

# **Circular business models in the fashion and textile industry – an implementation framework**

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The fashion and textile industry and its predominant linear business models are resource-intensive, wasteful, and responsible for a high share of global greenhouse gas emissions. In light of the ongoing sustainability transition, companies must rethink their future business operations. In this context, Circular Economy (CE) and circular business models (CBMs) receive increasing attention (e.g., Geissdoerfer et al. 2020; Kirchherr et al. 2017). However, literature focusing on the implementation of CBMs is still lacking (e.g., Ferasso et al. 2020). Thus, more empirical research is needed to extend our understanding of how organizations design and implement CBMs in this industry. Therefore, this study explores the following research question: How can organizations in the fashion and textile industry implement CBMs into their current business practices? This paper builds on the conceptual framework regarding business model transformation (Lüdeke-Freund et al. 2019) and CBM conceptions (Hofmann 2019). First, a systematic literature review of 61 published academic articles identifies essential concepts and gaps in the existing research. Further, we conducted 13 semi-structured interviews with experts in the fashion and textile industry. The experts cover various actors, e.g., innovative start-ups, textile recycling firms, industry associations, and large incumbent organizations. The interview duration sums up to more than eleven hours, and the transcripts cover more than 175 pages. Finally, the qualitative data is analyzed using content analysis based on Mayring (2014). The findings of the review and the qualitative content analysis largely complement each other coherently. However, some new exciting insights emerged. First, organizations face the challenge of incentivizing customers to return worn products to close material loops. Second, in contrast to prior research, different consumer segments play a significant role in implementing suitable CBMs in this industry. Third, this study also reveals that incumbents cooperate with innovative circular start-ups without setting restricting barriers. Additionally, we derived inspiring insights regarding potential trade-offs (environmental, financial, and production-oriented) of CBMs in the fashion and textile industry. Ultimately, this study presents a framework that includes strategic design along with operational perspectives. Our framework recommends CBM implementation approaches and highlights enabling, hindering, and ambivalent factors during the implementation process.