

Lessons from Thriving Second-Hand Clothing Businesses for Kenya's Fashion Industry

¹Beatrice E. Imo and ²Rael C. Maiyo

¹Chepkoilel University College, Kenya

²Maseno University, Kenya.

Corresponding Author: Beatrice E. Imo

Abstract

Secondhand Clothing trade commonly known as 'mitumba' trade in Kenya and 'thrift shops' in Europe and the United States has rapidly grown to claim a substantial share of the textile and clothing industry market in the country since the late 1970s/early 80's, when it was brought in duty free by charities during the wars in Zaire, Rwanda, Somalia and Burundi and later became a viable commercialized business. Market liberalization which allowed for the importation of goods at reduced costs into Kenya provided opportunity for Secondhand Clothing Trade to expand. Thus because locally manufactured garments are retailed expensively, these apparel have become highly marketable and affordable to consumers. With the number of 'mitumba' apparel traders increasing rapidly, the local industry has been threatened to the point that many textile and clothing industries have either closed down or become redundant. Data were collected from a random sample of 65 secondhand apparel traders drawn from three market centers in Nairobi. Having startup capital and providing high quality merchandise to consumers were major motivating factors to respondents that ventured into this business. Therefore the study recommends that local apparel traders adopt these factors, to increase their business viability and success.

Keywords: secondhand clothing, market liberalization, competition, lessons, business performance

INTRODUCTION

Though Secondhand Clothing trade (SHCT) represents an insignificant proportion of the total global trade in clothing (0.5%), more than 30% of the imports goes to the Sub Sahara African (SSA) countries (Baden & Barber, 2005). Despite being overtaken by imports from Asia to Africa, the SHCT is still significant. Having increased drastically since 1990 the global SHCT is worth more than USD 200 billion each year with almost all countries in the world becoming involved in it either as exporters, processors, re exporters or importers (Mangieri, 2006; Slotterback, 2007). Used clothing markets exist in over 100 countries globally (Slotterback, 2007). The United States, the Netherlands and Japan participate in SCHAT as major exporters while the developing countries are the major importers and consumers of Secondhand clothing (SHC), with 30% going to SSA countries (Baden & Barber, 2005).

Secondhand clothing (SHC) traces their origin from wealthy westerners who contribute their obsolete clothing as donations to charity organizations (Dougherty, 2004; Slotterback, 2007). Larger charities first sort through the donations to add to their stock stores and then sell the surplus to SHC dealers to help generate funds towards assistance programs. Slotterback (2007) reported that about 80% of the donated clothing is usually sold to SHC merchants. The merchants sort the SHC by condition and then categorize in groups which they bundle in

bales whose prices vary according to quality of the contents. Clothing merchants from the importing countries visit the offices of exporters to ascertain the quality, negotiate the price, pay for the bales and then ship the clothing to the country of origin (Olumide, 2011).

Kenya is one of the largest importers of SHC (locally referred to as 'mitumba' meaning 'onslaught') in Sub Sahara Africa (SSA). Liberalization of the Kenyan economy in 1993 resulted in great competition from imported clothing (CBS, 1995). There was increased importation of textiles especially SHC into Kenya. Nyang'or (1994) points out that these clothes were preferred to the locally manufactured ones because of their high quality and low prices. The resulting great competition led to closure of several Kenyan textile firms such as Kisumu Cotton Mills (KICOMI), Allied Industries Limited and Heritage Woolen Mills. Additionally, research on imported apparel in the area of Kenyan consumer preferences and selection (Nyang'or, 1994) indicated that traders of locally produced apparel are unable to meet consumer needs due to poor quality, thus are often out-competed by traders of imported apparel. However, as salespersons of apparel, traders should have knowledge of their merchandise and be able to promote their sales intelligently in order to enhance career stability and profits for the business since the customers they attract will feel satisfied and come back for more products (Addison, Gillespie & Wingate, 1964). Also, regardless

of the type of apparel being traded, the trader's ability to influence consumer preferences contributes significantly to his or her purchasing decisions. The existing trend of consumer preferences for imported items is clearly reflected in the noticeable increase in traders of secondhand clothing in Nairobi (Rono, 1998). Therefore, the increased availability of this commodity and the stigma attached to locally produced apparel may lead to eventual collapse of the local apparel industry in Kenya. Thus, there is a need to implement strategies and/or policies for a level playing ground in the apparel industry for the benefit of local traders. This study therefore sought to answer two pertinent questions: What strategies do the SCHAT employ to remain competitive? What can Kenya's textile and garment industry learn from these traders? These questions, and others, need clear affirmative answers if the local textile and clothing industry is to capture consumer preferences and meet their clothing requirements.

METHODOLOGY

Study Area and Sampling

This study was carried out in 2003 in Nairobi, Kenya. As the country's capital city, Nairobi is a major business center selling a variety of apparel for Kenya's cosmopolitan population. A preliminary survey of apparel traders in Nairobi indicated that, out of the total population of apparel traders, 40% were designers/custom tailors, 30% were new imported apparel traders, 18% were secondhand apparel traders, and 12% were locally produced apparel traders (Figure 1).

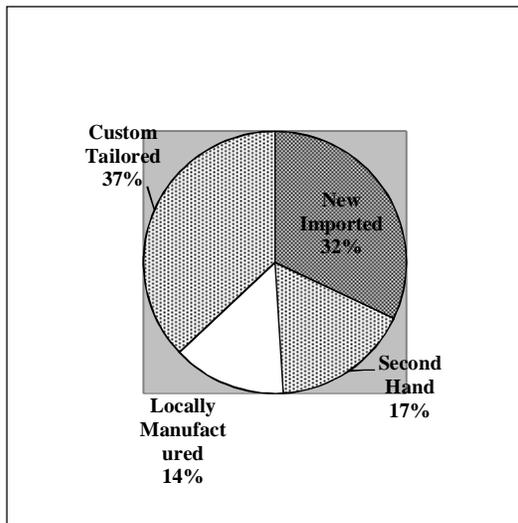


Figure 1: The Distribution of types of apparel sold by respondents

Since the Nairobi City Council has designated market centers (a designated area defined by roads or enclosure comprising of up to 100 shops rented/ assigned to traders of different merchandise) where different types of apparel traders were found; purposive sampling was used to select market centers in which there were at least

100 apparel traders with some selling second-hand clothes. The market centers that qualified were Jericho and Kenyatta markets, and the Central Business District. To get the required sample (15%), random sampling was done to select secondhand apparel traders at each market center.

DATA COLLECTION AND ANALYSIS

Data were collected using an interview schedule consisting of both open-ended and closed questions that addressed the various socio-economic factors of the apparel traders and details about their individual businesses and merchandising techniques. Data were analyzed using the Statistical Package for Social Sciences (SPSS®). Frequencies and percentage tables were used to present the results while pie-charts and models were used to describe the nature of the respondents and their businesses as well as elaborate findings from the interviews and explain unexpected phenomena.

RESULTS AND DISCUSSIONS

Socio-economic Characteristics of Kenyan Secondhand Clothes traders

The survey revealed that 82.3 % had completed secondary school, 65 % owned their business thus made their own business decisions and 76 % bought their merchandise from Dubai, Europe and USA as this is what their customers preferred. These were significant in determining their business success since the liberalized market demanded a special cadre of entrepreneurs with a knack for new ideas and information regarding markets; sourcing of raw materials and finance (Kinyanjui & McCormick, 2003).

The sellers of secondhand clothing have been noted to be people from low-income households especially in rural areas. Studies in Zambia and Zimbabwe have confirmed this to be the case (Rono, 1998). Also, these people would have otherwise resorted to other low profit activities like vegetable selling. Kenya's case is different as most 'mitumba' sellers may not necessarily be classified as low-income earners because they appear to earn clearly good incomes. Findings from Rwanda show that self-employment earnings in used clothing retailing exceed those of tailoring by 10-50 percent. Similarly, apparel traders in Nairobi earn 2.5 times more than an ordinary casual laborer (CBS, 1995).

General Structure of Second-hand Clothes Market in Kenya

The study highlighted Kenya's commercial secondhand clothes market structure comprises of the following categories of traders;

i) **Major Wholesalers/Importers:** These traders are involved in purchasing and shipping merchandise from Europe and USA. They buy merchandise in tones then store in warehouses mostly at the point of

entry. There are between 60-80 SHC importers in Kenya, majority of them concentrated around Mombasa port and Nairobi's industrial area and the periphery of the Central Business District (CBD) close to Gikomba market which is the largest informal market in Kenya and the biggest SHC exchange in East Africa (Fields, 2011).

ii) Medium Wholesalers: These traders

purchase the merchandise from importers and sell directly to the retailers. They travel a lot selling merchandise in different towns. Medium wholesalers are mostly controlled by market days in respective towns when large amounts of sales are achieved. At the periphery of the CBD, are at least 100-150 medium wholesalers of SHC who supply their bales to 1000-1500 retailers within the market.

iii) Medium/Ordinary Retailers: These traders buy merchandise in bales from the wholesalers to sell to customers in designated business premises. They may specialize in selling specific merchandise e.g. lingerie/ nightwear, women's wear, children's wear, accessories etc. These traders were common in all the markets sometimes travelling to sell at other markets on market days.

iv) Small Retailers: These traders cannot afford to buy merchandise in bales thus select a few pieces from the medium retailers to sell. They rarely have permanent business premises but prefer walking or stationing themselves along town streets in an attempt to attract the attention of customers.

Generally, the secondhand clothes reach Kenya through two channels: the imported bales from Europe and USA by private wholesalers and the informal cross-border trade with Tanzania and to a lesser extent, Uganda.

Strategic Business Practices Used by Second-Hand Clothes Traders

From the survey, most SCHT specialized in particular types of clothing such as ladies suits, children's wear, lingerie/ nightwear, underwear or opted to sell a variety of clothes. Perhaps the traders believed that either strategy would assure them of getting their targeted clientele hence increase sales. Additionally, there existed some kind of networking between the secondhand clothes traders and the dry cleaning industry. The traders would have the drycleaners do any repairs, cleaning and ironing on their behalf at a fee. Rono (1998) noted that these laundry services would improve the quality, price and appearance of the products on offer. Notably, the SCHT shouted out the prices of the common clothes they had to sell at their business premises or beckoned consumers passing by to visit their business premises as a marketing strategy to try and sell their merchandise. All the traders made use of a variety of visual merchandising techniques to attract customers since these techniques were important in turning a customer's browsing into purchase of an item. The

techniques included displaying merchandise by hanging on the walls, on counters, on the doors and windows for those businesses that had some window space. Most traders had future plans for their businesses such as diversifying products, opening their own businesses for those employed, increasing stock, advertising etc. All this was to increase sales and sustain the business. In assessing the apparel traders' attitudes towards their businesses, 94% said they enjoyed their occupation as it was mainly a source of income which points to the 'profit motive' as the ultimate goal in business (Dickerson & Jarnow, 1997). These strategic practices point to the need that apparel traders attached great value to their business' ventures and made a visible effort to sustain it.

Benefits of Secondhand Clothing Trade

The respondents reported that the SHCT is a good training ground for business-in terms of learning marketing skills, direct sales and keeping financial records. Therefore, even if the trade stopped altogether, the traders would still survive by transferring the skills they have learnt to setting up other businesses. Similar sentiments are expressed by Fields (2011). On observation, the SHCT has also increased opportunities for women to earn a living considering that 57% of the respondents were women. Women in SSA (both within male and female-headed households) are more vulnerable to poverty than their male counterparts. Therefore, faced with the increasing cost of living, falling real wages, and rising unemployment, many Kenyans have found an alternative solution in selling clothing to generate a livelihood or diversify household incomes as well as providing jobs and income to informal traders (Fields, 2011; Slotterback, 2007).

SHCT has increased accessibility and affordability of clothing to consumers (Mangieri, 2006; Slotterback, 2007). Studies have shown that by mid 1990s SHC accounted for 50% of the local textile market locally produced clothing accounting for 30% and new imported 20%. Over half of Kenya's population live below the poverty line, with 56% subsisting on less than US\$ 1 per day (Fields, 2011) Most Kenyans cannot afford to buy new clothes sold in shops where prices are comparable to those in Europe and US (Edwinson & Nilson, 2009). For instance while a man's shirt cost Ksh. 350-400 from a formal retail outlet, a second hand shirt can be purchased at Ksh.50. from a second hand retailer (Fields, 2011). The increased consumer's accessibility to varieties of clothing and license fees payments have earned revenue to the Kenyan government (Baden & Barber, 2005; Fields, 2011). The trade also provide funds for the city/ municipal councils as each legal trader is required to purchase a trading license at a cost of Ksh. 3100 in Nairobi for example (Fields, 2011). There are approximately 25000 SHC traders in Nairobi, who in addition to purchasing the trade

license also pay a rent on daily or weekly basis to the city council. As the world embraces SHCT, the study revealed that SHC have become recognized as vintage clothing with rich and famous personalities wearing them to glamorous events (Fields, 2011). These clothes have provided consumers with the opportunity to wear designer clothing cheaply, extend the life of useful clothing through reuse while developing their own identity. Regardless of affordability, the SHC offer a wider variety of choice with respect to quality and style of clothing in contrast to the expensive and limited choice available in the new local clothing (Edwinson & Nilson, 2009; Fields, 2011). SHC appeals to low, middle and high income earners. In addition to a wider variety, of choice, Africans not only buy SHC because of poverty, consumers also buy because they want a designer label. SHC have the original design from Europe as most of them still have very good shape proving their high quality (Olumide, 2011)

Lessons to be learned by Kenyan Textile and Clothing Industry

The apparent preference of secondhand clothing by consumers in Kenya has enabled small-scale traders to eke a living out of this trade. With the traders predominantly being poor or of minimum capital base, they have found an easy way of surviving. What lessons can the Kenyan fashion industry learn from the SHCT?

First and foremost stakeholders must now appreciate that the sole objective of business is the profit margin (Dickerson & Jarnow, 1997). Kenya's fashion industry should be clear on how much of this profit margin does it want to achieve. This is critical considering that this industry is the second largest employer of mostly women and minority groups (Werbelloff, 1987). The SHCT has also been a source of revenue to the states. Thus, secondhand clothing businesses provide the much needed lessons for the local industry.

Edwinson & Nilson (2009) discuss success factors that are crucial to the success of Kenyan local fashion brands. These factors are evident with SHC in the Kenyan market. The factors are accessibility, credibility, reliability, competence, awareness and likeability. A good location would increase sales, since the Kenyan fashion consumer tend to shop where all goods are located at one area (Edwinson & Nilson, 2009) Kenyan local brands are not easily available as the SHC which are found everywhere and in huge quantities. The SHCT have easily accessed markets both in the urban and rural areas.

Linked to accessibility is affordability. SHC is also relatively cheap which means that consumers can find commodities that they can afford (Baden & Barber, 2005; Mangieri, 2006; Nyangor, 1994; Otieno, 1990). SHC is available at all levels of

quality and price for different market status. This is key to the local industry because by varying the quality of fabric, number of sewing processes or selling clothing with slight flaws not acceptable by one social class and at the same time maintain the highest quality standards possible to another the local industry can easily meet the needs of all Kenyans while increasing their sales.

Combined with availability and affordability awareness is also a crucial factor for the success of Local fashion brands (Edwinson & Nilson, 2009). It is observed that customers are not aware of the local brands. They hear of them, appreciate them but don't know where to buy them. There is therefore need for better marketing strategies to increase awareness of local fashion brands among the local consumers (Otiso, 2004; Mager, 2005) The relevant stakeholders in the fashion industry such as the government, training institutions, fashion designer and marketers should network by working together towards developing awareness for local fashions among the consumers. Massive advertising by local producers and traders will inform and assure consumers about the good quality of local merchandise.

Edwinson & Nilson (2009) noted that Kenyan domestic brands have low credibility and this is one of the reasons why the Kenyan consumer does not trust the domestic fashion designs. This is also explains why Kenyans are not willing to pay high prices for the local brands. They demand justification for the high prices for the local fashion brands. Knowledge regarding the consumer's wants and needs is also very important (Edwinson & Nilson, 2009). The local fashion marketers must do research regarding target customers, suitable price, styles on demand hence produce for all market segments, Reliability is related to quality hence competence of local fashion designers. The local fashion brands as reported by (Edwinson & Nilson, 2009) are unreliable as most of them are unable to deliver quality products at the required time. SHC are of high quality and are always available when required (Baden and barber, 2005) Reliability has been linked to the low quality and low competence level among the local fashion designers (Edwinson & Nilson, 2009; Otiso, 2004; Mager, 2005). Good quality fabric makes a good garment which will maintain stable dimensions throughout its life, will be colorfast and of pleasant feel to the skin (Donnel *et al.*, 1986). The Kenyan textile and clothing industry should provide suitable fabric to generate the aforementioned qualities. Such items will be acceptable to consumers. Good workmanship increases the life of a textile item, enhance its beauty thus sells very well. The local industry should ensure that sewing processes such as stitching, neatening seams, ironing and good fit are well done so that incase a garment is highly priced it is worth its cost. The local industry

should also ensure that all complete garments have a care label. Care labels provide vital information regarding the care of a garment so that it is used for as long as possible. Otieno (1990) cited this as a reason for consumer rejection of locally made garments. Once all the high quality standards have been set and achieved then it is the responsibility of the Kenya Bureau of Standards (KEBS) to carry out strict quality control to ensure that these standards are maintained by producers. It is also noted that there is need for emphasis on development of competent designers by improving both available training equipment and skills (Edwinson & Nilson, 2009). Kenyan government must invest in design schools and the reputation for the profession must receive a high level. Likeability is another attribute of success according to Edwinson & Nilson (2009). The consumers would prefer the local brands to SHC if the local producers would produce what the local consumers liked. On observation; secondhand clothing comes in a variety of very unique designs such that there is the most minimal chance of more than five people wearing the same design. Nyang'or (1994) observed that working women in Nairobi did not want to wear similar clothing thus avoided locally made clothes. The consumers are sensitive to variety in styles and demand on updated wardrobe (Edwinson & Nilson, 2009). In addition the design in question may still vary in other aspects such as color and size just to mention a few. The Kenyan fashion industry should strive to emulate the same so that even mass produced clothing has some meaningful variety. Innovation by the local fashion designer is crucial. In order to establish yourself in the Kenyan fashion market, you need something new and innovative (Edwinson & Nilson, 2009).

From the above discussion, it is evident that affordability, quality, innovation, marketing and competence are major areas that the Kenyan fashion design industry can learn from the SHCT as illustrated in the model below.

CONCLUSIONS AND RECOMMENDATIONS

This paper demonstrates that secondhand clothes traders are amazingly resilient. Though apparel traders had received some formal education, it appeared that their age, position in business and source of merchandise significantly influenced the types of apparel they sold. Knowledge on such issues as selecting merchandise that appealed to clientele, being a good salesperson, using eye-catching visual merchandising techniques to display clothes, planning for the future and enjoying one's occupation was prevalent among the traders. These factors contributed to increased sales.

Secondly, used clothes businesses have sectoral linkages which range from handling, transport, laundry/dry cleaning, repairing (mending) and

distribution. These forms of business interactions have inherently indirect linkages to other sectors such as manufacturing. So although it is argued that second-hand clothes businesses do not experience significant growth in terms of employment, in fact there is a higher growth when indirect employment is generated as a result of sectoral linkages with other businesses. Thus this paper makes the following recommendations to all stakeholders in Kenya's textile and garment industry;

1. Local fabric/garment producers need to address themselves to the socio-economic factors influencing secondhand clothes traders to prefer these imported items. Attention should be given to the implications on local production and marketing if the local industry is to meet consumer needs satisfactorily.
2. Advertising as a way of informing consumers especially Kenyans on merchandise available from the local industry, its good quality and suitability for use will form a clear link between the industry and consumers since production is of no significance if sales are not being made. The industry should strive to make high domestic sales so that exportation makes a small contribution to business performance. Domestic sales will make local industries almost self reliant.
3. The Kenyan government through the Kenya Bureau of Standards (KEBS) need to monitor quality of locally produced clothing so that consumers within and without Kenya are not disappointed.
4. The impact of secondhand clothes businesses on Kenya's industrialization is not known. There is need for more research to evaluate the impact of this business on the development of Kenya's textile industry and employment creation. Key questions like; what proportion of income generated by small scale enterprises do second-hand clothes businesses constitute? Is this business enterprise worthwhile to be allowed to continue in Kenya considering the current prevailing economic situation?

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