed to be solved, even by the most sustainable rental companies.

The below table aims to compare fashion rentals of different profile. There is no doubt that measured by the given criteria, company Palanta is the most sustainable. (Palanta is further elaborated in 3.1.) Nuuly is intent on becoming more sustainable by providing more and more upcycled options. Rent the Runway (hereinafter RTR) has sustainable ambitions, too, but not to a satisfactory extent.

Table 1. Comparison of different fashion rentals

	RENT THE RUNWAY	PALANTA	NUULY
collections	designer clothes for women + children	women's, maternity, and baby	women's (fast fashion items)
location	USA	the Netherlands only	USA
return	4 or 8-day reservation membership: 1 month	after 2 weeks, in case of membership / baby collection: 1 month	after 1 month
price of subscription	\$89, 4 items/month \$135, 8 items/month \$199, 16 items/month	women: €50.00, 3 items/ month baby: €40.00, 5 items/ month	\$88, 6 items/month
possibility for purchase	yes	no	yes
extra services	application	repair, eco events, workshops, education via social media	unrentable garments are upcycled
insurance	\$5 rental coverage fee is included	optional, €8, covers €50/per clothing	included
sustainability	<ul style="list-style-type: none"> • organic/circular materials: no data • fair wages: no data • eco-friendly cleaning: yes 	<ul style="list-style-type: none"> • organic/circular materials: yes • fair wages: yes • eco-friendly cleaning: yes • eco-friendly packaging: yes 	<ul style="list-style-type: none"> • organic/circular materials: some styles • fair wages: no data • eco-friendly cleaning: yes¹⁰

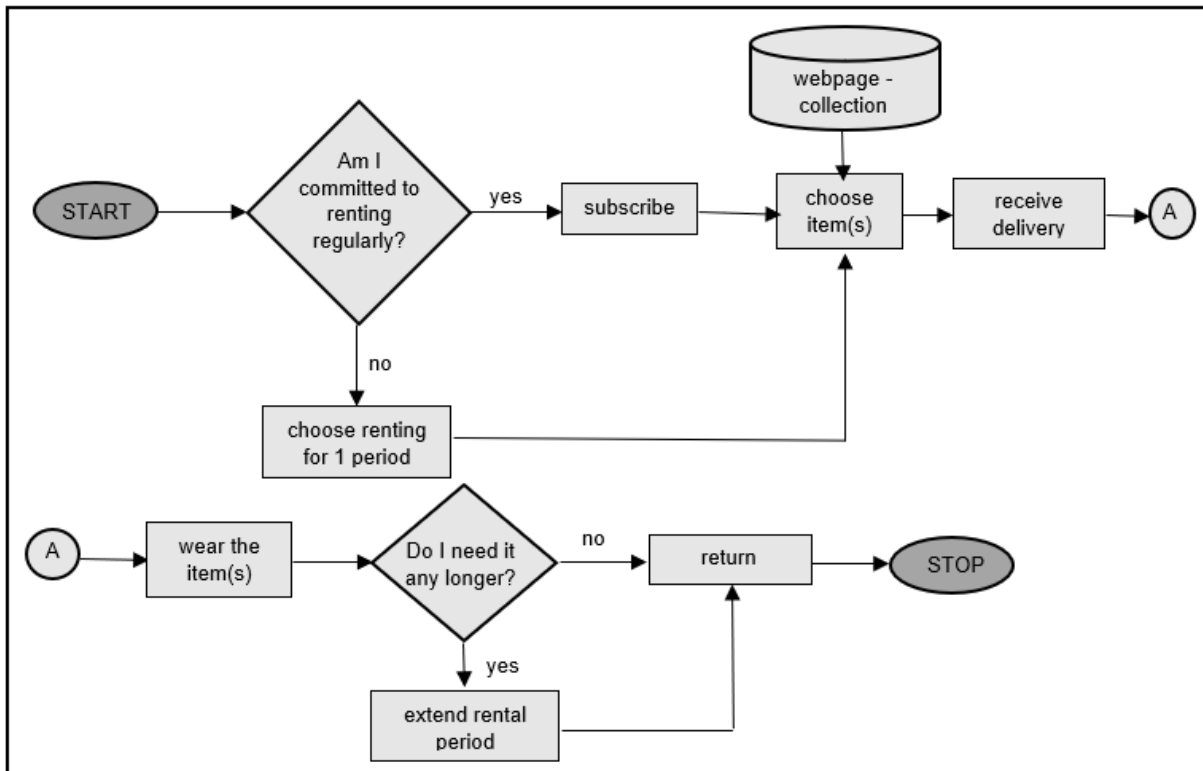
¹⁰ Over 70% is laundered in custom-built water- and energy-efficient wet washing machines + non-alkaline and phosphate-free cleaning solutions (nuuly.com, 2022)

	<ul style="list-style-type: none"> eco-friendly packaging: yes⁸ zero emission delivery: no 	<ul style="list-style-type: none"> zero emission delivery: yes⁹ 	<ul style="list-style-type: none"> eco-friendly packaging: yes¹¹ zero emission delivery: no
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Source: own work based on renttherunway.com, palanta.co, nuuly.com, 2022

The above table shows that there is a huge difference between fashion rental services (hereinafter: FRS-s), yet they function in a very similar way. I created a flowchart to illustrate the renting process from customers' point of view.

Figure 2. Flowchart illustrating a simplistic clothing rental process



Source: own work

Case study: introducing a circular fashion rental and interview with founder Sára Dévényi

Palanta is an online sustainable fashion rental business providing environmentally conscious garment solutions in three categories: women's, maternity, and baby collection. Ethically and sustainably made clothing can be rented via affordable fashion rental subscriptions on Palanta platform. Apart from renting, Palanta provides education through eco-events, workshops, educational talks, and social-media presence: "We educate our conscious community about the ugly truth behind fast fashion and stimulate them to take a step towards green fashion." Palanta feels the urge to revolutionize the fashion industry and solve economic, environmental, social, circularity, ethical brands' and consumerism problems. For instance, apart from providing organic materials and improved working conditions, they extend the lifespan of clothes reducing their carbon, water, and waste footprint. They also help ethical brands connect new market segments to grow faster. CEO of Palanta declared the following in connection with the above strategy in Földgömb Online channel: "A single piece of clothing can be used by ten times more people thanks to Palanta. As a result, brands can take ten times more customer feedbacks to

⁸ RTR customers are asked to return plastic coverings because they are reused in form of wood-alternative building material (renttherunway.com, 2022)

⁹ Carbon-neutral delivery method by DPD (palanta.co, 2022)

¹¹ Rental totes are made from post-consumer plastic. (nuuly.com, 2022)

consideration, which supports a more effective product development. Palanta helps brands with marketing and logistics, too. Instead of applying enormous sales, they are asked to upload their items on our webpage, which might generate a higher revenue (Földgömb Online, 2020, 20.30-21.20. minutes).”

The renting process in Palanta consists of 3 steps, covering full circularity:

1. Rent

Palanta provides a wide selection of carefully selected sustainable women, maternity and baby clothes. The selected items are wrapped in compostable bags. To reduce last-mile delivery problems to a minimum, shipping is maintained via carbon-neutral delivery method by DPD. In fact, 81 per cent of people fall outside of traditional size breaks. (Gwilt, 2020) To avoid problems like this, a fitting appointment can be required in The Hague.

2. Use

The rental period starts when costumers are subscribing for an item and lasts for 2 weeks for women and maternity items and 1 month for baby items, until when customers shall return them. Keeping them longer by being deducted a new subscription fee is also possible.

3. Return

At the end of the rental period, the subscribed clothes should be put in the provided packaging and returned to Palanta. The company does a quality check and properly clean the clothes before lending them to further subscribers. Important to note, that as opposed to some rentals like RTR, Palanta operates exclusively as a rental and does not offer purchasing the garments, in order to ensure complete circularity.

Figure 3. How Palanta works.



Source: Palanta, 2021

Sustainable, circular brands often have to operate on a relatively small budget and get stuck in the introduction stage. The aim of Palanta is to collaborate with these brands, expand the rental model with a growing number of ethical solutions, and support circular fashion businesses. Up to +160% of their wholesale revenue can be earned if products are shared instead of discounted or discarded. After each rental, a commission is earned. Moreover, participating in marketing campaigns and eco projects helps to increase brand awareness. (palanta.co, 2022)

Palanta set the below requirements for brands aspiring to join:

- Transparency
- Ethically paid workers
- Organic, upcycled or recycled materials
- Use of pictures for social media presence

I interviewed Sára Dévényi, founder and CEO of Palanta to get primary information about FRS, and to complete statistics and literature. Firstly, she elaborated on their collaborations. Apart from the above criteria, brands with a special motivation or story are warmly welcomed. Cooperation is preceded by Zoom meetings where management is got to know in order to make the best decision when choosing partners.

Secondly, the topic was the market. Ms. Dévényi characterized the Netherlands a quite receptive population, but overall Europe is now in pursuit of entering the FRS business. Thus, Palanta is facing a growing concurrence. Their unique selling proposition is that only sustainable brands can be rented. Palanta endeavours to satisfy Hungarian and Austrian eco-conscious fashionistas too in the near future, however their Hungarian opening is still some way off despite their growing success in the North. The Hungarian and the Dutch fashion industry differ vastly in financial terms. As for market segmentation, their subscribers consist greatly of 25-30-year-old urban women. However, instead of sociodemographic data, interest plays a more important factor when deciding the company's market target. For instance, there is a greater chance for a marketing campaign to succeed if Palanta is advertised among vegans or those interested in yoga.

Finally, we discussed the potential cause of the relative unpopularity of slow fashion compared to fast fashion. Ms Dévényi named the following reasons: desire to possess and misconceptions about prestige and status symbols. Slow fashion is a special subject that works only when costumers break up with the hustle and bustle and slow down. Mindfulness is a requirement to be able to appreciate and value sustainability. Another reason why slow fashion cannot displace fast fashion is inefficient communication and education. Apart from people coming from the so-called sustainable bubble, environmentally conscious models, businesses, and ideas in general still remain somewhat isolated. Hence, further research should be conducted to investigate, what are the most effective tools to convince consumers to switch fast fashion for slow fashion. (Dévényi-Lengyel, 2021)

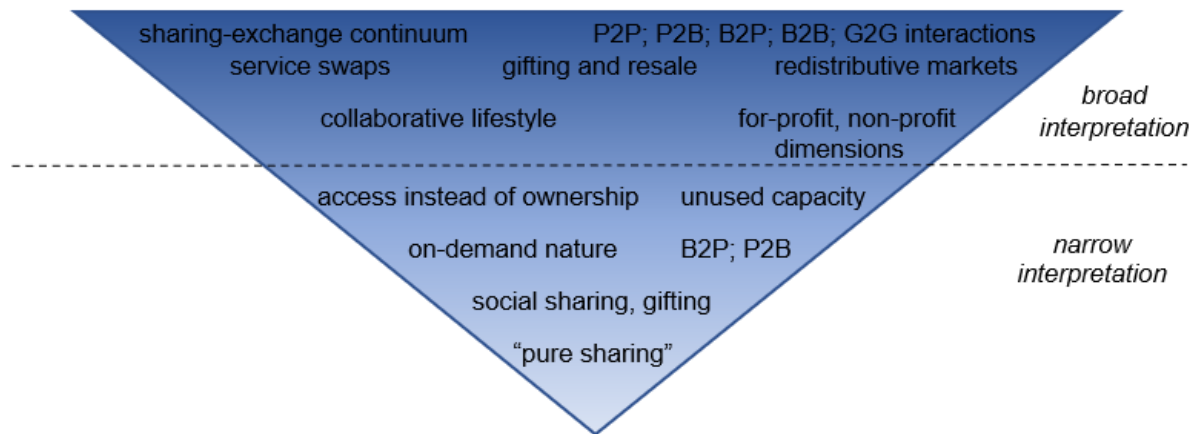
Potential problems

Dilemmas of defining the sharing economy

According to research papers discussing the problems of sharing economy, several legal disputes were caused by the misuse of the term. People misunderstood the concept and started to use it as an umbrella term for platform-based solutions due to positive interpretation of the phenomenon and customers' growing willingness to share.

Belk defines sharing as an activity and process when we offer to share our possessions and/or we are offered someone's possessions, without compensation, giving us the impression of mutual ownership. On the other hand, pseudo-sharing a.k.a. collaborative access is derived in economic interest and is based on the higher-degree utilization of resources (Dudás et al., 2019).

Figure 4. Narrow and broad interpretation of sharing economy



Source: own work based on Habibi et al., 2016

The sharing economy is still a grey area: not even liberal states have established a legal framework to regulate it. Consequently, several sharing platforms have been banned in many countries. In Hungary, e.g., the car-sharing giant, Uber, has been banned: costumers used it as taxi, instead of for the better use of underutilized goods. It was not only the costs of use that were shared but they were engaged in economic activity, endangering the work of taxi drivers. The main task for the legislators in the coming period is therefore to create a legal framework that simplifies participation in the sharing economy compared to the rules governing the economic activity of businesses, but still provides sufficient guarantee to protect the interest of those involved. In the future, participants in the sharing economy will not be purely consumers or businesses, but must be given a well-defined new status (Környei, 2016).

What if fast fashion stores worried about the loss of profit demanded a ban on FRS? Just like taxi drivers did with Uber in Hungary. We cannot let this happen legal regulations are urgent, even if it questions the object of regulation.

However, unlike Airbnb, which links users with a marketplace of third-party controlled commodities, allowing customers to monetise their own underutilized assets, a fashion rental firm must purchase and own all the stock that can be rented out. Fashion rental services also face greater logistical challenges. Uber and Airbnb are software programmes. On the other hand, fashion deals in products that are more difficult to transfer between users and require maintenance— such as laundering and repair — between two uses, which is extra cost. RTR has invested heavily in logistics, to guarantee that clothes returned in the morning can be ready to use that evening. However, P2P rental services that allow consumers to borrow from each other has specific difficulties: attracting enough individuals to the marketplace, providing adequate inventory, especially in terms of hygiene and sizes. (Pike, 2016)

Renting in the fast fashion model

Before elaborating on this idea, let me introduce the term “greenwashing”. TerraChoice defines greenwashing as “the act of misleading consumers regarding the environmental practices of a company or the environmental performance and positive communication about environmental performance”. Companies that pursue greenwashing generally spend more money on advertising than on actual environmental consciousness (TerraChoice, 2010; Lexiq, 2021).

In 2019 the Swedish multinational clothing company H&M announced their intention to enter the rental market. Their rentable collection consists primarily of casual dresses designed for weddings and festive gatherings and has been available only at Stockholm’s central square yet, for those customers who have joined the corporate loyalty program. The renting costs 350 Swedish kronor (11,000 HUF/ \$37) per item. In return, several services are provided within the store, e.g.: tailoring, beauty salon, café etc. to enhance the attractiveness of this business model (Bain, 2019).

Nowadays, more and more fast fashion brands expand their profile and set foot in rental business. Urban Outfitters is one of the best-known companies operating a rental section. The criticism of this system

concerns fast fashion attributes. Sustainable economic model to the second least sustainable industry is rather controversial, just like eco collections launched by companies that are entirely based on Bangladesh poor working conditions and exploitative production. It is all about greenwashing. However, it will be interesting to investigate how different consumption values are affected by the image of an original brand or factors such as price or style as fast-fashion brands enter the FRS market, which is currently monopolized by luxury and designer brand merchandise (Gaek et al., 2021). Moreover, drawing attention to this phenomenon, and educating the population might be beneficial, too, however a holistic approach to this problem is not provided. A study published by a Finnish scientific journal 'Environmental Research Letters' found that renting clothes had higher climate impact than discarding them. Delivery and packaging costs were found to be the most significant environmental costs due to a large amount of transportation, taking the clothes back and forth between the warehouse and the renter. A report by the World Economic Forum 2021 suggested that the industry is responsible for 5% of global emissions. Moreover, dry cleaning also poses a potential threat to the environment (Elan, 2021.) I partly agree with this study: renting clothes – especially fast fashion items – is far from providing a perfect, zero emission, zero waste etc. solution to fast fashion. Although, sustainable rentals like Palanta do revolutionize current practices. Collaborating with EU-based sustainable brands designing clothes from organic or circular materials, using smart packaging and environmentally friendly detergents are aspirations that reduce our ecological footprint. An increasing number of rentals dry clean in a PERC-free solution, but water-efficient, phosphate free cleaning solutions are also widely used. With the advance of technology and the wider use of green modes of transportation, the caused harms can be further eliminated.

Illegal renting A.K.A. “wardrobing”

Consumerism leads to destructive habits. Nowadays, it is often considered awkward to wear the same shirt or jumper more than once on social media. Hence, developed the term “wardrobing” (which is a form of illegal renting”). According to a survey published by Checkpoint Systems, one-fifth of shoppers admittedly buy garments with the intention of returning them after short-term usage, costing UK retailers an estimated £1.5bn. The study indicates that “wardrobing” is a growing phenomenon, especially among 16-24 and 25-34 years old. Clothing is the most “wardrobed” item, followed by electronics and shoes (Whelan, 2019).

Yuan and Shen published a study about illegal renting behaviour. “We find that when the customer valuation is sufficiently low, customers would not purchase anything; when the customer valuation is increasing, customers will change the behaviour from renting the product to illegally rent; when the customer valuation is sufficiently large, customers would purchase the product. Moreover, our analytical results show that customers are not willing to return the products if the cost of product returns is sufficiently high, and also are not willing to rent if the rental fee is too expensive. To decrease the illegal renting behaviour, the firm can increase the cost of product returns. Last but not least, we identify that the retailer, the renter and the entire retail system could perform better when the renter and retailer are integrated into one group (Yuan et al., 2019, p.185).”

Hungary and sharing economy

Sharing economy was born in the United States, therefore, it is still the most popular here, however, it has been introduced to Hungarian consumers, too. In 2019, 40 P2P online platforms existed in 5 different sectors: transportation, space sharing, human resource, finance and commerce. The most popular platforms were Bolt, Airbnb, Drivenow, Blablacar. (Imre, 2021) According to a study published by the European Commission, Hungary belongs to the group of EU countries where income generated from sharing economy compared to national GDP is 0,16%. In point of employment, Hungary performed beneath the average. Sharing economy employed only 0,08% of employee. The state of development is different in the sectors: compared to finance and online facilities, transportation and accommodation service providing platforms are developed and well-known. The document, using European Commission’s official definition of sharing economy, identified 15 platforms in Hungary, 7 of them were of international origin (Imre, 2021).

Currently no apparel related business operates in Hungary that is based on sharing economy, except for Neatly, who adapts sharing economy model in laundry and ironing. Thus, the FRS has many unexploited potentials in this Central European country. But is the Hungarian population ready for a shared wardrobe? The expected result is no due to Hungarian’s price-sensitivity (H1) and apprehension

from used apparel (H2). To investigate my research question and the above hypotheses, let me elaborate on Hungarians' price sensitivity in connection with clothing and their attitude towards used apparel.

As the first part of my primary research, I conducted a survey. The form of my questionnaire was Microsoft Forms. I published the questionnaire on social media, more specifically in Facebook groups. A total of 360 submissions were received. Based on gender distribution among respondents, female respondents were over-represented: 91% were women, which is in line with what Brough discovered: there is a kind of psychological relationship between sustainability and femininity. Men tend to avoid eco-friendly behaviors and lifestyles because they are afraid that they would be judged feminine (Gazzola et al., 2020). 43% of respondents were under the age of 26, i.e., born in Generation Z, and 31% belongs to the next generation (Gen Y). Previous research has shown that the younger generation tends to change their habits to protect the environment, but this behavior is partly the consequence of social pressure and fashion, not an intrinsic urge (Kertész, 2020). Further empirical research has revealed that Generation X is most affected by climate change and their sustainability efforts are largely due to this (Papadopoulou et al., 2021). One third lives in the capital city, 41% lives in towns. 50% of respondents have a high school or university degree, 40% have graduated from secondary school. At its own discretion, the vast majority has good or acceptable financial situation. Important to note, that this is a non-representative sample.

I created a tabulation and used filters to see what proportion of the sample could be a potential target market of FRS.

Filters:

- gender: woman
- age: Gen Z and Gen Y
- place of living: capital city
- financial status: good or exceptionally good
-

Table 2. Tabulation about the potential target market of FRS in my sample.

Would you rent clothes for everyday use?	
yes, frequently	5 people
yes, occasionally	24 people
never	21 people

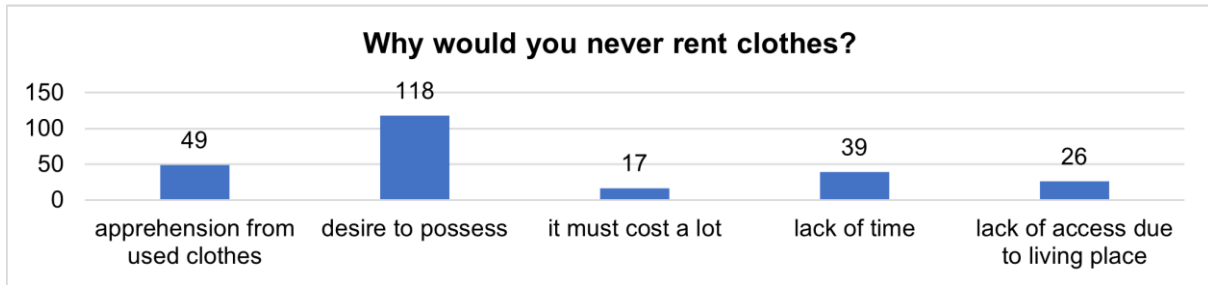
Source: own work

Since nearly every rental is specialized on women, this filter is unequivocal. The above research justifies the age choice. The CEO of Palanta said that their target market consists of urban women, so I decided for Budapest only. Looking at the price tags and subscription fees, good or exceptionally good financial situation is required. This sample is non-representative, so issuing the survey to a wider audience would have given a more appropriate result. But still, only a small proportion is open for the introduction of clothing rentals.

But how can this hostile attitude be explained? I investigated the issue from Hungarians' price-sensitivity (H1) and apprehension from used apparel (H2) point of view.

But before eliminating on these findings, examine general answers. Overall, 23 people would rent on a regular basis, 183 people occasionally and 154 people responded never. This hostile behaviour can be traced back to several reasons:

Figure 5. Respondents reason to not renting clothes.



Source: own work

Respondents interested in renting were inquired about their interests to test CEO of Palanta’s theory about the sustainable bubble. The most popular topic was environmental protection followed by healthy lifestyle and animal welfare. Veganism, yoga, spirituality, and mindfulness were particularly popular topics, too.

According to my sample, the following characteristics and extra services are expected from a sustainable rental business:

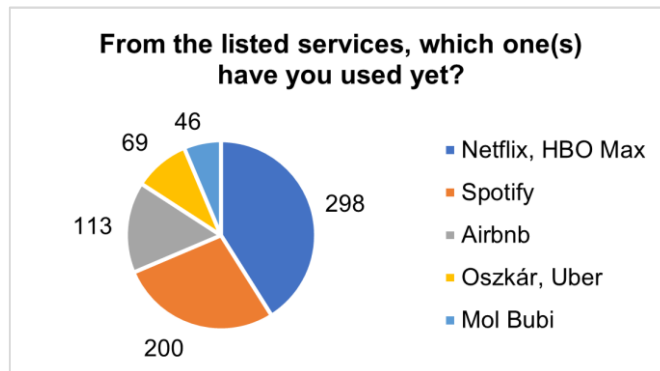
- | | |
|--------------------------------------|-----|
| 1. possibility to try clothes on | 290 |
| 2. eco-friendly cleaning methods | 261 |
| 3. sustainable, ethical brands | 253 |
| 4. insurance | 183 |
| 5. social media presence | 131 |
| 6. style advice | 123 |
| 7. CO ₂ -neutral delivery | 116 |
| 8. educational materials | 68 |
| 9. workshops, events | 57 |

The necessity to try on clothes is huge. It is not surprising if the data about people falling out of traditional size breaks are taken into consideration. However, if a platform-based rental business is concerned, this is hardly feasible. RTR eliminates size problems by sending 2 different sizes of the rented items. At Palanta’s, customers can sign up for a fitting appointment. Which process could work best for Hungarian customers, should be the subject of further research.

The issue of cleaning is discussed in section 5.2.

Respondents were asked about the preferred renting period, too. Nearly every second filler responded that renting for a whole season would be the most ideal for them. Compared to existing FRS strategies, where normal renting is 2 weeks and subscription allows to permanently own an item for 1 month, a season is an irrational period. However, from practical point of view, different items would require different renting periods: maternity clothes, coats should be ideally rented for months, while dresses for an event or vacation or baby clothes for a week or two. Currently, an expansive strategy regulating this problem is inconceivable for me.

Figure 6. Used P2P platforms.



Source: own work

The general popularity of peer-to-peer platform operating services are significant in my sample too. Film and music streaming are by far the most popular services, but other options were selected by many respondents as well. Personally, I hope, that after a couple years, this list will be expanded with FRS options, too. In the next chapters, I am examining, how likely it is in the near future.

Hungarians' price sensitivity in connection with clothing

According to a study representative of the Hungarian population aged 18-79 by gender, age, education, and region, in 2020, consumers have bought mostly clothing products online (39%), 29% of which were ordered from foreign webshops (Reacty Digital, 2021).

Central Statistical Office (=KSH) provides further details about Hungarian clothing habits. The data applies to financial year 2019. Textile, clothing and footwear retail sale amounts 6,1% of total retail sale which is 4,9% more compared to the previous year and nearly 30% more compared to 2015. This growth is represented in the abundance of clothing specialty shops, too: there were on average 23 textile-, clothing-, and footwear shops in a common shopping centre. This is the double of book and IT-stores and approximately five times of food- and grocery stores. Average monthly consumption expenditure of households table shows that in Hungary 4 265 HUF was spent on clothing and footwear per capita (KSH, 2020).

According to Eurostat, in Hungary the clothing and footwear expenditures are low: between 2005-2014 household final consumption expenditures compared to gross domestic product were the lowest in the EU. Portugal, Italy, Estonia spent more than twice on apparel. In 2013 we could overtake Bulgaria and Check-Republic and fall into line with Romania. Stores with the highest income were Decathlon, H&M, Deichmann, C&A, New Yorker, Zara, CCC, Szinga Sport, Hervis, Háda, LPP Hungary, Takko, Orsay, Sportsdirect and Peek&Cloppenburg (in 2017). The current trends were generated by fast fashion: this list confirms that Hungarian costumers prefer fast fashion. Only one of the above stores offer second-hand clothing. The total revenue of the above 15 company grew by 70% within 5 years, and their total profit eight times (Fabók, 2018; Parlament, 2020).

From sustainable clothing point of view the most important factor for Hungarian customers are quality, the second is price and third is design. Several research confirmed that Hungarians are price sensitive. Besides value for money, only 17% are able to take premium quality, Hungarian origin and fair-trade production into account. However, according to a survey specifically related to sustainable fashion, 71% of Hungarians would be willing to pay more for a piece of clothing if they knew it was made under sustainable conditions (Mengyán, 2020).

From fashion rental point of view, my results were not as promising. Half of the respondents would pay less than 5000 Forints (12,5 USD) for the rental of a singular sustainable item. However, this price is way too low compared to international rental business tariffs. 23% could afford 5-10 thousand HUF for the same category, and only 11 people would be willing to pay between 10-30 thousand Forints (25-75 USD). These data are quite surprising if we look at diagram 2. Only a small fraction of people conceives that renting costs too much. Certainly, price is a subjective topic. Renting a sustainable piece of clothing might cost more than buying a fast fashion item. Purchasing sustainable clothes can cost approximately 10 times more than fast fashion clothes. (Földgömb Online, 2020) However, these costs can be reduced by renting. We can try out costly pieces without buying them, and also stop worrying about its environmental impacts because renting stimulates circularity. Regardless of the debate surrounding wrong or correct definition of sharing economy and economic interest, the popularity of services like Airbnb and Uber are originated mostly in the possibility of saving money.

Table 3. Frequent fast fashion and designer consumers' spending willingness who require a constantly changing wardrobe

rental period	
1 season	18 people
under \$12,5	11
\$12,5 - \$25	7
1 month	6 people
under \$12,5	5
\$12,5 - \$25	1
2 weeks	10 people
under \$12,5	3
\$12,5 - \$25	5
\$50 - \$75	2
1 week	6 people
under \$12,5	5
\$12,5 - \$25	1
Total	40 people

Source: own work

Clothing rentals, on the other hand, provide a cheaper alternative only for those who spend enormous amounts of money, e.g., those who prefer designer brands or sustainable brands. Unfortunately, these people belong to the minority among my respondents: nearly 80% shops in fast fashion stores. To reduce the impact of fashion to a minimum, fast fashion addicts should switch to renting. Frequent fast fashion shoppers (who buy a piece every month or more often) who require a constantly changing wardrobe (4 or 5 on a scale of 1 to 5) can be another ideal target market of FRS. How much would these respondents pay? It is illustrated by the tabulation on the right hand side.

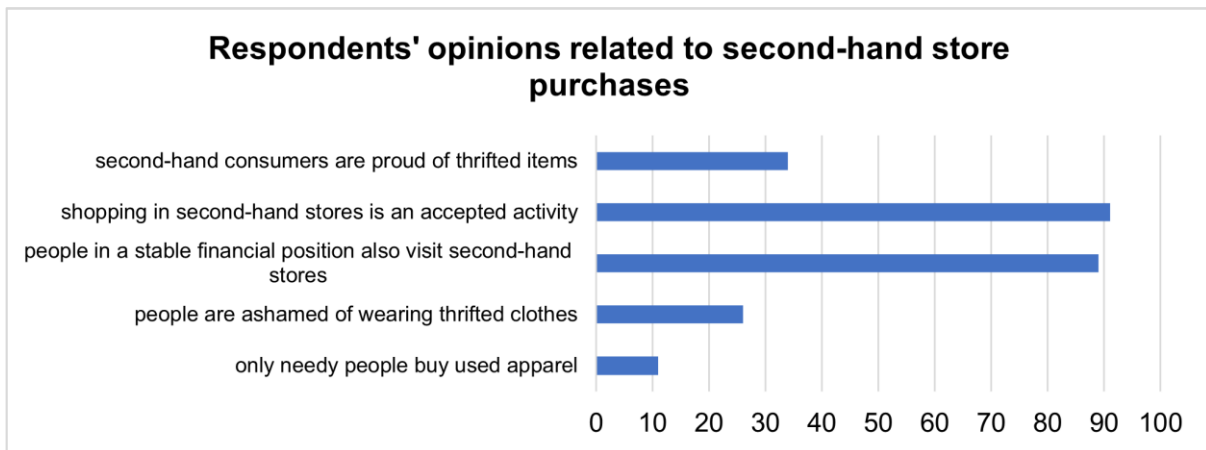
Hungarians' attitude toward second-hand clothes

The value of the second-hand clothes imported to Hungary is 74,2 million USD. With this amount, our country is the fifth biggest importer (Tóth, 2020).

In the last few decades, the retail of second-hand apparels is increasing. Besides international trends, the demand for used apparel is growing among middle income consumers and younger generations, too. The majority of the market consists of women. It is important to emphasize that there is no connection between other socio-demographic characteristics of customers (income, level of education, age) and customer behaviour relationship, i.e., buyers with quite different social and income statuses appear among customers of second-hand clothing stores, too. Before the regime change, used apparel was considered the symbol of poverty, consequently the populace was averse to it. Nowadays, the prejudice occurs rarely. The shopping of used apparel can be motivated by social, environmental, ethical aspects so sustainability is a growing incentive. However, the most common motivation is sparing and the demand for unique clothes (Várnai, 2018).

An unrepresentative survey introduces customer opinion about second-hand clothing.

Figure7. Opinion about used apparel



Source: own work based on Várnai, 2018

In Hungary, the territorial distribution of second-hand clothing chains shows significant regional differences. Háda's market coverage is the most significant, however most of its stores are located in the country. Háda adjusts its sales strategy to the size of the settlement. Cream and Humana are also getting more attention, yet they can be found mostly in the capital and are built on piece price and falling price strategies. In the next few years, the spread of vintage stores is expected (Várnai, 2018).

To further investigate these finding, I examined my sample too. The results are supporting Várnai's research. 36% buys used apparel on a regular basis, 71% of whom would rent clothes occasionally or regularly. Projected to all respondents, the willingness is lower: 57%. Consequently, people purchasing second-hand clothes are more open to renting solutions than those who obtain their clothing from somewhere else.

On the other hand, I received several feedbacks regarding cleanness of rented apparel. Many respondents expressed their worry about hygiene and the quick deterioration of items. In case of shoes, it is even unhealthy to rent due to several orthopaedic and ergonomic factors, e.g., dilatation.

The results are similar if we take respondents into account who have already tried traditional clothing rentals. 38% has already rented clothes (conceivably for formal gatherings and occasions). The satisfaction rate on a scale of 1 to 5 in connection with the service was 4.38 on average. 65% of them would continue renting occasionally or on a regular basis. This proportion is higher than the percentage of possible renters from the whole sample.

The correlation between willingness to rent clothes and the status whether respondents have already rented apparel or not was further examined with Chi-square test.

Null Hypothesis: There is no significant association between respondents' willingness to rent and their status whether they have tried renting.

Alternative Hypothesis: There is a significant association between respondents' willingness to rent and their status whether they have tried renting.

Table 4. Chi-square test

	Willingness to rent clothes			Total
	frequently	occasionally	never	
Respondents who have already rented				
Observed values	81	8	48	137
Expected values	69,64	8,75	58,61	137,00
Respondents who have not rented yet				
Observed values	102	15	106	223
Expected values	113,36	14,25	58,61	223,00
Total				
Observed values	183	23	154	360
Expected values	183,00	23,00	154,00	360,00

Source: own work

If these values are entered into the Pearson Chi-square statistics, the value obtained is 3,876E-10. In conclusion, evidence from the sample shows that there is a significant association between respondents' willingness to rent clothes and their status whether they have tried renting previously.

Possible solutions

The above results show that the Hungarians' attitude towards clothing rentals could have been more positive. This situation can be most effectively remedied via social media. Fashion trends are mostly led by influencers, and they also impact customer purchase decision. Therefore, influencer marketing should be considered as one of the methods to increase environment consciousness and popularize renting. It is shown that social media influencers have a positive impact on spreading awareness for ethical fashion. According to statistics (We are social, 2021), the number of citizens on social media has increased by more than 400 million over the past 12 months to reach 4.55 billion in October 2021 and the number of users is further increasing. Since a large number of consumers are present in the virtual space, it becomes quite efficient to reach and influence them for sustainable fashion (Khurana et al., 2021).

The affection of influencer marketing on my sample is, however, relatively low. On a scale of 1 to 5, respondents' clothing decisions are influenced by influencers on average 2.17. The variance is 1,17.

95% of the fillers are open to environmental topics on social media, yet 44% meets such posts seldom. It would be interesting to see the level of activity and engagement that the remaining 51% who admittedly follows eco accounts show. To which percent are they truly influenced by these posts?

Furthermore, I interviewed a YouTuber, Instagram celebrity, Fónagy Kitti Márta. She was asked about influencers' responsibility, collaborations with sustainable brand, and the most effective means of online persuasion in connection with fashion. The interviewed content creator represents the younger generation who lives mostly in the capital city or Székesfehérvár. Her target group consists of 18-25 years-olds. 66% of her followers are women.

Mrs Fónagy said that the current influencer world is based on overconsumption. Hauls are held regularly, and items are rarely worn in photos more than once, contributing to excessive consumption of fashion. Influencers can promote green clothing to the tune of a photo or a vlog, but influencer marketing functions best if it is based on real example set. The most effective means of online persuasion is therefore to provide a good example via social media. If users meet photos, stories and videos where eco-friendly activities and products are promoted, it has an increased chance that they will embrace (consciously or subconsciously) such activities and products in their personal lives, too. Mrs Fónagy was interviewed about green collaborations as well. She has experience in such field: she has collaborated with a jewellery store that plants a tree after every purchase or businesses that offer biodegradable phone cases. Up to this day, these collaborations have not been structured. Brands take only the influencers' fame into consideration: they decide on collaborators based on engagement rate

and number of followers. How authentic and genuine an influencer really is, still not a criterion. (Fónagy-Lengyel, 2022)

Conclusion

Sharing economy is a growing business in all fields. The clothing industry is no exception: the profit derived from renting is expected to almost double in the next 4-5 years. As a result, FRS are springing up like mushrooms. They are growing and expanding abroad, but I have become aware of clothing rentals pursuing to enter the Hungarian market, too. But does this model have a *raison d'être* in Central Europe? I examined the issue from two perspectives: Hungarians' price sensitivity and apprehension from used apparel.

This nation spends very little on fashion, even in comparison with other EU members. The highest proportion purchases fast fashion items, so costly subscription fees of sustainable items might frighten off many. Most respondents would not be willing to pay more than 5 000 Forints (12,5 USD) for the rental of an item. The popularity of other platform-based services like Uber and Airbnb lies in the inexpensiveness, so rentals should (re)consider their fees if they aim to reach a broader audience. The stigma around second-hand clothes faded which appears in my sample, too, however, proper hygiene is one sticking point for respondents. Moreover, the desire to possess is a bigger deterrent than I thought. Summarizing my hypotheses, scientific research and my questionnaire proves H1, but H2 is not proved fully.

Apart from the above findings, other problematic issues have arisen in this topic, e.g., the lack of legal regulations and misinterpretation of sharing economy, wardrobing, but the sustainability of some rentals is also questionable. Consequently, there is still a lot of work to be done in this area. One of the most effective tools to boost attitude toward clothing rentals is influencer marketing, however this segment has been settled on overconsumption, which would be difficult to alter, moreover, the unstructured collaboration system is another important deficiency.

Although, there are some areas for improvement, and under these circumstances this model might not be suitable for everyone, it is not a negligible factor that rentals provide a relatively sustainable alternative for fashion. Enthusiastic individuals (conceivably coming from the sustainable bubble), dedicated to protecting the environment from the heavy burden of dressing can turn to this option as well. Compared to the retail price of sustainable, ethical fashion items, renting is rather inexpensive. Organising swaps or e.g., buying second-hand items are also better than accumulating fast fashion pieces, yet one of the advantages of the rental model is that with proper strategy and ambitions, it can be easily structured to support sustainability.

Further research should be conducted to investigate how sustainable the clothing rental model truly is, and how would the global supply chain be transformed if this model could displace traditional fast fashion orientation.

This paper is of use for FRS start-ups aiming to gain a foothold in Hungary by providing eco-conscious garment solutions.

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