

# How retailers can lean into the circular economy and boost sustainability efforts

Article

Sustainability is a critical part of many consumers' decision-making, our analyst Suzy Davidkhanian said on an episode of the [“Behind the Numbers: Reimagining Retail” podcast](#).

- Some 47% of Gen Z consumers are interested in brands that support the environment, climate change, and sustainability, per a June 2023 report by ICSC.
- A separate study by McKinsey and NielsenIQ found that products making ESG-related claims such as “eco-friendly” and “biodegradable” averaged 28% cumulative sales growth from 2017 to 2022, compared to 20% of products that made no such claims.

**Why resale makes sense:** Although consumers want to shop sustainably, many aren’t willing to buy a product they deem lower quality, especially if it costs more. Buying resale means they don’t have to compromise on their preferred brands or prices.

Brands such as Lululemon, REI, and IKEA operate their own resale programs, trading used products for store credit or coupons. “It offers better control over the brand experience,” Davidkhanian said. But managing one-off products, in a single colorway and size, is hard to do, she said.

We expect US resale volume to reach \$108.64 billion in 2024, and continue to grow over 3.3% every year through the end of our forecast period in 2027.

### **What else can retailers do to be greener?**

- **Explore partnerships:** “There are lots of different tech companies that help with the movement of goods to make resale profitable,” Davidkhanian said. Soles4souls, for example, is a nonprofit that partners with retailers to receive, refurbish, and redistribute used shoes to people in need.
- **Use more than buzzwords:** Support your eco-claims with facts and figures. “Data is vital to proving that you are acting in the best interest of the climate and of people,” our analyst Sara Lebow said.
- **Look at the big picture:** Not all environmental initiatives have to be at the consumer level. Identify ways to boost sustainability at every stage, from manufacturing to shipping.

### **Terms to know:**

- **Sustainability** is the catch-all term for business practices that do not hurt the environment.
- **The circular economy** refers to systems that extend the product life cycle by reusing, recycling, repurposing, or reselling it.

- **Resale** is the process of selling pre-owned products, including both physical sales at consignment or thrift stores and ecommerce sales on marketplaces such as Depop or Poshmark.

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