

RETAIL

ShopWorn brings attainable luxury to consumers through not new, not pre-owned' model

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ShopWorn is an ecommerce destination for authentic, unused luxury products. Image courtesy of ShopWorn

By NORA HOWE

Ecommerce retailer ShopWorn is shifting the landscape of affordable luxury by leveraging luxury overstock to provide consumers with unused products at a significantly lower price.

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ShopWorn, which recently expanded to Asia Pacific, launched in 2015 as a destination for customers who want to be the first to own authentic, unused luxury products but do not want to pay luxury prices. The platform which carries small leather goods and accessories from labels such as Bottega Venetta, Bulgari, Chopard, Gucci and more was created to help brands and retailers sustainably alleviate the challenge of unsold inventory and guarantees every item to be 100 percent authentic and never previously owned.

"A ShopWorn customer never worries if a watch has been refurbished using unauthorized parts or if their handbag is a knockoff," said Larry Birnbaum, CEO of **ShopWorn**, New York. "The direct relationship between ShopWorn, brands and authorized retailers alleviates any question of authenticity."

In this Q&A, Mr. Birnbaum discusses how ShopWorn sets itself apart from other digital retailers and how COVID-19 has shifted the landscape of luxury ecommerce. Here is the dialogue:



Larry Bimbaum, CEO of ShopWorn. Image courtesy of ShopWorn

How is ShopWorn different from other retailers like The RealReal?

Very simple: ShopWorn items are never previously owned.

Our merchandise comes directly from brands or retailers sanctioned by the brands to sell their products. ShopWorn customers are comfortable in knowing they are the first true owners of any item they purchase from our site.

The term "shop worn" has long been used to describe merchandise with past lives in store displays, gently handled by staff and tried on by customers, but never consumer owned. This subtle distinction prevents the products from being considered new, yet because the merchandise has never been bought by a customer, it falls outside the "pre-owned" category.

Under the designation "shop worn," luxury brands protect their image as ShopWorn sells their past seasons' items as neither new nor used. ShopWorn customers understand the incredible savings they receive is exclusively by virtue of the items being "shop worn" products from past seasons.

Unlike many multi-brand ecommerce sites, ShopWorn owns every item featured on the site. Some sites list products they do not have within their inventory, and only source those items after they have been ordered by a customer.

This often leads to cancelled orders when that site cannot source an item. ShopWorn does not have this problem because we purchase all of our inventory before they appear on our site.

We have a global team of buyers who work directly with brands and authorized retailers worldwide to redirect their unsold products from past seasons to ShopWorn.com.

As the demand for sustainability grows across all sectors, how might the luxury consignment landscape change? The luxury consignment landscape is predicated on brands "loaning" products to retailers in hopes the retailer can sell the items. This has always been beneficial to retailers as it minimizes their financial risks; but for brands, however, they must absorb the financial costs of every item until these items get sold.

When brands have consignment relationships with multiple retailers, the brand is forced to produce excess merchandise to distribute to every account, regardless of whether or not there is guarantee these items will sell. As sustainability concerns come more into focus, both brands and retailers should be evaluating the consignment model and its role in propagating the unsold inventory problem.

At ShopWorn, we believe money should change hands when goods change hands. This is how we run our own business and how we assist our partners.

In the past month, we have officially launched the ShopWorn BuyBack partnership program, with the Swiss watch brand Graham being our first public endorsement of this initiative. Through the program, select retailers can be confident in knowing whatever products they order from ShopWorn brand partners comes with a guarantee that

ShopWorn will buy from them any items that don't sell after a period of time.

This eliminates the very justification for consignment as we are taking away the retailers' financial risks of carrying products their customers don't buy.

Ultimately, we believe the consignment model is going to be a major casualty of this period. Retailers will need to adapt as brands continue evolving their own business models to account for multiple concerns, including that of sustainability.

Do you suspect fashion brands will look to collaborate with retailers like ShopWorn as conscious affluent consumers begin looking for up-cycled or recycled luxury goods?

Absolutely. We are seeing it now as we continue growing our brand relationships at a faster rate than ever before. Our promise to our brand partners is that we will never sell their products as new.

They are not new. They are "shop worn" products from past seasons a distinction that explains to our customers why our prices are substantially less than the original retail price. A distinction that also protects the luxury brand image for customers who prefer to buy current season merchandise.

Our business model makes perfect sense to our partners as we offer them a channel to recycle past seasons' merchandise without devaluing their image. For many brands, our model has also become an effective way to meet their own sustainability mandates as we provide a solution that prevents them from having to destroy products.



Items on ShopWorn are gently handled and never consumer-owned. Image courtesy of ShopWorn

How has the rise of ecommerce affected the world of luxury retail?

Shelter in place mandates kept people at home but did nothing to curb their appetite for shopping and retail therapy turned into ecommerce therapy as consumers sought an outlet for their anxieties during this unpredictable year. Luxury brands that had long shied away from investing online have quickly pivoted their stance as a result of these circumstances.

At ShopWorn, we have long studied the white glove treatment experienced inside bricks-and-mortar luxury boutiques and have used it as a guideline on how we work with our customers. While we've always been accessible to our customers by phone and email, always ready to send a quick product snapshot to a customer who wants a closer look at an item, we have now turned to hosting a monthly virtual livestream trunk show as an additional means to create the in-store experience online.

"Inside the Vault" is our latest effort in making consumers feel more comfortable shopping at home for luxury items. The show's design encourages customers to tell us in advance which of our items they want profiled, allowing us to produce a show entirely dictated by our customers' demands and interests.

Our watch, jewelry and accessories expert hosts go into tremendous product detail, giving history and backstory as the camera zooms in to get every angle. The hosts answer customer questions posed in a chat feature live on-air as customers become thoroughly educated on their desired purchases.

We see this as the ecommerce future of luxury retail: virtually re-creating the in-store shopping experience with the personalization of a knowledgeable salesperson to answer all questions while the customer sits at home.

In what ways has ShopWorn adjusted its business strategies in response to the COVID-19 pandemic?

In February, the team came together to rewrite our projections for the year, lowering our expectations and preparing to buckle down and do our best to weather the coronavirus fallout. But as with everything surrounding COVID-19, we

discovered we didn't fully understand where this pandemic would lead.

Instead of the small gains calculated by the revised projections, we exceeded our original 2020 projections by 40 percent month over month throughout 2020, starting in March when China lifted its lockdown. The Chinese consumers' thirst for luxury retail therapy helped propel us into the APAC region.

We had not planned for it this year, yet the Asian consumer demand for guaranteed authentic luxury products at accessible prices made it happen.

In the U.S., with so many retail stores closed as several cities instituted shelter in place mandates, many brands were not able to deliver merchandise to their retail partners. COVID-19 created a glut of unsold inventory across multiple categories, creating another unexpected opportunity for us.

While we have been steadily growing our brand relationships outside the watch industry, the pandemic has created new relationships with brands in other luxury accessories categories. Where ShopWorn was once 80 percent watches, our product mix has become increasingly diverse as we work with more jewelry, eyewear, writing instruments and leather goods brands in solving their unsold inventory problem.

ShopWorn has recently expanded its services to the Asia Pacific region, marking its first international expansion.

Does the company have plans to open additional stores in other regions?

Yes, the APAC region is only the beginning of our international expansion. In the next year, we are planning for a greater presence in countries where we already have buying offices, such as Italy and Switzerland.

We are also currently building relationships with suppliers in Australia, Spain, France and Germany all countries that may very well host future ShopWorn satellite offices within the next five years.

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