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Changing the Approach to Value Propositions in the Business Models of Polish Apparel Companies: The Impact of Digitalization, Personalization, and Sustainability

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Abstract:

Purpose: *The paper examines the transformation of value propositions in the business models of Polish clothing companies between 2019 and 2024. It focuses on how digitalisation, personalisation, and sustainable development have reshaped the competitive landscape and consumer expectations, accelerated by the COVID-19 pandemic.*
Design/Methodology/Approach: *A comparative case study method was applied, analysing reports of four Warsaw Stock Exchange–listed companies (LPP, CCC, VRG, MONNARI) in 2019 and 2024. The research combines content analysis of corporate reports with secondary industry data, identifying changes in three key areas: digitalisation, ESG practices, and offer personalisation.*
Findings: *The results show that LPP and CCC emerged as leaders in digital transformation, applying AI, big data, omnichannel strategies, and augmented reality, while VRG and MONNARI lagged with only basic digitalisation. In sustainable development, LPP adopted a comprehensive ESG strategy, followed by CCC with targeted ecological initiatives, while VRG and MONNARI implemented only partial or minimal measures. Personalisation developed most strongly in LPP and CCC, integrating advanced analytics, AI-driven recommendations, and customer loyalty programmes, while VRG and MONNARI offered only basic or limited solutions. The pandemic acted as a major accelerator of e-commerce adoption and omnichannel integration.*
Practical Implications: *The findings provide insights for managers and policymakers into the mechanisms of building competitive advantage in the clothing industry. They highlight the need to invest in AI-based recommendation systems, strengthen ESG practices for reputational and financial benefits, and assess the profitability of new business models such as subscriptions and recommerce.*
Originality/Value: *This study provides a systematic analysis of how value propositions evolved in Polish listed clothing companies in the post-pandemic era. It contributes to the literature by linking digitalisation, personalisation, and ESG with value proposition design, demonstrating how these elements jointly shape long-term competitiveness in a dynamic environment.*

Keywords: *Value proposition, digital transformation, ESG, consumer behaviour, omnichannel, competitive advantage.*

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1. Introduction

The contemporary business environment is subject to dynamic and continuous changes, driven by technological development, globalisation, and shifting consumer needs and expectations (Zetao, 2024). At the core of these transformations lies the concept of value, which plays a crucial role in business models by defining how companies create, deliver, and capture benefits for their customers. The value proposition constitutes a central element of the business model, integrating its components and enabling organisations to adapt effectively to changing market conditions (Osterwalder and Pigneur, 2010).

At the same time, the modern approach to the value proposition requires greater flexibility and adaptability. Dynamic capabilities, such as the ability to respond rapidly to environmental change and implement innovative solutions, are key to building competitive advantage in volatile economic contexts (Teece, 2018). In this respect, traditional approaches to value propositions in business models often prove insufficient.

Currently, the framework of the value proposition is evolving to account not only for the unique benefits offered to customers but also for broader social, environmental, and stakeholder-related dimensions (Jonker and Faber, 2021).

Organisations are required to redefine their value propositions to respond effectively to changing market and technological expectations, as well as the growing importance of sustainable development. Shifting consumer preferences, particularly in the context of rapid digital transformation, demand new approaches to value delivery. Personalisation and the use of digital platforms have become key tools of modern business models (Ramaswamy and Ozcan, 2018).

Moreover, increasing ecological awareness and the demand for sustainable stakeholder relationships significantly influence how organisations define value. Consumers now expect companies not only to provide products and services but also to engage actively in addressing social and environmental challenges.

Disruptive innovations can introduce not only new products but also fundamentally change how organisations communicate and deliver their value in the market (Christensen, 1997).

The aim of this paper is to analyse the changing approach to the value proposition in business models and to identify the key factors influencing these shifts. The study is based on case analyses of Polish publicly listed companies, offering both theoretical and practical insights into this area.

2. Literature Review

Initially, the value proposition was perceived as a sales-supporting tool, focusing on product and service features such as price, quality, and functionality (Trachuk *et al.,* 2022). The contemporary approach, however, emphasises a more holistic perspective, integrating co-creation of value with customers, personalisation, and the application of digital technologies (Rodríguez and Calvario, 2024; Horster, 2023).

For example, the Value Proposition Canvas enables firms to understand customer needs, including their problems and expectations, thus facilitating the more precise design of business models (Horster, 2023).

In dynamic industries such as digital technologies and medicine, the value proposition must respond to a changing market environment. Effective approaches require synchronisation of economic, technical, and social aspects, enabling organisations to react effectively to changes and stabilise their market position (Antonopoulou *et al.,* 2014). In start-ups, iterative processes of value proposition validation, such as prototype testing and market research, play a particularly important role, enabling continuous improvement of offerings (Botella Vives, 2022).

The application of advanced technologies such as artificial intelligence and data mining constitutes a milestone in the development of value propositions. Machine learning algorithms allow for the analysis of customer preferences, enabling the creation of more precise and innovative offerings (Rodríguez and Calvario, 2024).

Generative artificial intelligence is revolutionising the delivery of value, facilitating personalised customer interactions, process automation, and improved operational efficiency. Examples include supply chain optimisation, predictive data analysis, and the creation of products tailored to individual customer preferences (Sarioguz and Miser, 2023).

In parallel, service-dominant logic (S-D Logic) promotes long-term relationships between customers and providers, emphasising co-creation of value. Engaging customers in this process leads to deeper relationships and increased loyalty (Kowalkowski, 2011).

Similarly, in knowledge-intensive business services (KIBS), the development of value propositions relies on trust and flexibility, allowing adaptation of offerings to clients' evolving needs at different stages of cooperation (Heikka, 2023).

Cultural and regional contexts also play an important role in shaping value propositions. Research indicates that Russian firms tend to concentrate on traditional aspects such as price and quality, whereas international organisations develop value propositions by integrating advanced technologies and customer co-creation (Trachuk *et al.,* 2022). In business services, long-term relationships based on trust and understanding of specific client needs are crucial.

Dynamic business models require effective management of interactions among various components of the value creation and delivery process (Kouptsov and Srai, 2023; Price and St John, 2014). In the field of laboratory medicine, value propositions account for both clinical and economic dimensions, highlighting stakeholder collaboration and the implementation of innovative solutions.

In the technology sector, co-creation facilitates rapid responses to emerging trends and the use of new technologies to maximise customer benefits (Antonopoulou *et al.,* 2014). Disruptive innovations that redefine products and business models significantly impact the value proposition and transform how organisations communicate value in the market, thereby strengthening competitive advantage (Christensen, 1997). Dynamic organisational capabilities, such as the ability to adapt quickly and implement innovations, are essential for reshaping value propositions in response to changing market conditions (Teece, 2018).

Empirical findings further demonstrate that customer orientation, personalisation, and data integration are crucial elements of effective value propositions. Personalisation and co-creation with customers are becoming key drivers of sustainable competitive advantage (Ramaswamy and Ozcan, 2018). In countries with high economic growth dynamics, adapting value propositions to local specifics is essential, enabling organisations to meet market expectations more effectively (Iwara, 2024).

3. Research Methodology

This study applied comparative analysis and case study as the main research methods, enabling the authors to examine changes in the approach to value propositions in the business models of clothing companies before and after the COVID-19 pandemic. The analysis was based on a comparison of reports from four joint-stock companies listed on the Warsaw Stock Exchange: LPP, CCC, MONNARI TRADE (MON), and VISTULA RETAIL GROUP (VRG) in 2019 and 2024.

On the basis of the collected information, an in-depth analysis of the changes in the value propositions of clothing companies was carried out. In the clothing industry, the value proposition is understood as a combination of unique product features, brand image, and shopping experience, which together address customer needs and build competitive advantage.

Within this framework, the analysis identified problem areas using AI, focusing on the evolutionary approach to changes in value propositions.

The evolution of business model value propositions in the clothing sector can be divided into four stages. In the 1980s and 1990s, companies primarily pursued scale and low cost. Production was relocated to countries with lower labour costs, enabling cheaper, standardised products to be offered across markets (Gereffi, 1999).

At this time, cultural differences were reduced, as repeatability and global reach prevailed, while standardisation helped lower transaction and logistics costs (Taplin, 2014). Subsequently, the early 2000s and the emergence of e-commerce made sales channels a key driver of value propositions. Convenience of online shopping, wide product availability, and 24/7 access became defining elements.

Personalisation based on customer data also emerged, and some brands started selling not only functionality but also lifestyle. Technological solutions such as thermal clothing became part of the offer (Kazmierczak and Szymczyk, 2021; Piotrowicz and Cuthbertson, 2014).

After 2010, questions arose concerning the social and environmental impact of fashion. Customers wanted to know the origin of materials, working conditions in factories, and how waste was managed. The popularity of slow fashion and circular business models—recycling, second-hand sales, and even clothing rental—increased (Fletcher, 2013). Transparency became a requirement rather than an optional practice, with buyers expecting certifications and detailed information about supply chains (Mondal, 2021).

Between 2020 and 2024, technology permeated every stage of the shopping experience. AI and big data enabled precise tailoring of offers to user behaviour, while virtual fitting rooms and augmented reality reduced the risk of unsuitable purchases. Retail merged its channels: apps, websites, and physical stores began to operate seamlessly.

Subscription models and on-demand production gained traction, while new materials emerged. Innovations such as bio-fabrics derived from fungi or corn and fibres recycled from plastic entered the market. Consequently, the value proposition evolved from a focus on scale and low price to a mix of convenience, sustainability, and personalisation across multiple channels (McKinsey and Company, 2020; Statista, 2024).

On this basis, two main research objectives were identified:

1. To analyse the impact of digitalisation, sustainability, and personalisation on the changing value propositions of clothing business models.
2. To identify the factors shaping the personalisation of offerings.

The study also addressed the following research questions: What changes in digitalisation occurred in LPP, CCC, VRG, and MON between 2019 and 2024? How did the share of online sales in total sales change during this period? What ESG-related and personalisation-related initiatives were implemented by the analysed clothing companies between 2019 and 2024?

4. Research Results and Discussion

The results of the analysis of changes in the value proposition of business models between 2019 and 2024 for the four apparel companies LPP, CCC, VRG, and MON are presented in three groups:

Digitalisation, shown in Table 2.
Sustainability, shown in Table 3.
Personalisation of the offer, shown in Table 4.

In terms of digitalisation, the share of online sales in total sales was analysed, as shown in Table 1, which was then referenced in the analysis of changes in digitalisation across the companies in Table 2.

Table 1. *Share of online sales in total sales in 2019 and 2024 for LPP, CCC, VRG, and MON*

Company / Year	Total sales (mln PLN)	Online sales (mln PLN)	Share of online sales (%)
LPP 2019	9,899	1,174	~12
CCC 2019	5,845	1,460	~25
VRG 2019*	1,068	166	~15.5
MON 2019	282	26	~9.3
LPP 2024	20,194	5,404	~27
CCC 2024	10,303	5,357	~52*
VRG 2024**	1,302	n/a	n/a
MON 2024	315	53	~17

Note: ** data refers to Q1 2019 only. ** at the end of December 2020 it amounted to 25%, in Q3 2021 it dropped to 20%. Since then, the company has not disclosed online sales figures.*
Source: *Authors' compilation based on reports of LPP, CCC, VRG, and MON (2019–2024) and other industry sources.*

Table 2. *Digitalisation changes in the value proposition of business models between 2019 and 2024*

Company	Digitalisation	Level of change
LPP	Advanced digital tools, omnichannel, AI analytics, AR fitting, automated logistics. Online sales rose 12%→27%.	Very high
CCC	E-commerce and omnichannel growth. Online sales 25%→52%. ML-based personalisation, mobile app, loyalty integration.	High

VRG	Basic e-commerce, CRM/ERP, partial omnichannel. No AI, big data, AR. Limited personalisation.	Low
MON	Online sales 9.3%→17%. No omnichannel or advanced digital tools. Basic presence.	Low

Source: *Authors' compilation based on reports of LPP, CCC, VRG, and MON (2019–2024) and industry sources.*

Table 3. *Sustainability changes in the value proposition of business models between 2019 and 2024*

Company	Sustainability	Level of change
LPP	Comprehensive ESG strategy (Eco Aware): organic fabrics, recycling, CO_2 reduction, renewables, transparent supply chain, ESG reports.	Very high
CCC	Eco materials, footwear recycling, energy-efficient logistics, regular ESG reporting.	High
VRG	Organic collections, reduced plastics, partial labour monitoring. No full ESG, limited reporting.	Medium
MON	No clear ESG strategy, minimal eco actions, no transparency or reports.	Low

Source: *Authors' compilation based on reports of LPP, CCC, VRG, and MON (2019–2024) and industry sources.*

Table 4. *Personalisation changes in the value proposition of business models between 2019 and 2024*

Company	Personalisation	Level of change
LPP	Advanced AI/big data, omnichannel, AR fitting, automated marketing, ESG-linked offers.	Very high
CCC	ML-driven recommendations, loyalty programme, automated marketing, growing AR use.	High
VRG	Basic personalisation, limited CRM, no AI/AR, no ESG-linked offers.	Medium
MON	Minimal tools, no AI, AR, or omnichannel. Basic online presence only.	Low

Source: *Authors' compilation based on reports of LPP, CCC, VRG, and MON (2019–2024) and industry sources.*

Analysing the development of digitalisation and its impact on the value proposition in 2024 compared to 2019, it is evident that LPP and CCC are the leaders, implementing advanced technologies based on AI, big data, and omnichannel strategies. LPP stands out with logistics automation, AR, and high-level personalisation, while CCC strengthened e-commerce and mobile integration. VRG adopted basic solutions with limited data analytics, and MON remains at the lowest digitalisation level, focusing mainly on simple e-commerce.

In ESG, LPP and CCC lead with extensive strategies covering eco collections, emissions reduction, and supply chain transparency. VRG gradually introduces elements, while MON shows minimal activity. In personalisation, LPP and CCC set

standards with advanced AI tools and omnichannel. VRG remains basic, and MON is at an early stage.

The dynamic transformation of the apparel sector in 2019–2024, driven by digitalisation, personalisation, sustainability, and consumer behaviour shifts, has significant research implications. These changes force new approaches to value propositions, where personalisation becomes crucial. The rise of AI and big data raises questions about algorithm optimisation for value creation. Omnichannel strategies require further study of technology's impact on consumer experience.

Simultaneously, ecological awareness highlights the effectiveness of ESG and supply chain transparency in customer loyalty. New business models such as subscriptions and recommerce demand research into profitability and brand value. Global marketplaces intensify competition, pushing companies to differentiate their offers. Future research should examine

5. Conclusions, Proposals, Recommendations

In relation to the first research question, concerning the evolution of the value proposition in the business models of apparel companies between 2019 and 2024, it can be concluded that digitalisation and personalisation have become the dominant pillars of this transformation.

The identification of factors driving changes in the value proposition, in the context of the second research question, points to four interrelated areas. First, technology as the primary driver of change, where the development of artificial intelligence, logistics automation, and the implementation of augmented and virtual reality combined with big data analytics enabled companies to precisely tailor their offerings to individual consumer preferences while simultaneously optimising operational costs. Second, the transformation of consumer expectations, as today's customers demonstrate considerably higher demands.

Convenience has become paramount, characterised by seamless transitions between online and offline channels and accurate product recommendations aligned with individual styles and needs. Third, the pressure of ESG factors, in the form of legal regulations and social demands, has compelled market leaders to ensure full supply chain transparency, implement recycling programmes, and minimise carbon footprints. Environmental responsibility and ethical production conditions have thus become tangible sources of value for environmentally conscious consumers.

The COVID-19 pandemic acted as an accelerator of change. Restrictions on brick-and-mortar retail and lockdowns significantly accelerated the shift towards digital channels, requiring greater flexibility in supply chain management and customer service. Companies that successfully adapted their business models to these new

conditions gained competitive advantage while simultaneously shaping long-lasting consumer purchasing habits.

The above analysis should serve as the foundation for strategy within the apparel sector. Central to this is the refinement of AI recommendation systems, which should not only improve product targeting but also mitigate the 'filter bubble' effect by increasing the diversity of options visible to users. Strategy should also include a carefully designed omnichannel approach for premium customers, with an emphasis on loyalty and satisfaction.

Research must go beyond simple sales metrics to describe the mechanisms through which the integration of physical stores, mobile applications, and online platforms builds long-term engagement. Furthermore, profitability analysis of innovative models, such as subscriptions and recommerce, is required, addressing not only direct revenues but also their long-term potential for brand value enhancement and customer retention.

Evaluating the effectiveness of ESG practices remains crucial, both in terms of strengthening consumer engagement and reducing reputational risk, with the identification of initiatives that generate measurable reputational and financial benefits. Finally, the competitiveness of SMEs should rest on niche value propositions that combine brand authenticity with genuine commitment to sustainability, thereby securing the advantage needed to compete effectively with global marketplaces.

The experience of 2019–2024 clearly indicates that a contemporary value proposition in the apparel industry must be grounded in the synergy of three fundamental elements: advanced digitalisation, personalised customer engagement, and socio-environmental responsibility. Companies that most effectively integrate these components in the coming years will secure sustainable competitive advantage and foster deep, long-term relationships with demanding customers.

The transformation of the value proposition in apparel business models during 2019–2024 has thus been driven by progressing digitalisation, the growing importance of personalisation, and heightened consumer environmental awareness. The COVID-19 pandemic acted as an accelerator, forcing rapid adaptation of sales and customer interaction strategies.

Lockdowns and restrictions intensified the role of e-commerce and omnichannel, shaping new ways of delivering value through artificial intelligence, marketing automation, and personalisation. At the same time, greater ecological awareness and evolving purchasing habits accelerated the integration of ESG into value propositions. As a result, apparel companies must continue adapting their business models to dynamic market shifts, aligning innovation, profitability, and social

responsibility in the face of increasing competition and evolving consumer expectations.

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