



Radar

Startups in Second-Hand Luxury Market

2024

January 2024

Wavestone



We inform and guide large companies and organizations in their most critical transformations.



**Business,
Technology
&
Sustainability**

15 offices
in 9 countries



CA
532 M€

+4 300
employees



+380
consultants
in
Digital
Customer
Practice

In short



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Context of the Second-hand luxury market



The digital renaissance



EMBRACING THE SECOND-HAND MARKET FOR SUSTAINABLE SUCCESS



The evolution of the second-hand luxury market, **spurred by the ascent of digital platforms**, has significantly transformed consumer behaviors. These platforms, facilitating the buying and selling of used luxury goods, contribute not only to increased demand for pre-owned luxury items but also to heightened sustainability and transparency within the luxury industry.

Focusing on enhancing the **consumer experience**, including simplifying the process of selling used clothing, optimizing logistics, offering engaging online shopping platforms, and ensuring product quality, has made the resale market more accessible and convenient than ever. The critical challenge luxury brands face in entering the second-hand market is "Adaptation." Negotiating obstacles like maintaining brand exclusivity, ensuring product authenticity, managing brand image, addressing consumer perceptions, and establishing effective distribution channels necessitates a nuanced and strategic approach tailored to the distinctive dynamics of the second-hand market.

A compelling solution for luxury brands lies in **embracing the second-hand market as a business model**. This not only aligns with **sustainability goals** but also enables them to carve a niche in the luxury ecosystem, utilizing **secondary distribution channels to gain valuable data insights** into their target audience. This radar aims to identify startups with expertise in various facets of **implementing a second-hand market business model for luxury brands**.



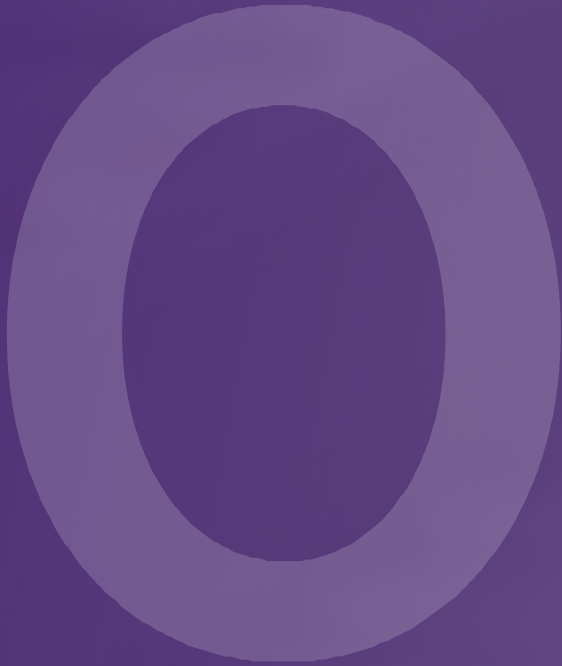
Luxe Resale Ascendancy

THE GROWTH OF THE SECOND-HAND LUXURY MARKET





Methodology and categories of the radar



Methodology



NAVIGATING THE IDENTIFICATION OF STARTUPS IN SECOND-HAND MARKET IN THE WESTERN WORLD

THE APPROACH



We've delineated four phases within the adoption of second-hand business model. The approach used during this radar was to identify startups that offer solutions at these 4 phases of the adoption process.

ASSORTMENT STRATEGY

PRE-SALES

SALES REGISTRATION

AFTER SALES

ELIGIBILITY CRITERIA



Luxury sector



Specialized in second hand



Appropriate technology



Worldwide

RESULTS



25

Start-ups Identified

Special mention to



forinov

Forinov facilitated the selection of key startups for this radar. It connects startups, key accounts, and partners, streamlining collaboration in the ecosystem.

The radar categories



PROCESS PERSPECTIVE: PHASES OF ADOPTING A SECOND-HAND BUSINESS MODEL



Assortment Strategy

Gathering references based on respective brand criteria, assortment plan, established standards and pricing tools for an initial assessment of the luxury article.



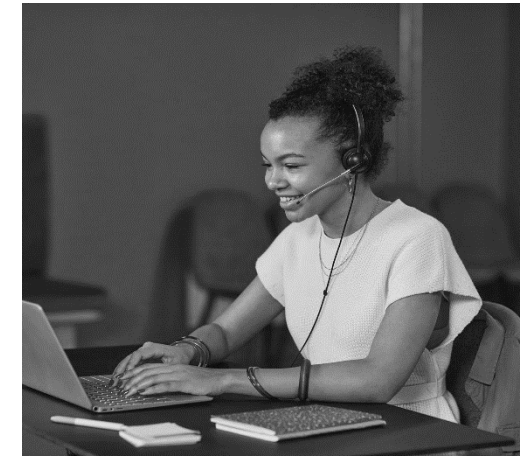
Pre-Sales

Handling the preparation of resale. Utilizing advanced authentication tools to assess the overall condition and authenticity of the product. Also, handling the transaction process between the brand and the initial client.



Sales registration

Setting up the resale platform & logistics. Establishment and oversight of an e-commerce platform, promotion of second-hand offerings, management of financial transactions, and coordination of transportation logistics.

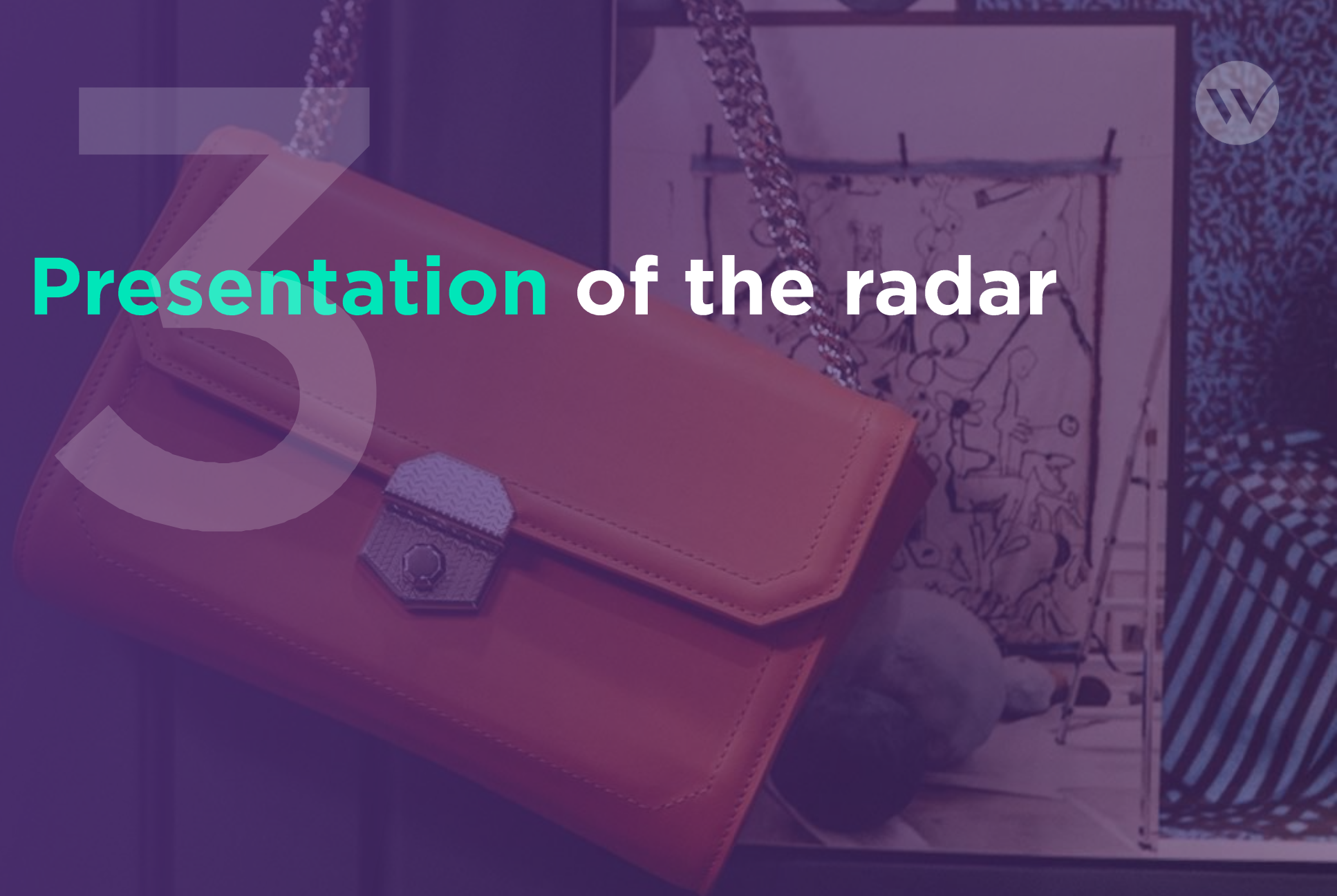


After sales

At client end, managing post-purchase customer support activities for all after-sales needs. At product end, focusing on product life cycle by traceability using appropriate technology.

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5 Presentation of the radar

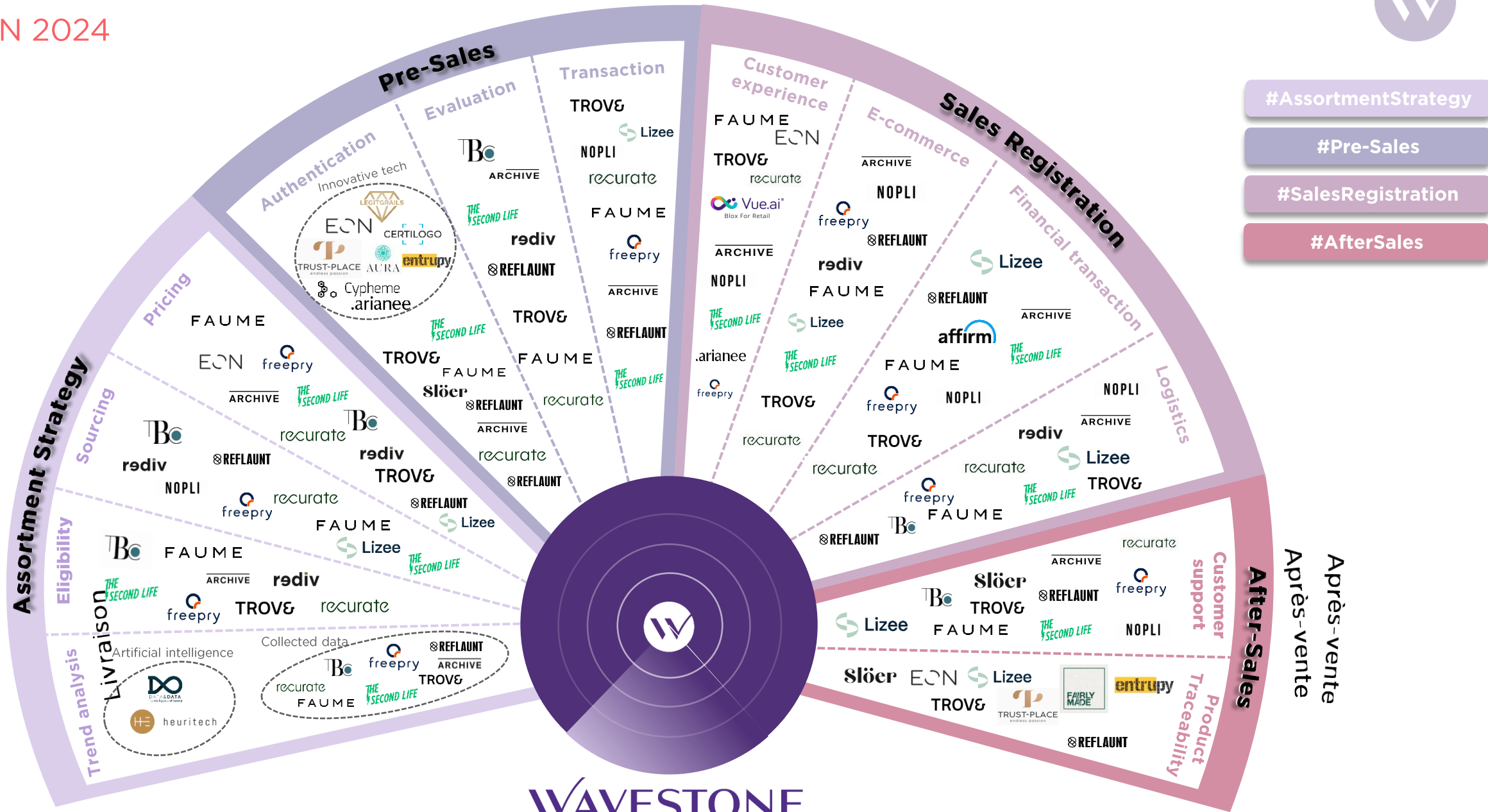


RADAR OF STARTUPS IN THE SECOND-HAND LUXURY MARKET

EDITION 2024



Radar Second-hand Luxury Market | 2024



WAVESTONE



Assortment strategy

FIRST CATEGORY

The goal within this category is to collect references in alignment with the specific criteria, set standards, resale strategy and pricing tools for the brand. This serves as the initial assessment for luxury articles.

TREND ANALYSIS

Predict the prevailing trends in the second-hand market.

What are the trends of the second-hand market ?

ELIGIBILITY CRITERIA

Determine the products to be sold based on brand references exclusively

What product do I wish to sell ?

SOURCING

Select the mode of collection, whether through in-store channels or via an ecommerce website.

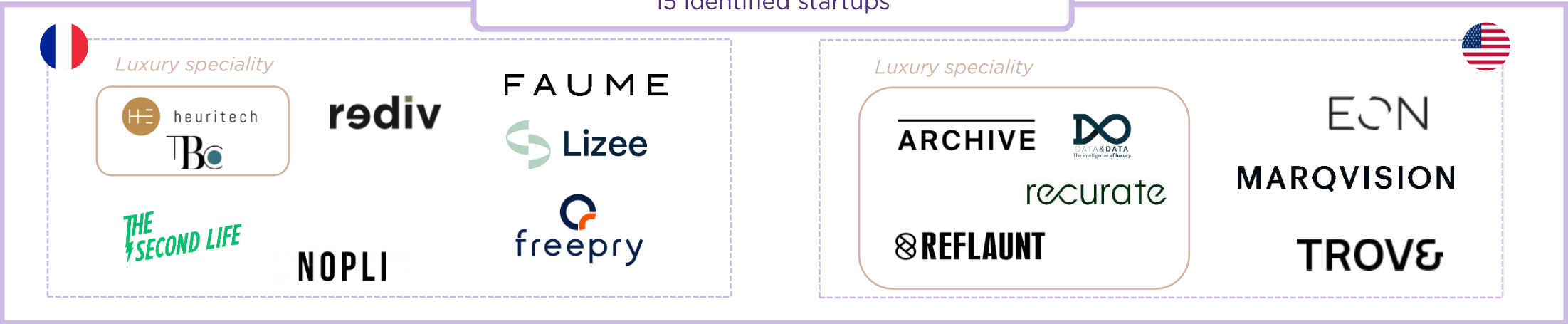
Where can I source products for re-sale ?

PRICING

Establish your pricing based on the chosen criteria

What is the appropriate pricing for my products?

15 identified startups





Pre-sales

SECOND CATEGORY

This category empowers the brand to setup the resale process. Starting with the authentication of second-hand products through application of available technologies such as blockchain, artificial intelligence, and machine learning. It facilitates an understanding of how to assess the overall condition of article for resale. Also, it establishes the framework for transactions between the brand and the initial client.

AUTHENTICATION

Verify the authenticity of collected articles through methods such as Digital ID, Blockchain and Expert Verification Services.

How to verify the authenticity of the second-hand products ?

EVALUATION

Evaluate the quality and condition of your pre-owned item

How to evaluate the quality of my product ?

TRANSACTION

Compensate the seller of the pre-owned item.

How to recompensate the consumer ?

21 identified startups



Luxury speciality



FAUME rødiv



Slöer

NOPLI



Luxury speciality

ARCHIVE

entrupy

REFLAUNT

recurate



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MARQVISION



Sales registrations

THIRD CATEGORY

The sales registration category encompasses various resales activities and infrastructures, including e-commerce platform, customer experience and logistics to facilitate the setting up of re-commerce in accordance with brand identity and standards. Additionally, it centers on managing financial transactions between the brand and the end client.

E-COMMERCE

Create your tailored online selling platform.

How to build my ecommerce offer ?

CUSTOMER EXPERIENCE

Deliver a comprehensive customer experience.

How can I enhance the customer experience for my second-hand offerings?

FINANCIAL TRANSACTION

Payment options available for the end customer.

What payment methods are available for the end clients?

LOGISTICS

Logistical requirements, such as shipping, delivery, etc.

How can the logistical requirements of the second-hand business model be addressed?

15 identified startups



Luxury speciality



NOPLI



FAUME



Luxury speciality

ARCHIVE

recurate



TROV&

MARQVISION

EON





After sales

FOURTH CATEGORIES

This category centers on Customer end and product end services. On customer end, it addresses post-sales activities, aiming to support customers after their purchase and foster engagement with the brand. On product end, It focuses on products life cycle by enabling traceability through appropriate technologies.

CUSTOMER SUPPORT

Engage with customers and manage all post-sales activities.

How to support the customer after their purchase?



PRODUCT TRACEABILITY

Enable brands to track and link products across systems and procedures.

How to track the product through its lifecycle?


14 identified startups

Luxury speciality






Slöer

FAUME





NOPLI








Luxury speciality

TROV&





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4
Focus on **trends uncovered**
by the radar



Key insights

LEARNINGS FROM THE RADAR

Between 50% and 80% of customers purchasing second-hand items are **newcomers** to the brand suggesting an opportunity for the brand to **expand its customer base by catering to the second-hand** fashion market. *(Source : Faume & Recurate)*



85% of customers convert their **resale purchases into new sales**, demonstrating the effectiveness of the brand's strategy in encouraging repeat business and maintaining customer loyalty. *(Source: Reflaunt)*

85% of customers prefer to receive payment in the form of **store credit**, indicating a preference for continued **engagement** with the brand. *(Source: Reflaunt)*

Consumers are becoming increasingly interested in purchasing pre-owned luxury goods, driven by concerns about **affordability, sustainability, and authenticity**.

The stigma associated with buying second-hand is fading, especially with the rise of **trusted online platforms**.

Many startups actively **practice upcycling**, revitalizing second-hand products that may be deemed unsuitable for conventional resale.

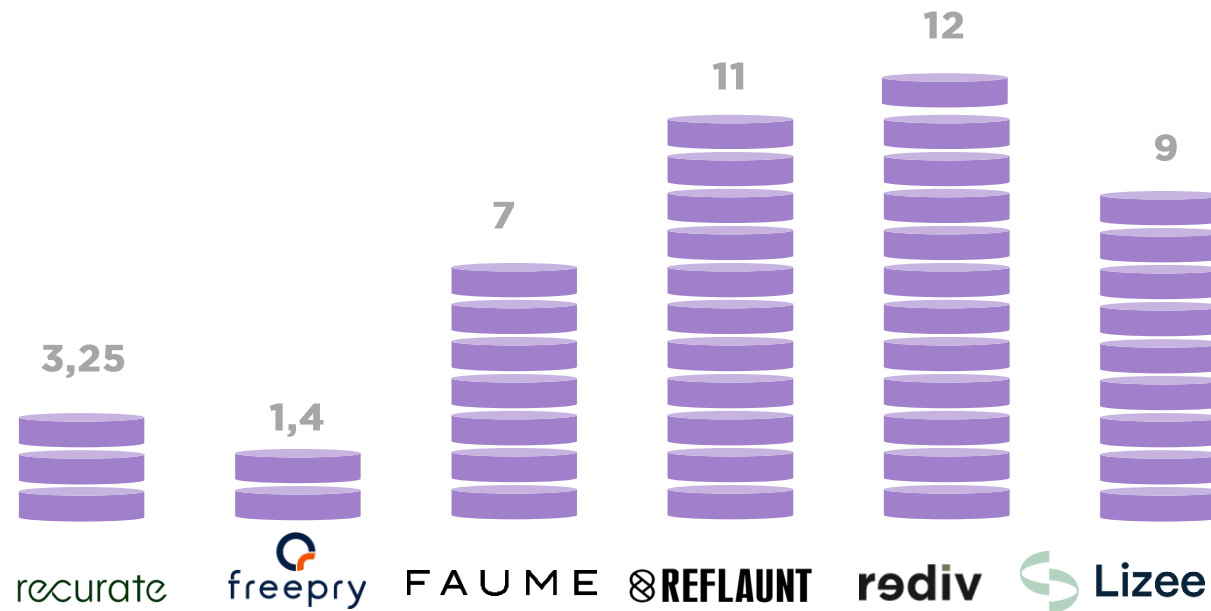
Source : startup interviews conducted

Dynamically growing market



MAJOR FUND-RAISING CAMPAIGNS OF IDENTIFIED STARTUPS IN THE SECOND-HAND MARKET

Last amount of funds raised (M€)

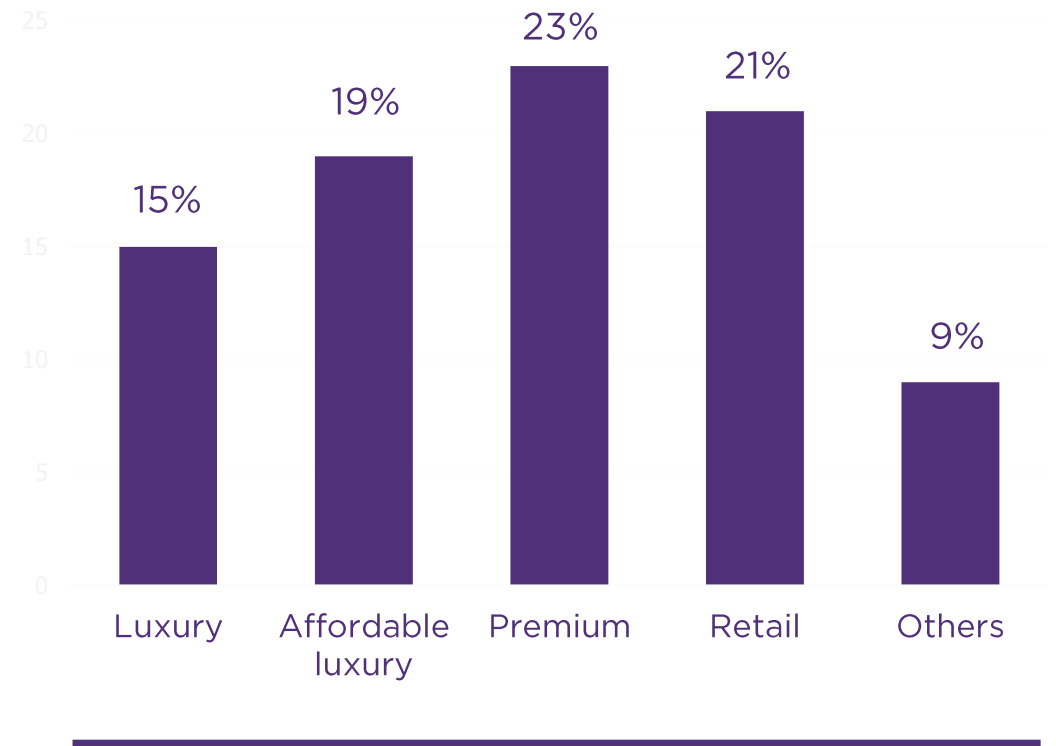


Date of the last increase	2021	2022	2022	2022	2022	2023



A versatile ecosystem

THE CLASSIFICATION OF STARTUPS ACCORDING TO THEIR TARGETED INDUSTRY SECTORS.



Classification of identified startups by categories

Classification of recognized Startup



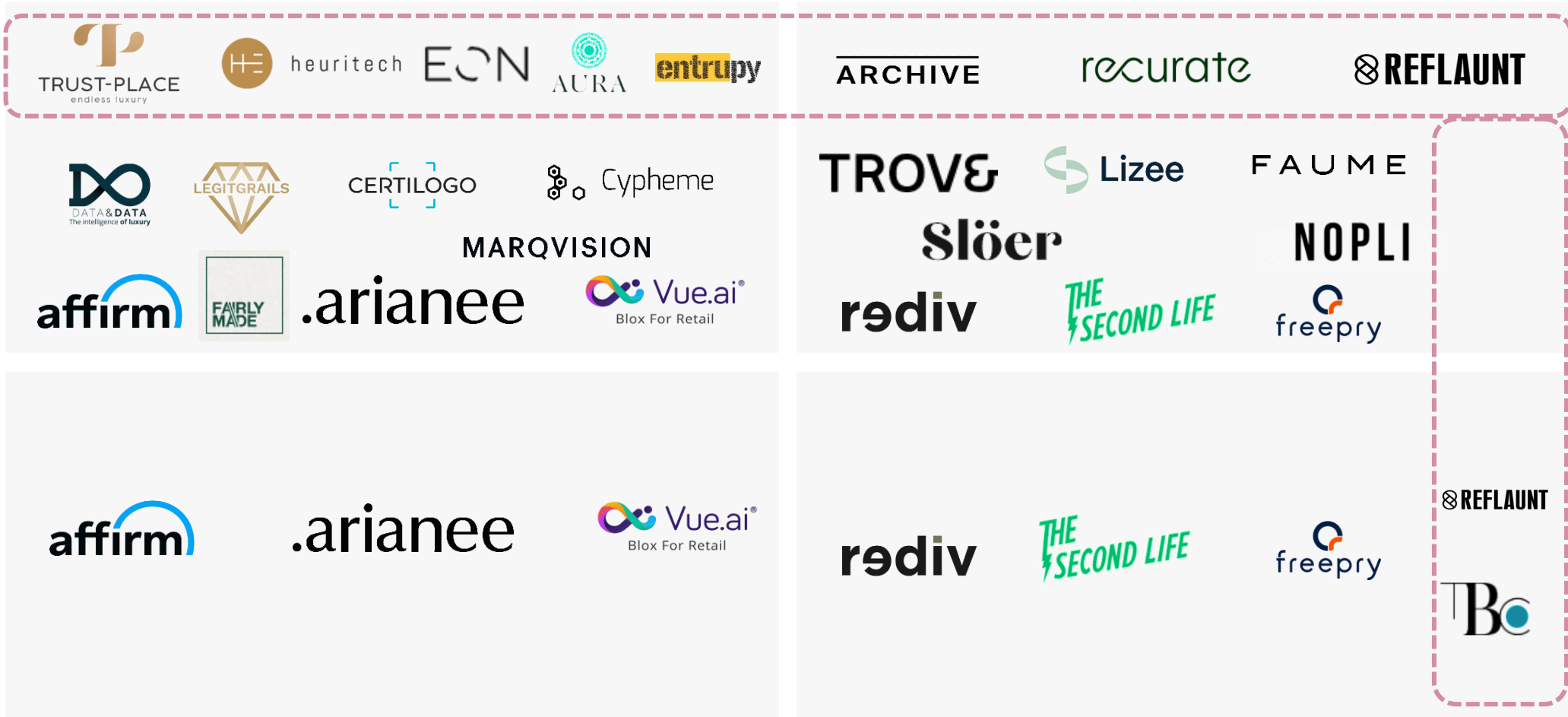
NATIVE AND NON-NATIVE SECOND-HAND STARTUPS, WITH A FOCUS ON LUXURY SPECIALTY

SECOND-HAND NON NATIVE

SECOND-HAND NATIVE

BRANDS

RETAILERS



Specialised or experienced in Luxury

Segregation by radar's categories



PLAYERS IN THE UPSCALE SECOND-HAND MARKET PRIMARILY ENGAGE IN THE AUTHENTICATION AND SALES REGISTRATION STAGES, WITH POST-SALES CUSTOMER CARE ACTIVITIES TYPICALLY HANDLED INTERNALLY.

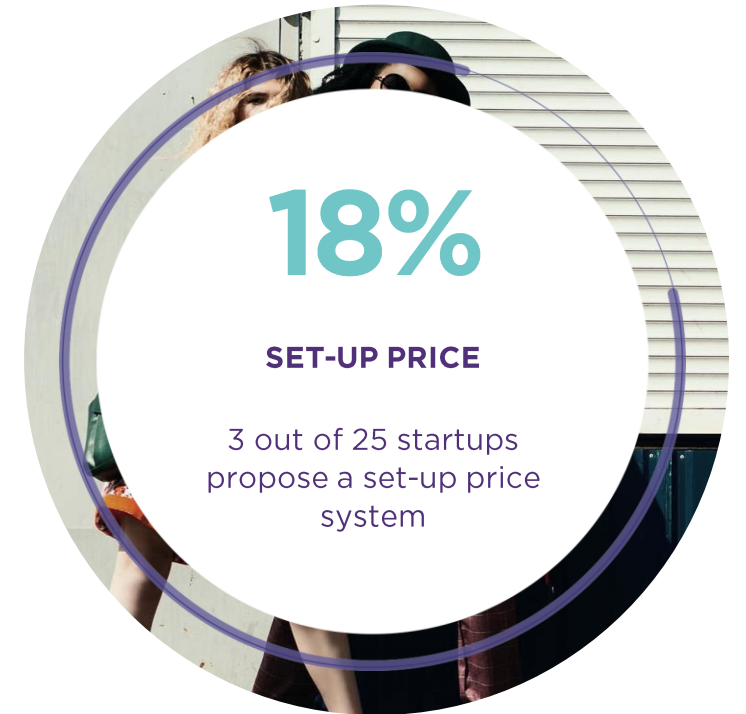
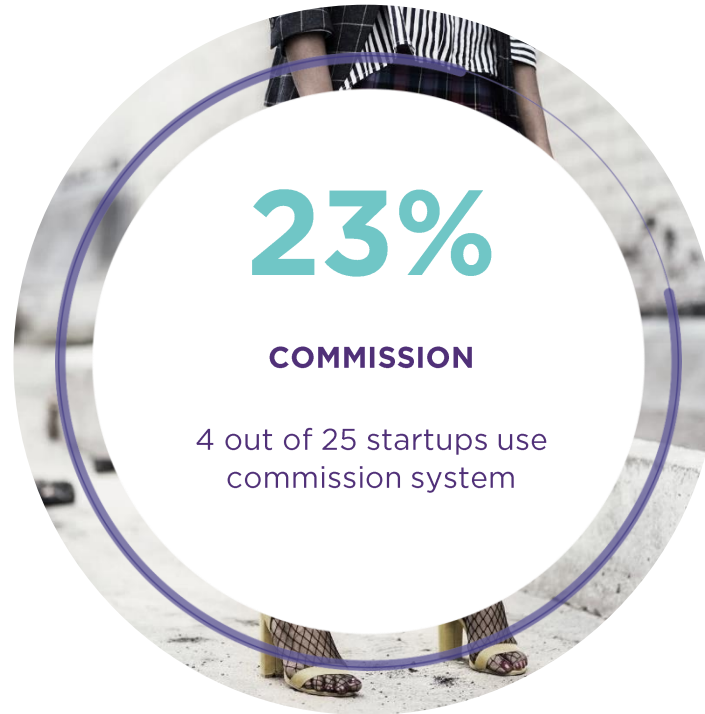


The majority of startups identified in this radar operate within the **B2B** and **B2B2C** sectors, with a notable presence in the **C2B2C** sector, especially in the sourcing domain.

Pricing model

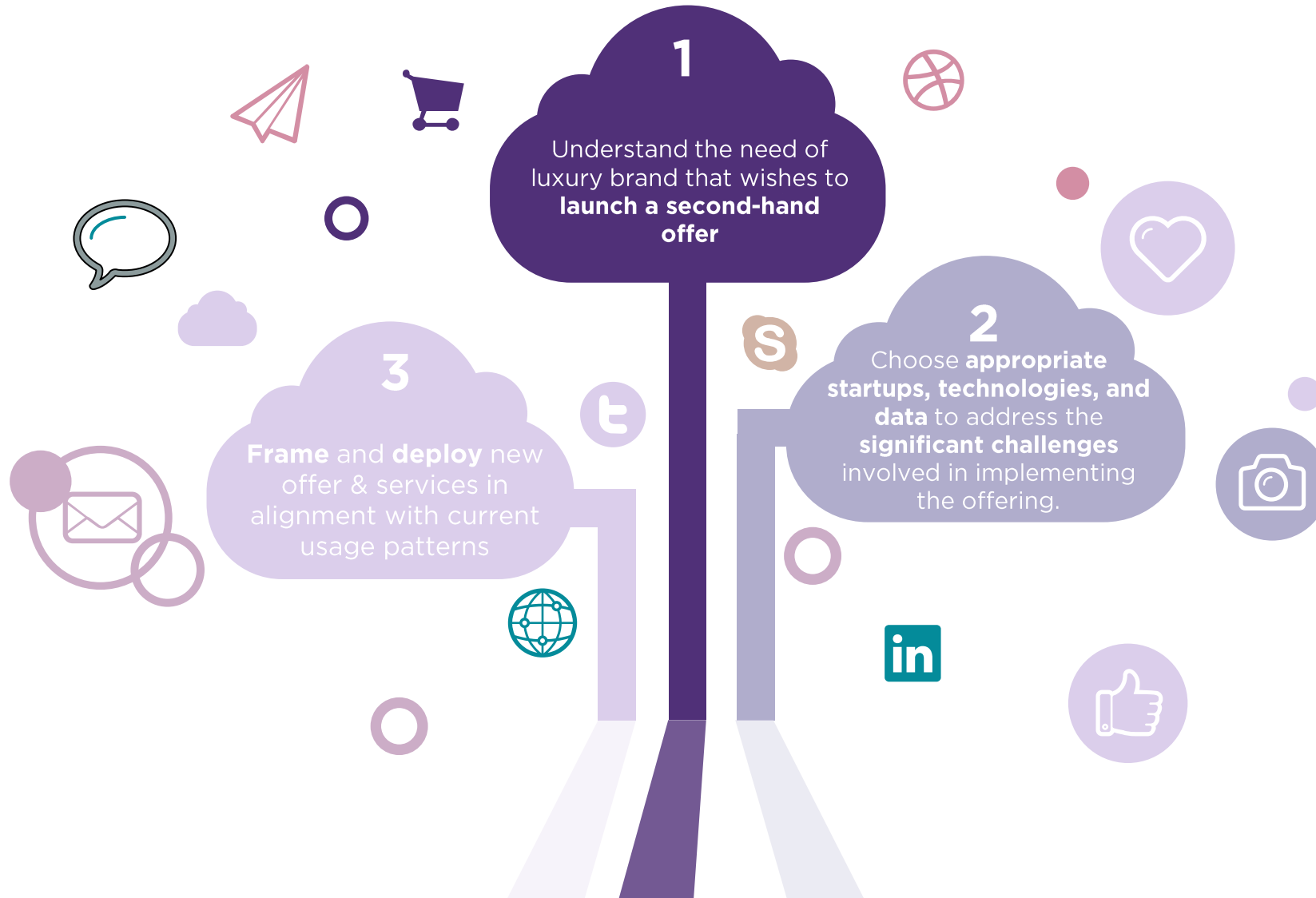


THE DIFFERENT PRICING MODELS USED BY STARTUPS



Source: Information gathered from both internet research and interviews with a few identified startups.

To help you meet **the challenges of second-hand luxury market** of tomorrow, **Wavestone** can help develop you new offer.



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If you need additional information or would like to discuss this subject further, please feel free to reach out to us.
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