

# Navigating The Cost-Of-Living Crisis: Impact on the Re-use Sector and Social Enterprises' response at the frontline

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## INTRODUCTION

The current cost-of-living crisis has had a significant impact on households across all Europe. With rising inflation, the cost of basic goods and services is increasing at a rate that outpaces wages, leaving households struggling to make ends meet. According to a European Parliament Eurobarometer survey, 93% of Europeans are worried about the rising cost of living<sup>1</sup>. Higher prices contribute to general uncertainty. As a matter of fact, the threat of poverty and social exclusion has now become the second most pressing concern for 82% of Europeans, according to the same survey.

The cost-of-living crisis has presented social enterprises in the re-use sector with both challenges and opportunities. On the one hand, rising operating costs, such as energy and rent, threatens their economic viability and therefore their ability to provide services to the most vulnerable in our communities.

On the other hand, price hikes have led many to look for more affordable second-hand goods, which has resulted in increased revenues for some social enterprises. However, this is strongly influenced by the specific circumstances and dynamics of each country or region.

Still, social enterprises have been frontline responders in adapting their operations to help people in the midst of the cost-of-living crisis, for instance by offering low-cost (or free) second-hand goods to people on a low income.

This article explores the multifaceted impact of the cost-of-living crisis on social enterprises and the strategies they are using to mitigate its effects on households.

## RISING OPERATING COSTS FACED BY SOCIAL ENTERPRISES

The cost-of-living crisis has had a profound effect on various sectors of society, and social enterprises active in re-use are no exception. These enterprises face a complex set of challenges as they strive to maintain their economic viability while continuing to provide inclusive employment opportunities and support to people at risk of poverty or social exclusion.

Rising operating costs, such as energy and rent, have posed a serious threat. While inflation is dependent on the country, some social enterprises from the RREUSE network have reported increases of 6 times the

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<sup>1</sup> European Parliament (2023) Europeans concerned by cost-of-living crisis and expect additional EU measures. (Available [here](#)).

annual bill of energy costs<sup>2</sup>. For instance, while Kringwinkel Antwerp has experienced continued growth and popularity in the region, it had to take extraordinary measures to accommodate the rising energy prices, higher rents, and successive wage indexations.

Firstly, Kringwinkel Antwerp had to lower heating in all installations to ensure that energy costs would not threaten economic viability, providing workers with vouchers to buy warm clothing to compensate for the measure. While it did help contain spending, it was not enough. Therefore, the organisation took the extraordinary step of closing its stores on Mondays and implementing a 20% reduction in labour hours without any layoffs. By closing the shops on Monday, it was also possible to switch off the lights and heat completely. This extraordinary measure was the only possibility to respond to rising operating costs without having to cut staff<sup>3</sup>. Fortunately, after 3 months, because of the energy savings and the reduction in staff capacity, it was again possible to open their doors on Monday.

*“We had to reduce labour capacity by 20%. As a social enterprise, that is a very painful thing. It affects our employees with a distance to the labour market, who often find themselves in vulnerable situations. We are therefore very happy that everyone can work at full capacity again after three months” said Hans Tops, General Manager at Kringwinkel Antwerp<sup>4</sup>. The well-being of its employees was a key factor in taking this decision.*

## IMPACT OF THE COST-OF-LIVING CRISIS ON CONSUMER BEHAVIOUR

The cost-of-living crisis has led to an increased interest in second-hand goods, driven by the need to find more affordable alternatives. Indeed, people are becoming more conscious of the cost of items and are actively seeking ways to save money<sup>5</sup>.

This shift in consumer behaviour has had a significant impact on the second-hand sector. According to Stephan Bartholomeus, the commercial director of Les Petits Riens, a social enterprise active in re-use based in Brussels, their revenues have increased by 10% in 2022 compared to 2019, with a remarkable 35% rise in their vintage fashion stores. Oxfam-Magasins du Monde has also reported a significant increase in second-hand sales, which have surpassed initial economic expectations<sup>6</sup>.

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<sup>2</sup> See for instance Circular Communities Scotland (2022) Circular solutions; supporting communities, page 6. The document covers the experiences of several circular social enterprises with increasing costs. (Available [here](#)).

<sup>3</sup> See Made In (2022) Antwerpse Kringwinkels sluiten noodgedwongen op maandag door stijgende prijzen (Available [here](#)).

<sup>4</sup> Made In (2023) Antwerpse Kringwinkels openen opnieuw de deuren op maandag. (Available [here](#)).

<sup>5</sup> It should be noted that many consumers in the re-use sector are mainly motivated by low prices. According to research conducted in Flanders, 62,2% of people who buy second-hand indicate that price plays an important role in this decision. In fact, over 23% of them agreed with the following statement: “If I would buy new items, I would have difficulties to make ends meet at the end of the month”. CE Center & OVAM (2020) Reuse. The understudied circular economy strategy. (Available [here](#)).

<sup>6</sup> Le Soir (2022) La seconde main a profité de la crise. (Available [here](#)).

The inflationary pressures have likely contributed to these positive figures, mostly driven by low-income consumers – a group that is unfortunately expanding due to the cost-of-living crisis.

The findings of a survey conducted by Circular Communities Scotland support this trend<sup>7</sup>. According to the survey, 42% of citizens in Scotland are more motivated to repair products due to the cost-of-living crisis. In fact, Repair Cafés are becoming more attractive, as people search for alternatives to buying something new. Workshops to learn how to maintain and repair products are also becoming more popular, as many people try to learn new skills to become more resourceful and avoid unnecessary purchases<sup>8</sup>.

The cost-of-living crisis has prompted individuals, regardless of their purchasing power, to reconsider their consumption habits and prioritize affordability and resourcefulness. By choosing second-hand goods and repairs, consumers can access quality products at a fraction of the cost of new items. This not only provides financial relief, but also contributes to a more circular and socially inclusive economy. It is therefore crucial to encourage this mindset, also among those who are better off.

## **ACTIONS TAKEN BY SOCIAL ENTERPRISES TO ALLEVIATE THE EFFECTS OF PRICE INCREASES**

Amid a cost-of-living crisis, social enterprises have stayed proactive in finding solutions to help the most vulnerable deal with price increases, affirming the possibility to meet the needs of people on a low income in a solidarity and sustainable way.

In Ireland, the Save & Go Circular Campaign<sup>9</sup>, an initiative delivered by The Rediscovery Centre in strategic partnership with the EPA, aims to help mitigate the cost-of-living crisis while promoting the circular economy. By providing accessible tips and practical information to families, the campaign helps people save money while reducing their environmental impact. The Rediscovery Centre's social media channels and campaign website offer step-by-step guides, a directory of products and social enterprises active in the sector, and information on the impact of prioritising re-use and repair.

The cost-of-living crisis affects various sectors and can affect individuals' access to affordable basic goods, such as textiles, electrical appliances, or furniture. In Scotland, Somebody Cares offers items for free that individuals would otherwise be unable to afford. Through their showrooms, customers have the opportunity to browse and select a wide range of items, including electrical appliances, furniture, and decorations. The shopping experience is designed to prioritize dignity, enabling individuals to create a

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<sup>7</sup> Circular Communities Scotland (2023) Understanding the thoughts and feelings of consumers around Scotland on share and repair community projects (Available [here](#)). This survey reached 1,000 people geographically split across Scotland. Under the current cost of living crisis, the study showed that financial savings were the primary motivation for community members considering using their local sharing and repair projects.

<sup>8</sup> BBC (2022) Cost of Living: Upcycling comeback amid money-saving drive. (Available [here](#)).

<sup>9</sup> The campaign's website is available [here](#).

comfortable living space that suits their needs and preferences, without stigmas. Similarly, Cunninghame Furniture Recycling Company helped 3,740 households last year, providing them with high-quality, inexpensive, and second-hand furniture, thereby relieving financial burdens.

In Brussels, Kringwinkel ViTes runs Kilomeet, a store selling used goods that are not sold in conventional second-hand shops, at a lower price per kilo. Thanks to this concept, they provide very affordable alternatives to people on a budget while ensuring that as much as possible is re-used locally, instead of being thrown away. Formació i Treball, a social enterprise based in Barcelona, provides second-hand clothes for free to socially excluded individuals. This is thanks to a partnership with social services by which citizens who need it receive vouchers to be used in Formació i Treball's stores.

More re-use could save households a lot of money. A study conducted by WRAP<sup>10</sup> has revealed that promoting re-use of currently discarded items could lead to remarkable financial benefits for households across the UK. The report suggests that annual savings ranging from £74 to £280 (equivalent to €85-€340) could be achieved per household through more re-use. This could also result in a reduction of 1,5-3 million tonnes of CO2 emissions, demonstrating how re-use can yield multiple economic, social, and environmental benefits.

The cost-of-living crisis has also exacerbated a number of problems that have long been the focus of social enterprises, such as the digital divide.

In a notable partnership, Emmaüs Connect and the Métropole de Lyon in France have joined forces to provide disadvantaged youth in the region with free, second-hand computers. Emmaüs Connect aims to equip 1,000 individuals with these refurbished computers in 2023, primarily in Lyon and Grenoble. Similarly, Ateliere Fără Frontiere's 'Let's Click on Romania' initiative donated 4,000 computers prepared for re-use to 258 schools, predominantly located in disadvantaged regions of the country, reaching an overall number of over 50,000 children. Moreover, thanks to this initiative, almost 600 tonnes of CO2 emissions were avoided, and 27 vulnerable people were employed, including 9 refugees from Ukraine.

Another problem aggravated by the cost-of-living crisis is the rising cost of back-to-school supplies. While this was already a financial burden for many families due to the pandemic<sup>11</sup>, the situation has been worsened with the cost-of-living crisis, with up to 20% of parents in Ireland getting a loan to pay these expenses<sup>12</sup>.

In light of these challenges, many social enterprises are actively promoting re-use and supporting vulnerable families during the back-to-school season. For instance, Uuskasutuskeskus in Estonia has launched initiatives to make second-hand school supplies significantly more affordable. Meanwhile, in

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<sup>10</sup> WRAP (2022) The role of reuse in helping families through the cost-of-living crisis (Available [here](#)).

<sup>11</sup> RREUSE (2021) Back to school? Save money and the environment through second-hand! (Available [here](#)).

<sup>12</sup> The Irish Times (2022) 'It has gone beyond crazy': Large majority of parents worry about back-to-school costs amid cost-of-living crisis. (Available [here](#)).

France, 20 Emmaüs stores offered discounts from 20% to 50% in September 2022, making a diverse range of goods more accessible to students and their families.

## CONCLUSION

The ultimate aim of this briefing was to shed light on the adaptation and response of social enterprises to the cost-of-living crisis.

The cost-of-living crisis in Europe has had far-reaching effects on households and organisations, with inflation creating significant challenges. Social enterprises operating in the re-use sector have not been immune to these. Higher operating costs, such as energy and rent, have posed threats to their economic viability, potentially impacting their ability to provide services to vulnerable communities.

However, the cost-of-living crisis has also presented opportunities for re-use operators, as more individuals may seek out affordable second-hand goods and repair services. However, it is important to acknowledge that this trend may vary across countries and regions.

Lastly, social enterprises have also contributed to mitigate the effects of the crisis. By offering low-cost or free second-hand goods to individuals with low incomes and other innovative strategies, they have played a crucial role in alleviating the burden on households. Moreover, these actions extend the lifetime of products, promoting a more sustainable type of consumption.

Moving forward, it is crucial for policymakers and stakeholders to recognise the value of social enterprises in addressing the cost-of-living crisis and provide them with the necessary support to sustain and scale up their operations. This should include adjusting funding streams to the current increased operational costs as well as shift taxation rules, like rules on value-added tax (VAT), to promote social and environmental wellbeing. By providing affordable basic goods, creating jobs, and preventing waste and CO2 emissions, social enterprises active in re-use help once again shows to be important actors for a more resilient society.



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