

RETAIL

## Resale, rental investments: fashion's only way of reaching circularity

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*Net-A-Porter encourages its customers to participate in the circular fashion space through resale partnerships. Image credit: Yoox Net-A-Porter*

By NORA HOWE

The secondhand fashion sector, which is currently valued at \$30-40 billion globally, has quickly permeated the broader market with rental and resale business models pushing the fashion industry towards a more circular economy.

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From third-party investments to internal services, brands and retailers are acknowledging that circularity is the future of fashion, and they must incorporate innovative strategies to meet consumer demands. During a session at the *Vogue Business* and Google virtual summit "[The Way Forward](#)" on Nov. 11, retail leaders shared how they implement circular models and garner strategic partnerships to strengthen their businesses and the challenges they face.

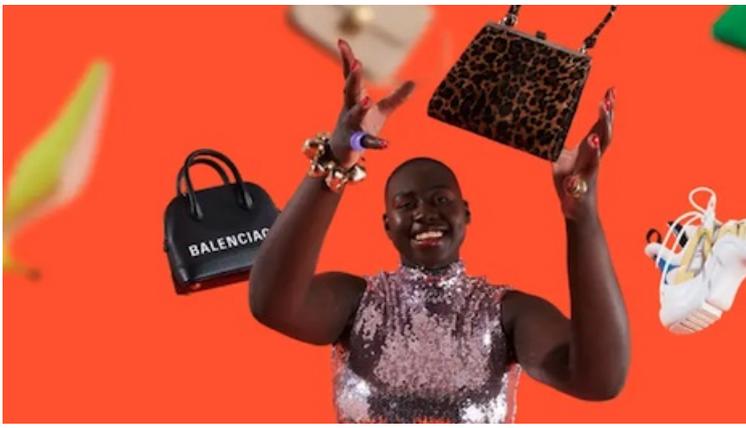
"The way in which we talk about luxury fashion, now, is not about disposing one thing to make room for something else, but rather we aim to make our products last," said Alison Loehnis, president of luxury and fashion at [Net-A-Porter](#), [Mr Porter](#) and [The Outnet](#). "That is this entire notion of resale trying to extend the life of these beautiful products."

### Sustainable future of fashion

The secondhand sector is expected to grow by 20 percent in the next three to five years, according to a 2020 study by [Boston Consulting Group](#) and resale platform [Vestiaire Collective](#) ([see story](#)).

Rental and resale are increasingly considered critical to a circular business model; however, operating in this space comes with its own set of challenges and requires thoughtful business strategies.

On one end, there are companies such as Nuuly and The Restory that have developed their own methods and infrastructure to accommodate rental and resale services.



BCG and Vestiaire Collective say the secondhand fashion market is worth \$40 billion. Image credit: Vestiaire Collective

Under the umbrella of Urbn, which also owns Urban Outfitters and Anthropologie, Nuuly's rental service launched in 2019, while its peer-to-peer resale platform launched within the last month.

"With resale, we had to think more about seller onboarding, and the challenges that might surface with buyer, seller relations," said David Hayne, chief technology officer at [Urbn](#) and president of [Nuuly](#). "The rental business required more consideration regarding physical infrastructure, such as investing in a 300,000 square foot warehouse, laundry services, repairs teams, inspections flows and more.

"The reason we took all of this on, though, is because these businesses are long term," he said. "We're seeing more participation in secondhand and circular fashion models, and it's here to stay on both the rental and resale sides."

Specifically targeting the repair market, The Restory has similarly built up both internal and physical infrastructure to facilitate a luxury aftercare business. To maintain the integrity and craftsmanship of luxury items, The Restory prioritizes product restoration expertise through hiring processes and training programs.

"As a company, we are very respectful of design and intellectual property and always try to go back to the original process, paying homage to the original design of a piece," said Vanessa Jacobs, founder and CEO of [The Restory](#). "We always hire from an art or design background, and we have an extensive restoration training program."

From the brand side, it has been nearly one year since Tommy Hilfiger launched its own circular initiative, Tommy For Life, which takes damaged and pre-owned garments and fixes or remixes them.



Farfetch customers can bring new life to pre-owned or damaged products through The Restory services. Image credit: Farfetch

"The take-back program is very welcomed by our consumers, and we have noted that the people who make the most use of the service are our most loyal customers," said Esther Verburg, executive vice president of sustainable business and innovation at [Tommy Hilfiger](#).

"This presents a real opportunity for extending customer loyalty and strengthening that bond you have with your customers," she said. "It creates opportunities to be in touch with our customers more than once."

#### External assistance

On the other hand, partnering with experts can be vital to a brand's success as they are able to incorporate outside expertise and infrastructure needed to succeed without having to start from square one.

Online retailer Farfetch partnered with The Restory through a program entitled "Farfetch Fix" providing aftercare

services from The Restory to its customers as part of its "Positively Farfetch" sustainability strategy ([see story](#)).

Similarly, British department store Harrods entered the circular fashion game with its new Rental Edit, in partnership with luxury rental platform [My Wardrobe HQ](#), which allows users to rent and monetize their wardrobes while contributing to a circular economy ([see story](#)).

Most recently, Yoox Net-A-Porter announced its partnership with resale technology provider Reflaunt to launch a new luxury resale platform. The partnership draws on Net-A-Porter, Mr Porter and The Outnet's heritage of personalized customer service to encourage and enable shoppers to contribute to a more circular fashion industry through resale ([see story](#)).

The service initially launched on Net-A-Porter in early November, and Mr Porter and The Outnet will follow suit in early 2022.

"When seeking out partnerships, we look for seamless technological and internal operations that can scale, or have the potential to scale, at a global level," Net-A-Porter's Ms. Loehnis said. "For us, Reflaunt is the ideal partner because they met our criteria, and could not have made the process easier."

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