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Speaker 1

85% of Vestiaire Collective users say that using our platform enables them to gradually distance themselves from fast fashion and shop less but better.

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Speaker 2

BNP Paribas Personal Finance invites you to discover *On The Way*, the podcast exploring paths to responsible consumption. Entrepreneurs, people from the world of business and researchers: *On The Way* gives a voice to those who, day after day, are helping to develop more sustainable consumption. Welcome, and I hope you enjoy listening!

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Speaker 1

Hello *On The Way*, I'm Hortense Pruvost, Impact Manager at Vestiaire Collective for just over two years now.

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Speaker 1

I've always thought about what I could do with my career that would have meaning and make me want to get out of bed every morning. I started by taking medical school exams that I didn't pass and so I went to study sociology in England. Then I came back to study political science in Paris. That's when I took my first classes on the environment.

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Speaker 1

Before, I was more into the social and sociological side. That's when I came across Ashoka. We did an assignment, a collective student project for Ashoka for a year. I met plenty of social entrepreneurs working with the social and solidarity economy. It really inspired me and gave me plenty of ideas - it was really fantastic. But after that, I still also wanted to see how the economy and the large corporations that we all know approach these challenges.

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Speaker 1

CSR departments were just starting to emerge and I went to Synergences, a sustainable development and CSR strategy consultancy, which then joined Deloitte. So I was in the Deloitte Sustainable Development division as a non-specialist at the outset, doing CSR strategy for many large groups, lots of agri-food, finance, etc. And then, at a certain point, my colleague and friend Clémence and I wanted to set up a division in sustainable fashion because this was what was missing among our clients.

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Speaker 1

And we thought that this industry wasn't taking enough action and only just starting to become aware, which seemed strange to us when the agri-food sectors were much further ahead for example. So that was it, we went on a mission to meet lots of people in sustainable fashion in Paris. And then, one or two years later, I crossed paths with Dounia Wone, who is

the Chief Impact Office at Vestiaire Collective who had just joined the firm and was looking for a right-hand person to build her strategy and put together the team.

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Vestiaire Collective was founded in 2009, so you have to imagine that in 2009, second-hand goods were not at all what they are now. It wasn't fashionable, especially in the world of fashion. It was something that people didn't talk about; it was considered "cheap" and buying second-hand just wasn't done. At the time, there were only non-specialists in second-hand goods, such as eBay and Leboncoin. So the six co-founders, two of whom are still with us.

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Speaker 1

And are the co-directors: Sophie Hersant and Fanny Moizant, who had the intuition and who came especially for the aspect of fashion and luxury, modelling and fashion shows, who were very aware of the overwhelming waste of really magnificent items that were sometimes used for just a handful of seconds and then shut up in wardrobes.

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Speaker 1

So the idea, the intuition, was already very impactful. It was to circulate and give a second and third life to clothes. And then, there was also the intuition, to take the opposite approach to very general marketplaces like Leboncoin and eBay and create a real fashion brand with a fashion DNA, with a clear editorial line, to generate trust in this market.

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Speaker 1

Because when you buy items for €1,000 online, or even €10,000 online because we also sell Hermès bags, etc. obviously the trust factor is very important. So to do so, they even invented a business from scratch: authentication, which is a little bit based on the role of experts who you find in auction houses. People who know by heart such and such designer in such and such year for such and such bag, when there was such and such stitching, such and such lettering and such and such a fastening.

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Speaker 1

It's really an exhilarating world. If you have the opportunity to come to Tourcoing to visit the authentication centre one day, it's absolutely wonderful. So there you go. And originally, it was called "Vestiaire de Copines" meaning "Girlfriends' Wardrobe" because there was a very important community aspect that's still very important. But with the expansion abroad, the name changed to Vestiaire Collective.

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Speaker 1

So today, in 2022, Vestiaire Collective is present in more than eighty countries.

We have nearly 1,000 employees. When I arrived, nearly two years ago, there were only 300 of us. So it's really partly a recent expansion. We're present on three continents: Europe, Asia

and the Americas in the broad sense. To give an idea of the scale, we have a little over 5 million items, a little over 125,000 new items posted on line every day and a community of over 20 million users (buyers, sellers or both).

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Speaker 1

The Vestiaire Collective community is mainly women, but not only. And also, the number of male users is growing a lot too. Our recent brand campaign introduces five characters. I don't know if you've seen the poster campaigns in the metro. Our five main Vestiaire user profiles are represented as puppets. We have Lady Green, of course, who is looking for more responsible consumption, who is typically both a buyer and seller and is really fully committed to the circular economy.

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Speaker 1

We have Rich, who is more a seller, so who does this almost as a hobby, but also as a way to supplement his income. We have Hunter, who are vintage professionals. Those who know by heart which designer in such and such year made such and such bag which is no longer made, and so they are really looking for unique items. We have Miss Classique, who are typically users looking for timeless classics that never go out of fashion - beautiful items.

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Speaker 1

The Burberry trench coat, the Céline leather bag. And then Drops, of course, because there's a whole section of our users who are there for the accessibility. Because in second-hand goods, there's a drop in value that naturally applies to all the products, which enables you to find good deals and very beautiful items at slashed prices.

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Speaker 1

The Vestiaire Collective brand has four pillars. Fashion, which we've talked about a bit, of course, a desire to have a curated selection. And we have a team called curation which makes this selection at the entrance to the catalogue. Then we have real brand campaigns. Vestiaire Collective is not a platform, a white label, it's a brand with an identity, editorial choices and its own voice.

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Speaker 1

And we have a trust pillar that we've also talked about a bit. It takes shape, comes to life of course, in this authentication know-how that is not only, as you could imagine, in jewellery or rare items but even for a Balenciaga trainer. There's counterfeiting, so you have to know how to authenticate.

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Speaker 1

So, in terms of ready-to-wear, sport, all the items, above a certain sum - €1,000 as it happens - there are true risks of counterfeiting. The user can choose to have their item authenticated. Only we don't require it below €1,000 because we consider the risk to be minimal.

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Speaker 1

A community pillar that we've also talked about a bit, which is very important. Making this functional economy, this sharing economy, come to life, and really have the impression that I'm going to buy a jumper from Dominique and she can even tell me the item's story when she sells it to me. So enabling buyers and sellers to interact with each other to create this community aspect, a community committed to a change in consumption.

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Speaker 1

And the last pillar, of course, is the impact. It applies both to the brand's DNA and the observation we've already mentioned of clothes waste, as well as in the impact strategy we're putting in place. The impact is part of Vestiaire Collective's DNA and at the same time, a little more than two years ago, when second-hand marketplaces were becoming widespread.

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Speaker 1

Once again, Fanny and Sophie had the intuition that it was no longer enough to be a 100% circular company. That a quote unquote proactive impact strategy was also needed. Therefore, we developed a strategy around four pillars, once again. The first pillar, exemplarity, which very quickly took shape through B-corp certification which is the most demanding CSR certification and really affects everyone in the company from governance to the environment.

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Speaker 1

So, the exemplarity pillar, which is very internal and focused on internal policies and employees, to awaken the activism in them. The second pillar on the impact measurement and improvement of our environmental and social footprint, in particular the climate strategy. The third pillar is around community.

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Speaker 1

How we bring this topic to life in the user journey as well, how we reward and encourage these users who have chosen the circular economy and we encourage them to go even further in the circular economy. And in the last pillar of the ecosystem, we're astride two ecosystems: fashion and tech. In fashion, we really carry the voice of second-hand goods, the environmental benefits of second-hand goods. And in tech, more the voice of the position of women because as a company whose idea began with two female co-founders, we have legitimacy and it's a very important topic.

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Speaker 1

In comparison to a traditional company, Vestiaire Collective, and actually like all 100% circular companies, such as Back Market, which you have also spoken to, we work on two aspects of impact measurement. The traditional aspect, like all companies, which is the measurement of our direct or indirect impact, and an additional aspect on a category we call avoided impacts.

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Speaker 1

So, to find and rationalise these environmental benefits of second-hand goods. We work with relatively standard methods to measure the environmental impact. Life cycle analyses where we work on the comparison between two scenarios: the scenario of buying new in shops versus the scenario of buying second-hand on Vestiaire Collective.

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Speaker 1

The life cycle analysis enables you to look at all the categories of environmental impact, so not just carbon but water, biodiversity, etc. And that enables you to look at the whole life cycle of clothes, from producing the raw material to the environmental costs, end-of-life cycle and textile waste management. Therefore, with these life cycle analyses that we have done on our main clothing categories, we've realised that on average, the environmental benefit of buying on Vestiaire is tenfold.

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Speaker 1

Or, to put it another way, it costs ten times less to the environment, so the environmental cost is 90% lower when buying an item from Vestiaire Collective than when buying new. So it's just huge. We have several ways of explaining this high rate. Of course, extending the life cycle of the clothing item quote unquote offsets the quote unquote production impact over several years of life.

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Speaker 1

We have a figure that has been proven, which says that when we extend a clothing item's life by just two years, it reduces its carbon/water impact by up to 70%. Therefore, it's really the principle of amortisation over a longer period. Because the environmental production cost of a clothing item is really huge. It's really an intensive industry. If we focus on carbon, which is our most material impact, because of course, there's a lot of transportation.

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Speaker 1

We're really a logistics platform, so we send products all over the world and once again we work on two aspects. On reducing our carbon intensity. Therefore, naturally, we will for example ensure that the algorithm always prioritises local products. We replace air with road transport as much as we can on all the routes where it's possible.

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Speaker 1

And then we have this avoided emissions scope. Based on the European Commission data on the impact of clothing production, its carbon climate impact, we know that despite the fact that there are still products on Vestiaire that are transported by plane, we generate half the emissions that we avoid. And a very important point: consumer studies.

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Speaker 1

Because all of this is only true if we ensure that second-hand purchases really replace and substitute new purchases because obviously, if they come on top, there's no point, because there's a benefit in buying second-hand, but we can't talk about avoided impacts. So we ask our customers to find out. "Think about your last purchase."

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Speaker 1

"Would you say that it has enabled you to avoid buying new for a certain amount of time?" "Was it even one for one?" "Aren't you sure?" "Perhaps?" And from that, we got a figure that was a quite a pleasant surprise because it's higher than the figures we got from third-party studies, and it was 70%.

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Speaker 1

So 70% of purchases on Vestiaire Collective directly replace first-hand purchases. And we think that it's really linked to our model and our choice of being high-end and also the communication and marketing that we have adopted, which is really to encourage users to invest. In fact, the fact that it's second-hand enables people to access higher quality products.

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Speaker 1

That's something that we call the "upscale effect" at Vestiaire, which is that if I've got a budget, if I have a budget of €50 a month or €100 a month or €200 a month for first-hand fashion, I'll perhaps be able to buy Zara, while in second-hand, I can perhaps move into Isabel Marant or Céline, etc. And that really enables people to find higher quality items which last longer.

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Speaker 1

And once again, linked to our consumer studies that we do with BCG in particular, we have another figure for this "upscale effect" which is 85%. So 85% of Vestiaire Collective users say that using our platform enables them to gradually distance themselves from fast fashion and shop less but better, therefore to invest.

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Speaker 1

The second-hand market is growing more quickly than the new market, and faster than fast fashion. So these are encouraging stats. But despite everything, looking at it head on, this is still peanuts when we look at the overall purchase volumes. It's difficult to find the figures depending on whether it's in terms of volume or absolute, but let's say around 4% of sales or in certain studies, for example, 50% of French people bought a second-hand item this year.

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Speaker 1

Well, that's cool, but it's not actually enough, when you look at the climate and environmental urgency we're facing, we really want this market to take off much faster and we really want to help people move into second-hand, both in terms of buying and selling. Getting their items to circulate, and for this, we take action on different levels.

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Speaker 1

We have a lobbying part because we think that public authorities can play a very important role, for example with tax incentives. We often talk about green VAT. It's true that there's no real reason to re-tax second-hand products that have already been taxed when sold first-hand. That would enable us to reduce our commission and continue with this momentum of making durable items accessible.

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Speaker 1

Also, these tax incentives have really shown, as demonstrated with the automotive industry, for example, that this works. The automotive industry is nearly balanced between second-hand and new buying. But that's because it's received huge amounts of subsidies and grants from the public authorities. So the public authorities have a role to play. Then, naturally, I think, there's communication and marketing.

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Speaker 1

For example, we really like Back Market's marketing. You are heroes in buying second-hand to make people realise and we really draw inspiration from that and use our figures in our communications, in our CRM, etc. to really encourage people and show them that their act of buying second-hand is not the same as a first-hand purchase.

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Speaker 1

And then, making the customer experience as seamless as possible so that it's as easy to find what you're looking for with second-hand as with first-hand. And then the last aspect, I think, is also becoming aware of the main criticisms that are made of this booming second-hand market, which is, in a way, the rebound effect. In the end, don't we encourage over-consumption with this accessibility?

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Speaker 1

So, is it actually less expensive to buy more? Or even worse, there's a second-hand market so I don't actually need to think much about what I'm buying because I can always sell it on? Several things. Firstly, it's one of the reasons for which we took the recent decision to really stop fast fashion, to leave this market behind which in a way makes no sense in second-hand, because the economic model...

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Speaker 1

Because in the first-hand economic model, you still need to explain how you can sell a t-shirt for €5 and pay the workers who made it. But in second-hand goods, it's the same. We have a commission-based model. There's no economic model for a €5 item. That's the first thing. But beyond that, a €5 item generally becomes deformed after one or two washes.

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Speaker 1

It doesn't have the capacity to have a second or third life. And then this is not part of the approach we promote with our users at least, of less but better. What we want is to really invest. Even in cotton t-shirts, you can invest in a good cotton t-shirt that's well-woven and will last over time.

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Speaker 1

And also, in addition to being disastrous in term of its production conditions, fast fashion is also disastrous in its end of life. I think that now everyone has become aware of this because there's an NGO called The Or Foundation that has done fantastic work to raise awareness of these issues. But our textile waste in Western countries is mainly sent to Africa, well Africa and also South America,

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Speaker 1

Many developing countries, which receive such quantities that it's completely unmanageable - they don't have the capacity or infrastructure to manage it at all. And, in any case, it's actually too much. Even if they could manage it, we really generate far too much textile waste. We really have a system of over-production and over-consumption which is reaching phenomenal thresholds.

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Speaker 1

So that's also what has obviously contributed to our decision to leave fast fashion behind. We don't want to take part in this system one way or another. And so, if we continue to give an option to people, to sell on fast fashion, we're continuing to encourage them to buy fast fashion. And that's not what we want.

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Speaker 1

In my everyday life, as a consumer, it's going to sound very corporate but I really try to apply the trifecta: less, better and second-hand. I really think that we have to make less, we don't have a choice. Also, I think that it can really be a pleasure to make less. I really believe in happy sobriety and minimalism and I also think that on the other hand, you have to be at peace and OK with the fact that we all have paradoxes, that sometimes pragmatism takes precedence and we can't be perfect in every aspect of our lives.

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Speaker 1

I say that because I also became a mother recently and I realise that in terms of sustainable development, having a child is not always easy. And I also think that you shouldn't let eco-anxiety eat away at you. Obviously it's good to be aware of these challenges, but it shouldn't paralyse us in every aspect of our daily lives.

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Speaker 1

We must still have pleasure and frivolity, above all in fashion. Fashion is also taking pleasure in what we wear and feeling good in our clothes.

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Speaker 2

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