

Extended Abstract

6th PLATE 2025 Conference

Aalborg, Denmark, 2-4 July 2025



Circular Fashion Success: Cross-Country Insights on Adoption of Circular Business Model Offerings

Katherine A. Whalen

RISE Research Institutes of Sweden, Business Design, Stockholm, Sweden

Keywords: circular business model; circular fashion; product-service system; fashion rental; case study.

Extended Abstract

New business models are increasingly recognized as vital for steering production and consumption towards sustainability (Dentchev et al., 2018). Business models that contribute to the realization of a circular economy offer a promising approach to this by emphasizing the reduction, reuse, and recovery of materials (Kirchherr et al., 2017). Indeed, studies indicate a correlation between the adoption of circular practices and reduced CO₂ emissions (Linder et al., 2020). Consequently, a growing body of scientific research on circular business models has emerged, aimed at understanding how to design and implement such models. Circular business models have high potential in industries like textiles and apparel, which account for significant environmental impacts due to resource-intensive production and consumption (Tukker et al., 2016). However, widespread adoption of circular business models has yet to take off (OECD, 2019), prompting research into drivers and barriers to their implementation.

Several studies have addressed challenges related to the adoption of circular business model offerings, and case studies on their implementation have been investigated (Rosa et al., 2019; Salvador et al., 2020). Still, knowledge gaps remain. First, current empirical research on circular business models often underlooks ‘failures’, instead describing success stories (Diaz Lopez et al., 2019; Palmié et al., 2021). This bias highlights a gap and an opportunity to learn more about the adoption of circular business model offerings in critical sectors. Second, there is a need for additional case studies to enhance knowledge of consumer perceptions and behaviors toward circular offers (Bodenheimer et al., 2022; Salvador et al., 2020). Most case studies

emphasize the company’s perspective while neglecting the consumer’s. In fact, the customer perspective has been largely ignored in existing research on the design of circular business models (Salvador et al., 2020).

Moreover, current empirical research highlights the importance of studying barriers to circular business model implementation according to specific archetypes, rather than merging various circular business model types together in analyses (Vermunt et al., 2019). However, studies that do so are limited, especially those comparing specific circular business model archetypes within the same sector (Kanda et al., 2024). Thus, more research is needed to explore specific archetypes and the unique challenges associated with their implementation. Finally, cross-country comparisons of circular business models are limited (Bodenheimer et al., 2022; Kanda et al., 2024; Vermunt et al., 2019). There is an opportunity for further cross-country research on these models across different geographical locations and contexts (Reim et al., 2021).

Current research documents that similar types of circular business models appear across different geographic locations. In the textiles and apparel industry, companies like WOW Closet (Sweden), LENA Library (Netherlands), Ours (Spain), and Rent the Runway (USA) have embraced a similar circular business strategy: offering clothes for lease rather than purchase. Despite sharing this approach, their rates of success and adoption vary significantly, with two of them enduring for nearly a decade while the other two have ceased operations. These differences highlight the central question of this research: Why do similar circular business models succeed while others do not?

To address this question, this research adopts a multidisciplinary approach, integrating business models and consumer research perspectives. It focuses on case studies of both successful and unsuccessful companies across diverse geographic contexts. This analysis aims to 1) identify criteria for case study collection, including a definition of 'success' and 2) present a conceptual framework for analysing the case studies. This is done by a review of academic literature focused on the intersection of circular business models, circular fashion, and related research streams such as consumer research and innovation studies. Moreover, existing conceptual framework(s) for analysing the adoption of circular business offerings are reviewed.

Ultimately, this research aims to advance circular business model knowledge by furthering understanding of how these models can be effectively designed and implemented. By contributing empirical research on circular business model 'failures,' this research works to address the potential bias of success stories in the literature. Moreover, examining drivers and barriers of a specific circular business model archetype from the perspectives of both companies and customer offers a more comprehensive understanding of the factors influencing circular business model adoption.

Acknowledgments

This research was funded by Formas – a Swedish Research Council for Sustainable Development, grant number 2024-00616.

References

- Bodenheimer, M., Schuler, J., & Wilkening, T. (2022). Drivers and barriers to fashion rental for everyday garments: An empirical analysis of a former fashion-rental company. *Sustainability: Science, Practice and Policy*, 18(1), 344–356. <https://doi.org/10.1080/15487733.2022.2065774>
- Dentchev, N., Rauter, R., Jóhannsdóttir, L., Snihur, Y., Rosano, M., Baumgartner, R., Nyberg, T., Tang, X., van Hoof, B., & Jonker, J. (2018). Embracing the variety of sustainable business models: A prolific field of research and a future research agenda. *Journal of Cleaner Production*, 194, 695–703. <https://doi.org/10.1016/j.jclepro.2018.05.156>
- Díaz Lopez, F. J., Bastein, T., & Tukker, A. (2019). Business Model Innovation for Resource-efficiency, Circularity and Cleaner Production: What 143 Cases Tell Us. *Resource Efficiency: Concepts, Challenges, Scenarios and Policy Options*, 155, 20–35. <https://doi.org/10.1016/j.ecolecon.2018.03.009>
- Kanda, W., Klostén, M., Bienkowska, D., Henry, M., & Hjelm, O. (2024). Challenges of circular new ventures: An empirical analysis of 70 cases. *Journal of Cleaner Production*, 442, 141103. <https://doi.org/10.1016/j.jclepro.2024.141103>
- Kirchherr, J., Reike, D., & Hekkert, M. (2017). Conceptualizing the circular economy: An analysis of 114 definitions. *Resources, Conservation and Recycling*, 127, 221–232. <https://doi.org/10.1016/j.resconrec.2017.09.005>
- Linder, M., Boyer, R. H. W., Dahllöf, L., Vanacore, E., & Hunka, A. (2020). Product-level inherent circularity and its relationship to environmental impact. *Journal of Cleaner Production*, 260, 121096. <https://doi.org/10.1016/j.jclepro.2020.121096>
- OECD. (2019). *Business Models for the Circular Economy*. <https://doi.org/10.1787/g2g9dd62-en>
- Palmié, M., Boehm, J., Lekkas, C.-K., Parida, V., Wincent, J., & Gassmann, O. (2021). Circular business model implementation: Design choices, orchestration strategies, and transition pathways for resource-sharing solutions. *Journal of Cleaner Production*, 280, 124399. <https://doi.org/10.1016/j.jclepro.2020.124399>
- Reim, W., Sjödin, D., & Parida, V. (2021). Circular business model implementation: A capability development case study from the manufacturing industry. *Business Strategy and the Environment*, 30(6), 2745–2757. <https://doi.org/10.1002/bse.2891>
- Rosa, P., Sassanelli, C., & Terzi, S. (2019). Towards Circular Business Models: A systematic literature review on classification frameworks and archetypes. *Journal of Cleaner Production*, 236. Scopus. <https://doi.org/10.1016/j.jclepro.2019.117696>
- Salvador, R., Barros, M. V., Luz, L. M. da, Piekarski, C. M., & de Francisco, A. C. (2020). Circular business models: Current aspects that influence implementation and unaddressed subjects. *Journal of Cleaner Production*, 250, 119555.

<https://doi.org/10.1016/j.jclepro.2019.119555>

Tukker, A., Bulavskaya, T., Giljum, S., de Koning, A., Lutter, S., Simas, M., Stadler, K., & Wood, R. (2016). Environmental and resource footprints in a global context: Europe's structural deficit in resource endowments. *Global Environmental Change*, 40, 171–181.

<https://doi.org/10.1016/j.gloenvcha.2016.07.002>

Vermunt, D. A., Negro, S. O., Verweij, P. A., Kuppens, D. V., & Hekkert, M. P. (2019). Exploring barriers to implementing different circular business models. *Journal of Cleaner Production*, 222, 891–902.

<https://doi.org/10.1016/j.jclepro.2019.03.052>