

RETAIL

Recommerce gains momentum as circularity become fashion pillar

September 23, 2021



Through a luxury resale business model, Vestiaire Collective is contributing to a greener, more conscious fashion industry. Image courtesy of Vestiaire Collective

By NORA HOWE

As consumers grow increasingly concerned about their environmental footprints, fashion brands and retailers are experiencing immense pressure to adopt new operational models to mitigate waste.

Subscribe to **Luxury Daily**
Plus: Just released
State of Luxury 2019 **Save \$246 ▶**

According to Forbes, the resale or recommerce market was worth \$24 billion globally in 2020, and is expected to reach \$51 billion by 2023. During the *Financial Times* "Future of Retail" virtual conference, fashion retail executives discussed how they found success with various resale, vintage, rental or subscription business models and how consumer spending habits are evolving.

"This market is going to be heavily adopted by brands themselves, and the future of recommerce is an ecosystem with various stakeholders collaborating and working together," said Georgie Hyatt, cofounder and CEO of fashion rental service **Rotaro**.

Resale is the new retail

Consumers want fewer, better-quality products, and they want to extend the life cycle of these products. To do so, they are looking for new types of retailers, ones that will help eradicate waste and contribute to the circular fashion agenda.

Millennial and Gen Z consumers are especially concerned about reducing their own consumption and shopping sustainably. These groups have also significantly contributed to the global shift in spending behavior.

"When we're looking in terms of types of customers, younger consumers have a strong appetite for sustainability," said Bertrand Peyrat, chief supply officer at resale platform **Vestiaire Collective**. "Especially on social media, you can feel the passion this generation has for these issues."

As interest in circular fashion grows, so does competition within the market. In addition to Vestiaire Collective, Cocoon and Rotaro, there are a number of secondhand platforms and services emerging within the luxury space.

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.



Farfetch and ThredUp recently launched a donation service in the United States. Image credit: Farfetch

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](#)).

In July, British department store Harrods launched a Rental Edit in partnership with luxury rental platform My Wardrobe HQ, a social shopping platform with sustainability at its core. Now, customers can rent a curated selection of Harrods designers through the My Wardrobe HQ platform ([see story](#)).

Similarly, Vestiaire Collective has collaborated with Alexander McQueen and Mulberry ([see story](#)).

"We are clearly a global leading platform, in eight markets, so if we compare ourselves to similar platforms in our segment, there is no one [with an equitable scale]," Mr. Peyrat said. "However, as soon as you start to look in the different markets, there are strong local players.

"Businesses in different regions have different models for recommerce, whether they are pure marketplaces, business-to-consumer marketplaces or consignment."

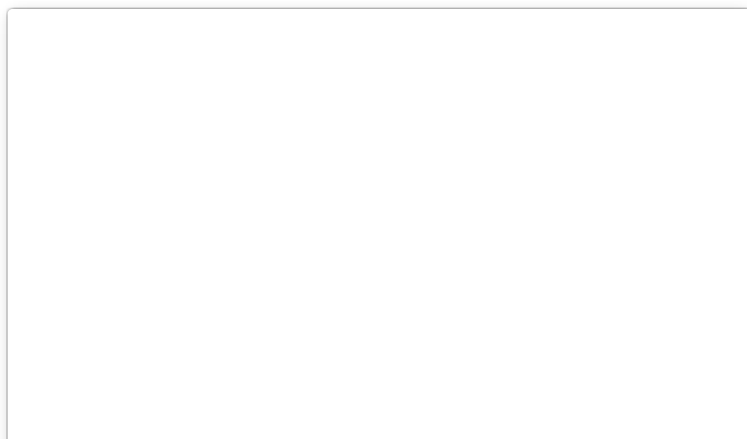
The recommerce sector also relies heavily on new innovations in implementing dynamic digital strategies to reach their conscious consumers.

"I predict the acceleration and adoption of resale [will become] a much bigger slice of the pie, and we'll see general retail release more of that spending power given into circular business models as consumers become more mindful," said Ceanne Fernandes-Wong, cofounder and CEO of handbag subscription service [Cocoon](#).

"We're already starting to see how that overall circular mindset takes place, and we'll see the acceleration of that as more consumers continue to adopt a more centered mindset and sustainability continues to grow."

As circular models grow, businesses may begin experiencing more scrutiny and questioning from consumers who are seeking transparency. They want to know exactly what brands, retailers and platforms are doing to make a positive impact.

"The largest criticisms of fashion rental are logistics and delivery, so from our beginning, we made sure to put forth the most carbon-neutral practices forward," said Rotaro's Ms. Hyatt. "We will begin using reusable garment bags to mitigate waste in our orders, have a carbon-neutral delivery service and prefer to use wet washing as opposed to dry-cleaning."



[View this post on Instagram](#)

A post shared by The Fashion Rental Platform (@rotaro)

Rotaro was awarded "Best Fashion Rental Brand in the U.K" by Marie Claire

"We are transparent and communicative, and aim to keep our community updated and informed through marketing materials and communications," she said. "Interestingly, sustainability is actually only the third consideration for our customers when making purchases, so it's important that, as a business, we have these elements covered on our own terms."

Kering in on resale

Consumers are not the only ones shifting spending behavior toward more sustainable businesses. Large fashion conglomerates, notably French fashion group Kering, have been investing in resale and rental platforms.

In March, Vestiaire Collective announced another successful funding round, backed by Kering, as growth in the pre-owned fashion sector continued to accelerate amid the COVID-19 pandemic.

Kering was joined by U.S. investment firm Tiger Global Management in the financing round worth 178 million euro, or \$216 million at current exchange. Vestiaire Collective's transaction volume grew 100 percent year-over-year, and announced its plans to use the funding for its next cycle of growth ([see story](#)).

"Kering is a key player in the global luxury market," Mr. Peyrat said. "They are a modern vision of luxury, where they are willing to try new services and new innovative models."

In June, Kering also expressed interest in the circular fashion space with an investment in Cocoon.

While the spaces are getting noticed, rental and resale still remain widely untapped by larger fashion companies, which made Kering's investment a noteworthy shift ([see story](#)).

"While we are still a very small business, [Kering's] faith and stamp of approval was fundamental in providing us a seat at the table in a way that we wouldn't have been able to do given how young we are," Ms. Fernandes-Wong said.

"Coming from a background in luxury, it was really important to me that we were able to still innovate and present our business in a way that spoke to this new and innovative way of working, but that remained a luxury service and a business that the luxury industry could get behind.

"Ultimately, having a stake in various businesses gives them learnings in a way they would not have been able to do, and helps the overall sustainable fashion agenda."

© 2021 Napean LLC. All rights reserved.

Luxury Daily is published each business day. Thank you for reading us. Your [feedback](#) is welcome.