WHERE IS THE RESALE INDUSTRY Headed in THE NEXT FIVE YEARS?
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A nearly 50 percent year-over-year growth rate may be par for the course for new, emerging industries. But, few long-established verticals have seen the kind of explosive growth experienced by the resale segment in the last several years.

Since 2016, the resale sector grew 21 times faster than its traditional retail counterpart – and the impressive growth of resale doesn’t appear to be slowing any time soon. Now a $24 billion market, resale is projected to more than double in the next five years, reaching $51 billion in revenue by 2024. Not only is the industry seeing unprecedented growth, but it’s also more disruptive, powerful and sizeable than ever.

When people think of resale, they commonly associate the industry with gently used clothing. The industry is actually much larger and more diverse, with respect to business concepts and inventory. Apparel concepts make up 50 percent of resale’s market share, but the segment also includes businesses reselling quality used products such as musical instruments, sports gear, furniture and home goods.

Beyond the breadth and depth of the industry, resale’s strong appeal and staying power put it in prime position to maintain its impressive growth rate in the future. Over the next five years and beyond, resale’s continued momentum will largely be driven by the industry’s recession-resilient nature and unique value proposition, as well as changing consumer trends and values that favor sustainable, environmentally friendly businesses.
Resale’s explosive growth can be largely attributed to changing consumer demographics – millennials and Generation Z consumers – who make up much of the buyer cohort today.

These new consumers are more environmentally conscious than any previous generation, and the vast majority of them say sustainability is a top shopping priority. Although they’re also very budget-conscious, three out of four millennials and Gen Z members say they’d be willing to pay extra for sustainable products.

For a cash-strapped, credit-averse generation that also values sustainability, resale businesses provide a win-win shopping scenario. Not only do resale stores offer significant cost savings on retail products, but they also help consumers take an active role in saving the environment while saving money.
An Eco-Friendly Alternative that Answers Rapid Demand

The fashion industry is one of the largest polluters in the world, second only to crude oil. From factory and shipping emissions to industrial waste, chemical run-off and water pollution, substantial environmental problems stem from the processes that fuel clothing overproduction.

While the manufacturing methods used to make clothing negatively impact the environment, the waste associated with overconsumption can be just as detrimental.

Every year, clothing manufacturers around the world produce 80 billion garments, and the average American consumer throws away roughly 81 pounds of clothing annually.

The problem has only grown with the rise of fast fashion, which rapidly overproduces low-quality apparel at an equally low price point. The concept initially appealed to consumers looking to constantly turn over their closets for the sake of keeping up with the latest styles and trends, while still maintaining a budget.

However, fast fashion has had many adverse effects on the environment, including immense contributions to landfill waste. Textile waste now accounts for more than 15 million tons of garbage – a figure that has doubled over the last 20 years. As consumers became privy to the high environmental costs associated with fast fashion, its popularity plummeted.

Overall, people are still buying twice as much clothing and using it half as long, but the data shows more people are making the switch to resale. Seventy-two percent of secondhand shoppers shifted away from traditional retailers to buy more gently used items in 2019.
Offering a sustainable alternative with the same cost and trend value, resale has been picking up where fast fashion left off. For instance, Plato’s Closet and Style Encore resale franchises purchased nearly 58 million clothing garments in 2018. In other words, among those two brands alone, Winmark franchisees helped keep millions of pounds of clothing out of landfills, promoting sustainability and extending each garment’s lifespan.

Across all five brands, Winmark franchisees kept 151 million pieces of clothing, toys, books, accessories, musical instruments and sporting goods out of landfills and in the hands of budget and environmentally conscious consumers.
Sustainability and Affordability are Key for Consumers

Just by reselling and/or buying a used item, consumers are able to extend the lifecycle of their purchase and reduce their environmental impact. This practice ensures that products circulate in the economy longer before hitting the landfills, reducing waste and justifying the raw materials and labor deployed in the manufacturing process. In fact, buying a used item reduces its carbon footprint by 82 percent.

The sustainability and product affordability inherent to the resale segment aligns perfectly with changing consumer demographics and values, positioning resale business owners to capitalize on strong, growing demand from shoppers.
Two-Tiered Business Model Doubles the Opportunity for Sustainable Living

At the same time, the two-tiered resale business model also provides a strong value proposition to consumers looking to sell their quality goods. Because the model relies on customers as inventory suppliers, resale businesses offer consumers a quick and easy solution to pass on their outgrown or unused items. This helps consumers declutter their homes while recycling their goods and living a sustainable lifestyle.

Sellers also receive cash for the items they no longer use, providing additional incentives and value for participating in the resale cycle. The resale model and its advantages for sellers have become so widely engrained in our culture that more consumers even consider the future resale value of their goods when they purchase a new product.

Ultimately, resale businesses give consumers the opportunity to see their used items as valuable goods they can earn a percentage of revenue from after their initial purchase. And, in turn, these stores provide customers with the satisfaction of knowing they’re making a positive impact on the environment.

In both purchasing and reselling quality used items, resale businesses appeal to increasingly budget-conscious, eco-friendly consumer mindsets, values and lifestyles.
These new consumer preferences aren't just fleeting trends; they're part of a broader, fundamental shift in consumer ethos. Sustainability and cost-effectiveness are two consumer values that won't go out of style, and there will always be demand in the marketplace for affordable, eco-friendly goods.

This reality rings true regardless of the economic climate, as resale concepts have also proven to be recession-resilient. Although thousands of small businesses closed their doors during the 2008 recession, nearly two-thirds of U.S. resale stores reported an uptick in sales. This growth was unsurprisingly driven by cost-conscious consumers and resale stores' budget-friendly pricing.

Just as a volatile economy poses minimal challenges to the resale sector, the changing digital landscape also presents an industry opportunity rather than a threat to resale businesses.

The rise of ecommerce was an obstacle for traditional retailers, many of whom were forced to either adapt their concept or close their doors. However, the resale model is inherently immune to many problems traditional retailers faced with the growth of online shopping.

For example, the resale ecommerce, or re-commerce, hybrid answers strong demand for a “bricks and clicks” business model. Consumers increasingly expect omnichannel brand experiences, and there’s a growing need for businesses to be wherever their customers are. Consumers also expect to have the power and autonomy to choose how they interact with brands, both online and in person. This represents a key opportunity for resale industry growth and innovation, as resale businesses complement existing brick-and-mortar stores with a broader digital reach.

In order to deliver strong, omnichannel experiences, there will always be a need for businesses to have both a digital and physical presence. And, there will always be a place for brick-and-mortar stores – particularly in resale. Although increasingly digital shoppers regularly peruse online stores, nearly three in four purchase decisions still take place in-store. This is primarily because consumers enjoy the opportunity to try on and try out clothes and other products before making a commitment to buy.
Afterword:
Resale Franchises are Ripe for Investment

Resale stores serve multiple purposes, blending pragmatism with convenience, satisfying consumers’ wants and adhering to their values.

Appealing to a broad base of environmentally conscious, frugal consumers, demand for resale franchises will continue to grow. Similarly, resale stores’ unique value proposition, agile business model and recession-resilient nature contribute to the industry’s strength and staying power.

Poised to reach $51 billion over the next five years, resale franchises present a strong, ethical business opportunity within an industry primed for investment.
Winmark Corporation, a publicly held company, was founded in 1988 when it bought the franchising rights for Play It Again Sports® and continued to grow with the acquisition of the franchising rights for Once Upon A Child® in 1993. Winmark then added Music Go Round® in 1994, Plato’s Closet® in 1998 and Style Encore in 2013. With 1,200-plus locations and more than $1 billion in annual sales, Winmark is the recognized leader in the resale industry.

Winmark brands buy used and new items and then sell that merchandise to customers at prices well below regular retail pricing. Winmark brand stores are selective about what they buy, which allows them to build an inventory of high-quality, used brand-name merchandise that appeals to its customer base. Stores have a bright, fresh look made to ensure a positive shopping experience. Locations establish loyal customers following a consistent stream of new inventory choices each week. Customers quickly become brand fanatics and extremely loyal, either looking for great savings on a product or a place to sell their used items. Winmark brands were “green” before green was cool, recycling over 1 billion items in its respective communities over the last 10 years.

Winmark continues growing with more than 1,800 territories in the United States and Canada open for development providing support, solutions and partnerships to small-business owners for more than 25 years.

From sports equipment and baby clothes to in-style fashion and music gear, each franchise offers used merchandise for resale.

Winmark focuses on continually growing its best-in-class brands, systems, people and support, so its franchisees can focus on the in-store execution and running a successful business while supporting the needs of their local communities.
Contact Us

For more information about investing in a franchise opportunity that serves a meaningful purpose in your community, contact us here:

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