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How Resale Beats Fast Fashion at its Own Game

By *Jasmin Malik Chua*



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Fashion is at a crossroads: continue with cutting-edge strategies developed to persevere during Covid or slide back into familiar (yet unprofitable) habits? Get the experts' perspective at our in-person Sourcing Summit, Oct. 19 at New York's Cipriani 42nd Street.

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In 2020, 33 million Americans snapped up secondhand apparel for the first time, [ThredUp](#) said in its annual resale report, which it published Wednesday. Over the next five years, resale, described as the segment of secondhand that includes more curated assortments, is poised to double to a whopping \$77 billion.

“It’s quite shocking when you think about what happened to the rest of the apparel sector,” Karen Clark, vice president of marketing at [ThredUp](#), which bills itself as the world’s largest online consignment and thrift store, told Sourcing Journal. By 2025, resale is expected to grow 11 times faster than the broader retail sector, according to GlobalData analysts, who helped the [newly public company](#) crunch its numbers.

As the “new pandemic habit” that is expected to stick, resale is set to be the next core growth channel for apparel retailers, said ThredUp, which helped [Christian Siriano](#) source thrifted garments for his New York Fashion Week runway show in February. In a poll it conducted, 42 percent of retail executives said resale will be an important part of their business in the next five years, and 62 percent said their customers are already participating in resale. For one in three fashion bosses, resale is becoming “table stakes” for a sector that wants to be more sustainable, court younger customers, drive revenue and remain relevant.

The trend is fueled by changing consumer mindsets, Clark said. Nearly half (43 percent) of 3,500 U.S. adults GlobalData surveyed in March and April said they’re more likely to patronize a brand that lets them trade in old clothes for store credit. Just over one-third (34 percent) reported a greater affinity for retailers that offered secondhand clothing alongside new offerings. Another 32 percent of respondents said they were more likely to perceive a brand as “high quality” if it sold both used and new items.

Resale was [already on the ascent](#) before the health crisis hit, Clark said, but consumers are now “doubling down on a lot of the habits they embraced pre-pandemic.”

“We’ve all had to learn to do more with less, and the outcome of that is consumers feel like ‘I don’t want to waste money, I don’t want to waste environmental resources.’ So thrift comes in as a solution for a lot of that,” she said. “Sustainability is [more important](#) to them than ever. Value is another top thing we found. That’s unsurprising [because] in economic uncertainty, saving money on clothing is the No. 1 priority.”



By 2030, resale is anticipated to be more than two times bigger than [fast fashion](#).

Secondhand is slowly displacing new clothing purchases, ThredUp found. In the past year, thrifters purchased an average of seven items secondhand that they would normally buy new, supplanting more than 542 million fresh-from-the-factory pieces of apparel. Fast fashion, despite its recent wins, has a target on its back. Resale is anticipated to be more than two times bigger than the likes of H&M and Zara by 2030, with two in five thrifters expected to replace their fast-fashion hauls with [preloved clothing](#). Fast fashion's market share, on the other hand, will stay “roughly flat” over the next 10 years.

“Thrift and fast fashion have a lot in common—and a lot of differences,” Clark said. “Thrift allows consumers to get the wardrobe-flipping fun very easily and affordably but without the environmental waste and guilt around buying disposable goods and then throwing them out.”

Gen Z consumers, in particular, she noted, are “very driven” by the desire to have their cake and eat it too. “As they become a bigger portion of [consumers] spending money on clothing, I think we’ll see this shift around thrift really satisfying the consumer desire for newness, freshness, quality, as well as sustainability, in a way that fast fashion doesn’t,” Clark added.

ThredUp sells a lot of fast fashion because it receives a lot of fast fashion, which doesn’t always hold up to its quality or longevity standards, she admitted. (The firm’s acceptance rate of clothes is 59 percent.) Eventually, Clark wants to investigate the resellability of fast fashion versus other categories

of clothing on the site.

As for retailers, they're barely "scratching the surface" of resale's potential impact, ThredUp pointed out. Preloved apparel currently comprises less than 1 percent of the total apparel volume sold by retailers with a resale component, including Eileen Fisher, [Patagonia](#), [REI](#), The North Face and [Tommy Hilfiger](#). That means that of the 101.2 million garments sold in 2020 by retailers with resale shops, only 560,000 were secondhand.

More than half (58 percent) of the companies ThredUp surveyed said they would be more likely to test apparel resale—likely with an existing resale business that has logistics squared away—if there were financial or policy incentives to move to circular business models. Consumers are of a similar mind, with 44 percent of those polled agreeing that the government should help promote sustainable fashion. Nearly half (47 percent) cited a greater willingness to thrift for clothing if there was no sales tax or if they received a tax credit.



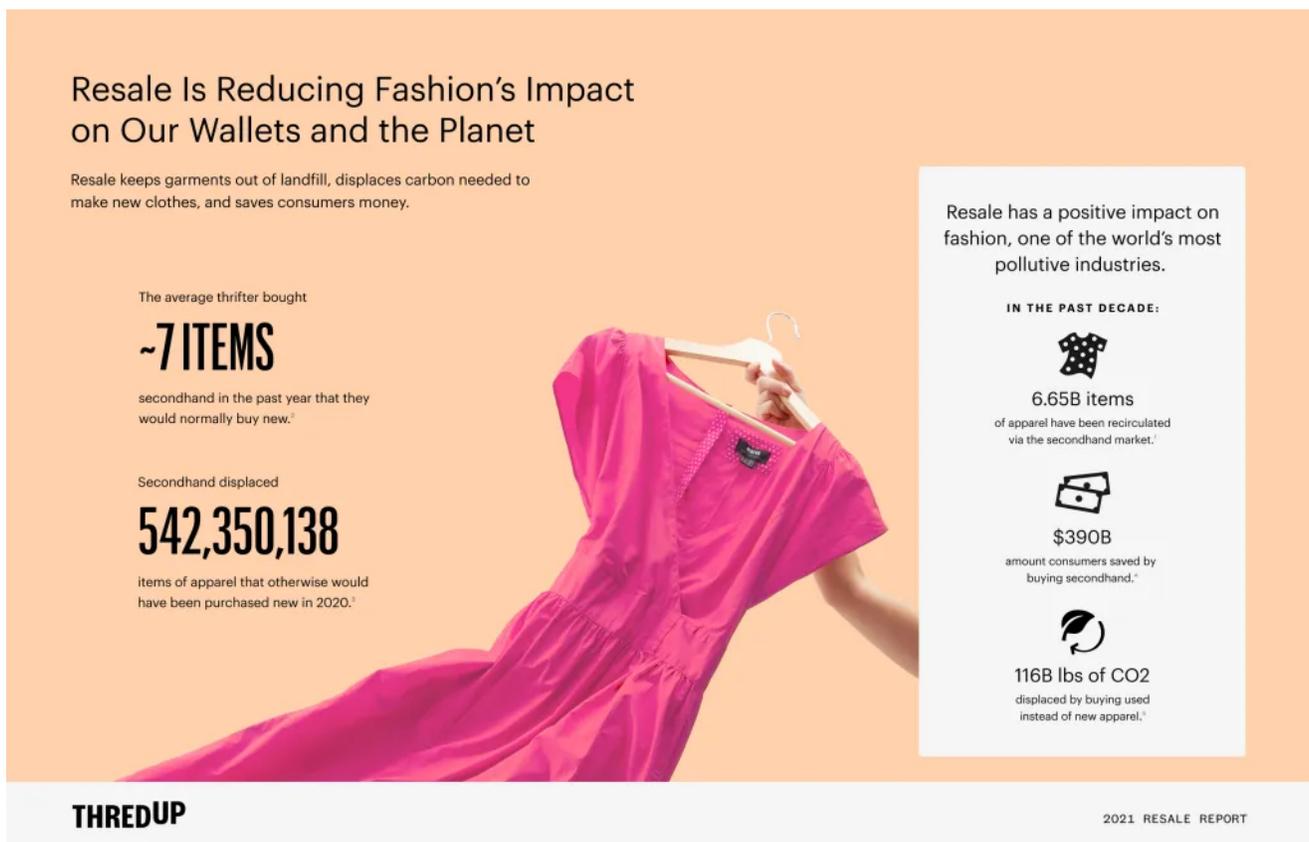
36.2 million people sold their unwanted clothing for the first time in 2020, ThredUp said.

But the pandemic also converted a lot of shoppers into sellers as people found more time to [purge their closets](#). Last year saw 36.2 million first-time sellers move into the peer-to-peer space, said ThredUp, whose competitors include Depop (which Etsy [recently acquired](#) for a cool \$1.6 billion), [Poshmark](#) and [The RealReal](#). With 78 percent of consumers who have never resold open to trying it,

according to the company’s survey, the number of resellers could hit 118.8 million in a matter of years. “Managed marketplaces” such as ThredUp, which let customers stuff their clothing into a bag and sent it off for sorting, pricing and selling, could supercharge this movement, particularly when nameplates like [Madewell](#) and [Vera Bradley](#) throw their weight behind them, Clark said.

“There’s a massive amount of supply that could be resold—all the amazing clothes that are locked up in a closet or are being thrown away because people don’t have the time to resell them,” she said. “These products, funneled into the secondhand market, [are] really what’s going to drive this growth.”

Other schemes are afoot. On Wednesday, [The Renewal Workshop](#), whose white-glove service helps brands repair and refresh products for resale, announced a \$6 million financing round that includes funds from Rubio Ventures, Shift Invest, [Quadia](#), Closed Loop Partners, DOEN and Volta Circle.



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Brands without TRW’s services, the Oregon-based company said, risk losing the second-sale potential of their products to platforms like ThredUp and The RealReal. Companies that use its technology, operations, and fulfillment services, such as Coyuchi, [Mara Hoffman](#), Prana and Pottery Barn, on the other hand, are able to take charge of that category—and not just in the United States. TRW recently helped The North Face expand its resale program to Germany and Tommy Hilfiger’s to France.

“After their successful expansion to Europe, TRW is the leading full-service solution that supports recapture, renew and recommerce for apparel companies today on a global platform,” Caroline Brown, current TRW board member, investor and managing director at Closed Loop Partners, said in a

statement. “Given the fast changing landscape of consumer sentiment, every brand needs to have a resale solution to stay competitive and TRW is the ideal partner from both a technology and execution perspective.”

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