

Luxury resale is on the rise as consumers compromise between cost and comfort

Article

Last week, luxury consignment platform The RealReal said that the **resale value of high-priced designer handbags** is falling while demand for lower-priced handbags is up, showing that

luxury consumers may finally be trading down to cut costs.

As consumers balance the cost of necessities with the desire to splurge, secondhand luxury is a sweet spot, giving shoppers a way to treat themselves without breaking the bank.

Moving on up: The **secondhand luxury goods market** grew 28% in 2022 to reach €43 billion (\$45.21 billion), according to Bain & Company and Fondazione Altagamma. This is 1.3 times the growth rate for new luxury goods.

- The US and Europe make up most of the market, but sales accelerated in Asia-Pacific (especially China) as consumer adoption of luxury resale increased.
- Interest in secondhand watches, in particular, has driven international sales, as they account for 60% to 70% of the total market.

Generational pull: The RealReal saw a 23% **increase in shoppers buying resale** in 2022.

- Consignment among Gen Z grew 52% last year, especially in the women's category.
- Though millennials buy the most secondhand luxury items, Gen X spends the most money per person. Meanwhile, baby boomers are the highest-value sellers on the platform.

Technical assistance: Looking ahead, **technology may help bring in the next wave of secondhand luxury** buyers, according to online luxury marketplace Farfetch.

Whether it's through "product passports" (kind of like blockchain for luxury items), digital dressing, or online resale platforms, tech is the key to the future of luxury resale.

"As consumers place more and more emphasis on conscious consumption, brands and retailers will continue to invest deeper in practices enabled through technology to provide further purpose to luxury purchases and prolong their longevity," said Vishal Katelia, senior head of customer and retail strategy, future retail at Farfetch.

Online versus in line: Secondhand luxury no longer requires stalking the aisles of Goodwill for the perfect find.

- There's an increasing number of online marketplaces dedicated to secondhand luxury retail, including The RealReal, Depop, and **Cudoni**, which just raised £7.5 million (\$9 million) this week with help from eBay's venture arm.

- And it's not just third-party marketplaces. **Brands from Van Cleef & Arpels and Zenith** to Cartier and Buccellati are getting into the luxury resale game, per Vogue Business.
- Meanwhile, **Rent the Runway has partnered with Amazon** to offer secondhand and new luxury items on an Amazon Fashion online storefront.

The bottom line: Luxury resale is just getting started, and growth will be driven by two main consumer desires: keeping costs down and conscious consumption.

And for those who are worried it will eat into new luxury product sales, don't be. Think of it as another revenue stream in an unsteady economy.

"In the ultra-luxury category, brands were concerned about supply and demand, really thinking about cannibalization before getting into resale," said Sarah Davis, president and founder of high-end consignment boutique **Fashionphile** at the National Retail Federation 2023 Big Show. "That's just not true today anymore. I would say in five years, most of the [luxury] brands will be participating in [resale]."

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