



# From rags to riches

The rise of the second-hand marketplace



**OC&C**  
Strategy consultants

uncommon sense™

# What we cover in this report...

- How big is the second-hand market?
- Why is it so popular?
- What are the key factors driving second-hand growth?
- How is it transforming business models?
- What's in store for the future of second-hand?
- What are the implications for companies and investors?



The estimated  
**\$180BN**

second-hand goods is equivalent to the GDP of...



**\$90BN**

of second-hand goods are transacted through online marketplaces, the equivalent of...

amazon marketplace



## How we created this report

- OC&C have conducted extensive desk research to estimate the size of secondhand markets through third party market and media reports
- Sizing was sourced at a vertical (e.g apparel & clothing, electronics, furniture etc) and market level (US, UK Europe etc) in most cases
- Where there were gaps in data, extrapolation was used to size the global market - by estimating a spend per capita on secondhand or using secondhand as a share of first hand and extrapolating to the remaining markets or verticals
- The report is focused on emerging secondhand categories and as a result, the more mature automotive category is excluded. China is also excluded from our figures given a different set of market dynamics and lack of reporting
- Sources include Statista, Ibisworld, Thredup, Euromonitor, Future Market Insights and media outlets such as Wall Street Journal

# Summary

Over the last fifteen years, the second-hand economy has been radically transformed; firstly by the internet, and then by **online marketplaces**.

By creating a large network of buyers and sellers in an easy-to-use user interface, it is marketplaces that have leveraged this highly scalable, low investment model (vs traditional retail) to change the face of retail and how businesses interact with customers.

It was only a matter of time until the second-hand market followed this trend. Historically reserved for charity shops and car boot sales, the internet gave buyers and sellers a new way to connect and trade second-hand goods across an increasingly diverse range of categories.

Initially, this discovery was happening through classified sites, such as Craigslist or Gumtree, which

failed to fully solve a number of pain points faced by both buyers and sellers, including facilitation of transactions, trust and verification to name a few.

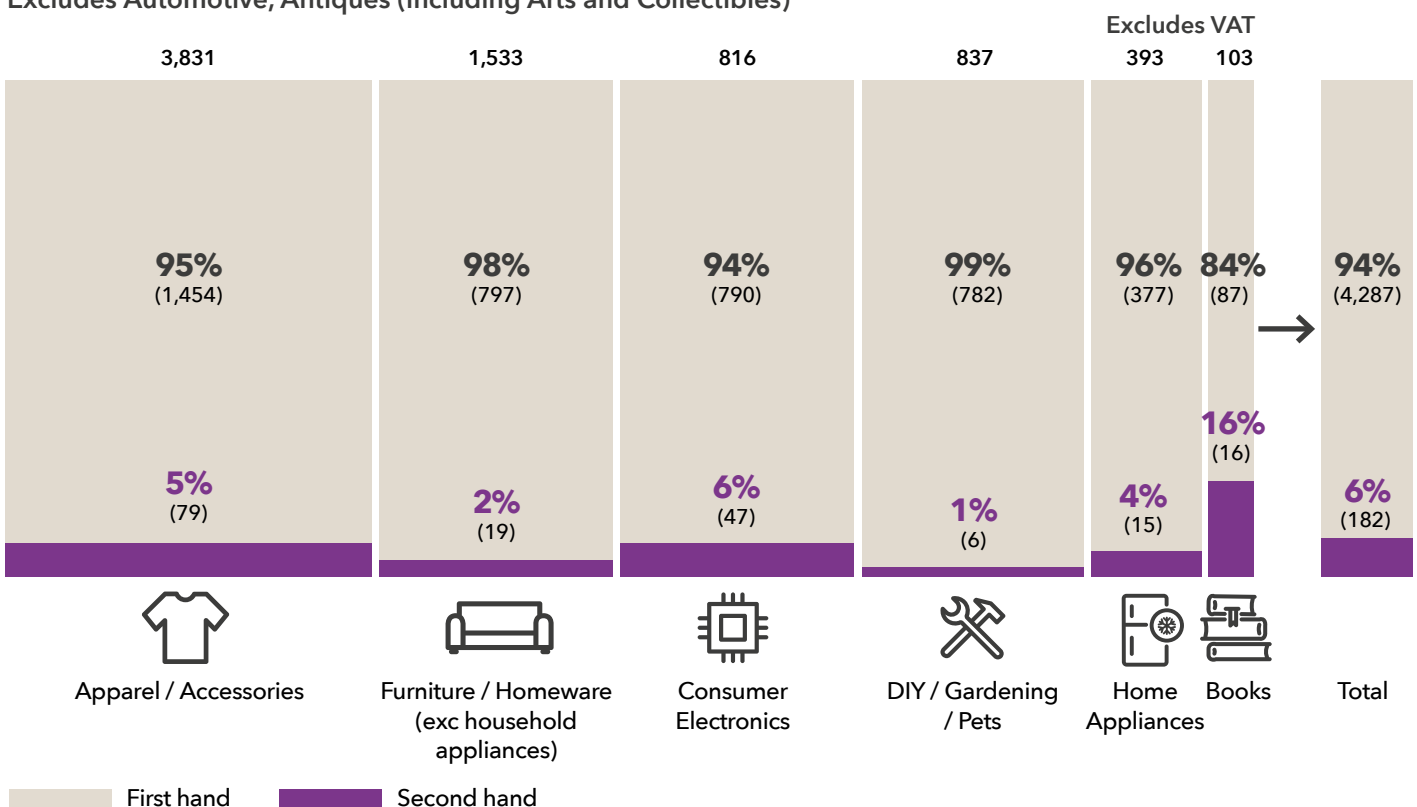
The shift to online marketplaces changed everything. By increasingly managing transactions end-to-end supported by additional valuable services, they've created a network of buyers and sellers who can seamlessly trade second-hand goods through a secure and transparent process, across countries and continents.

The second-hand market (excluding automotive) is worth \$180bn, and 50% of this (\$90bn) is transacted through online marketplaces.

This represents a growth of 70% from 2017-2022, and is driven by powerful, global trends that suggest the sector is here to stay.

Outside of automotive, second-hand today accounts for over 10% of the value of all goods transacted through online marketplaces, including new goods. Economic and environmental incentives, combined with the normalisation of second-hand goods, have transformed the market across multiple categories. Despite this, there is still significant headroom for growth, as the sector is only a fraction of the size of the first-hand market. As trends driving second-hand increasingly impact consumer behaviour, we project the second-hand market to grow to \$330bn by 2027, a 13% pa growth.

## TOTAL CONSUMER GOODS SPEND BY CONDITION AND SEGMENT, WORLD EXCL. CHINA, \$BN (2021) Excludes Automotive, Antiques (including Arts and Collectibles)



Source: Euromonitor, Statista, Globaldata, ECommerceDB, Digital Commerce 360, Desk Research, OC&C analysis.

# Why is second-hand so popular?

The success of second-hand can primarily be explained by **four key areas driving growth**:

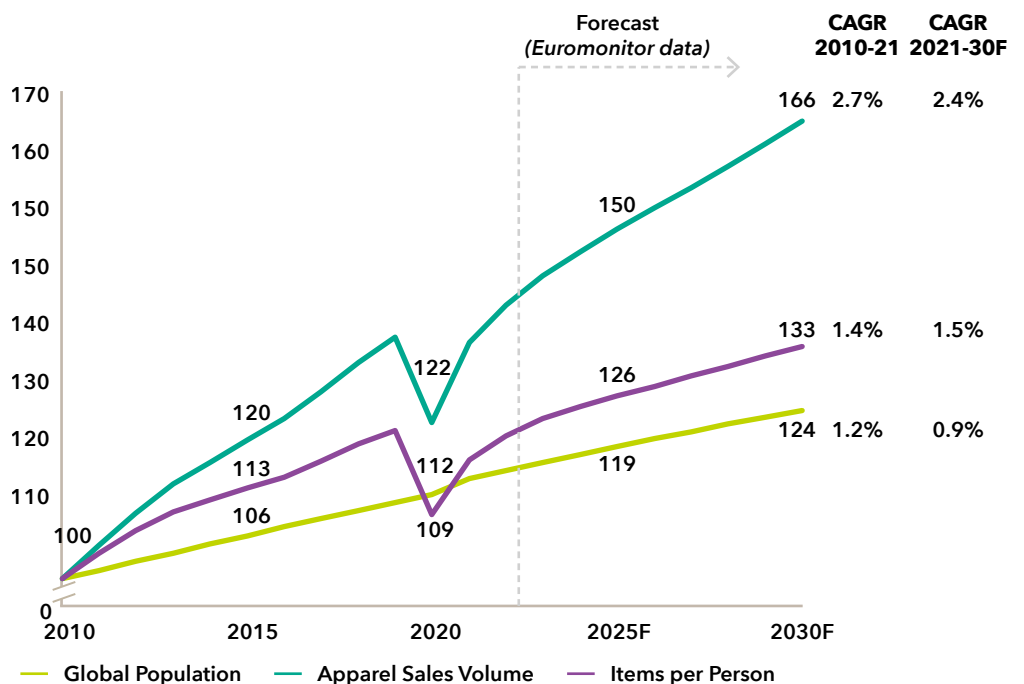


## 1. Increasing 'velocity' of first-hand goods

Consumers are both owning more goods and owning them for a shorter period of time across all categories, most notably fashion. Global clothing production has doubled since 2000, due to greater supply and the onset of **fast fashion**.

1. Includes childrenswear, excludes footwear; 2022-26 forecast is a Euromonitor projection; 2026-30 based on outer-year growth in Euromonitor forecast.  
Source: Statista, Globaldata, The Economist, Euromonitor OC&C analysis.

APPAREL SALES VOLUMES & ITEMS PER PERSON, 2010-30F<sup>2</sup>  
Indexed (2010=100)



## 2. Saving money

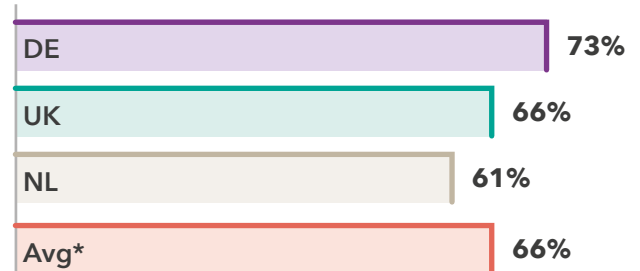
The primary reason buyers shop second-hand is to reduce their spending, with 66% of European consumers citing this as a motivating factor. With **products significantly cheaper** than first-hand, the market is the preferred option for a growing number of customers.

The second-hand marketplace also creates opportunity for users to monetise their unwanted goods by re-selling them. With less disposable income due to inflation, the incentive to make small margins on unused goods is higher than ever.

Motivation for Buying Second Hand  
Share of respondents (%)



### Save money



Second hand is cheaper than first hand

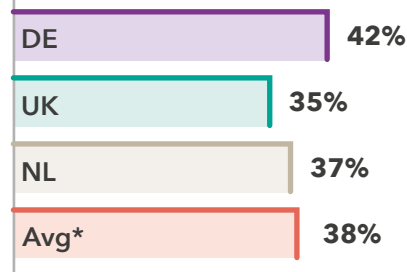


### 3. Sustainability

The ever-growing importance of sustainability and the green agenda is the next most common reason to shop second-hand, with **40% referencing this as important**. Individuals are increasingly aware that their consumption habits have a major impact on the planet and are moving away from fast fashion because of this.



#### Create less waste



*73% of clothing is disposed as landfill, 95% of which could be recycled or resold as second hand*

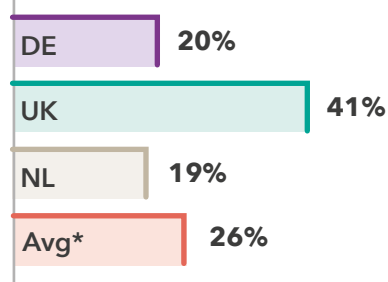


### 4. Trading up

Due to the reduced price of second-hand goods, consumers are able to 'trade up', **purchasing luxury and premium brands** they wouldn't otherwise have access to.



#### Wider selection of products



\* Average of DE, UK, NL

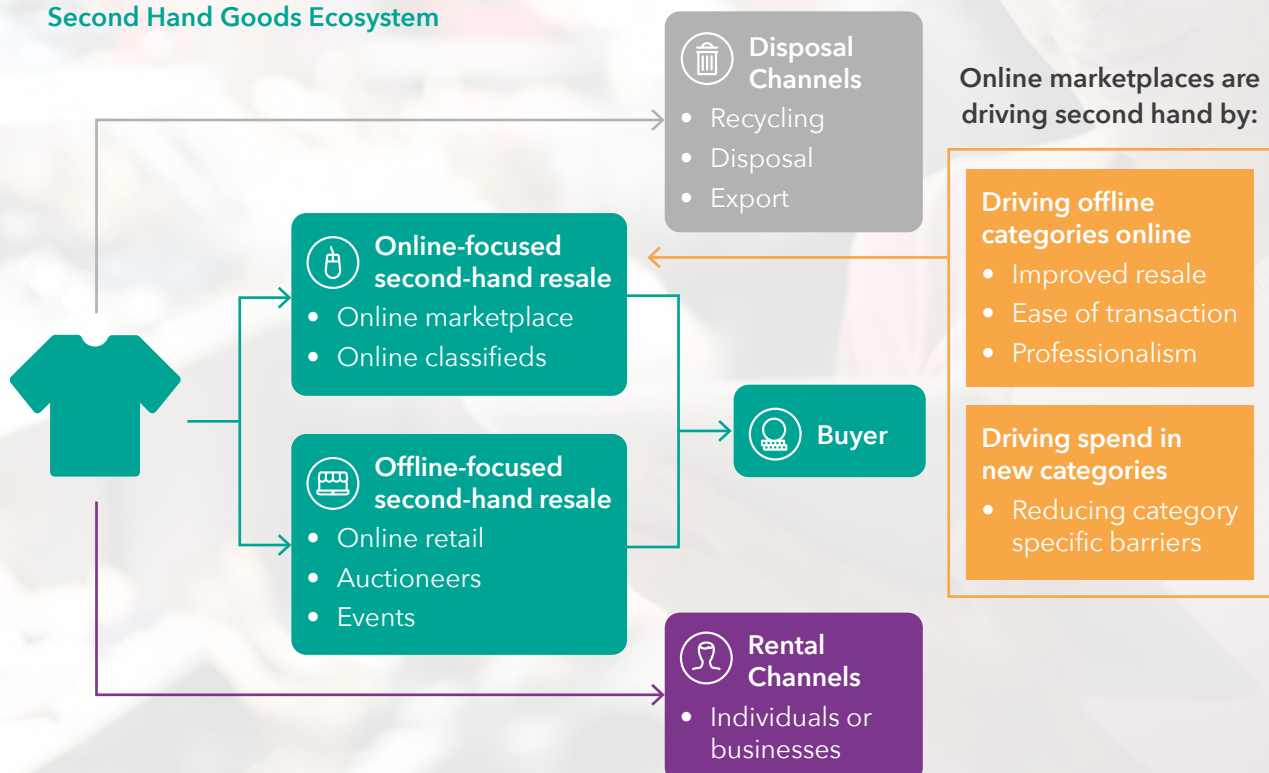
# The gamechanger: online resale marketplaces

Online marketplaces have fundamentally transformed second-hand by allowing consumers to find buyers and sellers, enabling them to transact directly online through trusted platforms.

They've also solved a number of consumer "pain points" that have historically been significant barriers to transaction:

- **Maximising sale value and speed of sale** by providing scale networks of buyers and sellers, often operating on a global basis
- **Driving ease of transaction** for sellers, particularly through the growth of easy-to-use mobile apps that make it easy to prepare an item for listing, handle payments and provide shipping solutions
- **Creating a retail environment for buyers**, that builds engagement through a compelling user interface, breadth of choice and transaction enablement through financing and payment handling
- **Building trust** through authentication, warranties, escrow services and customer support

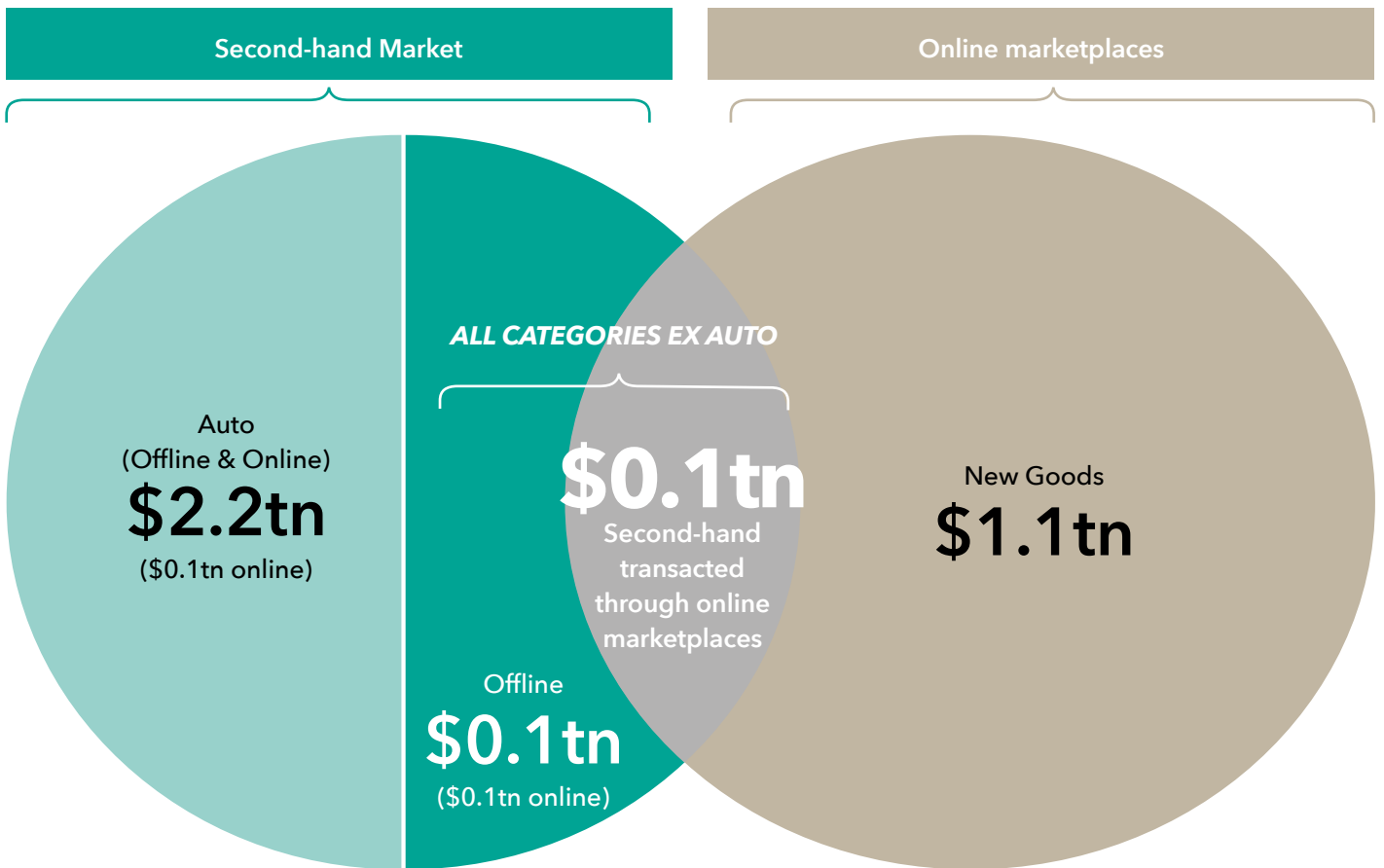
## Second Hand Goods Ecosystem



As a result, second-hand sales through online marketplaces have soared to c.\$90bn, representing c.50% of the second-hand market; an increase of 8%pts in just 2 years from 2019-21.

This also represents c.13% of the total online marketplaces (including new goods) transacted value and is a growing share of online, expected to grow nearly four times its current size by 2026.

### Total Consumer Spend, 2021, excluding China



	Second-hand Consumer Spend	Estimated % Online
Clothing	\$80bn	40%
Consumer Electronics	\$50bn	50%
Furniture & Homewares	\$20bn	50%
Home Appliances	\$15bn	50%
Books	\$15bn	80%

	Online Marketplaces Consumer Spend	Second-hand Online Penetration Growth %pt, 19-21
Clothing	\$80bn	+6%pts
Consumer Electronics	\$50bn	+10%pts
Furniture & Homewares	\$20bn	+2%pts
Home Appliances	\$15bn	n/a
Books	\$15bn	+16%pts

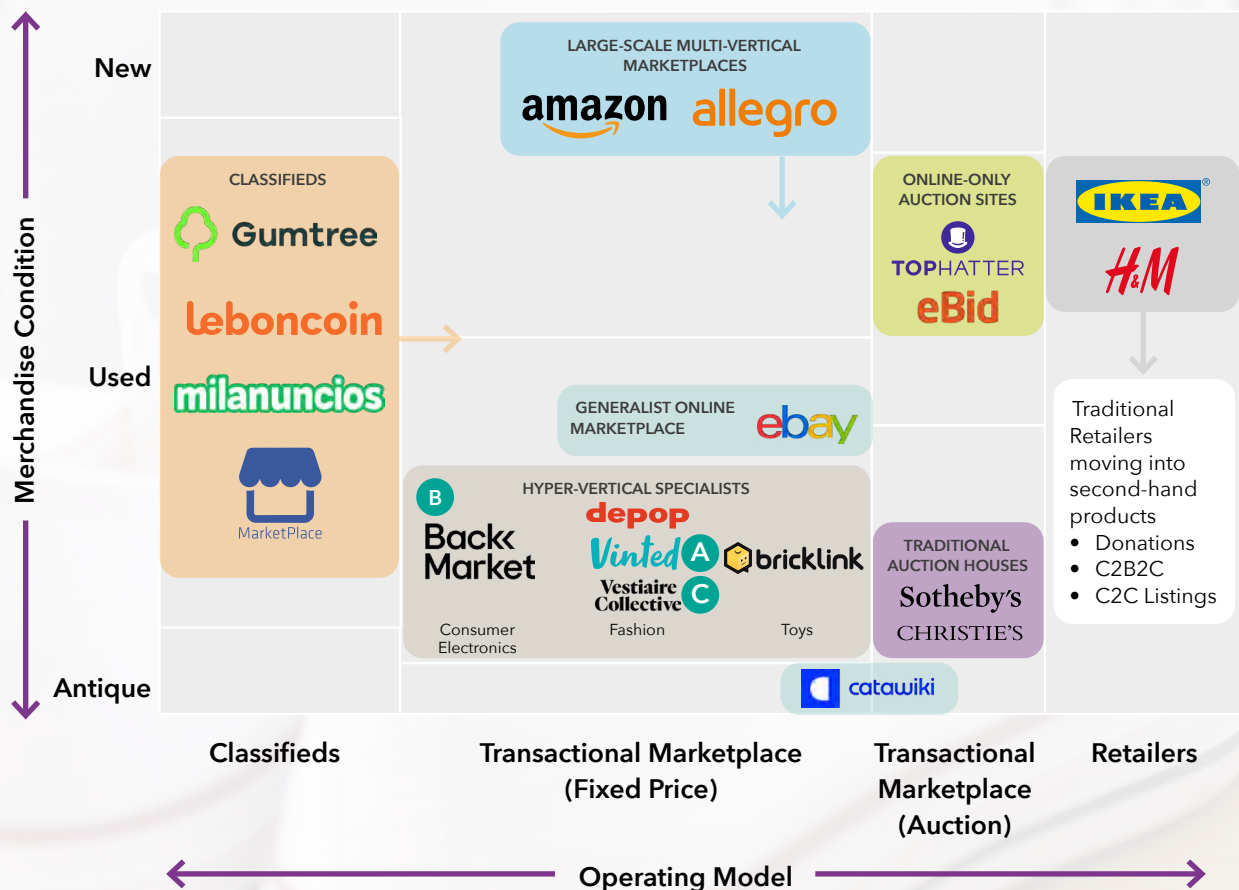
70% of consumers say it's easier to shop second-hand than it was 5 years ago, thanks to the **emergence of online marketplaces**. They've introduced a range of logistics services to transport large items, as well as 'near me' functions to find goods in close proximity, removing the need for practical organisation on an individual level.

# How they're transforming business models

The second-hand shift to online has spawned several new and innovative business models, which are in turn introducing new consumers to marketplaces. Emerging models have reduced the barriers to transaction and created vast networks of consumers and businesses able to benefit from their platforms.

By offering users the ability to browse in a retail environment, they've created a familiar setting which emulates that of purchasing first-hand goods online, removing the logistical difficulties of purchase, a historic 'pain point' of second-hand goods.

Market Map of Existing Second-hand Players and New Entrants





## EMERGENCE OF HYPER-VERTICAL C2C MARKETPLACES

- **Why it wins:** Automated processes and easy to use apps to make it easy to buy and sell- e.g. payment processing, categorising items. Cheapest possible model for the platform.

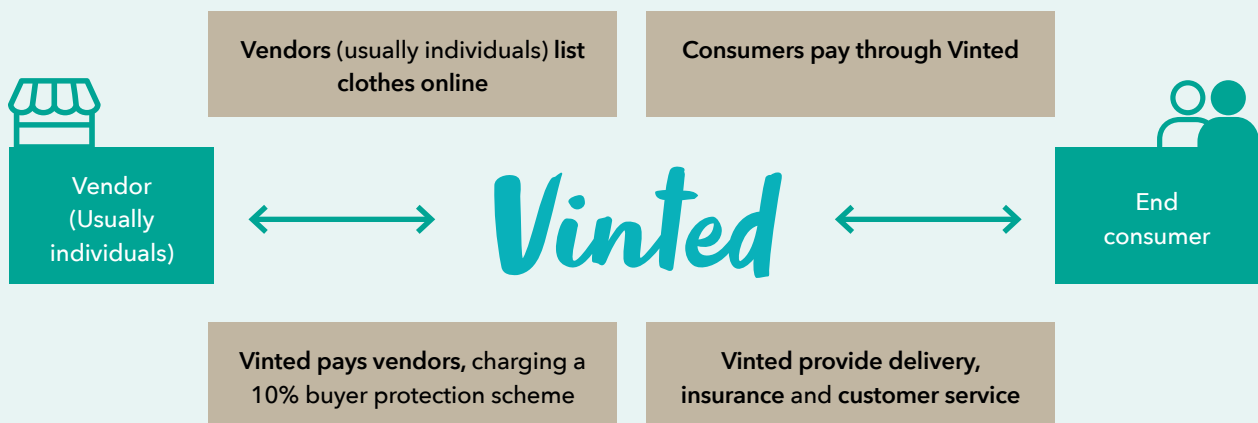
These models work best for mass-market second-hand goods, bringing buyers and sellers together in a zero friction transactional model. By focusing on vertical-specific models, marketplaces are most likely to drive growth, catering to consumer interests and offering extensive choice within each sub-category. The C2C model is economical in serving low-price transactions, as users can choose from multiple options and compare prices, creating competition that drives quality.

A

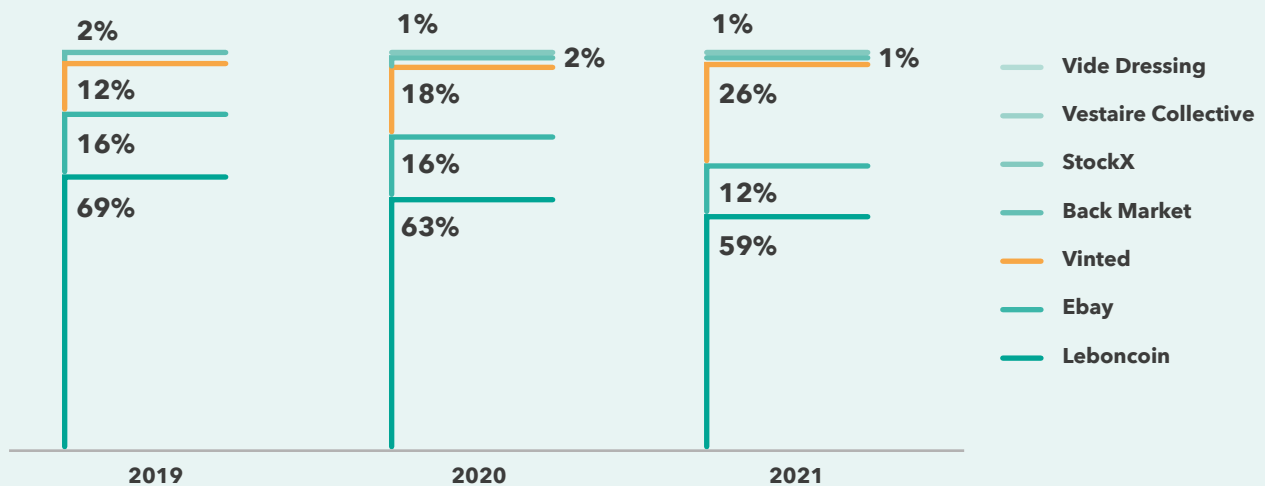


# Vinted

A leading online marketplace for second-hand apparel, accessories and baby, Vinted has grown its share of traffic against competitor players and is now the leading vertical marketplace with 50m+ users across 16 countries. Having begun as, and grown significantly in, a specific vertical (apparel), Vinted is now leveraging its position to grow into a broader set of categories including homewares and books.



France: share of total traffic by player (total visits in the year)



Source: Similarweb

## GROWTH OF REFURBISHED GOODS B2B2C OR B2C MARKETPLACES

These marketplaces bring together a network of small, local refurbishers with individuals. By gaining verification, refurbishers meet minimum standards, meaning the marketplace can offer transparency on condition and warranties and build consumer trust.

- **Why it wins:** The marketplace links previously local refurbishers to large audiences under an asset light model (refurbisher buys and ships the devices)

It's the ideal model for high-value electronics, where condition and warranty are critical for success. Enhanced transaction protection and rigorous testing processes for vendors are most likely to generate growth, as they'll help ensure consumers have confidence in the quality of the product. This trust is essential for second-hand electronic goods, and marketplaces create an easy and unbiased space to compare these across businesses.

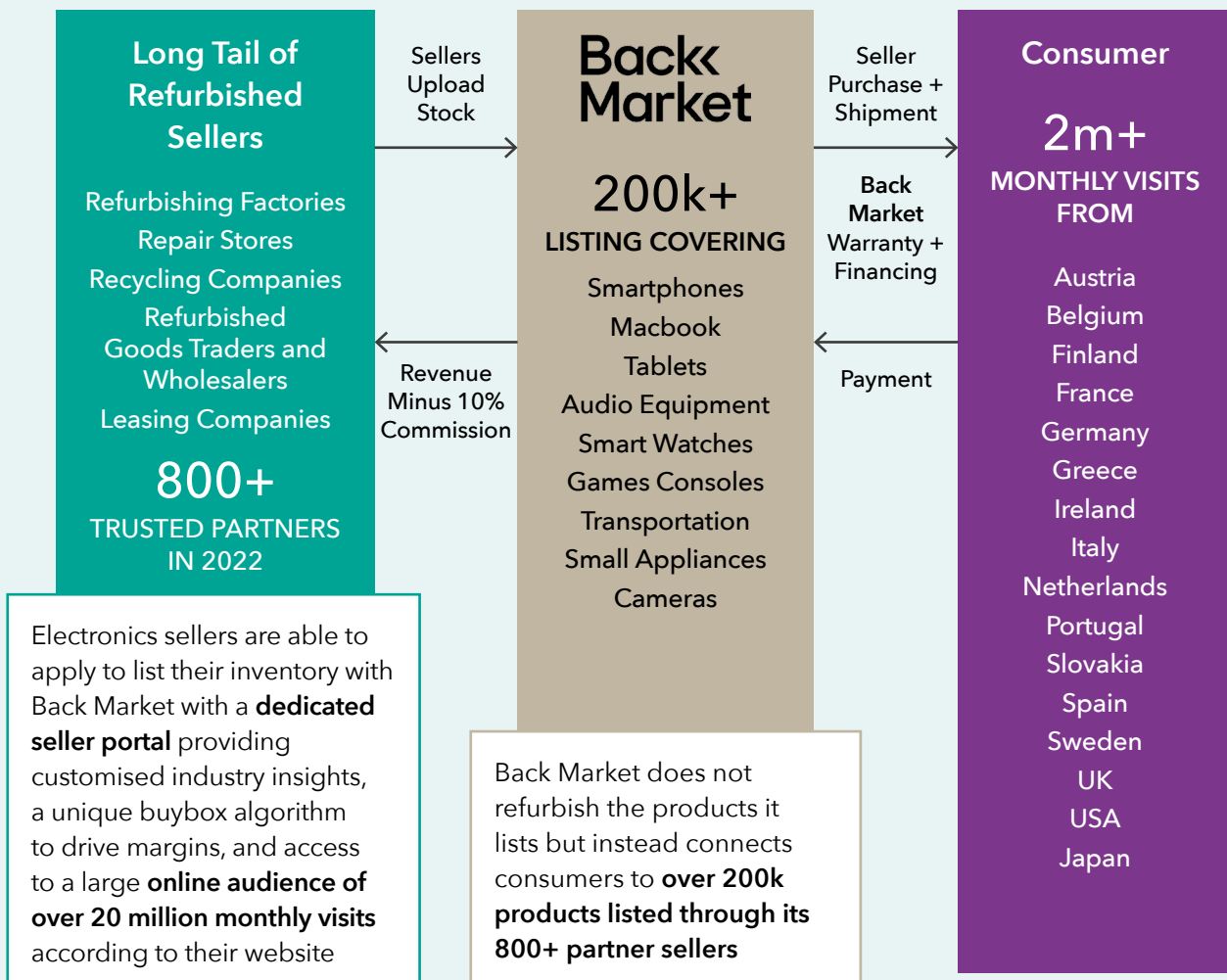
B



### CASE STUDY

## Back Market

Renovated goods experts Back Market, launched in 2014, have expanded quickly through establishing trust in the refurbished electronics space. The marketplace enables vendors to list their inventory using a **dedicated seller portal** which offers industry insights and a unique algorithm to drive margins, creating an effective user experience for both buyers and sellers. Their large inventory also offers impressive choice to consumers, with **800+ partner sellers** and over **200k products** listed. Their capital raised increased from €0.3m to €510m from 2018 to 2022 and is expected to continue to grow as the business expands globally.



## DIRECT TO CONSUMER RETAIL / AUCTION MODELS

This model provides buyers with verified, quality-checked products, creating trust and willingness to transact. This can involve direct purchase and sale of goods or a consignment based model.

- **Why it wins:** High value goods require the highest degree of trust which this high touch model brings through item preparation, authentication and escrow services. The model is economically viable due to higher margins

It's a winning model for premium and luxury goods (apparel, accessories, jewellery, watches and antiques), providing trust through verification and authentication.

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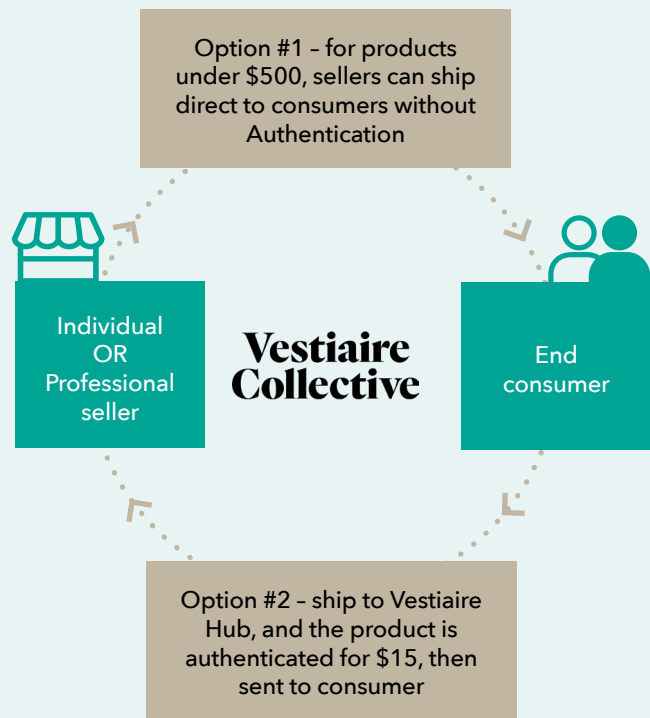


### CASE STUDY

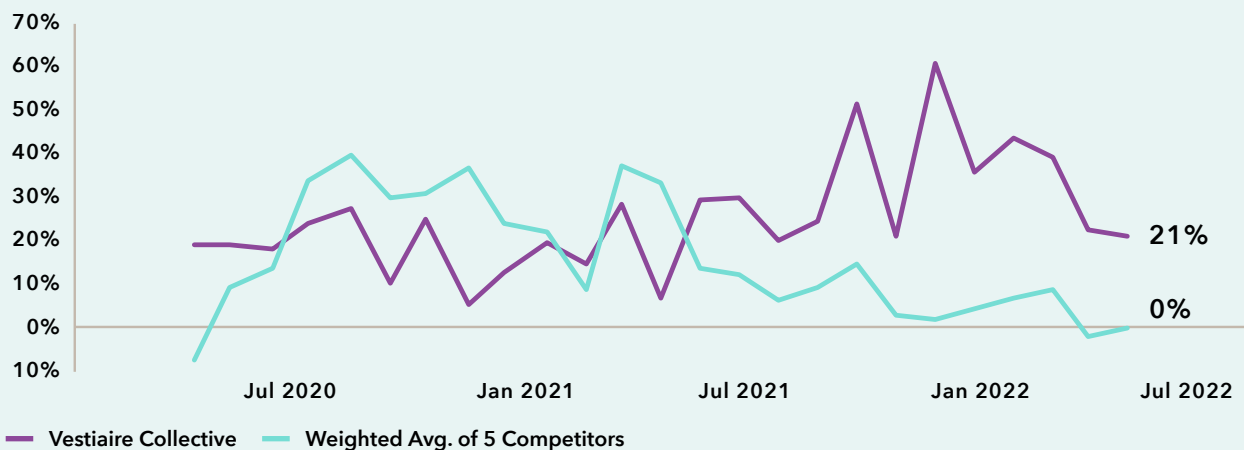
## Vestiaire Collective

Resale specialists Vestiaire Collective provide product authentication and curation for designer goods. As consumers are seeking premium quality brands or pieces for investment, authentication and condition checks are vital, increasing consumer trust in the platform.

These inspections involve a multi-tiered approach carried out by a team of industry experts, initially checking the product listing, and then physically examining it once the transaction has taken place. Once an item has been purchased, the seller has the option to send it to Vestiaire or directly to the buyer, covering a range of customer preferences. Significant marketing campaigns have led to industry-leading growth and conversion of 19%, compared to 8% for the total market. This is only expected to grow with time, as visits to Vestiaire from customers on other sites is increasing, suggesting growing interest in the platform from 'luxury' consumer traffic.



### Year-on-Year Growth in Monthly Site Visits



Source: Similarweb

# What's in store for the future of second-hand?

## FROM RAGS TO RICHES

The overall second-hand market is expected to grow to c.\$330bn by 2027, with existing customers selling more second-hand goods and new buyers and sellers drawn into the market.

As well as several long-term global trends driving the growth of the second-hand market, there is a great deal of unlocked potential in goods that we throw out, recycle, donate to charity and everything we forget exists in the garage, loft, and the back of our wardrobes. Even in the most mature second-hand categories such as apparel, there is headroom for growth, with only 30% of items for resale transacted.

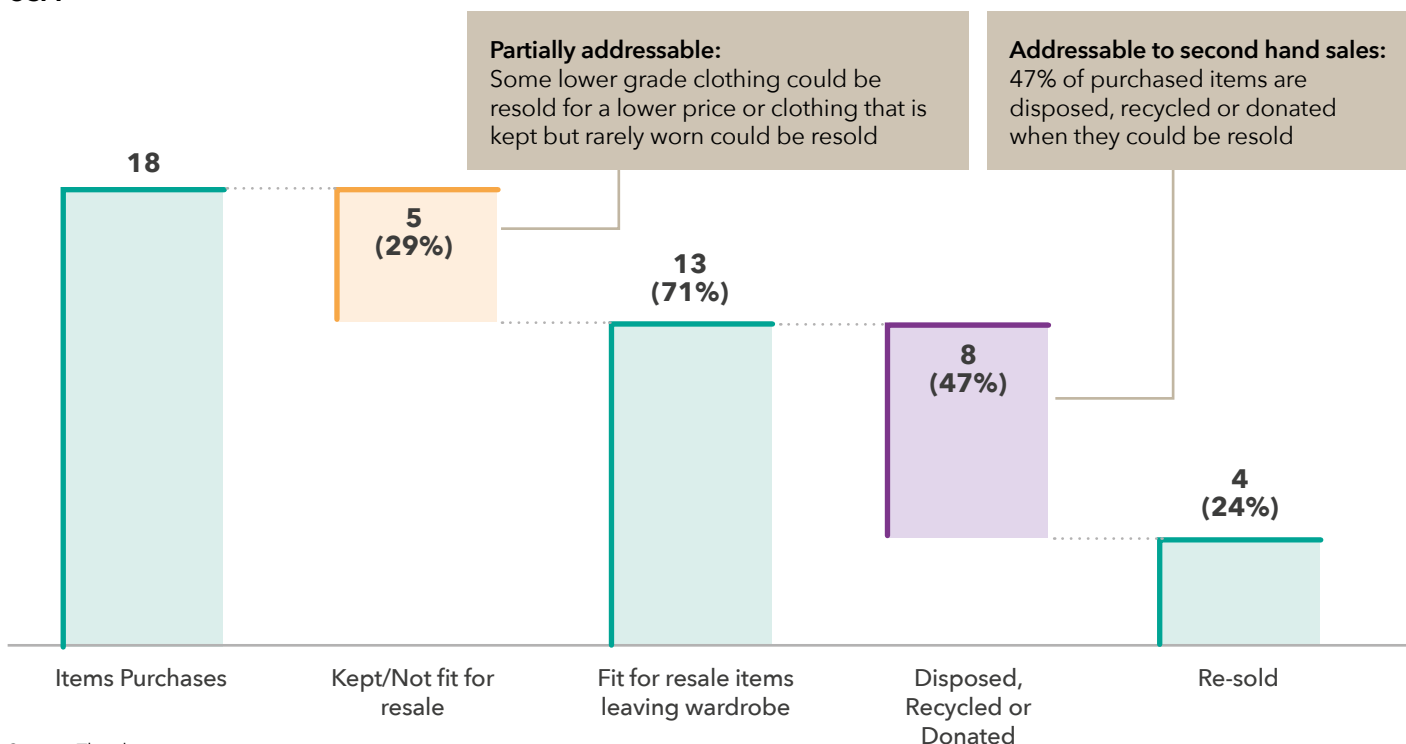
Other sectors, such as furniture and homewares, are projected to grow significantly in coming years. By capitalising on locally focused marketplace models, which have potential to explode onto the scene, they'll contribute to the overall rise of the market. Those who shop second-hand are also proud promoters of the industry, with 75% of customers going out of their way to tell others they do so. This stems from a gradual shift in public perception of the sector, which is now considerably less stigmatised than it was ten years ago.

**\$330bn**

Size of the secondhand market by 2027, representing 13% pa growth 2022-27

Source: OC&C

### Volume of Clothing Purchased and Re-sold USA



Source: Thredup

# Retailers want a slice of second-hand success

A number of retailers have launched take-back schemes, in which customers can trade in old apparel in return for a voucher to spend in-store, worth up to 50% of the initial price.

Second-hand is, therefore, an emerging form of revenue for retailers. The number of stores getting involved with resale has increased by 275% since 2020, and is expected to skyrocket in coming years. Retailers have the chance to use these models to acquire younger and more price-conscious shoppers, as well as building positive brand perception.

There is growing customer demand for the availability of in-store second-hand products, with nearly half of Gen Z and Millennials stating they're more likely to shop with a brand that offers second-hand clothing. As more retailers opt into this trend, they're expected to become increasingly 'in vogue' as awareness and ease of access continues to grow.

It's also becoming easier to break into the re-sale ecosystem. Former barriers to entry, such as reluctance of stakeholders and the concern that it would decrease first-hand sales, are being re-examined by brands in the context of ESG policies.

The existing schemes vary loosely in their approach; some have care and repair services; others donate a margin of the profit to charity. FARFETCH, for example, enables each customer to split profits with a charity of their choice.

Positive re-sale sentiment is increasing rapidly, with nearly 75% of retail executives saying they have, or hope to, offer second-hand to their customers, up 14 pts from 2020.



Source: Thredup

## Brands doing it



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# What do I do about it?

There is huge potential for a range of companies to participate in the rise of second-hand marketplaces and what you should be considering...



## ...if you're an online marketplace

### **BUILD ON YOUR STRENGTHS**

To date, success has often been driven by vertical-specific proposition; consider building on your existing verticals in where your expertise can solve for consumer pain points. This is particularly crucial in "emerging" second-hand verticals (furniture, homewares).

### **SUPPORT YOURSELVES TO GROW**

Building inventory is crucial to generate demand and a network of returning consumers (and promoters); invest in your supplier base and incentivise them to list more and often.

### **BROADEN INTO ADJACENT SERVICES**

Second-hand propositions still have a long way to go; consider participating in adjacent areas, such as new services that improve transparency, ease of transaction and trust, or even new propositions like service-based marketplaces.



## ...if you're a high street / online retailer

### **CHOOSE A BUSINESS MODEL**

Consider which second-hand business model is right for you and your customers; whether it is the "buy-back" of used goods in-store for a voucher, or fully participating in an end-to-end second-hand retail experience online.

### **OFFER SOMETHING MARKETPLACES CAN'T**

Leverage your customer experience teams, consumer (buyer) data and stores to offer second-hand in a way that marketplaces can't - whether it is for consumers to drop off second-hand inventory, or by incorporating second-hand into the store experience.

### **FORM PARTNERSHIPS**

With second-hand marketplaces and retailers to leverage their expertise and build your own participation. This can be enabled through online marketplaces as a sales channel for stock you buy-back, or as an outsourced channel to handle second-hand. Alternatively, partnerships with logistics providers who can organise and distribute second-hand returns.



## ...if you're a brand

### GO DIRECT

Consider offering second-hand direct to customers through your own store which allows you to provide a curated experience and trust that no one else can provide; this can work well for higher value goods in particular.

### FORM PARTNERSHIPS

With second-hand marketplaces and retailers to leverage their expertise and build your own participation. This can be enabled through online marketplaces as a sales channel for stock you buy-back, or as an outsourced channel to handle second-hand. Alternatively, partnerships with logistics providers who can organise and distribute second-hand returns.



## ...if you're a government body

### ENABLE SECOND-HAND LOCALLY

Consider how existing local services (e.g recycling centres, charity shops and clothes banks) can drive the second-hand flywheel; huge amounts of re-saleable products are disposed of every day and marketplaces can be a way for these to be re-sold.

### ADAPT THE TAXATION SYSTEM

Marginal VAT / sales tax schemes already apply in most markets for businesses, but it's worth exploring whether these schemes are fit-for-purpose in a market that is increasingly transacted online.



## ...if you're an investor

A growing number of the top 100 online marketplaces offer second-hand, supporting a second-hand market that will be an attractive and resilient market for years to come. We think the winners are going to be those that:

### KNOW THEIR NICHE AND SERVE IT WELL

understanding the needs of the specific verticals and customers they serve and solve for their specific pain points.

### WILLING TO INNOVATE

second-hand propositions are still maturing; the winning propositions have not yet developed.

### WINNER TAKES MOST

the importance of inventory and the network effect means that the winner takes most; this does not mean that others can't co-exist, particularly when serving specific market niches.

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If you would like to discuss any of the themes covered in this report, we'd be delighted to talk.

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