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How resale, rental and flex payments can put luxury within reach especially now

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Luxury marketers will have to lower barriers to entry if they want aspirational customers to come back after the COVID-19-induced downturn is over. Image credit: Splitit

By **Brad Paterson**

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The concept of luxury has undergone some major shifts over the past few years as the idea of owning high-value goods paired with extravagance and excess is just as important as partaking in high-value experiences and aligning with a brand's purpose.

Now, as the world is facing the potential of a prolonged economic crisis due to the COVID-19 coronavirus outbreak, the very idea of what luxury will look like when this is all over may change for good.

While luxury brands grapple with how business can rebound, they should consider a multitude of ways to democratize and knock down the barriers to entry.

The growth of resale retailers, renting options and growing opportunities to pay in installments instead of a lump sum are removing the once-insurmountable price hurdle and welcoming new customers to the world of luxury even as how we define luxury may be changing.

Resale offers more than a smaller price tag

Ten years ago, "second-hand clothes," would probably have you thinking of Goodwill or Salvation Army.

These stores offer deep discounts on used items. And while a trendy thrift store find could always lend a dose of hip to the right person, these stores have never cracked into mainstream appeal.

Enter ThredUp, The RealReal, BagBorrowSteal, Vestiaire Collective and other resellers that have digitized and elevated the second-hand world.

Rather than outdated suit jackets and off-trend table lamps, growing resale opportunities mean shoppers now have access to brands such as Gucci, Fendi and Prada at a fraction of the price. And people are buying. Big time.

The **resale economy is expected to skyrocket** from \$24 billion in 2018 to \$64 billion by 2028 growing nearly 1.5 times as quickly as fast fashion retailers such as Zara and H&M. And **64 percent of women** have bought or are willing to

buy second-hand.

So why has purchasing resale become such a popular trend? How has second-hand broken its once-stale stigma?

For one, the discount cannot be beaten. An Armani jacket, for example, in excellent condition that **retailed for more than \$1,000** can be found for less than \$125.

Young shoppers, in particular, want a new outfit for each Instagram selfie, but cannot afford to purchase a closet-full of quality looks.

For some, **fast fashion is the answer**. These retailers offer quick turnover in stores and personal wardrobes.

But while fast fashion is made cheaply, it comes at a huge expense to the planet.

Resale has become a responsible option for environmentally-conscious shoppers.

After all, disposed clothing contributes to more than **one-third of the plastic** found in oceans, but buying a used garment **reduces that piece's carbon footprint by 82 percent**.

Buying second-hand gives shoppers access to influencer-worthy clothes and other products without the guilt.

Rental options reduce the splurge

Renting a wardrobe is another way to explore popular trends while avoiding the negative environmental impact of disposable consumerism.

Subscription services such as **Rent the Runway** offer "all the style, half the price" by allowing customers to rent several pieces of clothing at a time, for between \$89 and \$159 per month.

Rent the Runway led the charge, but since its founding in 2009, countless others such as Le Tote, watch lender Eleven James and furniture rental service Fernish have also sprung up.

With this model, fashion-forward shoppers can enjoy the impact of flashing a new statement piece over and over again for the same price they would have to spend to own one of the designers' T-shirts.

And renting a wardrobe offers an additional benefit: less stuff. It is the **Marie Kondo effect** where less is more and aligns with the millennial trend to desire freedom and flexibility.

The sharing economy extends beyond a wardrobe, too.

The ease and affordability of ride-sharing options such as Zipcar make it possible to get by without owning a car, while coworking options including WeWork offer an alternative to full-time office rental.

Renting cuts out ownership to deliver the real value that millennials are after: the experience.

Digital purchasing tools break payments into installments

Though resale and rental options make luxury fashion more affordable, they certainly do not eradicate the largest barrier to experiencing luxury goods: the cost.

For that, luxury retailers who want to attract a more diverse clientele are increasingly turning to platforms to help customers complete large purchases with monthly installments.

For example, these platforms offer customers the ability to divide a \$2,000 purchase across four monthly installments of \$500, interest-free. Some will work within a customer's current line of credit, while others offer new lines of credit at the point of sale.

This is a model that companies such as Apple have been using for years to make its newest phones accessible to millions of more buyers.

According to a *Wall Street Journal* report, **40 percent of people** polled said they would be more willing to complete a transaction if they were offered an installment plan.

A step beyond credit cards that can carry large fees and can feel like a burden on consumers, seven out of 10 consumers using these purchasing tools report **feeling less stressed** making large purchases such as mattresses, appliances and luxury fashion.

What does accessibility mean for luxury retailers?

These trends are the direct result and directly reinforce consumers' growing empowerment. And that is a good thing for retailers.

"You're worth it" is not going to cut it as a brand promise anymore. At least, not on its own.

Discerning shoppers do their homework. Where millennials increasingly assign their own definitions and demands for luxury, **your community, values and reviews** matter more than exclusivity.

Resale, rental and installment payment options open access to a wider segment of the market. It is still your market, but includes more people.

Young people who previously never had access to your shoes, and coveted them for 20 years until they could proclaim "I've made it," can now slowly enter your brand community much earlier.

MILLENNIALS AND younger shoppers still want the quality you offer even more when it is sustainably sourced.

By embracing these trends toward accessibility, you are just making it easier for them to become your loyal fan.



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