

RETAIL UNBOXED:

The retail trends you
don't want to miss

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Author's Note

The past few years have been tough on retail. Store closures and supply chain disruptions have impacted brands just as much as the shoppers they cater to. And in the end, if the customer experience suffers, so does the brand's bottom line.

But through disruption comes opportunity. We're seeing this in how retailers are reshaping the customer experience in new and innovative ways. At Crobox, we are committed to understanding consumer behavior, and this is always in dialogue with the trends that govern the market. From sustainability to social commerce, how and where individuals shop for products has drastically changed. Who those people are is also considerable: GenZ and Millennials make up most of the market share, while Boomers and Gen X are now shopping online more than ever before. There is no longer a need to divide the brick-and-mortar versus eCommerce experience.

Instead, many retailers are selling their products online and, importantly, finding ways to bridge the bricks-to-clicks gap. With all of these demographics and digital resources to consider, we've decided to unbox the most important retail trends out there to help brands stay on top of the market. After all, there's nothing better than pure, honest, factual editorial to help retailers keep their finger on the pulse of trends and consumer behavior. This is what we hope to achieve at Crobox: Helping retailers understand their shoppers in a more human way.

Nikole O.W

The Resale Market: Retail's 'Realest' Revolution

Recycle, renew, repair, resell: Retail's newest revolution promises real, concrete efforts towards sustainability and a circular fashion economy. And the timing is perfect.

Every year, we discard more than 134 million tonnes of textiles. In 2017 alone, Burberry destroyed \$3.8million worth of their clothing. While it's not uncommon for luxury brands to burn excess products, no one knows for sure how much retail revenue goes up in flames. The luxury market isn't the only sector paying the price. Nike reportedly throws away unworn shoes, and H&M stands accused of burning 12 tonnes of unsold garments per year. In an era where consumers expect transparency and desire sustainability, people were quick to boycott Burberry and hold H&M accountable. With so many options on

the market, brands that don't follow through with their 'green' pledges fall quickly behind.

To respect real sustainability efforts (and stop burning clothes), brands look to the resale market. Expected to grow 11x more than the broader retail clothing sector by 2025, resale predicts 118.8 million future sellers (according to a report by ThredUp). It's retail's biggest revolution for a number of reasons, reinforcing trends like luxury resale, financial frugality post-pandemic, and technological innovation. But the most crucial reason shoppers and brands subscribe to resale is to empower their sustainable roadmaps.



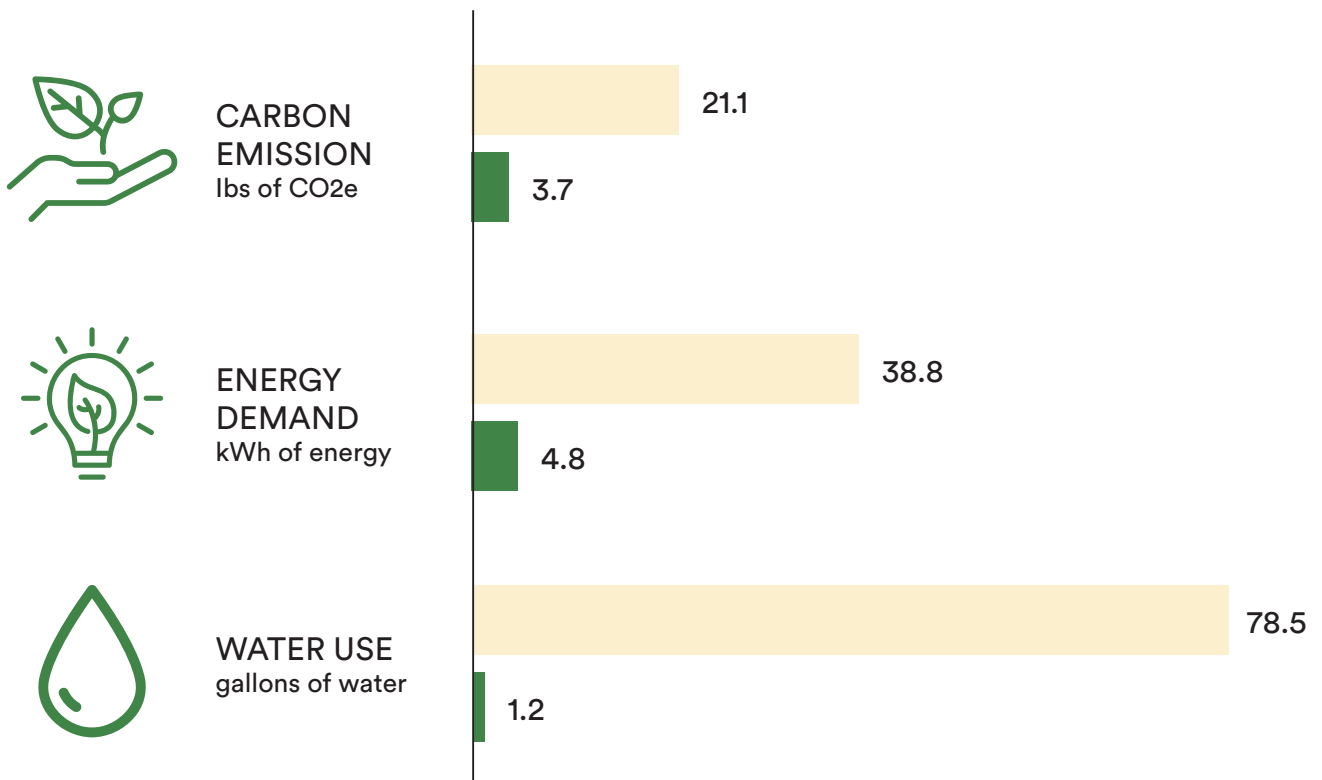
Source: Therealreal

Reselling closes the loop

73% of GenZ consumers are willing to pay more for sustainable products. They are committed to a brand's values (from diversity and inclusion to going green), and skeptical about those who don't have authentic sustainability goals, e.g., 'green washing'. The resale market promises to 'close the loop', engaging new models of production and consumption to reuse, recycle, and refurbish fashion items. And not just fashion. In Charish's Resale Report, resold furniture is projected to grow by a whopping 54%. 44% of Millennials have already resold furniture online. Protecting the environment is on everyone's agenda (80% of discarded home furnishings end up in landfills).

In parallel, the post-pandemic consumer wants to be more thrifty than ever before ('thriftig' has actually become a new pandemic habit, with 33 million consumers buying secondhand for the first time in 2020). Buying used clothing is expected to reduce our carbon footprint by 82% – which is a top priority for GenZ and Millennial shoppers. Although GenZ and Millennials make up most of the online shopping space, consumers who are more skeptical of buying secondhand seem open to trying it. ThredUp shows that 76% of people who have never resold clothing would give it a go. This is reflected by the growth of resale platforms like Deepop.

To follow suit, bigger, legacy brands are starting to form partnerships with resale marketplaces. Lululemon, Patagonia, and COS have all launched their own pre-owned resale platforms. The timing couldn't be more perfect; with the growing aversion toward fast fashion and new eCommerce innovations that make buying and selling used clothing easy, the resale marketplace is booming across all product categories.



From ThredUp: Resale vs. new sale

What about luxury resale?

In 2017, Stella McCartney partnered with The Real Real, setting the precedent for luxury disruption. As one of the leaders of the resale market, The Real Real's mission is to, "encourage all consumers to support the circular economy and [reduce] fashion's carbon footprint" (CEO of The Real Real Julie Wainwright talking to *Elle*).

In 2020, The Real Real partnered with Gucci. Vestiare Collective, another leader in the resale marketplace, recently hitting \$1.7 billion valuation, partnered with Alexander McQueen in February 2021. They also joined forces with leading eCommerce luxury platform Mytheresa in June.

Luxury consumers have always loved buying vintage clothing, so the move towards resale seems not only predicted but strategic. 69% of luxury shoppers in the U.S. already buy pre-owned luxury, where handbags, apparel, and small leather goods are the most popular categories, according to *Vogue Business*.

Luxury products have a long history of counterfeiting. Duplications saturate the market. With such rich legacies and recyclable products that are still high in demand, resale is becoming key for luxury brands to repair past errors while at the same time building a more sustainable future; both financially and environmentally.



Source: Therealreal



Source: Therealreal

Resale is restoring and renewing the fashion world – and it’s here to stay

Retail needs revolution – and resale will keep the players in the race. The pandemic has shifted people’s buying behavior. Protecting the environment has never been more top-of-mind. But 88% of consumers don’t trust brands that simply say they’re sustainable. More concrete efforts need to be displayed to build trust, relevancy, and bring shoppers back. Recycling, restoring, and reselling products is a legitimate move that appeals to younger consumers, adopts disruption, while at the same time cultivating the push towards circular fashion.

But brands have a long way to go. Overall, secondhand products make up less than 1% of the total apparel volume sold by retailers who launched resale shops in 2020. What’s clear is that luxury is making headway as we’ve seen through the successful partnerships with The Real Real or ThredUp. Luxury brands have the privilege of foresight and maturity to know that there is a huge opportunity in the resale market. Competitive brands that aim to grow and appeal to modern-day consumers are quickly catching on – it’s out with the old, in with the old.

Phygital Stores: The Brick-and-Mortar Makeover For The Future

PHYGITAL BRIDGES THE GAP BETWEEN DIGITAL INNOVATION AND THE IN-STORE EXPERIENCE.

Have you ever used your phone to make a payment? Scanned a QR code at a restaurant? Self-checked out through a kiosk? Bought products through your Alexa app?

Most consumers are already participating in the 'phygital' future, whether they know it or not. Phygital combines the physical environment with aspects of the digital. With the drastic shift in shopping behavior after the pandemic, retail customers are calling for the brands they shop with to innovate – especially in-stores.

What is phygital retail?

Enter: Phygital, brick-and-mortar's comeback cry of the century. And so far, brands are witnessing this trend work wonders to bring back the customer's awe factor offline. Phygital combines any aspect of the physical and digital world to describe a retail experience or marketing strategy. Coupled with the rise of digital innovation, personalization, and the desire for more immersive experiences in brick-and-mortar, phygital is evolving against the perfect retail landscape. That's because, with the pandemic in the periphery, many consumers are ready to spend time and money in brick-and-mortar locations again. In fact, Google predicts that by 2024, 78% of purchases will be made in stores. Customers still want the physical experience of shopping. Yet brands can't go back to the same in-store template as before the pandemic. Today, shoppers have different desires, standards, and behaviors, expecting transformational experiences at every curb of the attention economy.

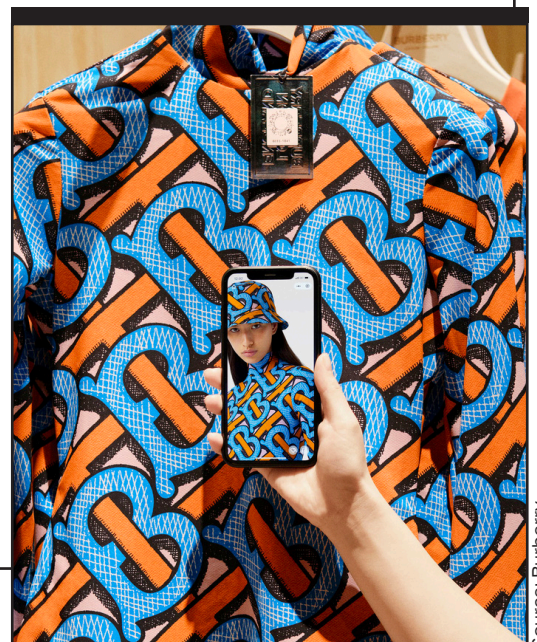


Source: Burberry

Shoppers fancy phygital

Despite the effect of the pandemic – including store closures, people forced to shop online, and social distancing – 62% of Baby Boomers and 58% of Gen Zers still prefer buying from a physical store. Google started seeing searches for “near me” in the later months of 2020, which means shoppers were patiently awaiting the end of the coronavirus to go back to making offline purchases. And Google quickly capitalized, opening their first-ever physical retail store in September 2021. According to LVMH's CFO, online shopping doesn't come close to the brick-and-mortar experience. In fact, 66% of shoppers miss the ability to try on products online, and 64% miss the overall tactile experience of shopping in-stores (MarketingTech). It's that look-touch-and-feel that, psychologically and socially, just doesn't seem to cut it online.

However, over 63% of shopping journeys still start in eCommerce. For brick-and-mortar to succeed today, physical shopping needs to be reimaged through a digital lens. The rise of phygital promises to create meaningful and lasting relationships with shoppers across multiple touchpoints, while optimizing brands for the future of brick-and-mortar.

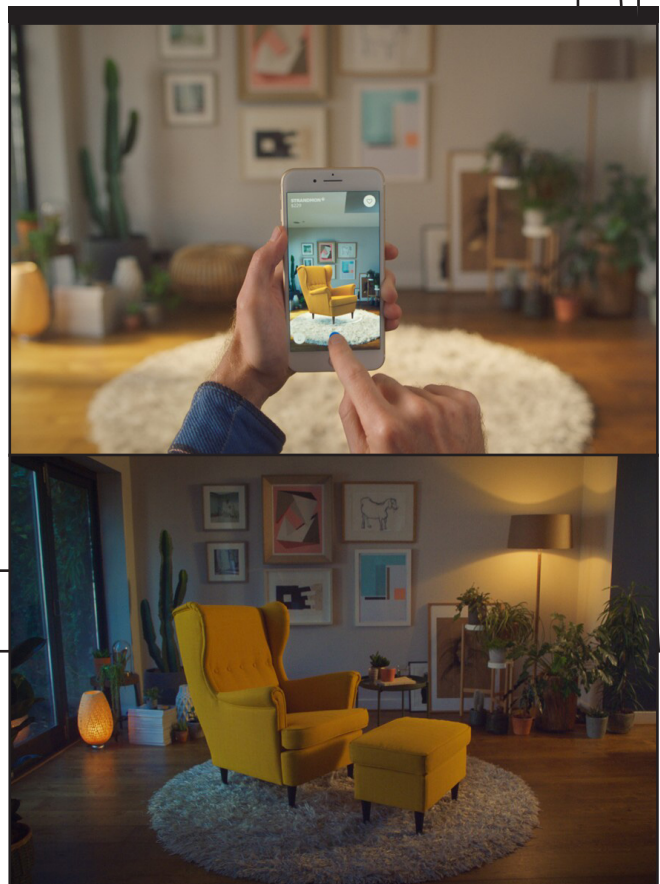


Source: Burberry

Digital disruption is the new normal

For this to happen, brands have been adopting digital innovation to disrupt traditional shopping expectations, looking instead at the customer through a singular, omnichannel experience. You pick an item? It's customized to your needs with the Internet of Things (IoT). You go to try it on? Enter the world of virtual reality (VR) fitting rooms. You want to buy it? Pay with your phone and have it sent straight to your door. These are experiences that are being spearheaded by pop-up shops, flagship stores, and showrooms. Some examples include IKEA's app 'Place', which lets customers visualize where their furniture will fit and look in their houses leveraging Augmented Reality (AR) tech. Chanel also capitalizes on AR in-stores (with augmented dressing rooms and interactive mirrors) personalizing the product experience. This approach also encourages brands to go omnichannel: another trend that comes across as 'buzzwordy' but is unfolding as a necessity for retail's survival.

Phygital enables brands to collect data at multiple touchpoints and optimize the experience on whatever channel the individual customer will shop on. It's not enough to have just a solid eCommerce foundation anymore. Even for the former pure player Glossier (who started out strong as a digital native, turning into a \$400 million business in four years), eCommerce is simply not enough. Glossier hardly needed the extra revenue from opening up a store, yet still decided to go forth into the physical world. Glossier's brick-and-mortar locations are multisensory, leveraging experiential marketing in a way that does phygital justice. It's this kind of continued disruption that cements Glossier as one of the best cult beauty brands in the market.



Source: Ikea

Let's get phygital

It's not only big brands or legacy retailers leading the phygital trend. Backcountry, a digital-first outdoor apparel and equipment retailer, is expanding into brick-and-mortar this year. And their new two physical stores promise to be quite the experience (with community hubs, film screenings, how-to discussions, and the option to browse products both in-store and online). Supermarket giant Walmart has recently turned four of its brick-and-mortar locations into phygital laboratories, merging merchandising with digital tools.

Trends like click-and-collect, curbside pickup, and in-store reviews which seem like the norm, are all ways phygital is slowly becoming mainstream. The effect of the coronavirus on retail has forced brands to incorporate aspects of the digital to streamline and enhance the customer experience, keeping up with personalization demands for the future. With 71% of businesses surviving COVID-19 because of digitization, retail is no exception in the race for innovation. The rise and success of phygital proves that consumers will always love shopping in-stores. Brands that provide exceptional and experiential experiences are ones that are already gaining a competitive edge.



Source: Chanel



The Ticking Clock of Social Commerce:

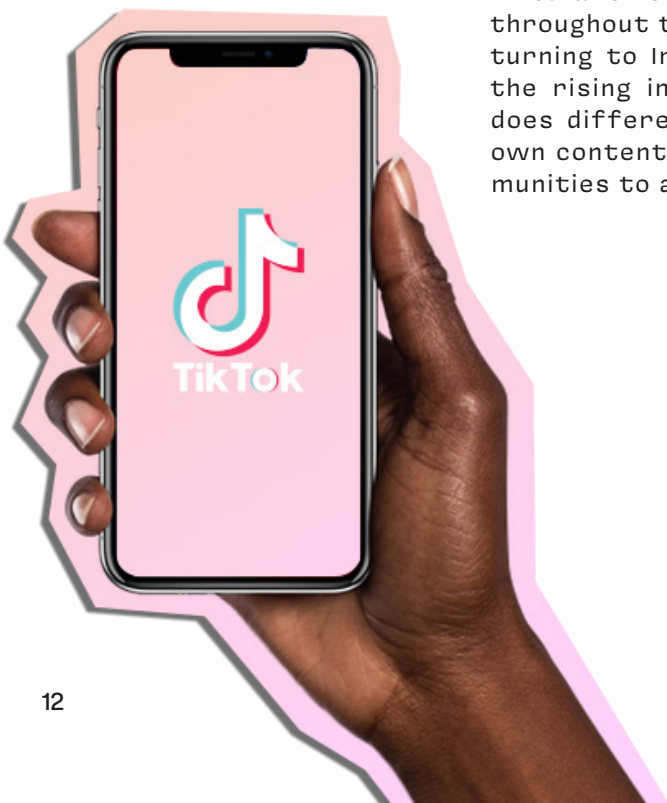
MVP goes to TikTok

Are Instagram's shoppable ads the future of eCommerce? Should retailers start hiring TikTok professionals now? When will we see matchmaking apps for shoppers – like Tinder for products?

As more retailers start to see the importance of shifting from commerce (selling products) to content (selling experiences), social media is coming in hot and heavy. 40% of retailers' online revenue comes from social selling. And with social commerce in tow, the experience economy grows nobler every day. Retailers across all service verticals are seeing buzzwords like phygital, contextual commerce, and artificial intelligence manifesting into reality. Against this landscape, social media is proving to be a necessary channel to disrupt traditional purchase journeys and personalize the product experience. And the MVP everyone's talking about? TIKTOK.

From social shopping
to community commerce

TikTok currently has more than 100 million monthly active users in the US alone. Recently, behemoth brands from McDonald's to Disney to L'oreal have jumped on the TikTok bandwagon. Ahead of the back-to-school season, JanSport hired a "chief mood officer" to exclusively queue TikTok posts throughout the school year. With 70% of shopping enthusiasts turning to Instagram for product discovery, brands can see the rising importance of social commerce. But what TikTok does differently is to, 'encourage audiences to create their own content featuring a brand' (BusinessofApps), forging communities to achieve 'intimacy at scale'.



Autonomy in the context of others

TikTok shopping leverages things like checkout buttons and product tags (so you don't even have to leave the app to complete your purchase journey). TikTok's For You page features videos that allow users to discover new products through tailored content. And even before this feature, 80% of TikTok users used the platform to get ideas about brands and products they'd never thought of before. Where social commerce leads brands to adopt the right attitude to selling products, community commerce provides the tool to execute this mentality. Radically empowering customers to be autonomous in their purchase journeys, while allowing brands to leverage their content in a closed ecosystem of like-minded customers. Which means brands that succeed in the social commerce space are ones that understand the importance of experience, entertainment, and influencers – CONTENT, CONTENT, CONTENT! And it's not the kind of content you find anywhere. TikTok is ripe with word-of-mouth, tutorials, and user-generated content (driving purchasing decisions by 80%).

Beauty brands like The Ordinary and Glossier do so well in this content-led space because they can give beauty tips, show products in use, and educate their audiences about things like skincare routines. They recruit the help of TikTok celebrities to promote their products. Communities are formed linking brands to culture, trends, and reality in under twenty seconds.

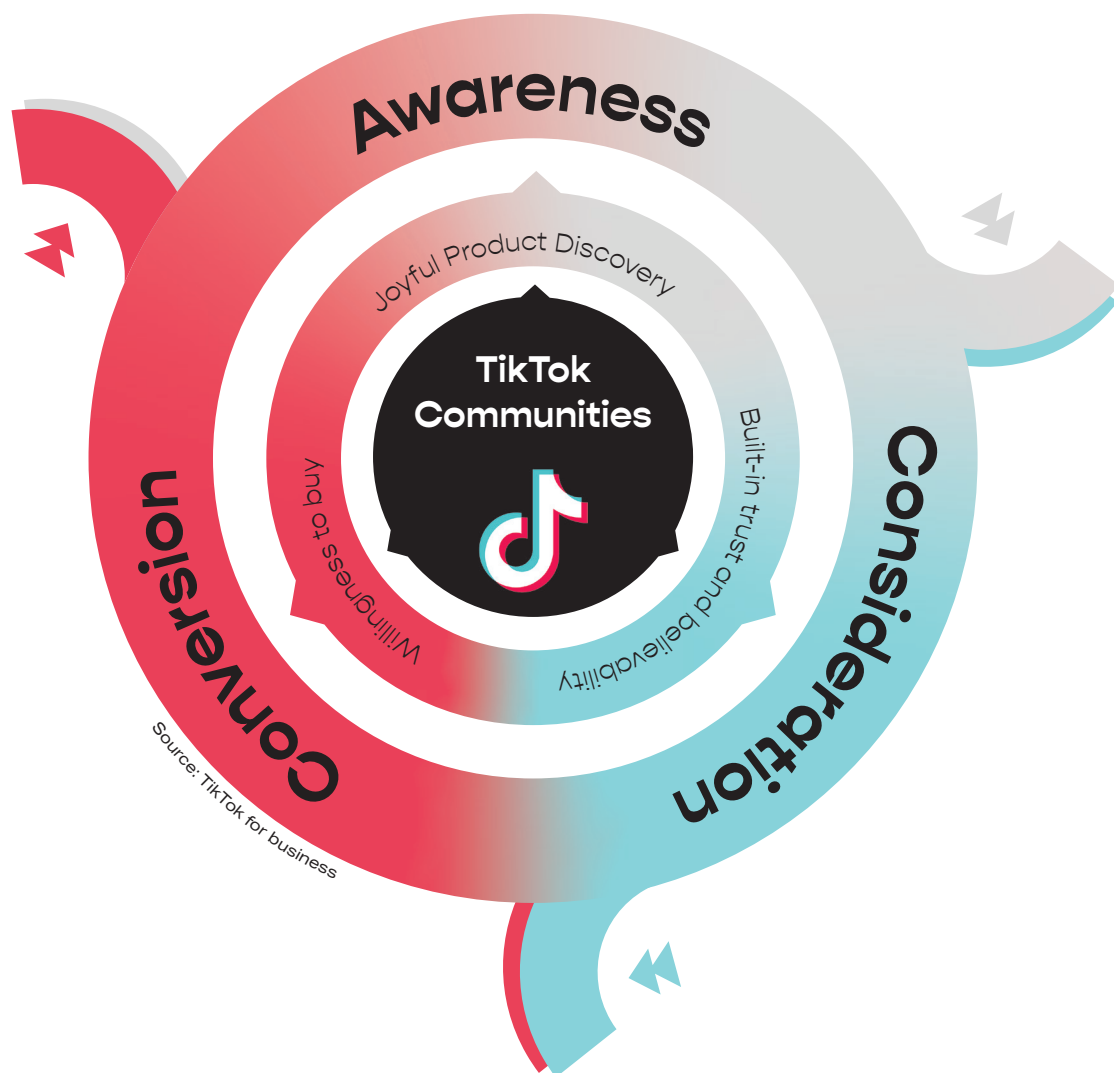
Which begs the question: is it enough? It certainly may feel like enough for Glossier's \$1.2 billion valued company. But is this kind of autonomy in the context of others as authentic as it could be? Will shoppers be satisfied with shopping on social? Has TikTok already reached its zenith before its inevitable plunge into the social media abyss?



Data scandals & outages: Is there a future for social commerce?

TikTok's community commerce shows what the future will hold for retail: A purchase path that loops endlessly from awareness and consideration. Product discovery becomes so contextual, brands can ignore traditional selling paths... or can they? As we've seen with Facebook ad scandals, WhatsApp outages, and the rise and fall of Vine and Snapchat, social media can go from omnipresent to consciously rejected in the time it takes to say Bezos (bless you).

Yes, brands are growing their virtual communities on TikTok. But consumers are only given the semblance of autonomy. Communities are largely virtual, and shopping is still mostly seen as separate from consumable content (why don't we have Reddit or Twitter shopping yet?). AUTHENTICITY IS KEY for consumers to truly get on board.



Don't leave me this way

While customers would theoretically want to learn about a product in a tweet and then make a purchase directly on Twitter, the same shoppers don't want to be retargeted with ads across other platforms. Consumers actually want DATA PROTECTION as much as they want ease and convenience in their purchase journeys. According to Salesforce, 90% of people are more likely to trust a company if they have a firm privacy policy, 92% of customers appreciate companies giving them control over what information is collected about them. For social commerce to keep the ticking clock at bay, brands need to show they care about their customer's privacy. eCommerce needs to provide a valuable exchange for using customer data to personalize ads or products. Without transparency and authenticity, community commerce won't stay an effective strategy.

Investing in TikTok is one thing, but brands shouldn't leave behind their other channels to effectively move from COMMERCE TO CONTENT. Shoppers still value elevated in-store experiences (62% of Baby Boomers and 58% of GenZ still prefer buying in-store despite the pandemic). They want interactive experiences across multiple platforms and will shop from brands that provide a unique selling point (USP) not saturated by the need to push products. Content – and how it is used in innovative ways – becomes the ultimate make-it factor, not social media. Communities are formed through storytelling. And consumers will want to see a similar social platform to TikTok where delight is at its core, community is its USP, and authenticity is a clear benchmark for success.



Content – and how it is used in innovative ways – becomes the ultimate make-it factor, not social media. Communities are formed through **storytelling**.

Are Gen Z Shopping Habits Giving Luxury A Run For Its Money?

Where are Gen Z spending their money?
How does this affect luxury brands?



Source: Zalando

Everyone is talking about luxury disruption. Gen Z shopping habits are changing the face of fashion so much, many suggest legacy luxury brands struggle to keep up. But is the luxury market a victim of Gen Z shopping habits? Or does this new behavior represent a once-in-a-lifetime opportunity to come out on top? By 2035, GenZ will make up 40% of global luxury spending. Winning luxury brands are actually leveraging Gen Z habits and trends to reinvent and future-proof their brands.

Gen Zs are the shoppers roughly born in 1997 or later. These individuals graduated or started working in the middle of a pandemic. They are

the consumers who want brands to connect their values with their retail experiences.

In short, their shopping behavior represents a unique moment in retail history. Capitalize on these habits quickly, and brands can define the retail landscape for the coming years. This is a market where experiential commerce, value-driven storytelling, and innovative digital practices will become the norm. These Gen Z-defining trends are here to stay. And the more luxury brands show progress in connecting with this market segment, the more they can leverage their legacy to shape consumer culture for the future.

Spending all your money on me

Luxury resale represents a \$24 billion market. And Gen Z – luxury’s biggest spenders – are thrifting in throngs, with 90% of Depop users under 26 years old. The fact that Gen Zs are carving out their luxury spending on secondhand items has become quite the head scratcher for many luxury brands, who would rather burn excess clothing than recycle it (resale is quite literally throwing a spanner in the works, where ‘broken’ luxury goods are now fixed and resold rather than thrown into landfills or destroyed).

The rise of the resale market represents an opportunity for luxury brands to be a part of circular fashion while displaying concrete efforts toward sustainability. Forcing many luxury retailers to revise their unique selling points like vintage, premium, and rarity. Gen Z’s shopping habits don’t just cater to exclusivity or scarcity anymore; 62% of Gen Z say affordability is more important to their purchase decisions. Vogue supports this, suggesting that 70% of Gen Z shoppers

are now monitoring their spending habits after the pandemic. And 123% more of Gen Zs are using the buy now pay later model (BNPL). But despite spending frugality, the return to stores after the pandemic was met with another phenomenon dubbed ‘Revenge Shopping’. After store closures and the buying lull during the lockdown, many shoppers overcompensated on those first days back to normal. For example, the Hermes boutique flagship store in Guangzhou, China sold \$2.7 million worth of merchandise on the first day of its reopening.

It’s unlikely revenge shopping will save luxury retail. Instead, for more sustainable luxury growth, retailers need to invest in redefining their brand. Highlighting authenticity over exploitation. The winners are those that are relentless in the fight for the environment. When Gen Z’s purchasing power returns to a new normal, luxury brands should keep a close not only on where their Gen Z consumers are spending but also on what they’re spending on and how.

Gen Z

Have a unique set of behaviors and values, and brands should start understanding them better



Purchase collaborations

Purchase items from collaborations

- vs. 60% millennials
- vs. 50% overall True - Luxury consumers



Growth lever for 2nd hand

Consider resale value when purchasing luxury goods

- vs. 50% millennials
- vs. 44% overall True - Luxury consumers



Influenced by sustainability

Influenced by sustainability when making purchases

- vs. 64% millennials
- vs. 59% overall True - Luxury consumers



High social media interaction

Use social media to interact with luxury brands, bloggers or social media peers regarding luxury brands and products

- vs. 92% millennials
- vs. 81% overall True - Luxury consumers



Embrace mix & match

Have partially shifted spending from traditional luxury brands to premium, fast fashion, niche or sports brands

- vs. 52% millennials
- vs. 46% overall True - Luxury consumers

The cream of the Croc

Out with the old in with the...ugly? Where luxury brands once promoted the rarity of their products, this is now taken over by a new desire for uniqueness. Gen Zs will notoriously jump on ‘ugly’ trends if it helps them **stand out by being eclectic or bold** (as demonstrated by Gen Z aesthetics like new-age glamour, Y2k fashion, and ‘90s accessories). Today, Gen Z consumers prefer unique products coupled with unique brand stories. Heritage or legacy is less interesting. This is why 67% of Gen Zs purchase items from collabs – e.g., Crocs x Balenciaga, Louis Vuitton x Supreme, Dior x Nike. Psychologically, this shift from exclusivity to uniqueness is demonstrated in the desire for quiet luxury versus **conspicuous consumption** (i.e., Gen Z shoppers prefer products that infer quality rather than products that ‘shout’ like ones with big brand logos all over them).

More than this, Gen Z shoppers connect with brands through the influence of their peers. Making social commerce on TikTok, Instagram, or Snapchat viable channels for spreading unique product offerings and brand stories. Moncler’s #MonclerBubbleUp challenge, for instance, asked users to wrap themselves in Moncler-style winter coats which the brand then used a filter to turn into a real Moncler coat. By leveraging Charli D’Amelio (the most followed influencer on TikTok), their challenge had more than 2 billion views.

This shows how luxury products can be trending – a complete 360 from selling luxury goods as elite, exclusive, and unattainable. It’s no secret that this disruption of traditional luxury can be terrifying for big brands. According to Glossy, “luxury content tends to be slick, highly produced and tightly controlled”, and yet the most famous TikTok campaigns are “informal, organic, and fun”.

But the secret to success is in letting go. Winning luxury brands aren’t afraid to reinvent their legacy, reclaim exclusivity for uniqueness, and embrace disruption with as much digital zest as the zeitgeist requires (see the rise of Phygital retail). Louis Vuitton, for example, is winning this segment over by posting informal, behind-the-scenes videos from their fashion shoots. A strategy that has amassed over 2 million followers on their TikTok page.



Be authentic, don't get canceled



Gen Z's 'cancel culture' demonstrates not only the purchasing power of this segment but their agency when it comes to having a strong, customer voice. They are committed to social values like inclusivity, diversity, and enjoy gender-fluid fashion not just as a trend, but as a sustainable direction for future apparel. For luxury marketers, this flips the funnel on its head. While also showing a unique opportunity to listen to the customer and let them inform the direction of the brand. This 360-degree shift could be exactly what luxury needs in order to stay alive

in this new climate. It's these Gen Z habits that are, after all, shaping the face of the retail landscape forever. The basis for success today is to appeal to Gen Z's new shopping habits by extreme value selling and crafting memorable brand experiences through storytelling and experiential retail. As we've seen with the rise of luxury Crocs (priding themselves on their durability and sustainability), it's not about the product's exclusive heritage anymore, but about the stories they entertain, and the uniqueness they exude.

Luxury brands that succeed are ones that can prove authenticity in their:

- Environmental pledges
- Social stances
- Ethics and values

THE MILLION-DOLLAR QUESTION FOR WHY SNEAKER CULTURE IS A BILLION-DOLLAR INDUSTRY

SNEAKER-HYPE, SNEAKERHEADS, SNEAKER CULTURE...
WHY IS IT SO BIG? WHY IS IT SUCH A LUXURY?
AND WHY IS IT GROWING LIKE CRAZY?

By 2026, sneakers will account for a \$120 billion market. The rising interest in sneaker culture seems obvious when looking at people passing by during rush hour in Amsterdam. People dress up for work. Wear long formal coats. Men and women in suits. And on their feet – sneakers??

It's not uncommon to see New Balance paired with formal wear in the streets of a cosmopolis. If you keep track of the latest fashion, sneakers like this uplift an outfit rather than make it 'in-formal'. Slowly, streetwear is striking a balance between high fashion and, well, street fashion. Amsterdam's fashion scene isn't the only market not waiting for the proverbial shoe to drop. Many are jumping on the sneaker hype with 62% of respondents in a Hypebeast survey choosing footwear as their most bought streetwear product.

Rare sneakers have recently become a 'global commodity', according to *The Times*, with GenZ consumers making them an 'asset of choice'. In 2020, China was the world's leading consumer of footwear. Which comes as no surprise, given both China's population and its luxury consumption per capita. But in the same Hypebeast survey, 72% of luxury brands reported sneakers as their best-selling product globally. With this emerging trend that is clearly here to stay, many people are now asking (in GenZ-like lingo): Why though? Sure, sneakers effectively bridge the fashion gaps long-established by luxury and everyday wear. For Millennials and GenZ, sneakers are a mix-and-match go-to. Especially given the trend towards more discreet luxury products that are still able to signal wealth to other connoisseurs (we'll get into this later on). But sneakers also have a symbolic history. They are culturally significant and take the meaning of freedom of expression to whole new – billion-dollar – heights.

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MY ADIDAS AND ME CLOSE AS CAN BE

The popularity of sneakers as fashion products isn't a 21st-century phenomenon. In the 1980s, sneakers were iconic markers of street identity. Hoodies, sweats, and baggy tees were reclaimed from being tied to notoriety and rebellion and repositioned into hip, 'urban' culture. How did we get from the iconic dress of youth gangs to Balenciaga-totting celebrities?

In 1986, Run-D.M.C released a song about wearing Adidas sneakers in their third album *Raising Hell*. By this time, they were already one of the most influential hip-hop groups of the '80s. This cemented the running shoe into a culture of legacy, reflecting (like much of hip hop) the aesthetic and struggle of counter-culture. In *The History of Sneakers: How They Became Staples of Modern Fashion* (The Collector), Adrienne Howell says that the rise of the sneaker market also paralleled the commercialization of sports.

Walt 'Clyde' Frazier became the first NBA player who signed his Puma sneakers in 1973. In the same decade, marketing in the NBA shifted from pure sports watching to pure entertainment (today, an NBA game will have t-shirt throwing contests, dances, and DJs at a bare minimum). By the time Michel Jordan was wearing his brand of black and red, sneakers were already interesting for marketing campaigns. Enter: Jordan, and the controversial spin he brought to sneaker-wearing. Since Air Jordan's shoes were against the NBA's uniform rules, every time Michael Jordan came on court wearing them he was fined \$5,000. Legend goes this didn't stop this basketball powerhouse, who already had a history of countering the Association's' rules (he was fined \$25,000 for wearing number 23 instead of 45). But this also presented an excellent marketing opportunity to hype sneakers up. They came to represent both rebellion and celebrity, once more solidifying their multi-layered appeal. Because guess who paid Jordan's NBA fines?

Nike not only were rumored to pay the fines, but created a whole campaign around Jordan's sneakers called 'Banned'. Through a series of commercials, Nike made sure the public knew about the NBA rule, who broke it, and what brand he was wearing.



FROM COUNTER-CULTURE TO CELEBRITY CULTURE THE CRAZE CONTINUES

The story goes like this: The most famous basketball player of all time used sneakers (literally) as his *piece de resistance*. Soon thereafter, counterculture-aspiring musicians wanted a cut of the fame. Kurt Cobain made converse cool for grunge, and Seu Jorge revived white and yellow Adidas sneakers in Wes Anderson's cult-favorite *The Life Aquatic with Steve Zissou*.

The thing is, when Air Jordan's took off in 1985, their sale showed just how easy it was to mesh athletics with leisure (i.e., everyday wear). And how much people were willing to invest in sneakers as fashion items. Today, their appeal is largely due to the rising trend of comfort. But rebellion, counter-culture, and individual expression aren't far behind.

COMFORT IS QUEEN

Famous sneaker-celebrity collabs include Yeezy's (Adidas x Kanye) Cardi B and Reebok, and PUMA x FENTY (Rihanna). Many Millennial sneakerheads also have an affinity to celebrity collabs with Travis Scott, Kanye West, and Pharrell Williams. But using female role models is allowing the sneaker market to not only expand their audience but to resist the often male-dominated perception of sneaker-wearing.

As Howell puts it, "women are adding to the sneaker category because of their buying power and demand for representation in the modern fashion market." And while celebrities wear sneakers to penetrate an increasingly sneaker-savvy audience, in Silicon valley these shoes have become a status symbol. And for women, a symbol of emancipation. Say goodbye to watches, and even the normcore fashion worn by Steve Jobs. For the affluent among us, sneakers take precedence. This 'third wave' of sneakerheads is coming back in full force, and this time relies heavily on the purchasing power of GenZ, digital innovation, and the rise of the resale market.



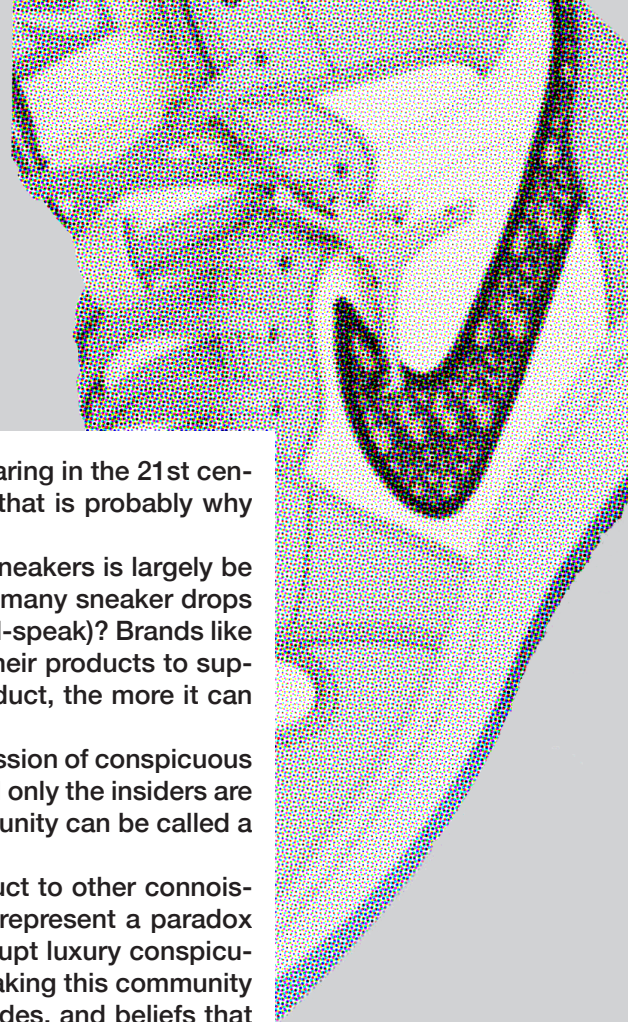
SNEAKERHEAD PSYCHOLOGY

The “Kanye Effect” is one thing, with the billion-dollar popularity of his Yeezy’s showing this at an unprecedented scale. But another thing making sneakers so popular is the shift towards comfort, especially as more people are now working from home. ‘Casual’ culture – probably fronted by normcore but disrupted by high-end fashion – is now closely intertwined with sports culture. But unlike the mainstreaming of athleisure, sneakerheads still operate within a certain subculture.

“SNEAKERHEADS ARE DEFINED AS INDIVIDUALS WHO COLLECT, TRADE, AND/OR ADMIRE SNEAKERS. IN ADDITION, MOST ARE KNOWLEDGEABLE ABOUT THE HISTORY OF SNEAKERS AND ARE PASSIONATE ABOUT THE NOSTALGIC FACTORS THE SNEAKERS POSSESS.”

**MATTHEWS, CRYER-COUPET, DEGIRMENCIOLU
FASHION AND TEXTILES**

“There is a pop-culture currency [to] footwear,” says Arwa Haider for BBC. “For sneakerheads, there is a style of trainer for every taste and identity.” And according to Kawamura, “Wearing the “right” pair of sneakers elevates [men] socially, psychologically, and emotionally, and it literally puts them on a social pedestal within their community.” Identity-defining, conspicuousness (the move to ‘mix-and-match’ fashion), and the hedonic effect of sneaker culture are all psychological drivers we’ve noticed before... in luxury.



ARE SNEAKER DROPS THE LUXURY WE CAN AFFORD?

Many of the emotional and psychological drivers behind sneaker-wearing in the 21st century are similar to the psychology behind luxury consumption. And that is probably why sneakers are the most bought luxury item at the moment.

What can be said is that the overlap between luxury goods and sneakers is largely attributed to the psychological principles of rarity and scarcity. How many sneaker drops take advantage of fleeting moments (i.e., 'shoe drops' in sneakerhead-speak)? Brands like Supreme purposefully saturate the market with limited amounts of their products to support scarcity of consumption. In psychology, the more scarce a product, the more it can drive behavior (and, in some cases, frenzy described as 'hype').

According to Kawamura, "sneakers are a subtle and a latent expression of conspicuous consumption. The general public would not recognize their value, and only the insiders are able to share the meaning, and that is the very reason that the community can be called a 'subculture'."

Conspicuous consumption is the signaling of an expensive product to other connoisseurs – otherwise known as luxury being flashy. But sneakers also represent a paradox of this urge. By being both street and high-end, they manage to disrupt luxury conspicuousness from within. It's the commercialization of coolness that is making this community a subculture. And sneakers are the symbolic product of ideas, attitudes, and beliefs that accompany a generation of streetwear, sportswear, and cult.



STREETWEAR AND SNEAKERS: THE SOCIAL CURRENCY OF OUR TIMES

In Fort Lauderdale, Sneakercon is a convention that brings enthusiasts together. This year in Zurich, Amsterdam, and Rotterdam you have Sneakerness. Their tagline says, "Be sure to experience what's much more than just a shoe". Sneakers have long been symbolic of their times. They've represented resistance, reclamation, and now they've come to represent the power of resale and reinvention. Today, they also confirm the growth of a billion-dollar industry that both capitalizes on community and bridges the gap between unattainable luxury and the everyday. Making sports health cool. And charging communities with freedom of expression, through collabs and customization. Psychologically, the rise of sneaker culture gives back control to the customer. Commercially, sneakers paved the way for a direct-to-consumer (DTC) approach.

For women, it allows a chance for empowerment. For men, an opportunity of expression. In short, new kicks on the market are giving everyone the kicks. This is an industry that is growing, capitalizing on the interest in limited edition, the psychological bias that scarce is sexier, and the commercialization of cool in both sports and streetwear.



Source: Sneakerness



Source: Forbes

The Truth About Textile Waste In Retail: Changing Consumer Behavior

How do retailers repurpose, revalue, and resell their products?

To get to the heart of the problem, we take a look at textile waste in retail.



Source: Vivienne westwood

57.1% of fashion waste ends up in landfills. And nearly a quarter of all textile waste is incinerated through a CO₂-intensive process. Many retailers are quite literally burning their excess clothing to prevent them from being re-circulated.

But this state of fashion is slowly shifting. As the environment becomes front and center for all friends of fashion, consumers are starting to take notice of the textiles they buy, and who they buy these textiles from.

You've heard the buzz before, 'organic hemp', 'recycled cotton', 'bamboo' – trendy textiles falling into the category 'eco-friendly'.

But how friendly are these textiles? At which point does textile waste become 'burden-free'? I.e., When no waste is created from producing these textiles thereby contributing to a circular fashion economy.

To help answer these questions I've recruited the help of Sjoerd Herlaar, Project Leader at the Swedish Environmental Research Institute (IVL).

“Retailers need to be serious about sustainability. Education here is important. Carry out internal lifecycle assessments and share your findings! Don't hide your brand under CSR reports or KPI pledges for the future. Tell your shoppers your level of sustainability now, and what you aim to achieve in the future.”

- Sjoerd Herlaar

The impact of textile waste on the environment

Manufacturing clothes at an unprecedented speed, circulating them globally, and then selling them to consumers who'll use them a few times is the prerogative of fast fashion. In short, making low-quality clothes that are easier to be disposed of quickly. The rate at which apparel and shoes are made leads to a surge in textile waste.

According to the European Parliament, 2,700 liters of water are used to produce one shirt (that's 2.5 years of drinking water for the average person). Laundering synthetic clothes account for 35% of microplastics in the environment per year, and 10% of greenhouse gas emissions are produced by apparel and footwear.



Textile waste is basically the harmful and non-renewable practice of disposing of clothing items. On one hand, fast fashion houses use non-renewable resources (like petroleum) to produce clothes. On the other, these clothes are then incinerated or put in landfills. It's no secret why this practice leads to pollution.

The process of making and disposing of textiles is too quick, too dirty, and too unpoliced. That's because synthetic fibers, like

nylon and polyester, take years to decompose. Textiles that can be burnt in landfills release hazardous gases into our atmosphere. And while this demonstrates a major issue on the disposal end of the supply chain, this is a problem from tip to toe.



Source: Danilo Paura

Textile waste from tip-to-toe

From the wages fast fashion workers are paid, to the textile waste the entire process generates, could it be that the entire supply chain is producing some form of textile waste?

According to Sjoerd Herlaar, many retailers experience 'carbon tunnel vision', when a producer/brand/entity looks at their product (which can be throughout the entire supply chain), but only looks at the carbon impacts, usually in CO2.

The omitted parts are other parts of the environmental sustainability pillar like water, acidification, land use, etc. Yet, sustainability can only be measured by taking into account biodiversity, human rights, and people's wellbeing.

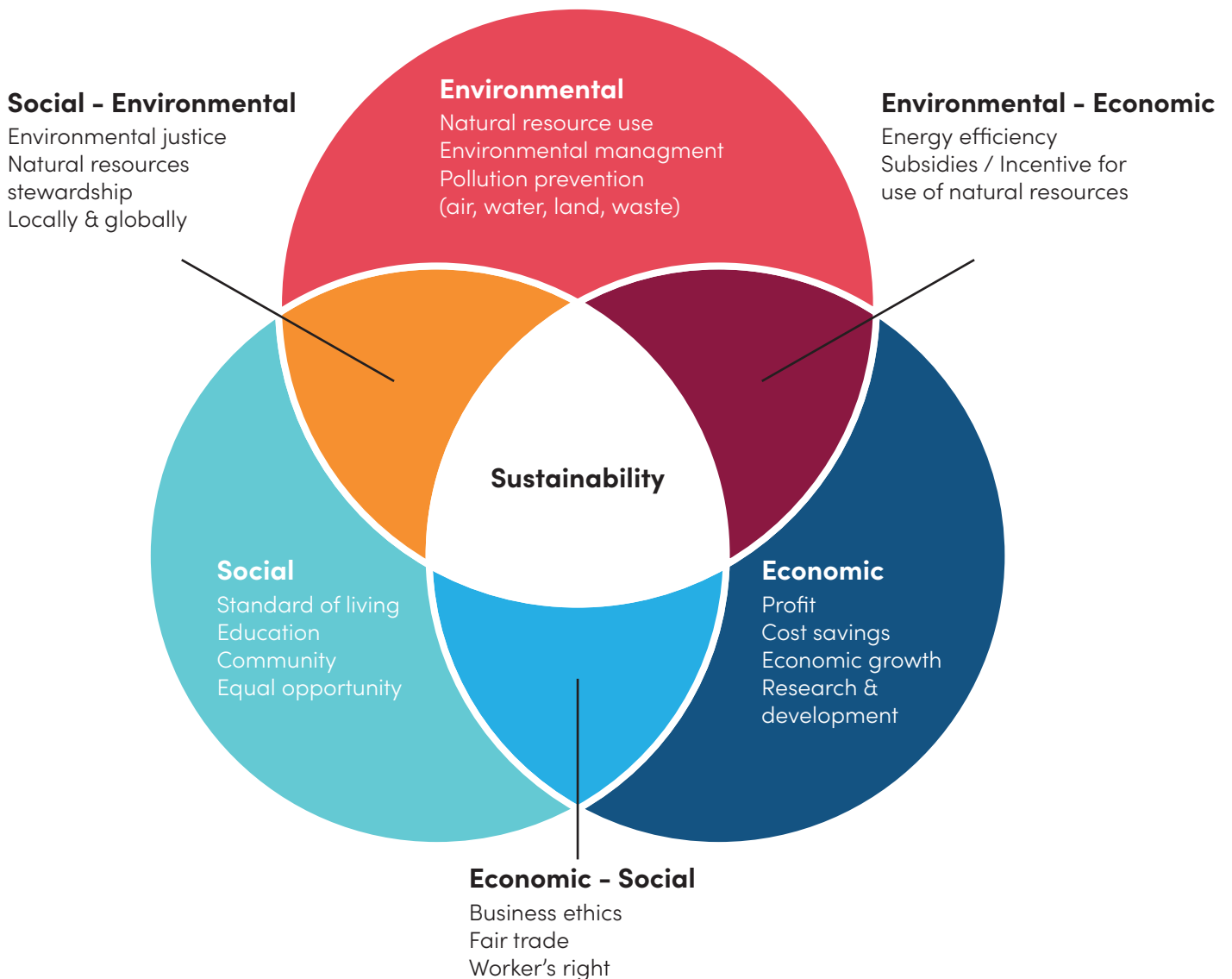
After all, the three pillars of sustainability are:

- Economical
- Environmental
- Social

Without proper Corporate Social Responsibility (CSR) reports and continuous KPI reporting, it becomes difficult to know when retail brands are doing things right across these three verticals: Hence, greenwashing.

Greenwashing is the term used to call out brands pledging to go green with false or misleading information. This deceives consumers into believing the brand is eco-friendly without following through.

There is an evident gap between conceptually going green and fundamental change. While addressing one part of the supply chain is important, brands should be transparent about their failures across all parts of the chain.



The secret's out – sustainability is trending



Bamboo is a fast-growing crop, so generally considered sustainable. However, large-scale cultivation always leads to many environmental issues. The process of making clothes from bamboo is labor-intensive.

“The idea of the circular economy is trending,” explains Sjoerd, “Making sustainability ‘hip’. This is great because when a concept becomes mainstream, it’s easier to influence consumers to change their behavior. But because it’s trending, it means brands jump on board quicker making greenwashing so prolific.”

The keyword sustainability was searched +75% more times from 2018. You’d think the trending nature of anything would be a question of pop-

ularity and proliferation. Instead, sustainability being mainstream comes at the expense of authenticity.

I asked Sjoerd why consumers reject textile waste recycling. But, of course, the question is loaded. Consumers want to help the environment, and many shop for seemingly sustainable fabrics. Consumers don’t actively reject textile waste recycling – they, like many of the brands they shop from, unconsciously turn a blind eye to it.

“Textile waste recycling is about behavioral patterns. There are still many shoppers who buy in line with fashion trends, and unfortunately, these come and go. Many resist wearing the same clothes as others and resist shopping secondhand.”

From a psychological perspective, shoppers have hedonic impulses that lead to behaviors like novelty, scarcity, rarity, and uniqueness. Consumer behavior can often be narrowed down into these behavioral principles, as we know very well working at Crobox. Sjoerd agrees, stating that “often, things that are considered ‘waste’ immediately lose value. But this ‘waste’ could still function as a resource. So it’s this paradigm shift that needs to happen in society, and for retailers too.” Paradigm shifts ultimately happen through behavior change. Which means to reassert the worth of textile waste, nudge shoppers to consider secondhand as new, and change how shoppers value products.



Source: Movesgood

Changing minds: A by-product of textile waste?

It's not impossible to change minds. I used to shop almost exclusively at charity shops when I was a student in Brighton. To my mother, these secondhand clothes 'smelled', felt 'dirty', and the thought of their pre-ownership was like a stain on being an academic.

Until the day I saw her buy a secondhand coat from a market. The difference, she said, was that the coat was vintage and rare. Like most things in life, reclaiming textile waste (just like reframing the resale narrative) requires a shift in perspective. Who volunteers to change the way consumers think?

The answer to that (if you're a retailer) is simple: It's up to you to reframe the narrative. According to Sjoerd, it's imperative retailers do their own research into their textile waste to see what can be revalued and made more sustainable. For example, he says, "there is a kind of leather made from the pulp of wine-making. This, I think

is a great example of sustainable leathers since it's made from leftovers. Of course, you would have to check what kind of chemicals are used to make it, but from a 'raw resource' perspective, it's a good example. If retailers can source material that is a by-product of something clean and constant (there will always be endless resources of wine), then this is the right way to go." This vegan leatherette is called Wineleather and intersects high fashion with a love for the planet.

Sjoerd and his peers at the IVL assess products based on the framework of lifecycle thinking. "We try to compare and map the impact of products and services in society on both a micro and macro scale," he says.

This brings the tip-toe argument back. If a textile isn't sustainable from the wages the manufacturers are paid to the shipping of products across states, then a product cannot truly be 'burden-free'.



Source: Monica Wells/Alamy

Being transparent means... going Nud(i)e?

Nudie Jeans is one of the best examples Sjoerd has seen so far of a brand going the extra mile in the sustainability and lifecycle assessment argument.

They have a transparent supply chain and use nearly 100% recycled fabrics to produce their jeans. Textile waste is repurposed. And they even offer incentives to repurposing them – a 20% discount for handing in old jeans. “So they’re actually closing the gap of a product’s lifecycle”, Sjoerd explains and, in doing so, “contributing to the idea of a circular economy.”

Patagonia, another pioneer and continuous champion of reducing textile waste, has gone so far as to sue the U.S. government for environmental protection. These brands are upheaving normative social behavior in order to foster change.

What’s clear in the argument for repurposing textile waste (and saying goodbye to greenwashing) is that retailers need to understand and uncover the secrets to their consumers’ behavior. And then offer alternatives to the fast fashion economy that are both authentic and transparent.

For brands pledging to green the advice is simple: Investing in the environment now will pave the way for business growth of the future. “How does that saying go?”, Sjoerd wonders, “The best time to plant a tree is ten years ago. The second best time is now.”



The Wellness Market: The Healthier The Better

The wellness market is booming and is as holistic as its products are niche

Vitamins, hand sanitizer, meditation apps, massage guns, face masks, essential oils, medicine balls, CBD oil, vibrators...Wellness products saturate the retail market. It's not taboo anymore for consumers to talk and share secrets about their physical, mental, or even sexual health, making the wellness market an arena of whole body feel-good.

This was true during the pandemic, where health became front and center whether we liked it or not. But with the lockdown in our rearview mirrors, the wellness market is continuing to expand at unprecedented rates. It's a market currently valued at \$1.5 trillion, with an expected annual growth of 5-10%. The spread of a virus isn't only to blame. In 2021, Black Lives Matter protests

and sexual harassment awareness did little to curb the interest in mental improvement.

And today, there is a remarkable push to deconstruct individual and collective trauma, placing mental and physical empowerment on a pedestal. Brands have always matched their product offerings with the zeitgeist. In the 21st century, it seems more pertinent than ever that retailers participate in the wellness market. Not only to satisfy consumer demand but to be customer-centric by having a mindset that sells benefits over pushing products.

Why is it wellness such a profitable market? Which categories have come out on top? And which categories barely survive, versus the ones that thrive?



Source:Goop

The holistic practice of wellness products

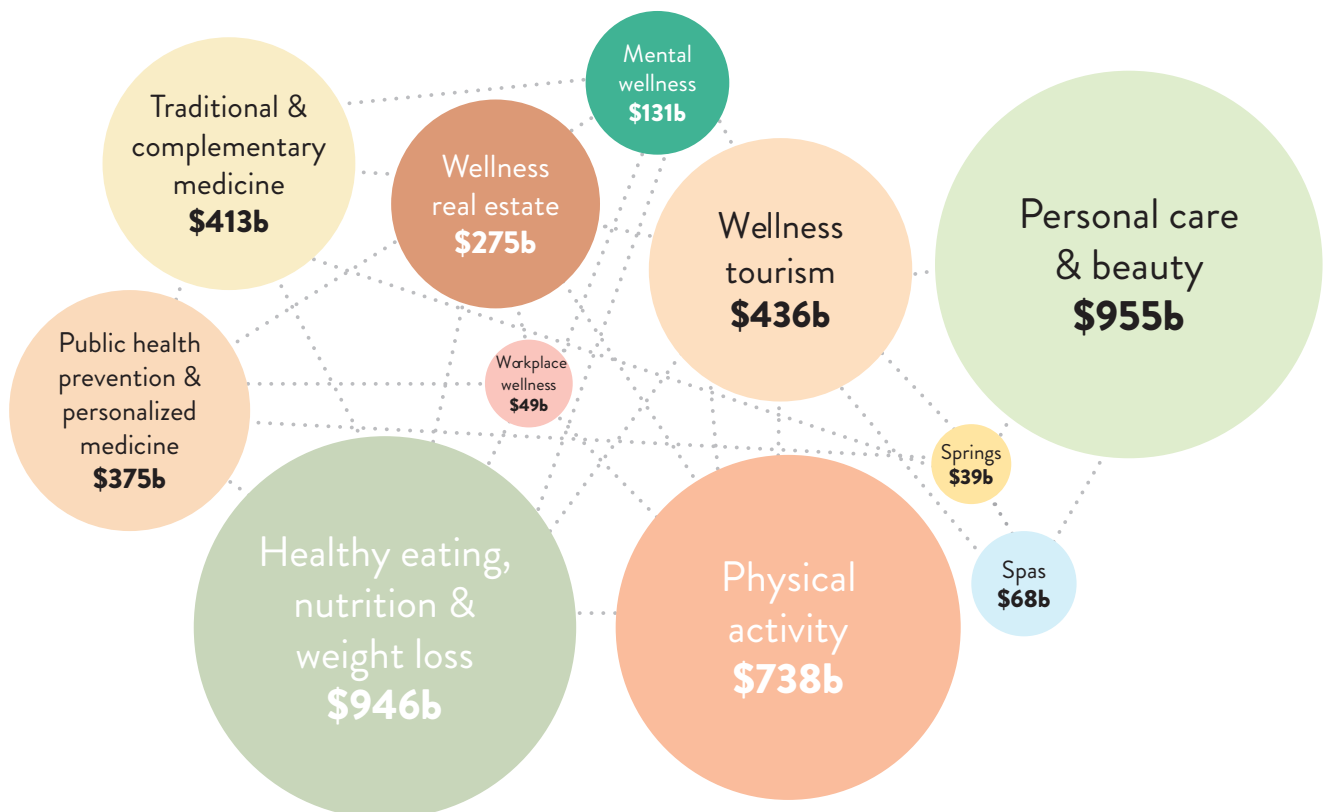
According to Pew Research Center, more than 70% of GenZ's across all genders, races, and income levels experience anxiety and depression. Millennials and GenZ also notably require the brands they shop from to take a stance on social issues.

Wellness goes hand-in-hand with the environment consumers are interacting with on a daily basis. Climate change is met with eco-anxiety. Lockdown is an argument for protecting the collective versus the self. It's no longer imperative for brands to provide escapism through consumption. Instead, the wellness market becomes successful when its touchpoints provide natural and authentic ways for customers to improve their physical, mental, and sexual health.

This, coupled with the desire for more environmentally friendly products, is already putting things like natural, organic, and biological on a pedestal. Gone are the diet-seeking days of pharmaceutical success. Today, shoppers are seeking real products personalized to their wellness goals, from every vertical like beauty, nutrition, and exercise.

After all, there is a connection between all these facets of wellness. Plant-based foods benefit immunity and metabolism, and a healthy, rested, and well-exercised body inevitably contributes to a better mental state. Wellness is holistic, which is why the market is so powerful. Products that are sold independently of each other while staying in line with the individual shopper's state of being. This, in effect, is the future of retail. It's 1:1, customer-centric, and authentic.

GLOBAL WELLNESS ECONOMY: \$ 4.4 TRILLION IN 2020



Source: Global Wellness Institute

Mind, body, soul...and sleep

In 2019, consumers in the US reportedly spent \$16 billion on mattresses, making the marketplace for mattresses an increasingly competitive category. Sleep is a fascinating category for wellness. While 86% of Americans have trouble falling asleep, more studies have linked sleep health to both mental and physical wellbeing. Sleep has become an easy and profitable category to target, with the opportunity to optimize and innovate traditional 'sleep' products.

In the first months of 2020, the meditation app Calm brought in \$99.4 million in revenue. Their 'sleep stories' are a key pillar of their growth, and they now bring in celebrities like Stephen Fry or LeBron James. It's a simple premise – celebrities reading you bedtime stories. But it's one that is changing the traditional

parameters of healthy sleep, encompassing mindfulness, meditation, and visualization to challenge the customer to sleep better without the aid of medications.

The so-called sleep economy makes up a large chunk of the wellness market, and sleep tech can be anything these days from pillows to apps. It can also be anywhere. Nap York is a pod that provides a place to nap or meditate for busy New Yorkers. Airports now offer GoSleep pods to promote rest while traveling. It seems sleep is as holistic as it is prolific.

This is concurrent with the theme of wellness in general. The rise of the sleep market in the past few years is symbolic of what the wellness market as a whole represents. We're now witnessing how no product is too niche, and brands that snooze don't lose.

Better health

Extends beyond medicine and supplements to include medical devices, tele-medicine, and remote healthcare services, as well as personal health trackers

Better fitness

Was steadily increasing over time before experiencing some upheaval over the past year, with many consumers struggling to maintain pre-COVID-19 fitness levels

Better nutrition

Has always been a part of wellness, but now consumers want food to help them accomplish their wellness goals in addition to tasting good

Better appearance

Primarily relates to wellness-oriented apparel ("athleisure") and beauty products (skincare and collagen supplements), but also includes service-oriented offerings like nonsurgical aesthetic procedures

Better sleep

Now goes beyond traditional sleep medication, like melatonin, to app-enabled sleep trackers and other sleep-enhancing products

Better mindfulness

Has gained mainstream consumer acceptance relatively recently, with meditation-focused apps and meditation-oriented offerings

Source:McKinsey & Company

When we try to work out how to workout

This holistic approach to wellness applies to physical fitness and health, too. In 2020, Lululemon acquired Mirror for \$500 million. Mirror is an interactive display that offers fitness classes for working out at home. Mirror, along with many other emerging workout techs, caters to the 'at home workout' category, which (if the sale of yoga mats or workout bands is any indication of) grew exponentially over the past few years. Not to mention how successful Peloton was during the pandemic (+127% sales).

In the UK, 53.3% of consumers bought at-home workout products from 2019 to 2021. Yet, of the UK

consumers that did home workouts, 31.7% say they did not exercise regularly before. While it's true that baking bread and choreographing TikToks can be attributed to pandemic boredom, at-home workouts reveal something deeper about consumer behavior. Consumers want to feel better. They want to stay healthy, no doubt to prevent the spread of viruses, but also because they crave self-optimization. Is this something the post-pandemic years will forgo?

At the end of 2021, AP News reported that Peloton sales 'hit a wall'. Lululemon has already fallen back on their ambitious predictions for Mirror sales. Where do brands go from here?



Source: Erik Umphery/The Licensing Project

Running away or towards a wellness boom?

According to research from World Athletics, 13% of all runners started running in 2021, marking a notable running boom during the pandemic. The report continues to say that, “among the many benefits of running is the chance to experience the ‘runner’s high.’” People won’t be quick to get rid of this high. Exercise is up 88%, and half of the world says they will continue to work out.

Where running shows a small glimpse of behaviors that are here to stay, the running market makes up a huge

chunk of the exercise boom (much like mindfulness and sleep for wellness). While many consumers have looked to wellness products to help cope with the grief and stress of the pandemic, others have indeed adopted healthy habits that will stick. Mother of three, Mathilde, agrees, saying, “I started running in the pandemic to get out of the house and away from my problems. But there’s no shortage of stress in everyday life and, for many younger consumers, there is an uphill battle to overcome the trauma of the past few years.”



Retail therapy for the long haul

It can be said, then, that it's not just movement and exercise that consumers crave, but a holistic feeling of wellbeing. If brands can continue to put this holistic approach to health and wellness at the forefront of their product offerings, they will continue to reap the benefits of such a profitable market.

When Lululemon acquired Mirror, their chief executive said, "this isn't just about getting guests to buy apparel. This is about strengthening our community and our loyalty and our relationship with our guests and memberships."

Consumers want to feel connected. They want to trust what brands are selling them when it comes to

personal health and wellness offerings. At the same time, they want to see new and inspired products that disrupt traditional category expectations. If brands can offer these three things when selling wellness – community, trust, and innovation – they will move away from the 'quick fix' of retail therapy.

Today, it's a question of offering pleasing product experiences in line with a customer-centric brand ambition. This is not only true for the wellness market, but for all product offerings to come out of the pandemic. It's not about selling an idea of wellness, but an entire wellness experience to participate in creating a happier and healthier world.



The road to retail recovery is fast-paced

Shopping behavior tells one half of the story. On the other side of the coin, you have digital innovation. These articles have demonstrated how this behavior is shifting continuously, especially in the face of disruption. Where eCommerce takes over, the in-store experience is now being modified to fit the experiential demands of the consumer.

Ultimately, retail recovery is about going back to the basics and fixing the fundamentals. Reducing returns, professionalizing the sales process, implementing product advisors, and merchandising ease will continue to separate the successful brands from the laggards.

However, once these basics are put into place, it's the brands with awareness, a political and social stance, as well as a customer-centric mindset that will keep loyal customers coming back. These trends are symbolic of that. Consumers care about resale, belonging to the in-group, fashion statements, and holistic wellbeing. Brands that come out on top are those that track these trends and show they are here to participate in the shopper's life in an active but supportive way.

