

RECOMMERCE 2022:

HOW AFFORDABILITY, SUSTAINABILITY
AND TECHNOLOGY ARE GENERATING
EXPLOSIVE GROWTH

retail
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SPECIAL REPORT



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INTRODUCTION

The recommerce revolution is here: **65%** of all shoppers use resale and recommerce services, according to data from the [Wharton Baker Retailing Center](#). The fashion resale market alone grew an estimated **33%** in 2021 and is expected to maintain that momentum in 2022 as it hits **\$26 billion** in sales, accounting for **4.7%** of the overall fashion market, according to data from [Coresight Research](#).

“Recommerce is not new — just think about that visit to a thrift store for that throwback to the ‘80s party — but it has benefitted from multiple forces over the last several years,” said Chris Ventry, VP in the Consumer and Retail practice of [SSA & Company](#) in an interview with *Retail TouchPoints*. **“Technological advances and adoption have moved the thrift store, and thus recommerce, into the palm of all our hands.** Today’s recommerce platforms are easy, engaging and fun to use. It’s as easy as photograph, post and sell an item with your smartphone.”

For retailers, however, successful recommerce sets a number of demands that include:

- **Understanding why different shoppers want recommerce:** The recommerce market appeals to multiple demographics, but each cohort has its own wants and needs, so pinpoint the one that best matches your brand and your goals;
- **Living at the intersection of affordability and sustainability:** The ability to give landfill-bound products a second life while saving a few dollars is a major driver behind recommerce, and retailers need to learn how each element affects the purchase decision;
- **Ensuring you have the right technology in place:** Challenges like verifying authenticity and detecting counterfeiting, as well as behind-the-scenes necessities like grading, are important tasks that can be greatly simplified by the right technology; and
- **Making a move sooner rather than later:** Recommerce is a hot space, and major retailers are jumping in at a rapid pace, so now is the time to start planning your own entry, while there’s still plenty of room for new players and big disruptions.



UNDERSTAND WHAT YOUR CUSTOMERS WANT, FROM VINTAGE FINDS TO LUXURY RESALE

The appeal of secondary merchandise, including both resale and rental, is expanding rapidly across generations. Between the beginning of 2021 and the end of 2022, Baby Boomers increased their usage of these channels by **56%**, Gen X by **35%**, millennials by **33%** and Gen Z by **44%**, according to the Wharton Baker Retailing Center. However, the practice is most popular among younger shoppers, and each generation has its own reasons for choosing recommerce.

“Value- and environment-conscious younger consumers are more likely to be tuned into recommerce,” said Swarooprani Muralidhar, Senior Analyst at Coresight Research in an interview with *Retail TouchPoints*. “Considering that they’re still early in their careers, secondhand items provide significant cost savings, and for fashion-savvy Gen Zers, buying secondhand clothing leaves a lower environmental impact. The resale market also provides greater accessibility for younger and middle-income consumers than the new luxury goods market.”

Retailers looking to appeal to younger shoppers also should consider selling vintage items from older collections, particularly in the fashion space. **Poshmark** saw a **53%** increase in search demand for “vintage” in 2021, while **The RealReal** saw a **61%** uptick in ‘90s items purchased by Gen Z.

The interest in vintage also can serve as a way to bring in older customers interested in recommerce marketplaces, where shoppers can also become sellers. The RealReal reported a **37%** increase in sales of vintage ‘90s items from Gen Xers, and more than half its sellers in 2021 were at least **42** years old, according to **Glossy**.

Older shoppers-turned-sellers present a golden opportunity for luxury brands as well. Sellers from older demographics are **35%** more likely to sell luxury items through resale platforms, according to data from **Vestiaire Collective**. These are usually products that they purchased on the primary market **five to 10 years** earlier — giving retailers a chance to benefit twice from a single purchase.

This is a great jumping-off point for luxury retailers to get into recommerce. Coresight estimated that the global luxury resale market was equivalent to approximately **13%** of the global luxury market for new goods in 2021 — a significantly higher share than in other areas. The firm believes sales will grow another **27%** in 2022, reaching **\$55.4 billion**.

SUSTAINABILITY HAS GIVEN WAY TO SAVINGS, BUT BOTH REMAIN IMPORTANT

While resale can potentially help retailers avoid some of the woes of current global supply chain challenges, the space is still shaped by worldwide events. The most obvious one is sustainability — shoppers eager to do their part to combat climate change often see recommerce as a more environmentally friendly way to source new-to-them clothes or furniture. The sale of all **133,000** listings being offered by the **100** largest recommerce sites in March 2022 would have an environmental equivalent equal to **27,000** trees being planted and **111** homes being powered for a full year, according to data from [Green Story](#).

But while sustainability remains an important driver, high inflation rates have made the low prices on secondhand items more attractive than ever.

“A year ago, I would have said that the sustainability and environmentally friendly roots of recommerce were rapidly becoming the primary conversion driver, but that calculus has shifted back to historical roots, i.e. the price-value equation,” said SSA’s Ventry. **“Sustainability as the purchase driver has been trumped by pricing inflation, so we’re back to price being the primary motivator.** And the global supply chain crunch and (in the case of consumer electronics) increased demand for multiple devices and scarcity has driven consumers to substitute pre-owned, refurbished and pre-loved for new.”

Scarcity also plays a role in this equation, according to Ventry. Secondhand markets can offer an opportunity for shoppers to get items they missed out on or fashions that have since passed but still hold some appeal, and these options can become even more appealing due to their exclusivity.

SHARE OF RETAILERS OFFERING RESALE GROWS 275% IN THE PAST YEAR

The percentage of major retail brands with resale shops jumped from **8%** in 2020 to **30%** in 2022, and that number is expected to hit **44%** in 2022, according to data from ThredUP. Even so, there’s still room for expansion — resale accounted for just **0.01%** of the top brands’ total revenue. The 10 biggest names, by number of listings from March 18 and March 21, 2022, were:

- | | | |
|--------------------------|-----------------------------|--------------------|
| 1 Eileen Fisher: 65,290 | 5 Patagonia: 4,509 | 9 Levi's: 2,412 |
| 2 Tea Collection: 20,800 | 6 NATION LTD: 4,190 | 10 Madewell: 1,140 |
| 3 lululemon: 15,212 | 7 Michael Stars: 3,992 | |
| 4 REI: 6,239 | 8 Kut from the Kloth: 2,645 | |

Source: [ThredUP](#)



THE RIGHT TECHNOLOGY ENHANCES BOTH SECURITY AND APPEAL

One of the biggest challenges in recommerce is counterfeit and stolen goods, according to Coresight's Muralidhar. Retailers need to be careful that they don't allow these items onto their resale platforms to avoid risking both lost revenue and a significant hit to their reputation. Modern technology can help with this challenge.

"Technologies that help with the procedures required for resale, such as inspection, condition grading, authentication, and then order fulfillment, packaging, customer service and returns, are driving evolution in the recommerce market," said Muralidhar. **"Blockchain technology too continues to play an increasingly larger role as more and more luxury brands and resale platforms adopt it for authentication and to reduce counterfeiting."**

These technologies appeal directly to shoppers on top of protecting retailers. One of the long-term challenges faced in recommerce has been getting consumers to accept that secondhand products could be just as good as brand new items, so having the right labels for products sold on a resale marketplace can provide further encouragement.

"Authenticated, certified pre-owned, certified refurbished, 'giftable' and 'like new' badging has helped drive acceptance of recommerce," said Ventry. **"Recommerce sites are removing two massive conversion barriers: fear of the unknown and fear of making a mistake."** More and more consumers are willing to convert because the pre-loved product has been put through sometimes rigorous testing and validation."

Ventry also noted that resellers can go one step further and track the journey an item has taken over its lifetime, noting that "the concept of storytelling and history will continue to grow." Details such as where the product was worn before or the (happy) life events it took part in can make secondhand items feel special in a way new products can't match.

GETTING INTO A FLEXIBLE, FAST-GROWING SPACE REQUIRES URGENT ACTION

One of the most promising aspects of recommerce is its flexibility. Different shoppers are looking for different resale experiences, which gives retailers a wide variety of options for choosing a style that fits their brand and audience.

The different approaches are evident even among the biggest recommerce sellers: **Facebook Marketplace**, **eBay** and **Etsy** were the top three resale marketplaces, according to a November 2021 Coresight survey, and each is differentiated from each other. For instance, eBay's strong ecommerce market influence helps it attract resellers, while Etsy's marketplace puts an emphasis on handmade items, vintage items and craft supplies, according to Muralidhar.

This flexibility also means that retailers interested in entering the space need to act soon. Recommerce is an attractive space that is drawing attention from large retailers across multiple specialties, and their ability to attract their own existing customer bases will give them a significant advantage.

"Online recommerce is a growing market, and there is room for retailers to expand in several product segments, such as fashion, footwear, luxury, jewelry and others," said Muralidhar. "As more well-known retailers and brands explore recommerce, such as **Selfridges**, **YOOX Net-A-Porter**, **Urban Outfitters**, **Nike** and **Adidas**, it may be challenging for new entrants to establish a presence unless they have a compelling offering."

RECOMMERCE CHALLENGES TO KEEP IN MIND

The recommerce market offers a wonderful opportunity to generate sales and develop sustainability credentials, but getting into the market comes with some complications. Muralidhar shared several considerations that retailers should keep in mind:



Secondhand items tend to follow a separate supply chain compared to new items and may need cleaning;



Recommerce requires the retailer or marketplace to inspect items for condition of usage and quality, whereas new items go through quality inspections earlier in their journey; and



Resale marketplaces will likely require a separate last mile journey from other channels, which could be complex based on the retailer's scale of operations.



Reflaunt is a Resale-as-a-Service technology company that enables fashion brands and retailers to empower their own customers to resell or recycle their past purchases in a click. Reflaunt equips brands and retailers with resale ecommerce and tailor-made branded marketplace technology and operations solutions as well as access to the largest global network of more than 25 resale marketplace partners and more than 50 million second-hand shoppers.

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