

# **Thrifting Used Clothes Business as a Circular Economy Practice Based on Environmental Awareness and Waste Reduction**

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**Abstract.** The business of selling used clothes exported from Korea, Singapore, China and other countries is mushrooming in various cities in Indonesia. This business is known as thrifting which is sold offline and online. A profitable business because these products in their country of origin are products that are no longer used or waste. This research aims to examine thrifting business practices using a qualitative approach and descriptive methods. The thrifting business is a type of circular economy which aims to reduce the negative impacts caused by the linear economy, especially waste from single-use products. The concept of a circular economy is to extend the usefulness of products. The research object was carried out at the largest thrifting used clothing sales center, Cimol, in Bandung. The research results show that the thrifting business has diverse market segments, from lower to upper classes who are looking for cheap, quality, branded or fashionable products. Thrifting clothing products have extrinsic values which become the selling point of used clothing. In fact, this business does not compete the local apparel business because the market segment is very different.

**Keywords:** Business, Circular Economy, Linear Economy, Thrifting, Used Clothing

## **1. INTRODUCTION**

The current socioeconomic system is based on a linear economy, in which firms make products and the consumers use and dispose (Michellini et al., 2017). Waste creation is one consequence of the traditional linear manufacturing strategy that was employed for a number of decades (Neves and Marques, 2022). One of the wastes produced by the linear economy is textiles or clothes. Clothing products are produced by factories to meet the ever-increasing market and consumer demands. The increase in production is due to various factors, among others, to meet the lifestyle and fashion so that various designs and materials are produced. Most consumers follow a dynamic and rapidly evolving lifestyle and fashion with new designs and materials. In addition, the change of seasons between summer and winter requires a change of clothes. This phenomenon has caused many clothing products to quickly wear out, become unusable, and be thrown away as garbage. The unused clothes have caused difficulty in disposing of it.

The used clothes come from Singapore, Korea and Japan and are resold in various cities in Indonesia. Some of the locations selling imported used clothes are in Batam, Bandung, Jakarta, Pontianak and other cities throughout Indonesia. Batam is the sales center of these used clothing products which are then distributed to various cities throughout Indonesia. Meanwhile, Pontianak is the entry route for used clothes from Malaysia by road. One of the centers for selling used clothes is Cimol Market in the city of Bandung.

The sale of imported used clothes is known as thrifting which is considered to have disrupted the trade of the national textile industry as well as the import of clothes from China. The thrifting factor is considered to have caused sluggish sales of domestic apparel products. Therefore, the government classifies the trade as an illegal business activity. Last year ahead of Eid al-Fitr, around thousands of bales of used clothes were destroyed by the Minister of Trade because it was considered the cause of the sluggish sales of national textiles and clothing products in the domestic market. The Minister of Trade of the Republic of Indonesia (Permendag) Number 51/M- DAG/PER/7/2015 Concerning the Prohibition of Import of Used Clothing contains a number of regulations that prohibit the import of used clothing as well as limits importers to only importing new goods that enter Indonesian territory. Article 2 of the regulations explicitly states that "Used clothing is prohibited from being imported into the territory of the Unitary State of the Republic of Indonesia."

It is the embodiment of economic theory, namely the supply and demand theory. Actually, the thrifting business can be seen as a form of innovation disruption, namely creating a new market without disrupting the old market or called incumbent. So far, the used clothing business imported into Indonesia has been considered an illegal product by the Indonesia government. The Minister: The reason is actually that the second-hand clothing business has been practiced for a long time and is universal. This activity is also carried out in many countries, including the Netherlands, United Kingdom, Bulgaria, Viet Nam and Japan. However, the type of product is different, not an imported product.

This study aims to analyze thrifting business activities in Indonesia and compare them with similar businesses in Europe and Asia. The results of the research show that the sales concept is different from that in Indonesia because they aim to help provide cheap consumer goods. In addition, they practice the circular economy, which is a popular issue in the European Union society committed to establishing the circular economy as a sustainable, future-oriented concept in the industry and to protect the earth in this way.

## **2. Literature Review**

### **2.1 Circular Economy**

The circular economy's foundations were laid around the close of the 1960s (Fedotkina et al., 2019). The CE is one of the most promising paradigms to emerge in recent years (Pagoropoulos et al., 2017). Circular economy (CE) was first introduced in Europe in Germany in the early 1976 through the Waste Disposal Act (Ghisellini et al., 2016). The phrase "circular economy" refers to a framework of relationships between the natural

environment (its state and the resources it gives) and the economic environment (production and consuming activities) (Sartal et al., 2020). Circular Economy can also be understood as a political goal, aiming to replace the linear economic model, summarized in a "take, make, use, dispose" system that places raw materials at one end and exteriorized residues at the other, with the circular model (Galvão et al., 2018). CE is an economic system built on business models that substitute the "end-of-life" concept with reducing, alternatively reusing, recycling, and recovering materials in production/distribution and consumption processes (Campitelli et al., 2022). Essentially, CE is an innovative economic and production model that calls for a shift in perspective from the linear economy of the past (Ghisellini et al., 2017). Since its introduction by European Union and Chinese policy makers, the concept of circular economy (CE) has gained immense popularity as a means for governments, businesses, and consumers to minimize environmental damage and close the loop on a product's lifecycle (Prieto-Sandoval et al., 2018). China and other emerging countries are creating national-level guidelines to assist their CE strategies (Elia et al., 2016). At the moment, China and the European Union are making progress in implementing the circular model (Verstraeten-Jochimsen et al., 2018). China and the European Union are two of the regions most involved in the CE transition (Ghisellini and Ulgiati, 2020). Since 2008, China has regarded CE as the national development model (Suarez-Eiroa et al., 2019). CE denotes a change from the traditional "linear" (take, produce, and dispose) economy strategy to a "circular" economy one that entails closing, slowing, and narrowing the loop of material flows (Nikolaou and Tsagarakis, 2021).

The goal of the circular economy is to strike a balance between social inclusion, environmental resilience, and economic valuation by achieving sustainability through closed cycles (Avilés-Palacios and Rodríguez-Olalla, 2021). To prevent the depletion of resources, the CE aims to close the loops associated with energy and material use (Sulich and Sołoducho-Pelc, 2022). CE encourages the more sensible and ecologically responsible use of resources (Ghisellini et al., 2016). It is commonly known that CE fosters economic growth by lowering environmental pressures and impacts while simultaneously generating new business ventures and job possibilities, lowering material costs, reducing price volatility, and enhancing supply security (Patwa et al., 2021).

Circular economy tujuannya untuk menolak sistem ekonomi linier yang prosesnya adalah product are manufactured, used and disposed of. A linear economy, in which businesses produce goods and consumers use and discard them, is the foundation of the current socioeconomic structure (Michellini et al., 2017). According to the circular economy view, these single-use used items can cause the volume of waste to increase. This needs to be extended in order to reduce the volume of waste. The trick is to recycle or reuse it, for example plastic drink bottles.

The circular economy is a resilient, distributive, diverse, and inclusive economy. The goal is to maintain the value and usefulness of a product, material, and natural resource in the context of the economy for as long as possible. By applying the concept of circular economy, damage or exploration of the natural environment can be minimized. Circular economy is related to the sustainable economy.

The extensive use of hazardous inputs (chemical components) and natural resources (such as energy and water) has made the textile and fashion sectors one of the most polluting in the world, coinciding with their expansion and economic contribution [1]. The textile and apparel sector uses more energy than the shipping and aviation combined, and it contributes about 10% of the world's greenhouse gas emissions [2]. Furthermore, every second, the equivalent of one garbage truck's worth of textiles is burned or landfilled (Silva et al., 2023).

According to Silva et al. (2023), the amount of clothing produced yearly has doubled since 2000 and is predicted to reach 102 million tons by 2030.

Parallel to the growth and economic contribution of the textile and fashion industry, the intensive use of natural resources (such as water and energy) and toxic inputs (chemical components) has transformed this industry into one of the most polluting industries in the world [1]. The textile and fashion industry is responsible for around 10% of global greenhouse gas emissions and consumes more energy than the aviation and shipping industries combined [2]. Moreover, the equivalent of one garbage truck full of textiles is landfilled or burned every second.

### **3. Results and Discussion**

#### **3.1 Sepintas Mengenai Pakaian Bekas di Indonesia dan Negara Lain**

Used clothes from the Netherlands entered Indonesia estimated since the 1970s. The shipment of used clothes from the Netherlands is carried out by individuals, social and religious communities such as churches which are social activities rather than business activities.

The used clothes from the Netherlands are called tweedehands goods (tweede = second, hands = hands). However, in Bandung, the donated used clothes were sold by several people. The reason for selling donated used clothes, for example men's suits, was because these products in Indonesia were still rare and expensive at that time. The purchasing power of most people at that time was weak so they bought used clothes donated from the Netherlands, especially men's suits.

The used clothes from the Netherlands come from personal donations because they are no longer used, not enough size or no longer in fashion. Such used clothes, such as summer coats or winter coats, are resold at low prices. The proceeds of the sale are generally intended for charitable, social or religious activities. One of the places of sale is Kringloop (cycle, circle) stores spread across different cities in the Netherlands. The products sold at the Kringloop store are assorted, not only clothes such as men's suits, cool coats, sweaters but any items that are no longer used by the owner.

Actually, second-hand sales places are found in many countries such as the Sunday Market at Wembley stadium or downtown Berlin. The sale of used goods in European countries is carried out permanently in a store or in kiosks that are sold on holidays or certain days. In the United Kingdom, second-hand clothes and other second-hand items

are sold at the Sunday Market at London's Wembley Stadium. In the center of Berlin there are markets similar to the flea markets in London and Amsterdam. They sell their goods in an open field but. His activities are not permanent like in Indonesia.

In Budapest, Bulgaria, there are several second-hand product stores such as those in the Netherlands. who sell clothes, suits, coats, and shoes. In general, used goods sold in European countries are not imported products but local production or production of large companies with well-known brands. In addition, the volume is limited to only a few fruits or types.

In Fukuoka, Japan, there is a popular second-hand store because of the quality of the goods, famous brands and very cheap prices when compared to prices in Indonesia. For example, the price of new Timberland brand shoes costs Rp 700,000. Meanwhile, in Indonesia, the price of shoes of the same brand is Rp 2,000,000. The store also sells other products such as new Seiko watches, Swatches, Gshocks and others with a warranty. The items in the store are used displays in the storefront, not used so the price is far below the normal price.

In Ho Chi Minh City, Viet Nam, there are several second-hand clothing stores sold by small shops with different locations. Generally, these used clothes come from outside Viet Nam, such as made in Korea. In Viet Nam itself, there are sellers of clothes and T-Shirts of the famous brand Under Armour, the price is cheaper than in Indonesia but the quality is better.

The place to sell second-hand goods in Europe is not only visited by local consumers but also tourists who want to find cheap clothes and only use them temporarily during their visit.

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