

Lululemon enters the fast-growing online fashion resale market

Article

The news: On Earth Day, April 22, **lululemon athletica** will expand its Like New trade-in and resale program nationwide.

- The program, which is launching after a two-state pilot run last year, allows shoppers to trade in lululemon clothing such as pants, shorts, and jackets for an e-gift card. The retailer is also featuring an assortment of gently used lululemon items online.

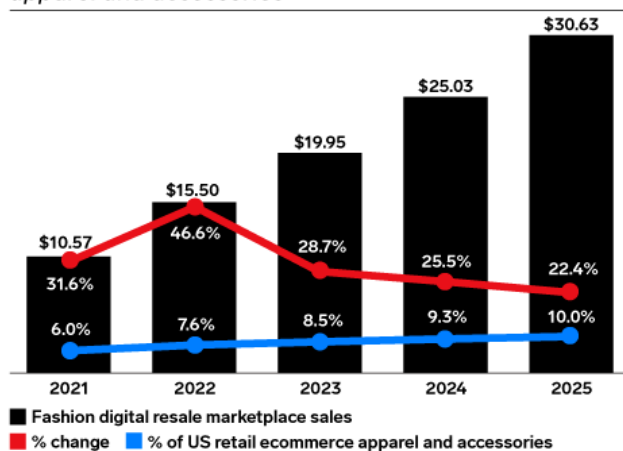
- A number of companies, including **Another Tomorrow**, **Cuyana**, **Moda Operandi**, **Target**, and **Urban Outfitters**, have also recently launched resale initiatives by teaming up with a partner, such as technology provider **Trove Recommerce**, luxury bag and accessories reseller **Rebag**, or online consignment store **thredUP**.

More on this: We expect this year to be a banner year for online fashion resale, with year-over-year sales growth of **46.6%** reaching **\$15.50 billion** thanks in part to more prominent retailers entering the space.

- Our forecast projects resale's share of retail ecommerce apparel and accessories sales will rise from **6.0%** in 2021 to **10.0%** in 2025.

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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A focus on sustainability: Online fashion resale benefits from consumers' growing interest in sustainability—particularly among younger consumers.

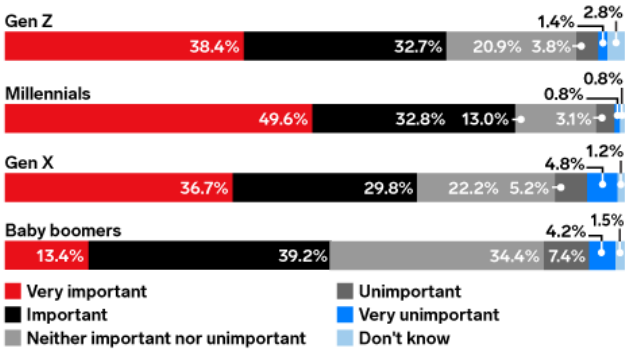
- Nearly 50% of millennials and 38.4% of Gen Z shoppers consider sustainability “very important,” per a 2021 Composed and MaCher survey.
- The growth in online fashion resale will be driven in part by the **growing discretionary incomes of younger consumers**, as well as a **flood of retailers entering the space**. That

means there are more used goods available online to attract consumers to resale.

- Resale platforms also benefit from **flywheel effects**, as buyers become sellers and vice versa.
- We expect **annual average sales per buyer via online fashion resale marketplaces will more than double** between 2021 and 2025.

Importance of Sustainability When US Internet Users Shop for Beauty, Clothes, and Travel Experiences, by Generation, March 2021

% of respondents in each group



Note: numbers may not add up to 100% due to rounding
 Source: Composed and MaCher, "Sustainability & Consumerism: U.S. Consumer Behaviors and Preferences," May 6, 2021

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The brand advantage: The initiatives by retailers such as lululemon can reassure consumers that the items they purchase are authentic and of a high quality.

- That gives brands an advantage over peer-to-peer marketplaces, said **Sky Canaves**, eMarketer principal analyst at Insider Intelligence. "Brands can more easily gain consumer trust by guaranteeing the authenticity and condition of their secondhand offerings," she said. "Resale can also improve relationships with consumers over the long term if brands can offer a consistent shopper experience for both new and used goods."

The big takeaway: The resale market offers an enticing opportunity for brands to demonstrate their sustainability bona fides at the same time they're opening up new revenue streams.