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BUSINESS

For Rent in Europe: Trendy Jeans, Washing Machines

Rental, Secondhand Deals Shows How Companies Are Trying to Court Strapped Consumers

By RUTH BENDER

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Anouk Gillis often sports a pair of organic-cotton jeans she ordered online. But she doesn't actually own them.



Rather than buying the pants, which retail for around €100 (\$135), Ms. Gillis signed a 12-month lease with their designer, the small Dutch fashion label Mud Jeans. The terms: a €20 deposit and monthly installments of €5.

After a year, Ms. Gillis, who is also Dutch, can decide to buy the jeans, return them, or exchange them for a new pair.

"The idea was to make high-quality jeans available to everybody," said Bert van Son, chief executive of Mud Jeans,

which promises to recycle the used jeans into new pairs or sell them secondhand at the end of a lease.

The deal shows how companies are trying to reconnect with Europe's cash-strapped consumers, who increasingly rely on renting, sharing or even bartering for products and services ranging from clothing to vacations to lawn mowing. The [euro-zone crisis](#) and shallow European recovery has added urgency to those efforts, as high unemployment forces many consumers to carefully control spending.



Companies like clothing retailer Hennes & Mauritz AB are piling into a market that until lately has been dominated by Internet startups and consumers themselves. One immediate aim: to find more ways to get customers into their stores. But they are also pursuing a longer-term goal.

"Consumer-goods companies increasingly use sharing methods as a way to build a brand, but this could potentially develop into a new revenue stream," said Sarah Boumphrey, head of consumer research at Euromonitor.



Bert van Son, CEO of Mud Jeans *Mud Jeans*

Ms. Gillis, a 40-year-old receptionist who lives in the small Dutch city of Tilburg, regularly buys secondhand clothes and shoes on the Internet and grows vegetables in a shared garden. For her next trip to Rome, she booked a room on the website Airbnb Inc., an online matchmaker for budget travelers and people with a spare room or other lodging for rent.

"There is a strong demand [in Europe] for all of these things," said Pascale Hébel, head of consumer research at France's government-backed Research Institute for the Study and Monitoring of Living Standards.

Sharing or renting goods and services isn't a new business model, but it got a major boost from the 2008 financial crisis and the spread of digital technology, which spawned a series of startups focused on sharing, many of them in Silicon Valley. In Europe, consumers are increasingly buying into the idea, as the uncertainty sown by high unemployment and government austerity measures drives them to think about longer-term ways to save money.

"Everything that has to do with collaborative consumption is absolutely on the rise, and that has to do with people having less money to spend," said Lucia Reisch, a professor of consumer issues at the Copenhagen Business School.

According to a recent survey from the Observatoire Cetelem, a research arm of BNP Paribas SA's consumer-credit firm, 68% of Europeans surveyed said they would buy secondhand products in the years to come, compared with 58% today, while 53% said they would barter for goods or services, versus 31% which said they do so already.

Consulting firm Frost & Sullivan estimates the number of Europeans sharing cars will climb to 15 million in 2020 from 700,000 in 2011.

Now, consumer-goods companies are getting into the act. In July, in a bid to boost revenue, French retailer Intermarché, part of closely held Groupement des Mousquetaires, started offering leases on household appliances and electronic products worth more than €349. It said it may expand the program to items such as garden furniture and textiles.

"Especially younger people today want to use the latest electronic gadgets, but they don't necessarily want to buy them," said David Leclère, head of Intermarché's hypermarkets.

Other companies are offering trade-in or recycling programs. In 2010 retailer [IKEA](#) began organizing rummage sales in countries ranging from Sweden to Portugal. The furniture giant also lets customers sell used IKEA furniture through its websites and, in some countries, offers vouchers for returning old furniture, which it then resells.

At French sporting-goods retailer Decathlon, twice-yearly sales in which the chain sells used equipment on behalf of its customers have grown rapidly.

Customers who sell their used gear through the chain get vouchers they can use to buy new merchandise worth the amount of the goods sold.

The sales "help create customer loyalty," said Decathlon spokesman Xavier Rivoire. In France alone, the retailer expects its sales of secondhand items to grow 10% this year, Mr. Rivoire said.

Since February H&M has been handing out vouchers or discounts in 42 countries in exchange for a bag of used clothing, regardless of the brand. The retailer sells the used clothes to a Swiss-based clothing and shoe recycling company.

"[Companies] don't want to be like the music industry and look back in 10 years to realize they missed the boat," said Rachel Botsman, author of the book "What's Mine Is Yours: the Rise of Collaborative Consumption."

Many of Europe's leasing or sharing experiments are in their early days. Mud Jeans isn't making money yet, according to its CEO and owner. Since July Intermarché has made about 100 leases, mainly for smartphones or washing machines, at the 52 hypermarkets in France that offer the program.

Consumers, meanwhile, aren't ready to give up sole ownership of everything. According to the Cetelem survey, more than 40% of Europeans would prefer to rent, rather than buy, gardening equipment, home-improvement materials or sporting equipment. Only 10% said they would be interested in short- or long-term rental of shoes and clothing.

That doesn't faze Ms. Gillis. Five months into her jeans lease, however, she isn't sure she will return her pair. "I like them, so I may keep them." she said.

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