




Cseriti thing

Payback in 1 year on charity business in Hungary:
growing demand, hard competition, *new niche*

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Introduction

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Introduction

Context, Input data and Task

We are looking for a solver to research new trends and innovations in the field of sustainable clothing consumption. There is a hypothesis that the Hungarian market is not yet exhausted, and the business models used can still be improved. In terms of resources, we have investments, but we should rely on the possible minimum. The project will also make sense if it is possible to reach at least breakeven in 1 year, and it is best to recoup all investments during this time and start receiving the first profit. It is necessary to study the possibilities and needs of the sustainable clothing consumption market

The goal:

- to validate the idea
- to validate the MVP with a minimal investments
- by reaching a breakeven point faster then in 1 year

Solution

The field is quite relevant and actively developing; consumers are increasingly loyal and interested, so Hungary is potentially good ground for new initiatives. Commercial data is open (except for Egyéni Vállalkozó), and companies use geoservices. The European and Hungarian markets are actively researched and open reports are also sufficient to create a general picture. The solution plan: look at trends, follow the current market (its volume and players), demand, develop a concept that meets it and calculate the economics of such a project.

Market and landscape overview

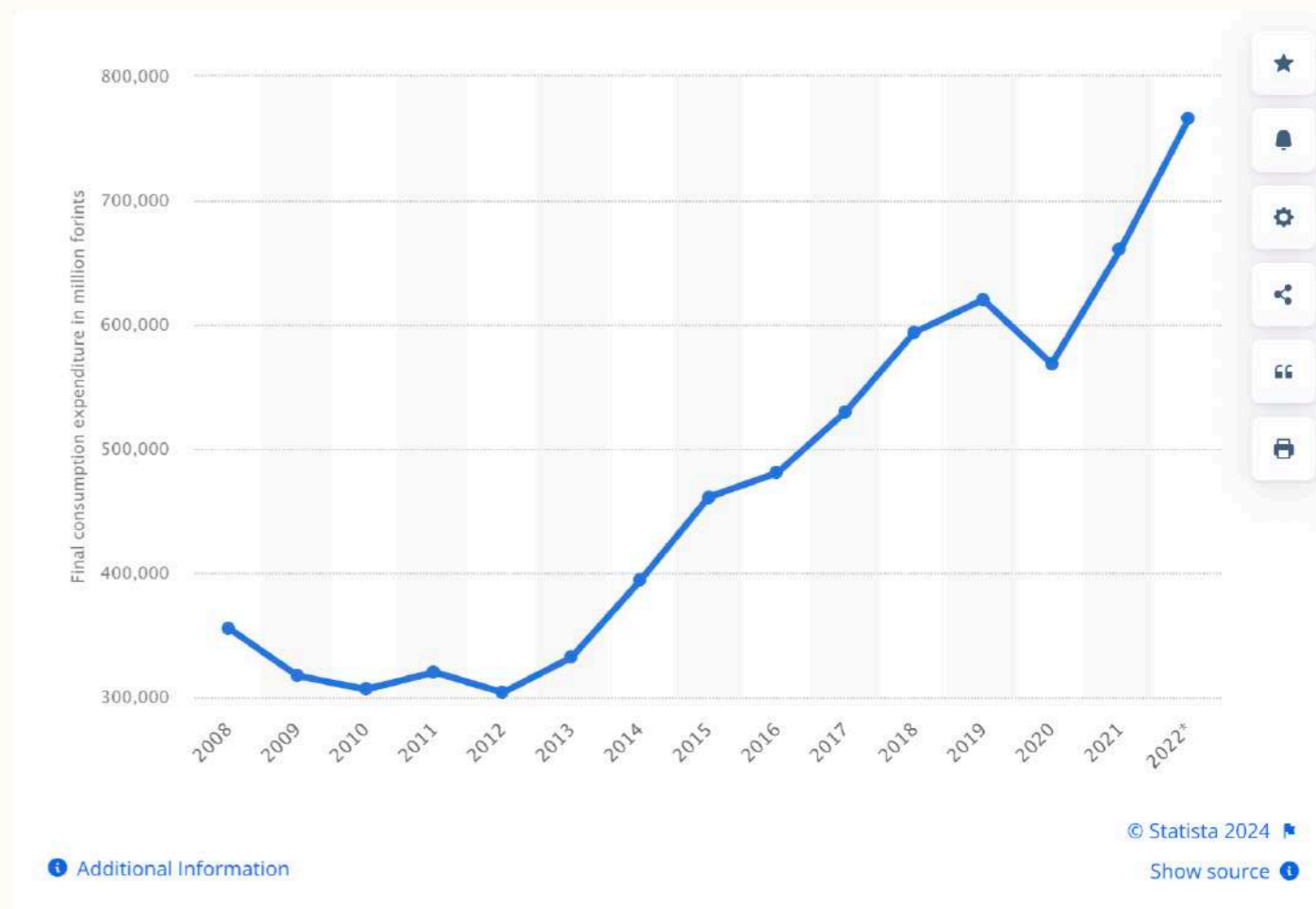
Before developing a current business model and calculations, it is important to assess the situation: what are the preferences of consumers, forecasts for the development of the industry, the number of players in the market and their current position.

Consumption expenditure on clothing in Hungary

from 2008 to 2022 (in million forint)

Let's start assessing the market potential with a review of open analytics of the local market: statistics and trends in clothing consumption, second hand and secondary consumption.

Recent years have shown an increase in spending by Hungarian residents on clothing in absolute numbers.



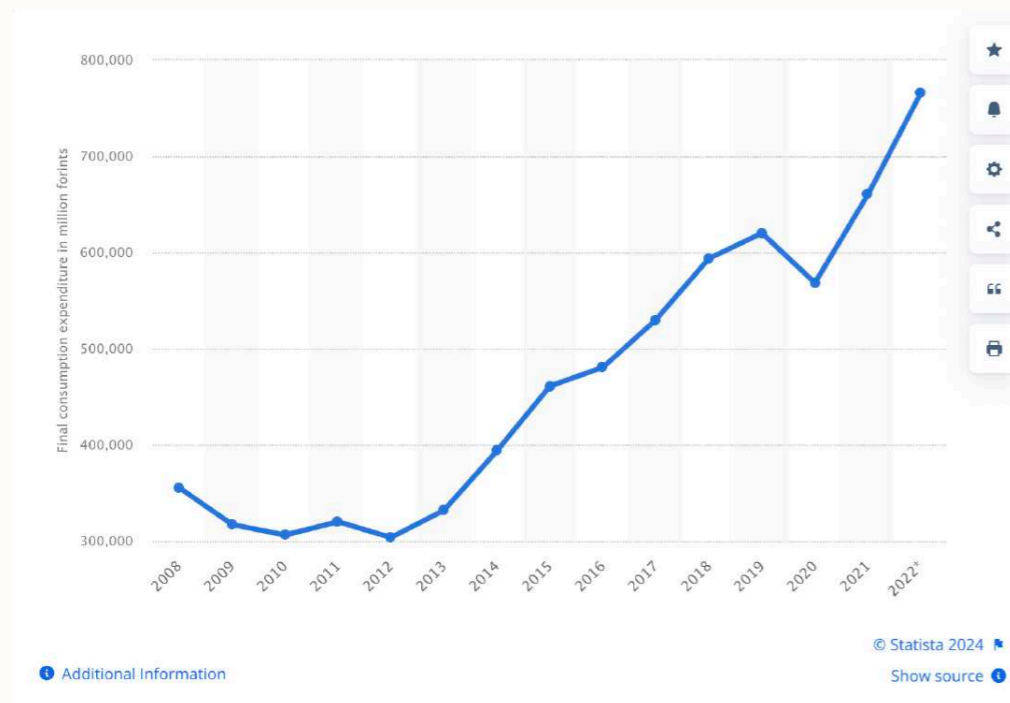
<https://www.statista.com/statistics/575274/clothing-consumption-expenditure-hungary/>

Market and landscape overview

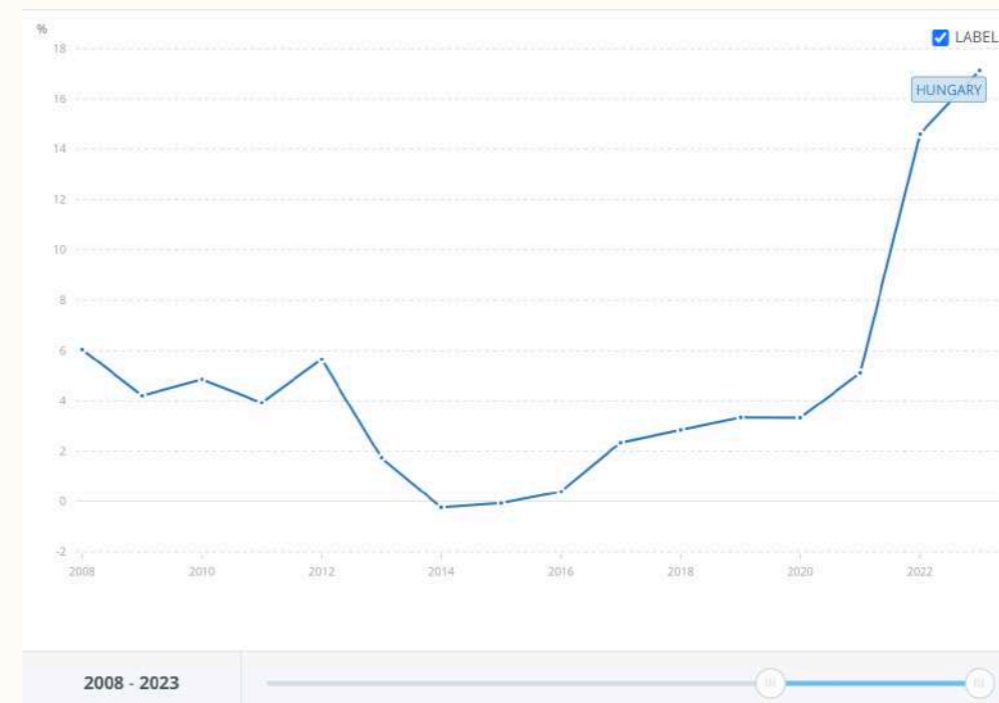
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Consumption expenditure on clothing in Hungary from 2008 to 2022 (in million forint) vs **Inflation, consumer prices (annual %)** — Hungary. The growth of clothing consumption clearly correlates with inflation over the same period. This correlation is important for us:

- Demand stability. Despite inflation, consumers continue to spend on clothing, indicating strong demand in the sector.
- Price sensitivity. Correlation shows that consumers are sensitive to price changes, which may increase the attractiveness of the recycled clothing market.
- Opportunity for growth. During periods of high inflation, the recycled clothing market may offer a price advantage and potentially increase its market share.



<https://www.statista.com/statistics/575274/clothing-consumption-expenditure-hungary/>

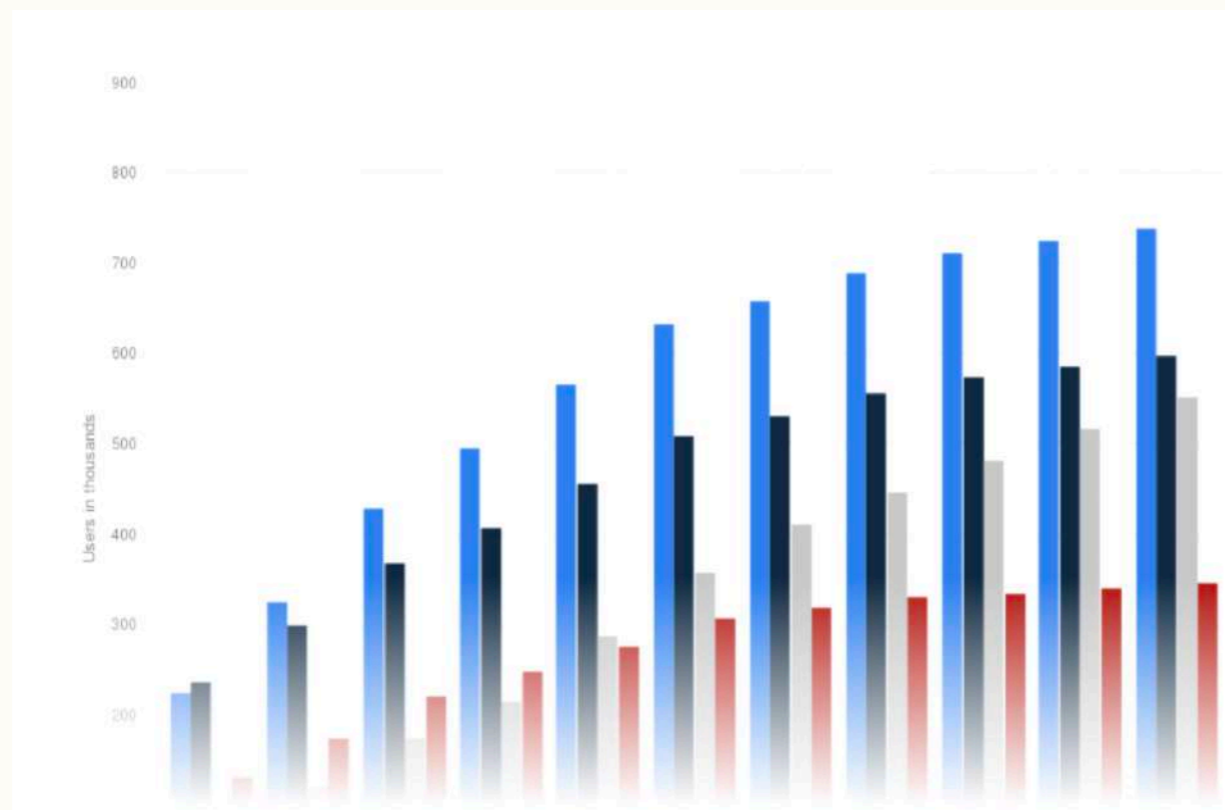


<https://data.worldbank.org/indicator/FP.CPI.TOTL.ZG?end=2023&locations=HU&start=2008>

Number of recommerce users in Hungary from 2019 to 2029, by segment (in 1,000s)

The trend of stable growth of recommerce in all segments leads to the following conclusions:

- Growing market potential: Stable growth indicates increasing demand and interest of consumers in reusing clothes.
- Changing consumer behavior: Market growth may indicate a shift towards more sustainable and economical consumption of clothes.



<https://www.statista.com/forecasts/1464746/recommerce-users-by-segment-hungary>

Despite the slowdown in growth rates by 2029, no decline is expected. This means that the fastest growth will be seen by those companies that take up market share by 2025. This forecast confirms the relevance and prospects of the recommerce market in Hungary, in particular in the clothing segment, indicating the potential for further growth and development of new enterprises in this sector.

Market and landscape overview

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Apparel — Hungary: luxury revenue share

In turn, the share of luxury in Recommerce remains and will remain unchanged, although quite small. This emphasizes the highest demand for regular (non-luxury) clothing, as well as the existing, albeit small, but stable demand for luxury second-hand:

- the main market share is and will remain in regular clothing
- the demand for luxury will not go away, and if there are opportunities and economic feasibility, it can also be taken into account



<https://www.statista.com/outlook/cmo/apparel/hungary?currency=EUR>

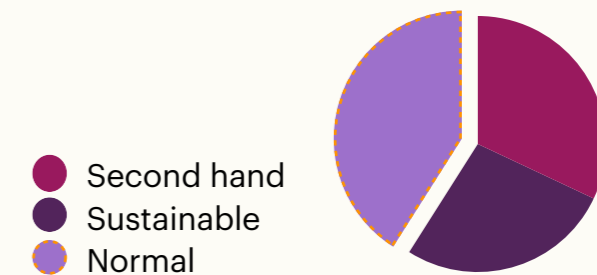
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Apparel — Hungary: secondhand share & sustainable apparel share

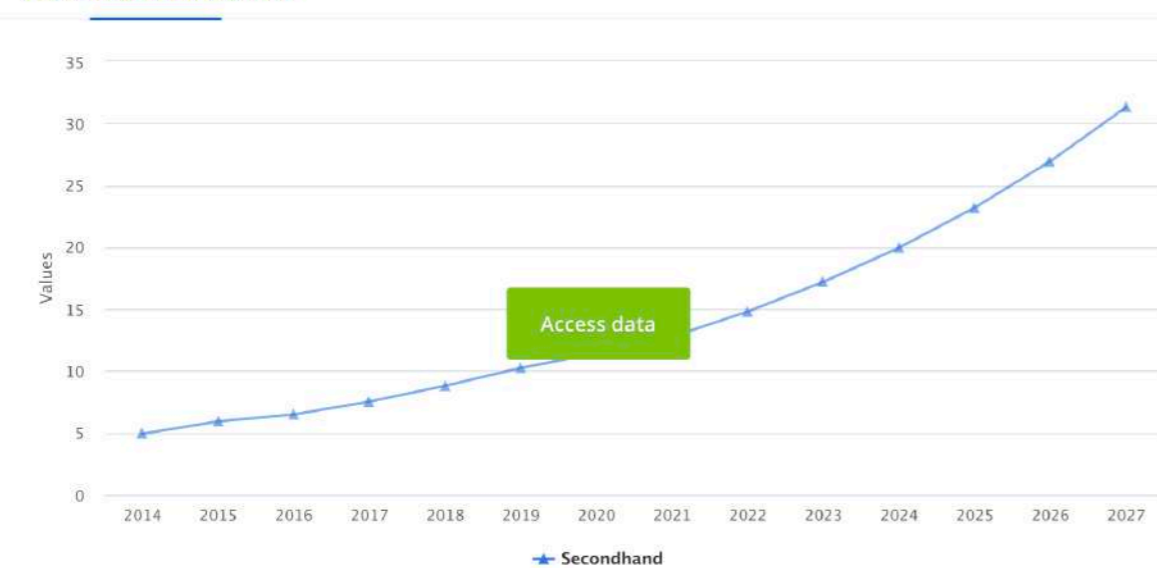
Second hand: by 2027, the share of secondary sales in the clothing market will exceed 30%

Sustainable: the share of recycled clothing, showing the same stable growth, will approach 30%

Thus, almost 2/3 of the entire clothing market in Hungary will be made up of various types of secondary consumption, and only about 40% will remain for primary clothing, while today this share is about 60%

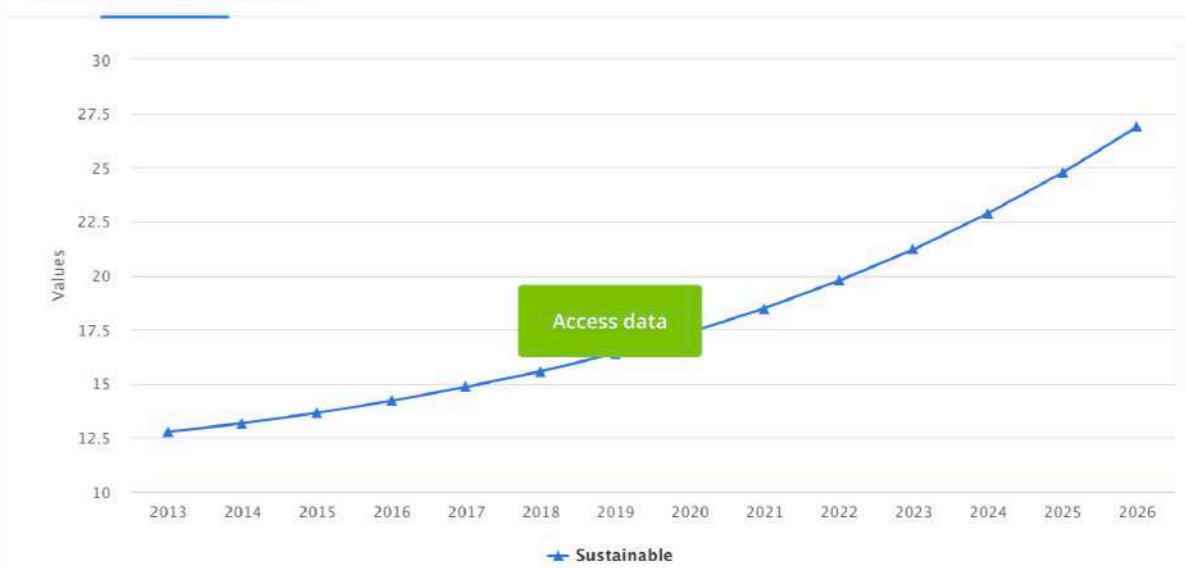


SECONDHAND APPAREL SHARE



Most recent update: Mar 2024

SUSTAINABLE APPAREL SHARE



Most recent update: Mar 2024

<https://www.statista.com/outlook/cmo/apparel/hungary?currency=EUR>

<https://www.statista.com/outlook/cmo/apparel/hungary?currency=EUR>

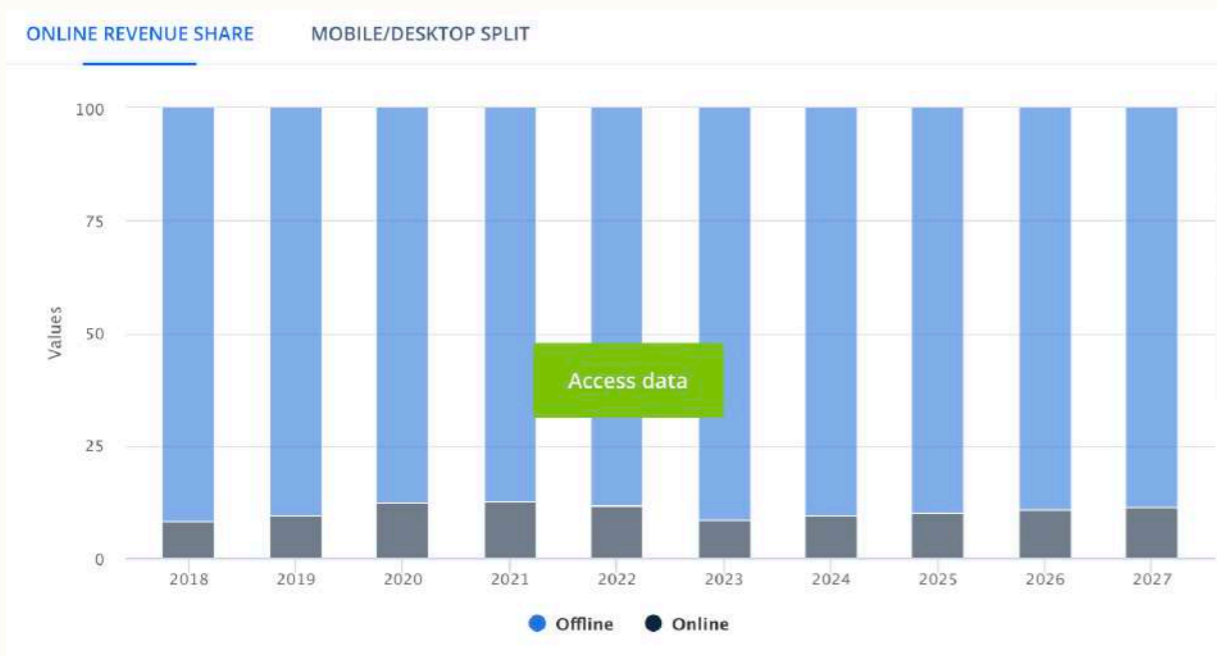
Market and landscape overview

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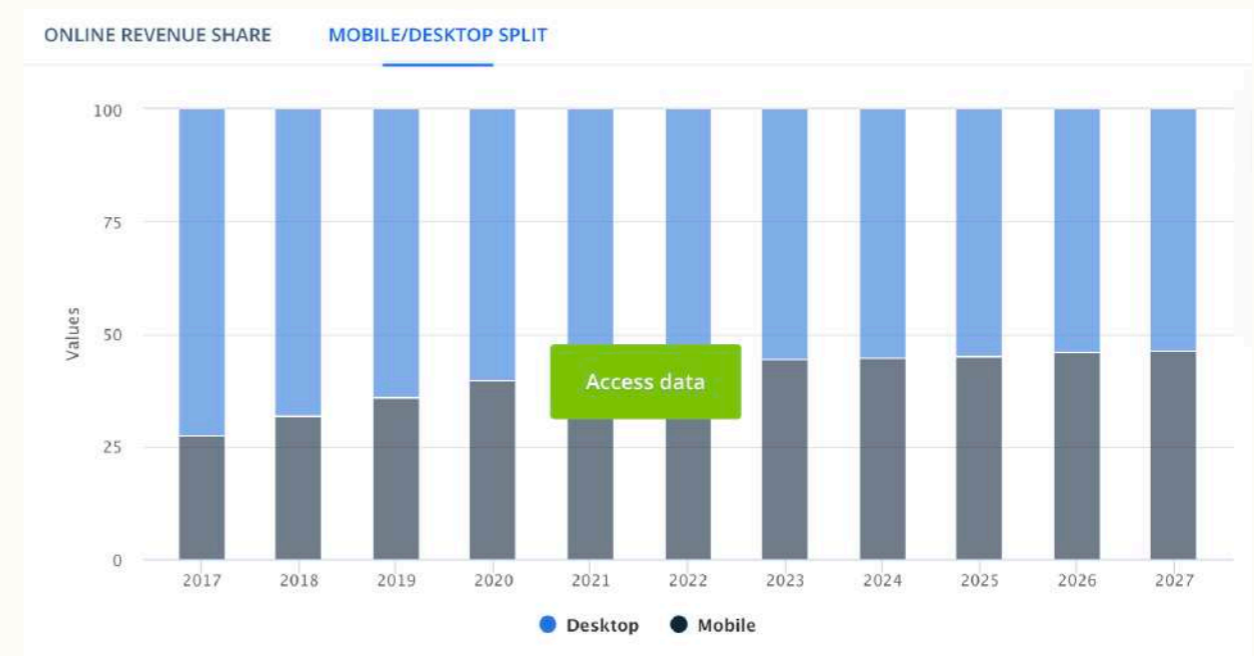
Apparel Sales Channels — Hungary

Share of online purchases. Unlike the general statistics for Central and Western Europe, where there is a trend towards a stable growth in the share of online in clothing retail (up to 35% by 2027), in Hungary the share will remain at <15%. Competitors' web data statistics also largely confirm this.

Our business model does not imply permanent online retail outlets, so it is worthwhile to immediately focus on a young audience, as well as tune in to the opportunity to occupy this market ahead of the curve, and expand more intensively than all competitors; see the "Economy" section.



<https://www.statista.com/outlook/cmo/apparel/hungary?currency=EUR>

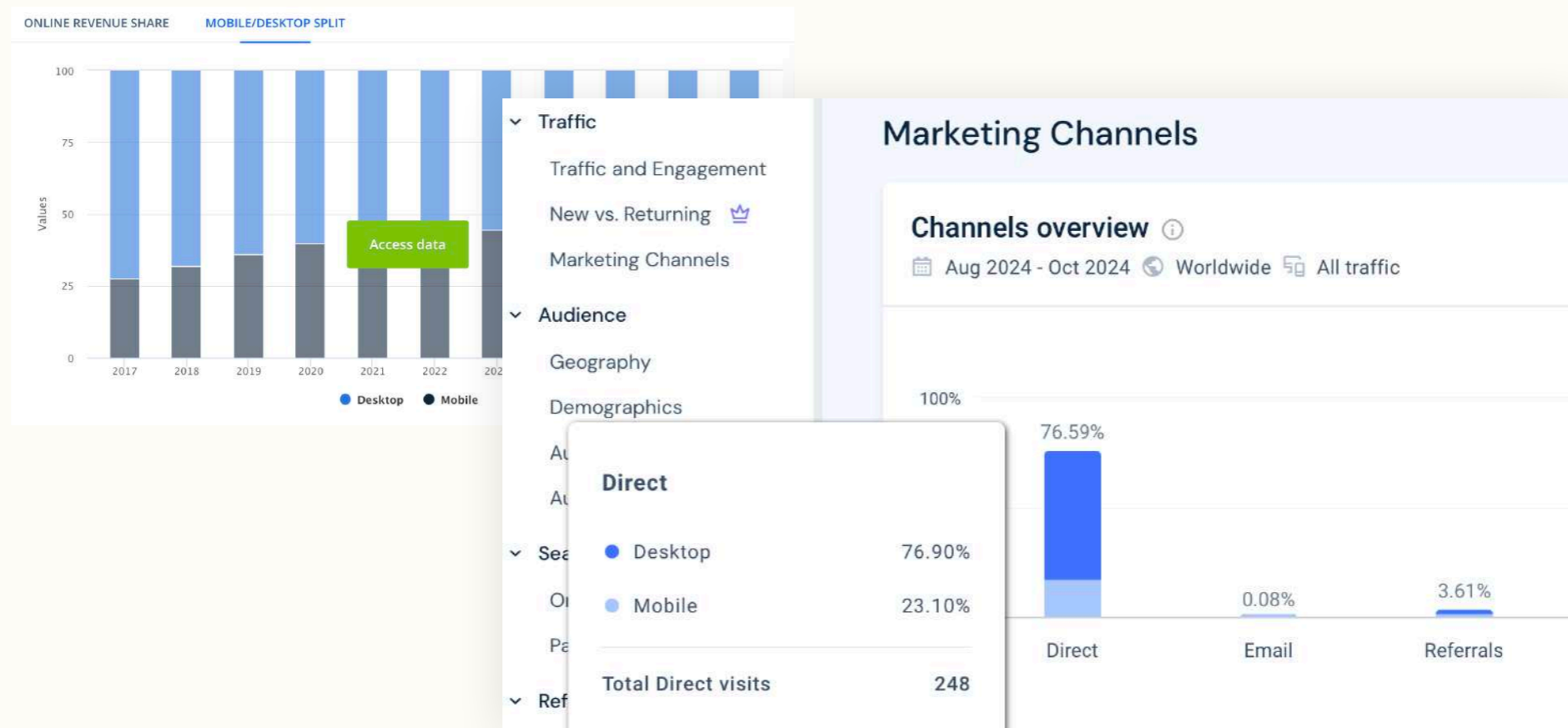


<https://www.statista.com/outlook/cmo/apparel/hungary?currency=EUR>

Sales Channels — Hungary: IT'S A CHALLENGE!

Mobile/Desktop Distribution in Online Retail

Considering that the business model involves the use of a mobile application (section “Business Model”), and the share of mobile will not reach even half in clothing retail, it is worth considering this nuance when developing UX, in particular, allowing purchases and accumulation of bonuses also through the web, and limiting the application only to the issuance of free clothing (this is a technical necessity, since with control through the application it is more difficult for the user to abuse the system).



Market and landscape overview

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Key findings:

- Demand for clothing in Hungary is stable and consumers are highly sensitive to price changes. This means that in a crisis, the consumer will not give up on clothes
- At the same time, the trend shows a significant increase in the share of second-hand goods - and in the event of economic upheavals, we will not see a refusal of clothes, but a transition to secondary consumption
- The share of online purchases in clothing retail is extremely low against the background of general statistics in Central and Western Europe, but the total traffic to competitors' online store websites (the "Market Statement" section) shows that there is a buyer, and the niche is not saturated
 - To reduce risks, it is worth betting on a young audience,
 - as well as participating in periodic offline events for the sale of second-hand clothes
 - betting on online allows you to work freely in other European countries, where the level of digitalization is much higher, which neutralizes the difficulties of the first years
- It is necessary to adapt trading processes (ordering, accounting for bonuses) to the web, and in particular the full version - do not limit yourself to just an application or a mobile version
- Despite the recommendation not to lose sight of the web, the mobile application remains an important part of the process, as it is safer for business: it allows for more effective control over the charitable distribution of free kilograms of clothing and prevents abuse by users. More details in the section "Business Model")

Market size, market statement and competition

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Market statement

List of second hand and vintage shops in Budapest dividing into “Vintage” and “Low cost” groups by their positioning (manually) + their main business and marketing results:

ITEM	Branches	Name	Category	Webshop	Av. price	Sum	Collecting	Legal name	Revenue (net)	Per branch	Date of establishment	Year of establishment	Emp
retrock.com	1	Retrock Design	Vintage	<input checked="" type="checkbox"/>	25000	25000	<input type="checkbox"/>	Retrocker Kft	199,922,000	199,922,000	02/07/2013	2013	
royalvintagebu	1	Royal Budapes	Vintage	<input checked="" type="checkbox"/>	8000	8000	<input type="checkbox"/>	Hatvani Béla, Re					
humanahaszna	9	Humana	Low cost / Env...	<input type="checkbox"/>			<input checked="" type="checkbox"/>	HUMANA Keresl	1,823,940,990	202,660,110	09/07/2001	2001	
szputnyikshop.	1	Szputnyik shop	Vintage	<input checked="" type="checkbox"/>	10000	10000	<input type="checkbox"/>	Novaszputnyik K			21/01/2015	2015	-
lovebugvintage	1	LoveBug Vinta	Vintage	<input checked="" type="checkbox"/>	12000	12000	<input type="checkbox"/>	KARIBU KFT, Cé					
alteregoshop.h	1	Alterego-Premi	Low cost / Env...	<input checked="" type="checkbox"/>	9000	9000	<input type="checkbox"/>	Magic Pie Kft	25,286,000	25,286,000	18/05/2009	2009	
jajcica.hu	2	Jajcica	Vintage	<input checked="" type="checkbox"/>	9000	18000	<input type="checkbox"/>	Jajcica Kft., Adó	39,982,000	19,991,000	22/07/2020	2020	
goncshop.com	1	Gönc Luxury V	Vintage	<input checked="" type="checkbox"/>	50000	50000	<input type="checkbox"/>	Szalsza Kft., Tax					
throwusback.co	2	Throw Us Back	Vintage	<input checked="" type="checkbox"/>	16000	32000	<input type="checkbox"/>	Throw Us Back K	18,085,000	9,042,500	07/12/2022	2022	
hada.hu (hadav	29	Háda	Low cost / Env...	<input checked="" type="checkbox"/>	6000	17400	<input type="checkbox"/>	„HÁDA-1” Ipari é	14,602,938,400	503,549,600	05/08/2005	2005	
omamaantik.hu	1	Antique Ómam	Vintage	<input type="checkbox"/>			<input type="checkbox"/>						
recycledfashio	1	Recycled Fash	Vintage	<input checked="" type="checkbox"/>	16000	16000	<input checked="" type="checkbox"/>	Lilla Lendvai					
rbdesignstore.f	1	Rongybaba De	Vintage	<input checked="" type="checkbox"/>	1500	1500	<input type="checkbox"/>	Papp Emőke e.v.					
swappis.hu	2	Swappis Ruhaf	Low cost / Env...	<input type="checkbox"/>			<input checked="" type="checkbox"/>						
creamhasznalt	8	Cream	Low cost / Env...	<input type="checkbox"/>			<input type="checkbox"/>	Enteriv Kft., Adó	1,607,766,020	200,970,753	01/02/2000	2000	
balatonbutik.hu	1	Balaton Butik	Vintage	<input type="checkbox"/>			<input type="checkbox"/>	Közösségi Szoci	21,342,000	21,342,000	05/11/2010	2010	
retroretikul.ewk	1	Retro Retikul é	Low cost / Env...	<input type="checkbox"/>			<input type="checkbox"/>						
pstrstore.com	2	PSTR	Vintage	<input type="checkbox"/>			<input type="checkbox"/>						
cseriti.hu	14	Cseriti	Low cost / Env...	<input type="checkbox"/>			<input checked="" type="checkbox"/>	ReBolt Közhaszn	297,543,008	21,253,072	17/09/2020	2020	
lollipopbudape	1	Lollipop Factor	Vintage	<input type="checkbox"/>			<input type="checkbox"/>						
reruha.hu	1	RE RU HA	Low cost / Env...	<input type="checkbox"/>			<input checked="" type="checkbox"/>						
gardrobkozoss	1	Gardrób Közös	Low cost / Env...	<input type="checkbox"/>			<input checked="" type="checkbox"/>	Mender Szilvia E					
bamado-haszn	1	Bamado Haszn	Vintage	<input type="checkbox"/>			<input type="checkbox"/>						
21esoltozo.hu	1	Second Hand	Vintage	<input type="checkbox"/>			<input type="checkbox"/>						
preloved.hu	1	Preloved Bizon	Low cost / Env...	<input type="checkbox"/>			<input checked="" type="checkbox"/>	ACE Communica					

https://docs.google.com/spreadsheets/d/14kRjj8rLH3N2q0zB8chvA7Pck8JpXzj_LagkgzDCDS8/edit?usp=sharing

Market size, market statement and competition

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The two groups have different market sizes, strategies and positioning — this should be taken into account. However, it is worth paying attention to the relatively small price gap between them: the average cost of an item in the luxury segment is 15,000 forints, and in the low cost segment — 5,000 when compared by brands or 6,000 taking into account the number of branches in the chains. Although the difference is significant, but relative to the entire clothing market, these amounts are quite close to each other, which gives an understanding of the importance of positioning rather than price for the client. And it also allows you to stand out by offering an even lower price than in large chains — 13,000 per kilogram of clothing, that is, about 4,000 — 5,000 per item — see the “Economy” section.



13 000 ft
13 000 ft



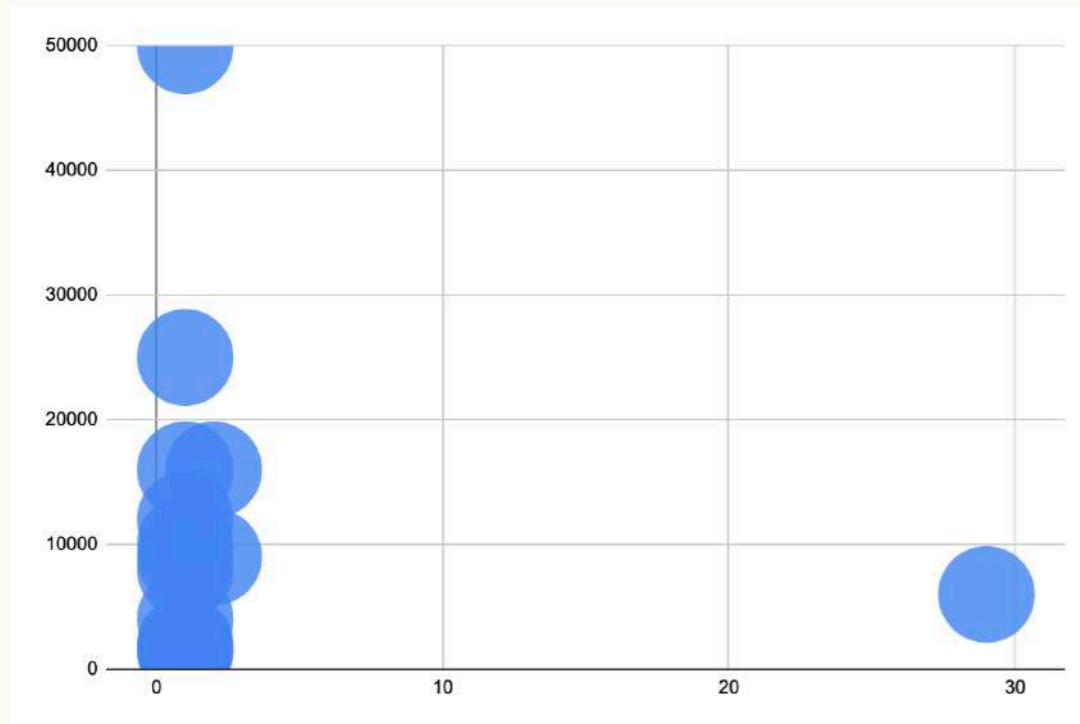
8 500 ft
9 500 ft

Market size, market statement and competition

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Few main conclusions:

1. Market value is at least 1,687,762,367 ft in a month or 160,079,998 excluding big chains
2. Avg. Prices. Vintage: 14,950; Low cost: 5,125 — by names or Vintage: 14,541; Low cost: 5,890 — by branches
3. Amount of brands. Low cost: 63, Vintage: 60
4. And only 15 companies has web shops
5. In total, we have 187 branches and 126 unique names
6. Only 13 companies from 126 (~10%) are collecting used clothes from customers



Avg. Price vs Amount of branches

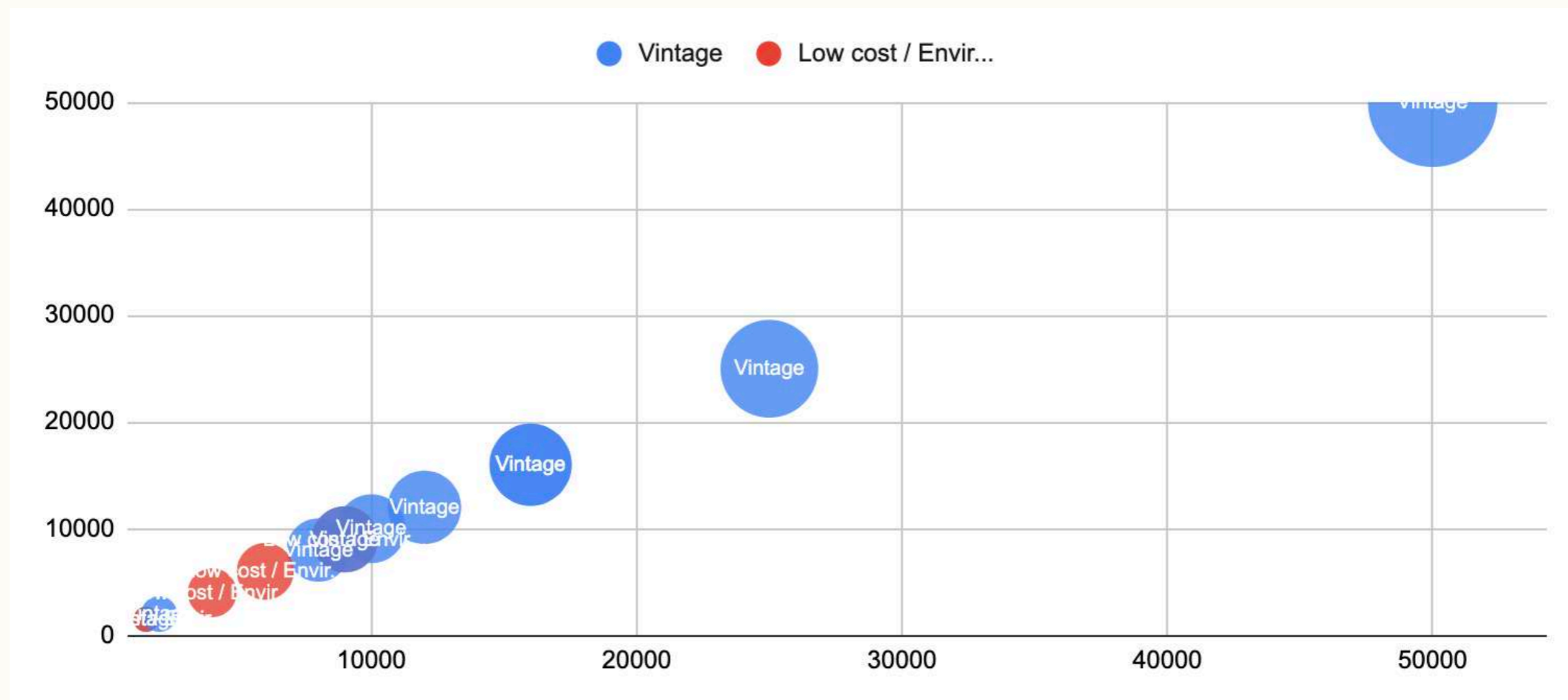
7. Despite the range of average prices for goods in general (from 3,000 to 50,000 forints), *large chains* operate in the same price segment: 5,000 - 10,000 forints per unit of goods.

Market size, market statement and competition

Cseriti thing

Few main conclusions:

8. Despite the average price for V., median is 11,000; the range is from 2,000 to 50,000 and prices mostly about 10,000 ft.



Avg. Price vs Types of positioning

Market size, market statement and competition

Cseriti thing

Competitors' online activity

This table collects web data of competitors' sites: popularity, sources of the graph, estimated cost per click, used social networks.

1	UNIQUE	Y T	F B	T w	P tt	Visits (sent'24)	BOUNCE	PAGES	DURATIO N	DIREC T	LINK S	SEARCH (Org)	SOCIA L	PAID S.	MAI L	DISP. ADS	Keyword (amount, CPC)
2	retrock.com		✓			10234	16.71	4.68	00:03:03	30.1	9.6	51.3	8.8				retrock, surf ing, hippie ékszerek budap
3	royalvintagebu		✓			5200	71.99	1.19	00:00:11	55.3	8.74	25.36	8.46	1.91	0.2	1.95	
5	szputnyikshop.	✓	✓		✓	8000	40.37	5.39	00:03:21	35.33	6.37	49.27	5.99		0.49	2.55	szputnyik, szputnyik shop, pin fabric bu
6	lovebugvintage					4200	61.72	1.6	00:00:21	29.52	9.5	49.99	8.63		0.21	2.15	lovebug vintage (130), bohém ingek (10
7	alteregoshop.h		✓			3800	33.2	2.78	00:10:12	21.45	8.09	60.27	7.85		0.21	2.13	budapest márkás turkáló, (238), alterco
8	jajcica.hu					2400	44.66	4.66	00:01:08	29.47	9.45	50.12	8.61		0.2	2.14	jajcica (206), budapest márkás turkáló (
9	goncshop.com					3700	88.13	1.32	00:00:16	21.26	28.15	39.84	8.08		0.19	2.48	-
10	throwusback.cc		✓			5600	44.25	6.17	00:01:29	58.74	6.29	27.62	5.22		0.19	1.94	throwusback (52)
12	omamaantik.hu		✓			487	-	-	-	-	-	-	-		-	-	-
13	recycledfashior					1400	50.36	2.6	00:01:39	18.54	8.09	63.57	7.53		0.19	2.08	recycled fashion store (67)
14	rbdesignstore.f		✓			1400	36.72	2.26	00:00:04	1.22	0.5	77.99	20.14		0.01	0.06	rongybaba design (350)
15	swappis.hu		✓		✓	15300	66.82	2.09	00:00:52	29.5	9.48	50.04	8.62		0.2	2.15	swappis (227, \$1.10)
19	balatonbutik.hu		✓			224	49.85	2.56	00:01:32	30.34	12.4	47.09	6.36		0.3	1.57	
20	retroretikul.ewk					0	-	-	-	-	-	-	-		-	-	-
22	pstrstore.com					989	38.85	2.88	00:01:37	39.46	11.77	39.81	6.66		0.21	0.95	
35	lollipopbudapes		✓			385	41.95	3.31	00:01:56	29.66	10.91	47.32	8.49		0.24	2.56	
44	reruha.hu		✓			410	41.23	1.53	00:00:13	4.43	3.99	86.36	3.87		0.13	1.24	
45	gardrobkozoss		✓			791	71.04	1.99	00:01:01	29.54	9.48	50.01	8.62		0.2	2.15	gardróbvásár (253)
72	bamado-haszn.		✓		✓	0	-	-	-	-	-	-	-		-	-	-
78	21esoltozo.hu		✓			181	45.09	1.01	-	30.48	12.4	46.87	6.42	1.94	0.3	1.59	
91	preloved.hu		✓														
106	kincsvaradoma		✓														
117	boltkorosok.hu		✓			184	46.68	1.01	00:00:00	36.06	12.01	42.47	6.58		0.24	1.2	
126	annipanniruha	✓	✓	✓	✓	0	-	-	-	-	-	-	-		-	-	-
134	zilarra-shop.hu		✓														
148	hasznaltruha-si																
162	nnooriardrob.t		✓			9200	97.2	1.12	00:00:05	29.51	9.5	50	8.63		0.21	2.15	

https://docs.google.com/spreadsheets/d/14kRjj8rLH3N2qOzB8chvA7Pck8JpXzj_LagkgzDCDS8/edit?usp=sharing

Main observations

Total MAU: 183 940; Average MAU: 6 569

Brand strength: about half of search traffic (both paid and organic) is branded. Visitors care about the brand, they can form loyalty. Loyalty is also indicated by more than 30% of direct visits

Importance of search: almost half of traffic is organic from search engines

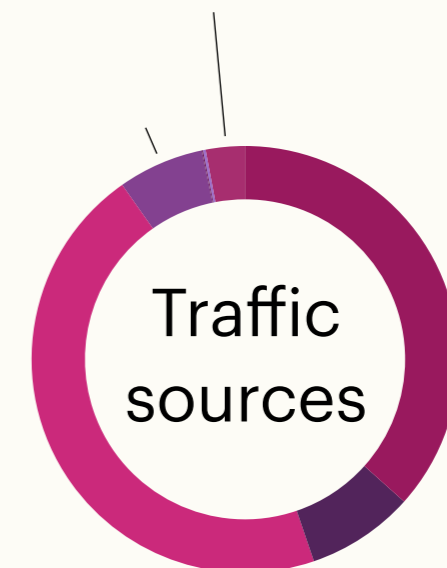
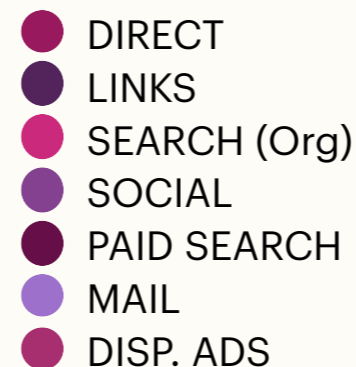
Free market of paid search traffic: paid search takes up only 8% of the total volume of competitors' graphs, it can be bought out inexpensively

Social networks: Facebook is the most popular platform in the sample: 52 stores work with it, Instagram - 36, Tik Tok - 4. Almost 50% (60 out of 126) of stores and 87% of those with a website work with at least one social network; and 87% of those with stores. On average, 8% of traffic to store websites comes from social networks - all this indicates high competition directly on the sites, but about commercial prospects

Paid traffic

Almost everyone who has a website (even without online stores) buys traffic

Contextual advertising and media networks are a must, since this market is not overheated, but there is traffic.



Market size, market statement and competition*Cseriti thing***Competitor groups**

Let's return to competitors for a moment to understand what we can offer our clients, besides a lower price.

Features of positioning, strengths and weaknesses of competitors by groups:

Low cost	Charity / Low cost	Luxury Vintage
Hada, Cream	Cseriti	
Don't collect — only selling Don't do charity	Don't have 24h containers Don't share items for free	Don't collect or can decline donation

- The largest retailers (i.e. the majority of the market) do not offer to donate your clothes - only a few places do
- And where they do, they may return them if they are not suitable for sale
- If the donation is accepted, the donor may receive a discount - this is good
- But the bad side is that in order to donate, you have to go to the store during its opening hours, hand over your clothes to another person, show them, and as mentioned above, probably take them back if they are not good enough for this store
- And none of them provide the opportunity to get something completely free

Solution and Business model

The classic second-hand store business model involves purchasing clothes from suppliers and reselling them. In our case, we replace the standard purchasing process with collecting clothes from individuals as donations. We do not pay for it, but we take on a number of other difficulties. An example of a completed project is the “Spasibo” store.

Russian experience:

Charity shop Spasibo (“Thank”)

- Collects clothes in containers
- Sorts
- Sells for low prices
- Donates to people who needs


Disadvantages:

- Doesn't keep in touch with the donors
- No motivation to became a donor



Motivating donors is important, especially when they are part of a business model. What stops people from donating or recycling old clothes instead of throwing them away? Here's what the research tells us:

“Better accessibility of donation boxes makes the donation of clothes”

 Sustainability Perceptions and Consumer Behaviour in the Clothing Sector

Merethe Dirdal & Ruth Helen Tjora, June 2024

Reasons why people choose to throw away clothes rather than donate, sell or recycle:

1. Lack of awareness of options: many do not know where and how to donate clothes.
2. Inconvenience: the donation process can be complicated or time-consuming.
3. Condition of clothes: people may think their clothes are too worn out.
4. Lack of motivation: people may not realize the positive impact donations have on the environment and society.

So, to ensure a flow of clothes from donors, we need to provide:

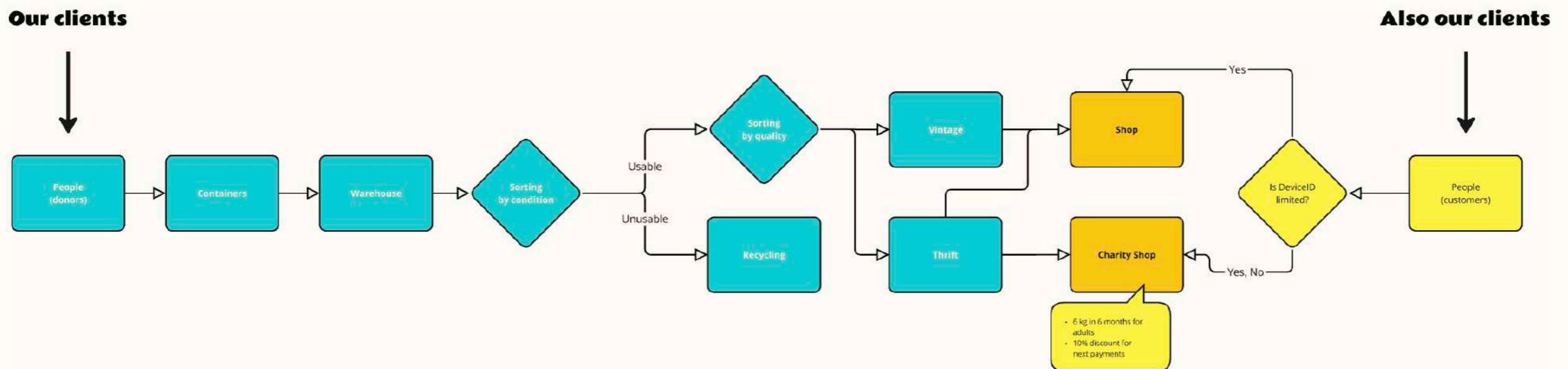
1. Information - so that as many people as possible know how to do it
2. Simplicity - donating should be no more difficult than taking out the trash
3. Motivation - bonuses and understanding of the impact on other people and the world

And in cases where the clothes are truly not suitable for further use, take on the responsibility of sorting them and handing them over for recycling. This way, donors can rest assured that any donation will not be in vain.

Business Model

We can improve and adopt shown model to Hungarian market: change the process of limitations for donating, give a motivation for donors, keep donations simple and satisfy high interest of vintage.

Flowchart of business model:



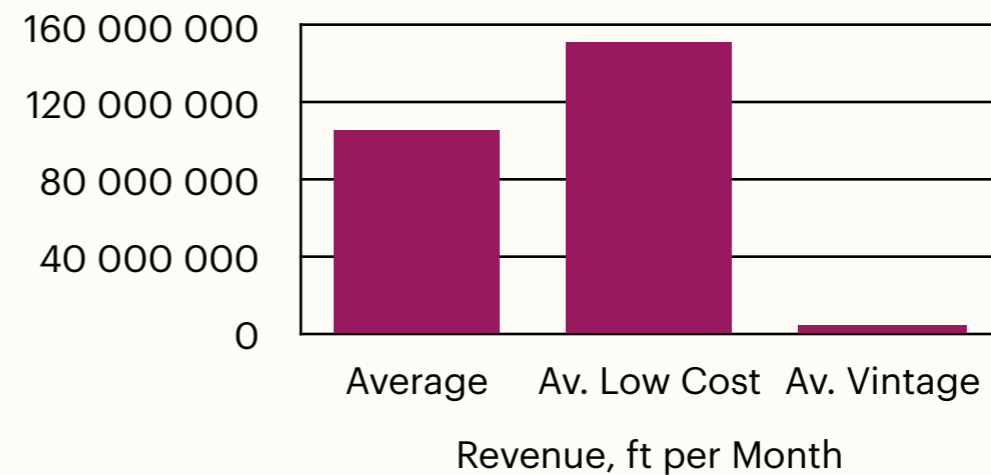
https://miro.com/app/live-embed/o9J_laTskDc=?moveToViewport=14965,-3929,4033,1991&embedId=643940626145

At both ends of the model, our clients are buyers and donors, and we need to work with both so that the speed of sales and accumulation of things coincides, the process is stable and effective from an economic point of view. Such a model will allow both to earn money and to donate to those in need and to help people deal with old clothes in the most environmentally friendly way.

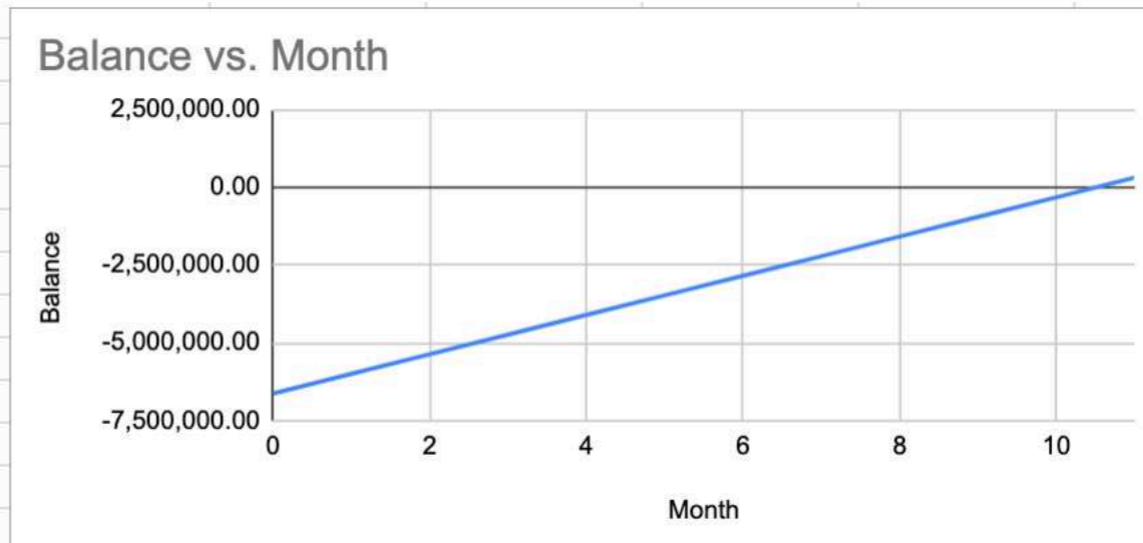
The global goal: to validate the MVP by reaching a breakeven point faster then in 1 year

In order to return investments with such a model and reach operational zero in 12 months with minimal (calculated in the “Economy” section) costs, it is enough to generate 26 million ft — sell 2723 kg of clothing.

The calculated market capacity (both donations and consumption) shows that this amount is achievable, and 5 times lower than the market average in the “Low Cost” niche.



Month	Costs	Revenue (- VAT)	Balance
0	6,631,900.00	0	-6,631,900.00
1	25,210,336.35	25,841,270.00	-6,009,966.35
2	25,210,336.35	25,841,270.00	-5,370,032.70
3	25,210,336.35	25,841,270.00	-4,739,099.05
4	25,210,336.35	25,841,270.00	-4,108,165.40
5	25,210,336.35	25,841,270.00	-3,477,231.75
6	25,210,336.35	25,841,270.00	-2,846,298.10
7	25,210,336.35	25,841,270.00	-2,215,364.45
8	25,210,336.35	25,841,270.00	-1,584,430.80
9	25,210,336.35	25,841,270.00	-953,497.15
10	25,210,336.35	25,841,270.00	-322,563.50
11	25,210,336.35	25,841,270.00	308,370.15



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Positioning and target audience

Globally, we have 2 audiences: DONORS and BUYERS

Also, we can divide BUYERS into two groups, which have to be researched separately



donations

be modern and emphatic,
save the planet

convenient way

*environmentally conscious,
budget-savvy young adults
aged 18-35 who are
interested in sustainable
fashion and saving money*



luxury vintage

show your personality with convenient and safety
online shopping

20 000 ft / item

*budget-conscious, socially responsible consumers
aged 18-45 who value both affordability and
making a positive impact on their community*



second hand

save your money with a
company who really cares

13 000 ft / kg

*affluent, fashion-forward
consumers aged 25-55 who
appreciate high-end, unique
pieces and are passionate
about sustainable fashion
and philanthropy*

Key points of the process

- 1. Collection:** from 5 containers in the most popular places in the city, where you can simply put a bag with things and leave
- 2. Motivation:** containers equipped with identification (via a mobile application) will help to account for the number of kilograms of clothes handed in and use a discount on purchases in the online store. Badges for handed in kilograms and other methods of non-material motivation are possible
- 3. Recycling:** clothes unsuitable for sale will be sent for sale at a price of ~0.9 €/kg
- 4. Luxury vintage:** special clothes will be moved to a special section of the site with selected items selling individually (not by the kilo) — they will cost significantly more
- 5. Ordinary clothes:** before placing in the online store, they must be weighed so that the end buyer pays per kilogram: this way he will be able to choose everything he likes from the non-luxury section and pay for the quantity
- 6. Donations:** any user of the application will be able to receive several kilograms of clothes per year. The total quantity will be limited to a share of the total quantity of clothes to avoid possible complications and scams, and the identification link DeviceID + phone number will protect against scams - this will make it much more difficult to abuse the system. Plus, all the worthwhile items will be in the "Vintage" section, unavailable for choosing free items

Processes and workflow

First step: containers

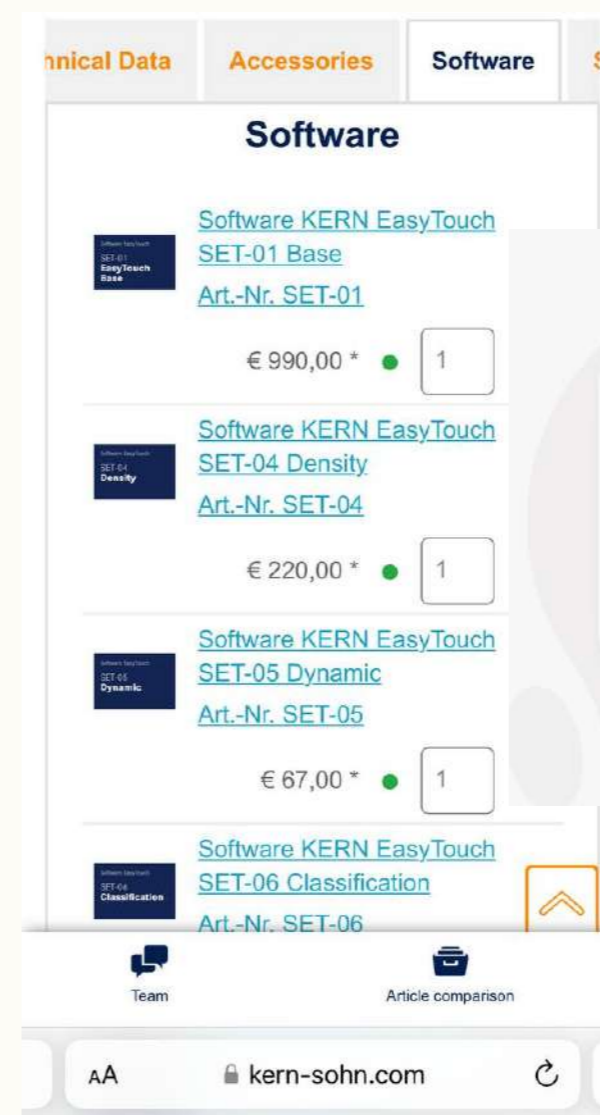
Systems that can identify the user, take into account the weight of things and send data to a cloud database exist. These systems are already adapted for such processes and can be used after confirming the MVP and understanding that the investment is justified and can pay for itself:



Producer	Price per container
TOMRA Collection	\$5,000 — \$15,000
Bin-e	\$3,000 — \$8,000
SmartBin	\$2,000 — \$5,000
CleanRobotics (TrashBot)	\$6,000 — \$20,000



An alternative for MVP (less convenient and more vulnerable) can be assembled using a container from Alibaba, Wi-Fi scales + software for data processing and a camera, cloud storage and an application, a website and a sign with a printed QR authenticator assembled on the fly using constructors like Adalo:



Clothes turnover

To estimate the rate at which charitable containers in Budapest would be filled with 3000 kilograms of clothing, several factors need to be considered:

- Population of Budapest: approximately 1.7 million people
- Average clothing consumption per person per year: about 13 kg
- Percentage of people willing to donate clothes to charity: around 20-30%
- Seasonality (people tend to dispose of clothes more often during seasonal changes)

Taking these factors into account, we can assume that on average, a Budapest resident might donate about 2-3 kg of clothing to charity per year.

Calculation:

1.7 million, 25% (average value of those willing to donate) 2.5 kg = 1,062,500 kg per year

3000 kg represents approximately 0.28% of this amount.

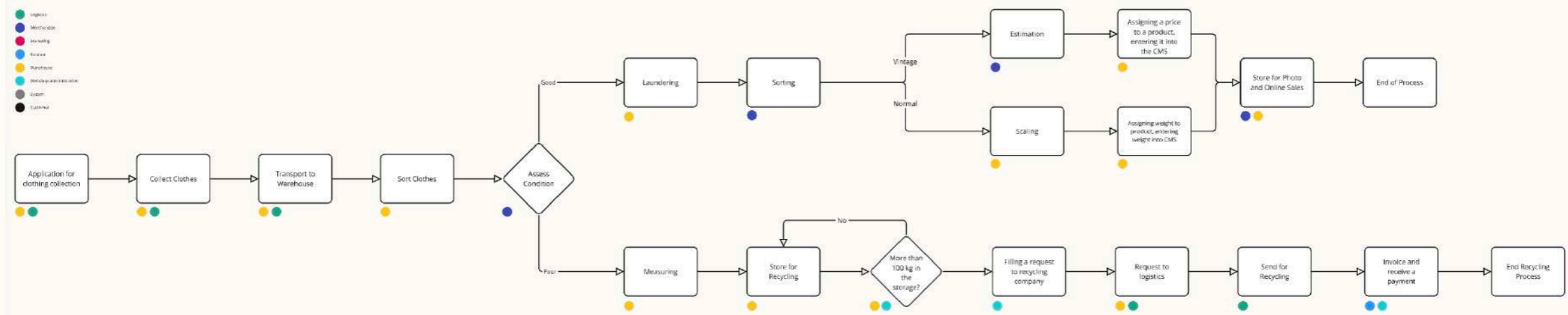
Thus, with an even distribution throughout the year, collecting 3000 kg of clothing in Budapest could take about 1-2 weeks. However, considering seasonality and other factors, the actual time frame may vary from 1 to 4 weeks, depending on the time of year and the effectiveness of informing the population about the opportunity to donate clothes.

Here and on the next three slides are several key processes. They can be changed and adapted to the situation; also, this is not a complete picture, but only a basic one, necessary for understanding the organization in general terms and financial calculations.

Clothes flow

This is how the movement of goods from the container to the moment they get to the site looks like - that is, the entire preparatory part: picking up from the containers, cleaning and sorting into three categories (vintage, measured in pieces; regular clothes, measured in kilograms and rags that will be sold for recycling), photography and posting on the site.

This chain of events involves people responsible for logistics, warehouse work, marketing and merchandising, the web store administrator and even a financier to control receipts for rags transferred for recycling:



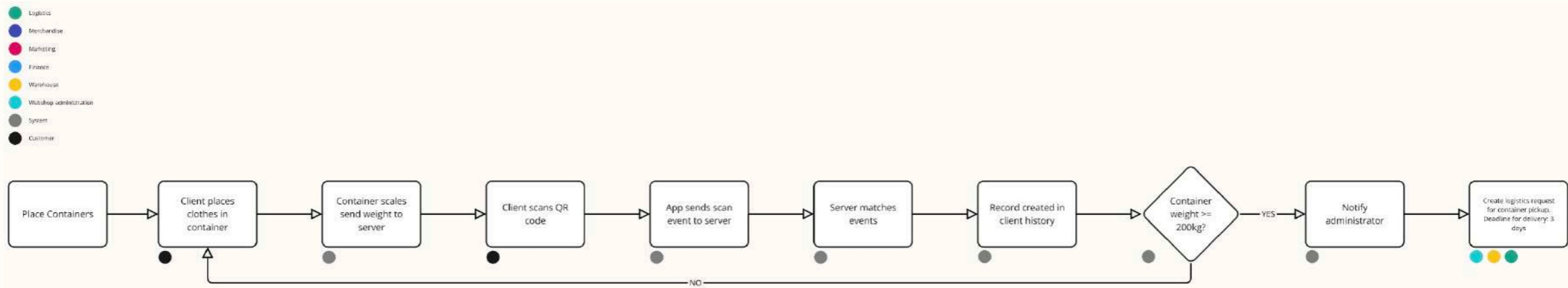
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Containers renew

5 containers for collecting used clothing with a capacity of up to 300 kg are located in places where the target audience congregates. The container contains scales connected to the server and a QR code for identification is glued to a place accessible to the client.

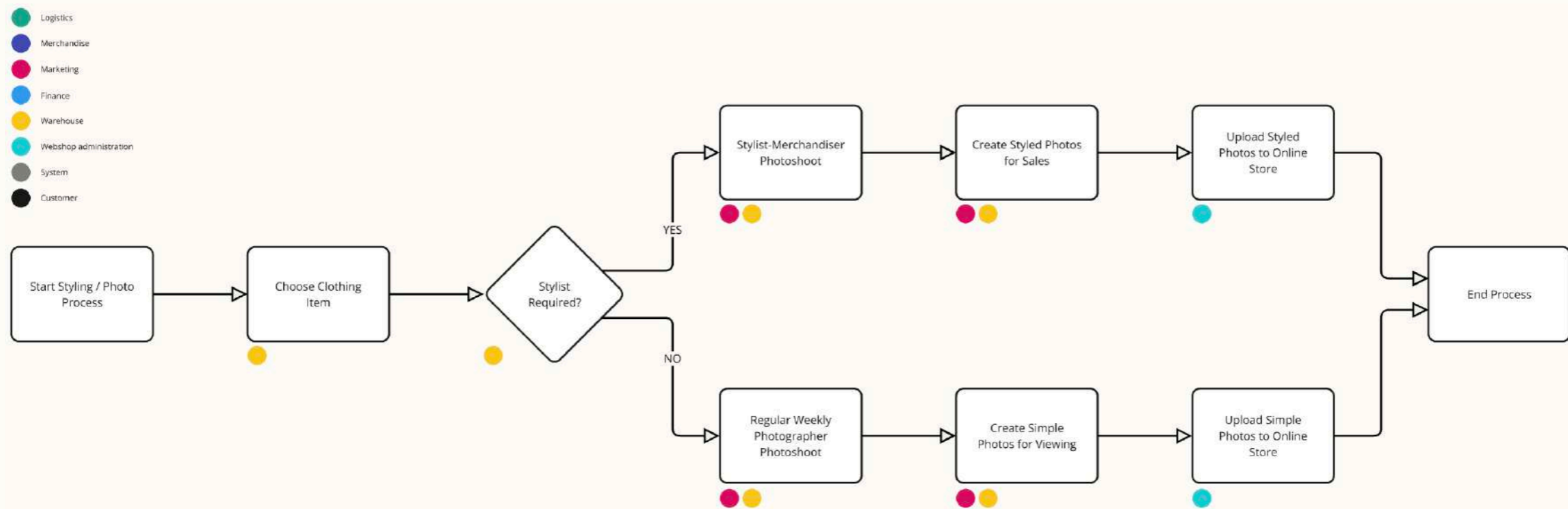
Operating principle. The client places clothing in the container, the scales send a new value to the server, and the change is recorded. The client scans the QR code through the application or website and the application also sends the fact of scanning to the server. On the server, the two events are linked and a record is created in the client's history: when, who and what weight was put in the container. When the total contents of the container reach 200 kg, the program sends a notification to the administrator, and he creates a request for removal.

For additional security, the containers are equipped with video cameras, the recordings from which can be accessed if necessary.



Styling and Photo / Video production

The process of styling clothes and preparing photos for an online store is especially important, since intensive online marketing is essential for the functioning of this business. You need both photos for customers so that they can examine the item before ordering, and stylized photos to improve sales. These are two different parts of the process, and one of them involves a stylist-merchandiser — these photos will be used for the “Vintage” section catalog and advertising, and a simple photo shoot can be done with an ordinary photographer who comes once a week.

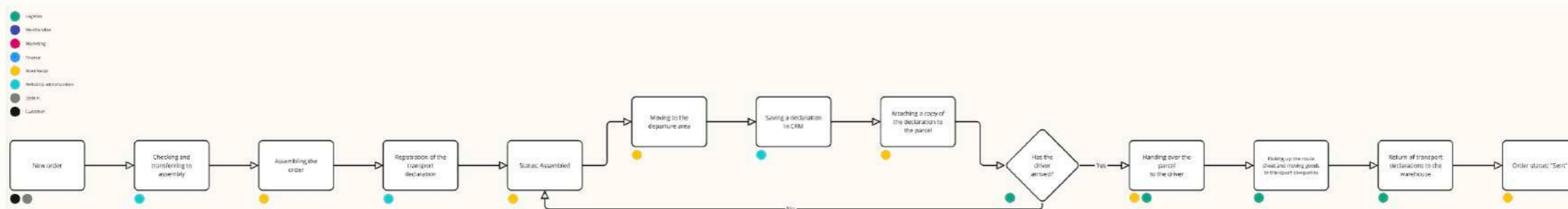


Order processing

In the online clothing store, orders are placed without confirmation and only with full prepayment. In the assembly, there is a computer with current orders in the statuses: new, assembled and sent.

New — the order has just arrived. The warehouse employee collects the order in a box and draws up a declaration for shipment. *Assembled* — waiting to be sent. At this stage, the collected parcels are moved to the dispatch area, the declaration is saved in the CRM, and a printed copy of it is glued to the parcel. When the driver arrives, you need to check that all the boxes have been sent, each order is individually transferred to the dispatch status at the time of transfer. *Sent* — transferred to the forwarder for transfer to the transport service.

Delivery of even free orders is paid by the client when ordering at the rate of the selected transport service: this will allow a little more protection from potential losses and better protect against abuse by the consumer.



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Costs: Initial and Recurring

Approximate calculation of startup costs and recurring monthly expenses required to operate during the MVP period:

Item	Dimension	Currency	Price per 1	Amount	COST, ft	Requirements
Initial spendings						
Container		\$	329	5	625,100.00	
Wi-fi Scale		\$	950	6	2,166,000.00	
Wi-Fi Camera		\$	15	6	34,200.00	
Computers		ft	150000	2	300,000.00	
Smartphone for communication		ft	50000	1	50,000.00	
Printer		ft	10000	1	10,000.00	
App development		\$	4000	1	1,520,000.00	
Web shop development, CMS + CRM (setting up)		\$	20	1	7,600.00	
App stores		\$	25	2	19,000.00	
Engineering		ft	100000	5	500,000.00	
SEO		ft	400000	1	400,000.00	
Legal primary support		ft	500000	1	500,000.00	
Laundering machines		ft	500000	1	500,000.00	
					6,631,900.00	
Recurrent spendings						
Storage + materials	m2	ft	2000	100	200,000.00	
Servers, hosting, CMS + CRM	mounth	\$	70	2	53,200.00	
Marketing / Traffic	lead	ft	2666.18	2723	7,260,003.00	
Rent for containers	place	ft	50000	5	250,000.00	
Utilities		ft	50000	1	50,000.00	
Operating	month				14,683,800.00	
					22,497,003.00	

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Detailed operating expenses (HR and service)

For unstable employment (as a system administrator) or highly specialized tasks (accounting, legal support), it is optimal to conclude contracts with companies that are ready to quickly connect upon request:

FIELD	Position OR Outsource	Schedule	Tasks	Gross salary	Amount	Spendings
		17				14,683,800.00
Management	CEO	5/2, 8 hours		1,200,000.00	1	2,556,000.00
Storage and distribu	Warehouse manager	5/2, 8 hours		700,000.00	1	1,491,000.00
Marketing / Sales	Leader	5/2, 8 hours		900,000.00	1	1,917,000.00
Marketing / Sales	Marketing and PR manager	5/2, 8 hours		600,000.00	1	1,278,000.00
Marketing / Sales	Content creator	2/2, 4 hours		250,000.00	1	532,500.00
Marketing / Sales	Merchandiser / Stylist	5/2, 8 hours		600,000.00	1	1,278,000.00
Finance	Economist	5/2, 8 hours		625,000.00	0	0.00
Storage and distribu	Mover and driver	1/3, 10 hours		230,000.00	2	979,800.00
Storage and distribu	Sorting guy	2/2, 10 hours		350,000.00	3	2,236,500.00
Operations	Web shop admin	2/2, 4 hours		250,000.00	2	1,065,000.00
Storage and distribu	Cleaning	Outsourcing				100,000.00
Operations	IT	Outsourcing				500,000.00
Operations	Legal support	Outsourcing				200,000.00
Finance	Accounting	Outsourcing				250,000.00
Operations	Technical support	Outsourcing				50,000.00
Marketing / Sales	Photo / video	Outsourcing				100,000.00
Marketing / Sales	Graphic design	Outsourcing				150,000.00

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Economy Model

As mentioned above, the average monthly revenue of the Low Cost store is more than 150 million ft. To achieve a net profit of 5 million ft per month, it is enough to generate 32 million, and to break even – 26 million. Taking into account the capacity of both donors and buyers, this amount is achievable, but its generation requires very intensive work:

- it is important to sell not only in Hungary, but also in other markets
- cover as many platforms and sales sources as possible (including marketplaces and CPA)
- invest in the brand, be present at offline sales events
- use the possible connections with the audience (collection and monetization of contacts)

Incomes / Distribution	Dimension	Currency	Price	Amount	Income - VAT
Sells (normal) + VAT	kg	ft	13000	3000	28,470,000.00
Sells (selected) + VAT	piece	ft	20000	200	2,920,000.00
Recycling	kg	E	0.9	100	26,280.00
Deposits	%	ft		0.05	
- discounts	%	ft	7500000	0.5	-3,750,000.00
- charity	kg	ft	500	1500	-750,000.00
GROSS INCOME					26,916,280.00
Payment fee					403,744.20
Tax					2,422,465.20
NET INCOME					24,090,070.60
PROFIT					1,593,067.60

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Challenges:

- online only (almost) while people prefer to buy offline, because it's too expensive
- mobile app as a part of business model while people prefer web and use full screens
- great marketing needed, customers have to be a part of marketing chain (more on page "Marketing plan")

Marketing plan

BUDGET	Goal:	25,210,336.35			7,260,003.00	2723	25,841,270.00	355.94%	
Channel / Method	Purpose	Dimension	Currency	Price per 1	Amount	Total spending	Sells / Leads	Return (ft)	ROMI
Branding / PR / Organic									
Social Media (UGC + content)	Donation Purchase	item	ft	7000	50	350,000.00	350	3,321,500.00	949.00%
Events	Donation Purchase	participation	ft	100000	1	100,000.00	0	0.00	0.00%
Media	Donation	publication	ft	100000	3	300,000.00	15	142,350.00	47.45%
Podcasts / YouTube shows	Donation Purchase	mention	ft	50000	1	50,000.00	10	94,900.00	189.80%
Influencers	Donation Purchase	mention	ft	80000	6	480,000.00	100	949,000.00	197.71%
Informational partnership	Donation	mention	ft	1	1	1.00	5	47,450.00	4745000.00%
Container images	Donation Purchase	poster	ft	1000	20	20,000.00	200	1,898,000.00	9490.00%
SEO	Purchase	setting up	ft	15000	1	15,000.00	50	474,500.00	3163.33%
CPA network	Purchase	proven lead	\$	6	500	1,140,000.00	500	4,745,000.00	416.23%
RTB									
Paid Search + Disp. Ads	Purchase	click	\$	0.8	3000	912,000.00	450	4,270,500.00	468.26%
Social media RTB	Donation Purchase	click	\$	1	4000	1,520,000.00	350	3,321,500.00	218.52%
Marketplaces promo	Purchase	click	ft	200	800	160000	150	1,423,500.00	889.69%
Google maps	Purchase	click	ft	200	400	80000	40	379,600.00	474.50%
Youtube RTB	Purchase	shows	\$	0.1	2000	76000	15	142,350.00	187.30%
Event sellings									
Event sellings (offline)	Purchase	event	ft	150000	0.3	45,000.00	50	474,500.00	1054.44%
Marketplaces and bulletin board	Purchase		ft					0.00	#DIV/0!
Discounts and loyalty									
Up to 50% discount	Purchase Donation	sells	ft	5000	400	2,000,000.00	400	3,796,000.00	189.80%
Charity Event/Founds									
Participation	Donation Purchase	sells	ft	1	1	1.00	1	9,490.00	949000.00%
Placing in founds	Purchase	sells	ft	1	1	1.00	1	9,490.00	949000.00%
Owned media									
Push notifications (evently)	Purchase		ft	10	100	1,000.00	30	284,700.00	28470.00%
E-mails (evently)	Purchase		ft	100	100	10,000.00	5	47,450.00	474.50%
Web push (evently)	Purchase		ft	10	100	1,000.00	1	9,490.00	949.00%

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Main points of marketing:

1. **UGC (user generated content)** — It is important to invest in communication with the audience and involve them in content creation; this way, the audience will take on a significant part of the marketing costs. This is especially realistic given that the charitable mission (free clothes - literally) is at the core of the brand's mission and DNA
2. **Colourful pictures and style** — will help engage users in UGC, attract a young Internet audience (important against the background of a weak habit of buying online), highlight the relevance of the project and help sell less popular, but higher-margin goods from the Luxury Vintage segment. The participation of a stylist in filming and sorting donations is required
3. **Online first** — all actions must be adapted to online growth
4. **Break the barriers** — inform those who don't know what to do with clothes; reassure those who are afraid to pay online; be clear and transparent
5. **Offline events few times in a year** — involve offline audiences in the project through participation in offline events
6. **Collection and monetization of contacts, segment conversion** — motivate donors to register (through discounts and accumulation of praise karma), monetize donors (through discounts), recipients of free goods (through limits, advertising of new goods and advertising of goods from the Luxury Vintage segment); attract buyers of Low Cost clothing to the Vintage section; motivate all buyers to become donors by highlighting the importance of contribution to the environment

In a nutshell

- Economical calculations provided are pessimistic because of maximal tax rates used (15% corporate, 27% VAT) and have to be optimised somehow
 - Possibly, because of charity component, the corp. tax and/or VAT may be decreased
 - Also, it possible to reduce the VAT to value of paid VAT during the purchase
 - Other governmental programs and support could be used to decrease taxes and finally increase a profitability
- For the first time, while the local market is not sufficiently processed, it is worth turning the focus also to the EU (paid search, CPA networks) — this will help maintain revenue and sales from the first months
- Marketing forecast provided could be challenging for a new brand if use only standard ways of promotion. It's important to reduce the costs by involving a clients to brand developing. It's important to work on branding and marketing flowcharts carefully. Also, it's pretty averaged and could start with lower and end with higher numbers of ROMI and sells
- The concept is really great, timely and relevant for market and customers, it's quiet real and possible to implement and be in demand for next decades

HOW TO GET THAT WORK FOR YOUR PRODUCT: STEPS



The order



When you have decided that research and market insights can improve your business, tell me about your task and project: what you do, what the goals and background of the project are, what objectives you set for the research, and where/how/for what purpose the results will be used. This will help me choose the best method to solve your task.



Task review and checking an availability of needed data



Acceptation of draft conclusions and primary results



You will check the draft conclusions, calculations and planned structure; review the data and can check does it answer your question or we need to go deeper.



[WORKING] Finishing, visualisation and final preparations



Acceptance of work

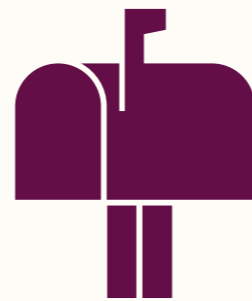


Fixes and data format changes if needed. DONE!

Sziasztok!

Cseriti thing | caticloo.com

**For any questions,
wishes and offers:**



box@caticloo.com
caticloo.com/hello

Sources

Google Maps in Categories: Vintage clothing store, Thrift store, Used clothing store

ceginformacio.hu

data.worldbank.org

statista.com

similarweb.com

[Sustainability Perceptions and Consumer Behaviour in the Clothing Sector](#)