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Access-based Business Models in the Mexican Apparel Market
Exploring Motivations and Key Differentiators of Female Entrepreneurs

Abstract

The ownership of possessions, referring specifically to status possessions such as, clothing and fashion accessories, is far from disappearing. Nevertheless, a new type of access-based consumption business models have opened new pathways of collaborative alternative consumption, without requiring ownership. Following this flourishing marketing trend, it is important to better understand from an entrepreneurial perspective the scope and impact of this type of business models in developing countries.

Building on access-based consumption models and sharing economy literature, this research explores female entrepreneurs' motivations to start this type of business and the key differentiators of their access-based rental models in the Mexican Apparel context. The methodology was based on a qualitative approach based on 12 in-depth interviews of female entrepreneurs who owned apparel renting businesses (physical renting stores and/or online rental platforms). The field research took place in the three main cities of Mexico: Mexico City, Monterrey and Guadalajara.

The analysis found that the main motivation driving female entrepreneurs to establish an apparel rental business was profitability. At this regard, there were important differences between female entrepreneurs with previous experience in collaborative economy models and those without prior experience. The key differentiators identified in their business models were: product quality, exclusivity, personalized attention, pleasant atmosphere of the store, variety of dresses or accessories, affordable prices, image advice and repair services. This exploratory study has limitations that need to be addressed in future research.

Key words: Access-based Business Models, Apparel, Marketing Trends, Motivations, Entrepreneurship, Developing countries.

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1. Introduction

A new consumption trend is gaining force worldwide: consumers are opting for “access” rather than “ownership” of products and services. Thus, ownership is being questioned/challenged by access-based consumption models, not only in BtoB (Business-to-Business) but also, in BtoC (Business-to-Consumers) contexts. Lawson et al. (2016) stated that consumers are increasingly attracted to accessing products instead of owning them, making this shift strategic for companies trying to conquer the soaring marketplace of consumers who prefer alternative forms of consumption. This growing marketing trend could already be found in many industries and markets (Chen, 2009), including business models like Uber and Airbnb that offer access to transport or hospitality services, vanishing, or at least decreasing, the need of buying a car or owning a house.

For many years the fashion industry has been pioneering the pathway for access-based consumption. In fact, nowadays many women often prefer to rent a long dress than to buy a new one; it could be conceded that "renting" has become the "new black", even for some fashionists!. While this trend is more widespread in developed countries, such as USA and China (Lang et al., 2019), developing countries, such as Mexico, are experiencing their own boom in access-based consumption. As a consequence, clothing rental businesses are exploding, led by young female entrepreneurs.

To our knowledge, few research have been done to delve into this marketing phenomena in developing countries, which are a fertile land to grow this access-based business models. This qualitative research attempts to contribute to fulfill this gap. The objective is to explore key motivations driving young female entrepreneurs to start clothing rental businesses in Mexico as well as the main differentiators of their business models. For us, the study of access-based business models is a growing and important research field that deserves more attention from academics, managers and entrepreneurs to better assess the associated technological determinants and business implications (Burgiel and Zralek, 2019).

2. Conceptual Framework

The economic model of collaborative consumption (sharing economy) is based on swapping, sharing, trading or renting products and services, enabling access over ownership (Bostman, 2013; Eckhardt et al., 2019). Hence, the sharing economy could be positioned as a complex ecosystem where different accessed-based consumption models could be identified.

Defining Access-based Consumption

Access could be defined as the opposite of possession, implying there is no transfer of ownership that takes place (Bardhi & Eckhardt, 2012; Eckhardt et al., 2019). This type of consumption, which is part of collaborative consumption schemes, began to be disclosed on the seminal work of Botsman and Rogers (2010). Despite the abundant literature, there are still gaps in the understanding of these types of consumption models. Two main issues to highlight at this respect.

First, there is still no general agreement about calling and defining the access-based consumption models (Perren and Kozinets, 2018). Second, there is a narrow and conservative perspective in studying these models (Eckhardt *et al.*, 2019). Based on this literature, access-based consumption has been defined as:

“Market-mediated transactions that provide customers with temporarily limited access to goods in return for an access fee, while the legal ownership remains with the service provider”
(Schaefer et al., 2015, p. 3).

“A scalable socioeconomic system that could employ technology enabled platforms to provide users with temporary access to tangible and intangible resources that may be crowdsourced” (Eckhardt et al. 2019, p. 7).

Access-based consumption could undoubtedly be explained by the convenience and money savings associated to it, but also, by the benefits of accessing more sophisticated, diversified and expensive options at lower costs, with less waste and also, diminishing the ecological impact of massive consumption through a more responsible consumption. In addition, for many consumer segments, product rental turns out to be an attractive way to access products that would not otherwise be accessible to them through traditional purchase / ownership models.

For Botsman and Rogers (2010), access-based business models differ from traditional rental models in that these market-mediated exchanges take place between consumers using intermediary companies which take advantage of network technologies at a scale never seen before. To illustrate this, these authors used the example of Zipcar, a car sharing service that allows consumers to rent vehicles by the hour, to show how the use smart phone technology allows users to book and access the vehicles on location. In the fashion or apparel industry, access-based consumption models are often exemplified through rental platforms such as Rent the Runway and Le Tote. However, apparel brands, such as Urban Outfitters, are also creating their own rental platforms to participate in this alternative marketplace of consumption (Johnson et al, 2016). In the context related to the rental of dresses, other technologies or social networks have also been highly used, for example, Instagram. Unquestionably, in apparel access-based models, consumers tend to be active participants in the dissemination and adoption of this type of services.

Accessed-based Apparel Consumption and Business Models in the Mexican context

There are two main paths that can be used to analyze the trend of access-based consumption in the Mexican apparel market, one from the consumer's perspective and the other from the entrepreneur's perspective. For this study, the main focus was given to understand the scope and impact of accessed-base business models in developing countries, from the female entrepreneurs perspective.

The Entrepreneur Perspective

Previous research on the Mexican Apparel industry identified different types of behaviors to access clothes (e.g. night long dresses) and fashion accessories (e.g. jewelry, bags, shoes): a) Lending; b) Renting from a physical store; c) Renting from an online website; d) Shared Purchase; e) Online Purchase and, f) Purchase on a physical store. Only two of the six pathways identified to access clothes/accessories were related with ownership (online purchase and purchase on a physical store), the other four paths were linked with access-based consumption. In Mexico, most rental business started as an exchange of clothes within the close social circle between family members and friends and then evolved into a more formal business. It is observed that the formal start-up is carried out with the creation of a business society. However, it is striking that on rare occasions these societies prosper and successfully scale out of their local context of origin.

3. Methodology

A qualitative approach using in-depth interviews was used. The qualitative case study methodology allows the study of complex phenomena within their local contexts (Baxter & Jack, 2008). During the process multiple cases were analyzed to explore differences within and between cases (Yin, 2003). The research covered the female entrepreneurs' motivations (who are owners of apparel access-based companies) and the key differentiators of their business models.

For that, 11 in-depth interviews were done to 12 female entrepreneurs in the three major cities of Mexico: Mexico City (N=4), Monterrey (N=5) and Guadalajara (N=3). In one of the interviews conducted, there were two entrepreneurs together since both were the founders of one of the companies studied. Most interviews were done online via zoom or skype platforms, and in some specific cases face-to-face. All interviews were recorded and fully transcribed for coding and analysis. The data analysis was done, both, manually and also, using the software Sphinx to do a thematic breakdown in a more structured manner.

Sample Profile

The sample was composed of 12 young female entrepreneurs who owned rental businesses (physical and/or online). The age of participants varied between 24 and 41 years old. All participants had a bachelor's degree and five of them a master or MBA degree. Most of the companies studied began operating since 2015, only two of them started before 2015, one in 2010 and the other in 2014. Although there was data saturation with 12 respondents, the sample size could be expanded and possible differences between cities, entrepreneur profile and type of business model (physical platform and/or online) could be explored.

4. Main Findings and Discussion

The Evolution of the Mexican Rental Market perceived by the Female Entrepreneurs

A few years ago there was a rage for luxury brands in the Mexican rental market. Currently, the brand of the dress is not the most important factor, what seems to be more important is how the client looks with the dress. The fact of owning a spectacular closet has evolved too, it is no longer important for many consumers to have many clothes in their closet. Mexican consumers tell us: *"I prefer to dress beautifully, taking advantage of different rental apps."* This has undoubtedly been influenced by consumer concerns about sustainability in the fashion industries, regardless of the socioeconomic status.

Main Motivations to start an Access-based business in the Apparel Rental Industry

The main motivation to establish an apparel rental business was profitability, the Mexican female entrepreneurs mentioned that considerable profits could be made. As there is a great demand for this type of rental services, female entrepreneurs recovered the return on their investment in a few months, no later than a year.

In most cases, as these entrepreneurs started the business at home, they did not require a strong initial investment and this allowed them to reinvest the profits for their growth. The benefit could be even greater when the business model allowed or was based on receiving garments or dresses on consignment, since only between 20-30% of the rental payment for the dress was delivered to the owner, the rest remained with the apparel rental company.

In contrast, female entrepreneurs who started the business without having previous experience in collaborative economy models, have to make a greater investment in the acquisition of dresses and also, in the showroom. Despite this, the interviewees did not report losses in their businesses at the time of the study. However, they felt that many rental businesses do not survive for this fundamental cause. The interviewees reported more earnings in the rental mode than in the sale mode. By being careful with the products that are rented (i.e. long dresses), the average useful life of these dresses can be extended, on average, up to more than one year.

Key Differentiators of their Business Models

At the level of the value proposition, the element in which Mexican female entrepreneurs put the greatest emphasis is the quality of the dresses. However, at least one store in each of the investigated cities made reference to exclusivity. This concept of exclusivity was expressed as the rental of designer or exclusive brand dresses, or unique dresses (since they were tailor made and manufactured by the company that rents them).

Other elements mentioned were: personalized attention, pleasant atmosphere of the store and also variety of dresses or accessories for rent. To a lesser extent, some entrepreneurs mentioned affordable prices, image advice and repair services. The issue of responsible consumption did not emerge directly during the interviews, nor did the relevance in relation to sustainability. Therefore, this factor was not identified as a key differentiator for this type of business models yet, or at least, it was not expressed that way during the interviews.

Rental Stores: The Physical Format

Female entrepreneurs expressed different reasons to justify the number of stores in their businesses. In several cases, after having increased the number of stores, they have reduced them or left a single store. This could also be linked to increasing use of digital platforms, apps and social networks as a facilitators of this type of business models.

The following table illustrates some of these reasons using the participants 'verbatim'.

Table 1: Some reasons to justify the number of Physical Stores

Brand	Number of Stores	Some of the reasons expressed for having such number of stores
Gaun Dresses	1 store	<i>The owner did not want to open a branch because she likes to be in control of the store. It is difficult for the owner to leave the management of a store to someone else.</i>
Dress to Dress	Before 2 stores, Currently, only has 1 store	<i>At one point, the owner opened a second branch in Monterrey to cover two areas (Monterrey and San Pedro). However, she realized that the people near the Monterrey branch also went to the San Pedro branch to see the dresses. Most of the sales were centralized in the San Pedro store, the clients do not care about crossing the city, nor the traffic.</i>
Sivuplé	Before, 3 stores. Currently, only has 1 store.	<i>In 2017, the first store opened in Las Lomas. In 2018, the San Ángel branch was opened. At the beginning of 2019, the third store opened in Santa Fe.. She decided to open these three branches because business was going well and she wanted to cover other parts of the city. Currently, it has moved its three stores to a single larger location, leaving only one store. San Ángel closed in August and Santa Fe in September, 2019. She closed these stores because in the three stores there were different dresses and the clients go to the store where the dress they want is located, regardless of their location.</i>
Tuluá	2 stores	<i>They have two locations: Polanco & Santa Fe. They offer two store options for the customer to choose the one that suits them best.</i>

5. Limitations, Managerial Implications and Conclusion

One of the main motivations driving Mexican female entrepreneurs to establish an apparel rental business is profitability. At this regard, the study identified important differences between female entrepreneurs with previous experience in collaborative economy models and those without previous experience. The key differentiators in the business models analyzed from the perspective of the female entrepreneurs were: product quality, exclusivity, personalized attention, pleasant store atmosphere, variety of dresses or accessories, affordable prices, image advice and repair services. It will be necessary to include more directly the issue of responsible consumption and sustainability when promoting these business models. The number of physical stores seem to be decreasing, this could also be linked as previously mentioned to the increasing use of digital platforms, apps and social networks.

This qualitative study focused on exploring new trends in access-based models in the apparel rental industry in Mexico. Although data saturation was reached with 12 respondents, the sample size could be expanded to further explore differences between cities, female entrepreneur segments, and product categories. To better assess this phenomenon in developing countries, it is recommended to deepen the analysis of access-based business models in different industries and with longitudinal studies. The exploratory nature of this study raises limitations that need to be addressed in future research.

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