

**MACRO-ENVIRONMENT OF SECOND-HAND CLOTH-
ING BUSINESS IN HELSINKI**

LAB UNIVERSITY OF APPLIED
SCIENCES LTD
Bachelor of Business Administration
Degree programme in International
Business
Spring 2020
Nhung Nguyen
Phuong Le

Abstract

Author(s) Nguyen, Nhung Le, Phuong	Type of publication Bachelor's thesis	Published Spring 2020
	Number of pages 77 pages, 2 pages of appendices	
Title of publication Macro-environment of Second-hand Clothing Business in Helsinki		
Name of Degree Bachelor of Business Administration		
Abstract <p>Second-hand clothing business, as a part of new business models aiming at maintaining ecological balance, plays a key role in making fashion industry more sustainable. Despite its rejuvenation in Europe and the USA, there have not been many studies about the second-hand clothing industry, especially about external factors that affect the business operation. For this reason, it is vital to seek in-depth insights into the topic. The thesis aims at providing readers with in-deeper understanding about the external driving forces affecting second-hand clothing sector in Helsinki; while the final goal is to generate suggestions on improvement and a new comprehensive PESTEL on what retailers and companies need to consider when entering the second-hand clothing business in Helsinki.</p> <p>The research was conducted in an inductive approach. Qualitative method was applied. Secondary data were obtained from up-to-date and related information including published books, electronic sources, and journals, etc. Primary data were gathered through one-to-one interviews with five second-hand clothing store owners in Helsinki. In this study, in-depths insights about external variables affecting a business success in second-hand clothing industry in Helsinki market are presented. These external variables are based on the macro-environment theory, particularly the PESTEL framework.</p> <p>Key findings gained from the research showed what external factors that affect second-hand clothing business in Helsinki and to what extent these factors impact a business success in this sector. From the results gained from both theoretical and practical findings, suggestions on improvements and a new PESTEL analysis on what retailers and companies need to take into account when entering the second-hand clothing business in Helsinki are conducted.</p>		
Keywords External factors, Helsinki, macro-environment, PESTEL, second-hand clothing		

CONTENTS

1	INTRODUCTION.....	1
1.1	Research Background	1
1.2	Thesis Objective, Research Questions, and Limitations	2
1.3	Theoretical Framework	4
1.4	Research Methodology and Data Collection	5
1.5	Thesis Structure.....	8
2	SECOND-HAND CONCEPT	11
2.1	Second-hand Trading Concept.....	11
2.1.1	History of Second-hand Trading	11
2.1.2	Perception about Second-hand Consumption	13
2.2	Second-hand Clothing Concept.....	16
2.2.1	Second-hand Clothing Definition	16
2.2.2	Disposal Behavior of Second-hand Clothing	17
2.2.3	Second-hand Clothing Retailing Types.....	18
3	MACRO-ENVIRONMENT THEORY	21
3.1	Marketing Environment.....	21
3.2	PESTEL Framework	22
4	PESTEL OF FINLAND AND SECOND-HAND CLOTHING INDUSTRY	29
5	EMPIRICAL RESEARCH AND DATA ANALYSIS	46
5.1	Data collection	46
5.2	Data Analysis.....	47
5.3	Interview Results and Theory Comparison.....	57
6	RECOMMENDATION	61
7	DISCUSSION AND CONCLUSION	63
7.1	Answers to Research Questions	63
7.2	Validity and Reliability	66
7.3	Suggestions for Further Research.....	67
8	SUMMARY	68
	LIST OF REFERENCES	69
	APPENDICES	78

1 INTRODUCTION

1.1 Research Background

As a fundamental part of daily life, clothing is important to basic human needs. The world textile and clothing industry has been a magnificent industry which constituted almost 2,560 trillion US dollars in 2010, playing a crucial role in the world's societal and economic aspects. Also, the textile and clothing sector today contributes largely to global supply chains and export markets. It represents about 7 percent of world exports. (Allwood, Laursen, Rodríguez & Bocken 2006, 2-8; Breyer 2012; International Labour Organization 2019, 1; Thomas 2020.)

Besides its impact on the well-being of the world's society and economy, the textile and clothing industry also has negative economic, environmental, and societal influences. 70 percent of the industry applies conventional processes which require a lot of natural resources like old growth forests, fossil fuels, and energy, etc. used. Plus, with the greenhouse gases produced and the hazardous chemicals applied in the industry, there are severe impacts on the environment and society. (Textile Production & the Environment: Impacts & Issues 2020; Disadvantages 2020.) Particularly, there were 1.2 billion tons of greenhouse gas emissions produced annually from this industry, which are more than those from flights and maritime shipping combined. There is an estimation that due to garment production, 22 million tons of microfibers (made from polyesters and polyamides) would be added to the ocean between 2015 and 2050. The economic aspect has also received alarming impacts. When producing clothes, large amounts of non-renewable materials are required but mostly they will be landfilled or incinerated after their short time of usage. This inefficient recycling system is estimated to cost more than 500 billion US dollars annually. The system makes the operation of the textile industry evaluated as almost completely linear. (Ellen MacArthur Foundation 2017, 18-21.) As textile waste is a growing problem on a global scale, various ways to improve the situation have been proposed, such as new business models with circular fashion (reuse and recycle) and slow fashion (fewer but better) (Sajn 2019, 1).

Indeed, in today's developing society when everyone cares more about the ideal of maintaining ecological balance, second-hand clothing business plays a key role in making the fashion industry more sustainable, or in another term, more circular (Linnenkoper 2019). This industry in the U.S. is estimated to worth 24 billion US dollars. Its market is projected to reach 51 billion US dollars by 2023 and by 2028 to surpass the fast fashion market by 50 percent (Linnenkoper 2019.) With the aim at extending the life of garments and

clothing consumptions and thereby reducing the negative environmental, societal, and economic impacts, the second-hand clothing market is gaining traction across the world and drawing further attention (Sweet & Wu 2020).

Despite the large consumption of second-hand clothes and its current resurgence in Europe and the USA, there have not been many studies about the second-hand clothing industry. Even though internal factors like customer shopping behaviors towards second-hand shopping have been analyzed, there is a lack of information about external aspects affecting the business, making it difficult for existing retailers planning for development and new retailers for market entry. Therefore, it may hinder this potential sector from further expansion. (Guiot & Roux 2010.) Finland is not an exception. With its values focused on ecology and ethics, Finland considers the circulation of used goods essential. Therefore, there is a need for deeper understanding about external aspects affecting the second-hand clothing business in Helsinki. (Lyytimäki 2014.)

This study will evaluate thoroughly macro-environmental factors affecting the second-hand clothing business in Helsinki and provide variables that retailers and companies entering the second-hand clothing market would need to take into consideration when operating in the second-hand clothing market in Helsinki.

1.2 Thesis Objective, Research Questions, and Limitations

This sub-chapter presents the thesis objectives and the thesis main purpose. Research questions and investigate questions are introduced. Moreover, the limitations of the research are also mentioned.

Objectives

The study aims to bring out a deeper understanding of the second-hand clothing industry in Helsinki. The main objective of the study is to analyze the external aspects affecting second-hand clothing business in Helsinki and to examine to which extent these factors impact a business success in this sector. From the analysis, readers can have a more thorough knowledge of the second-hand clothing industry and what characteristics retailers and companies entering the market would need to take into account.

Research Questions

Defining clear research questions is significant at the beginning of the research process, bringing the reader a better understanding of what the research is about and keeping the researcher on the right track (Morrell & Carroll 2010, 54). Initial research questions will determine a set of clear conclusions drawing from data collections, from which will contribute largely to the success of the research (Saunders, Lewis & Thornhill 2009, 32). The research question of the study is:

- What are the macro-environment factors that retailers and companies should comprehend when entering the second-hand clothing market in Helsinki?

As the research question is difficult to answer directly at once, investigative questions are then developed to help the researcher break down the research question. Investigative question is one of a number of questions required to be answered to address the research question and objectives (Saunders et al. 2009, 594). The investigative questions (IQ) are formed as follows:

- IQ 1: What types of second-hand clothing retailers are operating in Helsinki?
- IQ 2: What are external variables impacting the second-hand clothing industry in Helsinki?
- IQ 3: What upgrades can second-hand clothing businesses implement based on external variables?

Limitations

There will be some aspects that could limit the scope of this research, notably are geography, research objects and scale.

The first limitation of this research is geographical scope. Since all analysis and data collection will be conducted in Helsinki only, other cities of Finland such as Turku and Tampere will not be examined. Hence, conclusions drawn from data collection cannot be totally objective to everyone living outside the capital of Finland.

The second limitation is the research objects, particularly second-hand stores. The main focus will be on second-hand clothes, so other second-hand goods such as furniture will be left out in this research.

The last limitation is the scale of the research. It cannot provide a full analysis of marketing research as the study will only evaluate macro-environmental aspects affecting

second-hand clothing business. Thus, any micro-environmental factors such as customers, competitors, distribution channels, etc. will be left out from the research and can be found from other studies.

1.3 Theoretical Framework

According to Ghauri & Gronhaug (2010, 37), a theory includes a set of interrelated concepts with their definitions and existing theories and how these concepts are linked together in the research. Theories are developed to explain, predict, and understand phenomena and/ or even challenge and extend existing knowledge. The purposes of the theoretical framework are to connect the researcher to existing knowledge and to provide theoretical comprehension to the reader so that both the researcher and reader can evaluate the research topic critically. (Organizing Academic Research Papers: Theoretical Framework 2019.)

What **macro-environment factors** that retailers and companies should comprehend when entering the **second-hand clothing market** in Helsinki?



Figure 1 Theoretical Framework

The theoretical framework is illustrated in Figure 1. Firstly, as the research topic is about second-hand clothing, theories related to second-hand concepts, including second-hand trading and second-hand clothing will be addressed and explained. Second-hand trading concept consists of the history of second-hand trading and the perception about second-hand consumption through time. The second-hand clothing concept consists of the definition of second-hand clothing, disposal behavior, and different types of second-hand retailers.

Secondly, the study aims at understanding the external influencing factors on second-hand clothing business in Helsinki. Hence, theory about macro-environment is applied. PESTEL framework is explained in this part. In addition, PESTEL analysis of Finland and of the second-hand clothing industry are analyzed thoroughly.

Once empirical observations are carried out and analyzed, a precise and up-to-date analysis of influencing macro-environment factors on second-hand clothing business in Helsinki will be established. The result will answer the research question.

1.4 Research Methodology and Data Collection

In this part, the research approach, research methodology and data collection applied in this research are presented.

Research Approach

It is important to choose an appropriate approach for research. There are three reasons showing how the research approach can impact on the research design. Firstly, more than just data collection techniques or data analysis procedures, the approach chosen enables the researcher to figure out what and where to gather the evidence, and how to interpret the collected evidence. It supports providing a clear answer to the initial research question. Secondly, the research approach will be the guideline for the researcher to consider research strategies and choices. Depending on the nature and objective of the research, one can decide to undertake a suitable approach. Thirdly, an applicable approach can help the researcher adapt the research design depending on his knowledge of research traditions. This act may compensate for some constraints during the process. The limits, for example, may arise from a shortage of data, a lack of prior knowledge towards the subject. (Saunders et al. 2009, 126.)

There are two research approaches, which are induction and deduction. The origin of deduction in research is derived from natural sciences, so it is based on logic. Meanwhile, induction is concerned with the context of the events. It is based on empirical evidence. The most significant difference between these approaches is its data collection process. (Ghauri & Gronhaug 2010, 15.)

In an inductive approach, the conclusions are drawn from empirical observations. The process of data collection starts from the observation of the researcher. Then, any findings are integrated into existing knowledge to improve theories. The outcome of the research using induction is theory. This approach is often associated with qualitative research methods. (Ghauri & Gronhaug 2010, 15.)

In a deductive approach, theory or hypothesis about the subject is established at the first stage. The researcher needs to present a logical operationalization to clarify the way the

theory or hypothesis is tested. The result could be accepted or rejected. Quantitative methods are often used in deductive study. (Ghauri & Gronhaug 2010, 15.)

In order to decide the appropriate approach, there are two criteria to consider. These are the emphasis of the research and the nature of the topic. In deduction, there is a necessity to undertake with a large size sample to generalize the conclusion. Meanwhile, a small size sample can be more suitable if induction is used. In addition, if the research focuses on a new topic with little existing literature, an inductive approach may be a more appropriate option. (Saunders et al. 2009, 127.) Figure 2 describes the differences between inductive and deductive approach.



Figure 2 Inductive and Deductive Approach Comparison (Elmansy 2016)

Research Methodology

There are many reasons determining the result obtained in a research. They could be the data collection technique and data analysis procedure. Hence, the term quantitative and qualitative is used often to differentiate this process. Quantitative method is applied when any technique and procedure used to generate numerical data. They can be surveys, questionnaires or statistics, etc. On the contrary, qualitative method refers to any data collection technique and procedure with the use of non-numerical data. Some examples could be interviews, focus group discussions, document analyses, etc. (Saunders et al. 2009, 151.)

However, these two methods do not totally exclude each other, which means that one can choose to use either mono method or multiple methods during the research. Mono method means that there is only one data collection technique and corresponding analyzing procedure used in the research. On the other hand, if more than one technique and

procedure are chosen, there are four possibilities happening. (Saunders et al. 2009, 151-153.) Figure 3 demonstrates different possibilities depending on the method.

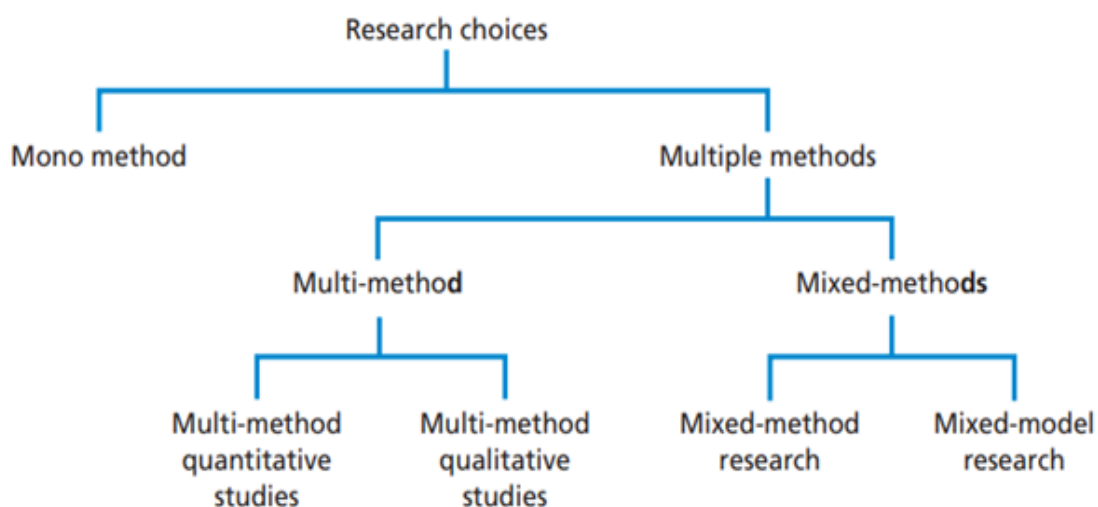


Figure 3 Different possibilities of research choices (Saunders et al. 2009, 152)

As seen from Figure 3, both multi-method and mixed-methods are applied when a researcher combines more than a single technique and procedure. However, if the multi-method is used, it is restricted within either the quantitative or qualitative world view. In short, it means that a researcher would not mix quantitative and qualitative techniques and procedures. Mixed-methods approach is subdivided into two types. Mixed-method research allows one to use both quantitative and qualitative in a research design parallelly or sequentially but not combine them. In contrast, mixed-model research allows a researcher to mix both methods at other phases. One can qualitize quantitative data, and quantitize qualitative data. (Saunders et al. 2009, 151-153.)

Data Collection

There are two different data collection methods to distinct: primary sources and secondary sources. Many scholars recommend researchers should start with secondary data sources. They are information collected and published by other authors for their purpose. Secondary data can be obtained through books, journal articles, online data sources, etc. (Ghuri & Gronhaug 2010, 90.) If secondary data itself cannot provide enough information for the topic of research, the researcher must collect relevant data himself. These data are identified as primary source data, which is collected depending on the research question and objective. Observations, surveys, interviews, etc. are some options to obtain primary data. (Ghuri & Gronhaug 2010, 99.)

Each type of method has its advantages and disadvantages. One should be able to clarify it to choose the most appropriate option for the research. Secondary data is more economical and timesaving. Moreover, it allows the researcher to expedite cross-cultural or international research efficiently, especially when the research needs to deal with a huge amount of longitudinal study. However, the problem with secondary data is its reliability and validity. (Ghuri & Gronhaug 2010, 94-97.) On the other hand, the advantage of primary data is that they are designated for the research questions and objectives, thus, more consistent and relevant. It also provides a profound answer for the research problem. The main disadvantage is that it can take a long time to obtain data and can be costly. The data collecting progress is entirely relying on the eagerness and capability of the participants. (Ghuri & Gronhaug 2010, 99-100.)

Choices for the research

The research starts with analyzing theories relating to the topic. Then, a one-to-one interview will be conducted with target second-hand clothing retailers to help answer the thesis question. The conclusion of the study will be based on the result of empirical findings. Moreover, findings will be integrated with the theories for further improvement. Thus, an inductive approach is chosen in this study.

The study will apply qualitative data collection techniques. In this study, interview method for data collection is chosen. To obtain diversified viewpoints from second-hand clothing retailers in Helsinki, one-to-one interview method is used to guarantee objectivity for the answer. In addition, due to Coronavirus outbreak, the interview is conducted through sending e-mail to each interviewee. The interview questions are designated based on six elements of PESTEL framework. The participants are second-hand clothing owners from five second-hand clothing stores in Helsinki.

Both primary data and secondary data will be applied during the study to better evaluate the research question. Primary data is obtained through interviews with second-hand clothing stores owners in Helsinki. Secondary data is collected by using sources from reports, published books, electronic sources, etc., that are relevant to the research.

1.5 Thesis Structure

Thesis structure is built logically to help readers approach the research easily. Two critical parts of the research are literature reviews, or theoretical frameworks, and empirical research. Theoretical frameworks provide foundation for forming empirical research.

(Saunders et al. 2009, 61.) Figure 4 illustrates the structure of the study with each chapter described briefly.

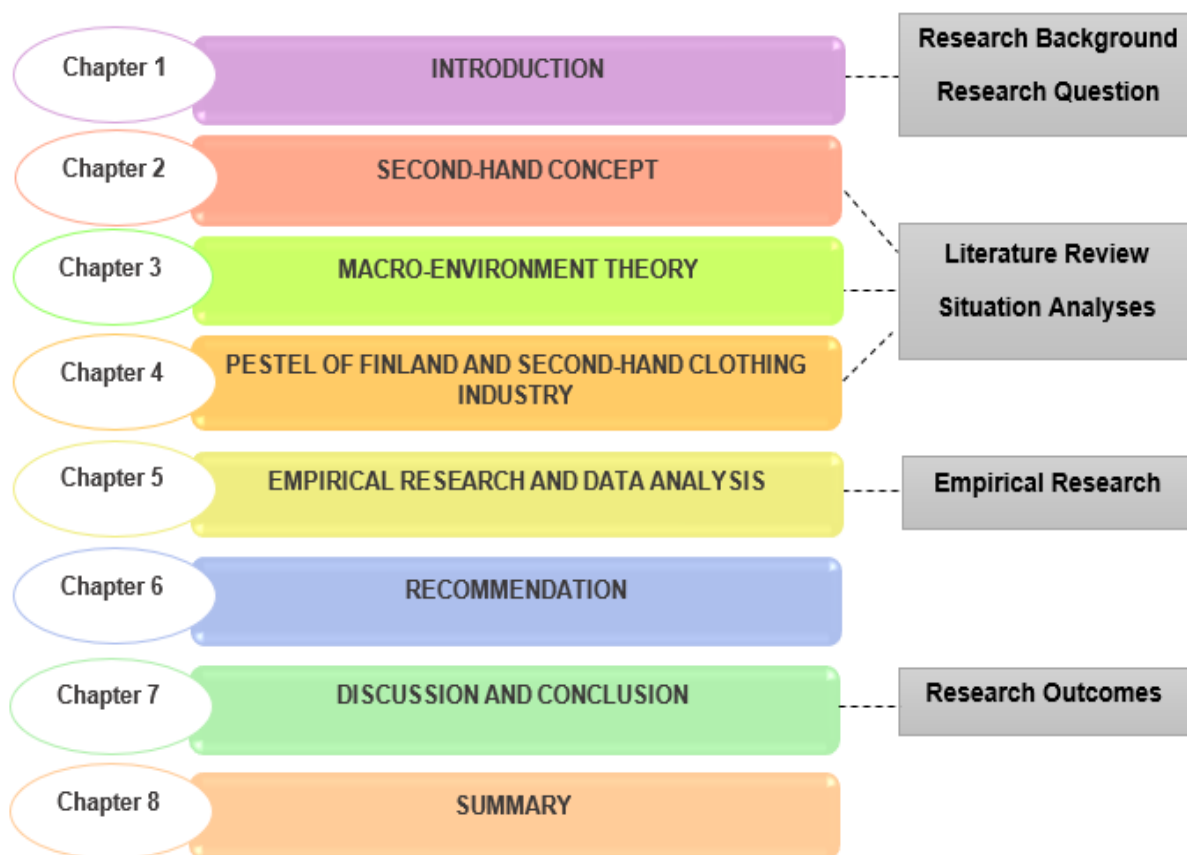


Figure 4 Thesis Structure Summary

Chapter 1 is the introduction. It provides the research background, thesis objectives, and thesis main question along with three sub-questions. It also mentions the limitations of the research. Research approach, methodology, data collecting methods, and thesis structure are also presented in this chapter.

Chapter 2 presents the first theory of the study. It describes the second-hand concepts. The first concept described in this thesis gives the comprehension of second-hand trade including history of second-hand trading and perception about second-hand consumption. The second concept is second-hand clothing concept with the definition of second-hand clothing, its disposal behavior, and types of second-hand clothing retailers.

Chapter 3 explains the second theory of the study. It focuses on the macro-environmental factors affecting a business success. It explains the marketing environment and PESTEL framework.

Chapter 4 applies PESTEL framework at country-level and industry-level. Particularly, PESTEL analysis of Finland and of second-hand clothing industry is discussed.

Chapter 5 describes empirical research and data analysis. This chapter presents how the research data was collected and analyzed.

Chapter 6 gives recommendations for retailers and companies operating in second-hand clothing industry in Helsinki and in Finland.

Chapter 7 is the discussion and conclusion. It presents the research outcomes and gives suggestions for further research.

Chapter 8 summarizes the whole research work.

2 SECOND-HAND CONCEPT

As second-hand is a broad sector, many people are often mistaken about relating concepts. Therefore, main concepts of second-hand will be explained in this chapter. They include:

- (i) second-hand trading concept
- (ii) second-hand clothing concept.

2.1 Second-hand Trading Concept

This part breaks down second-hand trading concept into two sections, which are:

- History of second-hand trading
- Perception of second-hand consumption.

2.1.1 History of Second-hand Trading

This sub-chapter gives an historical overview of second-hand trading in different periods, from the thirteenth centuries to the twentieth centuries.

Between the thirteenth and fifteenth centuries

Second-hand clothing trading history can be traced back to the 1280s in Florence, Italy. The consumption of used clothing started in this early Renaissance era due to the extreme economic and demographic depression. Only the rich could afford newly finished clothes at their excessive price. Second-hand clothing was therefore widely traded as a reasonably priced alternative to the ones that could not afford to buy new clothes. (Palmer & Clark 2004, 13; Herjanto 2019, 2). There were groups of society in fifteenth century Florence with lacking financial capital but still played an essential part of the market. Belonging to the guilds of Florence – corporations controlling the arts and trades in Florence between the twelfth and sixteen century, “Arti Minori” was a group of retailers that the general population of the city, lower-class consumers, often bought from. “Rigattieri”, used-cloth dealers, first formed in early Renaissance Florence and influenced the socioeconomics of Florence. Rigattieri focused on fashion and the used clothes trade by generating the retail guild for second-hand clothing and fulfilling common folk’s clothing needs. (Meneghin 2015, 319 & 320.)

Between the early sixteenth and early nineteenth centuries

The ideology of re-processing, re-use and repair existed intrinsically for everyone during the 1500-1800. Second-hand markets in the early modern period not only were essential to the economy but also dominant with the diversity of actors participating in this industry. They endeavored to enter the organization and maintain in the second-hand trading circulation. At first, women were one of the clothing specialists in the guilds but then were replaced by men at the end of the eighteenth century. Prostitutes were also great dealers in these markets as they possessed large quantities of household goods and clothing re-warded from their clients. These “gifts” were considered as their saving strategies when they could sell them during difficult times, or as their contribution to their charms. Mi-grants, especially Jewish, also participated in the international commercial routes of this circulation. With their network, they connected different places and clients to buy used clothes, sorted and then dispatched to various marketplaces. The scales of commerce had transformed from regional markets to globalization of trading channels. (Fontaine 2008, 3-5.)

The distribution and consumption of second-hand garments between the seventeenth and nineteenth century flourished in England. Lemire (1991) pointed out various commercial circuits of professionals in second-hand clothing trade. They were both specialists and non-specialists, both formal and informal retailers who searched for used garments from cast-off goods. These retailers were divided into three groups: clothes brokers – tailors who altered or re-fashion second-hand clothes for mainly middle-class, pawnbrokers – sellers who bought and sold used clothes for underworld and mob consumers, and “vendities” – those who held an auction. There were several second-hand clothing trades recorded as under irregular and informal forms like by word of mouth or local advertisement. Even stolen goods such as accessories, wigs and apparels were altered and then circulated in the second-hand market for extended usage. As these commercial transactions were lucrative, clothing was stolen and sold to the pawnbroker, of which contributed tremendously to resale and exchange circuits. Despite these illegal operations from guild-organized dealers, pawnbrokers and hawkers, and even legal shop owners, second-hand clothing trades were pervasive in London and even other metropolitan areas during early the eighteenth century. (Lemire 1991, 67; Lambert 2004; Damme & Vermoesen 2009, 276; Han 2013, 9; Sanderson, 2013; & Herjanto 2019, 3.)

Damme & Vermoesen (2009) specified the second-hand trading situation in the southern urban area of The Netherlands, Eredebodegem at the end of the eighteenth century. One of the segments in the overall second-hand market is public auction. These “vendities”

were organized by the family members voluntarily or by Flanders' customary law if there is any conflict arising. Properties of the deceased were sold by his family members to pay their debts, to trade for other goods, or to generate profit. In the 1750s, second-hand goods being auctioned in Erembodegem were ones with high value. Kitchen utensils and clothing were mostly traded. Clothing, however, was auctioned in a higher price range compared to kitchen utensils. Bedding and jewelry are the two most expensive auctioned products. Second-hand bedding (including bedlinen, pillows, and bedsheets, etc.) is equivalent to luxury and wealth during the period. By the end of the eighteenth century, the price range for all categories of auctioned goods declined, leading to the expansion of social classes using used goods in this Flanders area. (Damme & Vermoesen 2009, 278-283; Herjanto 2019, 2.)

From the nineteenth centuries to the twentieth centuries

From the eighteenth century, consumer preferences on fashion and its durability greatly changed around Europe. High-class groups no longer wanted to buy used high value items and also fewer value ones reached the second-hand market. Therefore, segmentation targeting for higher-class customers and also economic contribution of the second-hand market declined. By the early twentieth century, the decline in demand and supply for used items continued to drop. The reason behind this intense reduction was firstly due to efficient production and distribution systems that made lower-class consumers start to buy cheap new goods. These systems contributed largely to the clothing industry, making-produced clothes available to diverse social groups; and so, levels of consumption increased. Secondly, modernization in healthcare and different industries made second-hand goods being ignored. Second-hand trade was no longer important to the modern society and economy. (Allwood et al. 2006, 2; Stobart & Damme 2010, 4-5.)

However, the perception of wearing second-hand clothes has greatly changed from the 1990s. Today consumers are more concerned about sustainability so that the second-hand clothing industry is considered as a growing and potential business market. (DeLong, Heinemann & Reily 2005.) Next sub-chapter discusses the shift in perception of both consumers and retailers towards second-hand clothing.

2.1.2 Perception about Second-hand Consumption

The rising second-hand consumption makes it a phenomenon recently. Second-hand clothing is no longer indicating poverty and stigmatization but sustainability and source of fashion. They have become a global trend predicted to continuously increase every year.

Customer perception plays an important role on second-hand consumption during different periods. It is important to understand the underlying reason behind each period of history to explain this phenomenon. (ThredUP 2019 Resale Report 2020.)

The significant expansion of the second-hand market has a lot to do with the long history of Europe. Prior studies point out two reasons for the growth of this market, including economic aspect and recreational aspect. Williams & Paddock (2003) states that it relates to the decreasing in consumption power of middle classes since the 1980s. (Guiot & Roux 2010.) In the eighteenth and nineteenth century, household income was just enough to allow most families to purchase more in a non-essential market, besides the ordinary needs for subsistence. Meanwhile, the lower income class could not afford new products on the market and become the primary consumer in the second-hand market. The participation of different social classes in this era contributes to the booming period of the second-hand market. (Lemire 1988.)

Since the 1990s, the perception of customers about wearing second-hand clothing has changed dramatically. If economic necessity was the main motivation in the previous century, aesthetic factors such as “retro style” made second-hand clothing fashionable. At this period, thrift stores and flea markets stepped out of the stigma and became a common source of fashion. The following consequence is the division of the term vintage and used clothing. The pop culture such as Nirvana, Pearl Jam had a huge impact on the 1990s young adults on consuming alternative clothing. Additionally, notable actresses sent a powerful message by promoting vintage publicly. Vintage is defined as aesthetic, creative, authentic and valuable. Here comes the appearance and expansion stage of the second-hand market, especially in clothing products. (DeLong et al., 2005.)

However, the second-hand clothing market faced its crisis due to the emergence of mass production by the turn of the twentieth century. The considerable development of industrialization influenced the economy profoundly. Fashion brands generated a strategy to meet the needs in increasing demand for affordable but trendy clothing. The act leads to massive textile mills expansion. The U.S. and European companies benefited by outsourcing their labor in developing countries to cut down production cost. (Idacavage 2018.) The term “fast fashion” emerged. Fast fashion refers to the process where fashion retail turns high-end fashion from the catwalk to the stores with lower prices in a short period of time. (Find Out How This Unique Business Practice Has Benefited Consumers and Taken the Fashion Industry by Storm 2020.)

Consumer preferences accordingly made a huge change in this period. Second-hand products are no longer fashionable but a sign of poverty. During this time, second-hand

consumption again indicated the lower social status. In addition, the life cycle of material was shorter due to less durable materials. The decreasing in quality of mass-produced goods made second-hand products less appealing. (Damme & Vermoesen 2009.) Even lower classes such as working-class consumers preferred a wide variety of options for new quality items at good prices. Thus, purchasing from original stores became a matter of pride. (Weinstein 2014.)

Second-hand market started to show the early recovery sign in 1980. The trend accelerated once again throughout the 2000s. (Weinstein 2014.) The Great Recession in 2008 is believed to have a significant impact on the attitudes towards the resale industry. At this time point, it helped the image of second-hand consumption become more sensible rather than desperate. Moreover, the changing in consumption patterns has a lot to do with consumer culture. The twenty-first century marks an ethical and sustainable awareness in the shopping habits of customers. (Thrifting: It's More Than Just Clothes 2019.) Millennials and Generation Z play a main role in the perception shift, as they are involved in the consumption 2.5 times faster than other age groups (Tudor 2020). 77 percent of this customer group prefers to buy from sustainable brands. However, as eco-fashion is considered luxurious, thrifting becomes their favorite option. Consequently, second-hand clothing is living its golden age due to the purchasing power of young customer groups. (Thrifting: It's More Than Just Clothes 2019.)

Lifestyle value is another reason for the shifting perception in the twenty-first century. Lifestyle is defined as "a pattern of consumption that reflects a person's choices about how they spend time and money, but in many cases, it also refers to the attitudes and values attached to these behavioral patterns". More and more modern consumers prefer to make a statement that one wishes to be identified in society. (Solomon, Bamossy, Askegaard & Hogg 2006, 558.) Customers also value a non-excessive, and anti-consumption shopping type. Second-hand consumption is considered a modest consumption that can satisfy this lifestyle value. (Steffen 2017.)

Table 1 Summary of Customer's Perception in Each Period

Periods	Stages	Customers' Perception on Second-hand Consumption
1300s-1990s	Emergence and Expansion	<ul style="list-style-type: none"> • A necessity trading for subsistence needs during the economic crisis • An alternative consumption for low-income class • An indicator of aesthetic vintage and retro fashion style

1980s- 2000s	Decline and Stigmatization	<ul style="list-style-type: none"> • Sign of poverty due to the expansion of mass production • Prejudice as insulting on personal pride
2000s- Now	Destigmatization and Renewed Popularity	<ul style="list-style-type: none"> • Awareness of responsible consumption on sustainable issue and environmental effect • A personal lifestyle statement

To summarize, Table 1 demonstrates an overview of this process from the past until now. Perception about second-hand industry has gone through ups and downs during its long history. It is influenced by various factors, but society's value appears to be one reason.

2.2 Second-hand Clothing Concept

It is important to clarify main characteristics in the second-hand clothing sector. In this part, related knowledge about second-hand clothing will be thoroughly defined. It includes:

- (i) Second-hand clothing definition
- (ii) Disposal behavior of second-hand clothing
- (iii) Second-hand clothing retailing types.

2.2.1 Second-hand Clothing Definition

In the time called the "golden age" of second-hand shopping, many stores randomly named themselves as vintage with little knowledge about the term. This causes confusion for both retailers to position themselves and customers to find the right place for their demand. By understanding this, a retailer can evaluate the right value of clothes, and segment the right customer.

The term "second-hand clothing" describes any used pieces of clothing, notwithstanding its age. The main factor deciding if second-hand clothing is vintage or modern/ contemporary is by the age of the cloth. The consumption mode of vintage is often confused, even though it belongs to second-hand clothing consumption. Vintage is defined as clothing produced between the 1920s and 1980s. In addition, vintage clothing from the 1920s to 1930s period generally has a higher value due to its age and scarcity. Meanwhile, contemporary or modern fashion is those produced after the 1980s. (Cervellon, Carey & Harms 2012.)

2.2.2 Disposal Behavior of Second-hand Clothing

A concrete definition of second-hand clothing is clarified. It is now important to know how a piece of second-hand clothing made its way to the stores. Understanding the disposal behavior of customers will help retailers evaluate the right value and quality of second-hand clothing.

The whole point of the second-hand market is technically the process of a pre-owned object to a new owner, regardless of all external and internal factors. It happens when a person performs a disposal behavior, and someone purchases these disposed items through a certain channel. (Herjanto 2019.) Different types of second-hand retailers generate accordingly throughout the history based on these behaviors. It is important for any type of second-hand retailer to gain a deep insight of customers' needs and market trends. A detailed investigation on diverse retail formats on the market helps second-hand retailers generate optimal business strategies and customer service. (Han 2013.)

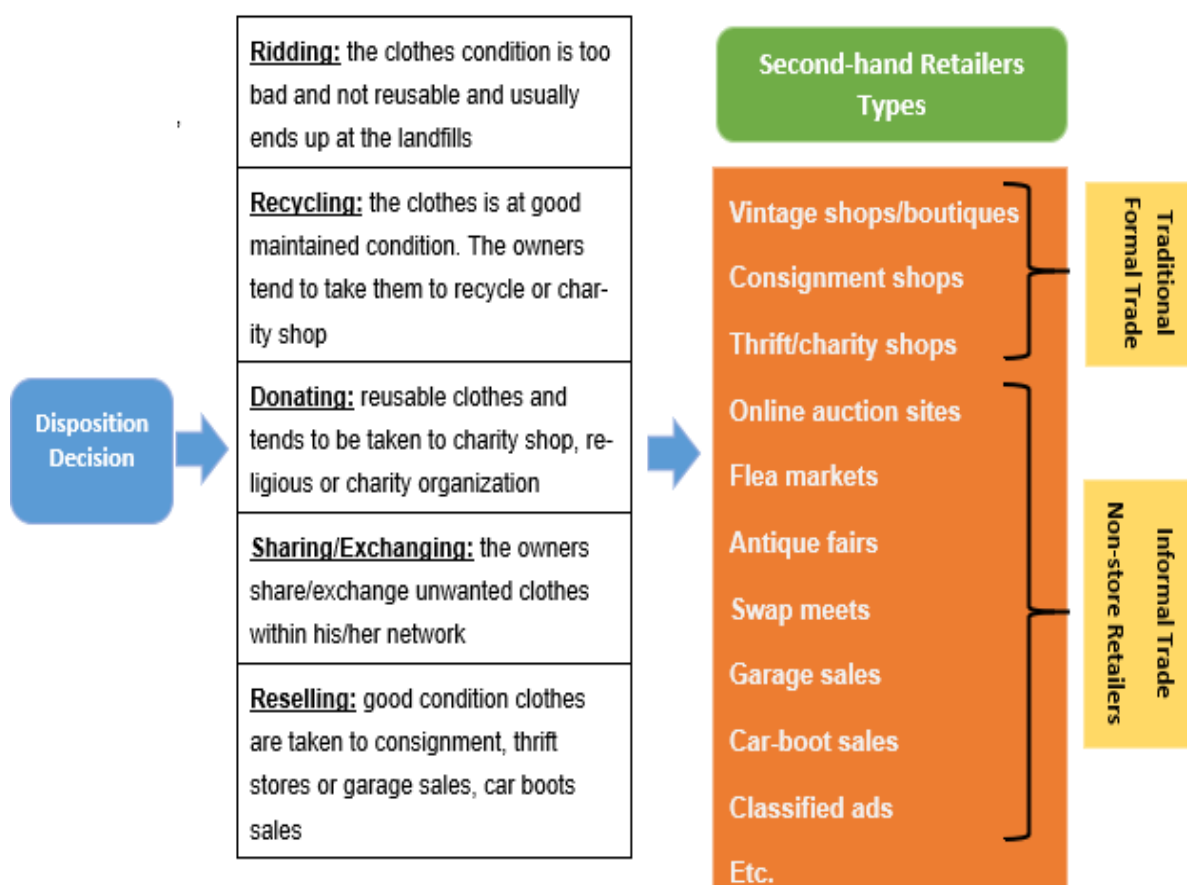


Figure 5 Process from Disposal Behaviors to Retailing Practices Types (adapted from Han 2013 & Herjanto 2019)

Figure 5 explains in detail the framework of these disposition modes and the equivalent retailer types in the second-hand clothing market. A disposal behavior happens when someone wants to get rid of unwanted clothes. There are six ways to do this, including ridding, recycling, donating, sharing, exchanging and re-selling. (Herjanto 2019.)

2.2.3 Second-hand Clothing Retailing Types

There are plenty of second-hand retail formats existing in the market for both used clothes and used items. They can be classified as traditional, formal markets and informal, non-store retail markets. Traditional markets can include vintage boutiques, consignment, thrift, and charity shops. Meanwhile, informal and non-store retailers can include online auction sites, flea markets, antique fairs, swap meets, garages sales, car-boot sales, and classified ads. (Han 2013.)

Traditional, formal market: Vintage, consignment and thrift shops

The traditional market includes those that have a physical store for second-hand clothes and items. This retail format does not offer a wide variety of product depth or customized sizes. Vintage, consignment, and thrift shops may sound similar, however, each of them shares a different target, sales method, and way of obtaining merchandise. (Han 2013.)

Vintage shops/boutiques. Vintage shops/ boutiques generally deal with older second-hand housewares, decors, and retro clothing. They tend to reflect a particular era or offer a general selection of old items. (Petersen 2020.) Vintage shops set a higher value for the products since vintage wearers are driven by uniqueness and authenticity. The highest preference items are at least 25 years old, designer labels, or limited edition. Since the investment in vintage garments requires a certain cultural and economic capital, the main customers are young and middle-class backgrounds. (Veenstra & Kuipers 2013.) Store owners of vintage shops obtain merchandise from vintage-clothes wholesalers, individuals, or thrift stores. Depending on the specific customer target, shop owners can create a certain atmosphere and display with selected themes. (Weil 1999, 17-18.)

Consignment shops. Consignment stores are where people bring unwanted items to that can resell them. Consignment stores act as a middleman between the consignors and buyers and take sales commission to earn profits. The quality here tends to be better since it only accepts good condition items: cleanliness, free of damage, no obvious sign of use, and suitable clothes concept, etc. Depending on the terms between the stores and

consignors, the commission and display time can vary. If the item does not sell within an agreed period, it can be discounted or returned to the consignor. If it sells, the consignor collects a check. Consignment shops can offer diverse options of items and vary from store to store. (Weil 1999, 16.)

Thrift shops. Thrift shops or so-called charity shops sell donated or used goods at a very reasonable price. Some can specialize in a certain type of item, while others can offer everything from furniture to clothing. (Petersen 2020.) Thrift shops obtain merchandise mainly through individual donation. In addition, the goods can be obtained through special arrangements with retail stores or manufacturers. The quality can vary as well since the items are usually generously accepted. The most common types of thrift shops are non-profit, usually by local charitable organization, and for-profit type. Recently, there are charity-affiliated for-profit thrift chains, which is a new form at the market, such as TVI/Value Village and Buffalo Exchange. These chains get items directly from the public and resell them for profit. A lot of thrift shops nowadays feature more designer items to raise the value and customer experience. (Weil 1999, 18.)

Informal trade and non-store retailers

Different from the traditional second-hand retailers, this market type is informal in a way that there is no physical store for the trading activities. They have online auction sites, flea markets, antique fairs, swap meets, garages sales, or car-boot sales, etc. (Han 2013.)

Online auction sites. Online auction sites or virtual auctions act as mediators between sellers and buyers from anywhere in the world. These sites are commonly run by specialized businesses in conducting auctions on an internet-based platform. (Lord 2020.) Online auctions can be consumer to consumer, business to consumer, or business to business type (Online Auction 2012). In an auction, the business, so-called auctioneer, takes commission of the items from the sellers before the proceeding begins. Meanwhile, a potential buyer will bid the willing amount one wishes to pay. The winning bid depends on the type of auction. (Lord 2020.) Examples of online auction sites are Ebay, Webstore, and Overstock, etc.

Swap meets and flea markets. Nowadays the term “swap meets” and “flea markets” can be used interchangeably. Both resemble closest to the oldest and most basic form of exchange in contemporary market and peasant societies. (Belk, Sherry, Wallendorf 1988.) The items at flea markets can be both new and second-hand products. Multiple vendors

gather on a certain day to sell merchandise. Flea markets can take place outdoors or indoors. Sellers at flea market will set up their own booths rented from the flea market organizer or owner. Meanwhile, swap meet is meant to swap used items on a designated day. Most swap markets these days are sold rather than exchanging as in the past. (French 2019.) Customer's motivation at swap meets and flea markets are driven by economic factors, treasure, and bargain hunting (Han 2013).

Car-boot sales. Car-boot sales usually occur on fields and car parks on the urban fringe to exchange second-hand goods. Anyone can participate in this as a seller or buyer. Car-boot sales are largely self-regulated. The goods can range from household items, clothing, electrical equipment, or handmade products, etc. (Han 2013.)

3 MACRO-ENVIRONMENT THEORY

Internal and external variables have significant impacts on a business success. As this study concentrates on external variables affecting second-hand clothing business, macro-environment theory will be analyzed. This chapter presents:

- (i) marketing environment
- (ii) PESTEL framework.

3.1 Marketing Environment

A company success depends on how it can meet the demand of the customers in the market. Marketing research is a fundamental step for all businesses. Especially in the fashion industry, where the trend can change at dizzy speed, a business needs to conduct the most updated marketing research. The modern marketing environment is impacted profoundly by a global marketplace. Thus, a company should be aware of the impact of all factors at a multinational level. To integrate information correctly, it is important to understand about a company marketing environment. (Posner 2015, 66-68.)

A company marketing environment includes internal and external factors influencing the company operation to build and prolong a loyal relationship with target customers. A successful company, if taking full advantage of its marketing environment, can generate strategies to meet the market expectation. The marketing environment is divided into macro-environment, micro-environment, and internal marketing environment. (Kotler & Armstrong 2012, 66; Posner 2015, 68.) Figure 6 indicates detailed factors in each environment.

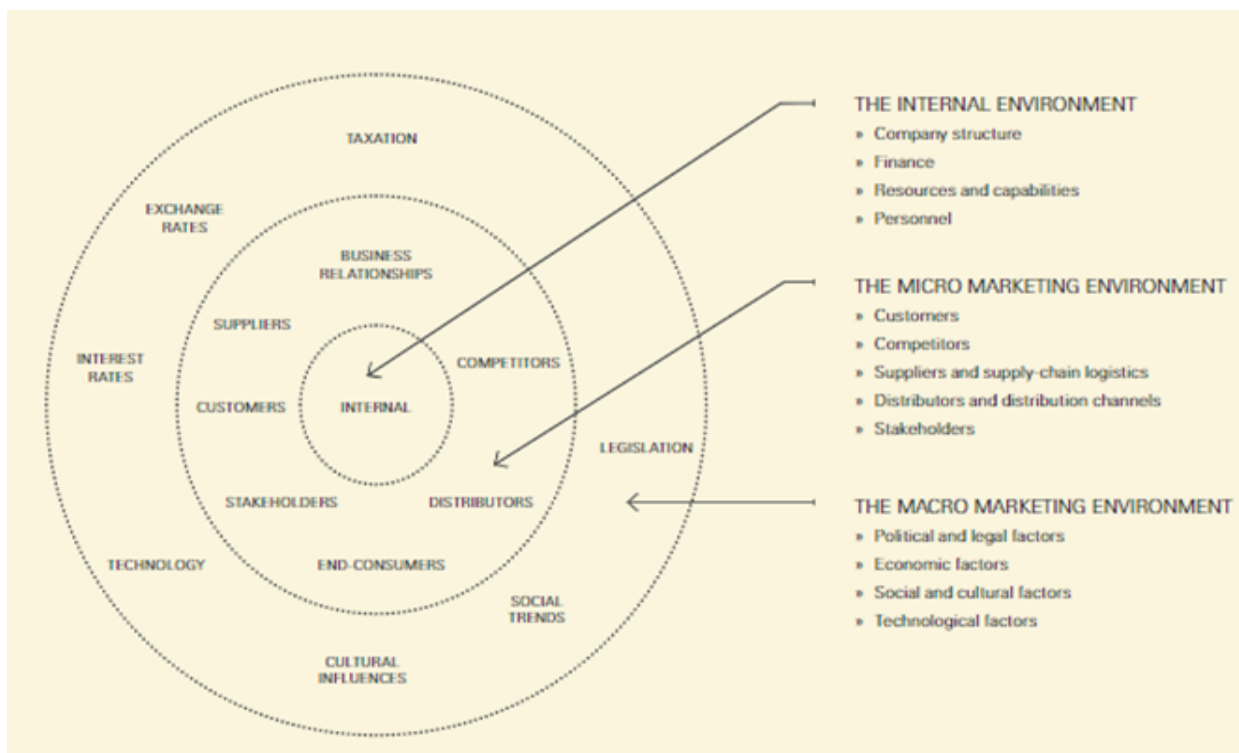


Figure 6 Marketing Environment Model (Posner 2015, 66)

The research will concentrate mainly on the external factors affecting second-hand clothing business in Helsinki. Thus, macro-environment theory is applied using PESTEL analysis. The following part explains PESTEL framework.

3.2 PESTEL Framework

PESTEL framework is a tool to analyze the external marketing environment influencing an organization. The results of PESTEL can be used to identify threats and weaknesses elements in a SWOT analysis. (Marketing Theories – PESTEL Analysis 2020.)

The name PESTEL is an acronym formed by six categories in macro-environment. They are political, economic, socio-cultural, technological, environmental, and legal. The model is believed to be completed during the 1970s and 1980s by several authors. The model is firstly named PEST, standing for political, economic, socio-cultural and technological variables. Through time, there are multiple extensions from the initial PEST, such as SLEPT or STEEPLE analysis. Nowadays, two additional variables are added, which are legal and environmental, creating the acronym PESTEL. In some cases, some can combine political and legal as one, which is called PESTE. (Marmol 2016, 3-5.) Figure 7 describes six external factors in PESTEL analysis.

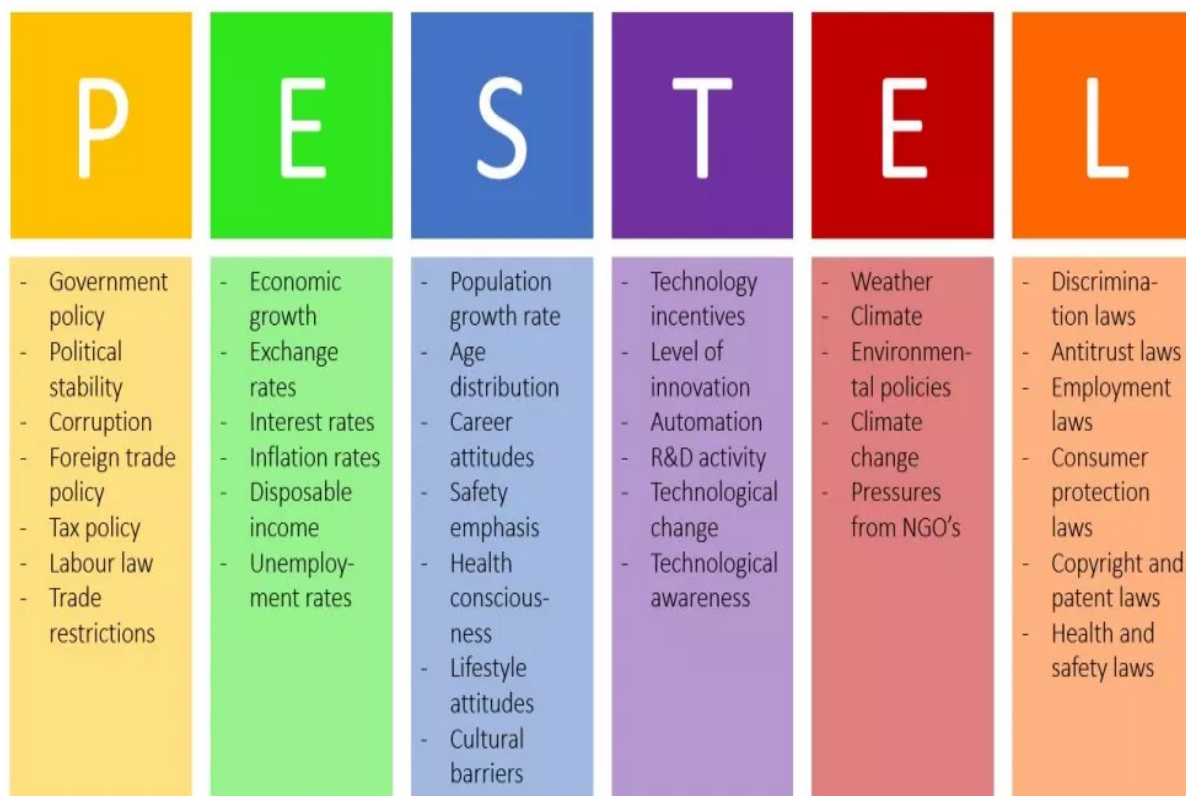


Figure 7 PESTEL Analysis Factors (Scanning the Environment: PESTEL Analysis 2016)

Political Factors

Political environment is defined as “laws, government agencies and pressure groups” affecting an organization or an individual. The establishment of new laws or the modification of the old ones happen almost every year in many countries. Regulation is enacted to ensure a fair market for every company. (Kotler & Armstrong 2012, 81-83.) A company decision to set itself up should take the political trend in a country or overseas, such as government pressure, monetary policy, etc. into consideration. Political factors are considered the least anticipated elements among all. It can be an opportunity or a threat to a business in many cases. A company should be proactive enough to cope with any outcome of politics. (Political Factors Affecting Business 2015.)

Economic Factors

Economic environment includes factors having an impact on consumer buying power and spending behavior (Kotler & Armstrong 2012, 77). Economics is also an uncontrollable

factor and a company cannot actively change them. However, by constantly updating and anticipating the economic variables, it is possible to have a preparation in any circumstances. Marketers should observe the economic trends frequently. (Marmol 2016, 8.)

Consumer spending is an important economic indicator because it can demonstrate the overall consumer confidence in a nation's economy. A higher consumer confidence usually means that there is higher consumer spending in the market. Company can analyze the customer's perception towards its products and services based on this factor. Some consumer spending types are necessities, non-durable goods, durable goods, and luxury items. Increasing consumer spending in durable and luxury items represents higher income customers and vice versa. (Vitez 2020.) Recent consumer behavior shows a non-excessive trend in purchasing. People focus more on the value that lasts longer and is more sustainable. Hence, companies should pay close attention to value marketing by offering higher quality products and services at a fair price. (Kotler & Armstrong 2012, 77-78.)

In fact, consumer spending trends relate a lot to the income distribution. Over the past decades, the income inequality gap has become so big that business should consider diligently their target customers. The widening income gap impacts a lot on a company strategy to differentiate itself in the market. The middle market is forecasted to disappear soon with less potential to grow. Marketers should either target customers with affluent income or ones with lower and stagnant income separately. A strategy that aims to focus all income levels is considered less effective. (Kalish 2011.)

The level of income and distribution varies depending on nations. Depending on the target market, the potential growth could be different as well. For countries with industrial economy, the income level and distribution are diversified. Thus, the number of goods and services are very abundant. Meanwhile, subsistence economies mostly consume their own agricultural and industrial products, which have too few market opportunities. Developed economies stay in the middle, which means that the suitable products and markets will hold a big potential. (Kotler & Armstrong 2012, 77.)

As aforementioned, companies should actively observe a country's GDP, tax rates, and buyer purchasing power, etc. through economic forecasts to deal with fluctuations. An efficient anticipation will help a business adapt and minimize any possible loss. (Scanning the Environment: PESTEL Analysis 2016.)

Socio-cultural Factors

Socio-cultural factors represent the demographic and cultural characteristics that are important for a company operation. Demography studies the population trends such as age distribution, education distribution, and social classes, etc. Culture affects the way people think and consume. Changes in this dimension would affect the organization performance. Therefore, it would be essential study this factor when entering in a market. (Kotler & Armstrong 2012, 70 & 135; Marmol 2016, 8.)

Table 2 shows some of the socio-cultural aspects that might need to consider when evaluating. Some aspects will be discussed and examples according to these aspects will be given.

Table 2 Affecting Factors in Demographic and Cultural Characteristics (Wozniak 2019)

Demographic Characteristics	Cultural Characteristics
Immigration rate	Religion
Emigration rate	Lifestyle
Income distribution	Attitudes and behaviors
Age distribution	Beliefs and value systems
Wealth distribution	Historical issues
Gender distribution	Health consciousness
Family size and structure	Career attitudes
Education level	Norms and expectations
Life expectancy rate	Life experiences
Population density	Race/ ethnicity
Population distribution	Political ideology

Age Distribution. The changing in age structure is analyzed and evaluated as one of key factors that organizations should keep in mind. In the U.S., three largest groups of its population are the “baby boomers”, the “generation X”, and the “millennials”. They all play crucial roles in the American economics. Since they were born in different periods, there are differences between the three groups in preferences, needs, and lifestyle. Regarding age structure and distribution, organizations need to evaluate thoroughly and create more accurate age-specific segments within each group. (Kotler & Armstrong 2012, 70-74.)

Culture. Kotler and Armstrong (2012, 135) define culture as “the set of basic values, perceptions, wants, and behaviors learned by a member of society”. People absorb their beliefs and values from the society they are living in. These could be core or secondary beliefs and values that shape personal perceptions and behaviors either consciously or unconsciously. Core beliefs and values are passed from previous generations and emphasized by institutional organizations (schools, churches, governments, etc.). Because of the pre-existent approvals, core beliefs and values are fairly persistent within a particular society. By contrast, there are some chances of changing secondary beliefs and values. These secondary cultural shifts affect people’s decision making and buying behaviors. Reasons for these changes are based on people’s views of themselves and of others, as well as their views of the organizations, society, nature, and the universe. By studying these perceptions, behaviors, and preferences, organizations could anticipate shifts in secondary cultural values to discover potential risks and opportunities. (Kotler & Armstrong 2012, 86-88.)

Religion. Religion is considered as “a socially shared set of beliefs, ideas, and actions that relate to a reality that cannot be verified empirically yet affects the course of natural and human events—a way of life woven around people’s ultimate concerns”. There are many countries that consider religion as an important part of people’s life. Religion can affect peoples’ thinking, lifestyles, and behaviors. Therefore, organizations need to evaluate this factor carefully to adapt their operation according to a particular country’s religion. (Masovic 2018, 3-4.)

Technological Factors

Technology has a tremendous impact on the world we are living in today. Technological factors are “forces that create new technologies”. New technologies could offer new markets and opportunities for companies. However, the technological environment changes rapidly. When a new technology is created and adopted, old technology is replaced. If

companies ignore the new technologies and do not keep up with the changes, their products would be outdated, and their businesses would be declined. Understanding the importance of innovation of new products, systems, and services, many organizations are adding more people and investing more resources in the Research and Development teams. (Kotler & Armstrong 2012, 80-81.)

The adoption of Information and Communication Technology (ICT) has improved the quality of a business' processes and communication. ICT refers to all communication technologies such as the internet, computers, software, etc., and other media applications and services. (Information and Communication Technologies (ICT) 2020.) The implementation of technologies has increased productivity and saved time thanks to the improvement of employee engagement (Suleman 2019).

Environmental Factors

Environmental factors, sometimes called “ecological factors”, are defined as any elements relating to the physical environment on Earth and any direct consequences of it. These factors can also be the natural inputs needed for marketing activities. (Bush 2016.) Over three past decades, environmental issues have been now one of the biggest concerns that any business needs to consider when implementing business executives. It is important to be aware of the recent trends of the environment. Companies can have a proactive plan respectively. There are three environmental trends to be considered, which are the shortage of raw materials, the severe pollution, and the intervention of the government in managing natural resources. (Kotler & Armstrong 2012, 78.)

As many people are now paying attention to the environmental issues, the green movement has become a competitive advantage in marketing. Many companies execute strategies supporting environmental sustainability such as using recyclable packaging and less plastic in production. Therefore, scrutinizing the link between friendly ecology and effective business can become a golden opportunity for a company. (Chandler 2020.)

Legal Factors

Legal factors include "all regulatory and law determinants that can negatively or positively affect results of market actions and decisions of management of company functioning in a particular country". These can be law and regulations connected to tax regulations,

customs regulations, and employee protection, etc. It is imperative for organizations to understand the roles of these factors and how they affect their business. (Wozniak 2019.)

4 PESTEL OF FINLAND AND SECOND-HAND CLOTHING INDUSTRY

The previous section has explained in detail what a PESTEL framework was, and how it could be used to analyze influencing macro-environment factors to a company performance. This chapter applies PESTEL framework to give an overview about the external factors of Finland and of second-hand clothing industry.

Political Factors & Legal Factors

Political and legal variables affecting a company environment can be government policy, tax rate, corruption rate, trading policy, and employment laws, etc. (Scanning the Environment: PESTEL Analysis 2016). In this part, political situation of Finland is analyzed. Moreover, political and legal macro-environmental factors affecting second-hand business are also explained.

In general, Finland is a country with reliable government stability, low corruption level, and high tax rate. Finland has very low corruption level and stays steadily as one of the lowest corruption countries for many years. In 2019, based on the survey of Transparency International in 180 countries and territories, Finland ranked third on the chart with a CPI score of 87. CPI, which stands for Corruption Perceptions Index, gives score to each country from 0 (highly corruption) to 100 (very clean). In addition, Finland is considered to have very low political risk since the European Central Bank cut down the interest rates to Finland. This action has spurred the economy and drawn attentions of foreign investors. At the same time, Finnish government conducts fiscal policy to prepare for an increasing level of economy and avoid large deficits. This explains for a high government stability in Finland. (Corruption Perception Index 2019 2020; Patel 2020.)

It is important for any business to consider the tax rate at the operating country once entering the market. The overall tax rate is at high level. Finland is also the fifth highest standard rate (24 percent) among the EU Member States. However, there are two reduced rates are in use, which are 10 percent and 14 percent for some specific fields such as restaurant and catering services. Second-hand sellers in Finland should note that they must register for VAT if the turn-over exceeds 10,000 euros. If the sale of a business is below this rate, register for VAT is voluntary. There is also business taxation for entrepreneurs, corporations, partnerships, and joint owners in Finland. The cooperate tax rate at the moment is 20 percent. (Flea Market Sales 2017; Value Added Tax 2020; Business Taxation 2020.)

Finnish legal system is based on civil law. EU law places a higher priority over national legislation and can be applied directly here. In general, there is no restrictions on foreign investment in Finland, even though authorization is required in some sectors such as banking and investment services. Importing and exporting goods between Finland and non-EU countries is applied to certain trading restrictions such as customs duties. (Siimes, Waaralinna, Haapaniemi, Paanajärvi & Segercrantz 2019; Knaaplia, Koskela & Havia 2019.)

In comparison with other countries, Finland holds a stricter and more detailed employment legislation with significant penalties. Employment legislation in Finland aims at providing a fair protection for both employers and employees. All matters regarding employments such as employment contracts, data protections, and basic rights, etc. are regulated by Employment Contract Act. Private limited liability company (yksityinen osakeyhtiö) is the most common form of business used by foreign company. (Siimes et al. 2019.) According to Siimes et al. (2019), most common business forms used in Finland include

- general partnerships (avoin yhtiö)
- limited partnerships (kommandiittiyhtiö)
- limited liability companies (osakeyhtiö), including
 - private limited liability companies (yksityinen osakeyhtiö)
 - public limited liability companies (julkinen osakeyhtiö)
 - european companies (eurooppayhtiö) (SE)
- co-operative societies (osuuskunta).

Figure 8 illustrates the characteristics of different business types in Finland.

	Minimum number of founders	Minimum capital	Supreme decision-making body	Statutory decision-making bodies	Responsible for the company's commitments
Private trader	Only the entrepreneur. The entrepreneur's spouse may also be involved in the business.	None.	The entrepreneur herself or himself.	The entrepreneur herself or himself.	The entrepreneur herself or himself.
General partnership	Two.	No monetary investment; only work input.	The partners together or in the manner laid down in the partnership agreement.	None.	The partners (also for each other's commitments).
Limited partnership	Two, of which one is the active partner and the other is the silent one.	The silent partner will have to make a monetary investment or an investment in the form of other assets.	The general partners together or in the manner laid down in the partnership agreement.	None.	The general partners (also for each other's commitments). The silent partner is only responsible to the extent of the capital invested.
Limited company	One.	€2,500	The shareholders in the annual general meeting. The annual general meeting must be held within six months of the end of the accounting period.	Board of Directors with at least one ordinary member and one deputy member.	The shareholders in relation to the capital they have invested, unless they have given securities.
Co-operative	One. The number of members may vary.	None. Changing capital.	The members in the co-operative meeting. The annual general co-operative meeting must be held within six months of the end of the accounting period.	Board of Directors with at least one ordinary member and one deputy member.	The members with the capital they have invested (usually the co-operative payment), unless they have given securities to cover the co-operative's loans.

Figure 8 Characteristics of Different Business Types in Finland (Guide: Becoming an Entrepreneur in Finland 2017, 47)

Table 3 summarizes the main characteristics of political and legal factors of Finland.

Table 3 Political and Legal Factors of Finland

External Factors	Main Characteristics
Political	<ul style="list-style-type: none"> • High government stability • Low corruption level • 5th highest standard VAT rate (24%) of EU • Political stability • No restriction on foreign investment
Legal	<ul style="list-style-type: none"> • Civil law • Strict and detailed employment legislation aiming at protecting both employers and employees • Types of business registration

If second-hand selling is the main business activity, it may require a license or registration. The required criteria are different depending on the operating countries. For example, license is required in Scotland and in the U.K. (Clothes Shop Legal Issues 2020.) In some cases, a resale certificate is compulsory if a seller wants to purchase from a wholesale supplier. Both resellers and wholesalers are required to obtain a seller's permit. It is recommended that one wishes to enter the second-hand market should contact their local authorities for concrete guidance. (Wood 2020.)

Second-hand clothing retailers need to constantly update on consumer protection laws. This action can help getting rid of low quality and unsafe protect. For example, children second-hand clothing is required to be tested by the Consumer Product Safety Improvement Act. Otherwise, they must be thrown away. (Wood 2020.)

Tax rate is another political factor affecting second-hand clothing business. According to IP/95/21 (1995) of European Commission:

Sales between individuals are not subject to VAT or to any formality throughout the Union. The price is paid once and for all at the place of purchase.

However, for professional second-hand dealers, VAT is subject based on profit margin to avoid all forms of double taxation. Profit margin is explained as the difference between the price that a good being bought and the price being resell. The VAT rate is generally the standard rate, except some cases with reduced VAT (books, periodicals, etc.) In Finland, the standard VAT rate is 24 percent. (Second-Hand Goods: Entry into Force of The Harmonized VAT Arrangements IP/95/21.)

Table 4 summarizes the main characteristics of political and legal factors of second-hand clothing industry.

Table 4 Political and Legal Factors of Second-hand Clothing Industry

External Factors	Main Characteristics
Political	<ul style="list-style-type: none"> • Sales between individuals are exempts from taxes • Tax collection for professional second-hand dealers: VAT rate based on profit margin to avoid double taxation • VAT rate is generally the standard rate • Foreign trade policy
Legal	<ul style="list-style-type: none"> • License or registration is required depending on operating countries

- Consumer protection laws required to be updated constantly

Economic Factors

Economic factors influencing a business can be economy growth, interest rates, unemployment rates, and consumer confidence, etc. Based on the statistics, Finland has low economic risk. Finland has remained a stable level of GDP growth since 2015 with a high income level, low unemployment rate, low interest, and low inflation rate. Low inflation risk also helps reducing economic risk. Finland's annual inflation rate was 0.6 percent in March 2020, which is lower than the previous month (0.8 percent). Even though Finland has a low unemployment rate at 6.9 percent, labor cost is high. Labor cost in Finland increased from 98.1 points in the third quarter of 2019 to 99.4 points in the fourth quarter of 2019. Higher labor costs also mean a higher income level in Finland. (Finland – Economic Indicators 2020.)

According to Trading Economy, GDP of Finland has been increasing steadily since 2015. In 2019, GDP of Finland was at 291 billion US dollars in 2019, higher than previous year (275.68 billion US dollars in 2018). (Finland – Economic Indicators 2020.) Figure 9 shows GDP of Finland since 2015.

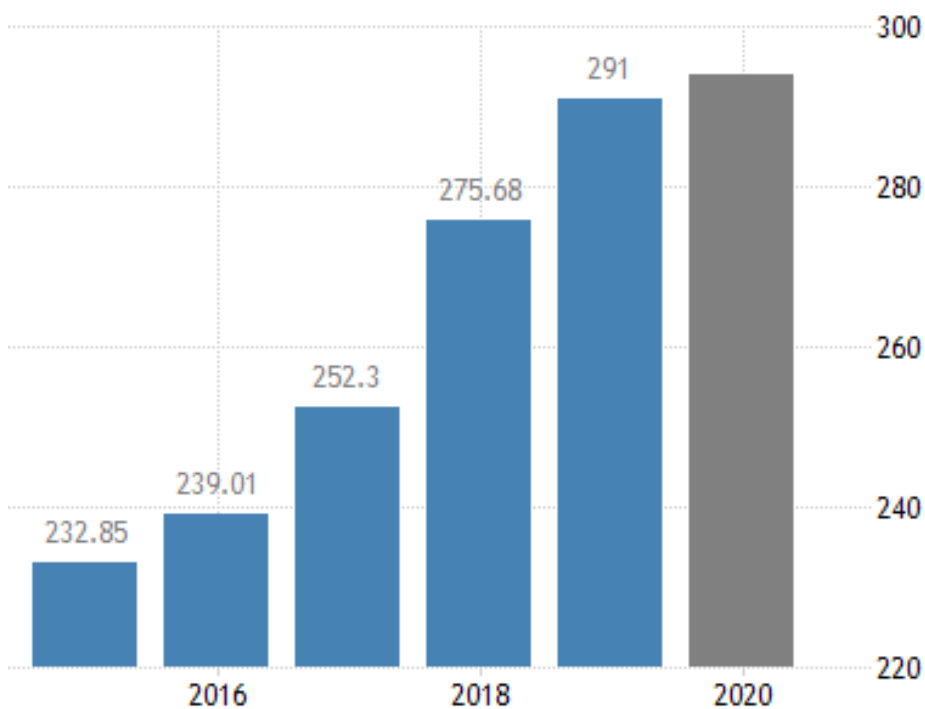


Figure 9 GDP of Finland (Finland – Economic Indicators 2020)

The consumer confidence of Finland tends to decline recently due to weak prediction on Finnish economy's growth. However, the expectation on Finnish economy are somehow better than last year. The consumer confidence indicator (CCI) was at -7.1 in March 2020 (February 2020 CCI at -4.5 and January 202 CCI at -4.6 respectively). However, Greater Helsinki showed the strongest consumers' confidence (CGI -5.2), which is an optimistic signal for operating business in the Helsinki area. Consumer's trend is more concentrated on durable products. Consumers also considered themselves with a good financial state in March 2020. (Consumer confidence weakened in March – trust in own economy 2020.) Consuming trend in Finland is becoming more environmentally friendly. Study of NPD groups shows that consumers are moving towards non-gender fashion. K Group study points out that consumers are more intrigued by quality and ecological products. (Finnish Market: Consumer 2020.)

Like other countries, Finland economy is also heavily affected by Coronavirus pandemic. The Pellervo Economic Research institute predicts a shrinking in Finnish economy up to 6 percent this year. The situation can be even worse and last into 2021 if the virus situation does not get better. (Researchers: Coronavirus Clearly Shrinking Finnish Economy 2020.) The survey by the Confederation of Finnish Industries EK shows that bigger companies have better precautionary measures to cope with the crisis. The pandemic also causes 40 percent of temporary or permanent layoffs. 40 percent of companies consider their position to be strongly weakened due to the Coronavirus. (Corona survey: 40% of Finland's employer companies prepared for layoffs 2020.)

Table 5 summarizes the main characteristics of economic factors of Finland.

Table 5 Economic Factors of Second-hand Clothing Industry

External Factors	Main Characteristics
Economic	<ul style="list-style-type: none"> • Economic stability but recently shrinking by Coronavirus • Stable GDP growth level • High income level • Low unemployment rate • High labor cost • Low interest rate • Inflation stability • Potential consumer confidence

- Environmental and ecological oriented, non-gender, and high-quality consuming trend

Consumer spending pattern and economic report indicate a huge potential room for growing in second-hand clothing market. ThredUP, the world's largest online consignment and thrift store, foresees that second-hand market may be worth 51 billion US dollars within the next 5 years. There is a shift in the future consumer spending trend. 51 percent of customers said that they planned to spend more on second-hand items in the next 5 years. As aforementioned, the consumer spending trend is now mainly driven by environmental and ethical reasons. (ThredUP 2019 Resale Report 2020.)

Although income level has a dramatic effect on customer spending pattern, this is not exactly the case in second-hand industry. Financial status can be a partly reason explaining for the sales of second-hand market. As second-hand products normally have a lower price, low-income level customers purchase second-hand to avoid burden of poverty. Hence, poverty can be a motivation for second-hand shopping. However, second-hand shopper is not necessarily low-income but wants to shop responsibly. In general, most of second-hand consumers are driven by hedonic and recreational motivations such as uniqueness, authenticity, vintage aesthetic, and nostalgic pleasure. In addition, practicing a minimalism or anti-consumption lifestyle can be a reason. (Han 2013; Steffen 2017.)

Coronavirus pandemic is now hitting the world severely, causing an economic crisis. Airlines, logistics, restaurants, and retail industries have the most serious loss caused by the pandemic. (Elder 2020.) Figure 10 demonstrates the impacted level on different industries caused by Coronavirus, including apparel and retail business fields.

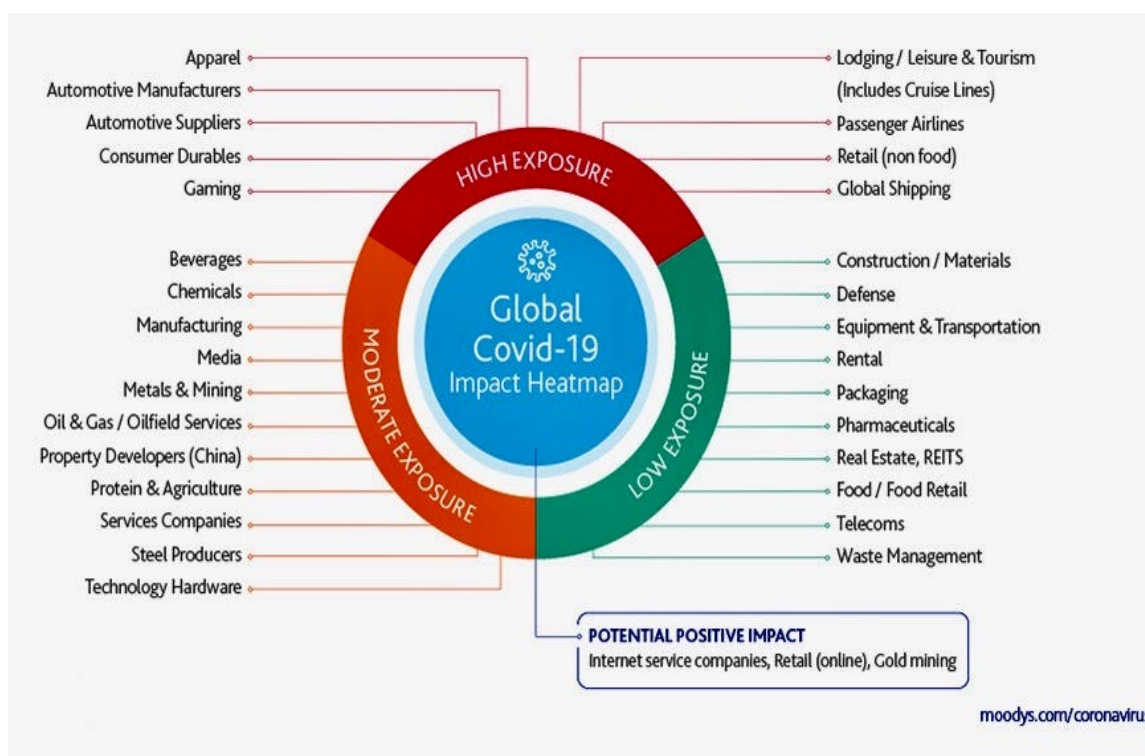


Figure 10 Impact of Coronavirus on Different Industries (Elder 2020)

Table 6 summarizes the main characteristics of economic factors of second-hand clothing industry.

Table 6 Economic Factors of Second-hand Clothing Industry

External Factors	Main Characteristics
Economic	<ul style="list-style-type: none"> • Potential market • A shift of future spending trend to second-hand goods • Environmental and ethical oriented consuming trend • Damaged by Coronavirus pandemic

Socio-cultural Factors

This part firstly interprets Finnish demographics including population distribution and age distribution. Value and lifestyle of the Finns towards sustainability is also discussed. Next, social-cultural factors in second-hand clothing industry is analyzed with paralleling aspects studied as of Finland.

Finland is the third most sparsely populated among European countries. With the land area of 338,000 square kilometers and population of about 5.5 million inhabitants, Finland's average population density is 18 inhabitants per square kilometers. However, Finland's population distribution is largely uneven when its population is concentrated on the small southwestern coastal plain. Particularly, the Helsinki Metropolitan area is the most populous municipality in Finland with the population of 1.4 million. (Finland Population 2020; Helsinki Population 2020; Patel 2020; Population: Demographic Situation, Languages and Religions 2020.)

There are four generations in terms of age division, including (Boomers, Gen X, Gen Y, and Gen Z Explained 2019):

- baby boomers (age 56-75)
- generation X (age 38-55)
- millennials (age 25-37)
- generation Z (age 4-24).

In Finland, the largest group of its population is baby boomers which accounts for 29 percent, following are generation Z with 27 percent, generation X with 25 percent, and millennials with 19 percent (Age Structure of Population 2020). Figure 11 illustrates distribution of age in Finland in 2019

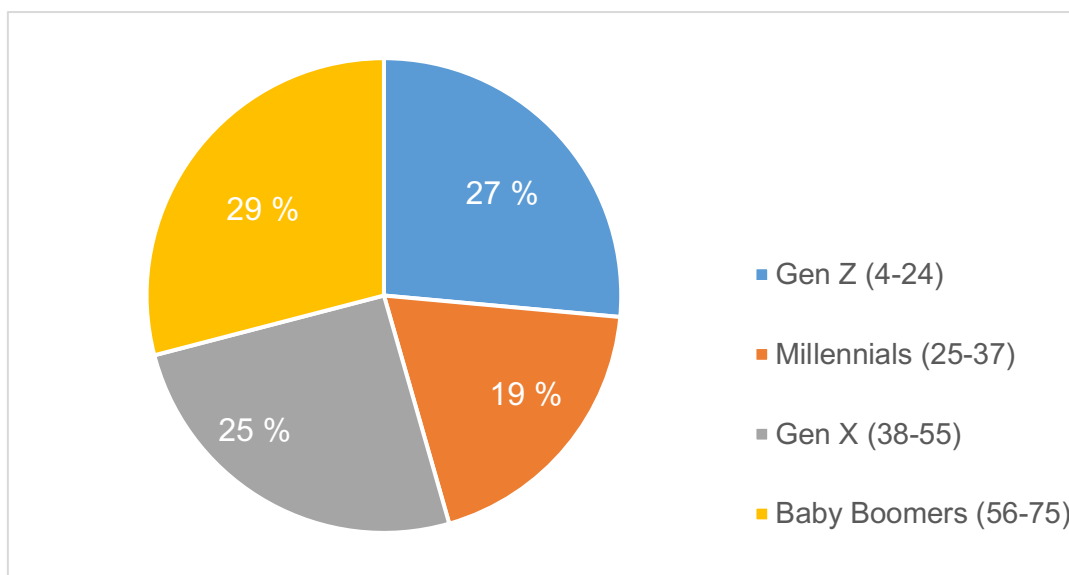


Figure 11 Age Distribution in Finland by Generations (adapted from Boomers, Gen X, Gen Y, and Gen Z Explained 2019 & Age Structure of Population 2020)

As mentioned before, Finland's spending trend is shifting to a more environmental and ethical way. Its minimalist or anti-consuming lifestyle is becoming popular. Living styles in

Finland show some positive signs towards sustainability such as in recycling, agriculture, housing and energy, tourism, and clothing, etc. Finnish people support the local economy by consuming domestic foods and products. This not only maintains biodiversity and helps create global food security but also reduces the carbon emissions of logistics. (Salonen, Siirilä & Valtonen 2018.) Moreover, environmental-friendly approaches in tourism of Finland like in traveling modes have positively lowered ecological footprints (Travel Sustainability in Finland 2020). Since people value and care more about sustainability, there has been a shift towards more sustainable consumption in Finland, especially in fashion. Sustainable fashion in Finland has made noticeable progress recently. New eco-shift business models such as second-hand stores, clothing libraries, or Finnish sustainable brands are more popular. (Nurmi 2014.) Finnish companies have also adopted new operating methods to keep the materials stay in circulation as long as possible (At the Head of the Circular Economy II – Solutions for Textile Recycling 2018).

Table 7 summarizes the main characteristics of socio-cultural factors of Finland.

Table 7 Socio-cultural Factors of Second-hand Clothing Industry

External Factors	Main Characteristics
Socio-cultural	<ul style="list-style-type: none"> • Low and uneven population density • Helsinki Metropolitan area as the most populous • Age distribution: baby boomers > generation Z > generation X > millennials • Ethical and environmental lifestyles • Sustainable consumption

In the global scale of second-hand clothing industry, there are growing numbers of shoppers willing to buy second-hand clothes. Moreover, the industry is booming and expected to surpass fast fashion industry. Millennials (age 25-37) and baby boomers (age 56-75) thrift second-hand clothes the most, which accounts for 33 percent and 31 percent respectively. (Martinko 2019; Linnenkoper 2019.) Figure 12 shows the second-hand apparel shoppers by age.

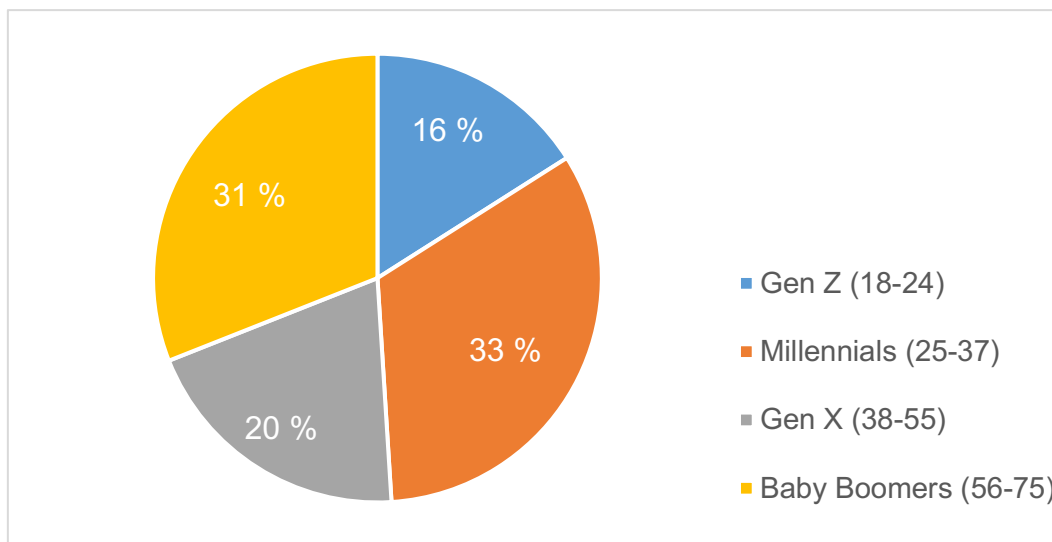


Figure 12 Second-hand Apparel Shoppers by Age (adapted from Martinko 2019 & Linnenkoper 2019)

Even though millennials (age 25-37) and baby boomers (age 56-75) do most of the second-hand shopping, generation Z (age 18-24) and millennials (age 25-37) are the fastest in adopting second-hand clothing shopping which takes account for 46 percent and 37 percent respectively, 2.5 times faster than other age groups. (Linnenkoper 2019.) Figure 13 illustrates percentage of each age group that bought second-hand apparel.

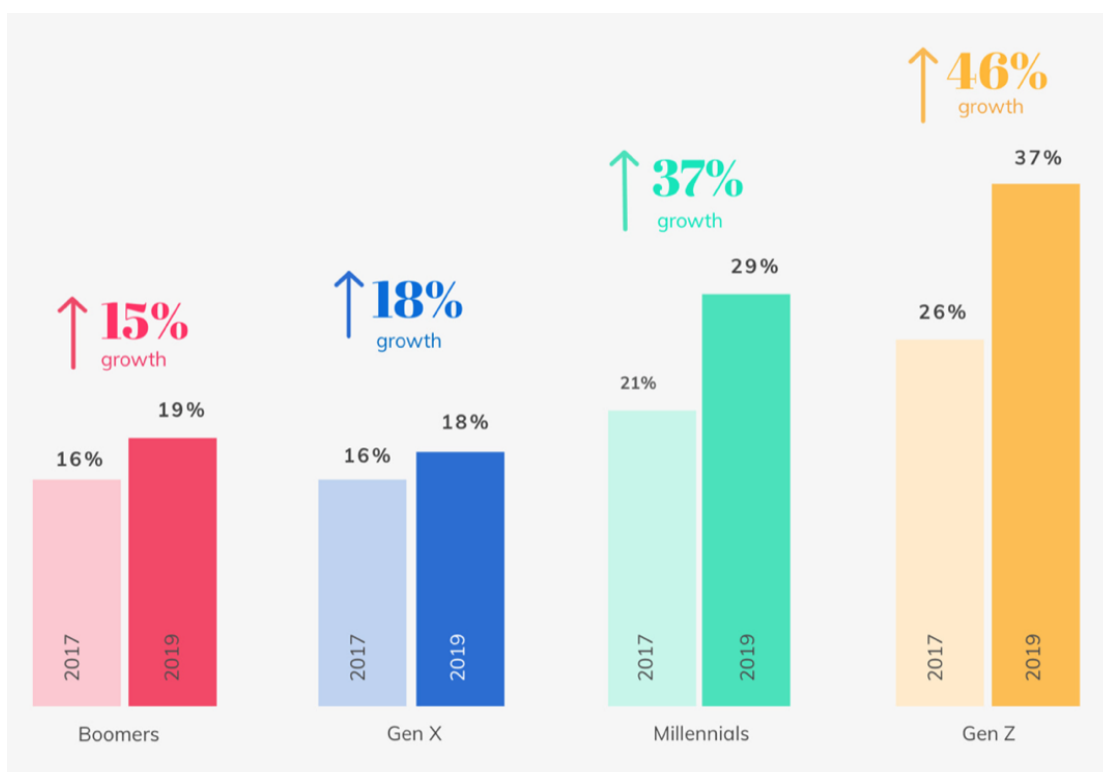


Figure 13 Second-hand Apparel Shoppers by Percentage (Linnenkoper 2019)

When textile and clothing economy are considered as a linear, circular economy carrying long-term benefits is considered as a fundamental shift in fashion industry practices. Clothes, textiles, and fibers are envisioned to be utilized at their highest value and kept in the circulation as long as possible. (Ellen MacArthur Foundation 2017, 3.) Europe in 2018 adopted this circular economy package which aims to collect textiles separately in all Members States by 2025 at the latest. Raw materials which are ecological and sustainable are advocated to be used. Actions of re-use and recycle clothes are supported. (Sajn 2019.)

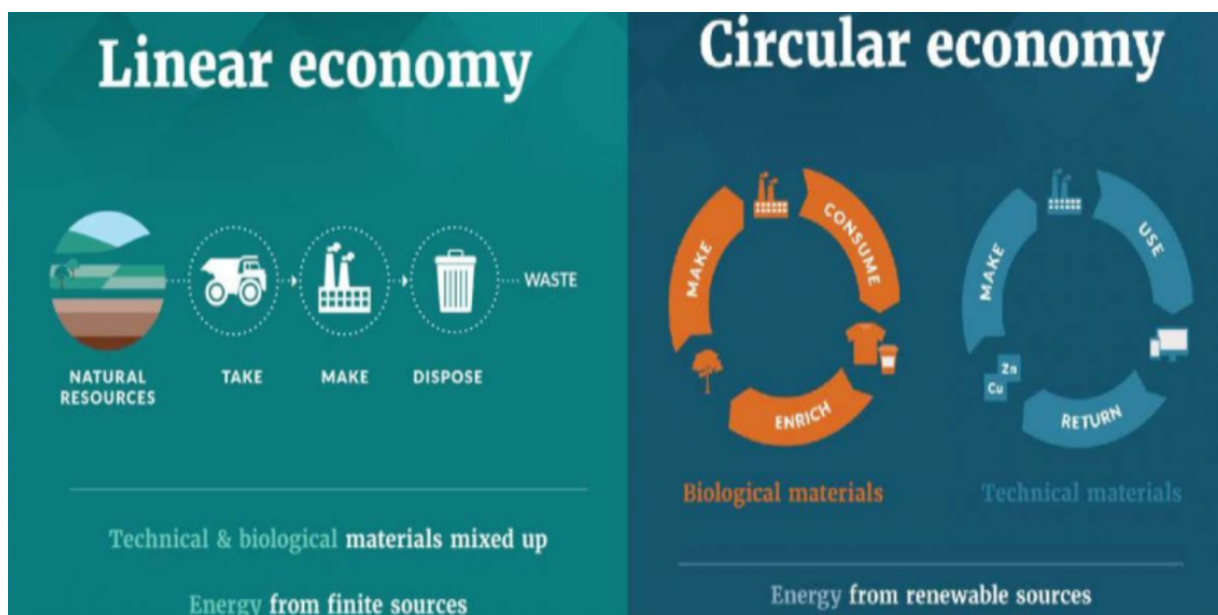


Figure 14 Linear Economy versus Circular Economy (Charlton 2018)

Moreover, resale can help increase the use of clothing and play an important role in making fashion circular (Linnenkoper 2019). Figure 14 describes the difference between linear economy and circular economy.

Table 8 summarizes the main characteristics of socio-cultural factors of second-hand clothing industry.

Table 8 Socio-cultural Factors of Second-hand Clothing Industry

External Factors	Main Characteristics
Socio-cultural	<ul style="list-style-type: none"> • Sustainable operating models • Age distribution: millennials > baby boomers > generation X > generation Z • Generation Z and millennials as potential customer segmentation

- A shift to circular economy
- Developing new eco-shift business models

Technological Factors

Finland is considered as the technologic leader of Europe when it has transferred from playing catch-up to be the fore front of technology developments over the decade. According to the 2008 Prime Minister of Finland, Matti Vanhanen, 3.5 percent of Finland's gross domestic product had been spent in the development of Research and Development to ensure being the pioneer when competing with other countries. (Patel 2020.) Until January 2020, there were 5.26 million internet users and 3.3 million social media users in Finland (Digital 2020: Finland 2020). Facebook (33.19 percent), Instagram (23.33 percent), and Twitter (19.91 percent) are the most famous social media applications used in Finland (Social Media Stats Finland 2020). Table 9 summarizes the main characteristics of technological factors of Finland.

Table 9 Technological Factors of Finland

External Factors	Main Characteristics
Technological	<ul style="list-style-type: none"> • Technologic leader of Europe • High investment on R&D • High investment on environmental preservations • Large social media users (Facebook, Instagram, and Twitter)

With today's age of big data, mobile, and artificial intelligence, shopping second-hand clothes does not limit at going to flea markets or thrift stores. Technologies has opened up greater opportunities for this industry than ever before in making thrifting digital. Social media such as Facebook and Instagram now can be an option to buy or trade used clothes. (Thibodeaux 2017.)

Besides, clothing-based platforms and distribution systems for second-hand clothing business were invented to create the best shopping experience and convenience for customers. Notably, ThredUP utilizes technology to "do all the work that traditionally made second-hand unappealing to customers". ThredUP's proprietary automation and machine-learning algorithms base on seasonal trends and historical data to set prices of products. Donating is as easy as buying when donators can order a ThredUp Clean Out Kit and

send their clothes in via prepaid shipping label. With the effective adoption of technology, growing consignments and thrift stores like ThredUP approach multiple audiences and make second-hand clothing shopping rejuvenated. (Thibodeaux 2017.)

Table 10 summarizes the main characteristics of technological factors of second-hand clothing industry.

Table 10 Technological Factors of Second-hand Clothing Industry

External Factors	Main Characteristics
Environmental	<ul style="list-style-type: none"> • Digital thrifting • Social media (Facebook and Instagram) • Clothing-based platforms and distribution systems • Automation and machine-learning algorithms • More audiences • Rejuvenation of second-hand clothing shopping

Environmental Factors

Environmental Sustainability Index shows that Finland has been one of the world leaders in environmental protection standards. It demonstrates that the strengths of Finland are efficiently environmental administration and legislation, and high perception about environmental protection in all society sectors. As one of the wealthiest industrialized countries in the world, Finland is able to fully invest on high technology to protect the environment. In addition, low population density and unspoiled natural environment help Finland become a top in nature conservation. Despite plenty of advantages in environmental protection aspects, Finland can still be extremely impacted by global climate changes. The annual temperature of Finland is estimated to increase up to 2 to 7 Celsius degrees by 2080. Meanwhile, annual precipitation can also rise by 5 to 40 percent. (Lyytimäki 2014.)

Finnish environmental policy challenge is the concept of carbon-neutrality. The goal of government is to reduce greenhouse gas emissions 80 to 95 percent by 2050. To achieve the goal, a large energy consumption needs to be eliminated. Nineteen municipalities have participated in the Carbon Neutral Municipalities project to help reaching the goal faster. (Finland country briefing – The European environment – State and Outlook 2015 2019.)

Table 11 summarizes the main characteristics of environmental factors of Finland.

Table 11 Environmental Factors of Finland

External Factors	Main Characteristics
Environmental	<ul style="list-style-type: none"> • Among world leaders in environmental protection standards • Strong environmental administration and legislation • High perception about environmental protection in all sectors • High technology investment on environmental protection • Top in nature conservation • Damaged by global climate change • Aiming at reducing greenhouse gas emissions • Practicing circular economy in textile industry

As fashion is the second largest polluted industry in the world, Finnish fashion industry has made its step in reducing the impact on environment (Fashion's Environmental Impact 2020). Figure 15 illustrates the impacts of fashion industry on the environment.

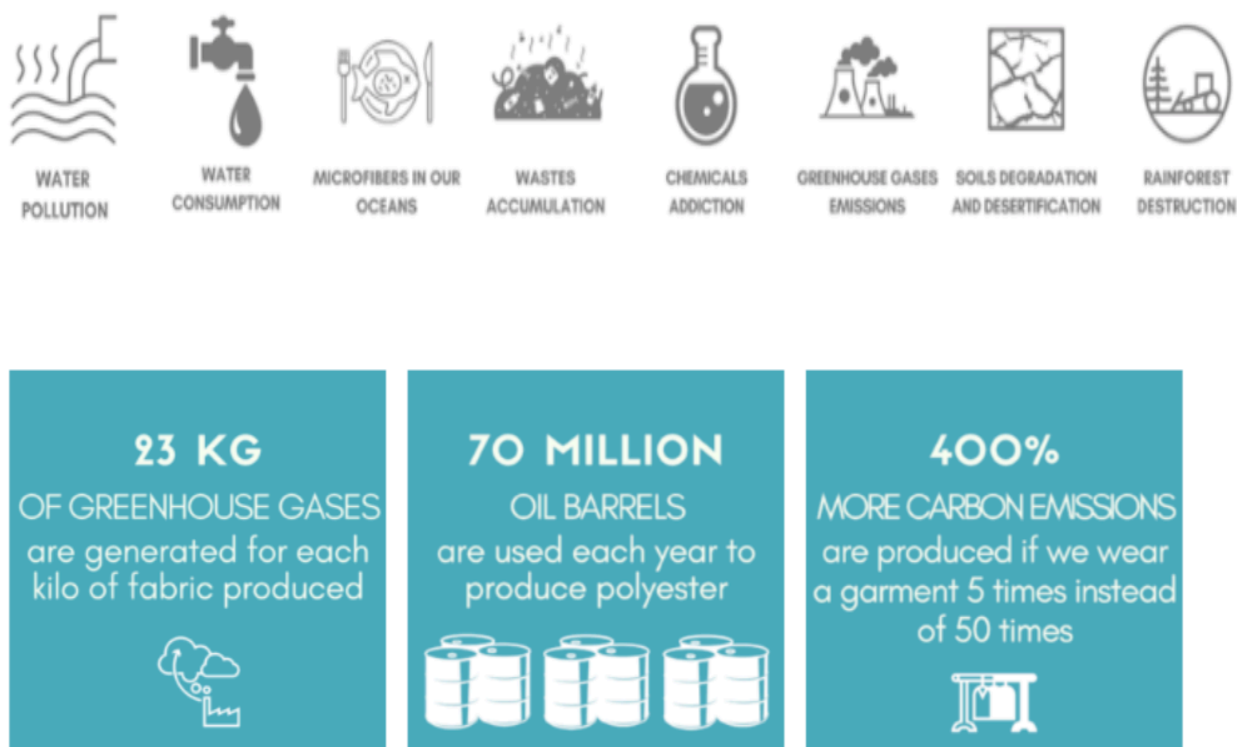


Figure 15 Impacts of Fashion Industry on Environment (Fashion's Environmental Impact 2020)

Circular economy is the solution applied to reduce the impact of fashion industry on environment. A circular economy approach in fashion can create a close-loop system to extend the use time of garments the most efficiently, which can maintain products and materials as long as possible. It is estimated that 30 percent of clothes in wardrobes have not been used for at least a year. Meanwhile about 70 percent of clothes in wardrobes are not in active use. These cause a huge waste on garment. In Finland, circular economy has been used for a long time to look for more effective textile recycling methods and new recycled fibers. Many Finnish companies generate circular economy as a part of their business and become an outstanding pioneer. (At the Head of the Circular Economy II – Solutions for Textile Recycling 2018; Niinimäki 2018, 16.) Figure 16 demonstrates the circular economy model with second-hand clothing as a part of the circular economy.

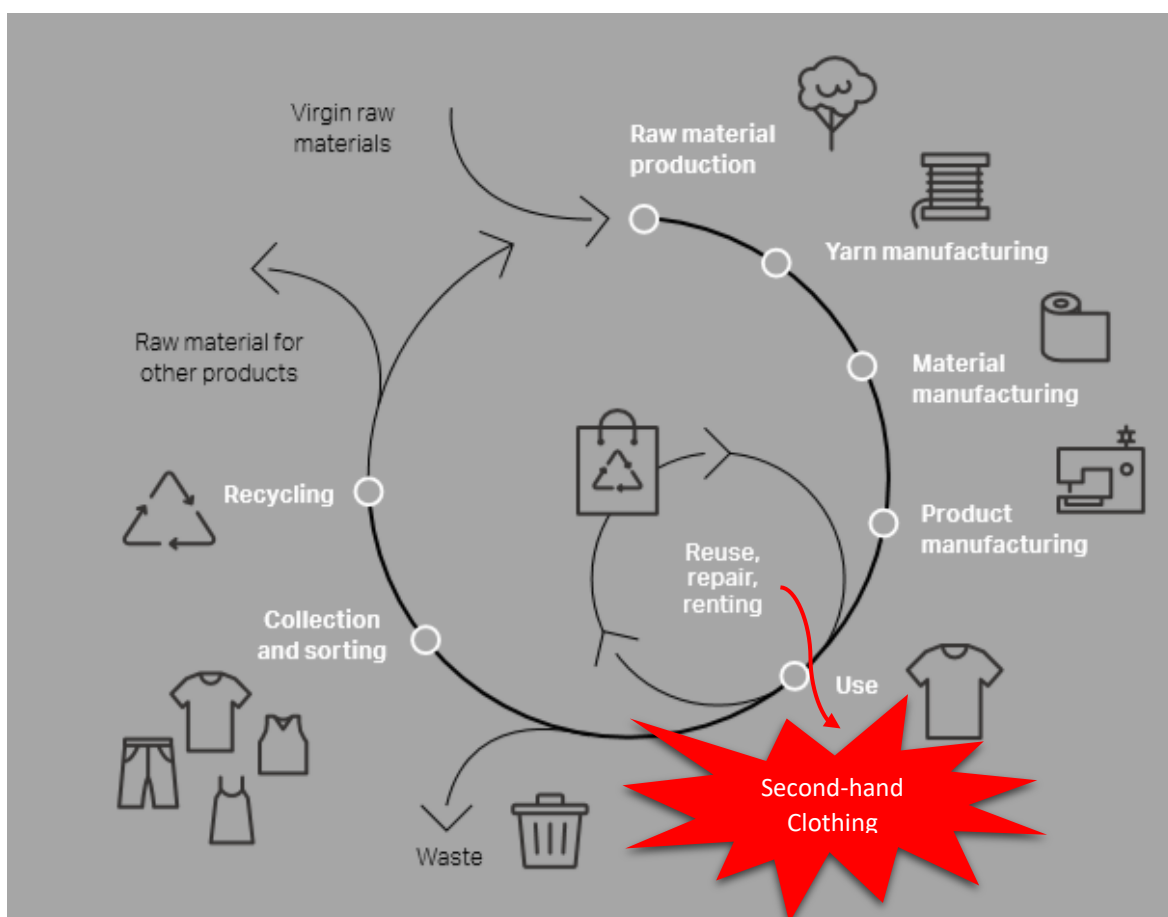


Figure 16 Circular Economy Model (adapted from At the Head of the Circular Economy II – Solutions for Textile Recycling 2018)

Second-hand clothing is also a part of circular economy. In order to contribute to a zero-waste system, used clothes prolong the “reuse-repair-renting” loop before it can be recycled or become a waste. The longer the item is hold, the less wasteful it becomes. If 600

kilos of clothes are reused, it can reduce 2,250 kilos of carbon emissions, save 3.6 billion liters of water, and plant 144 trees (Vincenti 2019).

Francois Souchet, The Ellen MacArthur Foundation's Make Fashion Circular Lead stated (ThredUP 2019 Resale Report 2020):

By helping to increase the use of clothing, resale can play a key role in making fashion circular. Raising the average number of times clothing is worn is the most direct way to design out waste and pollution and capture value.

Table 12 Environmental Factors of Second-hand Clothing Industry

External Factors	Main Characteristics
Environmental	<ul style="list-style-type: none"> • Circular economy to reduce negative impacts on the environment • Zero-waste system • Prolonging the “reuse-repair-renting” loop before being recycled or ending up as waste

As shown in the analysis, the operation second-hand clothing industry is driven profoundly by environmental issues. Hence, Table 12 points out the key characteristics of environmental factors affecting second-hand clothing industry.

5 EMPIRICAL RESEARCH AND DATA ANALYSIS

This chapter aims to explain empirical research in detail. It includes

- (i) overview of empirical research
- (ii) data collection process
- (iii) data analysis.

5.1 Data collection

Figure 17 demonstrates the information about the data collection phases and when each phase was done.

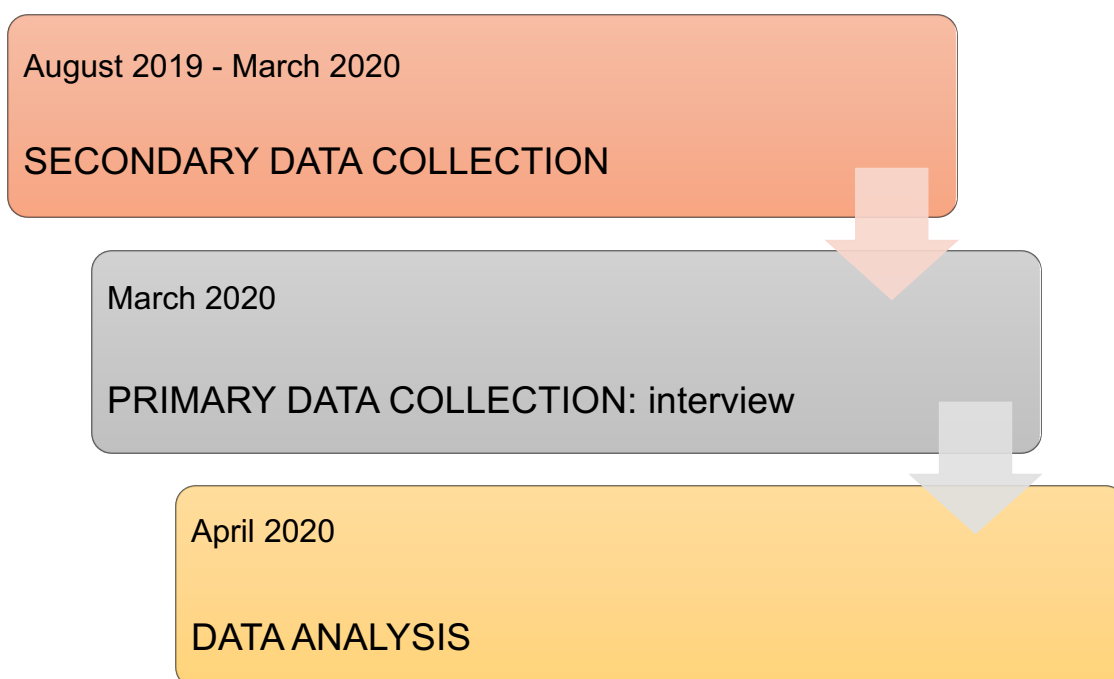


Figure 17 Data Collecting Process Timeline

On August 2019, the process of defining study topic and formulating the research questions started. After choosing suitable research approach and method for the study, the introduction was finished. The process of finding literature review from related secondary data continued until March 2020. At the same time on March 2020, suitable research participants were contacted via e-mails and social media (Instagram) to prepare for the upcoming interview. The interview invitation was sent to twenty-two second-hand clothing stores and there were five second-hand clothing stores' owners agreed to participate.

As aforementioned in the Introduction, a one-to-one interview was carried out. The interview question was distributed separately to each interviewee through e-mail. All the stores selected are famous ones in Helsinki, including both long time history stores and new entries in the field. The longest store has operated since 1973, and the latest one was established in 2019. The participant was selected based on two criteria:

- The participant must be an owner or at least has a managing role in the business operation
- The second-hand clothing store of participants must be now operating in Helsinki.

The purpose of the interview is to understand the opinions and experiences of second-hand stores' owners in Helsinki about the effect of external factors to business operation. The variation in experience ensures the most objective answers for the study. The interview questions are formulated based on six elements of PESTEL framework. There are totally fourteen questions in the interview which are presented in the Appendices. All the obtained information is kept confidential and only used for the purpose of this study. No names are shown during data analysis process.

5.2 Data Analysis

This sub-chapter analyzes the data gained from the interview with five second-hand clothing stores' owners in Helsinki. The results of the interview are presented and analyzed based on six factors of PESTEL framework.

Question 1 (Q1) aimed to gain an overview about the vision and mission of the business. Q1 is as follows:

- Q1: Please describe briefly about your company. What is mission and vision of your company?

Four out of five interviewees shared very similar mission and vision for the business. In particular, the mission was to provide customers an easier way to shop second-hand clothes and encourage a sustainable shopping behavior. The vision was to make second-hand clothes desirable and slow down shopping on fast fashion. For example, I3 stated the mission and vision:

"We provide a service for private individuals to sell their own second-hand items on a clean and beautiful environment. We are a self-service second-hand shop that offers an easy way to recycle women's and men's clothes, shoes and accessories... In a nutshell, ... is a place where recycling meets fashion, style quality and beauty!"

I4 said:

“We want to offer more sustainable way to buy clothes and give beautiful clothing a second chance ... Our vision is to make vintage and second hand desirable and encourage people to give up on fast fashion.”

I1 had a distinct mission and vision compared to others. I1's vision concentrated on the brand image and aimed to position the company as the most recognizable second-hand clothing shop for women in Finland. Meanwhile, the mission of I1 was to provide *“The most pleasant shopping experience of fashionable and high quality women's second-hand clothes and accessories”*.

Political Factors

This part aims to analyze the data from the interview about political factors affecting second-hand clothing business in Helsinki. The purpose of question 2 (Q2) was to investigate about the influence of Finnish policy on the operation of second-hand clothing market in Finland. Q2 is as follows:

- Q2: Do Finnish policies and laws have any impacts on your business operation? To what extent they support and limit your business performance?

All interviewees pointed out that Finnish policy had no direct impact on the operation of second-hand clothing market in general. Moreover, they believed that the policy applied to second-hand sector was almost the same as other sectors in Finland. Interviewee 2 (I2), Interviewee 4 (I4), and Interviewee 5 (I5) mentioned that there was a slight difference of the marginal tax on circular economy business (second-hand sector included) to compare with others. I4 stated additionally that there was also no extra support or backup for the second-hand clothing sector when it came to sustainable matters.

I2, I4, and I5 had similar opinion on the marginal tax on business operating within circular economy, which could be both advantages and disadvantages.

I2 said:

“There's basically nothing that would limit vintage and secondhand business. The VAT regulations are variable with used goods, depending on their source. This means that profit margin changes a lot between the products, which can be considered positive/supportive.”

I4 expressed:

“I haven’t come across on any difficulties with the policies or laws that comes to our business operation. But on the same hand, I haven’t come across on any extra support or backing up when it comes to sustainable business operation. There are some exceptions on businesses that operate with circulation economy for example on taxes, that allows us to use marginal tax instead of regular 24% VAT.”

I5 stated:

“There is a marginal tax method that companies who sell used goods, can take advantage of.”

Based on all answers of the interviewees, political factors in Finland does not have a significant impact on the operation of second-hand clothing business. The policy is literally the same as in other business sectors. Additionally, marginal VAT on second-hand business can be considered as an advantage for second-hand clothing business if utilizing in an effective way.

Economic Factors

Question 3 (Q3), question 4 (Q4), and question 5 (Q5) aimed to understand the effect of current economic situation of Finland to the second-hand clothing business. Q3, Q4, and Q5 are as follows:

- Q3: What is your opinion on current consuming trends of your customers? What can be reasons behind these trends (e.g. country’s economy/ income level/ etc.)?
- Q4: How is the situation of the Coronavirus affecting your business operation?
- Q5: Did you have any back-up plan for similar situation like the Coronavirus? What practices have you changed due to this issue?

Q3 focused on the consuming trend and the reason behind it. Four out of five interviewees shared the same viewpoint for current consuming trend of customers, which was more sustainable and ecological oriented. The opinion of I5 for the reason behind this trend could be the raising awareness about the issues of clothing industry.

I5 said:

“... Reasons behind this can be for example that people are more aware of the problems with clothing industry. ... I think that raised awareness plays the biggest role.”

I2 also stated a similar opinion on the reason behind this consuming trend:

“Finns in general are quite aware of the global situation with climate change and acting towards it, ...”

Meanwhile, I1 showed a concern about how these sustainable acts could be practiced in real life.

“Appreciation of recycling and higher quality seems to grow in media and speeches, but will it show so much in real life ...”

Additionally, most interviewees agreed that the trend on consuming second-hand and vintage clothes was increasing. I5 addressed that social media influencers were one of the reasons. Meanwhile, I2’s opinion about this increasing trend in consuming second-hand clothes was the economy state of Finland. Other interviewees such as I3 and I4 said the impact of Coronavirus and income level could be partly the reason.

For example, I4 said:

“The customers income level also effects on it obviously, and now when this Corona situation is on it will most certainly be seen on the consumers behavior. Some of the customers won’t be able to spend money on anything extra and some of them want to support all the small companies if they can, that they won’t go to bankruptcy.”

Q4 asked about the impact of Coronavirus on the business operation of interviewees. The answers from the interview showed that Coronavirus had a severe impact on the business operation, especially on the first stage. All the stores were forced to close leading to huge losses in sales volume. However, the situation seemed to get more stable after few weeks and the business started operating again by shifting strategy to concentrate on online and e-commerce platforms. The only exception is I1. He said that the store remained closed without any changes in business strategy.

Following Q4, Q5 aimed to investigate how well second-hand clothing retailers prepared to deal with the Coronavirus pandemic and similar situation. Five interviewees gave the same answers that there was no back-up plan in case of emergency and the Coronavirus hit the business so suddenly to prepare any. For example, I3 said:

“We didn’t ever expect anything like this to come so we didn’t have any back-up plan. At the moment we photograph the items and sell them on Instagram.”

Similarly, I4 stated:

“We didn’t have anything for this kind of situations, since I never would have guessed that this would happen...”

The next part of Q5 investigated what changes had been applied to deal with the Coronavirus pandemic. As aforementioned, I1 was the only one showing no new practices and surviving by using reserving money. The remaining interviewees (I2, I3, I4, and I5) had applied strongly online and e-commerce platforms to operate at the moment. Otherwise, some interviewees had different practices due to the Coronavirus pandemic. I2 said that there was a plan on building a new webstore besides selling products on social media platforms. I4 considered moving his warehouse. Meanwhile, I5 found a new supplier from abroad and offered home delivery method for customers.

To summarize, a sudden economic crisis can significantly influence second-hand clothing business. It shows that risk management and contingency plans were not prepared diligently by existing second-hand clothing retailers in Helsinki. However, a suitable reaction can help the business to overcome the situation.

Socio-cultural Factors

The next three questions – question 6 (Q6), question 7 (Q7), and question 8 (Q8) – tried to find out how socio-cultural factors affect business success in the second-hand clothing industry in Helsinki. These four questions are as follows:

- Q6: Who is your target customer? Please describe your criteria for the chosen target customer (e.g. age/ social class/ lifestyle/ gender/ income level/ education level/ etc.).
- Q7: Do you think your current customers match your expected target customers?
- Q8: How does your current location affect the business operation (Helsinki vs other cities of Finland)?

Q6 and Q7 studied the customer target segmentations that were attracted to shopping second-hand clothes in Helsinki and the criteria driven to the target segments. Criteria in choosing target customers that all five interviewees mentioned were age distribution and lifestyle. I1 and I4 stated to focus a wide age range for target customers. Both interviewees classified the millennials, generation X, and baby boomers as their potential customers. Aside from the similarity of these above age groups, I4 also found generation Z beneficial. Specifically, I1 focused on consumers whose ages were between 30-70 and I4 targeted on consumers whose ages were between 18-60. On the other hand, I2, I3, and I5 had a narrower focus in age target. In detail, I2 and I5 targeted young adults (defined as generation Z and millennials), and I3 targeted age between 25-45 (defined as millennials

and generation X). Most interviewees said that their target customers matched with their current customers. Meanwhile, I5 stated:

“... age criteria go higher than 35.”

From the answers, the millennials were considered potential (by all five interviewees), following were generation X (by I1, I3, I4, and I5), generation Z (by I2, I4, and I5), and baby boomers (by I1, I4, and I5).

Lifestyle also played a part in customer targeting. Interviewees mostly aimed at customers with “trendy”, “sustainable-oriented”, “eco-friendly”, and “quality over quantity” characteristics. Besides, I4 and I5 stated that online shopping was another key point when examining the living styles of today’s consumers. I5 said:

“I hear that many people don’t buy second-hand, because they never find good and trendy second-hand or vintage clothes when going to flea markets or recycling centers. So, for many it is easier to go and buy something new... When we make buying recycled clothes as easy as possible, we can get more people into buying second hand and vintage.”

I1, I2, and I5 also considered social class and gender when deciding target segments. All three interviewees focused on middle-class women as target customers. I1 additionally aimed at upper-middle-class consumers and I3 considered men as a potential segment as well.

Q8 tried to identify the importance of location towards business operation. All five interviewees agreed that “location has a huge impact” on the business operation. This shared viewpoint was however derived from different reasons. I1 and I2 revealed that Helsinki was where they met their target customers in terms of age, social class, and lifestyle, etc. Plus, I4 said:

“Also, in Helsinki, it is easier to ... find the right target groups easily.”

I5 reasoned that Helsinki was a good location concerning his delivery systems. I4 also mentioned:

“... in Helsinki it is easier to participate in events and arrange pop-ups with other entrepreneurs ...”

On the idea that Helsinki was a hustle hub for second-hand clothing stores, I2 added:

“... there is a lot of competition between vintage stores in Helsinki, but they also play well together if they are located near to each other.”

Along with the positive impacts of Helsinki as a business location towards business operation, disadvantages were also expressed. I4 indicated:

“The down sides on Helsinki are that the rents are really high and it needs gainful business to be able to rent a workspace or a warehouse.”

Technological Factors

Question 9 (Q9) and question 10 (Q10) were about technological platforms and future technological upgrades in business performance. The two questions are as follows:

- Q9: Have you applied any technological platforms in your business operation? What benefits do you get from these practices?
- Q10: What technological improvements you wish for your business performance? What technologies can be applied to support these improvements?

Q9 studied on the application of technology supporting business operation. Four out of five interviewees stated that they were using some software and e-commerce platforms to assist their online businesses. Particularly, I1 built his *“own “ERP-like” system for optimized maintenance of supplier information and product life cycle”*.

I3 said:

“We have a Kirppari-Kalle software solution where customers can make online reservations, price products online, track their sales in real time from the web or the mobile app. The sales data is continuously uploaded to the online service where we can view statistics on them.”

I4 had tried out some technological platforms helping to study customers' behaviors and feelings. Even though these platforms contributed largely to the business performance, I4 stated that they could be very expensive to subscribe for a long term.

I5 also discussed about the utilization of Google Analytics towards studying the website and visitors' behaviors. Furthermore, other platforms for payments and deliveries were applied by most interviewees. I5 stated:

“I also use Shipit.fi-platform for deliveries and Checkout Finland for payment option service. Everything has gone smoothly with these platforms ...”

Social media were seen as powerful to approach to new customers and push sales. I3 mentioned:

“Instagram and Facebook give us an effective way to reach many customers. At the moment we are using Instagram to sell products from distance.”

Q10 was asked to find out what technological improvements needed to implement to increase business performance. Development on distribution systems, accounting, and e-commerce platforms were indicated. I5 expressed hope in the upcoming e-commerce platforms that he was going to change:

“I am changing my e-commerce platform to another in May. New platform will have more opportunities to analyze traffic etc. and will be visually better. ... new e-commerce platform will give new features to website. E.g. more analytics, products filters, gift cards and visual elements. Hopefully with new platform, there will not be the kind of problems that I have with the current one and it will have a positive impact on customer experience on site.”

Environmental Factors

Question 11 (Q11) and question 12 (Q12) aimed to figure out the viewpoint of second-hand clothing retailers on environmental factors effecting on the business and how environmental matter is considered in operation. Q11 and Q12 are as follows:

- Q11: Have you heard about circular economy? What do you think about the role of second-hand clothing in this?
- Q12: Are your current marketing strategies sustainable-oriented?

If yes, please describe how your business have applied sustainability so far.

If no, do you intend to promote it for your future plan?

Q11 asked the interviewees about their cognition on the term circular economy and the role of second-hand clothing in this as a way to contribute to a sustainable fashion. All interviewees were aware of the term and how it would impact on the environment. All shared the same opinions that the role of second-hand clothing in circular economy could be strengthened. Additionally, I2 pointed out some underlying issues with current fashion production, its effects on environment. Specifically, I2 showed a concern about the low

quality of fast fashion that could shorten the life cycle of second-hand clothes. This also meant that the cycle of circular economy could be shorter. I2 said:

“... In past decades, the quality of clothes has been so much better, so at this time it’s still easy to source used clothes with good quality. Of course this comes to a turning point somewhere in the future, when there’s nothing left to source, since the production of fast fashion these days is not sustainable. We might not be able to re-use these clothes when they would reach their age as “vintage” or because of the materials which are not designed to last. Right now secondhand has a key factor when it comes to circular economy, but I don’t think it will last on the same level forever.”

Q12 was meant to figure out how second-hand clothing retailers applied sustainability in the business. Based on the interview, a sustainable-oriented strategy was not a main focus for most interviewees. However, some mentioned that there was intention to deliver more sustainable value in the future. I1 and I3 said that the stores were more fashion, brand image and high quality- oriented rather than sustainable. I1 answered:

“... My marketing is more fashion, brand and high quality -oriented.”

I3 stated a similar answer on this question as well:

“We have brought out the sustainability on our marketing but since we are rather new company, we have so far focused on our brand recognition.”

I4’s business had the most sustainable-oriented strategy. I4 also emphasized the importance of raising customer’s awareness on sustainability in an active way. I4 stressed that:

“Our marketing strategies are based on sustainability...we are bringing the sustainability message from our texts, that the potential customer first gets interested from the visuals and after that finds what our values are. We are also trying to bring some climate and sustainability info now and then to your posts and ads, and we are trying to make it feel pleasant to the customer instead of forcing these ideas, since studies show that it won’t affect people.”

I3 and I5 mentioned that the future vision would become more sustainable-oriented, deliver this core value strongly to everyone to protect the environment, and reduce the impact of fashion industry. Specifically, I3 said that he planned to apply more services to help customers prolonging the clothes’ life cycle and donate to charity. I5 wanted to spread the message that shopping second-hand clothing was easy. I3 said:

“... In the future we will bring out our core values and show more visibility on our action. We should let the customer know the free benefits we are offering e.g. repairing customer clothes and jewelries, donation to charity SOS Lapsikylä etc.”

I5 said:

“We have marketed our mailing bags that are 100% compostable. ... We could highlight more our mission to make finding used clothes easy for customers and the fact that we do the work for you, so that you don't have to do it yourself.”

To summarize, existing second-hand clothing retailers in Helsinki are well-aware of the role of second-hand clothing in a circular economy. All interviewees understood the impacts of environmental aspects on the second-hand clothing business as well. Few second-hand clothing retailers show efficient applications of sustainability in the business operation currently. However, there is a positive trend for sustainable-oriented strategy in the future.

Legal Factors

The last two questions – question 13 (Q13) and question 14 (Q14) aimed to understand matters relating to legal factors affecting a second-hand clothing business in Helsinki.

These two questions are as follows:

- Q13: What is your registered business type? What are the advantages and disadvantages of the chosen type to your business?
- Q14: What certificate or license is required when you operate in second-hand (clothing) retailing industry in Finland?

Q13 investigated the business type that each business had registered and its impacts towards the business operation. Three out of five interviewees claimed to register his business as private trader (or sole trader). I1 described this business type's advantage as having *“a very slight bureaucracy”*.

I2 stated the benefits and blockages that private trader delivered to his business regarding the registration process, statutory decision-making body, and responsibility:

“Advantages are that it's easy and cheap to register and doesn't need any other people to be involved in the company. Disadvantages are that you are fully responsible of the economy of the business, even if it fails.”

With the same opinion with I2, I5 specified about the simplicity and flexibility of sole trader type and the full responsibility for the business:

“It is a simple business type for a small business and an entrepreneur that works alone. It was also very easy to set up and the registration was only €60. It is easy to change from sole trader to limited company, if needed. Disadvantages are that I have full personal liability for any debts.”

I3 and I4 registered as a limited company. Less risk in business was both mentioned by these two interviewees. I3 stated:

“... the owners' assets are protected from the debts and liabilities of the corporation. Shareholders are not held liable for business losses.”

And I4 said:

“Limited company ..., and it makes the business less risky to the entrepreneur.”

Besides, possible business growth was considered a plus when operating as a limited company.

However, several drawbacks of a limited company were discussed. I3 answered:

“There are some disadvantages e.g. all the decisions must be taken by passing proper resolutions and there are more legal formalities as compared to other forms of company.”

The last question Q14 aimed to find out if there was any certificate or license needed when running a second-hand clothing business in Finland. All five interviewees had the same knowledge that there were no specific certificates or licenses required. For example, I4 said:

“There are no certificates or licenses that you need when operating with second-hand clothing in Finland. If you want to get the aids for example on starting the business, you need to have education or experience on the field that you are working, but there are no limitations on starting the business.”

5.3 Interview Results and Theory Comparison

Comparison between empirical findings and literature review is discussed and analyzed in this sub-chapter. Structure of the comparison is based on six factors of PESTEL framework.

Political Factors

Empirical findings from the interview showed a match with the political factor analysis of Finland and second-hand clothing industry in the theory part. Main characteristics about political analysis of Finland in the theory were the high government stability, low corruption level, and low political risk. Accordingly, the results obtained from the empirical research demonstrate that there was no limitation on second-hand clothing business operation caused by political factors in Finland. Even though there was no extra support in terms of sustainable matters, the overall business was less likely to be impacted by political factors in Finland. In the theoretical framework, VAT was another main characteristic to notice when operating second-hand clothing business in Finland. The data harvested showed that this was an important aspect as well. There was a different marginal tax rate for second-hand business instead of standard VAT of 24 percent.

Economic Factors

Findings from the interview about the impacts of economic factors on second-hand clothing business in Helsinki shared some similarities with the economic analysis in the theory. Firstly, the Coronavirus pandemic had had a negative influence on the operation of second-hand clothing business. In the theory, the economy of Finland was forecasted to decline up to 6 percent. Apparel was also among the highest exposure groups severely impacted by the Coronavirus. The results from the interview showed that the Coronavirus outbreak struck all second-hand clothing retailers in Helsinki significantly. All interviewees were unprepared in this crisis. Secondly, the consuming trend in the theory and findings from the empirical research were the same. In the theory, the consuming trend in Finland and in second-hand clothing sector were becoming more environmental and ecological oriented with higher quality products. Answers from the interviewees were corresponding to the consuming trend in the theory. Thirdly, the theory part pointed out that there was a shift in future spending trend to second-hand and vintage clothing, which was comparable to the empirical findings.

Nonetheless, based on empirical findings, other remarkable factors in economic analysis such as stable GDP level, low unemployment rate, or high labor cost did not demonstrate a significant impact on second-hand clothing business in Helsinki.

Socio-cultural Factors

Age distribution of second-hand clothing industry and of target customer segmentation showed some similarities. According to the theory part, millennials (age 25-37) and baby boomers (age 56-75) were two groups that did most of the second-hand clothing shopping. Besides, generation Z (age 18-24) and millennials (25-37) were the most potential age groups for second-hand clothing shopping. Harvested data in the empirical part showed a match in customer target segmentation, in which the millennials (age 25-37), generation Z (age 18-24), and baby boomers (age 56-75) were the most potential customers in the industry.

Along with the impacts that age distribution could bring to the business success of second-hand clothing businesses, both theory and interview parts demonstrated the importance of peoples' living styles in Finland where people valued sustainability and eco-friendliness. However, some characteristics of consumers were not mentioned in the theoretical review, but they might have significant impacts on the second-hand clothing business in Finland. Specifically, consuming attitudes like "trendy" and "quality over quantity" were obtained from the interview might need to take into consideration.

Thirdly, the interview proved that population distribution was also essential when location directly impacted the business operation. This finding was corresponding to the theory as the Helsinki Metropolitan area was reported as the highest populated area.

Fourthly, social class was also a vital point when choosing target customers, which was collected from the interview. This finding, however, was not described and discussed in the theory part. Nonetheless, this factor should need to be examined to ensure business success in the second-hand clothing industry in Helsinki.

Finally, from the collected data, circular economy did not demonstrate a huge influence on second-hand clothing business in Helsinki as a socio-cultural factor.

Technological Factors

Clothing-based platforms and distribution systems for second-hand clothing business were addressed to be necessary to ensure quality of business operation. In the interview, all interviewees agreed with the significance of technological platforms towards their business efficiency.

Moreover, from the theory, Finland was one of the countries that has large social media users. Facebook and Instagram were the most famous social media applications, which were comparable to the empirical part. The findings from the interview indicated the

importance of social media towards business operation such as attracting new customers and increasing sales.

Environmental Factors

The findings illustrate that Finnish customers and retailers had very high perception about environmental issues caused by fashion industry, leading to an increasing consumption on second-hand clothes. This point matched with the environmental analysis about Finland in the theory. The theory shows that Finland was a leader in environmental protection standard in all sector. Additionally, the literature review mentioned how circular economy contributed to a zero-waste system that had been applied in Finland for a long time in the textile industry. Environmental factors analysis about second-hand clothing industry also illustrated the its important role in the circular economy. From the findings, second-hand clothing retailers in Helsinki also comprehended the role of second-hand clothing in circular economy clearly. Most of the answers demonstrated a positive application of sustainability in business operation as well.

Legal Factors

Both theory and interview proved the vital role of business registration forms affecting the second-hand clothing business in Finland. Different types of business types brought out both negative and positive impacts to the business. Depending on the entrepreneur's condition and wish, there was an appropriate business type that was the most suitable. However, every type always contained some limitations regarding either to decision-making bodies or liabilities.

The theory pointed out that employment legislation aiming at protecting both employers and employees is strict. However, this point was not noted by the interviewees, showing that the second-hand clothing business did not consist of any special legislation comparing to other businesses.

6 RECOMMENDATION

This chapter provides the recommendation for retailers and companies entering the second-hand clothing business in Helsinki based on the analysis of external factors. The recommendation is given based on the theory and the empirical findings.

Out of the six factors, political, economic, and legal elements are considered as the most difficult factors to control. This is inevitable to entirely avoid threats but to act upon the changes. However, it is possible to implement suitable plans to take advantages of these factors and to minimize losses. The other three elements, which are socio-cultural, technological, and environmental, could be partly utilized by generating suitable implementation plans. Below are some recommendations based on the PESTEL analysis of second-hand clothing business in Helsinki.

Political Factors

Even though Finnish politics does not impose any direct harm to second-hand clothing business now, it is essential to update constantly on political changes of the country and have a proactive attitude under any circumstances.

Economic Factors

Based on the current situation, a crisis caused by the Coronavirus has damaged to all industries, including the second-hand clothing business. Thus, businesses in second-hand clothing sector in Helsinki should prepare a careful risk management practice to deal with any similar situation in the future. In addition, ones should generate contingency plans beforehand.

Socio-cultural Factors

Business needs to constantly update the latest trends of demographic and cultural matters to target the right potential customer segmentation and adjust it promptly if necessary. Based on the trends, marketing strategies could be executed properly to attract the right target in an optimal way.

Technological Factors

Efficient e-commerce platforms and distribution systems could be applied to increase the business performance. With the development and adoption of technology, second-hand clothing-based trading platforms in Helsinki or Helsinki Metropolitan area could be designed to create a digital second-hand clothing hub. Second-hand clothing businesses should enhance stronger promotion utilizing social media like Facebook and Instagram to increase revenue and assess to more audiences.

Environmental Factors

As sustainability could be a trend in all business fields, it is better to become a pioneer by using sustainability as a competitive advantage. Second-hand clothing businesses could offer more services such as repairing, altering, and personal customizing for customers to prolong the life cycle of the second-hand clothes. Also, using recycle packaging not only protects the environment but also reinforces a sustainable brand image.

Legal Factors

Even though there is no specific license or certificate required for the second-hand clothing business in Finland now, companies should update frequently to promptly prepare. There are possibilities that there will be more rules for customer protection as the second-hand clothing business can grow significantly in the future. Hence, companies in the sector should pay close attention to the product quality and customer services.

7 DISCUSSION AND CONCLUSION

This chapter provides:

- (i) answers to the investigate questions (IQ) and research question (RQ)
- (ii) reliability and validity
- (iii) suggestions for further research.

7.1 Answers to Research Questions

As aforementioned in Chapter 1, the main objectives of the study are to analyze the external aspects affecting second-hand clothing business in Helsinki and to examine to which extent these factors impact a business success in this sector. To achieve the objectives, the authors start from answering investigate questions respectively. Then, final answer for the main research question will be given.

- **IQ 1: What types of second-hand clothing retailers are operating in Helsinki?**

In order to understand the external aspects affecting a business, it is essential for both existing retailers and new entries to the market to know an overall situation of the industry. In case of second-hand clothing sector in Helsinki, it is important to acknowledge how many types of retailing are operating in the area. The reason is that external factors can impact differently depending on the retailing types.

In Finnish, second-hand store/ thrift store is generally called “kirppis” or “kirpputori” (Second-Hand Stores in Finland: Student Friendly Shopping 2020). There are plenty of second-hand retailers existing in Helsinki such as non-profit organizations, thrift stores, and consignment and vintage shops, etc. Recently, some second-hand businesses include their own brand product inside the shop as well. However, these retailer types are rather used quite confusingly in Finnish language. In most cases, the real concept is only known once visiting the store. Most customers find it is not easy to access second-hand shops in Helsinki. The reason is that most of them are in sub-urban areas, but nowhere to be found in a shopping mall. (Sohlman 2019.) From the empirical research, it can be found that vintage stores and consignment stores are more specified on second-hand clothing than other retailing types such as thrift stores or non-profit organizations.

- **IQ 2: What are external variables impacting the second-hand clothing industry in Helsinki?**

In order to identify what the external variables affecting the second-hand clothing businesses in Helsinki are, theories about macro-environment and PESTEL framework are reviewed to answer investigate question 2. PESTEL framework consists of six factors, including:

- political (P)
- economic (E)
- socio-cultural (S)
- technological (T)
- environmental (E)
- legal (L).

All these six factors of PESTEL framework are proved to influence the business success in the second-hand clothing industry in Helsinki. However, each factor impacts the successful operation of second-hand clothing business in Helsinki to different extents.

- **IQ 3: What upgrades can second-hand clothing businesses implement based on external variables?**

This investigate question aims to figure out implementation plans depending on each external factor influencing business success of second-hand clothing business in Helsinki. Table 13 points out suggested upgrades for second-hand clothing business operating in Helsinki.

Table 13 Suggested Upgrades for Second-hand Clothing Business in Helsinki

External Factors	Suggested Upgrades
Political	<ul style="list-style-type: none"> • Constantly update on situation for proactive plan
Economic	<ul style="list-style-type: none"> • Pay more attention on risk management • Contingency plan for emergency cases
Socio-cultural	<ul style="list-style-type: none"> • Constantly update the latest trends of demographic and cultural matters for target the right potential customer segmentation

Technological	<ul style="list-style-type: none"> • Promote strongly social media such as Facebook, Instagram, etc. • Improve on e-commerce platforms and distribution systems • Create a digital second-hand clothing hub for Helsinki or Helsinki Metropolitan Area
Environmental	<ul style="list-style-type: none"> • Become a pioneer by using sustainability as a competitive advantage. • Enhance application of sustainability for future business operation • Offer more services such as repairing, altering, and personal customizing for customers
Legal	<ul style="list-style-type: none"> • Pay attention in case any license or certificate required in the future • Focus on high quality product and customer services to enhance customer protection practices

RQ: What are the macro-environment factors that second-hand clothing retailers or companies entering the second-hand clothing market should comprehend when operating in Helsinki market?

After answering three sub-questions, the authors are able to identify what and how external factors affect a second-hand clothing business in Helsinki.

Table 14 PESTEL Analysis of Second-hand Clothing Business in Helsinki

External Factors	Main Characteristics
Political	<ul style="list-style-type: none"> • No huge impact from Finnish policies • No extra support towards sustainability matters • Different marginal VAT
Economic	<ul style="list-style-type: none"> • Ecological and sustainable oriented consuming trend • Increase in second-hand clothing consuming trend • Negatively impacted by current Coronavirus situations • Income level impacted by Coronavirus affecting the consumption

Socio-cultural	<ul style="list-style-type: none"> • Helsinki as the most populated area and the most effective for business operation • Generation Z, millennials, and baby boomers as potential customer segmentation • Middle-class women as target customers • Trendy, sustainable-oriented, eco-friendly, and quality-over-quantity lifestyles
Technological	<ul style="list-style-type: none"> • Application of software and e-commerce platforms • Social media (Facebook and Instagram) • Clothing-based platforms and distribution systems with the shift to digital thrifting • Automation and machine-learning algorithms
Environmental	<ul style="list-style-type: none"> • High perception about environmental protection in all sectors • Circular economy practices in textile industry • Increase in perception about the role of second-hand clothing in circular economy • Enhancing application of sustainability for future business operation
Legal	<ul style="list-style-type: none"> • Different business registration forms • No certificates and licenses required

A new PESTEL analysis of second-hand clothing business in Helsinki is conducted to answer the main research question. Following six elements of the PESTEL framework, Table 14 identifies the most up-to-date analysis about macro-environmental factors influencing second-hand clothing business in Helsinki. Existing second-hand clothing retailers and new entries in Helsinki market could refer to the Table 14 to implement suitable plan for further improvement.

7.2 Validity and Reliability

Reliability refers to the consistency of a measurement method used under the same circumstances. Validity refers to the accuracy of the used method. A high validity research results in a correspond the variations in physical or social world. (Middleton 2020.) In this research, information was collected from secondary and primary sources. Secondary

sources were obtained from up-to-date and related studies and theories to support the literature review of the study. Meanwhile, primary data were gathered from the one-to-one interviews with five second-hand clothing store owners in Helsinki. One-to-one interview method guarantees the objectiveness of the result and the answers received from interviewees are not biased.

Moreover, the research question and investigate questions were connected throughout the study to maintain the construct validity. The analysis and approach were corresponding to the latest external situations, making the research's results most comparable to the current circumstances. However, the Coronavirus pandemic limited the accessibility to target participants for the empirical research. In the study case, the sample size is limited since the author could only contact to the target participant online. Many stores were forced to close so other contact methods were unavailable. Hence, the actual sample size could be larger for a higher validity if not affected by Coronavirus pandemic. Particularly, the authors could contact twenty-two suitable second-hand store owners in Helsinki to invite for the interview through email and social media. There were five agreed to participate in the interview. Also, face-to-face interviews were replaced by e-mail interviews to guarantee safety for both authors and participants during this pandemic.

To conclude, the reliability and validity of this research is ensured.

7.3 Suggestions for Further Research

The study only takes place in Helsinki, Finland. Thus, a broader scope for further research such as other metropolitan areas (Espoo, Vantaa) or hustle cities (Tampere, Turku, etc.) could be conducted. Hence, future research can concentrate on a larger geographical scope.

Additionally, as second-hand clothing business in Finland is not as developed as others, a further study on developed second-hand clothing markets like the U.S. and France is suggested to generate an optimal implementation plan for Finnish market.

Furthermore, the study is only investigating external factors affecting second-hand clothing business. It would be concrete to investigate the whole second-hand business or only focus on one aspect of second-hand business such as furniture, luxury items, antiques, etc. A further research can also study both internal and external factors affecting these businesses. Lastly, the empirical research in the study is from the retailers' perspective. The future research combines both customer and retailers' viewpoints could produce a more in-dept study.

8 SUMMARY

The research aims to provide readers with deeper understanding of the external factors affecting business success of second-hand clothing industry in Helsinki. The main research question is “What are the macro-environment factors that retailers and companies should comprehend when entering the second-hand clothing market in Helsinki?”. To answer this question, the thesis utilizes an inductive approach, a qualitative method, primary sources, and secondary sources.

At the beginning of the research, an overview of second-hand concept including second-hand trading concept and second-hand clothing concept is introduced. Then, macro-environment theory, specifically the PESTEL framework, is described. After that, PESTEL analysis of Finland and of second-hand clothing industry are analyzed and discussed.

Along with literature review, practical research is also required to gain in-depth insights. Next, the research conducts qualitative one-to-one interview sessions with second-hand clothing businesses in Helsinki. The results of the interviews reveal the extent to which each external factor influences the interviewees’ business performances in second-hand clothing field in Helsinki market.

The last part gives recommendation for second-hand clothing business operating in Helsinki. These recommendations are based on the analyzed external factors. Moreover, a new PESTEL analysis of second-hand clothing industry in Helsinki following these external factors is conducted. It points out key characteristics that retailers and companies entering the market in Helsinki need to take into account when operating in the second-hand clothing sector. The final conclusion and suggestions are established by combining both theoretical and empirical data.

LIST OF REFERENCES

Printed sources

Allwood, M., Laursen E., Rodríguez M. & Bocken, M. 2006. Well Dressed? The Present and Future Sustainability of Clothing and Textiles in the United Kingdom. United Kingdom. Institute for Manufacturing University of Cambridge.

Fontaine, L. 2008. Alternative Exchanges: Second-hand Circulations from the Sixteenth Century to the Present. Berghahn Books.

Ghuri, P. & Gronhaug, K. 2010. Research Methods in Business Studies a Practical Guide. 3rd Edition. Pearson Education.

Guide: Becoming an Entrepreneur in Finland. 2017. Enterprise: Agency.

IP/95/21, 1995. Second-Hand Goods: Entry into Force of The Harmonized VAT Arrangements. European Commission.

Kotler, P. & Armstrong, G. 2012. Principles of Marketing. 14th Edition. New Jersey. Pearson Education, Inc.

Lambert, M. 2004. 'Cast-off Wearing Apparell': The consumption and distribution of second-hand clothing in northern England during the long eighteenth century.

Marmol, T. 2016. PESTLE Analysis Understand and Plan for Your Business Environment. Plurilingua Publishing.

Morrell, P., & Carroll, J. 2010. Conducting Educational Research. Rotterdam: Sense Publishers.

Niinimäki, K. 2018. Sustainable Fashion in a Circular Economy. Lahti. Aldus Oy.

Palmer, A. & Clark, H. 2004. Old Clothes, New Looks: Second Hand Fashion. New York. NY Berg.

Posner, H. 2015. Marketing Fashion: Strategy, Branding and Promotion. 2nd Edition. London. Laurence King Publishing Ltd.

Saunders, M., Lewis, P. & Thornhill, A. 2009. Research Methods for Business Students. 5th edition. Essex: Pearson Education Limited.

Solomon, M., Bamossy, G., Askegaard, S. & Hogg, M. 2006. Consumer Behaviour: A European Perspective. 3rd Edition. Edinburgh. Pearson Education.

Stobart, J. & Damme, I. 2010. *Modernity and the Second-hand Trade*. Palgrave Macmillan.

Weil, C. 1999. *Secondhand Chic: Finding Fabulous Fashion at Consignment, Vintage, and Thrift Stores*. New York. Simon & Schuster Inc.

Electronic sources

Age Structure of Population. 2020. Findicator [accessed 11 April 2020]. Available at: <https://findikaattori.fi/en/14>

At the Head of the Circular Economy II – Solutions for Textile Recycling. 2018. Finnish Textile & Fashion [accessed 11 April 2020]. Available at: <https://www.stjm.fi/en/publications/>

Belk, R., Sherry, J. & Wallendorf, M. 1988. A Naturalist Inquiry into Buyer and Seller Behavior at a Swap Meet. *The Journal of Customer Research*. Vol.14, ISS. 4, 449-470 [accessed 15 February 2020]. Available at: https://www.researchgate.net/publication/24098530_A_Naturalist_Inquiry_Into_Buyer_and_Seller_Behavior_at_a_Swap_Meet

Boomers, Gen X, Gen Y, and Gen Z Explained. 2019. Kasasa [accessed 10 April 2020]. Available at: <https://www.kasasa.com/articles/generations/gen-x-gen-y-gen-z>

Breyer, M. 2012. 25 Shocking Fashion Industry Statistics. Treehugger [accessed 15 February 2020]. Available at: <https://www.treehugger.com/sustainable-fashion/25-shocking-fashion-industry-statistics.html>

Bush, T. 2016. PESTLE Analysis: Environmental Factors Affecting Business. PESTLE Analysis [accessed 21 March 2020]. Available at: <https://pestleanalysis.com/environmental-factors-affecting-business/>

Business Taxation. 2020. Ministry of Finance [accessed 10 April 2020]. Available at: <https://vm.fi/en/business-taxation>

Cervellon, M., Carey, L. & Harms, T. 2012. Something Old, Something Used: Determinants of Women's Purchase of Vintage Fashion vs Second-hand Fashion. *International Journal of Retail & Distribution Management*. Vol. 40, ISS. 12, 956-974 [accessed 20 March 2020]. Available at: <https://doi.org/10.1108/09590551211274946>

Chandler, C. 2020. Understanding The "Green Movement in Your Marketing Efforts. Street Directory [accessed 28 March 2020]. Available at:

https://www.streetdirectory.com/travel_guide/16288/marketing/understanding_the_green_movement_in_your_marketing_efforts.html

Charlton, E. 2018. How Finland's Giant Second-hand Supermarkets are Promoting Sustainable Production. World Economic Forum [accessed 14 April 2020]. Available at: <https://www.weforum.org/agenda/2018/11/finland-has-giant-supermarkets-that-only-stock-second-hand-goods/>

Clothes Shop Legal Issues. 2020. Law Donut [accessed 11 April 2020]. Available at: <https://www.lawdonut.co.uk/business/sector-specific-law/clothes-shop-legal-issues>

Consumer Confidence Weakened in March – Trust in Own Economy. 2020. Statistic Finland [accessed 14 April 2020]. Available at: https://www.stat.fi/til/kbar/2020/03/kbar_2020_03_2020-03-27_tie_001_en.html

Corona Survey: 40% of Finland's Employer Companies Prepared for Lay-offs. 2020. Confederation of Finnish Industries [accessed 28 April 2020]. Available at: <https://ek.fi/en/current/2020/03/17/corona-survey-40-of-finlands-employer-companies-prepared-for-layoffs/>

Corruption Perception Index 2019. 2020. Transparency International [accessed 10 April 2020]. Available at: <https://www.transparency.org/cpi2019?/news/feature/cpi-2019>

Damme, I. & Vermoesen, R. 2009. Second-hand Consumption as A Way of Life: Public Auctions in the Surroundings of Alost in the Late Eighteenth Century. Continuity and Change. Vol. 24, ISS. 2, 275-305 [accessed 27 February 2020]. Available at: <https://repository.uantwerpen.be/docman/irua/737f54/2edd9d48.pdf>

DeLong, M., Heinemann, B. & Reily, K. 2005. Hooked on Vintage!. Fashion Theory the Journal of Dress Body & Culture. Vol. 9, ISS. 1, 23-42 [accessed 26 February 2020]. Available at: https://www.researchgate.net/publication/233526237_Hooked_on_Vintage

Digital 2020: Finland. 2020. Data Reportal [accessed 14 April 2020]. Available at: <https://datareportal.com/reports/digital-2020-finland>

Disadvantages. 2020. Green Wave Global [accessed 18 February 2020]. Available at: <https://www.greenwaveglobal.com/cotton/disadvantages.html>

Elder, J. 2020. The Coronavirus Crisis Could Hurt as Many as 45% of American Companies, an Analyst Warns – Here's the Chart Showing which Ones will be Most and Least Affected. Business Insider [accessed 28 April 2020]. Available at: <https://www.businessinsider.com/coronavirus-recession-industries-hit-chart-2020-3?r=US&IR=T>

Ellen MacArthur Foundation. 2017. A New Textiles Economy: Redesigning Fashion's Future [accessed 18 February 2020]. Available at: <http://www.ellenmacarthurfoundation.org/publications>)

Elmansy, R. 2016. Using Inductive Reasoning in User Experience Research. Designorate [accessed 31 March 2020]. Available at: <https://www.designorate.com/inductive-reasoning-in-user-experience-research/>

Fashion's Environmental Impact. 2020. Sustain Your Style [accessed 21 March 2020]. Available at: <https://www.sustainyourstyle.org/old-environmental-impacts>

Find out How This Unique Business Practice Has Benefited Consumers and Taken the Fashion Industry by Storm. 2020. Edology [accessed 27 February 2020]. Available at: <https://www.edology.com/blog/fashion-media/rise-of-fast-fashion/>

Finland – Economic Indicators. 2020. Trading Economics [accessed 14 April 2020]. Available at: <https://tradingeconomics.com/finland/indicators>

Finland Country Briefing – The European Environment – State and Outlook 2015. 2019. European Environment Agency [accessed 12 April 2020]. Available at: <https://www.eea.europa.eu/soer-2015/countries/finland>

Finland Population. 2020. Worldometer. [accessed 10 April 2020]. Available at: <https://www.worldometers.info/world-population/finland-population/>

Finnish Market: Consumer. 2020. Societe Generale [accessed at 14 April 2020]. Available at: <https://import-export.societegenerale.fr/en/country/finland/market-consumer>

Flea Market Sales. 2017. Vero [accessed 10 April 2020]. Available at: <https://www.vero.fi/en/individuals/tax-cards-and-tax-returns/income/earned-income/flea-market-sales/>

French, L. 2019. All About Flea Markets, Swap Meets, and Vintage Shows. The Spruce [accessed 9 March 2020]. Available at: <https://www.thespruce.com/difference-between-flea-markets-swap-meets-1313688>

Guiot, D. & Roux, D. 2010. A Second-Hand Shoppers' Motivation Scale: Antecedents, Consequences, and Implications for Retailers. *Journal in Retailing*. Vol. 86, ISS. 4, 383-399 [accessed 26 February 2020]. Available at: https://www.researchgate.net/publication/259474871_A_Second-Hand_Shoppers'_Motivation_Scale_Antecedents_Consequences_and_Implications_for_Retailers

- Han, J. 2013. Understanding Second-Hand Retailing: A Resource Based Perspective of Best Practices Leading to Business Success [accessed on 20 February 2020]. Available at: <https://lib.dr.iastate.edu/etd/13636>
- Helsinki Population. 2020. World Population Review [accessed 10 April 2020]. Available at: <https://worldpopulationreview.com/world-cities/helsinki-population/>
- Herjanto, H. 2019. The Increasing Phenomenon of Second-hand Clothes Purchase: Insights from the Literature. *Jurnal Manajemen Dan Kewirausahaan*. Vol.18, No. 1, Maret 2016, 1-15. [accessed 22 February 2020]. Available at: https://www.researchgate.net/publication/332029133_THE_INCREASING_PHENOMENON_OF_SECOND-HAND_CLOTHES_PURCHASE_INSIGHTS_FROM_THE_LITERATURE
- Idacavage, S. 2018. Fashion History Lesson: The Origins of Fast Fashion. *Fashionista* [accessed 27 February 2020]. Available at: <https://fashionista.com/2016/06/what-is-fast-fashion>
- Information and Communication Technologies (ICT), 2020. AIMS [accessed 20 March 2020]. Available at: <http://aims.fao.org/information-and-communication-technologies-ict>
- International Labour Organization. 2019. The Future of Work in Textile, Clothing, Leather and Footwear. International Labour Office [accessed 18 February 2020]. Available at: https://www.ilo.org/wcmsp5/groups/public/---ed_dialogue/---sector/documents/publication/wcms_669355.pdf
- Kalish, I. 2011. Mind the Gap What Business Needs to Know about Income Inequality. *Deloitte* [accessed 22 March 2020]. Available at: <https://www2.deloitte.com/us/en/insights/deloitte-review/issue-9/mind-the-gap-why-businesses-should-care-about-income-inequality.html>
- Knaaplia, S., Koskela, I. & Havia, S. 2019. Employment & Labour Law in Finland. *Lexology* [accessed 10 April 2020]. Available at: <https://www.lexology.com/library/detail.aspx?g=b03caa90-2830-4194-a967-6ccea561e7e>
- Lemire, B. 1988. Consumerism in Preindustrial and Early Industrial England: The Trade in Secondhand Clothes. *Journal of British Studies*. Vol. 27, ISS. 1, 1-24 [accessed 26 February 2020]. Available at: <https://www.cambridge.org/core/journals/journal-of-british-studies/article/consumerism-in-preindustrial-and-early-industrial-england-the-trade-in-secondhand-clothes/55DA1AA656FDA81686AFBA0DB05AF518>
- Lemire, B. 1991. Peddling fashion: Salesmen, Pawnbrokers, Tailors, Thieves and the Second-hand Clothes Trade in England, c. 1700-1800. *Textile History*. Vol. 22, 67-82.

[accessed 22 March 2020]. Available at:

<https://www.tandfonline.com/doi/abs/10.1179/004049691793711342>

Linnenkoper, K. 2019. The “Golden Age” of Second-hand Shopping. Recycling International [accessed 18 February 2020]. Available at: <https://recyclinginternational.com/textiles/second-hand-clothing/19200/>

Lord, I. 2020. Online Auctions: Definition & Types. Study.com [accessed 9 March 2020]. Available at: <https://study.com/academy/lesson/online-auctions-definition-types.html>

Lyytimäki, J. 2014. Environmental Protection in Finland. This is Finland [accessed 12 April 2020]. Available at: <https://finland.fi/life-society/environmental-protection-in-finland/>

Marketing Theories – PESTEL Analysis. 2020. Professional Academy [accessed on 28 March 2020]. Available at: <https://www.professionalacademy.com/blogs-and-advice/marketing-theories---pestel-analysis>

Martinko, K. 2019. Secondhand Clothing Market is Growing Faster than Apparel Retail. Treehugger [accessed 11 April 2020]. Available at: <https://www.treehugger.com/sustainable-fashion/secondhand-clothing-market-has-grown-21x-faster-apparel-retail-past-3-years.html>

Masovic, A. 2018. Socio-cultural Factors and Their Impact on the Performance of Multinational Companies. Vol. 7, ISS. 1(14) [accessed 20 March 2020]. Available at: <https://www.coursehero.com/file/48458325/729-2343-1-PB-1pdf/>

Meneghin, A. 2015. The Trade of Second Hand Clothing in Fifteenth-Century Florence: Organisation, Conflicts, and Trends. Academia.edu [accessed 22 March 2020]. Available at: https://www.academia.edu/7516473/The_Trade_of_Second_Hand_Clothing_in_Fifteenth-Century_Florence_Organisation_Conflicts_and_Trends

Middleton, F. 2020. Reliability vs Validity: What’s the Difference?. Scribbr [accessed 4 May 2020]. Available at: <https://www.scribbr.com/methodology/reliability-vs-validity/>

Nurmi, A. 2014. Sustainable Fashion in Finland. Fragmentsmag [accessed 11 April 2020]. Available at: <http://www.fragmentsmag.com/en/2014/02/sustainable-fashion-in-finland-by-nurmi/>

Online Auction. 2012. Techopedia [accessed 9 March 2020]. Available at: <https://www.techopedia.com/definition/26416/online-auction>

Organizing Academic Research Papers: Theoretical Framework. 2019. Sacred Heart University Library [accessed 22 February 2020]. Available at: <https://library.sacredheart.edu/c.php?g=29803&p=185919>

Patel, R. 2020. Pestle and Demographic Analysis of Finland [accessed 10 April 2020]. Available at: <https://www.termpaperwarehouse.com/essay-on/Finland-Pestle/239288>

Petersen, L. 2020. Second-Hand Shopping: How to Save at Thrift Stores & Consignment Shops. Money Crasher [accessed 9 March 2020]. Available at: <https://www.moneycrashers.com/second-hand-shopping-thrift-stores/>

Political Factors Affecting Business. 2015. PESTLE Analysis [accessed 20 March 2020]. Available at: <https://pestleanalysis.com/political-factors-affecting-business/>

Population: Demographic Situation, Languages and Religions. 2020. European Commission [accessed 10 April 2020]. Available at: https://eacea.ec.europa.eu/national-policies/eurydice/finland/population-demographic-situation-languages-and-religions_en

Researchers: Coronavirus Clearly Shrinking Finnish Economy. 2020. Yle [accessed 28 April 2020]. Available at: https://yle.fi/uutiset/osasto/news/researchers_coronavirus_clearly_shrinking_finnish_economy/11273047

Sajn, N. 2019. Environmental Impact of the Textile and Clothing Industry. Europa [accessed 18 February 2020]. Available at: [https://www.europarl.europa.eu/RegData/etudes/BRIE/2019/633143/EPRS_BRI\(2019\)633143_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2019/633143/EPRS_BRI(2019)633143_EN.pdf)

Salonen, A., Siirilä, J. & Valtonen, M. 2018. Sustainable Living in Finland: Combating Climate Change in Everyday Life. Sustainability 2018. Vol 10 (1) [accessed 11 April 2020]. Available at: <https://www.mdpi.com/2071-1050/10/1/104/htm>

Sanderson, E. 2013. Nearly New: The Second-hand Clothing Trade in Eighteenth Century Edinburgh. Costume. Vol. 31, 1997, 38-48. [accessed 23 February 2020]. Available at: <https://www.eupublishing.com/doi/abs/10.1179/cos.1997.31.1.38>

Scanning the Environment: PESTEL Analysis. 2016. Business to You [accessed on 29 March 2020]. Available at: <https://www.business-to-you.com/scanning-the-environment-pestel-analysis/>

Siimes, T., Waaralinn, A., Haapaniemi, O., Paanajärvi, A. & Segercrantz, M. 2019. Doing Business in Finland: Overview. Thomson Reuters Practical Law [accessed 10 April 2020]. Available at: [https://uk.practicallaw.thomsonreuters.com/9-500-4121?transition-Type=Default&contextData=\(sc.Default\)&firstPage=true&bhcp=1#co_anchor_a487878](https://uk.practicallaw.thomsonreuters.com/9-500-4121?transition-Type=Default&contextData=(sc.Default)&firstPage=true&bhcp=1#co_anchor_a487878)

Social Media Stats Finland. 2020. Statcounter [accessed 15 April 2020]. Available at: <https://gs.statcounter.com/social-media-stats/all/finland>

Steffen, A. 2017. Second-hand Consumption as A Lifestyle Choice. The 21st Century Consumer: Vulnerable, Responsible, Transparent?; Proceedings of the International Conference on Consumer Research (ICCR) 2016. 189-207 [accessed 27 February 2020]. Available at: https://doi.org/10.15501/978-3-86336-918-7_16

Suleman, F. 2019. 10 Reasons that Demonstrate the Importance of Technology in Business. Readwrite. [accessed 20 March 2020]. Available at: <https://readwrite.com/2019/08/16/10-reasons-that-demonstrate-the-importance-of-technology-in-business/>

Sweet, S. & Wu, A. 2020. Second-hand and Leasing of Clothing to Facilitate Textile Reuse. Mistra Future Fashion. Stockholm School of Economics [accessed 18 February 2020]. Available at: http://mistrafuturefashion.com/wp-content/uploads/2019/10/S.Sweet_._second-hand-and-leasing-clothing-textile-reuse.-mistra-Future-fashion-2019.13.pdf

Textile Production & the Environment: Impacts & Issues. 2020. Study.com [accessed 18 February 2020]. Available at: <https://study.com/academy/lesson/textile-production-the-environment-impact-issues.html>

Thibodeaux, W. 2017. How the Secondhand Clothing Industry is Getting Major Makeover (and Tapping \$220 Billion of Retail Value). Inc. [accessed 16 April 2020]. Available at: <https://www.inc.com/wanda-thibodeaux/how-secondhand-clothing-industry-is-getting-a-major-makeover-and-tapping-220-billion-of-retail-value.html>

Thomas, N. 2020. Textile Industry Statistics You Should Know!. Fabric of the World [accessed 15 February 2020]. Available at: <http://www.fabricoftheworld.com/infographic/textile-industry-statistics-know/>

ThredUP 2019 Resale Report. 2020. ThredUp [accessed 14 April 2020]. Available at: <https://www.thredup.com/resale>

Thrifting: It's More Than Just Clothes. 2019. Planet Aid [accessed 27 February 2020]. Available at: <https://www.planetaid.org/thrift-center/thrift-center-blog/the-thrifting-movement>

Travel Sustainably in Finland. 2020. Visit Finland [accessed 11 April 2020]. Available at: <https://www.visitfinland.com/sustainable-finland/>

Tudor, E. 2020. The Power of Second-Hand Clothing. Nowfashion [accessed 27 February 2020]. Available at: https://nowfashion.com/the-power-of-second-hand-clothing-28820?fbclid=IwAR3GHZKJB0rJPpTy84GIOn_SV5TIDIPFDe8gSQtT_9g55VOzMNN-DJgoVQ4U

Value Added Tax. 2020. Ministry of Finance [accessed 10 April 2020]. Available at: <https://vm.fi/en/value-added-tax>

Veenstra, A. & Kuipers, G. 2013. It Is Not Old-Fashioned, It Is Vintage, Vintage Fashion and The Complexities of 21st Century Consumption Practices. *Sociology Compass*. Vol. 7, ISS. 5, 355-365 [accessed 9 March 2020]. Available at: <https://doi.org/10.1111/soc4.12033>

Vincenti, P. 2019. Second-Hand Clothes are Good for The Environment and Economy. *Smart Green* [accessed 13 April 2020]. Available at: <https://www.smartgreen-post.com/2019/10/19/second-hand-clothes-are-good-for-the-environment-and-economy/>

Vitez, O. 2020. The Importance of Consumer Spending. *Chron* [accessed 21 March 2020]. Available at: <http://smallbusiness.chron.com/importance-consumer-spending-3882.html>

Weinstein, J. 2014. Reframe, Reuse, and Re-Style: (De)Constructing the Sustainable Second-Hand Consumer [accessed 27 February 2020]. Available at: https://wescholar.wesleyan.edu/cgi/viewcontent.cgi?article=2220&context=etd_hon_theses

Williams, C. & Paddock, C. 2003. The Meanings of Informal and Second-Hand Retail Channels: Some Evidence from Leicester. *The International Review of Retail Distribution and Consumer Research* Distribution and Consumer Research, ISS. 3, 317-336 [accessed 26 February 2020]. Available at: https://www.researchgate.net/publication/233110887_The_meanings_of_informal_and_second-hand_retail_channels_Some_evidence_from_Leicester

Wood, H. 2020. The Legalities of Selling Retail Clothing. *Chron* [accessed 11 April 2020]. Available at: <https://smallbusiness.chron.com/legalities-selling-retail-clothing-24580.html>

Wozniak, K. 2019. Social and Cultural Factors Affecting Business. *Ceopedia Management Online* [accessed 20 March 2020]. Available at: https://ceopedia.org/index.php/Social_and_cultural_factors_affecting_business

APPENDICES

Appendix 1 Interview Questions

1. Please describe briefly about your company. What is mission and vision of your company?
2. Do Finnish policies and laws have any impacts on your business operation? To what extent they support and limit your business performance?
3. What is your opinion on current consuming trends of your customers? What can be reasons behind these trends (e.g. country's economy/ income level/ etc.)?
4. How is the situation of the Coronavirus affecting your business operation?
5. Did you have back-up plan for this similar situation like the Coronavirus? What practices have you changed due to this issue?
6. Who is your target customer? Please describe your criteria for the chosen target customer (e.g. age/ social class/ lifestyle/ gender/ income level/ education level/ etc.).
7. Do you think your current customers match your expected target customers?
8. How does your current location affect the business operation (Helsinki vs other cities of Finland)?
9. Have you applied any technological platforms in your business operation? What benefits do you get from these practices?
10. What technological improvements you wish for your business performance? What technologies can be applied to support these improvements?
11. Have you heard about circular economy? What do you think about the role of second-hand clothing in this?
12. Are your current marketing strategies sustainable-oriented?

If yes, please describe how your business have applied sustainability so far.

If no, do you intend to promote it for your future plans?
13. What is your registered business type? What are the advantages and disadvantages of the chosen type to your business?

14. What certificate or license is required when you operate in second-hand (clothing) retailing industry in Finland?