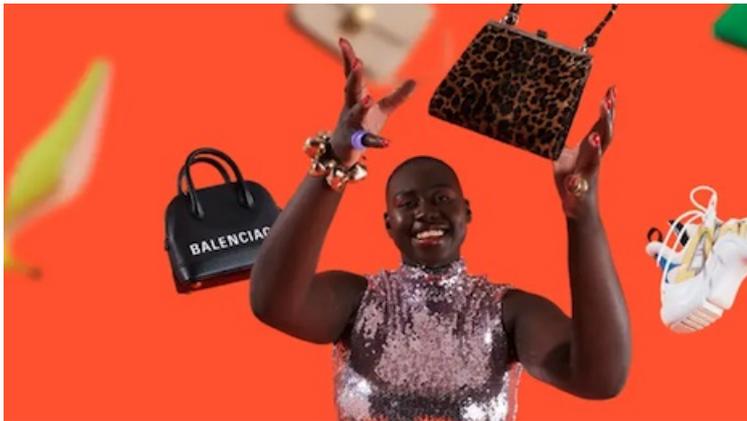


APPAREL AND ACCESSORIES

Rise of resale: How fashion is becoming circular

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Secondhand luxury fashion has seemingly boomed over the last 10 months, but how long will it last? Image credit: Vestiaire Collective

By NORA HOWE

Between the COVID-19 pandemic and various environmental crises, consumer interest in sustainable fashion consumption has dramatically evolved, launching the resale market into hyperdrive.

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What originated as hand-me-downs or thrift finds, secondhand fashion is now making waves within the luxury space as brands and retailers such as Gucci, Alexander McQueen and Mytheresa invest in consignment and rental platforms. As sustainability continues to drive the industry and its consumers, circular fashion is poised to stick.

"Initially, there was resistance in the luxury industry to resale, and some of that resistance existed in the traditional consumer base," said Alex Fitzgerald, principal in the consumer practice at global strategy and management consulting firm **Kearney**. "Now, resale is at the forefront of consumer outreach, and has become normalized, and sustainability and environmental messaging have been a powerful driver.

"Resale is a way for luxury retailers and brands to appeal to consumers' sustainability focus while offering value."

The resale boom

According to the **2021 Resale Report** by resale platform **ThredUp**, 33 million consumers bought secondhand apparel for the first time in 2020, and 76 percent of those first-time buyers plan to increase their spend on secondhand in the next five years.

"Resale has enjoyed strong double-digit growth for the last 10 years and the year of the pandemic just affirmed consumers' demand for a more sustainable consuming model whereby the useful life of products is extended as it passes from one consumer to the next," said Marie Driscoll, managing director of luxury and fashion at advisory and research firm **Coresight Research**. "Generally, consumers are just more accepting of the resale model as it offers a treasure hunt experience and access to covetable brands and items, usually at prices lower than retail."

In October, Boston Consulting Group projected that the global secondhand market will grow 15 to 20 percent over the next five years, suggesting that the thriving pre-owned market encourages consumers' hopes to own fewer, higher-quality items, to reduce overconsumption and to take better care of what they own ([see story](#)).

British School of Fashion expects the resale market to reach \$44 billion by 2029 ([see story](#)), while ThredUp predicts it will reach \$77 billion. Either way, resale is clearly building momentum.

"The 12 plus months have hit the apparel industry hard, and many companies have been experimenting with resale as a source of growth in a flat or negative period," said Ms. Fitzgerald. "Forecasting to the next 12 to 24 months, we will continue to see experimentation with resale within the industry, and transition to a viable and sustainable business model."



Eighty-eight percent of Farfetch shoppers care about minimizing their environmental impact. Image credit: Farfetch

Fashion and textile production are among the most environmentally damaging industries. The challenges include, but are not limited to, waste, water use, chemical pollution, carbon emissions, workers' rights and animal welfare ([see story](#)).

By shifting toward a circular economy, the fashion industry could eliminate waste, overproduction and pollution.

In collaboration with **Bain & Company**, the Positive Luxury LuxCo 2030 [report](#) imagines what a successful and sustainable luxury apparel label will look by the end of the decade. The hypothetical company, LuxCo, redefined the purpose of its brand, decoupled growth from volume, made its supply chain fully transparent and traceable, maximized its environmental and social commitments and created economic value from sustainability.

From 2025 to 2030, LuxCo's sales outperformed the market without any increase in the volume of items manufactured each year. Sales gains came from its nurturing of circular business models such as resale, up 50 percent, and rental, up 25 percent ([see story](#)).

"Any business model that moves away from overproduction is a sustainable business model," said Diana Verde Nieto, founder of Positive Luxury. "Additionally, future consumers will not accept anything short of proven, verified sustainability, and buying new' will be rare."

Luxury's stake

While luxury has notoriously rejected associations with "used" or "sale" items, the sustainable benefits of the secondhand avenue have recently pushed fashion houses to reevaluate their impact.

In October 2020, Italian fashion house Gucci partnered with resale platform **The RealReal** to set up a temporary online shop featuring pre-owned Gucci pieces from past collections.

Through the partnership, Gucci aimed to promote the resale avenue to extend the life of its products and shine a spotlight on the sustainability benefits of recirculating clothes and accessories ([see story](#)).

"We see a growing interest in capturing a brand's resale value, continuing to engage the shopper on the return trip and extending the lifetime value of a shopper," Ms. Driscoll said.



Alexander McQueen spring/summer 2020 runway show. Image courtesy of Alexander McQueen

Luxury resale platform [Vestiaire Collective](#) partnered with British fashion label Alexander McQueen to launch a new "brand approved" program. Through the collaboration, shoppers are invited to sell their preowned pieces and receive a credit to buy new pieces from specified McQueen stores ([see story](#)).

Earlier this month, Vestiaire Collective secured a new partnership with Munich-based retailer Mytheresa. In its initial phase, clients are invited to sell pre-owned luxury accessories online in exchange for Mytheresa store credit.

"Resale offers a pocket of growth in an apparel industry that has been underperforming," Ms. Fitzgerald said. "Challenges to becoming profitable include the low price points, cleaning and logisticsthese light operational issues will lead to a lot of partnerships.

"Many established brands are experimenting with resale, but at this stage, it is mostly experimentation, not reflective of a long-term strategy or core to the business," she said. "Whether or not their participation is here to stay will depend on their ability to participate in the disproportionate growth we have seen in resale, and their ability to develop a profitable business model."

In April, French conglomerate LVMH Mot Hennessy Louis Vuitton launched its own online resale platform, Nona Source, for "re-sourcing" high-quality materials from its fashion and leather goods houses. The digital platform allows emerging creatives and brands access to leftover or dead stock textiles at competitive rates to encourage re-use and circularity ([see story](#)).

Last week, French luxury company Kering expressed interest in the circular fashion space with an investment in luxury subscription handbag rental service [Cocoon](#).

While the spaces are getting noticed, rental and resale still remain widely untapped by larger fashion companies, which makes Kering's investment a noteworthy shift.

"Luxury is still an aspirational category rooted in quality products, brand storytelling and cultural ties that keep a brand relevant through time," Ms. Driscoll said. "Resale platforms have simply expanded the size of the market while democratizing luxury."