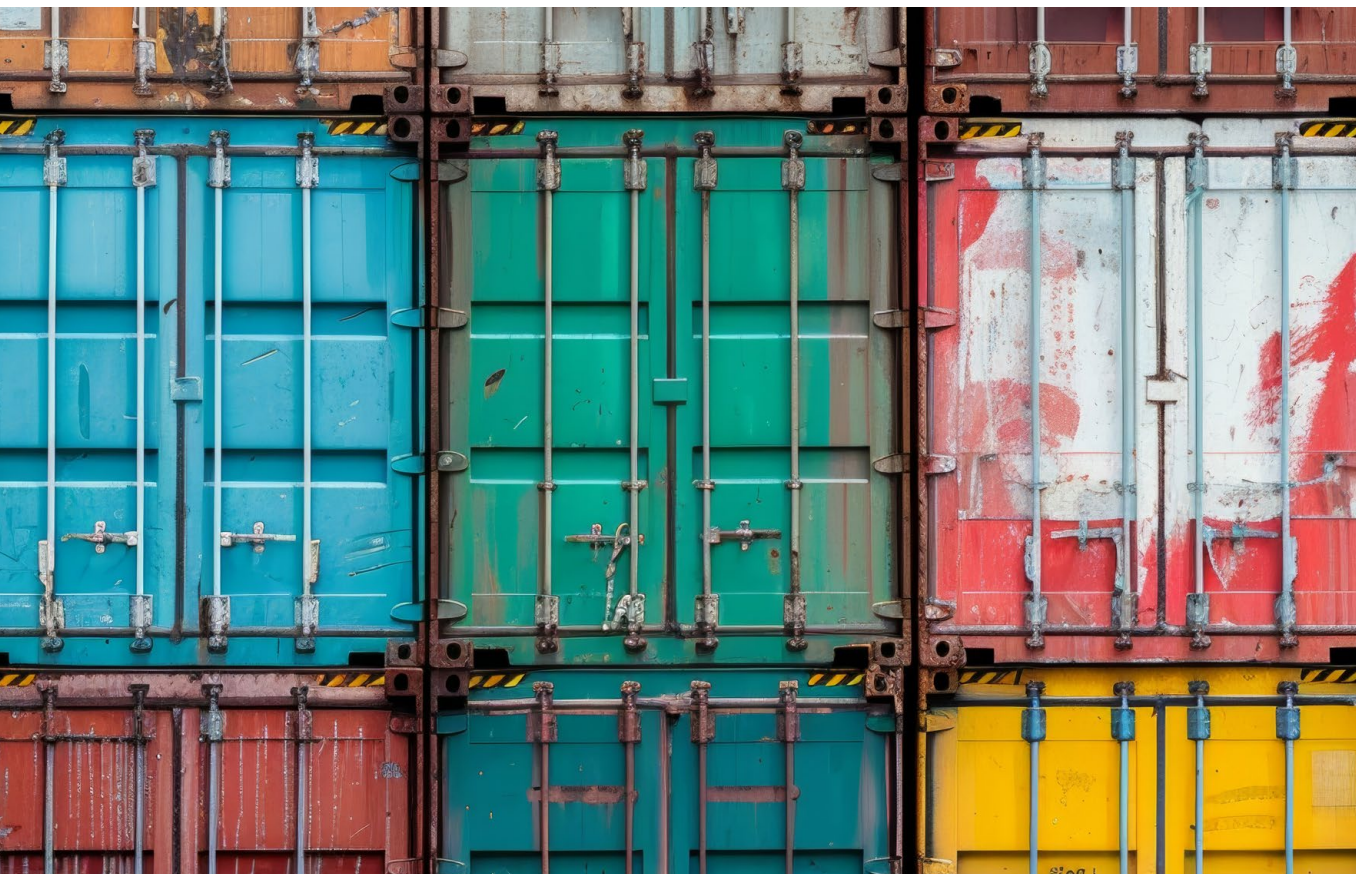**THE RETAILER'S GUIDE TO SUSTAINABILITY IN 2024**

Driving sustainability and responsibility in the retail industry

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Introduction

Sustainability has become a pressing concern for retailers, with pressures from a variety of stakeholders, including customers, board members and regulators, to practice environmental responsibility at every stage of a product's journey. As a result, re-commerce, rental services, repairs, outlets, sustainable return management, and new legal aspects are changing how retailers operate.

The retail supply chain is currently responsible for 25% of greenhouse gas emissions (GHG) globally, highlighting the need for retailers to assess how they can become more environmentally friendly and implement more sustainable initiatives in their supply chain operations. In this guide, we look at the key sustainability trends in retail and discuss potential solutions businesses can implement to tackle this complex challenge.
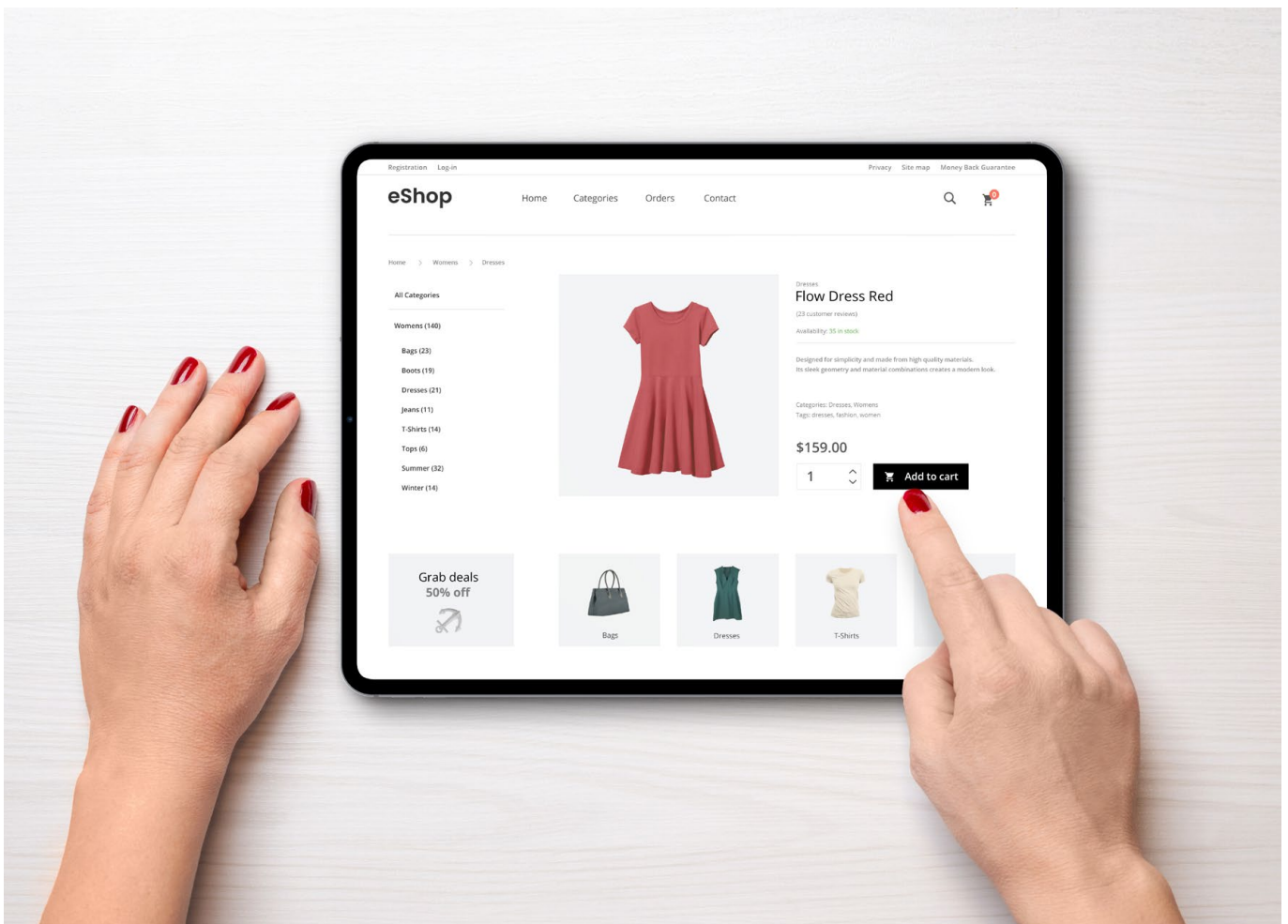
Re-commerce platforms: A shift in consumer behaviour

Re-commerce, also known as reverse commerce, involves buying and selling pre-owned, refurbished, or recycled goods, often through online platforms, to promote sustainability and extend product life cycles.

According to Statista, the UK is one of the leading countries globally where consumers buy and sell second-hand items. A recent survey found that four in 10 consumers purchased secondhand goods, while another one-third of consumers sold their used items on the second-hand market.

Research also suggests that different consumer age groups have different motivations for the increasing popularity of second-hand goods. Millennials appear to be adopting to the trend due to environmental concerns, whereas cost savings seems to be of most appeal to Gen Z.

Businesses can capitalise on the growing demand for sustainable and affordable options by incorporating re-commerce into their sales channels. By doing this, brands can expand their audience reach. A lower entry price point can allow more potential buyers to try their brand, particularly for the luxury market.

For example, platforms like The RealReal offer pre-owned designer goods to conscious shoppers. By giving new life to second hand items, re-commerce platforms contribute to reducing the environmental impact of fashion while offering consumers diverse and affordable shopping options.

Beyond the luxury segment, platforms like Sellpy and Vinted are key players in re-commerce. Sellpy streamlines the selling process, handling everything from inventory to shipping, while Vinted operates as a peer-to-peer marketplace, nurturing community engagement. By investing in re-commerce, businesses can drive profitability while supporting sustainability initiatives.

> Re-commerce platforms contribute to reducing the environmental impact of fashion while offering consumers diverse and affordable shopping options'

Rental and styling services emerge

With the fashion rental market expected to reach $2 billion by 2025, it's clear that renting clothing is on the rise. Fashion rental services provide consumers with access to trendy clothing without the environmental burden of ownership. Rental fashion is also more accessible than ever before. Today, it couldn't be simpler for consumers to browse a website, find the perfect item, and have it delivered the next day.

Brands have begun tapping into the rental trend to stay relevant and appeal to Gen-Z and millennials alike. However, question marks remain on how successful the rental market can be.

By shifting from selling to rental, businesses are no longer transferring the sense of ownership to the customer, which fashion rental company Rent the Runway found was accelerating the depreciation of its items. With this in mind, retailers may want to look at sourcing more durable materials to extend the lifecycle of garments.

Another challenge in rental is shipping costs can be approximately twice as high as traditional e-commerce, as the item needs to be shipped to the customer and then returned. In traditional e-commerce, products are usually shipped only once and often for free, making it harder to pass this cost onto customers.

H&M is trying to see if it can get rental customers to keep their garments for longer, but this presents other challenges, such as who should own the washing cycle of the garments. Some other ways retailers have tried to overcome shipping costs is by offering customers bulk shipping discounts or focusing on higher-end garments. However, these approaches make rental fashion less accessible on a mainstream budget.

Nevertheless, the growing trend of eco-friendly consumption and the flexibility and variety that rental services provide are clearly resonating with the modern consumer. This suggests that the future of rental fashion is promising.

Repairs boost sustainability

Incorporating repairs into your business model not only extends the product lifecycle but also creates new revenue opportunities in the aftermarket segment. By offering efficient repair processes, transparent pricing, and promoting repair services as part of sustainability initiatives, brands can enhance customer satisfaction, strengthen brand reputation, and capture additional value from existing products.

Emphasising repair services aligns with environmental sustainability goals by promoting longevity and minimising waste. Plus, it's a great way to increase footfall in your physical stores.

If you're based in the EU or selling to this market, you'll need to adhere to the "right to repair", a political agreement making it easier and more cost-effective for customers to repair products instead of simply replacing them with new ones.

This will result in savings for consumers, boost the circular economy, and support the objectives of sustainable consumption and the European Green Deal by reducing waste.

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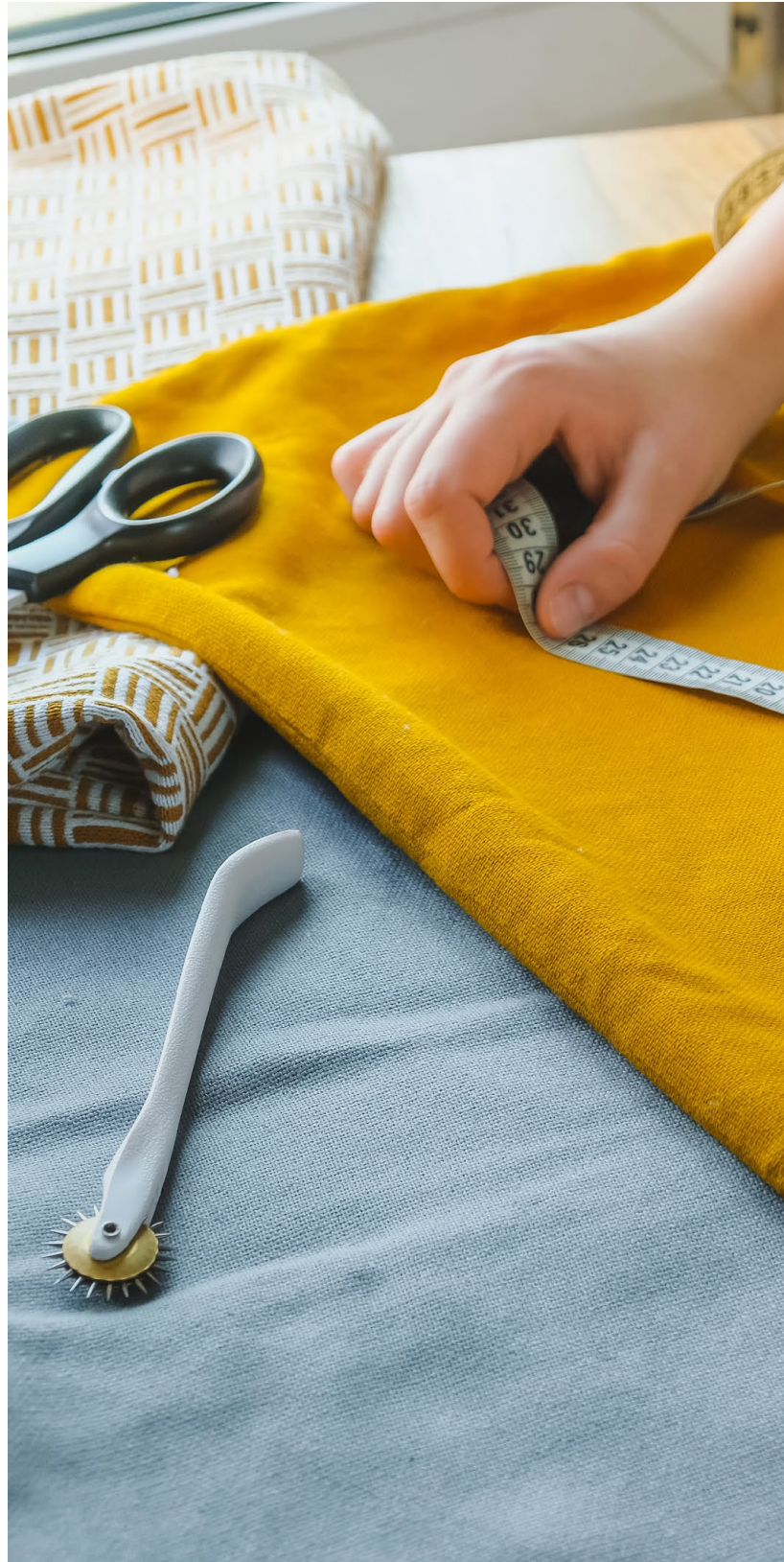
Outlets: Giving fashion a second chance

As consumers become more aware of the impact of their purchases on the environment, outlet stores provide a way for businesses to sell excess inventory and reduce waste. Take Afound, for example, a subsidiary of the H&M Group, that offers a wide range of discounted fashion items both online and in stores.

With a focus on quality and variety, Afound provides cost conscious shoppers access to diverse clothing, accessories, and home goods at reduced prices.

By extending the lifecycle of garments and accessories, Afound promotes circular fashion, aligning with eco-conscious consumer preferences. Additionally, Afound's outlets offer an enhanced shopping experience, encouraging exploration with regular rotations of merchandise and exclusive deals.

As retailers move towards circular fashion, outlet stores are likely to become a more significant part of many brands' marketing strategies. This shift not only helps in managing inventory more efficiently, but also enhances brand reputation by demonstrating a commitment to sustainability.

Efficient returns for sustainability

The leading retailers are embracing efficient return management to boost sustainability. Zara is one of the frontrunners in the industry that employs sustainable return systems to minimise waste and optimise operations. By consolidating shipments and maximising product reuse or recycling, Zara aims to reduce its environmental footprint.

Returnless refunds are also on the rise, which allows customers to get a refund without needing to physically return the product, reducing the environmental impact of shipping and handling. There are risks attached to this approach, however. Some retailers have started to punish those who return large amounts of items to discourage excessive returns. While this may help reduce waste, it could push away customers who value simple returns.

There's also Amazon, which prides itself on being customer-centric but has a policy that means it can send individual items in separate packages. While this might be convenient to customers, it results in multiple delivery trips, contributing to increased packaging waste and carbon emissions.

One way retailers can avoid the pitfalls of sustainable returns while maintaining customer satisfaction is to leverage technology to better understand the reasons why a customer returns a product. Zara for example, use data analytics to inform about return patterns, enabling better decisions to enhance product design and sizing accuracy.

This proactive approach not only reduces future returns but also strengthens customer trust and loyalty. By prioritising sustainable returns management, retailers can minimise waste, lower costs, and contribute to a more sustainable industry.

Legal aspects to keep an eye on

Along with changing consumer attitudes, there's also upcoming legislation that retailers need to be aware of. Becoming compliant with these regulations is not just a legal obligation but also an opportunity to build trust with consumers and stakeholders by demonstrating a commitment to sustainability and ethical practices. Here are some key legal aspects that retailers should monitor:

Digital product passports enable transparency
Digital product passports (DPP), a key component of the proposed Ecodesign for Sustainable Products Regulation, constitute a key action under the Circular Economy Action Plan (CEAP). DPPs provide a comprehensive record of a product's lifecycle, including origin, composition, and environmental impact, enhancing transparency and accountability across the supply chain. Any business that introduces a product to the European market will require a digital product passport.

Implementing DPPs poses several questions for retailers. Many lack the data infrastructure needed for digital product passport data. Integration is, therefore, crucial for collecting the necessary data for compliance reporting. Blockchain technology offers solutions as it can facilitate secure data transfer on a large scale with significantly reduced energy consumption and operational costs.

DPPs brings new integrations and updated compliance, which require modern systems. Cloud platforms offer comprehensive features that allows retailers to automate essential data flow and impact calculations. This not only boosts visibility into the broader context of the fashion lifecycle but also enables essential collaboration for ongoing measurement, helping retailers achieve goals and communicate effectively with stakeholders.

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ESG reporting beyond compliance

ESG reporting, guided by the CSRD (Corporate Sustainability Reporting Directive) and ESRS (European Sustainability Reporting Standards) in the EU, goes beyond compliance. It strategically integrates environmental, social, and governance factors into business operations, aligning sustainability goals with core objectives for competitive advantage.

Embracing ESG reporting helps organisations manage market complexities, drive societal impact, and ensure resilience. Although the UK remains unaffected for now, it's worth highlighting that European corporate sustainability reporting requirements could impact non-EU companies in the future. There's also growing pressures from investors and consumers for more detailed reporting.

By taking proactive steps now, UK retailers can get ahead of the ESG reporting curve and the competition. This involves integrating comprehensive ESG practices into their core business strategies, ensuring they not only comply with future regulations but also meet the rising expectations of stakeholders. Early adoption of robust ESG reporting frameworks can differentiate retailers in a crowded market, highlighting their commitment to sustainability and ethical practices.

European Accessibility Act: Ensuring inclusion

The European Accessibility Act (EAA) mandates accessibility for everyday products and services, benefitting an estimated 87 million Europeans with disabilities. Key provisions include smartphones, banking services, and e-commerce platforms. As of June 28, 2025, customers can seek recourse if products or services fail to meet accessibility standards, reinforcing the act's commitment to inclusion.

Non-EU member states are not currently required to bring the EAA into law, however, any private sector organisation selling products and services in the EU does need to comply with the EAA. This means if you're a UK-based company selling products or services in an EU member state, your website will need to comply with the EAA.

For UK businesses that sell into the EU, maintaining separate accessibility standards for the UK and EU markets is inefficient. Therefore, it's more practical for these businesses to apply EAA guidelines to all their products and services. This approach ensures competitiveness both domestically and internationally while avoiding the provision of less accessible products or services in the UK.

Want to learn more about the latest trends in the retail industry?

Download our Retailers Guide to 2024 which looks into the impact of the latest trends including AI, next-level loyalty, omnichannel strategies and new revenue streams.

Download guide

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