

Resale

Industry Analysis

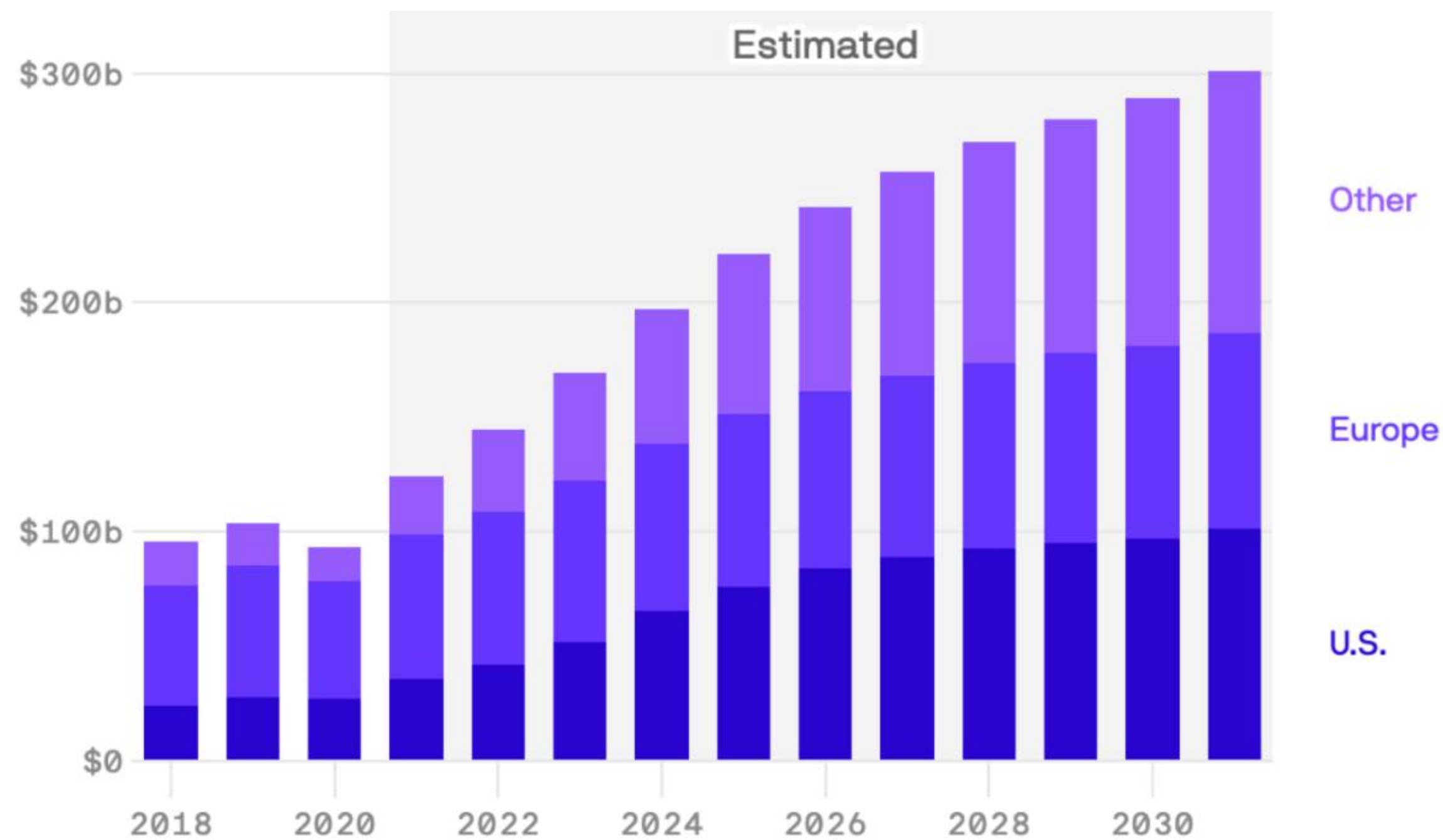
Jessica Wang



Industry Overview

Total Global Resale Apparel Market Revenue

Projected Worth: \$300B by 2031 -> 10% of Global Retail Sales



Data: Morningstar; Chart: Simran Parwani/Axios

According to research at the Baker Retailing Center at Wharton, shopping for apparel in the secondary market has surged 30% - 55% since 2019

Key Drivers of *Circular Fashion**

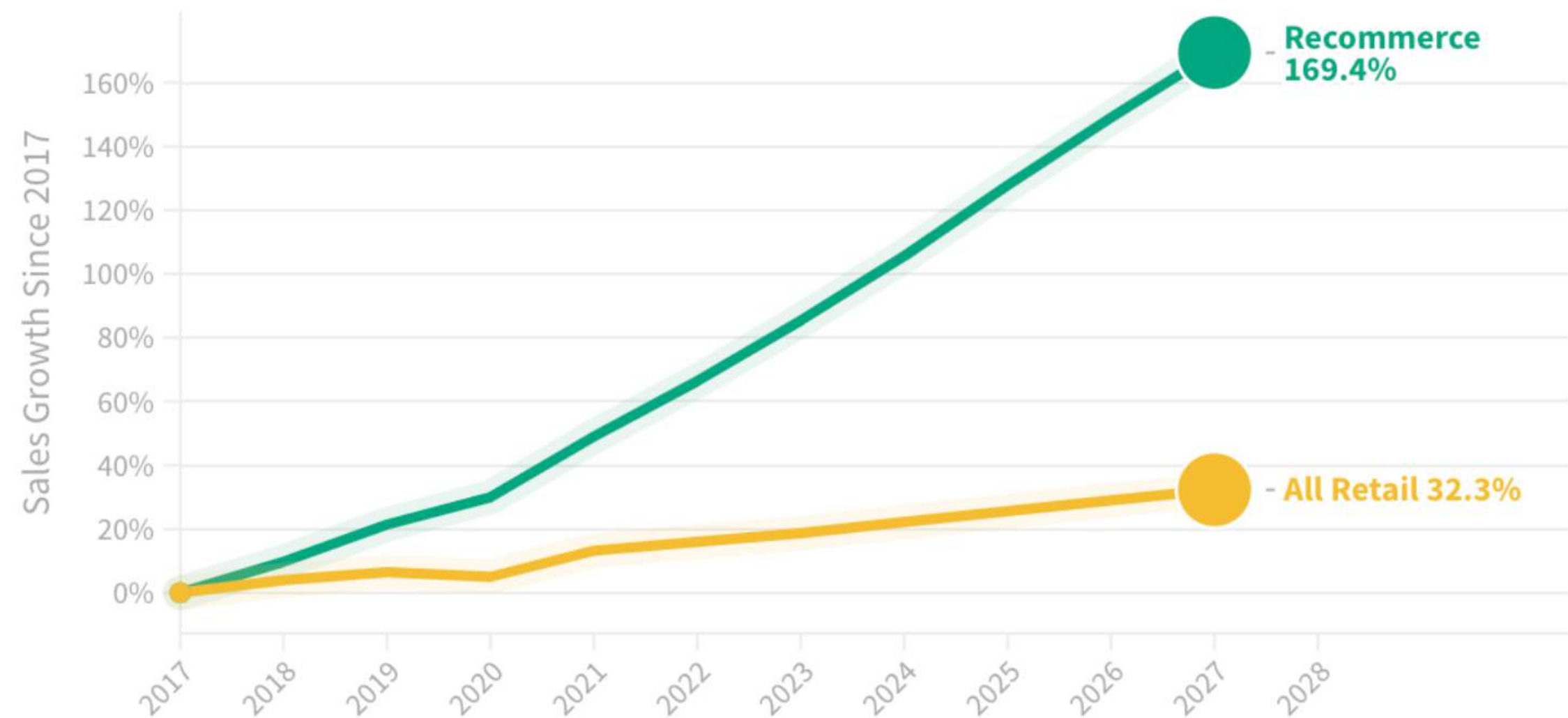
**approach to fashion that promotes sustainability by extending the life cycle of clothing and reducing waste*

- ✓ Sustainability Concerns
- ✓ Access to Unique Inventory
- ✓ Maximize Cost Savings

Big Players in Resale

- Public: Poshmark, ThredUP, and The RealReal
- Private: Vinted, StockX, Vestiaire Collective

Retail vs Resale



GlobalData 2022 Market Sizing and Growth Estimates © OfferUp, Inc. 2022

A Flourish data visualization

According to data from OfferUp and GlobalData, **recommerce** is projected to **grow 5x faster** than the overall **retail market** by **2027**.

The US fashion resale market grew from \$13.6 billion in **2018** to an estimated \$28.1 billion in **2022 (107% increase)**...and it will grow by almost 15% in **2023**, to **\$32.3 billion***

Worldwide apparel resale market could reach \$300B by **2031** and represent **10% of global retail sales****

*Coresight Research

**Morningstar

Gen-Z Driven Market

Gen Z is the main force driving the secondhand marketplace

80% of Gen Z have bought secondhand goods in the past 12 months *

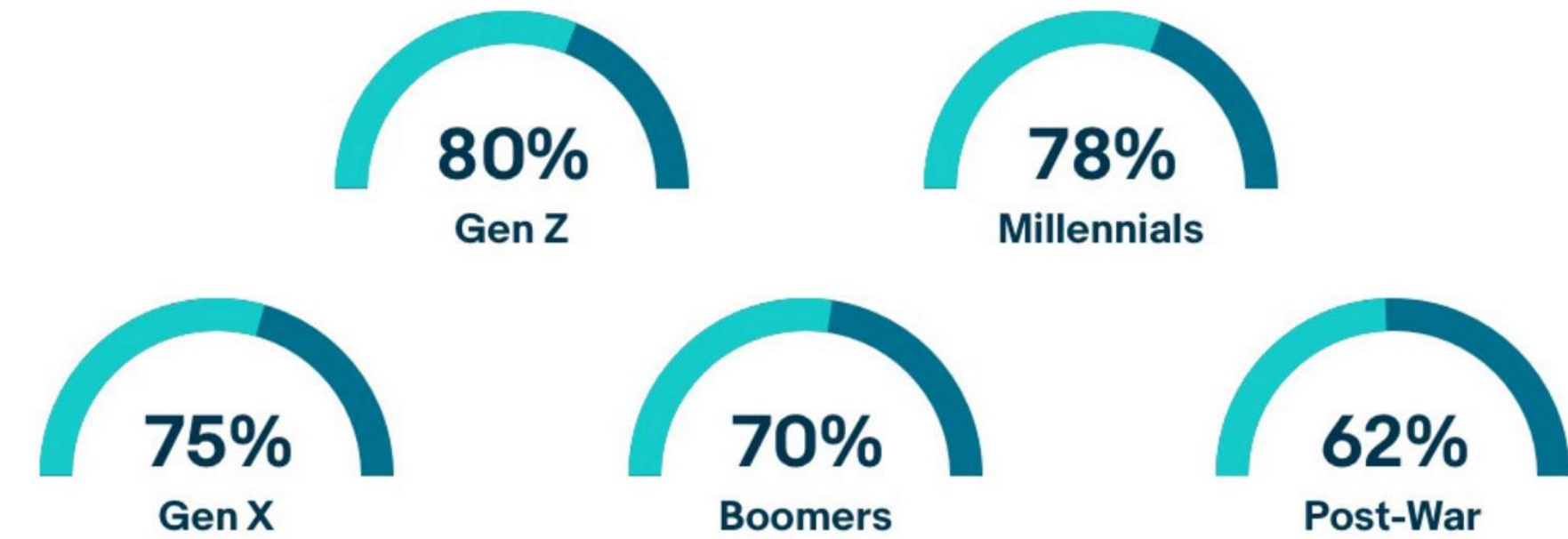
1-in-3 began selling them in the last year *

- ✓ Gen Z & young millennials are much more **sensitive to price** and hold **lower brand loyalty** than previous generations...by 2031, Gen Z's **income** will **surpass** that of millennials **
- ✓ Rise in Preference for Resale Across ALL GENERATIONS...
While only **52%** of Baby Boomers participated in recommerce in 2019, today that number has jumped to **81%** ***

Graphs from eBay 2022 Recommerce Report

Who's Buying Pre-Owned Goods?

Percentage of global responding sellers in each generation who have purchased pre-owned goods in the past 12 months



Main Reasons Why Consumers Buy Pre-Owned

Percentage of global responding sellers that identified their main reasons for why they purchase pre-owned goods

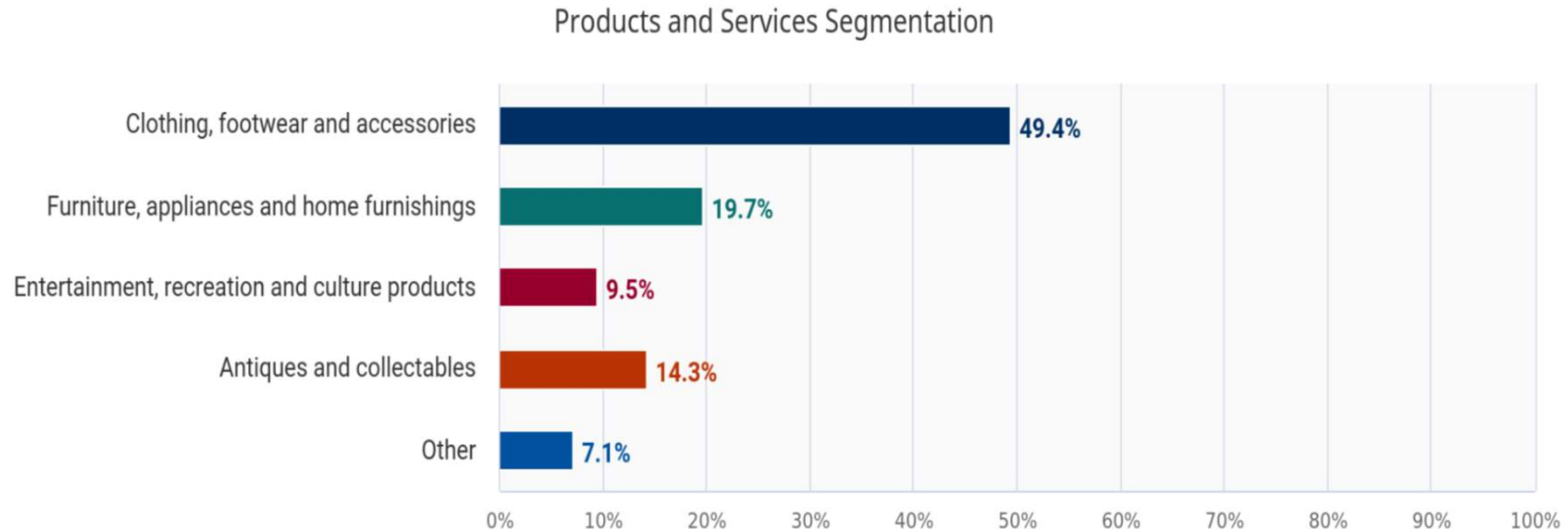


*eBay

**Swift Prepaid Solutions

***Baker Retailing Center at the Wharton School

Product Segmentation



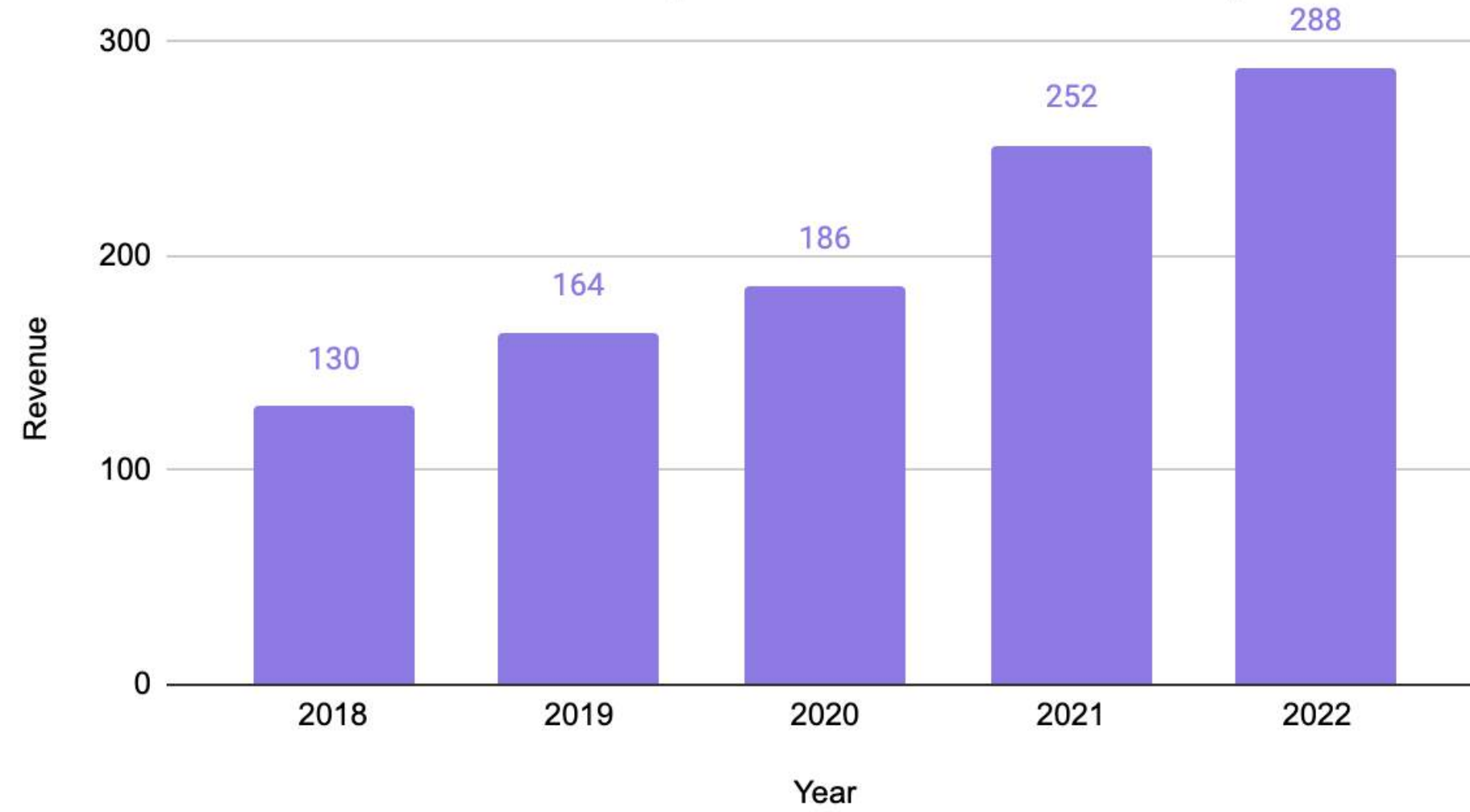
Used goods industry in the United States in 2022 and what **percentage** of **revenue** each product segment accounts for *

**IBISWorld
Check Appendix for Categories*

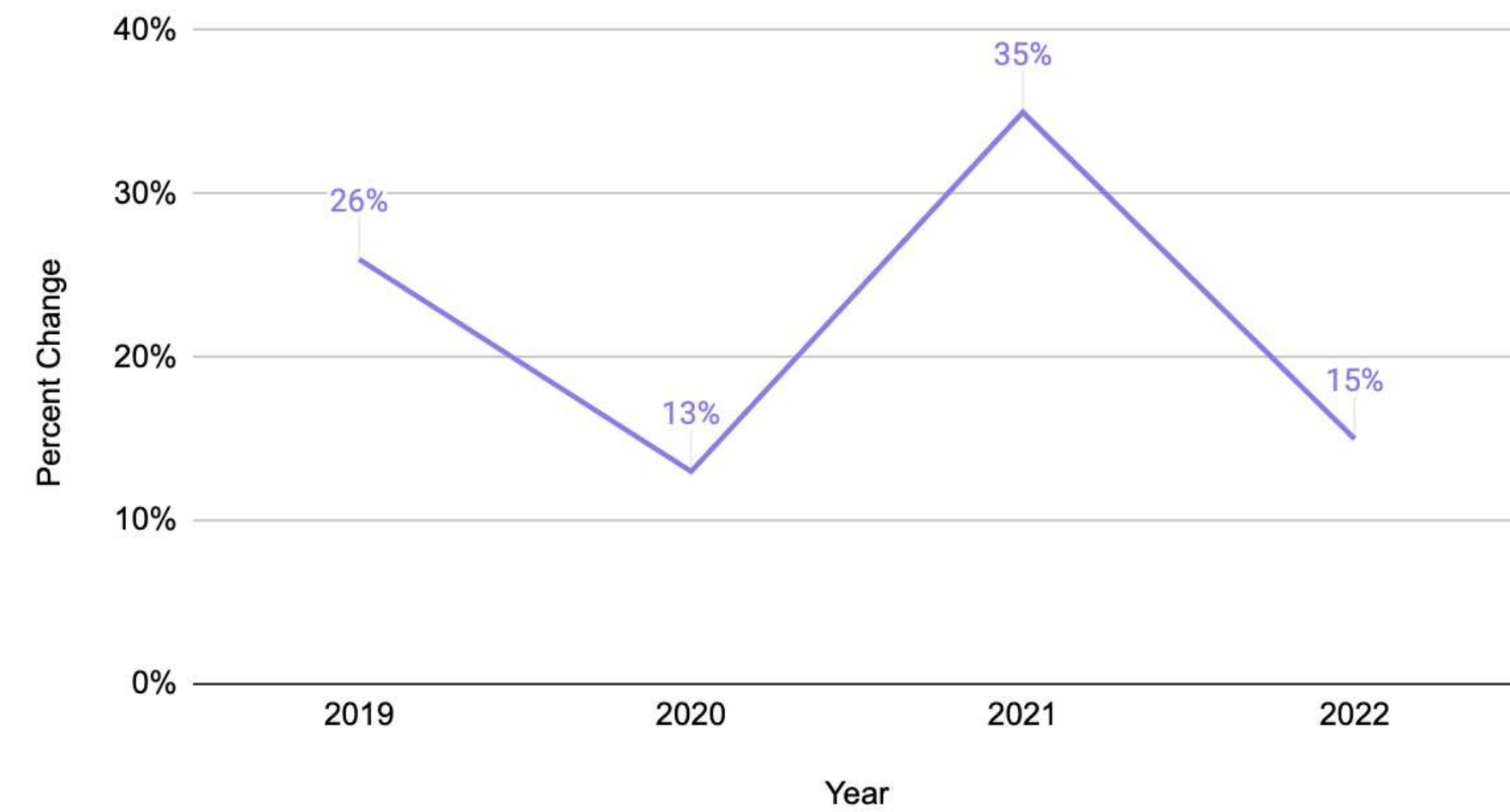
Company #1: thredUP



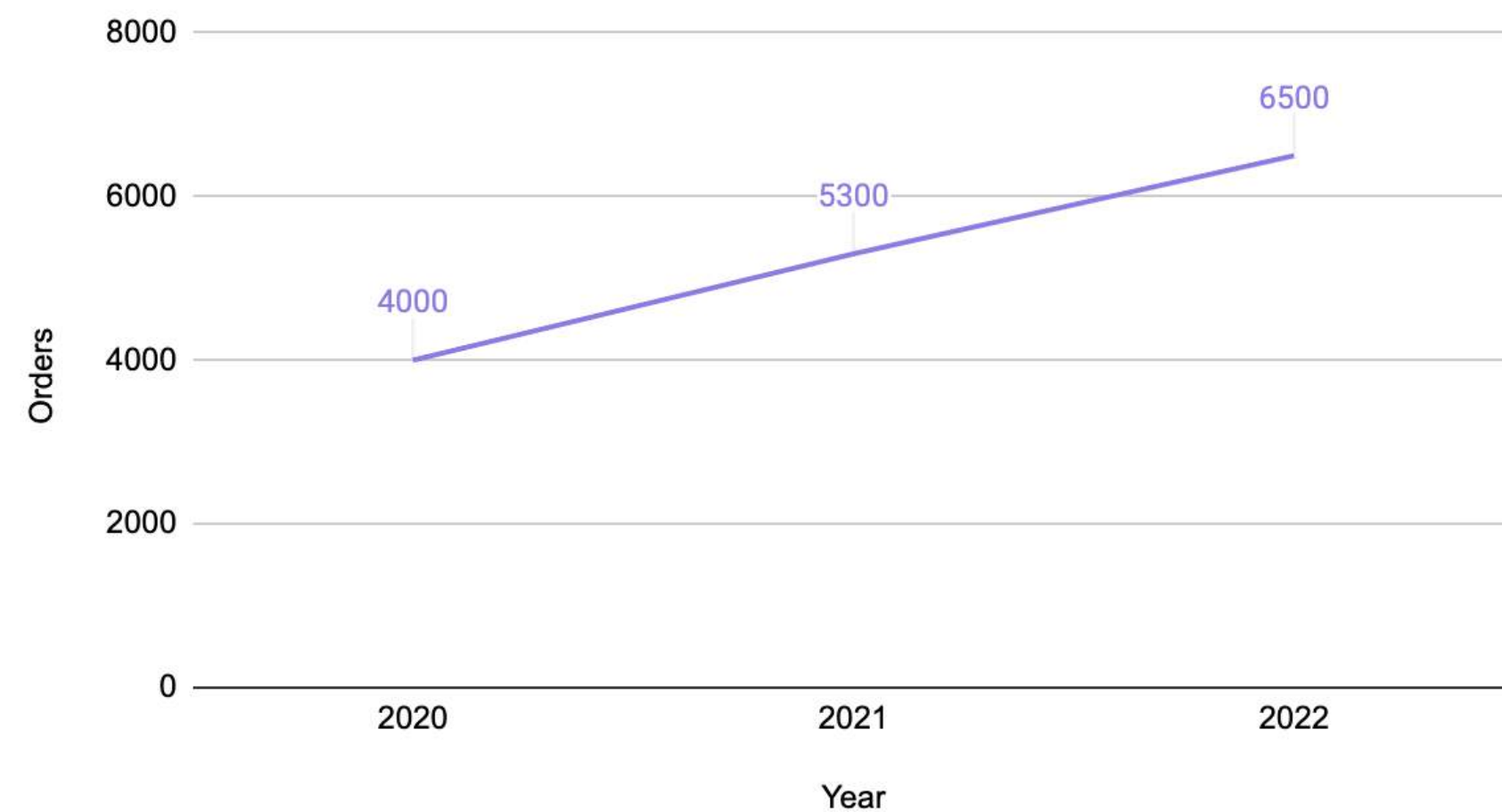
Revenue Growth (in millions of US Dollars)



Year-over-Year Growth

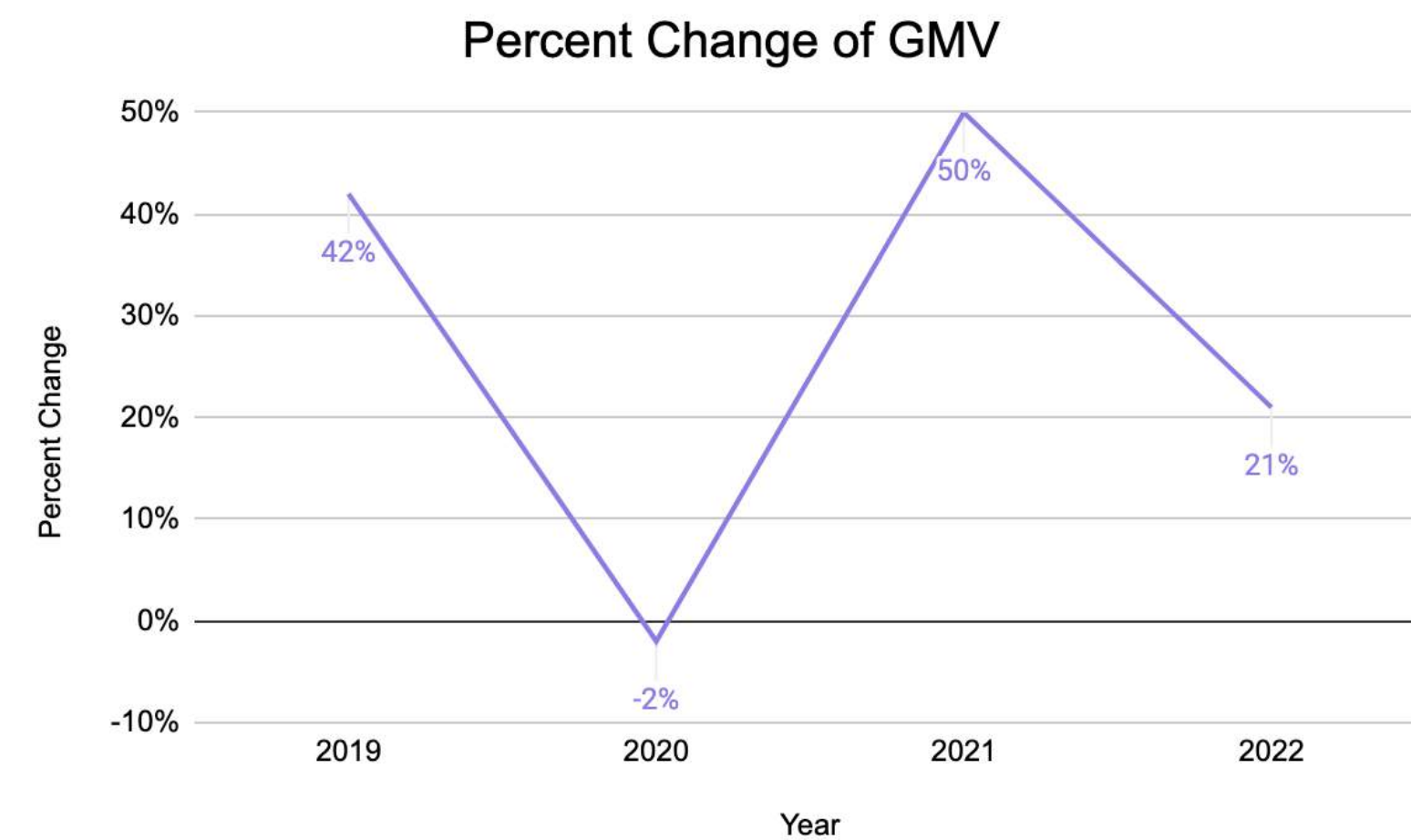
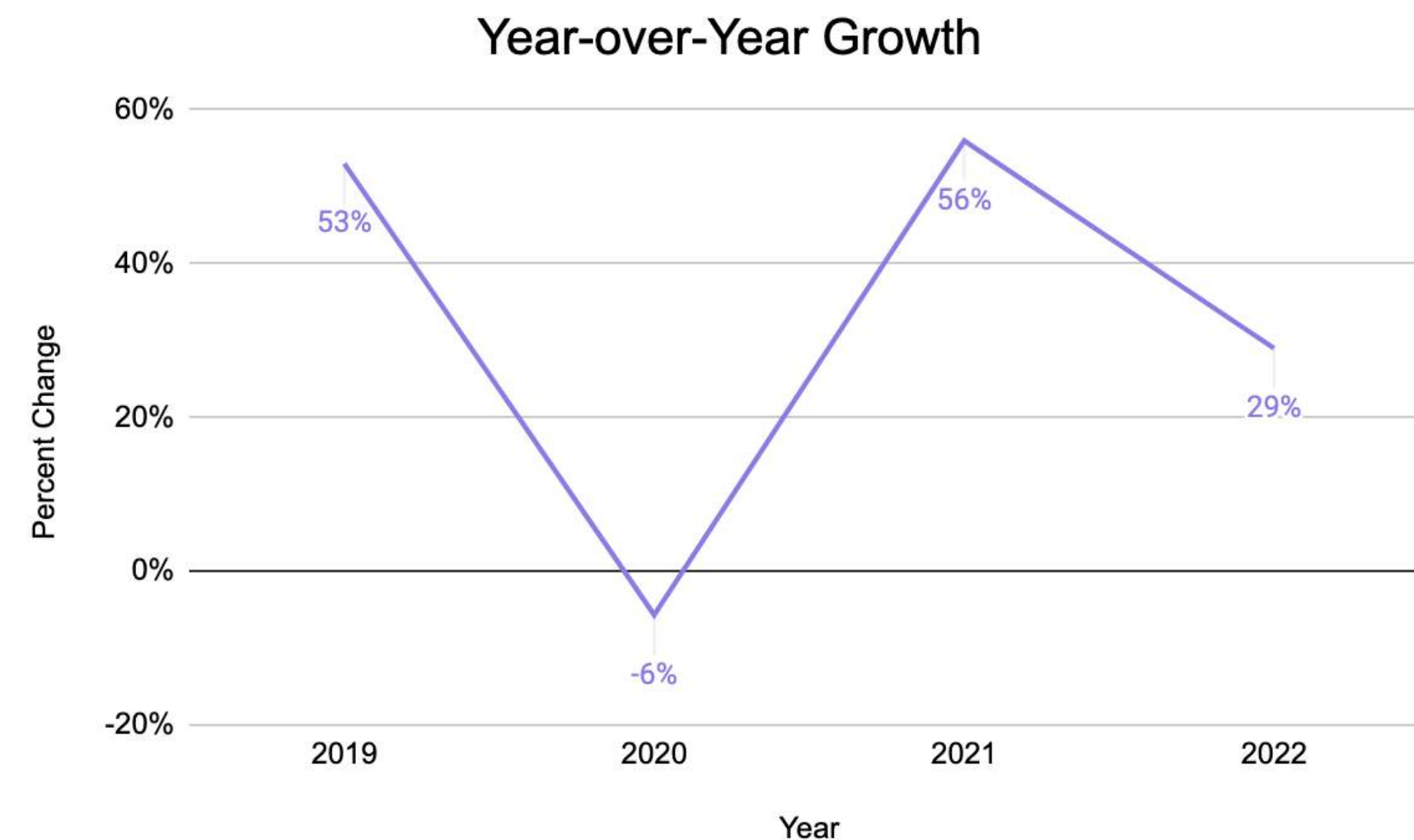
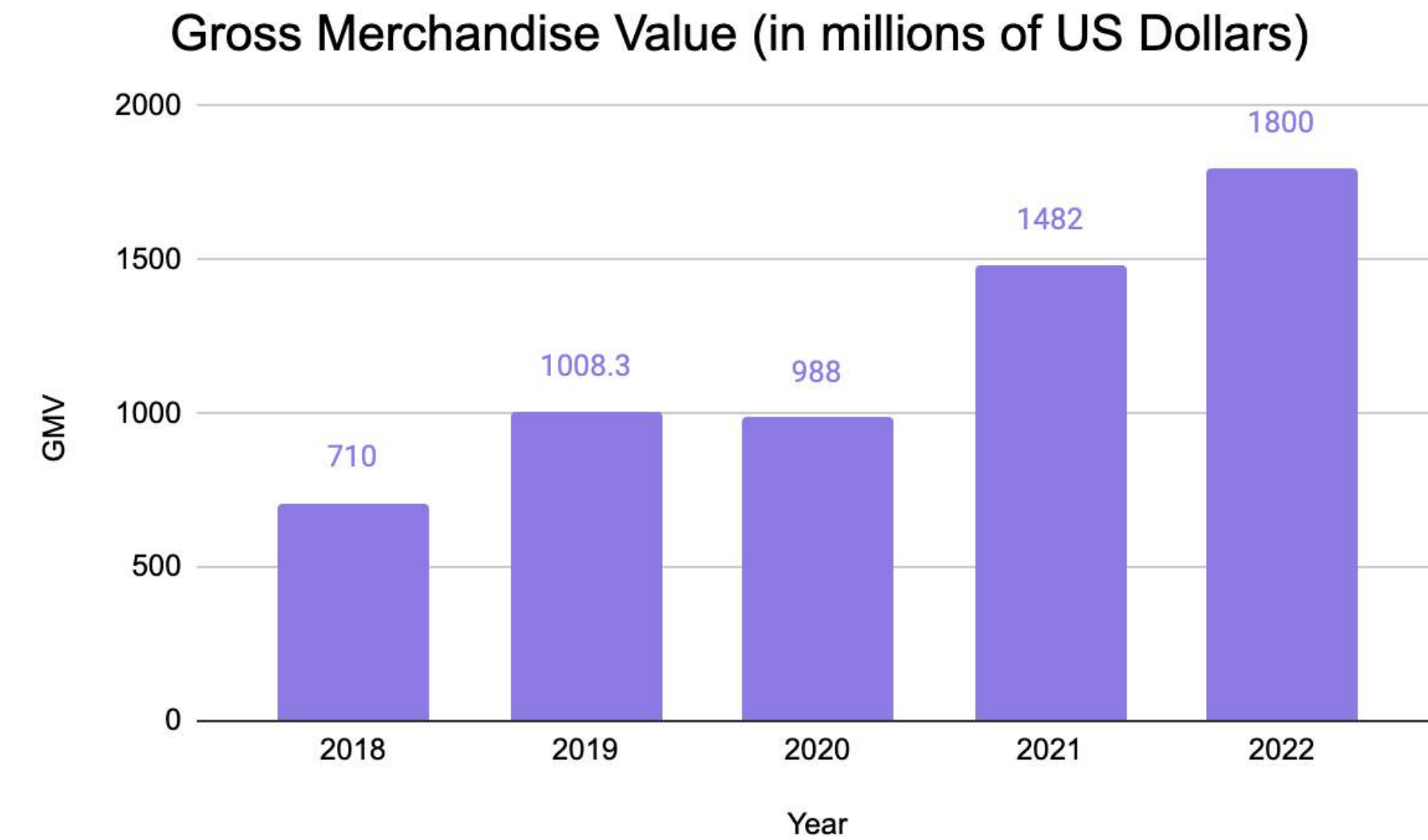
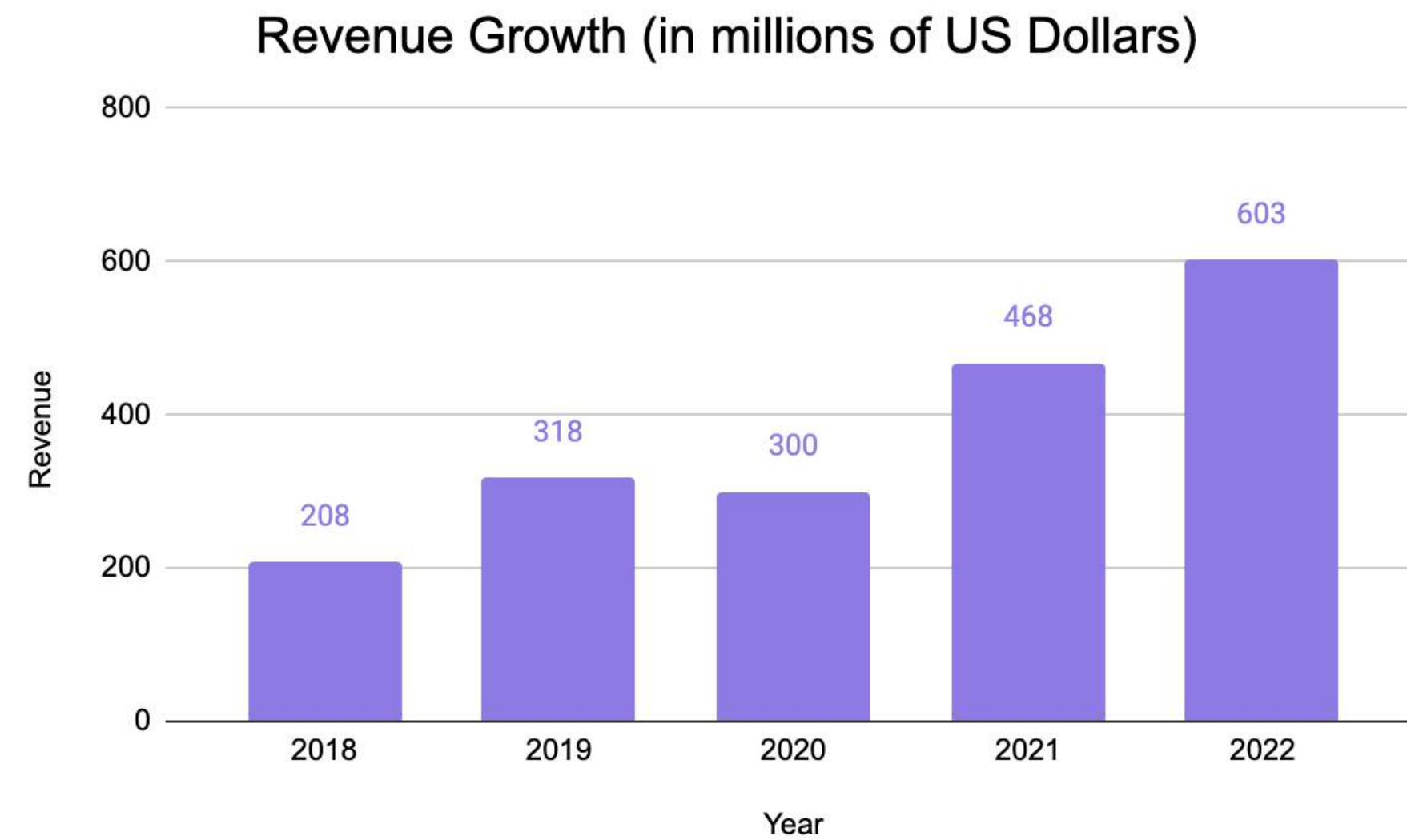


Total Orders (in thousands)

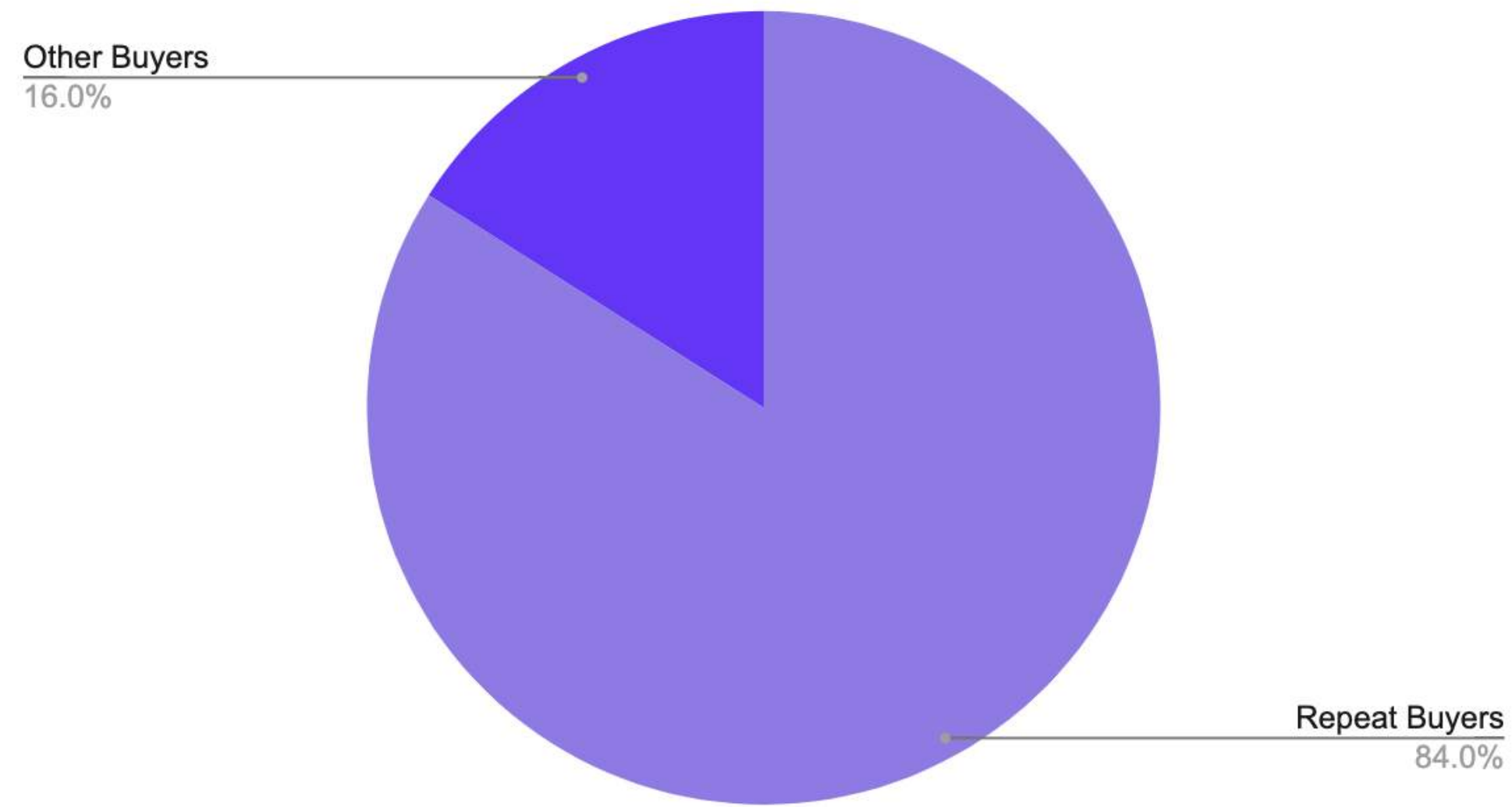


**<https://ir.thredup.com/financials-filings/annual-reports>*

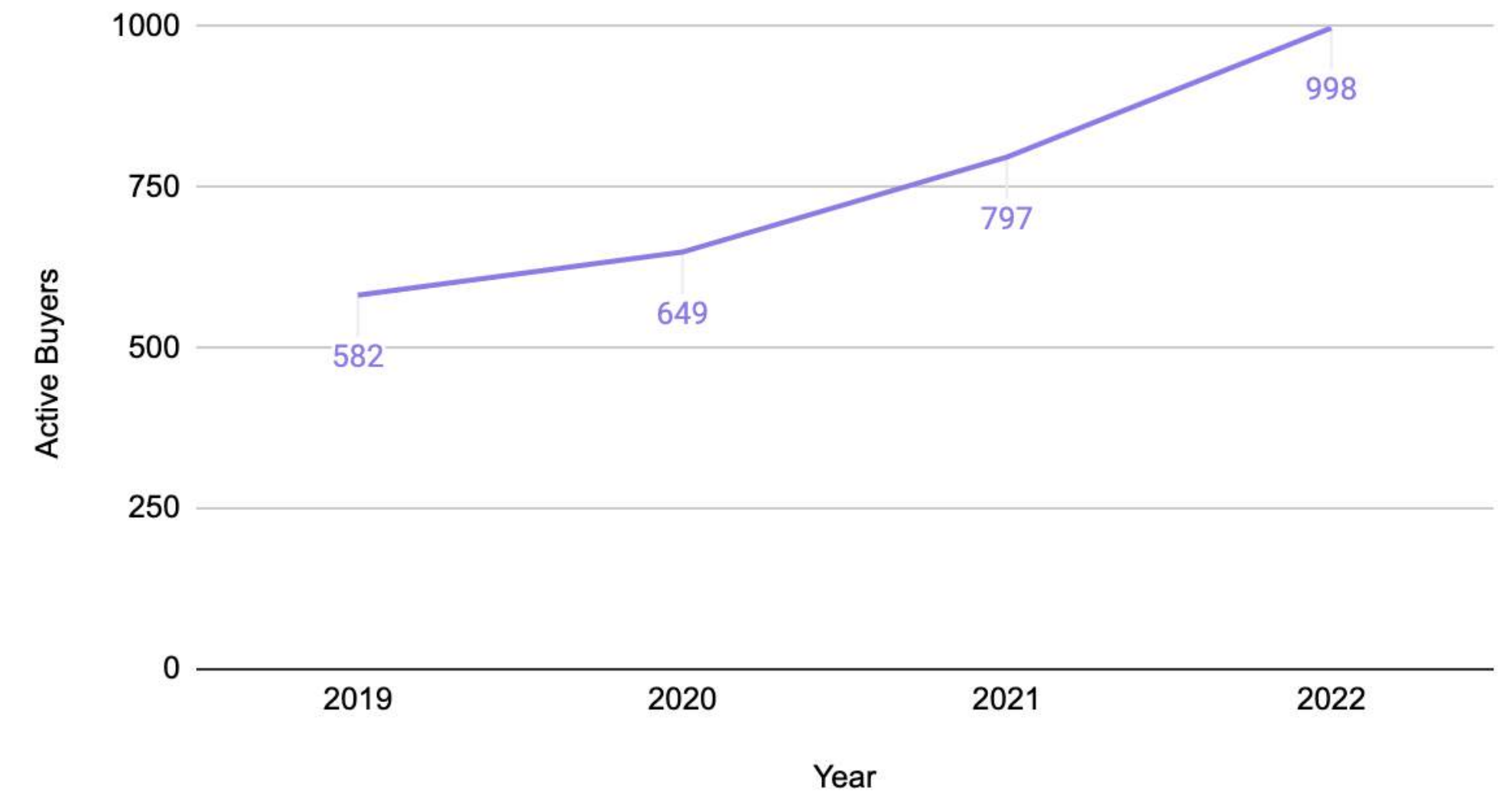
Company #2: The RealReal



GMV from Repeat vs Other Buyers



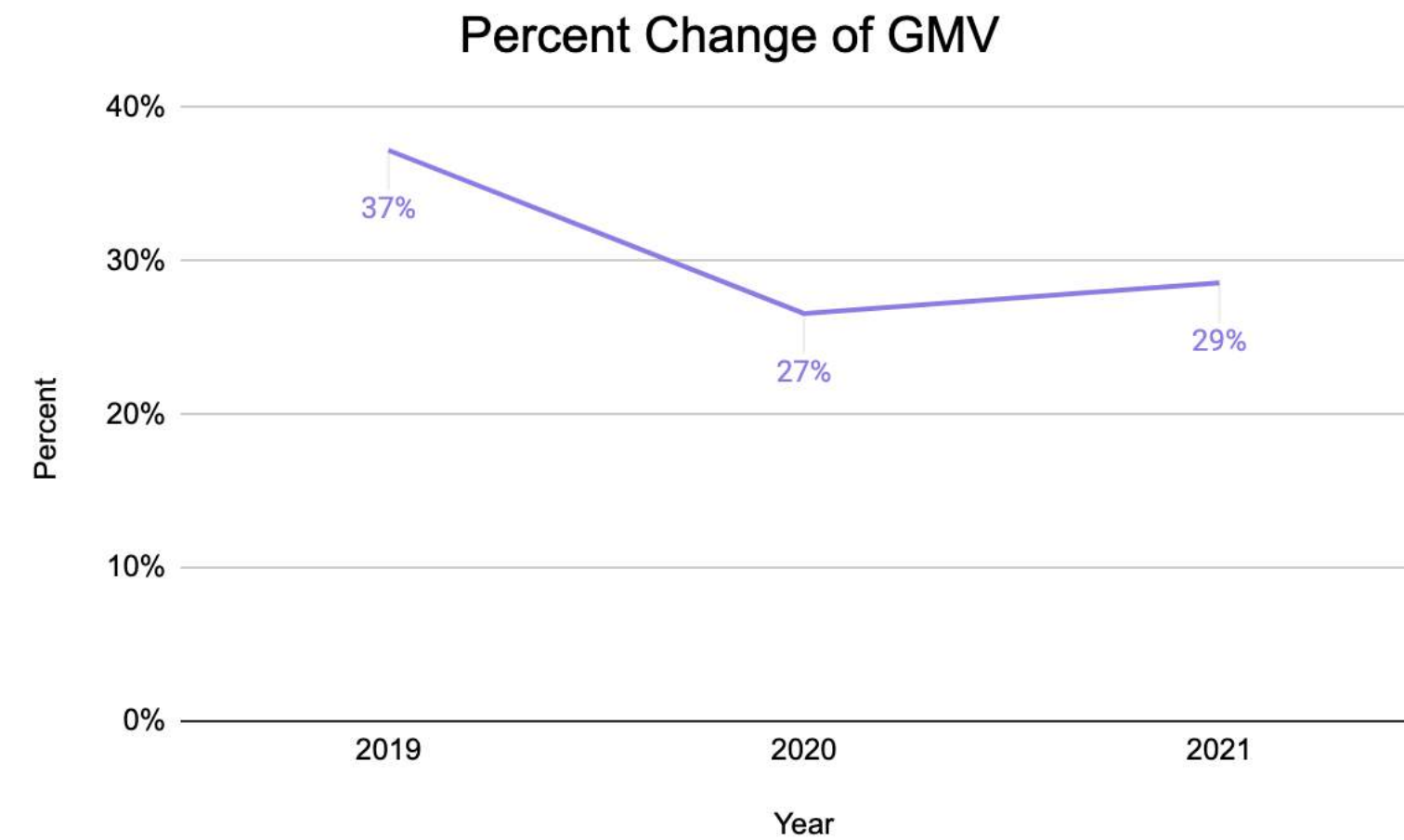
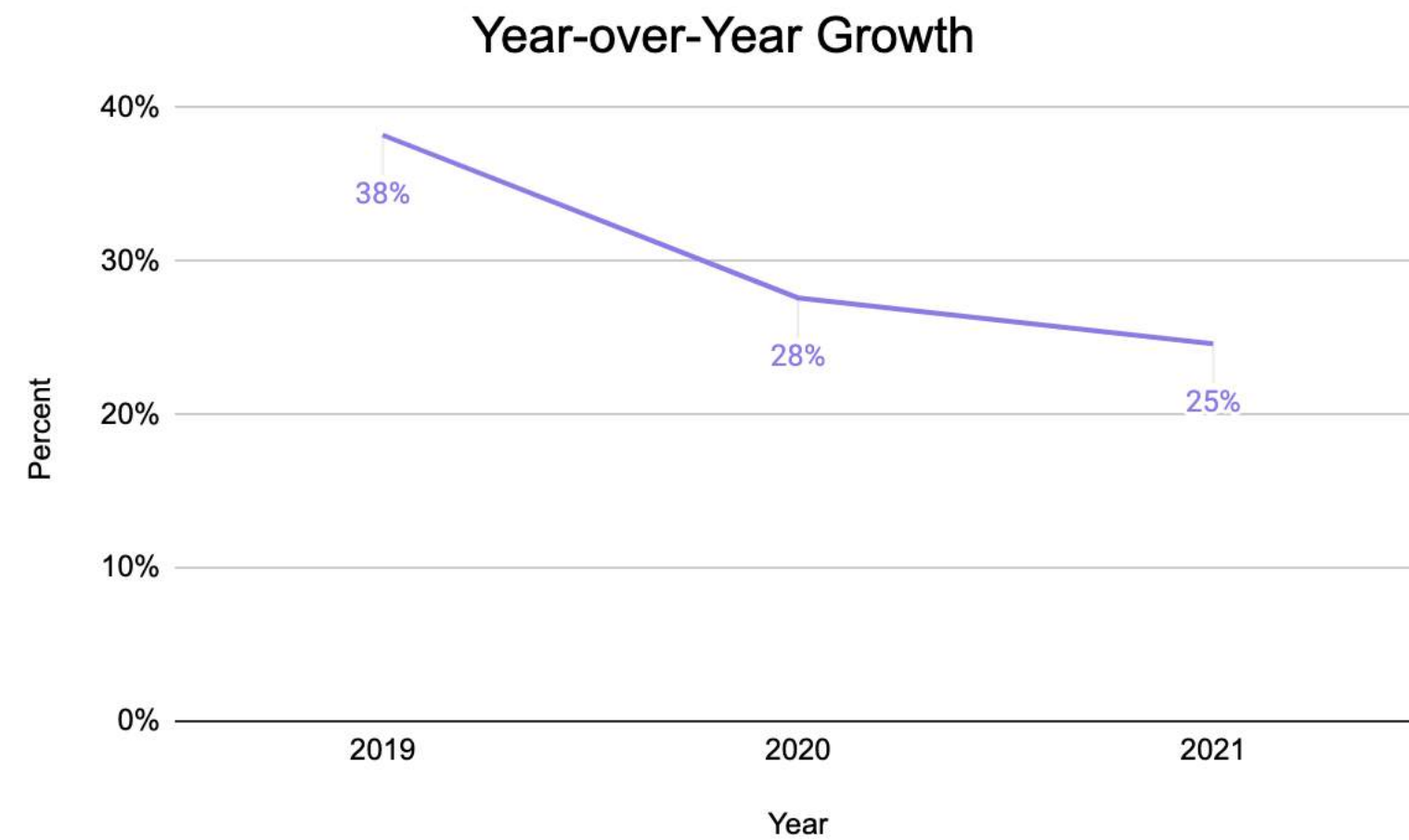
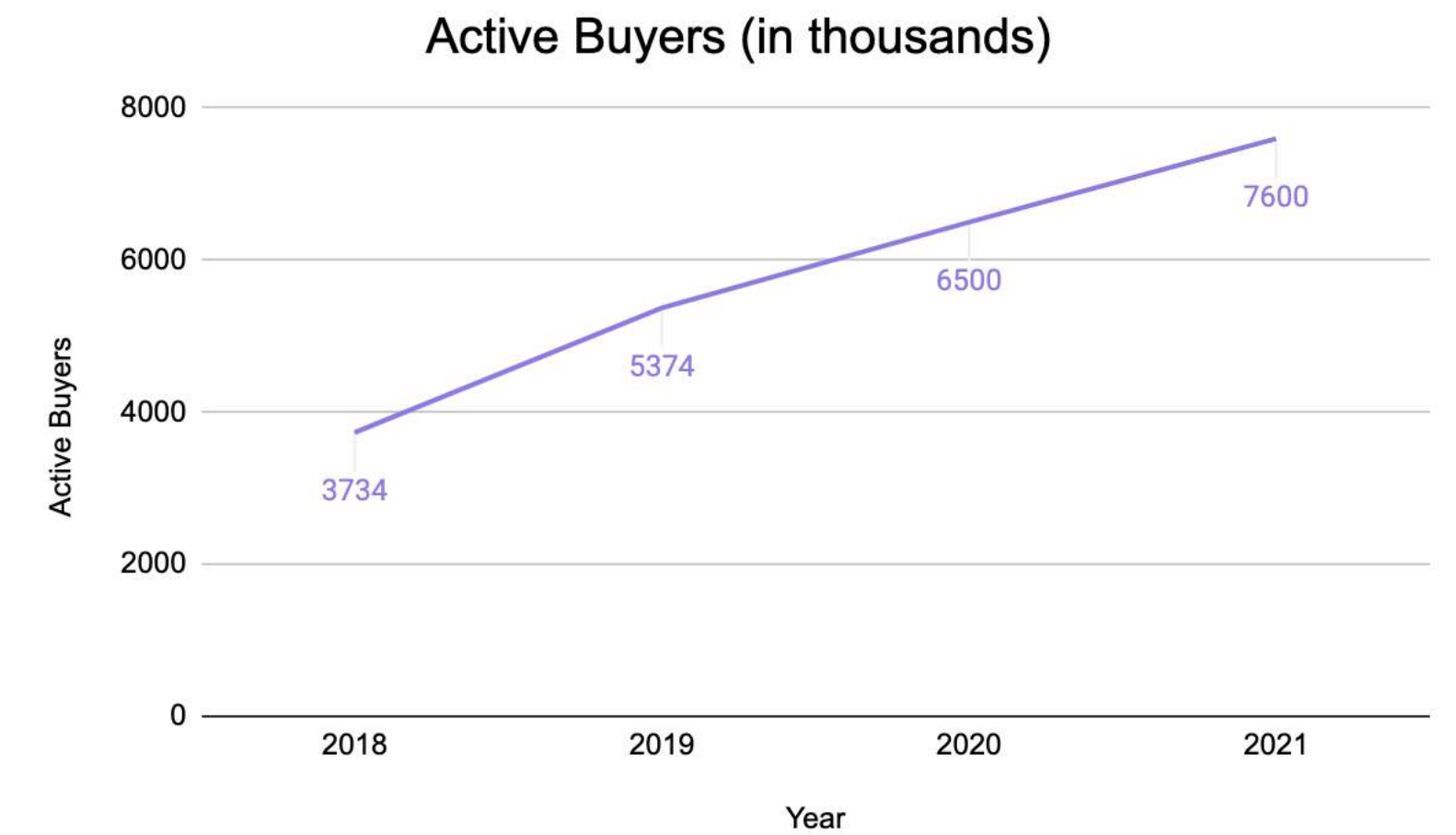
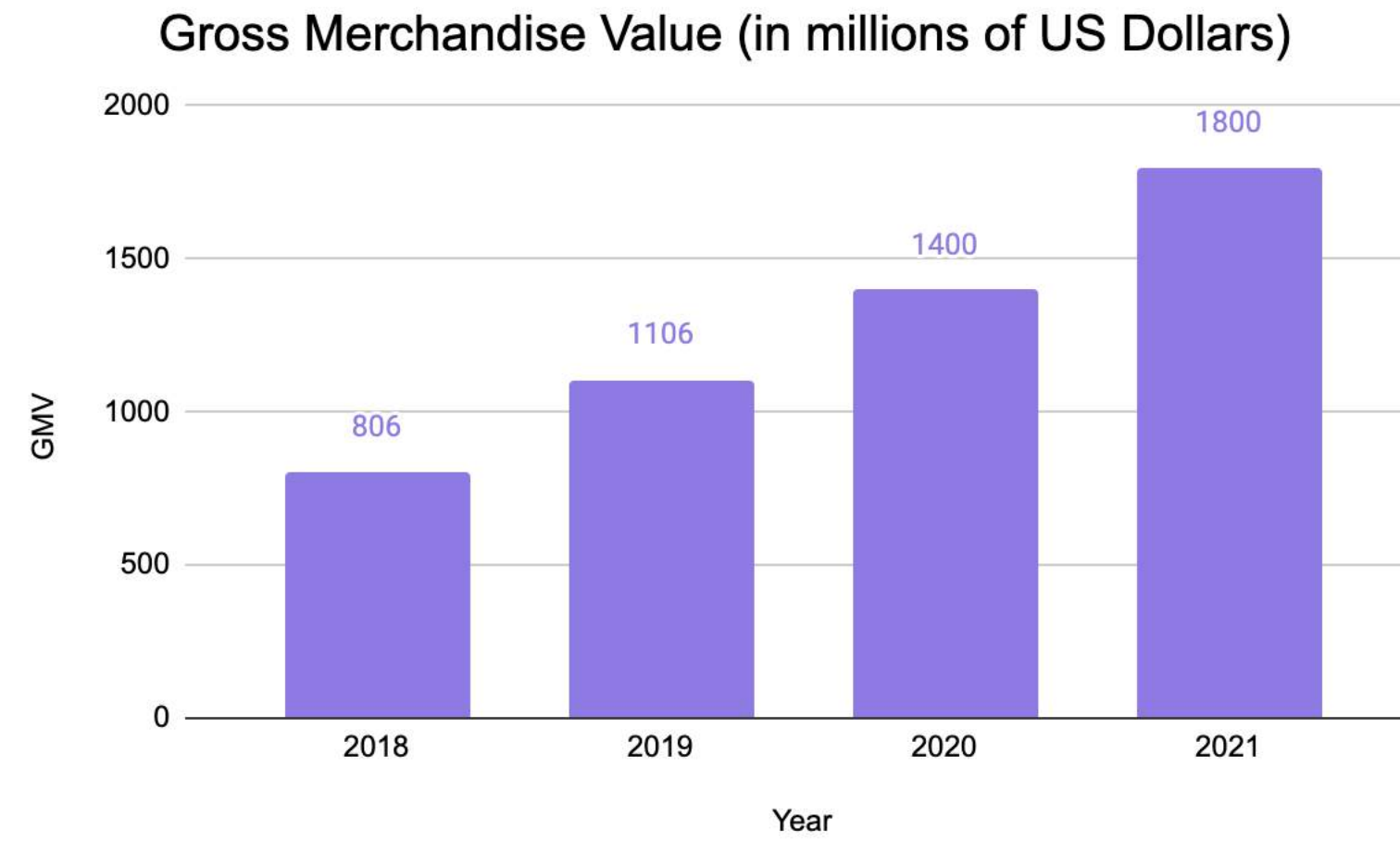
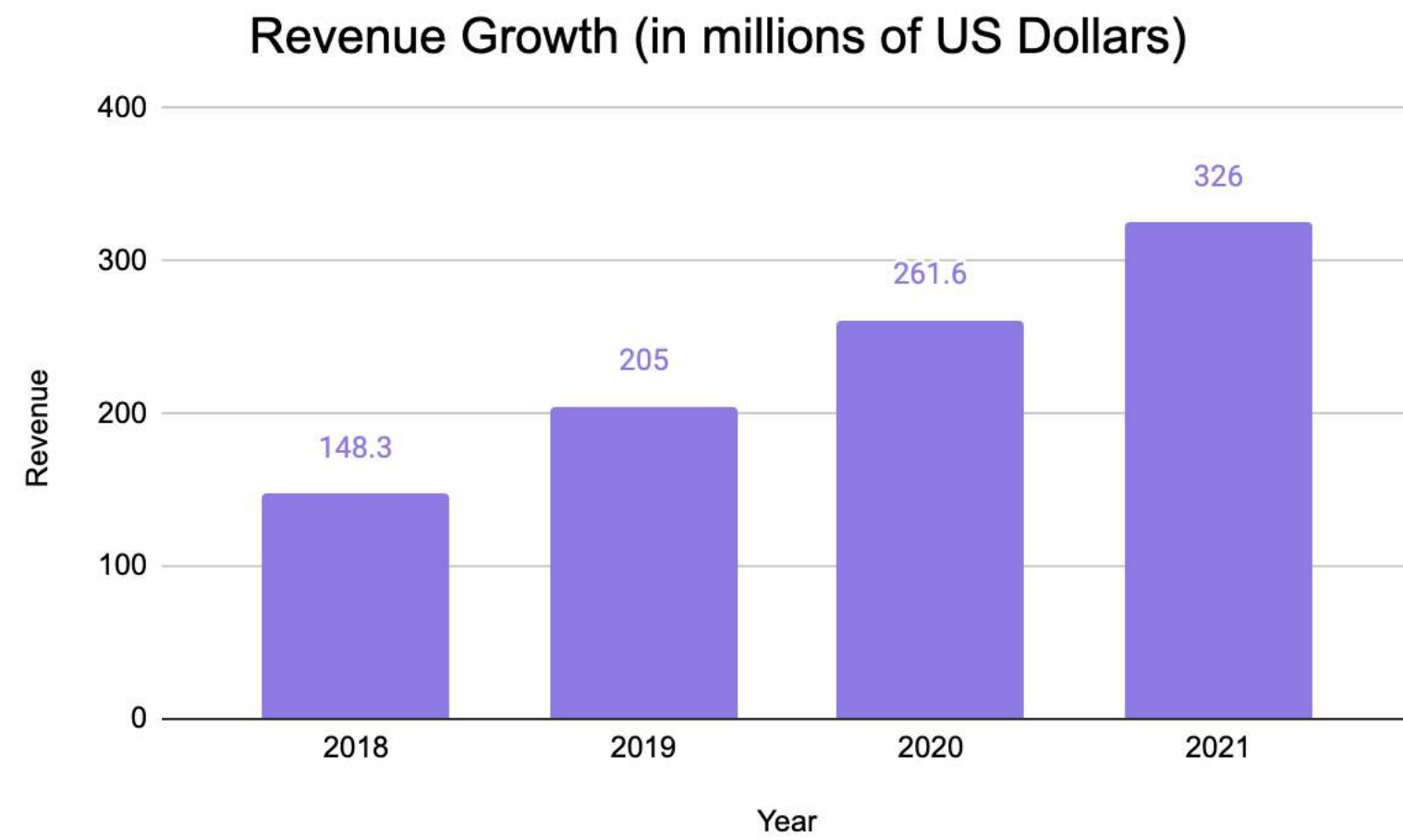
Active Buyers (in thousands)



The RealReal's CFO Robert Julian said the platform is expected to be profitable by 2024

Company #3: Poshmark

(acquired by Naver in January 2023)



**<https://newsroom.poshmark.com/category/press-releases/>*

Future Outlook - More In-Person Offerings

1

More Brick & Mortar Presence

Online resale marketplaces may EXPAND into in-person stores to acquire customers both physically and digitally *

e.g. the RealReal has over 19 in-person locations

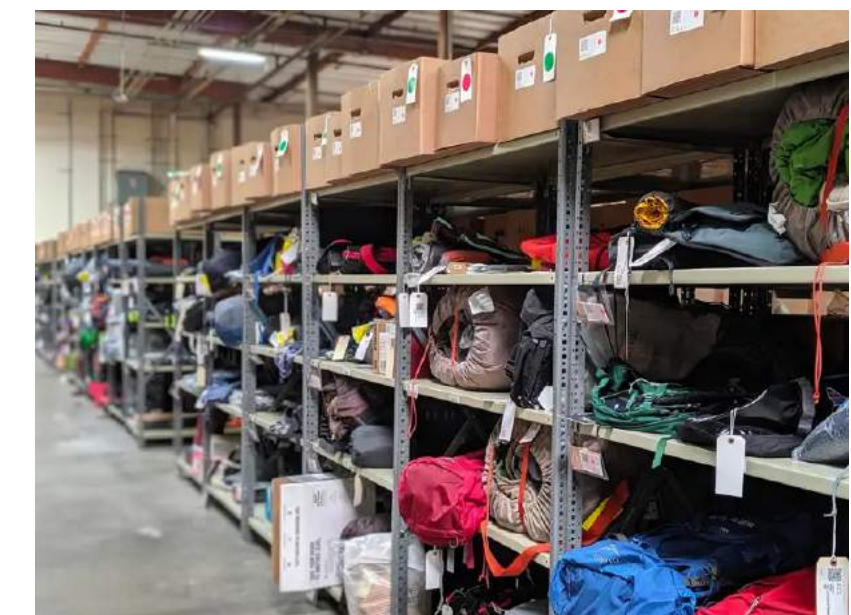


2

Selling Resale Items in Stores

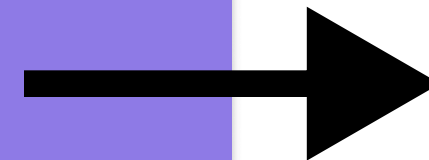
Legacy retail brands may begin selling used items alongside new merchandise in their brick & mortar stores *

e.g. Patagonia and REI have already done this



Future Outlook - Increased Consolidation

Increased interest in circular fashion from BOTH consumers and investors is driving **CONSOLIDATION** (more M&A activity) in the resale market as companies seek to capture **more market share**, expand into **different categories** of apparel, and extend into **new geographies**, etc. *



Because sellers of goods are generally agnostic as to where their products are sold, while buyers tend to shop on only a few websites, there will be **increasing competition** among online marketplaces that target the same demographic and products. As a result, the resale industry is likely to **coalesce** around a handful of winners that are able to capture the **most market share** and build **strong customer loyalty** *

Examples

Horizontal Integration

2021 – Etsy acquires Depop for \$1.6B in order to tap into the fast-growing trend of **Gen Z reselling their clothes online**

2021 – thredUP acquires Remix, a front-running European fashion resale and reuse company, in order to **expand** into **European markets**

Vertical Integration

2018 – Richemont acquires YOOX Net-A-Porter and Watchfinder **to expand into online retail**

2021 – Gucci acquires 5% stake of Vestiaire collective, Europe's biggest platform for high-end second-hand clothes and handbags, to attract **younger** and **more environmentally conscious consumers**

Resale Industry Risks



Challenges with Economic Downturns:

The resale market may be impacted by macroeconomic pressures (inflation, higher interest rates), as consumers may be especially less likely to spend on luxury items and may instead focus on essentials

Competition from Traditional Retailers

Traditional retailers are increasingly entering the resale market, which could lead to increased competition and make it more difficult for pure-play resale companies (e.g. RealReal, thredUP) to differentiate themselves

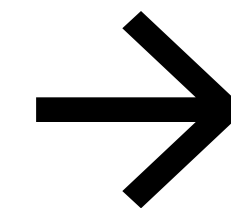


Market Opportunities

**Trend: Traditional
Retailers are entering
the resale market**



But by listing on other resale sites like eBay (which comes at no cost), there is a potential opportunity for **marketing** and **customer discovery** because it **alerts customers** on other resale sites of brands that have discounted preowned inventory



Appendix

Clothing, footwear, and accessories: upscale designer, vintage pieces, everyday clothing

Entertainment, recreation, and culture products: books, games, DVDs, sporting goods, instruments, TV's

Antiques and collectables: collectibles, stamps, coins, art, photographs