Secondhand fashion market set to outpace off-price and fast fashion, says study

By Cassidy Mantor - April 4, 2018

Millennial shopping is trending towards used clothes, making the resale market grow to an estimated $44B by 2022, says secondhand retailer ThredUp's 6th Annual Resale Report, which also found that 1 in 3 women shopped thrift last year.

James Reinhart, CEO of ThredUp writes in the report, "The modern consumer now has a choice between shopping traditional retail or trying new, innovative business models."

Alternative options are becoming increasingly accessible, including rental, subscription and direct-to-consumer, as well as secondhand retailers.

According to ThredUp's research, the secondary retail market is on track to grow 24 percent faster than the traditional retail market over the next four years. ThredUp reported 70% of its users this year were first-time secondhand shoppers.

Reinhart continues, "The closet of the future is going to look very different from the closet of today."

While vintage shopping often invokes an elitist aura of good taste and fashion savvy exclusivity, thrift store shopping has long held a less glamorous stigma. ThredUp's report, however, suggests that the stigma is fading as more millennials gravitate towards the secondhand market.

ThredUp suggests that this could be because secondhand apparel solves the disconnect between millennials' desire to wear trends typically harnessed by fast fashion, and their sense of social and environmental responsibility.

Indeed, while ThredUp's study found millennials were the age demographic most likely to impulse buy a piece and then stop wearing it after 1 to 5 times, they are also most likely to switch to thrift for environmental reasons.
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The largest shift in consumer spending seen in the report is that 25 percent of consumers are consciously planning to spend less at department stores and mall brands. A revelation that might prove worrying for fast fashion retailers such as H&M, which revealed last week that it is already sitting on $4.3 billion of dead inventory.

According to ThredUp, 66% of consumers are instead using thrift as a way to buy higher-end brands they would not buy for full price. While off-price retailers such as TJ Maxx and Nordstrom Rack traditionally occupied this space, it appears that consumers have lost interest due to the relatively slow pace of regular retail deliveries. The secondhand market conversely has a constant flow of new inventory that piques the interest of the shopper interested in the hunt.

ThredUp reports that last year it recycled 340,000 fast fashion items from H&M, Zara and Forever21. It noted that brands with the best return on investment include Frye, Lululemon and Helmut Lang. Conversely, brands that do not stand up well in the resale marketplace, according to the report, include Giorgio Armani, Juicy Couture and Mango.

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