



DEEP DIVE: DECLUTTERING: ANATOMY OF A CONSUMER TREND AND HOW RETAILERS CAN WIN

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- 1) Decluttering will likely be a long-term consumer trend, driven by higher housing pressure, particularly in urban areas, and the propensity for millennials to embrace it as a life philosophy.
- 2) For most countries and cities, we observe a positive correlation between cities with higher number of internet searches for the term “decluttering” and the degree of housing pressure.
- 3) Consumers have voted with their wallets, doling out a larger share of their expenditures to ethical and higher-quality goods, a marked reversal from consumerist trends such as fast fashion.
- 4) Ripple effects of the decluttering movement include the rise of a sharing, caring and experiential economy.
- 5) Retailers are advised to prepare for the changes brought about by the decluttering trend. Best practices include aligning their product and service offerings more closely with the values of their target customers, and paying attention to marketing and packaging.



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EXECUTIVE SUMMARY

Decluttering has gained much momentum globally and is a consumer trend that retailers need to reckon with.

We believe decluttering is a long term trend that is here to stay.

Retailers are advised to prepare for the changes brought about by the decluttering trend.

Decluttering, or the process of organizing belongings and keeping only those things that “spark joy”, has been gaining traction around the world, particularly in large cities. The publication of *The Life-Changing Magic of Tidying Up* by author Marie Kondo has sparked a world-wide decluttering movement.

In our view, some people declutter involuntarily, as a reaction to rising housing pressure. Our analysis of housing pressure in major US and European cities indicates that there is a strong positive correlation between housing prices and public search interest in decluttering in a city. With urbanization, housing prices in cities have increased and the cost of accumulating belongings is becoming higher.

We expect decluttering to be a long-term consumer trend. The development of fast fashion in the past few decades has increased clothing consumption significantly. Consumers, in particular millennials and those who have experienced the global financial crisis, tend to be more frugal in their choice of living, consumption of fashion, technology products and travel experiences.

The many ripple effects of the decluttering movement include:

- **Sharing economy:** Sharing platforms enable consumers to have access but not ownership. 72% of American adults have used at least one shared and on-demand service, according to a 2016 Pew Research Center survey.
- **Caring economy:** Some consumers are putting more emphasize on sustainable and ethical manufacturing practices and better-quality products.
- **Experiential economy:** A trend in which consumers increasingly value experience over possessions, and spend more time and money on them.

Consumers’ future priorities will be ethics, a concept of “disownership” and sustainability. For retailers that are positioning to respond to the changing consumer behavior, they should align their product and service offerings more closely with the values of their target customers.

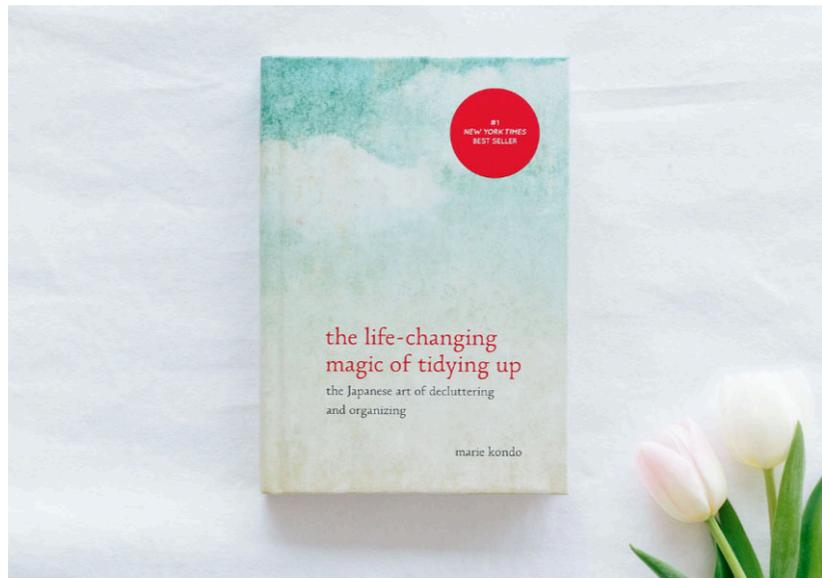
Retailers should pay attention to marketing and packaging in order to reinforce meaning into the products they sell and ensure that their packaging and product display practices are consistent with theirs and consumers’ values.

Decluttering is a process and philosophy, similar to minimalism, yet the antithesis of materialism.

INTRODUCTION

Decluttering refers to the process of organizing belongings and keeping only those things that “spark joy”. Decluttering is not only a process, but also a state of being and a life philosophy. Marie Kondo, the author of the book *The Life-Changing Magic of Tidying Up (2014)*, wrote that the process of discarding things, done properly and methodically, should leave one feeling relieved and rejuvenated.

The book has sparked a worldwide decluttering movement, in part because the concept resonates well with the present demographic in cities made up of urban dwellers who strive to squeeze a lifetime of possessions into small flats. The average housing price in the US has been increasing in the past century, and so have the belongings owned by Americans.



Source: konmari

Decluttering is nothing new. Marie Kondo’s book merely brought it back to the forefront.

Consumerism, globalization and online shopping have led to unprecedented access to discounted consumer goods.

BACKGROUND

“Simplicity, simplicity, simplicity! I say, let your affairs be as two or three, and not a hundred or a thousand; instead of a million count half a dozen, and keep your accounts on your thumb nail.” – Thoreau, one of America’s First Declutterer, in Walden

Decluttering, which refers to living with fewer material possessions, is a lifestyle movement that has been around for centuries. As illustrated by Google’s Ngram which measures the usage of certain words in book titles over time, “declutter” first came into use in the 1970s and its popularity shooting up through the ’80s, ’90s, ’20s to the present.

Consumerism, globalization and the rise of online shopping have contributed to bringing more goods to more Americans more cheaply than ever before. A 2001-05 Study on household clutter by the University of California at Los Angeles’ Centre for Everyday Lives of Families found that managing the volume of possessions was a crushing problem in many households and concluded that American society was facing a clutter crisis.

We highlight the following key statistics on decluttering:

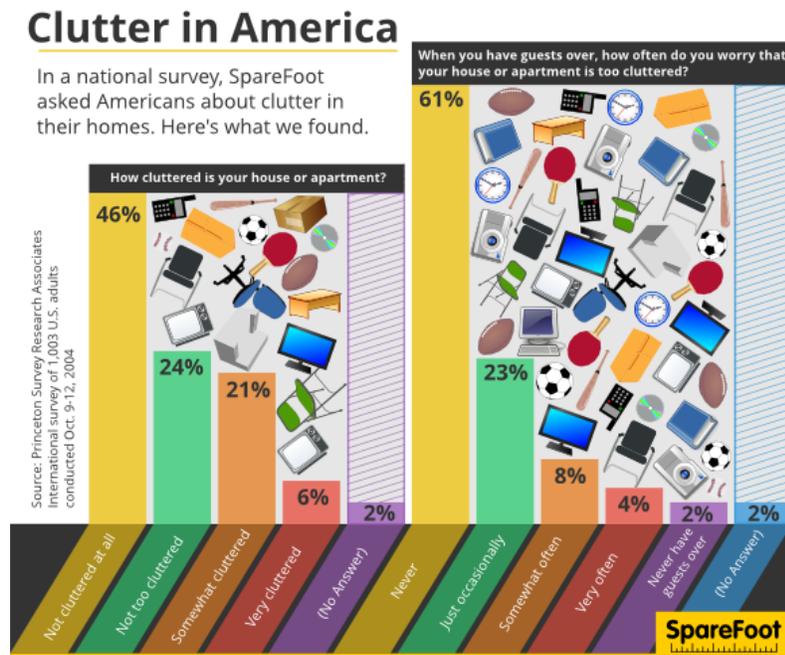
- Almost half of North Americans believe they have too much stuff (Savers, 2016).
- Across the US, Goodwill Industries saw 4% more in-kind donations in 2014 than the previous year.
- 27% of American adults classified their home as “very” or “somewhat” cluttered. 30% of millennials classified their home as “very” or “somewhat” cluttered.

“Peak stuff” theory (similar to peak oil) refers to the idea that the consumption of many familiar goods is at its limit.

To a larger extent, decluttering is more of a necessity than a choice in urban areas where home prices are high.

For many voluntary minimalists, money is not the issue and they are making a conscious lifestyle choice.

Figure 1. 2014 National Survey on Clutter



Source: SpareFoot

DECLUTTERING – CAUSE OR EFFECT?

Differentiating between the pre-Kondo and what was motivated directly by Kondo, between the voluntary and the involuntary

Involuntary Minimalists

To a larger extent, decluttering is a coping mechanism that people use in an environment of rising home prices and increasing possessions. As urbanization causes home prices to rise, the cost of accumulating belongings is becoming higher. At the same time, we have also reached a critical mass of consumerism, as technological advances enable products to be deliverable to everywhere quickly.

In broad brush terms, those living in small spaces may be considered as an involuntary minimalist rather than voluntary, with decluttering being a necessity rather than an option.

Voluntary Minimalists

In our view, voluntary minimalists appear to be the minority, yet they do exist. The exact proportion voluntary minimalists are difficult to quantify, as it is difficult to identify whether the surge in minimalist tendencies is being fueled by smaller living spaces in urban centers or by a conscious lifestyle choice. In Japan, the origin of Zen Buddhism and Marie Kondo, an increasing number of people are embracing a minimalist lifestyle.

CITIES WITH HIGHER HOUSING PRESSURE SHOW MORE INTEREST IN DECLUTTERING

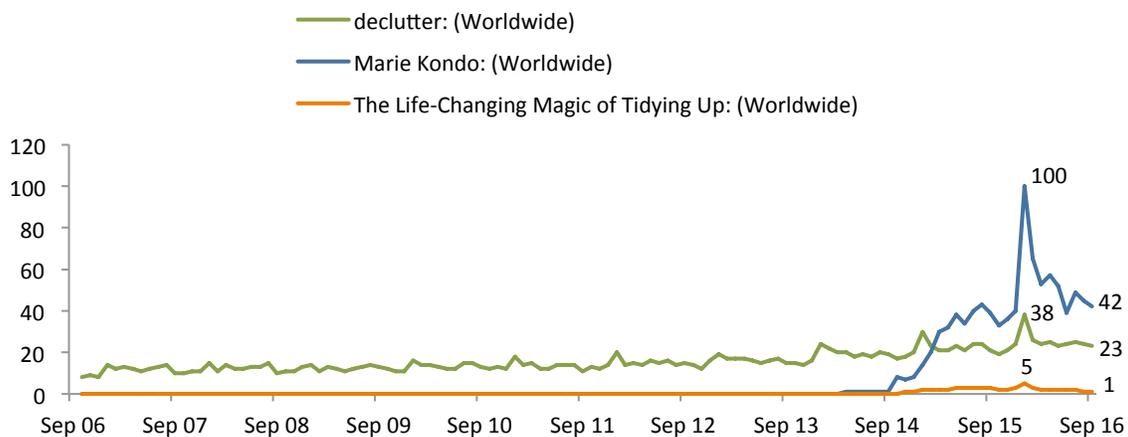
We observe the phenomenon of decluttering in the big urban centers around the world, both in the West and Asia (China, Japan and Singapore). For most countries and cities, we observe a positive correlation between the number of internet searches for the term “decluttering” and the degree of housing pressure compared to their counterparts. In other words, cities where people more frequently search for the term “decluttering”, the higher the housing pressure seen in the area. We see the results as more than coincidental. In our view, the main reason for the relationship is due to housing shortages and high housing prices.

Search volume for “declutter” and “Marie Kondo” both peaked in January 2016.

Google Search History

According to public Google search history, interest in “decluttering” and “Marie Kondo” both peaked in January 2016 in Western countries where Google is widely adopted. The public Google search history is not representative for countries such as China and Japan where Google is less prevalent.

Figure 2. Search History on Google Trends



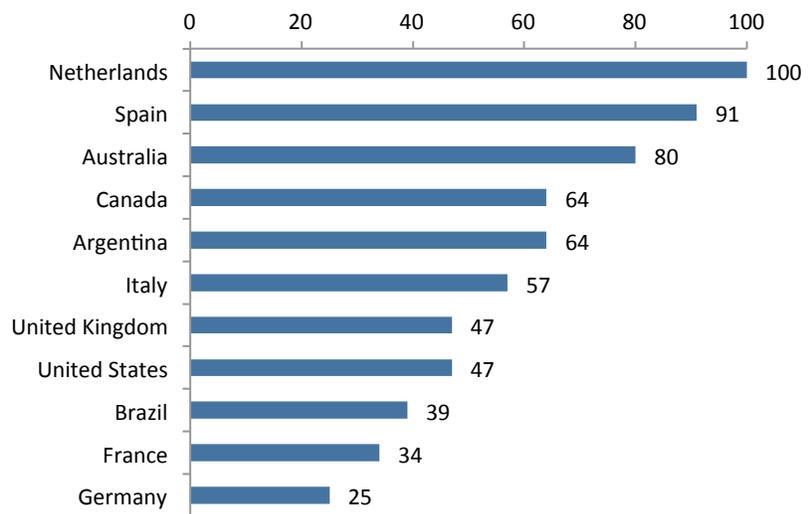
Source: Google Trends/Fung Global Retail & Technology

We summarize the key findings from our analysis of public Google search activity:

- The countries with the highest Google search volume for “Marie Kondo” and “declutter” are European countries (Netherlands, the UK, Spain), Canada, Australia and the US.
- The Top 20 cities with the highest Google search volume for “Marie Kondo” are mostly in Australia (3 cities) and the US (5 cities). For “decluttering”, there are 6 US cities and 2 Australian cities in the Top 20.

European countries (the Netherlands, the UK, Spain), Canada, Australia and the US see the highest search volume for “Marie Kondo”.

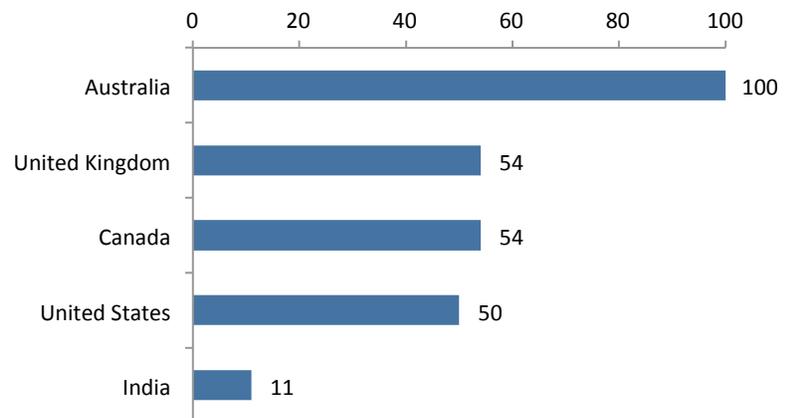
Figure 3. Search History of “Marie Kondo” on Google Trends



Source: Google Trends/Fung Global Retail & Technology

Australia sees the highest search volume for “declutter” on Google, followed by the UK, Canada, the US and India.

Figure 4. Search History of “Declutter” on Google Trends



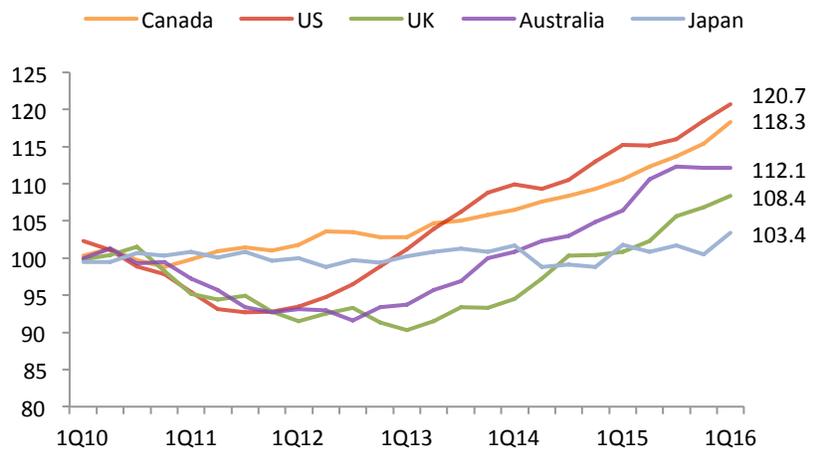
Source: Google Trends/Fung Global Retail & Technology

Housing Scarcity and Spiraling Housing Prices

Our analysis of the trend in real housing prices in major economies indicated that the upward trend in property prices is primarily responsible for the increasing housing expenditure. Canada, the US, the UK and Europe saw real residential property prices rising in the past century, which meant housing cost burdens were getting heavier.

Real residential property prices have risen continuously in Canada, the US, the UK, Australia, Japan and Singapore.

Figure 5. Real Residential Property Prices for Selected Countries, Not Seasonally Adjusted

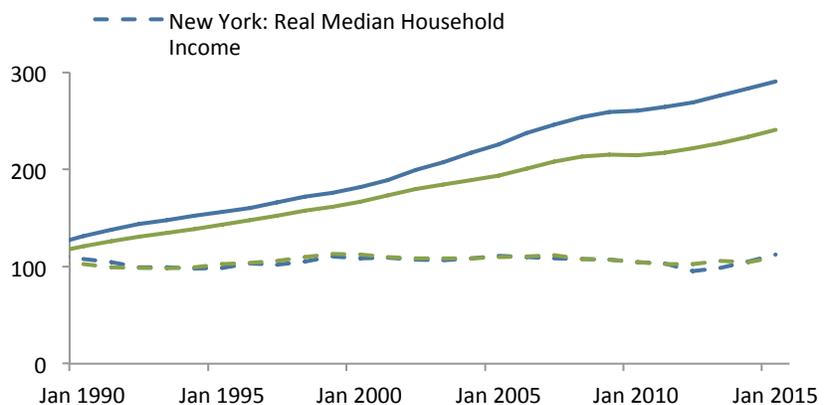


Index 2010=100

Source: US Census Bureau/Fung Global Retail & Technology

We compare wage trends in New York and nationwide between 1990 and 2015. For both, housing prices rose faster than wage levels, implying that housing has become less affordable.

Figure 6. Real Residential Property Prices for Selected Countries, Not Seasonally Adjusted



Index 1986=100

Source: US Census Bureau/Fung Global Retail & Technology

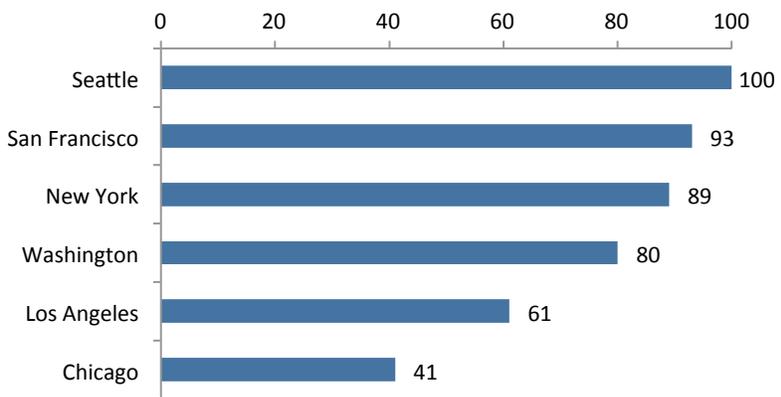
The cities with the most public search activity – which are mostly in the US and Netherlands – tend to have the highest pressure on housing affordability and availability, in our view.

Housing Pressure in the US

The US cities with the most public search activity for “Marie Kondo” (Seattle, San Francisco, New York, Washington, Los Angeles and Chicago) rank among the top 10 in the country for rental cost burden (calculated as the ratio of rental and overall expenditures). On average, the rental (or expenditure on accommodation) paid by city dwellers exceeds 20% of their overall expenditures, indicating the financial pressure of renting or owning an apartment.

The US cities that showed the highest interest in decluttering happen to be those with the highest housing pressure.

Figure 7. Breakdown of the Top US Cities Searching for “Marie Kondo”, September 2011-16



Source: Google Trends/Fung Global Retail & Technology

Moreover, the size of one-bedroom apartments in these 6 cities is significantly below the average size of the country, which indicates limited space.



Source: Shutterstock



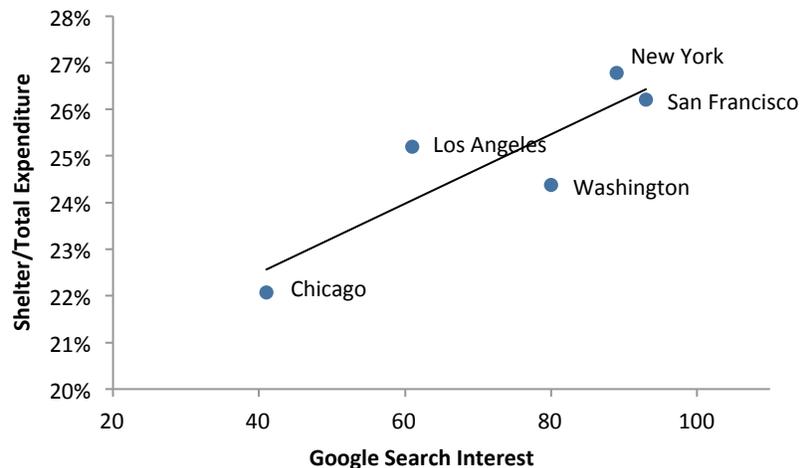
Figure 8. One-Bedroom Apartment Size (2016) and Shelter/Total Expenditure Ratio (2014-15) of the Top Cities Searching for "Marie Kondo"



Source: Google Trends/US Bureau of Labor Statistics/RENTCafé/Fung Global Retail & Technology

Seattle demonstrates great interest in the concept of decluttering, with Marie Kondo's book *The Life-Changing Magic of Tidying Up* being the top-selling print title in the city, according to Amazon sales data. Seattle ranked tenth in the country in terms of the ratio of shelter to total expenditures.

Figure 9. US Major Cities: Google Search Interest and Ratio of Shelter to Overall Expenditure



Source: Google Trends/US Bureau of Labor Statistics /Fung Global Retail & Technology

Housing Pressure in the Netherlands



Source: Shutterstock

Similarly, regions in the Netherlands also exhibit a similar relationship between housing price and public search interest in “decluttering”.

Amsterdam, which has almost the highest search interest in “Marie Kondo”, witnessed a 14.7% year-over-year increase in Housing Price Index, relatively high and more than double the first runner up of Rotterdam at 5.7%.

Surprisingly, sub regions in the Netherlands such as Noord-Brabant and Groningen with a lower-than-average year-over-year change in housing price index, also show great interest in “decluttering”.

Figure 10. Breakdown of the Top Sub regions in the Netherlands in Terms of Search Interest for “Marie Kondo” (September 2011-16) and YoY % in Housing Price Index (2Q16)

City	YoY % in Housing Price Index	Region	Google Search Interest
Amsterdam	14.7	North Holland	100
Rotterdam	5.7	South Holland	98
Zuid-Holland (PV)	4.7	South Holland	98
Netherlands Average	4.4	-	-
Noord-Brabant (PV)	3.3	North Brabant	75
Groningen (PV)	2.4	Groningen	68

Source: Google Trends/Statistics Netherlands/Fung Global Retail & Technology

Housing Pressure in Europe

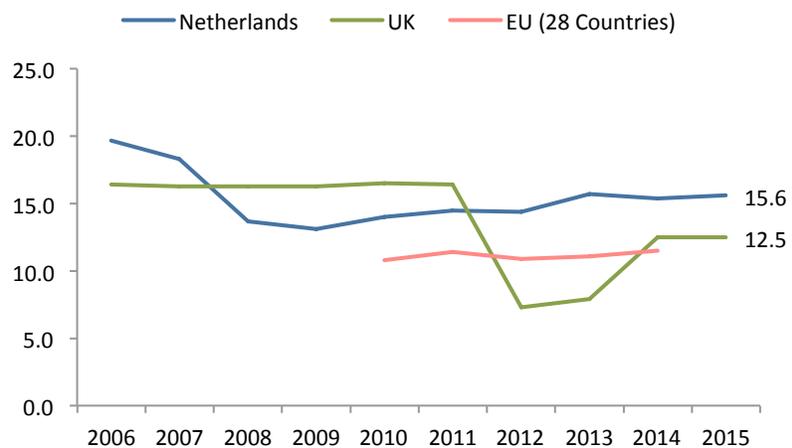


Source: Shutterstock

The Netherlands saw the housing cost overburden rate (which measures the percentage of residents finding housing cost an overburden) in the mid-teens for ten consecutive years, with the indicator higher than the average level of 28 EU countries with a sustainable gap.

The UK, another European country which showed widespread public search interest in decluttering, also experienced a higher-than-European-average housing cost overburden rate.

Figure 11. Housing Cost Overburden Rate



Source: Eurostat/Fung Global Retail & Technology



PERSPECTIVES ON DECLUTTERING

Marie Kondo

In 2014, Marie Kondo's best-selling book *The Life-Changing Magic of Tidying Up* sparked a world-wide decluttering movement. The book is part memoir and part decluttering guide. The central thesis of the book is to put everything you own on the floor and only keep the items that give you joy. Kondo's book was a best-seller in Japan, Germany and the US.

According to Kondo's theory, the process of discarding things, done properly and methodically, should leave one feeling rejuvenated. Her book was full of stories of clients who have lost weight, found new jobs and excelled in their lives since their purge.

Highlights of Kondo's organizational method:

- Declutter category by category: Start with clothes, then move on to books, papers, miscellaneous items and items with sentimental value.
- Take each item in your hand and ask, "Does this spark joy?" If the answer is no, cast it away.
- Discard first; store later.
- Designate a place for every item you own. When you are done using something, put it back where you found it.

Key underpinnings and tenets of decluttering:

- By clearing the clutter from life's path, one can all make room for the most important aspects of life: health, relationships and growth.
- Decluttering expresses a desire to pare down on material objects and prioritize experiences instead.
- Decluttering encourages one to be more discerning about what is included and excluded from one's surroundings
- Storage methods do not solve the problem of how to get rid of clutter. In the end, they are only a superficial answer.

Decluttering from an Economic Perspective

Decluttering as an exercise also has some intuitive economic concepts:

- **Defeat the status quo bias:** In the decluttering context, the status quo bias refers to letting most stuff stay the way it is because one cannot think of a good reason to get rid of it.
- **Appreciate the logic of diminishing returns:** The logic of diminishing returns refers to making a decision to retain if the marginal benefits will exceed the marginal costs. The focus should be on future happiness and not on regret or guilt.
- **Appreciate the opportunity cost of possessions:** There is a financial cost associated with paying for a storage space for possessions that would otherwise be unavailable.
- **Ignore sunk cost:** The thought process for decluttering is that money spent in the past should not influence future decision making.

Millennials have come out of the GFC more likely to declutter as a result of shifts in shopping behavior.

In general, millennials are more conscious about spending and are more inclined to save.

MILLENNIALS ARE MORE LIKELY TO DECLUTTER

The experience of going through the Global Financial Crisis (GFC) has caused millennials to be more consciously frugal in their choice of living, consumption of fashion and technology products, and travel experiences.

A 2010 report by Kantar Retail and PwC found that consumers emerging from the 2008-09 recession tend to take a more thoughtful approach to buying, having a preference for more pragmatic and practical purchases over discounts and promotions.

On average, millennials eat out more and shop more, yet spend about a quarter less than those aged 35 and up, according to a 2016 TD Bank Consumer Spending Survey. The average millennial spends US\$26,000 per year on basic necessities and entertainment, compared with US\$32,000 for the average US consumer, 27% less than Gen Xers.



Source: Shutterstock

IMPLICATIONS OF THE DECLUTTERING TREND

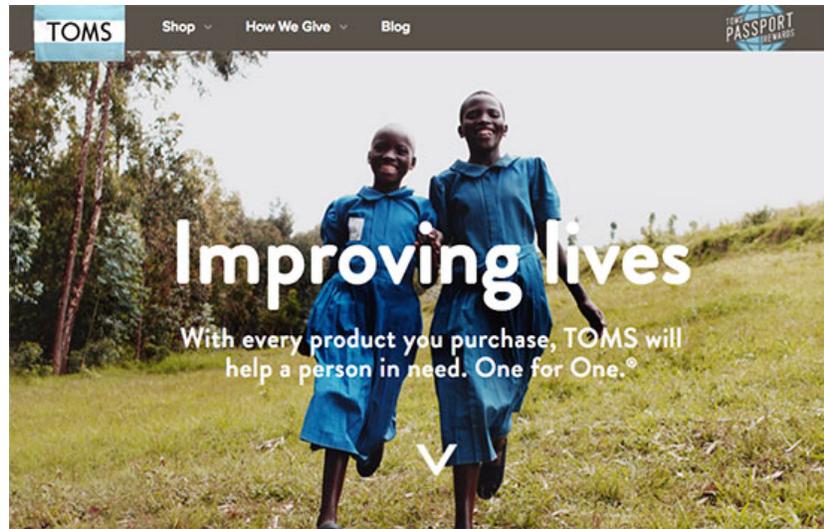
Retailers need to recognize and respond to the evolving preferences of the consumers that they sell to. By seeking ways to positively influence consumer behavior, companies could develop profitable business models.

- **Interest alignment:** Ensure that their product offerings are aligned with the values of their target customers. An example is Patagonia’s Common Threads initiative which matched consumer values with ethical ethos by providing a framework for responsible consumption covering five aspects: Reduce, Repair, Reuse, Recycle and Reimagine.
- **Marketing and advertising:** Retailers can use more targeted offers rather than mass coupon distribution, given better access to customer information

Retailers should keep customer values in mind when developing products and services

- **Packaging:** Product information should be made transparent to customers through online reviews and information displays by brands.
- **Storytelling:** Retailers can build meaning into the products that they sell. Providing money to charities or recycling initiatives are good ways for retailers to encourage conscious consumers – e.g. Tom’s One For One Campaign

Figure 12. Toms’ “One For One” Campaign



Source: Toms

“As individual consumers, the single best thing we can do for the planet is to keep our stuff in use longer. Fixing something we might otherwise throw away is almost inconceivable to many in the heyday of fast fashion and rapidly advancing technology, but the impact is enormous.”

– Rose Marcario, Patagonia’s CEO

Figure 13. Patagonia's "Don't Buy this Jacket" Campaign

COMMON THREADS INITIATIVE

REDUCE
WE make useful gear that lasts a long time
YOU don't buy what you don't need

REPAIR
WE help you repair your Patagonia gear
YOU pledge to fix what's broken

REUSE
WE help find a home for Patagonia gear
you no longer need
YOU sell or pass it on*

RECYCLE
WE will take back your Patagonia gear
that is worn out
YOU pledge to keep your stuff out of
the landfill and incinerator



REIMAGINE
TOGETHER we reimagine a world where we take
only what nature can replace

patagonia
patagonia.com

Source: Patagonia

Changes in consumer trends were an opportunity for companies to rethink the way they did business.

Helping Retailers Decipher the Future of Consumer Demand

For retailers that are positioning to respond to the changing consumer behavior, consumers' future priorities will be ethics, gender, a concept of "disownership" and sustainability. Highlights from HSBC's Future of Consumer Demand report (2016) include:

- In emerging markets such as China, 77% of respondents revealed buying from ethical brands was important to them. 58% of respondents in developed markets said it was important.
- Younger generations are purchasing less, and older generations will be responsible for the majority of consumption.
- Millennials "don't want to own things".

Other surveys echo similar conclusions. Middle-aged consumers are in tune with ethical and fair-trade products, according to a survey of 688 shoppers at UK supermarkets. Recent consumer surveys found that Chinese shoppers are more focused on premium every day necessities than hard luxury.

CASE STUDY: THE RISE OF FAST FASHION AND CLOTHING CONSUMPTION

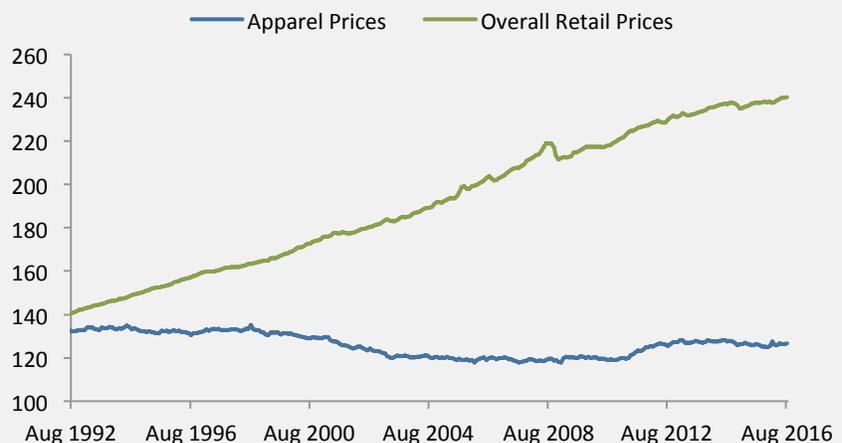
The rise of fast fashion is primarily attributed to the increase in clothing consumption globally. Fast fashion has become associated with disposable fashion, as the current fashion trends were delivered to the mass market quickly and at relatively low prices. With the migration of apparel manufacturing to developing countries, clothing has been getting cheaper. According to the American Apparel & Footwear Association, the US imported 98% of its clothing in 2013, up from 43.8% in 1991. The average woman owned 120 items of clothing in 2015, jumping from 36 items in 1930, according to Caldwell, a company that helps users create their own capsule wardrobe. In 2015, the average American household spent US\$1,846 each year on apparel, compared to just US\$1,419 in 1985, according to the US Bureau of Labor Statistics.

Frequent inventory turnover and inexpensive price ensure that there will also be new items for customers to browse and buy. Zara stores receive two new shipments of clothes each week and H&M and Forever21 receive clothes daily.

As a result, the number-one reason Americans donate their unwanted clothing is because of “overflowing closets” (Savers, 2016). Excess consumption is not a uniquely American phenomenon, as evidenced by global statistics:

- In Britain, women now own four times as much clothing as they did in 1980 (Cambridge, 2006).
- People in wealthy societies typically wear about 20% of their clothes on a regular basis, according to California Closets, a US closet design firm (2013).
- A survey of 2,000 women found that most clothes are worn only seven times, one in seven said mainly to avoid repeating an outfit in a photo posted on social media (Barnardo’s, 2015).

Figure 14. US Consumer Price Index for Overall and Apparel



Source: US Bureau of Labor Statistics

RISE OF THE CARING ECONOMY

Consumers increasingly spend on ethical and sustainable brands, driven by a desire to reduce the environmental impact and promote sustainable manufacturing processes.

CASE STUDY: THE TREND FROM FAST FASHION TO SLOW FASHION

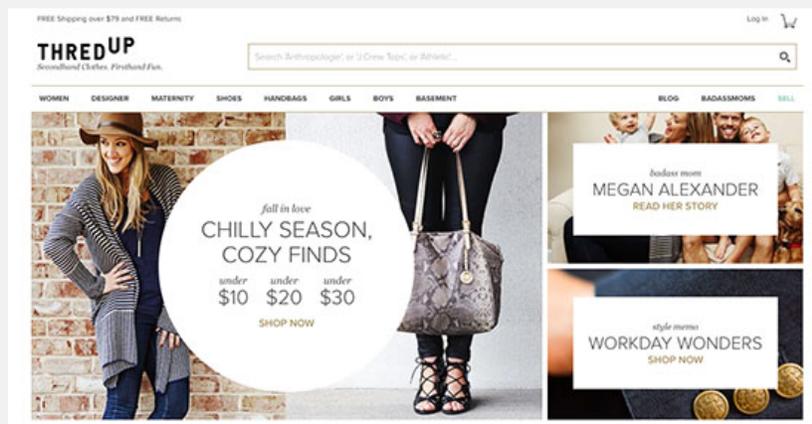
How conscious consumers are guarding against the casual overconsumption of clothes.

Slow fashion is defined by a commitment to buy better-quality clothing and a shift from fast fashion.

The shift away from excess consumption and fast fashion has given rise to the slow-fashion movement, which emphasizes buying less clothing and sticking to garments made using sustainable and ethical practices. The environmental and labor costs of fast fashion came to light in a string of incidents that generated negative publicity, such as two major fast-fashion retailers admitted to finding Syrian child refugees in its factories.

Online startup retailers, such as Zady, Cuyana, Of a Kind, Everlane, and The 30 Year Sweatshirt, position themselves as durable and ethical alternatives to fast fashion. At New York Fashion Week 2015, retailers including Zady, Cuyana and Everlane, featured fewer promotions while promising higher-quality fabrics, and transparency about sourcing and manufacturing.

Digital secondhand clothing retailers such as ThredUP allow consumers to send unwanted clothing, which they then resell on their online platforms. Traditional retailers such as Patagonia and H&M also invite consumers to return old clothing, which they may resell or recycle. By extending the life cycle of secondhand clothing, the reuse industry employs about 100,000 workers and creates UA\$1 billion in wages in the US. (Council for Textile Recycling).



Source: ThredUp

Figure 15. Fashion retailers capitalizing on conscious consumers’ preferences

Company	Description	Appeal
Zady	New York-based online store that champions ethical and sustainable fashion.	The brand has transparent and ethical relationships with its factories and provides backstories and photographs online for its suppliers.
Cuyana	San Francisco-based online ethical retailer sells clothing built to last	The brand’s slogan is “fewer, better things,” and its clothing is crafted from premium fabrics, with leather from Argentina, Italy and Spain, and cashmere from Scotland.
Everlane	American fashion e-retailer, founded in 2011 and dedicated to environmental friendliness and transparency.	The company espouses “radical transparency” by openly reporting the sources and manufacturing processes. Its minimalistic designs transcend trends and last longer, minimizing water and energy consumption.
The 30 Year Sweatshirt	Built to Last pullovers are handmade and treated in a way that prevents shrinking and pilling.	The company pledges to provide repairs free of charge for three decades
Jumpsuit	An ungendered, multi-use mono-garment for everyday wear.	Jumpsuit is designed to fit everyone the same way regardless of body shape, with 248 size options developed (and counting).
Buy Me Once	An online retailer that focuses on longevity with every item imaginable, ranging from cutlery and clothing to luggage and children’s toys.	The go to place for finding the most durable products available.
Cladwell	A startup that helps users create “capsule” wardrobes according to their styles and preferences.	The company advocates that customers should limit to only buying suitable clothes that demonstrate a person’s personality and styles and positions as an ethical alternative to fast fashion.
ThredUP	San Francisco-based online secondhand clothing shop.	Markets the positive environmental impact of reselling clothing and high selectivity of product quality

Source: *The Atlantic*

CASE STUDY

“Buy better clothes. Buy less of them. Wear them more”

As a reaction to the easy availability of fast fashion, conscious consumers adopt a new way of looking at fashion consumption by thinking strategically about purchases, rather than buying on impulse.

1. **“Cost per wear” (CPW):** The “real” price can be determined by considering the CPW. The more frequently an item is worn and the longer it lasts, the better value it is.

$$CPW = \text{Total amount paid for the item} / \text{the number of times wearing it}$$

2. **“Meat and potatoes” rule:** Michael Kors, a designer, espoused the “meat and potatoes” rule that 70% of the wardrobe should be the main items, and 30% should be items for special occasions.

A consumer will consider how often the item will be worn, how much he already owns and how long the item will last to gain a new perspective on the price tag.

Access not ownership, and to match supply and demand.

PROLIFERATION OF THE SHARING ECONOMY

Consumers are increasingly turning to the sharing economy, or platforms that provide on-demand access to goods or services without the burden of ownership. These platforms enable consumers to have access to what they need, without acquiring the product permanently.

According to a 2016 Survey by Pew Research Center of 4,787 American adults, 72% of American adults have used at least one of 11 different shared and on-demand services, indicating that the proliferation of the sharing economy has reshaped consumption trends of Americans. Exposure to the sharing economy is concentrated among certain demographic cohorts:

- **Education level:** 39% of college graduates have used four or more of these services, compared with just 8% of those with a high school degree or less.
- **Income level:** 41% of Americans with an annual household income of US\$100,000 or more have used four or more of these services, three times the proportion among households earning less than US\$30,000 annually.
- **Age:** Exposure to these services begins to drop off rapidly starting at around age 45. Around one-third of those aged 18-44 have used four or more of these services. By contrast, 44% of Americans aged 50 and older (and 56% of those aged 65 and older) have not used any of these platforms.
- **Location:** Urban and suburban residents are around twice as likely as those living in rural areas to use four or more of these services.

The sharing platforms commonly have structures that are significantly different from their traditional counterparts, which make it difficult for users to place into the context of traditional companies. For example, the structures of both ride-hailing and home-sharing platforms are significantly different from transportation companies and hotels.

Minimalists' tendency to buy less leads to demand for a sharing economy.



Source: Shutterstock

“25 years from now, car sharing will be the norm and car ownership an anomaly” – Jeremy Rifkin, Economist.

The most prevalent sharing platforms include:

- **Transportation:** Ride-sharing services connect passengers and drivers. They appeal mostly to younger adults, urban residents, those with relatively high levels of income and those significantly less likely to own a car. Those aged 18-29 are seven times as likely to use these services as are those aged 65 and older. Examples are Uber or Lyft. Car-sharing services enable users to rent vehicles, such as Zipcar, AutoShare and Car2Go.
- **Retail:** Online marketplaces allow users to sell their products. Open Shed is a platform that allows users to rent out their items to others, and to de-clutter their lives through sharing with other people. Other examples are Gumtree, Freecycle, Etsy, eBay, Craigslist and Kijiji.
- **Accommodation:** Home-sharing platforms appeal to a broad age spectrum. Around one in ten Americans have used a home-sharing platform – e.g. Airbnb, HomeAway and VRBO.
- **Service and labor:** Shared services is a business model that enables services or simple errands to be shared on marketplaces. Examples include Homejoy, Handy, TaskRabbit and Mechanical Turk.
- **Finance or crowdfunding:** Crowdfunding platforms enable individuals to get small commitments and connect with investors. Around one in five American adults have contributed to an online fundraising project on crowdfunding sites – e.g. Kickstarter, Indiegogo and GoFundMe.

Figure 16. Sharing Platforms in Transportation, Retail and Accommodation

	UK	US	Singapore	Canada
Transportation	Uber, easyCar Club	Lyft, Zipcar	Grab, iCarsclub	
Retail		eBay, Etsy, Craigslist	Leendy, Rent Tycoons	Kijiji
Accommodation	Under The Doormat	Airbnb		
Service and labor	Nimber, Task Angels	TaskRabbit, Amazon Mechanical Turk	BlockPooling	Part Time Pooch
Finance		Kickstarter, Indiegogo		

Source: Fung Global Retail & Technology



Figure 17. 2016 US Nationwide Survey of the Usage of Sharing Platforms

Adults Who Have Used Some Form of Shared Online Service	%
Purchased used or second-hand goods online	50
Used programs offering same-day or expedited delivery	41
Purchased tickets from online reseller	28
Purchased handmade or artisanal products online	22
Contributed to online fundraising project	22
Used ride-hailing apps	15
Used online home-sharing services	11
Ordered delivery of groceries online from local store	6
Worked in a shared office space	4
Hired someone online for errand/task	4
Rented clothing, other products for a short time online	2

Source: Pew Research Center

Experientialism – Preferring Experiences Over Things Trend

Decluttering paves the way for an experience economy. A study sponsored by Eventbrite found that millennials highly value experience over possessions and have been increasingly spending time and money on them: travel, concerts, social events, cultural experiences, etc.

- More than three in four millennials (78%) would choose to spend money on an experience or event over buying something desirable.
- Some 69% of respondents believe attending live experiences helps them connect better with their friends, their community and people around the world.
- Some 83% of respondents said they participated in a “live event” in the past year and 72% said they’d like to increase their expenditures on experiences in the coming year.

Decluttering sentiment is consistent with choosing to buy a meal rather than more cookware to fill the kitchen cabinets

COMMERICAL APPLICATIONS OF DECLUTTERING

Decluttering and simplicity concepts are applied commercially as it serves to strengthen a brand. According to the Siegel+Gale Global Brand Simplicity Index 2015:

- 63% of consumers are willing to pay more for a simpler experience.
- 69% are more likely to recommend it because it is simple.
- Data from the past six years shows a stock portfolio comprised of the publicly traded simplest brands in the Global Top 10 outperforms the major indices by 214%.
- The Global Top 10 brands of the Index outperformed the major indices by 214% in the past six years.

“Can it be that it was all so simple then?” –from “The Way We Were” by Barbara Streisand

BRANDS THAT CAPITALIZE ON MINIMALISM OR DECLUTTERING

Muji serves as an antidote to branded luxury goods and excessive commercialism.

Muji, which translates to ‘no-brand’ in Japanese, is famous for its waste-reducing packaging, minimalist housewares and eco-friendly products. Masaaki Kanai, the president of Muji, described the retailer’s philosophy as a ‘meticulous elimination of excess that is closely connected to the traditionally Japanese aesthetic of *su* – meaning plain or unadorned – the idea that simplicity is not merely modest or frugal, but could possibly be more appealing than luxury’. With ‘Muji is enough’ as its tagline, the company’s strategy is to continue selling the same designs for a long time and for customers to perceive its brand as simplicity, naturalness, good quality and reasonable prices.

The Muji house was the company’s mission to create a house based on its philosophy of using open spaces and natural materials. Each house was designed in the image of *kyosho jutaku*, the Japanese style of micro-homes that is pragmatic in its consideration for dense urban living. Each house was designed to consume as little heat and electricity as possible, and hence, show a consciousness towards careful consumption and affordability.

Figure 18. Muji Huts



Source: Muji

Apple has been described as “being able to take the principles of Zen and incorporate it into its products”. The company built its entire ethos on the concept that its products should operate intuitively and its products are designed in that way.

Apple is described as a contemporary embodiment of Zen in terms of product design.

Ikea aims to help consumers live in a more environmentally friendly way by reducing consumption of its products, selling longer-lasting products and trading used items. Management believes that building a circular Ikea, which enables customers to repair and recycle products, is an opportunity to develop the business further. The company seeks to improve its brand perception as it is aware of the potential for other business models to disrupt the traditional way of selling home furnishings. Ikea targets to almost double sales by 2020.

Other brands that espouse minimalism include Bang & Olufsen, JYSK and Cos in Scandinavia, Calvin Klein in the US, and Muji and Uniqlo in Japan.

Figure 19. Ikea catalogue



Source: Ikea

Circular Economy

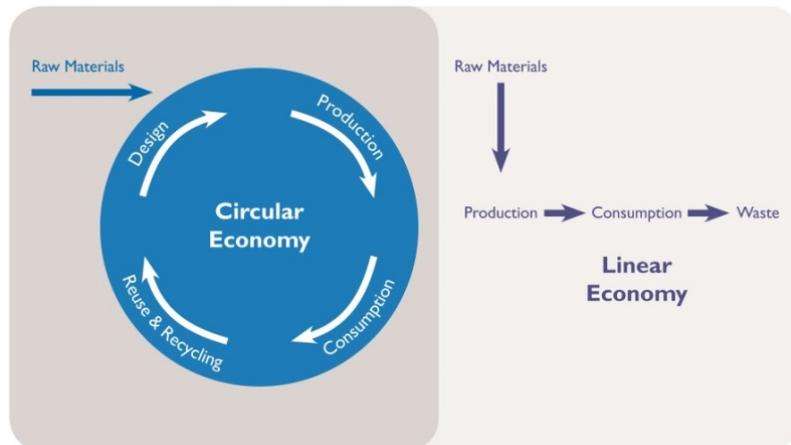
The European Commission has adopted a Circular Economy Package, in which the value of products is maintained for as long as possible; waste and resource use is minimized, and resources are kept within the economy when a product has reached the end of its life, to be recycled to create further value.

Measures to guard against planned obsolescence.

In 2015, the French government enforced manufacturers to inform consumers about how long their appliances will last and how long spare parts will be available or risk a fine of up to €15,000 (or US\$16,800). The objective is to prevent the practice of designing products with restricted life spans to increase consumption.

Figure 20. Circular Economy

To Recycle-Repair-Use from Take-Make-Dispose.



Source: Engineers Journal

Tiny houses enable simpler living in a smaller and more efficient space.

Tiny House Movement

The Tiny House Movement is a social movement where people choose to downsize the space they live in. A tiny house is sized between 100 and 400 square feet, significantly smaller than a typical American home, which is around 2,600 square feet. Decisions for joining the tiny house movement are commonly attributable to environmental and financial concerns, as well as the desire for more freedom.

Getaway, a project of the Millennial Housing Lab, allows people to experiment with tiny living for US\$99 per night

68% of tiny house people have no mortgage, compared to 29% of all US homeowners.

Figure 21. Tiny House Movement



Source: Tiny House Movement



CONCLUSION

Decluttering, refers to the process of organizing belongings and keeping only those things that “spark joy”. The decluttering movement gained traction with the publication of *The Life-Changing Magic of Tidying Up (2014)* by Marie Kondo, in part because the concept resonates well with urban dwellers who live in small flats. In our view, the decluttering movement came about as a result of people coping with an environment of rising home prices that drive up the cost of accumulating belongings. Our analysis of housing pressure and public Google search interest in major urban areas globally indicate that people living in cities with higher housing pressure tend to be more interested in decluttering.

We believe decluttering is a long-term trend that is here to stay. The decluttering sentiment is a life philosophy that is closely tied with the concepts of minimalism and simplicity. The ripple effects of the decluttering movement, which are most prevalent among the millennials, include:

- **Sharing economy:** Consumers can get on-demand access to goods or services without the burden of ownership.
- **Caring economy:** Conscious consumers increasingly care about ethics throughout the sourcing process and opt for higher quality, more durable products.
- **Experiential economy:** Consumers prefer experience over things.

Stakeholders, namely consumers, retailers and governments, have reacted to the trend. Consumers have voted with their wallet by opting for more ethical alternatives. Governments in Europe have implemented the circular economy to encourage recycling, reuse and guard against planned obsolescence. Some retailers and startups have developed their business models along the sustainability and ethics.

Retailers can capitalize on this opportunity by responding to the evolving preferences of the consumers they sell to, and seeking ways to influence consumer behavior.

- Align values with consumer trends
- Marketing and advertising
- Product design



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