

Naver places a big bet on recommerce

Article

The news: South Korean tech giant **Naver** will acquire recommerce marketplace **Poshmark** for **\$1.2 billion**, per a joint announcement, as it seeks to establish a presence in the US.

The rationale: For Naver, which also owns **Line** and **Wattpad**, the deal is an opportunity to expand its ecommerce presence and diversify its revenues. Naver will get access to Poshmark's over 80 million registered users, as well as the ability to build deeper relationships and drive sales via partnerships with its other properties such as its **Weverse** K-pop fandom community.

A fortuitous partnership: It could be argued that Poshmark gets the better end of the deal. The company has struggled with profitability as customer acquisition costs and infrastructure investments eat into revenues.

- Under Naver's ownership, Poshmark will be able to expand into Asia and other markets where Naver has a presence.
- The recommerce marketplace will also be able to take advantage of the South Korean company's livestream commerce, advertising, and search capabilities to add features to its platform, enhance product discovery, and improve the customer experience.

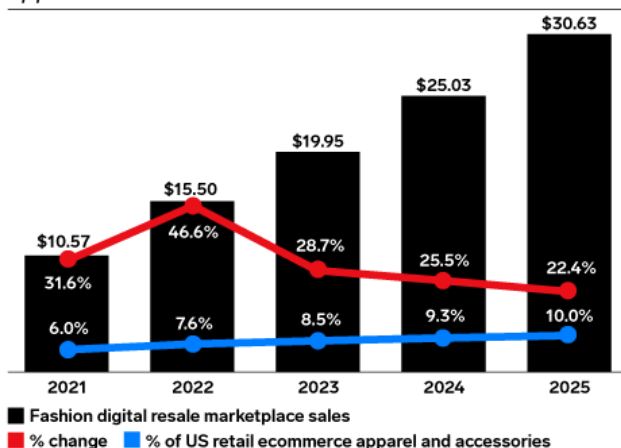
Unusual timing: Naver picked an interesting time to invest in fashion resale. **The RealReal** and **thredUP** continue to lose tens of millions of dollars each quarter, while Poshmark itself has seen revenue growth slow as inflation causes consumers to cut back on apparel purchases. Recommerce marketplaces also face growing competition as brands like **lululemon athletica** and **Eddie Bauer** launch their own resale initiatives.

To avoid losing out, more platforms are branching into resale-as-a-service (RaaS) to diversify revenues and capitalize on demand for recommerce capabilities. But it remains to be seen whether these partnerships can generate enough revenues to break the cycle of losses.

- Luxury shoe brand **Jimmy Choo** partnered with The RealReal to offer resale for the first time.
- **Athleta** launched a resale platform powered by thredUP's RaaS solution.
- Poshmark has also opened up its platform to allow large brands to sell directly to its user base, although this segment makes up a small proportion of its overall GMV.

US Fashion Digital Resale Marketplace Sales, 2021-2025

billions, % change, and % of US retail ecommerce apparel and accessories



Note: represents sales that occur on a digital platform dedicated to the sale of secondhand clothing, accessories, and footwear; sales formats vary by platform and include peer-to-peer, consignment, or direct sales; examples include Depop, Poshmark, StockX, The RealReal, and thredUP; includes purchases made on retailer-run or brand-run platforms established solely for the sale of secondhand apparel (e.g., Eileen Fisher's Renew, Lululemon's Like New, Urban Outfitters' Nuuly Thrift); excludes purchases via social media (e.g., Facebook Marketplace, Instagram), Craigslist, eBay, or at physical retail locations, such as consignment, donation, or thrift stores

Source: eMarketer, Oct 2021

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Will it work? Naver is right that resale is a huge—and growing—market, especially among Gen Z and millennial consumers concerned with sustainability. But it's also a business that's tricky to execute profitably, even with Naver's considerable resources and ecommerce capabilities.

While the “synergies” between the two could drive cost savings on marketing and overseas expansion in the long term, resale has much less of a foothold in South Korea, Japan, and many of the other markets Naver operates in—which means Poshmark might have a difficult time convincing international audiences to buy or sell on its platform.

Go deeper: [Read our report on US online fashion resale.](#)

Adults Worldwide Who Recently* Bought or Sold in the Secondhand Market, by Country, March 2022-April 2022

% of respondents in each group

	Bought	Sold
France	44%	41%
US	44%	24%
UK	40%	31%
Mexico	39%	31%
Australia	39%	30%
Thailand	39%	24%
Spain	35%	35%
Canada	34%	22%
Brazil	33%	28%
Germany	32%	30%
Italy	29%	35%
South Korea	28%	28%
Japan	24%	17%
China	23%	22%
Russia	22%	22%

*Note: *within the last 3 months*

Source: Morning Consult as cited in company article, April 22, 2022

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