

RETAIL

Neiman Marcus pushes into secondhand retail as resale category climbs

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Both Neiman Marcus and Fashionphile sell luxury handbags, such as this Bottega Veneta pouch. Image credit: Neiman Marcus

By SARAH RAMIREZ

Retailer Neiman Marcus Group is furthering its interest in luxury resale with an investment in designer handbag and accessory consigner Fashionphile, its latest partnership with an upscale secondhand platform.

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In light of the rapid growth of the high-end consignment market, Neiman Marcus has previously sought strategic relationships with resale retailers. However, its minority stake in Fashionphile marks the retailer's first investment in a secondhand luxury company.

"Secondhand or preloved' luxury merchandise is joining the mainstream trend of consumers that are passionate about sustainability and recycling," said David Naumann, vice president of marketing at **Boston Retail Partners**, Boston. "Buying used merchandise and clothing doesn't have the stigma it had in the past when people were embarrassed to admit they purchased an item at a secondhand store.

"Now, even some very affluent consumers are comfortable and proud to purchase previously-owned items," he said. "Partnering with luxury resellers enables Neiman Marcus customers to enjoy the benefits of luxury goods at a fraction of the full price and it is a great way for aspiring consumers to obtain luxury goods they normally couldn't afford."

Investing in preowned

Neiman Marcus announced it acquired a minority stake in Fashionphile on April 17. As part of the investment, the company will be giving the preowned platform physical placement in some of its Neiman Marcus stores.

Customers will be able to get an instant quote for their pre-owned goods, and if they wish they can trade in their bags or accessories for a payment. While Neiman Marcus will not be selling pre-owned goods through its channels, the quote service will enable shoppers to get money back and shop for new items from the retailer ([see story](#)).



Fashionphile has sold secondhand luxury goods since 1999. Image credit: Fashionphile

"Neiman Marcus has recognized that people see their luxury purchases as investments," said Sarah Davis, founder and president at [Fashionphile](#). "They are increasingly interested in safe, easy ways to sell these items when they are no longer being used."

Fashionphile was founded in 1999, making it among the first resale ecommerce companies. It has also expanded into bricks-and-mortar, with showrooms in California and New York.

Over the course of its 20-year history, Fashionphile has focused on luxury handbags, accessories and jewelry. Its inventory of more than 15,000 products includes pieces from labels such as Delvaux, Gucci and Goyard.

Neiman Marcus has been experimenting with preowned luxury goods in recent years. In 2014, the retailer's Web site hosted an exclusive online auction of Herms handbags available through Hermitage Auctions ([see story](#)).

Since then, Neiman Marcus expanded its watch selection through a limited partnership with luxury timepiece consignor Crown & Caliber in 2015 ([see story](#)).

Neiman Marcus was also a founding partner for a consignor gift card program through luxury consignment platform The RealReal. The payment option allowed consigners to choose their payout in the form of a Neiman Marcus gift card, receiving an extra value of 10 percent ([see story](#)).

[View this post on Instagram](#)

A post shared by FASHIONPHILE (@fashionphile) on Apr 11, 2019 at 12:11pm PDT

Instagram post from Fashionphile

Similar to the new Fashionphile relationship, this allowed Neiman Marcus to encourage consumers to use their payouts to purchase new luxury items.

"We can imagine a Fashionphile salon in every Neiman Marcus store," Ms. Davis said. "A client comes into that store, drops off a few bags and leaves with a check. Neiman Marcus is betting that that person will be highly likely to spend that check at the Chanel, Louis Vuitton or Dior counter in their stores on their way out."

Growth in resale

Secondhand luxury is thriving, as both aspirational and existing luxury shoppers turn to preowned merchandise for economic and environmental reasons.

The fashion market category that relies on consigning high-end apparel and accessories is witnessing a period of enormous growth, outpacing the full-price segment of its industry by 20 percent, according to a report from Fung Global Retail & Technology. The entire resale industry is expected to grow from \$18 billion in 2016 to \$33 billion by 2021 ([see story](#)).

Resale platforms also make luxury goods more accessible for consumers.

According to The RealReal, the Gen Z consumer is an early adopter of consignment and the "lifecycle of luxury," preferring secondhand Chanel, Herms and Louis Vuitton goods, making the resale market an opportunity for brand discovery ([see story](#)).

Neiman Marcus is not the only traditional retailer that has partnered with luxury "recommerce" platforms.

In 2016, Barneys New York hosted a month-long pop-up by Paris-based vintage and secondhand luxury ecommerce Resee.com in its Madison Avenue flagship, allowing shoppers to peruse pieces from iconic collections dating to the 1970s or '90s ([see story](#)).

Secondhand watch marketplace Crown & Caliber also recently expanded its bricks-and-mortar footprint to Canada through a partnership with jewelry retailer Birks. Exclusively at Birks stores in the market, Crown & Caliber will enable consumers to sell or trade-in their watches for cash or store credit ([see story](#)).

"Partnering with resellers enables luxury retailers to participate in the secondhand market opportunity without setting up completely new processes for obtaining used merchandise, inspecting it and managing the inventory and promotion of the items," BRP's Mr. Naumann said. "It allows them to offer used merchandise options immediately with minimal start-up costs."