

Resale Revs Up and Retailers Take Notice

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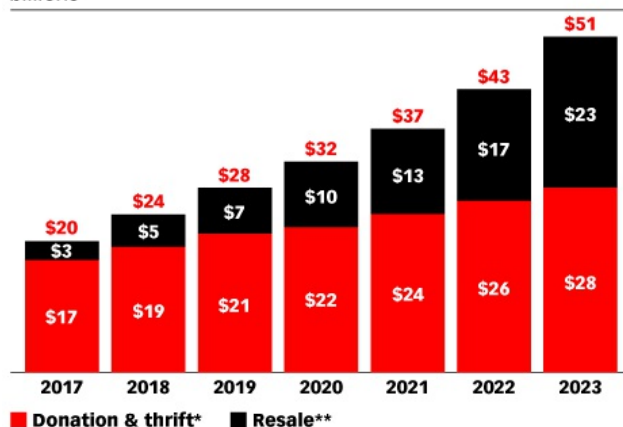
Lucy Koch

Conscious consumers looking for a great deal on quality apparel have given rise to the fast-growing resale market, and this has some retailers adjusting their models.

The fashion resale market has grown 21 times faster than the traditional retail market over the past three years, according to a January 2019 report from online resale marketplace [thredUP](#). This year, the resale market will account for one-quarter of the secondhand apparel market and reach nearly half by 2023.

US Secondhand Apparel Total Retail Sales, by Type, 2017-2023

billions



■ Donation & thrift* ■ Resale**

Note: *sector of secondhand market that is primarily offline (not exclusively) and includes traditional options such as Goodwill, The Salvation Army and yard sales; **sector of secondhand market that is primarily online (not exclusively) and includes curated product assortments (e.g., thredUp, The RealReal and Buffalo Exchange)
Source: thredUp, "2019 Resale Report" conducted by GlobalData; eMarketer calculations, March 19, 2019

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The resale sector of the secondhand market is made up of curated products offered primarily online. It includes retailers like The RealReal, Buffalo Exchange and thredUP. By contrast, the thrift and donation sector is generally offline and includes brick-and-mortar sellers like Goodwill, The Salvation Army and yard sales.

The thredUP survey of 2,000 US women found that while respondents of all ages were open to secondhand apparel shopping, growth in this population was predominantly driven by younger shoppers. For 2019, the share of Gen Zers ages 18 to 24 who purchased secondhand apparel grew 46% from 2017. (However, when compared with thredUP's 2018 survey, Gen Z secondhand apparel adoption decreased from 40% to 37% this year.) Growth for millennials ages 25 to 37 was 37% over the same two-year period, vs. 18% for Gen Xers and 15% for boomers.

"The dramatic growth in resale represents a confluence of several factors with younger consumers," said eMarketer principal analyst Andrew Lipsman. "Not only does secondhand apparel lack the stigma it once had, but it has a cool factor with Gen Z and millennials. With many facing student debt and high rent, they know how to shop affordable fashion and are comfortable with the idea of renting, rather than owning, something forever."

Mirroring last year's findings, shoppers' spending has shifted toward resale at the expense of other retailers. In the next five years, more than half of thredUP respondents planned to spend more on secondhand apparel. Two-thirds said they expect to spend less on fast fashion like Zara and H&M, and half said they would spend less at off-price retailers such as T.J. Maxx and Marshalls.

To tap into this market, marketers should think about implementing a resale component to their stores, as 56% of consumers would buy more from off-price retailers if they offered secondhand apparel, and one-third said the same was true of fast-fashion retailers, according to thredUP.

And marketers should position their apparel in a way that assures consumers of the product's resale value; 40% of consumers consider this prior to purchase. "By getting shoppers to think about how much they can recoup at resale, it's possible to spur higher spend on their initial purchase," Lipsman said.