

# Unlocking market potential: emerging designers and the rental economy

Eleanor Rockett and Tanya El-Khatib

## INTRODUCTION

The potential of emerging designers within the current fashion market is limited and new strategies are needed to unlock the designers' market potential. The term 'emerging designer' refers to early-stage designer led brands who are operating as micro and small enterprises (MSEs) (Adams, 2023). Some but not all of these brands are trading as limited companies and the rest as sole traders (Karra, 2008).

From the outside the fashion industry may look to be dominated by large brands but the UK's designer-fashion sector is largely made up of MSEs who are pioneering novel approaches to sustainability and innovation (Eckert, Crommentuijn-Marsh and Black, 2022). This growing profile of future-generation brands are a force for change in the industry leading the development of innovative business models (Elf, Werner and Black, 2022; CSF, 2020). The British Fashion Council's recent strategy envisions 'British fashion as a creative force on the world stage' through relentless innovation, responsible growth and an amplified global narrative (BFC, 2024). Yet, to reach these great heights designers have many obstacles to overcome the most significant of which are associated with the upfront costs and cash flow problems associated with traditional biannual showcasing schedules and sample production (Gornostaeva, 2023). In their early stages brands have two main options for their key revenue streams – wholesale and direct-to-consumer – both of which have associated barriers including start-up costs (*ibid.*).

A £2 million investment in the British Fashion Council's NEWGEN scheme demonstrates the potential impact of the UK's emerging designers (gov.uk, 2023; BFC, 2024). However, the demand for funding greatly exceeds the available resources, limiting emerging designers' ability to participate in traditional fashion showcasing which is a major route to growth of brand awareness in their early stages (Gornostaeva, 2023).

The ambition of this research is to explore the potential impact that alternative retail models aside from entering the traditional wholesale system might have on the growth potential of emerging designers. The fashion rental market was chosen as the most opportune alternative retail model for several reasons. It has been experiencing rapid growth and is predicted to continue on the same trajectory as it gains increasing popularity amongst retailers as a way into the circular fashion space (Sender Ceron, June 2024). Rental platforms have been dominating global circular fashion platforms,

with the likes of Rent the Runway grossing almost \$300 million in revenue in the year-end 2023 (Statista, October 2024a). Moreover, the share of consumers' wardrobes sourced from subscription and rental models is set to increase in the next 10 years (Statista, October 2024b). The research adopts an exploratory approach that will enable the researchers to uncover key themes and opportunities and barriers towards entering the rental market as an alternative commercial model that can facilitate sales generation as well as boost brand awareness.

**Keywords:** emerging designers, brand awareness, circular fashion, rental

## **LITERATURE REVIEW**

### **Growth and brand awareness**

Eckert et al. (2022) map the elements of emerging designers' networks with brand awareness derived from media including endorsements or awards, press coverage and social media as key personal networks in addition to institutional networks including fashion support organisations (such as the British Fashion Council) and general business support as key professional networks.

A significant proportion of those who go on to become emerging designers are graduates from the UK's collection of esteemed specialist fashion universities including Central Saint Martins, London College of Fashion and the Royal College of Art (Adams, 2023). With the ambition of having their graduate collections featured in the most relevant fashion press such as Vogue, Dazed and 1Granary these designers understand the impact of instant exposure.

Karoline Vitto graduated from the RCAs MA Fashion in 2019 and since then has gone on to be recognised by Dazed100 in 2022 and Vogue Business 100 in 2023 and win the BFCs NewGen prize in 2024 and Latin American Fashion Award for Emerging Designer of the Year in 2023. Vitto set out to 'celebrate those areas which we are almost told to hide' through the launch of her graduate collection (RCA, 2023). A graduate collection that gained her 20,000 Instagram followers almost overnight. This launch built intense hype for her brand before she had even sold one single garment, and her audience had to wait patiently for almost a year for her to begin selling her designs. Vitto was able to utilise this growing brand awareness on social media and through extensive press coverage to get herself into a position where she was ready to launch in a way that felt aligned to her brand values, rather than feeling forced to enter the fashion market through the traditional methods of the wholesale market. The brand currently sells almost exclusively through their website direct-to-consumer using a pre-order model.

### **Fashion rental in the UK**

In order to support emerging designers in developing financially sustainable

enterprises, new strategies and revenue streams must be explored. Arrigo (2021) found that fashion rental platforms offer a unique opportunity for emerging designers to boost brand visibility and receive consumer feedback. Fashion rental is a model wherein consumers pay a fee to have access to a garment(s), without the transfer of ownership, for a specified time (Durgee & O'Connor, 1995; Jain *et al.*, 2021). As leading rental platforms such as HURR and By Rotation adopt a social media-esque user interface, renters can scroll through edits such as 'New-In' or seasonal categories such as 'The Wedding Guest' to explore the rental assortment. By making their collections available to rent via digital platforms, consumers can discover emerging designers and try their product without making a costly financial investment (Lang & Armstrong, 2018, Jain & Mishra, 2020). Moreover, circular fashion models such as rental are estimated to outpace growth of the wider fashion sector in the next three years (Robers, 2024). This suggests strong potential for fashion rental to play a key role in supporting emerging designers as they foray into the industry. However, the opportunities and challenges for these early career designers in utilizing fashion rental as part of their growth strategy remain underexplored in the literature.

In recent years we have begun to see some brands exploring the market potential of adding rental to their retail strategy. East London based SABINNA is described as an ethical and innovative brand dedicated to exploring sustainability above and beyond the product (Sabinna, 2024).

SABINNA x By Rotation launched in December 2019 as an exclusive collaboration between the brand and the UK's first peer-to-peer rental platform. This collaboration offered a curated selection of one-off pieces that consumers could rent on the app including some archive stock that were not available for purchase. A SABINNA dress RRP of £290 was available for rent from £9/day and a handmade crochet top RRP £390 was available to rent from £12/day (By Rotation, 2024).

The challenge for emerging designers in trying to engage consumers is a key issue that has not been adequately addressed in extant research. Studies focus more on the strategic and operational challenges, such as accessing resources, funding, and navigating the supply chain (Min & Wilson, 2018; Gornostaeva, 2023). However, effectively engaging with customers and building brand awareness is a critical component of success for any emerging fashion designer, especially in the context of rental platforms where consumer preferences and behaviors play a significant role (Becker-Leifhold & Iran, 2018; Jain *et al.*, 2021).

## **METHODOLOGY**

Utilising an exploratory approach, the researchers conducted a cross-sectional study in Q4 2024 via semi-structured interviews with 10 designer-led emerging brands with the intention of establishing a richer understanding of their current business practices,

their revenue streams, capabilities and opportunities for new retail models in addition to their extant revenue streams.

To identify suitable participants for the project the researchers modelled their approach to sampling based on the findings from Eckert et al. (2022) who demonstrated the central importance of networks of fashion businesses for emerging fashion designers. In line with this network approach the researchers worked with The Fashion District and The Trampery who are leading members of the East London Fashion Cluster to support participant recruitment. Set up in 2017 the vision for this cluster was as a '21st century innovation quarter where fashion, technology, business and education meet' which would be triggered by the move of the London College of Fashion campus to Stratford in East London (BOP Consulting, 2017, p.6)

An initial survey was sent to the Trampery's 50+ studio members and members of the wider East London fashion cluster to collect details of their business set up, business size, challenges and vision. Based on the responses received from this survey 20 brands were contacted and 10 brands responded to the call for participants and took part in semi-structured interviews.

## REFERENCE

Adams, R. (2023) University of the Arts London: a creative champion rising up the rankings. Available at: <https://www.theguardian.com/education/2023/sep/09/university-of-the-arts-london-a-creative-champion-rising-up-the-rankings#:~:text=At%20the%20same%20time%2C%20UAL's,now%2015th%2C%20its%20highest%20ever> [Accessed: 13.12.2024]

Arrigo, E. (2021) Digital platforms in fashion rental: a business model analysis, *Journal of Fashion Marketing and Management*, 26(1), pp. 1 – 20, DOI: <https://doi.org/10.1108/jfmm-03-2020-0044>

Becker-Leifhold, C. and Iran, S. (2018) Collaborative Fashion Consumption: Drivers, Barriers and Future Pathways, *Journal of Fashion Marketing and Management*, 22(2), pp. 189 – 208, DOI: 10.1108/JFMM-10-2017-0109

BOP Consulting (2017) East London Fashion Cluster Strategy plan. Available at: <https://www.fashion-district.co.uk/publications/towards-an-east-london-fashion-district/> [Accessed: 13.12.2024]

British Fashion Council (2024) Annual Report 2023-2024. Available at: <https://www.britishfashioncouncil.co.uk/About/Reports> [Accessed 13.12.2024]

By Rotation (2024) By Rotation – designers SABINNA. Available at:

<https://byrotation.com/designers/sabinna?srsId=AfmBOoqRUAaiovowfN5PyRTRJbz5efiAuuwlyjTCTECWRgWu8RiqyOO0> [Accessed: 13.12.2024]

Centre for Sustainable Fashion (2020) Fostering Sustainable Practices: Rethinking Fashion Design Entrepreneurship, Available at: <https://9dbc3c3f-8613-4a49-a8bb-a21c9f908f3d.usrfiles.com/ugd/9dbc3c49998a98e26a4bad9ea3646fb615b1f0.pdf>. [Accessed: 13.12.2024]

Durgee, J. F. and O'Connor, G. C. (1995) An Exploration into Renting as Consumption Behavior, *Psychology & Marketing*, 12(2), pp. 89 – 104, DOI: <https://doi.org/10.1002/mar.4220120202>

Eckert, C., Crommentuijn-Marsh, P. and Black, S. (2022) The Role of Networks in Supporting Micro and Small-Sized Sustainable Fashion Businesses. *Sustainability: Science, Practice and Policy*, 18(1), pp. 544-559. DOI: <https://doi.org/10.1080/15487733.2022.2097772>.

Elf, P., Werner, A. and Black, S. (2022) Advancing the circular economy through dynamic capabilities and extended customer engagement: insights from small sustainable fashion enterprises in the UK. *Business Strategy and the Environment*, 31(6), pp. 2682 - 2699.

Gornostaeva, G. (2023) The development of digital commerce in the fashion industry: The typology of emerging designers in London, *Technological Forecasting and Social Change*, 186, p.122122, DOI: 10.1016/j.techfore.2022.122122

Gov.uk (2023) Press release: New British designers benefit from £2 million government funding. Department for Culture, Media and Sport. Available at: <https://www.gov.uk/government/news/new-british-designers-benefit-from-2-million-government-funding>. [Accessed: 13.12.2024]

Jain, R., Jain, K., Behl, A., Pereira, V., Del Giudice, M. and Vrontis, D. (2021) Mainstreaming Fashion Rental Consumption: A Systematic and Thematic Review of Literature, *Journal of Business Research*, 139, pp. 1525 – 1539, DOI: 10.1016/j.jbusres.2021.10.071

Jain, S. and Mishra, S (2020) Luxury fashion consumption in sharing economy: A study of Indian millennials, *Journal of Global Fashion Marketing*, 11(2), pp. 171-189, DOI: <https://doi.org/10.1080/20932685.2019.1709097>

Karra, N. (2008) The UK Designer Fashion Economy – NESTA Report, Available from: <https://www.nesta.org.uk/report/the-uk-designer-fashion-economy/> [Accessed: 13.12.2024]

Lang, C. and Armstrong, C M. (2018) Collaborative Consumption: The Influence of Fashion Leadership, Need for Uniqueness, and Materialism on Female Consumers' Adoption of Renting and Swapping, *Sustainable Production & Consumption*, 13, pp. 132 – 144, DOI: <https://doi.org/10.1016/j.spc.2017.11.005>

Min, S. and Wilson, J. (2018) How do Fashion Designers Emerge? An Empirical Investigation of their Entrepreneurial Process, *International Journal of Fashion Design, Technology, and Education*, 12(1), pp. 35 – 45, DOI: <https://doi.org/10.1080/17543266.2018.1472813>

RCA (2023) RCA Fashion Graduates Bring Inclusive and Sustainable Design to London Fashion Week. Available at: <https://www.rca.ac.uk/news-and-events/news/rca-fashion-graduates-bring-inclusive-and-sustainable-design-to-london-fashion-week/> [Accessed: 13.12.2024]

Roberts, L. (2024) *HURR COO: 'Rental is no longer just a sustainability box-ticking exercise'* (online), *Drapers*, Available from: [Hurr COO: 'Rental is no longer just a sustainability box-ticking exercise'](https://www.drapersonline.com/news/hurr-coo-rental-is-no-longer-just-a-sustainability-box-ticking-exercise) (drapersonline.com) [Accessed: 13.12.2024]

SABINNA (2024) Our Mission. Available at: <https://www.sabinna.com/about/> [Accessed: 13.12.2024]

Sender Ceron (June 2024) Fashion & Sustainability – UK – 2024 (mintel), Available from: <https://clients.mintel.com/content/report/fashion-sustainability-uk-2024?fromSearch=%3Ffreetext%3D%2522fashion%2520rental%2522%26resultPosition%3D2> [Accessed: 12.12.2024]

Statista (October 2024a) Revenue of leading fashion rental and resale platforms worldwide in 2023, Available at: <https://www-statista-com.arts.idm.oclc.org/statistics/1309246/circular-fashion-company-revenues-worldwide/> [Accessed: 12.12.2024]

Statista (October 2024b) Breakdown of U.S. consumers' closets as of 2012-2032, by purchase channel, Available at: <https://www-statista-com.arts.idm.oclc.org/statistics/826618/share-of-the-average-consumers-closet-by-purchase-channel-us/> [Accessed: 12.12.2024]