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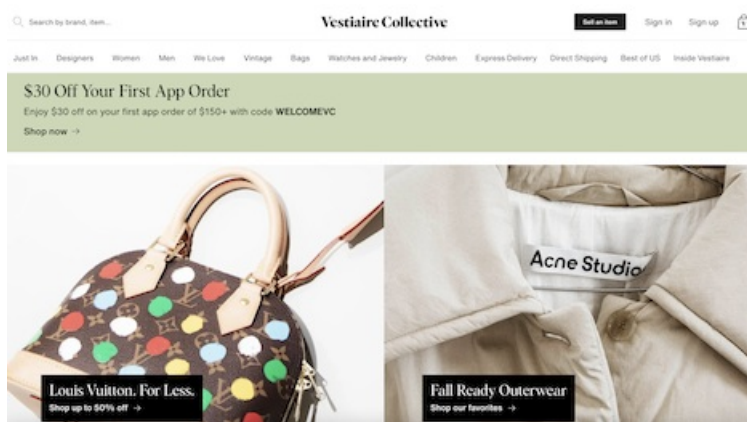
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RESEARCH

Report: Global secondhand luxury sales to reach \$58B in 2028 with Gens Y, Z sustainability nod

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Vestiaire Collective is one of the leading global players in the luxury resale space as younger Gen Y and Z consumers gravitate to more pre-owned sale items from reputed brands. Image credit: Vestiaire Collective

By STAFF REPORTS

The global secondhand luxury market is on an upward trajectory, with a market value of \$31.12 billion last year and projected to almost double by \$58.30 billion by 2028.

This remarkable growth is driven by changing consumer preferences, heightened awareness of fast fashion's environmental impact and an increasing demand for pre-owned luxury goods, per a new report from [Daedal Research](#).

The secondhand luxury market encompasses the buying and selling of pre-owned designer items, either through consignment stores or online resale platforms, where consumers can find high-end products at discounted prices.

Young consumers are at the forefront of this shift, redefining traditional luxury shopping methods.

Factors contributing to this surge in demand include the rising wealth of high-net-worth individuals, prominence of fast fashion and an increased focus on sustainability in the fashion industry.

Several key factors are propelling the growth of the global secondhand luxury market. Among them:

Changing buying habits: A shift away from conventional shopping methods, especially in the luxury fashion sector, as consumers seek out more sustainable options.

Urbanization and high-end fashion: The urbanized population's preference for high-end fashion accessories and the growing popularity of limited capsule collections.

Online resale sector: The rapid expansion of the ecommerce resale sector and online fashion resale marketplaces.

Furthermore, the stigma associated with using pre-owned products is diminishing, with millennials and Gen Z leading the charge for affordable pre-owned luxury goods.

The market is also benefiting from an increasing number of online resale platforms and luxury brands forming strategic partnerships to enhance the reputation of secondhand products.

For example, The RealReal's partnership with Gucci, announced on Oct. 5, 2020, paved the way for an online shop featuring pre-used Gucci items, promoting circularity in luxury fashion.

The secondhand luxury market is expected to maintain a compound annual growth rate (CAGR) of approximately 11 percent during the forecasted period of 2023-28, according to Daedal.

Market segmentation analysis

Product type: The report provides the bifurcation of the secondhand luxury market into five segments based on product type: handbags and other luxury leather goods, apparel, watches, jewelry and others.

Secondhand luxury handbags and other luxury leather goods is both the largest and the fastest-growing segment of global secondhand luxury market owing to high quality, craftsmanship and durability associated with secondhand luxury handbags and leather goods from prestigious brands.

Other factors include increasing demand for affordable high-end leather products, rapidly expanding ecommerce and online platforms, growing awareness about the sustainability of luxury products among younger generations and high investment potential of leather goods, particularly from renowned brands.

Distribution channel: The Daedal report provides the bifurcation of the secondhand luxury market into two segments on the basis of distribution channel: offline and online.

Offline is the largest segment of global luxury market owing to tangible and sensory experiences provided by stores to analyze the quality, craftsmanship and details of secondhand products, provision of exclusive pieces by luxury resale boutiques and vintage stores that are difficult to find on online channels, as well as the luxury atmosphere appeal in upscale bricks-and-mortar stores that align with the brand's perception, image and elegance.

Online is the fastest growing segment of global secondhand luxury market owing to increasing social media penetration, digitalization, online platforms providing wider range of secondhand luxury goods conveniently, rising consumer dependence on technology and emergence of online, peer-to-peer fashion resale platforms for purchasing and selling of used luxury products.

Region: The report provides insight into secondhand luxury market based on the regions namely, Europe, North America, Asia Pacific and rest of the world.

Europe is the largest region of global secondhand luxury market owing to rich heritage in luxury fashion, widespread awareness among Europeans of economic advantages of re-selling goods, rapid urbanization, expanding online recommerce sector and increased presence of several luxury retail brands ranging from fashion apparel to cosmetics.

France held the dominant position within Europe secondhand luxury market, owing to a sizable high-income population, growing demand for pre-owned luxury goods and increasing number of France-based luxury brands associating with online resale luxury platforms to popularize buying and selling of pre-owned luxury items.

Asia Pacific in the fastest-growing region of global secondhand luxury market, driven by large consumer base, increasing number of social media influencers and celebrities endorsing the concept of thrifting on social media platforms and evolving consumer attitudes towards sustainability and circular economy.

Also contributing are expanding ecommerce sales and rising trend of purchasing cost effective pre-owned luxury goods.

China's secondhand luxury market is evolving with several brands and secondhand luxury online trading platforms, becoming a part of the ecosystem.

As of 2021, Gen Z and Gen Y accounted for the largest consumer base of secondhand luxury market in China, mainly because pre-owned luxury accessories to them were equivalent to sustainability and cost efficiency, the report said.

Market dynamics

Growth drivers: The global secondhand luxury market has been rapidly growing over the past few years, due to factors such as increasing wealth and number of HNWIs, rising demand among millennials and gen Z, rapid

urbanization, expanding online recommerce and increased access to rare and vintage items.

The rapid growth of the ecommerce resale sector and online fashion resale marketplace has been positively contributing to an increase in demand for secondhand luxury accessories via online resale platforms that offer a variety of preowned luxury items, authentication and logistic services, and user-friendly interfaces.

Indeed, this makes online resale platforms a convenient and appealing option for both buyers and sellers of preowned luxury items, resulting in an increased availability and accessibility of secondhand luxury through online platforms to a wider audience.

Challenges: However, the market growth would be negatively impacted by various challenges such as the presence of counterfeit products.

The increased presence of counterfeit products results in reduced market share and revenue loss of genuine sellers, fall in consumer confidence and trust in the authenticity and value of luxury brands, and damage of brand value and differentiation provided by majority of luxury brands in the secondhand luxury market, making it challenging for companies to maintain their premium positioning in the market.

Trends: The market is projected to grow at a fast pace during the forecasted period, due to integration of artificial Intelligence (AI) and data analytics, increasing social media penetration, growing acceptance of pre-owned goods, increasing number of luxury brands entering the secondhand market, positive impact on sustainability and environment and the rise in digital dressing.

Rising Internet penetration, increased use of digital and social media platforms for promotion and advertising of secondhand luxury products, and an increase in the number of influencers and fashion enthusiasts promoting the concept of thrifting by sharing their finds and styling tips to normalize the process of buying and wearing pre-owned luxury items have been positively contributing towards increased awareness of high-quality secondhand luxury products offered by luxury resale marketplaces, per Daedal's research.

Furthermore, modern consumers are becoming more conscious of their buying habits and the ethical implications of their choices.

Acquiring pre-owned luxury goods aligns with the idea of sustainable consumption and the principles of supporting the concept of circular economy.

Therefore, with luxury consumers becoming more aware of the ethical implications of their purchases, the secondhand luxury market will continue to accelerate at a rapid pace in the coming years.

Impact analysis of COVID-19 and way forward

COVID-19 brought in many changes in the world in terms of reduced productivity, loss of life, business closures, closing down of factories and organizations, and shift to an online mode of work.

The pandemic resulted in reduced household disposable income, increase in the number of fatalities, rise in unemployment and surge in prices of necessity goods such as food, personal protective equipment and medical supplies, creating a sense of economic uncertainty and financial hardships for many individuals.

This resulted in a negative shift in people's attitudes towards the purchase of pricey non-essentials and luxury goods, including secondhand luxury goods.

Also, curtailment of travel, closure of numerous public gathering places and cancellation of fashion events during the COVID-19 pandemic resulted in reduced luxury consumer demand for affordable secondhand luxury items to flaunt and showcase these items as a symbol of one's achievements, wealth, social status and unique sense of style and personalized fashion.

Therefore, the overall impact of COVID-19 on global secondhand luxury market was negative as a result of closure of retail stores, strict curfew timing, increasing travel restrictions and reduced consumer spending.

Competitive landscape

The United States luxury resale market is fragmented, dominated by small local boutiques, smaller consignment shops and person-to-person transactions with little consumer reach.

However, the expanding number of online luxury resale sites has been fundamentally altering the luxury resale sector, causing the market to consolidate.

The key players of the secondhand luxury market are The RealReal, ThredUp, Farfetch, Alibaba Group's Idle Fish, Yoogi's Closet, Vestiaire Collective, Timepiece360, The Luxury Closet, Luxepolis Retail Services, Garderobe and Fashionphile Group.

Companies in the secondhand luxury market are increasingly engaging in acquisitions, partnerships, joint ventures and new product development to complement their own capabilities, quickly gain access to larger market share and expand into the secondhand market with less investments and more sustainable products.

The major players in the market are also collaborating with online market players and resale companies to enhance their ecommerce capabilities and online marketplace to show commitment to sustainability and circular economy.

For instance, on Oct. 3, 2022, RealReal announced A Circular Partnership with global luxury accessories brand Jimmy Choo, enabling Jimmy Choo clients to consign their pre-loved luxury items through the RealReal, to increase awareness and adoption of the circular economy.

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