

# MARKET FORCES

## MARKET ISSUES

Based on research, listed below are some issues our product may encounter coming into the e-commerce space in Nigeria.

1. **Economic Uncertainty:**

Nigeria's economic conditions, such as inflation, currency fluctuations, and recession, can impact consumer spending and affect sales.

2. **Basic amenities challenges:**

Limited transportation infrastructure, power outages, and internet connectivity issues are also some of the issues our product will face in Nigeria as the country is still developing in operations.

3. **Changing Consumer Preferences:**

Shifts in consumer behavior and preferences, such as increased demand for physical stores or alternative e-commerce platforms, can impact Luxe Thrift Store sales.

4. **Regulatory Changes:**

Changes in government regulations or policies affecting e-commerce, taxes, or consumer protection can impact e-commerce operations.

5. **Logistics and Delivery Challenges:**

Managing a robust logistics and delivery network in Nigeria's diverse space can often be difficult. E-commerce partners with private logistics to have this under control. However, the reliability of a commercial logistic service cannot be ascertained.

**6. Product Availability and Quality:**

Ensuring consistent product availability and quality can be a challenge, especially with a wide range of products and suppliers.

**7. Customer Service Expectations:**

Meeting high customer service expectations, including quick response times and effective issue resolution, is crucial in the competitive Nigerian market.

## **MARKET SEGMENTS**

**1. Value Seekers:**

This segment is budget-conscious but still desires luxury brands. They appreciate the significant savings offered by pre-owned items.

- Demographics:
  - Younger professionals
  - Fashion enthusiasts on a budget
- Motivations:
  - Affordability
  - Access to luxury brands

**2. Eco-Conscious Individuals:**

This segment prioritizes eco-friendly practices and reducing fashion's environmental impact. They see pre-owned luxury as a way to extend the life cycle of quality items.

- Demographics:
  - Eco-conscious consumers

- Millennials
  - Gen Z
- Motivations:
  - Sustainability
  - Reducing waste

### **3. Trendsetters and Collectors:**

This segment seeks unique and rare luxury items. Pre-owned platforms offer a chance to find vintage pieces or limited editions no longer available in stores.

- Demographics:
  - Fashion influencers
  - Collectors
  - High-net-worth individuals
- Motivations:
  - Uniqueness
  - Exclusivity
  - Investment potential

### **4. Brand Loyalists:**

This segment is devoted to specific luxury brands but may not always afford new items. They look for pre-owned options from their favorite brands.

- Demographics:
  - Established professionals
  - Brand enthusiasts

- Motivations:
  - Brand loyalty
  - Access to specific designers

## NEEDS & DEMAND SWITCHING COSTS

The **Need to Switch Costs** depends on how easily someone can satisfy their desire for a luxury item with other options. If there are many alternatives (low needs switching costs), they might be less likely to choose our pre-owned luxury items.

Instances of these alternatives are;

- Buy a pre-owned luxury bag from your platform (fulfilling the need for quality and potentially saving money).
- Buy a new bag from a retail store (fulfilling the need for quality but at a higher cost).
- Buy a fast fashion replica (fulfilling a similar need for a bag, but with potentially lower quality and brand recognition).

However, if our platform offers unique, high-quality pre-owned bags at a significant discount compared to retail (high needs switching cost), we become a more attractive option.

**Demands Switching Costs** is, let's say someone is specifically looking for a pre-owned Chanel bag (the demand within the need for a luxury handbag). They might consider:

- Our platform (if it offers a curated selection of Chanel bags).
- A competitor's platform.
- A general pre-owned marketplace.

The demand for switching costs depend on how easily they can find the specific brand, style, and price point they desire. Here's where our platform can shine:

- Offer a well-curated selection of Chanel bags (increasing demands switching costs if they can't find the same variety elsewhere).
- Feature exclusive vintage Chanel collections (creating a unique demand your competitors might not fulfill).
- Develop a loyalty program with exclusive benefits for Chanel bag purchases (giving them a reason to keep coming back to your platform).

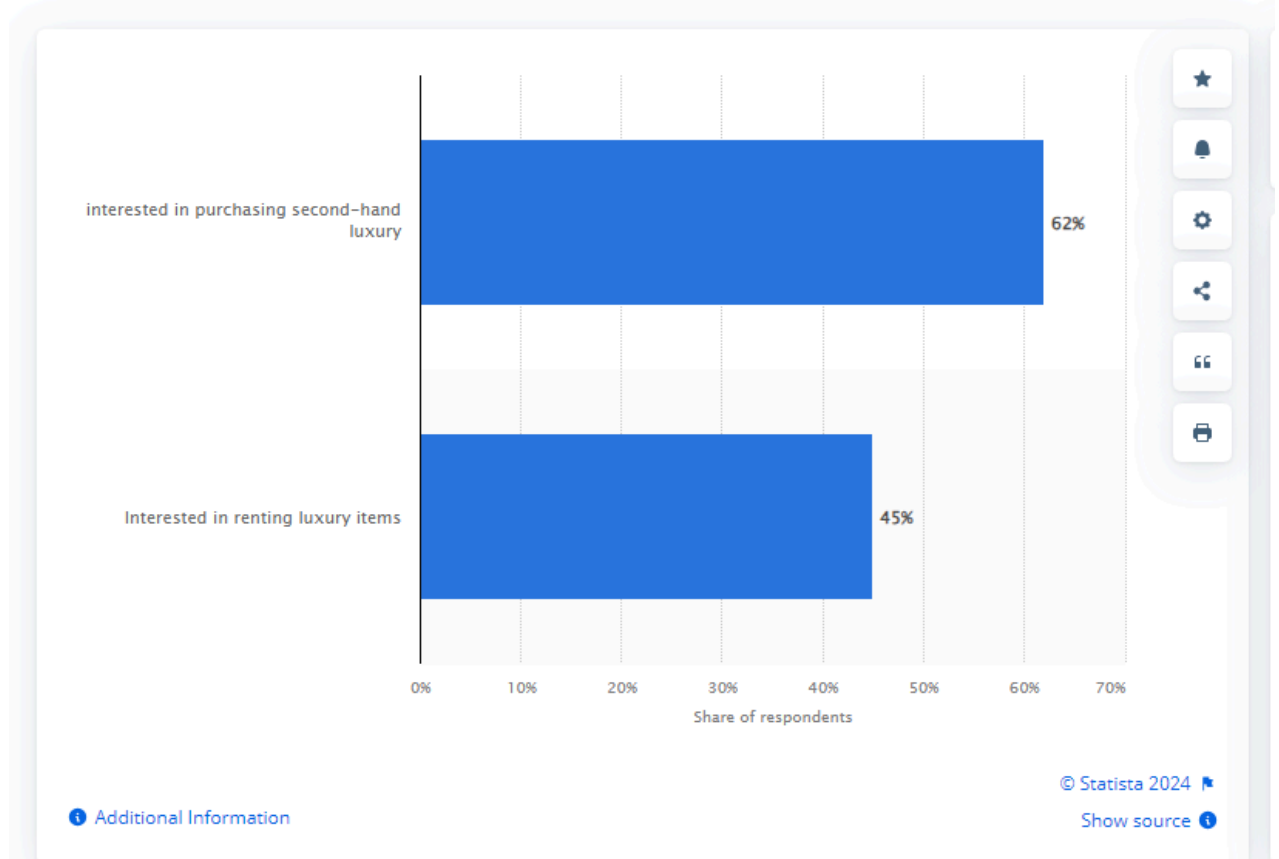
## **REVENUE ATTRACTIVENESS**

- Market size:  
This will be determined after our survey to understand how large our customer base will be.
- Growth rate:  
There is currently no clearly defined brand for the sale of fairly used fashion luxury products and the need for our value proposition grows as a result of the country's inflation and the need for designer wears but at an affordable price.

### **Customer Willingness to Pay**

- Price sensitivity:  
According to a source from [Statistica](#), customers would rather buy second-hand designer items than rent them.

## Willingness to purchase second hand luxury goods worldwide



- Premium potential:

We would establish our platform as a trusted source for high-quality, authentic pre-owned luxury items, allowing us to command premium prices compared to generic pre-owned marketplaces by partnering with designers to refer their clients to our platform in the need to resell their items and we would ensure authentication (by partnering with reliable authentication services) of every product before listing.

### Cost Structure

1. Product costs

Product costs are the biggest expense by a country mile. Studies by [Shopify.ng](https://shopify.ng) found that in the first year of trading, product costs account for almost one-third (31.6%) of a business's expenses.

21% of businesses say that costs associated with their inventory, such as product testing and receiving and returning defective products, as well as surplus inventory, could quickly rack up bills.

## 2. Operating costs

This cover expenses to get our business functional, plus day-to-day running costs to keep our store active. These include incorporation (like a limited liability company) or legal fees, accounting software, and services.

Businesses spend an average of 11% of their budget on these operating costs. But some 23% of entrepreneurs cited one-time small business startup costs like licenses, permits, and business insurance as unexpectedly costly.

## 4. Shipping costs

Research shows that regardless of shipping inventory from our own warehouse or using dropshipping suppliers, around 8.7% of annual expenses will be spent on shipping. This includes packaging, labels, and shipping insurance costs.

Some 34% of businesses cited packaging costs, damaged or returned items, and general shipping fees. This was particularly

painful for businesses with low shipping volumes in the early stages.

Shipping, legal, and product costs are the most unexpected costs of running a business.

## 6. Staff costs

The average business spends 18.8% of its first year's budget on staffing costs like salaries, benefits, and perks. But companies that reported higher revenue in their first year spent significantly more on team costs—almost one-third of their total budget.

That is, businesses with higher revenue spend more on their team.

## 7. Marketing costs

Shopify findings, as well as findings by experts from the US Small Business Administration, suggest that the sweet spot for a marketing budget for an early stage B2C business is between 7% and 12% of revenue. This should be enough to cover logo, branding, ads, and printed materials.

When business owners were asked, "How much did marketing account for as a percentage of your overall budget?" it was found that a significant relationship exists between marketing spend and revenue.



The less money a business made overall, the more it spent on marketing. And the inverse was true too: The more money a business made overall, the less it spent on marketing.

## **Competitive Landscape:**

- Market saturation:  
Research shows that no online marketplace currently offer the sales and purchase of pre-owned fashion luxury items in Nigeria. Small businesses however use online advertisement and social media, so this market isn't saturated yet.
- Competitive advantage:  
We intend to serve just high-class individuals who wish to purchase designers but are budget-conscious, as well as, celebrities and high-class individuals who wish to resell the designer items.
- Recurring revenue streams:  
We would explore options like subscription models for exclusive access or loyalty programs that encourage repeat purchases.
- Transaction fees:  
We will implement a commission structure on each sale to generate revenue.

## **GLOBAL MARKET CONDITIONS**

1. Nigerian Economic Phase

The Nigerian economy isn't currently experiencing a clear boom or bust phase. It's classified as a middle-income, mixed economy, and has seen steady growth in recent years, but at a slower pace than the boom period of 2005-2014.

## 2. General Market Sentiment in Nigeria

The general market sentiment in Nigeria is cautious optimism. The economy is on an upward trajectory, but faces challenges like inflation and dependence on oil prices. Consumers are becoming more budget-conscious, but there's still a growing middle class with disposable income. This creates opportunities for businesses that offer good value and cater to both budget-conscious and aspirational consumers.

## 3. Nigeria's GDP Growth Rate

Nigeria's GDP growth rate is estimated to be around 3.1% for 2024. This indicates a slow but steady expansion of the economy. While this might not be a boom period, it suggests a stable market environment for businesses to operate in.

## 4. Employment Rate in Nigeria

Nigeria's employment rate is a complex issue. Official statistics suggest it's around 23%, but a significant portion of the workforce is employed in the informal sector, making it difficult to get an accurate picture. There's a continuous push for job creation, particularly for the youth.

This large young population presents both a challenge and an opportunity for businesses looking for a growing consumer base and potential workforce.

## **THE STATE OF THE CAPITAL MARKET IN NIGERIA**

The Nigerian capital market in 2024 is experiencing significant developments and shifts, reflecting a blend of optimism and challenges. Here's an overview of the current state:

- **Market Performance and Growth:**

The Nigerian stock market saw impressive growth in 2023, with the All-Share Index rising by 45.89%, driven largely by robust performances in the oil and gas and banking sectors, which gained over 100% each. This growth trajectory is continuing into 2024, with the market up by 36.61% year-to-date, positioning it as one of the best performing globally (Blueprint Newspapers Limited) (Norrenberger).

- **Economic and Policy Influence:**

The positive market sentiment has been bolstered by government reforms, which have improved investor confidence. Strategic policies and reforms, particularly in the oil and gas and banking sectors, have been key drivers of market resilience and growth (Blueprint Newspapers Limited) (Norrenberger).

- **Corporate Actions and Investor Sentiment:**

The market in 2024 is expected to be heavily influenced by corporate actions such as first quarter earnings reports and dividend announcements for the fiscal year 2023. Companies with strong

earnings and attractive dividend yields are likely to attract more investment, especially in the high-interest rate environment (Blueprint Newspapers Limited).

- Challenges and Risks:

Despite the positive outlook, the market faces challenges, including inflation, exchange rate volatility, and potential monetary policy tightening. The reclassification of the Nigerian market by MSCI and FTSE Russell due to foreign exchange liquidity issues has also impacted investor confidence. MSCI and FTSE Russell play a crucial role in integrating the Nigerian market into the global financial system (Nairametrics) (BizWatch Nigeria).

- Future Projections and Opportunities:

Analysts anticipate continued growth with new listings and increased primary issues, especially in the financial services sector. The anticipated listing of major entities like the Dangote Refinery and the recapitalization of banks are expected to drive significant market activity and attract both domestic and foreign investments (Nairametrics) (BizWatch Nigeria).

- Inflation:

In Nigeria, inflation exerts a profound influence on its capital market dynamics, shaping investor behavior, asset prices, monetary policy decisions, economic growth prospects, and governmental interventions. High inflation rates, as documented in studies published in journals like the "African Development Review," pose significant challenges to economic growth in Nigeria. In response, policymakers deploy various measures, as reported by reputable financial news sources like Bloomberg and Financial Times, including fiscal policies

and interventions by the CBN. This cyclical interplay between inflation and the capital market underscores the complexity of Nigeria's economic landscape, requiring nuanced approaches to maintain stability and foster growth.

- Interest Rates and Federal Reserve Policy:

The Monetary Policy Rate (MPR), determined by the CBN, serves as a benchmark for borrowing costs and investment decisions in Nigeria's capital markets. Fluctuations in interest rates have significant implications for both the bond and equity markets. Changes in interest rates influence bond prices inversely, impacting bond yields and investor returns, while also affecting equity valuations and investor preferences.

- Private Equity and Fundraising:

Private equity (PE) plays a significant role in Nigeria's capital market, particularly concerning fundraising activities. As an alternative investment strategy, private equity firms invest in privately-held companies with the aim of generating substantial returns over the long term. In Nigeria, private equity has been instrumental in providing growth capital to businesses across various sectors, driving entrepreneurship, job creation, and economic development.

- Market Sentiment:

Market sentiment plays a crucial role in shaping the dynamics of Nigeria's capital market, influencing investor behavior, asset prices, and overall market performance. The sentiment, often driven by economic indicators, geopolitical factors, and corporate earnings, reflects investors' collective outlook on the market's future direction. Positive market sentiment can lead to increased buying activity, driving up asset

prices and boosting trading volumes. Conversely, negative sentiment can trigger selling pressure, causing declines in asset prices and dampening market activity. According to reports from the Nigerian Stock Exchange (NSE) and financial news sources such as Bloomberg and Financial Times, market sentiment in Nigeria is influenced by a range of factors, including macroeconomic stability, political developments, regulatory changes, and global market trends.

By monitoring and understanding market sentiment, investors can make informed decisions, manage risks, and capitalize on opportunities in Nigeria's dynamic capital market landscape.

- Investment and Capital Flows:

According to data from the Central Bank of Nigeria (CBN) and reports by organizations such as the International Monetary Fund (IMF), investment flows into Nigeria's capital market are influenced by factors such as macroeconomic stability, regulatory environment, political stability, and global economic conditions. Positive economic reforms, such as improvements in infrastructure, ease of doing business, and fiscal policy initiatives, often attract foreign investors and drive capital inflows. Conversely, challenges such as currency volatility, security concerns, and regulatory uncertainties can deter investment and lead to capital outflows.

- Economic Environment:

The economic environment in Nigeria significantly influences its capital market dynamics and investor sentiment, reflecting the country's broader economic conditions and prospects. Nigeria's capital market, encompassing the Nigerian Stock Exchange (NSE) and other financial markets, is intricately linked to factors such as GDP growth, inflation

rates, fiscal policies, and global economic trends. According to reports from reputable sources such as the World Bank, International Monetary Fund (IMF), and Nigerian government agencies, Nigeria's economic environment faces various challenges and opportunities. Persistent issues such as infrastructure deficits, security concerns, political instability, and corruption pose significant hurdles to economic growth and investor confidence. These challenges can impact market sentiment, leading to volatility and uncertainty in the capital market.

## **Ease of Obtaining Funding**

Obtaining funding in Nigeria can be more difficult compared to some developed economies. Factors influencing ease of access include:

- **Stage of business:**

Seed funding is generally scarce, while established companies with a proven track record find it easier to raise capital.

- **Business model:**

Innovative and scalable business models with high-growth potential are more attractive to investors.

## **Availability of Different Funding Options**

Here's a perspective on the availability and cost of various funding options for our pre-owned luxury platform:

- **Seed Capital and Venture Capital:**

Seed capital is limited, and VCs typically focus on high-tech startups. Obtaining funding here might be challenging unless we can demonstrate significant growth potential and a strong team. Costs can be high, with VCs taking equity stakes in your company.

- Public Funding:

Government grants and funding programs exist but may be targeted towards specific sectors or have strict eligibility criteria.

- Market Capital:

An Initial Public Offering (IPO) is unlikely for a new business. This option is typically for established companies with a proven track record.

- Credit:

Bank loans might be an option, but interest rates can be high. This could be suitable for operational needs but might not be ideal for initial investment due to repayment pressure.

Some alternative strategies may be:

- Bootstrapping:

Start small and reinvest profits to grow organically.

- Angel Investors:

Seek funding from high-net-worth individuals who might be interested in our specific market niche.

- Peer-to-Peer Lending Platforms:

Explore these platforms that connect businesses with potential lenders, though interest rates may be higher than traditional bank loans.



## **HOW COSTLY IS IT TO PROCURE FUNDS IN NIGERIA?**

The cost of procuring funds in Nigeria can vary depending on several factors such as the source of funding, the borrower's creditworthiness, prevailing market conditions, and the type of financial instrument or loan being accessed. Here are some key considerations regarding the cost of procuring funds in Nigeria:

1. Interest Rates:

Interest rates charged by financial institutions, including banks and non-bank lenders, significantly impact the cost of borrowing in Nigeria. These rates can vary based on factors such as the Central Bank of Nigeria's monetary policy decisions, inflation rates, credit risk, and market competition.

2. Credit Risk:

Borrowers with higher credit risk may face higher borrowing costs as lenders may charge higher interest rates to compensate for the increased risk of default. Factors influencing credit risk include the borrower's credit history, financial stability, collateral, and industry risk.

3. Market Conditions:

Market conditions, including liquidity levels, prevailing economic trends, and investor sentiment, can influence the cost of funds in Nigeria. During periods of economic stability and high liquidity, borrowing costs may be lower, while economic downturns or tight liquidity conditions may result in higher borrowing costs.

4. Regulatory Environment:

Regulatory policies and guidelines set by the Central Bank of Nigeria (CBN) and other regulatory authorities can impact the cost of funds. For example, the CBN's monetary policy decisions, reserve requirements, and lending guidelines for banks can affect the availability and cost of credit in the economy.

5. Type of Funding:

The cost of procuring funds can also vary depending on the type of funding instrument or loan being accessed. For example, short-term financing options such as overdrafts or lines of credit may have different costs compared to long-term loans or bonds.

COMPETITORS (INCUMBENT) ANALYSIS

Competitors	Thred-up	Vinted	Asos Marketplace	Poshmark
Product Offerings	Adult wears, Kid wears.	Adult wears wears, kids wears, Books, home accessories, pet cares and entertainment resources	Adults wears only	Adults and kids wears

<b>Target Market</b>	Sellers: Brands owners Buyers: Women, kids (Boys & Girls)	Buyers and Sellers: Mass market	Sellers: Boutique owners, independent brands Buyers: Men. Women, Babies	Sellers: Private sellers, Brand owners Buyers; Males and females
<b>Marketing strategy</b>	Blogs, social media marketing, Web marketing	Social media marketing, press release	Web marketing	Blogs, press release, social media marketing, Email marketing
<b>Strength</b>	Discounts, Products spotlights	Advertising platform	user interface	Streamlined website, Customer support, compliance
<b>Weakness</b>	Customer support	Customer support	Marketing strategy, customer support	perks and benefits
<b>Opportunities</b>	Partnerships	Sustainability practices	Seller's edge	Partnerships

<b>Threat</b>	Inflation	consumer behavior	social trends	trade police's
<b>Key features and Unique selling point</b>	Brand Spectrum	social responsibilities	Seller's edge	Brand Spectrum

## NEW ENTRANTS (INSURGENTS)

The African designer resale market has seen a surge in new platforms over the last 2-3 years, despite the fast-paced and often elusive nature of startup funding rounds and launch dates. Some notable examples include:

### 1. **The Trunk:**

An online consignment platform specializing in pre owned luxury fashion products like bags, accessories, and clothing from top designer brands. The platform guarantees authenticity and offers sellers the option to sell directly, charging a 30% commission on consignment services.

### 2. **Luxity:**

A South African online retailer focused on second-hand luxury fashion accessories from brands like Louis Vuitton, Prada, and Yves Saint Laurent.

Sellers receive payment after product authentication, and buyers can enjoy a lay-by option for installment payments within two months. Luxity also offers store credit as part of its 7-day return policy and worldwide shipping.

### 3. **Resold:**

A more recent startup, is a marketplace connecting shoppers with luxury consignment boutiques worldwide. By uniting boutiques and showcasing their best inventory, Resold helps buyers discover unique vintage luxury fashion items from the best consignment stores.

## **HOW THEY ARE DIFFERENT FROM OUR PROPOSED PRODUCT**

1. The Trunk specializes in pre owned luxury fashion products with a strong focus on authenticity. It allows direct selling with a 30% commission on consignment services.
2. Luxury focuses on second-hand luxury fashion accessories and offers flexible payment options like layby and store credit. It emphasizes customer convenience with a 7-day return policy and worldwide shipping.
3. Resold acts as a marketplace connecting shoppers with luxury consignment boutiques globally, helping buyers discover unique vintage items from the best consignment stores.

## **COMPETITIVE ADVANTAGES AND DISADVANTAGES THEY HAVE?**

1. The Trunk:

### **• Advantages:**

High level of trust due to guaranteed authenticity, straightforward commission-based model.

### **• Disadvantages:**

The 30% commission might be a deterrent for some sellers.

2. Luxity:

• **Advantages:**

Flexible payment options (layby), store credit, 7-day return policy, and worldwide Shipping enhances customer satisfaction.

• **Disadvantages:**

Payment is only received after product authentication, which may delay the seller's revenue.

3. Resold:

• **Advantages:**

Aggregates inventory from multiple boutiques, increasing variety and uniqueness of products available. Helps boutiques reach a global audience.

• **Disadvantages:**

Dependent on the quality and reliability of partner boutiques.

## **BARRIERS THEY MUST OVERCOME**

1. The Trunk:

Build trust with customers regarding product authenticity, managing the high commission rate.

2. Luxity:

Ensure a smooth and trustworthy authentication process, competing with other platforms on price and convenience.

3. Resold:

Establish strong partnerships with boutiques, ensuring consistent quality and authenticity of products, overcoming logistical challenges of global shipping.

## **THEIR VALUE PROPOSITIONS**

1. The Trunk:

Guaranteed authenticity of luxury products, direct selling options, reliable consignment services.

2. Luxury:

Flexible payment options, store credit, easy returns, and worldwide shipping.

3. Resold:

Access to a wide variety of unique vintage luxury items from top consignment boutiques, convenience of a global marketplace.

## **CUSTOMER SEGMENTS THEY ARE FOCUSED ON**

1. The Trunk:

High-end consumers looking for pre owned luxury items with guaranteed authenticity, sellers of luxury items seeking a reliable consignment service.

2. Luxury:

Customers interested in second-hand luxury fashion accessories, those seeking flexible payment options, global shoppers looking for a reliable resale platform.

3. Resold:

Shoppers interested in unique vintage luxury fashion items, customers looking for a wide range of options from various boutiques worldwide.

## **THEIR COST STRUCTURE**

1. The Trunk:

Costs associated with authentication services, platform maintenance, marketing, and logistics.

2. Luxury:

Authentication costs, marketing, logistics for worldwide shipping, handling returns, and payment processing.

3. Resold:

Partner boutique management, marketing, platform development and maintenance, logistics for global shipping.

## **EXTENT THEY INFLUENCE OUR CUSTOMER SEGMENT, REVENUE STREAM AND MARGIN**

1. Customer Segments:



They expand the market by attracting luxury fashion enthusiasts looking for authenticated, preowned items. They cater to both buyers and sellers, offering value through convenience, trust, and variety.

## 2. Revenue Streams:

They generate revenue through commissions on sales, authentication fees, and possibly premium membership services or advertising.

## 3. Margins:

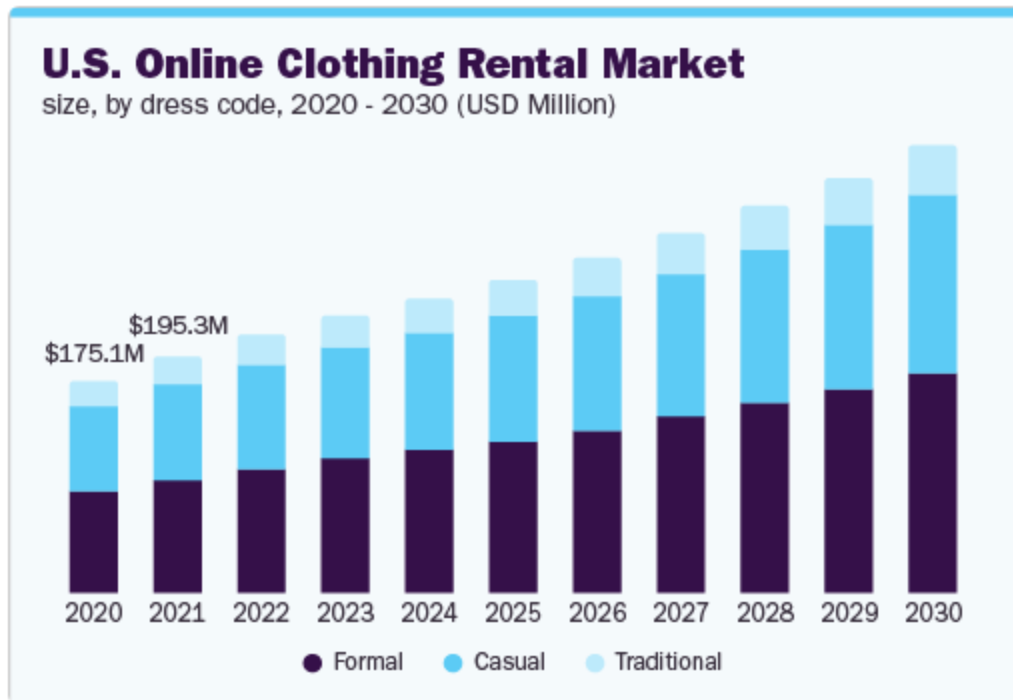
Margins may vary based on commission rates, cost efficiencies in authentication and logistics, and the ability to scale operations. Platforms like Resold, with lower fixed costs and a broad inventory from partners, might enjoy better margins if they can maintain high transaction volumes.

## PRODUCTS OR SERVICES THAT MAY REPLACE THRIFTDEAL

### **1. Subscription rental services:**

These services allow users to rent designer clothing for a set period, providing access to high-end fashion without the high cost of ownership.

A report by Grand View Research shows the global clothing rental market is expected to reach \$4.8 billion by 2025, with a growing interest in sustainable fashion practices fueling this growth



There's a particular focus on luxury fashion rentals, as seen by the success of Rent the Runway in the US. While data specific to Africa is limited, the increasing presence of global rental services suggests a potential market.

## 2. Peer-to-Peer (P2P) fashion marketplaces:

These platforms connect buyers and sellers directly, allowing for more personalized experiences and potentially lower prices. Data suggests this is a growing trend:

- A report by Statista indicates that the global P2P fashion market is expected to reach \$223 billion by 2025, with a significant portion of that growth coming from developing regions.
- The rise of social commerce in Africa, where users buy and sell products directly through social media platforms, further strengthens the case for P2P

marketplaces. A Jumia report estimates that social commerce will account for 9% of all retail sales in Africa by 2025.

## **HOW EASY IT IS TO SWITCH TO THESE SUBSTITUTE**

Switching to substitutes for ThriftDeal in Africa might vary depending on the specific substitute. Here's a breakdown of the ease of adoption for each option, considering factors like infrastructure and user behavior:

### **1. Peer-to-Peer (P2P) fashion marketplaces:**

- **Ease of adoption:** Relatively High. Mobile phone penetration in Africa is high, facilitating online transactions. Existing social media platforms can be leveraged for P2P marketplaces. According to GSMA Intelligence, Sub-Saharan Africa has a mobile penetration rate of over 49% as of 2023 GSMA Intelligence - The Mobile Economy Sub-Saharan Africa 2023
- **Social media usage:** A report by DataReportal shows over 56% of Africa's population is active on social media DataReportal

### **2. Subscription rental services:**

- **Switching Ease:** Depends on Individual Needs. The appeal of rentals lies in affordability and access to high-end fashion. A study by Twice indicates that 44% of millennials are more interested in renting clothing than buying it.

## **WHAT BUSINESS MODEL TRADITIONS DO THESE SUBSTITUTE PRODUCTS STEM FROM?**

### **1. P2-P Marketplaces and the Sharing Economy**

The concept of P2P exchange has roots in the sharing economy, where individuals leverage underutilized resources for mutual benefit. Think consignment shops (physical) or early online classifieds. The global sharing economy market was valued at \$15.6 billion in 2023 and is projected to reach \$33.5 billion by 2025. This highlights the growing consumer interest in access over ownership.

## 2. Subscription Rental Services and the Access Economy:

Rooted in the concept of access over ownership, similar to car rentals or co-working spaces. The platform facilitates temporary access to underutilized assets.

(PwC report on Collaborative Economy) estimates the global market size at \$335 billion in 2025.

## **STAKEHOLDERS**

Our Stakeholders have clearly written for the smooth running of our product. Each of these stakeholders plays a unique role in the success of the product, whether through direct interaction, financial support, regulatory oversight, or partnership.

### **1. Customers:**

Customers are at the heart of any business, including online stores, and in this case, they are the individuals purchasing items from ThriftDeals. Their satisfaction and experience directly impact the success of the business.

Why Customers?

They have been included because of their purchasing power, feedback, and loyalty potential.

## **2. Sellers:**

Sellers are individuals or organizations that provide ThriftDeals with the items they sell, that is those that will be making use of the ThriftDeals platform for their business. They are crucial for inventory and sustainability of our product.

Why sellers?

They have been included for their contribution to the product offerings and their potential role as brand ambassadors and promoters.

## **3. Investors/Shareholders:**

Investors or shareholders are individuals or entities that have invested capital in ThriftDeals Product. They have a financial stake in the success of the product and expect returns on their investment.

Why?

They have been Included for their financial contributions, strategic guidance, and interest in the profitability of the Product.

## **4. Regulatory Bodies:**

Regulatory bodies oversee and enforce laws and regulations related to e-commerce, consumer protection, data privacy, and other relevant areas. Compliance with regulations is essential for the legality and reputation of the product.

Why?

Their Inclusion is for their influence on business operations, legal compliance, and risk management.

## **5. Technology Partners:**

Technology partners provide the infrastructure, software, or technical support necessary for the functioning of ThriftDeals platform. Their reliability and innovation directly impact the product performance.

Why?

Their inclusion is for their contribution to the platform's functionality, security, and scalability.

## **6. Competitors:**

Competitors are other online thrift stores or second-hand marketplaces that operate in the same industry e.g Jiji and Amazon. Understanding competitor strategies and market dynamics is crucial for positioning the product effectively and identifying opportunities for differentiation.

Why?

They have been included for their influence on market trends, competitive analysis, and strategic decision-making.

# **SUPPLIERS AND OTHER VALUE CHAIN ACTORS**

## **WHO ARE THE KEY PLAYERS IN THE INDUSTRY VALUE CHAIN?**

The online thrift industry doesn't have a single, consolidated industry leader like Google or Amazon. Instead, it thrives on a network of different players working together.

Here are some of the key groups in the online thrift value chain:

1. Sellers:

These can be individual resellers, vintage curators, or even brick-and-mortar thrift stores selling online. Platforms like Poshmark and ThredUp provide spaces for them to list and sell their items.

## 2. Online Marketplaces:

These are the platforms that connect buyers and sellers. Poshmark, Mercari, Depop, ThredUp, and TheRealReal are some of the major players, each with a slightly different focus (like luxury items or everyday wear).

## 3. Payment Processors:

Secure payment processing is essential for online transactions. Companies like Stripe and Paypal handle secure transactions between buyers and sellers.

## 4. Logistics & Shipping:

Getting the thrifted items from seller to buyer requires efficient shipping. The US Postal Service, UPS, and FedEx are all likely players in the background.

## 5. Authentication Services (for some platforms):

For luxury items or high-value goods, some platforms like TheRealReal use authentication services to verify the item's legitimacy before it reaches the buyer.

## 6. Sustainability Promoters:

Many online thrift stores emphasize the environmental benefits of shopping secondhand. They play a role in raising awareness about sustainable fashion practices.

This is not an exhaustive list, but it gives you an idea of the different players that keep the online thrift market humming.

Online thrift business models heavily rely on other players in the value chain.

Here's a breakdown of the key players dependencies:

### **Online thrift marketplaces:**

Online thrift marketplaces rely on sellers to provide the variety and selection of fairly used items to attract the buyers.

### **Sellers:**

Sellers depend on Online marketplaces to provide a platform for their items to be listed and reach a wide audience.

### **Payment Processors:**

Both buyers and sellers depend on secure payment process to ensure smooth and trustworthy transactions experience.

### **Logistics and Shipping:**

Efficient logistics and shipping are essential to convey the items from seller to buyer.

### **Authentication Services:**

High value items require authentication services to verify the legitimacy of the items before sale.

In conclusion, the online thrift industry is a collaborative ecosystem where different players depend on each other to function effectively.

## **ARE THERE PERIPHERAL PLAYERS EMERGING?**



Yes, there are definitely peripheral players emerging in the online thrift space, trying to innovate and carve out their niche. Here are a few examples:

- Social Commerce Platforms:

These platforms combine social media elements with online shopping. Think Poshmark parties or livestream shopping events focused on thrifted finds. This adds a more interactive and community-driven aspect to online thrifting.

- Hyper-Curated Marketplaces:

These platforms cater to specific styles or demographics. For example, a marketplace specializing in vintage streetwear or curated bundles for plus-size individuals. They offer a more targeted shopping experience compared to broader online thrift stores.

- Rental Platforms:

Rental platforms are dipping their toes into the world of thrifting. They allow users to rent designer or high-end clothing for special occasions instead of buying them outright. This caters to a growing trend of conscious consumption.

- Resale-as-a-Service Platforms:

These platforms provide infrastructure and support to individuals who want to resell clothes. They might handle photography, listing, and even fulfillment, making it easier for people to participate in the online thrift economy.

- Sustainability-focused platforms:

These platforms go beyond just selling secondhand clothes. They might offer repair services, educational resources on sustainable fashion, or partner with eco-conscious brands.

These are just a few examples, and the online thrift space is constantly evolving. These peripheral players are trying to address specific needs or gaps in the market, making the online thrift experience more convenient, engaging, or sustainable.

## **WHICH ARE MOST PROFITABLE?**

Profitability in the online thrift value chain depends on the specific player and their niche. Here's a breakdown of who might benefit the most from different models:

### **Most Profitable for Suppliers:**

- **Hyper-Curated Marketplaces:** These platforms often cater to high-demand, niche items. Suppliers with unique vintage pieces or items that fit a specific style trend can command higher prices.
- **Resale-as-a-Service Platforms:** If these platforms take a lower commission or offer value-added services like professional photography, it can be more profitable for individual resellers compared to marketplaces with higher fees.
- **Social Commerce Platforms:** Engaging directly with potential buyers through features like Poshmark parties allows for more negotiation and potentially higher margins for suppliers.

### **Most Profitable for Other Value Chain Actors:**

- Online Marketplaces with High Volume: Large established platforms like Poshmark or ThredUp might have lower profit margins per item, but their high volume of transactions can still translate to significant profits.
- Authentication Services: These services charge a fee for verifying the legitimacy of items, especially for luxury goods. This can be a lucrative niche for companies specializing in authentication.
- Logistics & Shipping Providers: As the online thrift market grows, efficient and cost-effective shipping solutions become even more critical. Companies that can offer competitive rates and reliable service can capture a profitable slice of the market.

### Profitability is a Multifaceted Issue

It's important to remember that profitability isn't just about the highest margins. Other factors to consider include:

- Scalability: Can the business model be easily scaled to reach a wider audience?
- Efficiency: How streamlined are the processes for listing, selling, and fulfilling orders?
- Customer Satisfaction: Does the platform offer a smooth and positive experience for both buyers and sellers?

The "most profitable" model might differ depending on the specific goals and capabilities of each player in the online thrift value chain.

## **TECHNOLOGY TRENDS**

## **Technology Trends Inside Thrift Store Market**

The demand for secondhand clothing is mostly driven by their higher quality and cost effectiveness.

1. Digital platforms: Thrift stores are using digital platforms like Depop, Poshmark, and eBay to connect with a wider audience and sell second-hand items online.
2. E-commerce technology: Thrift stores are using e-commerce technology like PayPal Checkout to streamline payments and make it easier for customers to shop online.
3. Social media: Thrift stores are using social media platforms like Instagram to showcase their products and connect with customers.

Women dominate the secondhand apparel market, which is projected to grow from \$43.49 billion in 2024 to \$125.18 billion by 2034, with dresses and tops holding a 33% market share and an 11.1% CAGR.

## **Technology Trends Outside Thrift Store Market:**

1. Resale-as-a-Service (RaaS): Companies like thredUp are offering RaaS, which allows brands and retailers to plug into their operating platform and deliver resale experiences to their customers.
2. Artificial intelligence (AI) and machine learning: Companies like TheRealReal are using AI and machine learning to authenticate and price luxury items, making it easier for customers to shop online.
3. Sustainability: The rise of fast fashion has led to a growing awareness of the environmental impact of the fashion industry, making sustainability a major trend outside of the thrift store market.

## **Technologies that represent important opportunities or disruptive threats in the thrift market.**

### **1. Online Shopping Platforms such as eBay, Poshmark, and Depop:**

**Opportunities:** More customers can be reached, makes shopping easier, and help manage stock better.

**Threats:** More competition from big online resale sites.

### **2. Artificial Intelligence (AI):**

**Opportunities:** AI offer personalized shopping, it predicts what will sell, and price items smartly.

**Threats:** It's expensive to set up and needs tech-savvy staff.

### **3. Mobile Apps and Augmented Reality (AR):**

**Opportunities:** Make shopping fun with virtual try-ons and interactive features.

**Threats:** Developing these apps is expensive and complex.

### **4. Blockchain:**

**Opportunities:** It helps ensure product authenticity and build customer trust.

**Threats:** It's complicated to implement and could face regulatory issues.

### **5. Social Media and Influencers:**

**Opportunities:** Platforms like Instagram and TikTok can be used for marketing and sales.

**Threats:** Keeping up with changing algorithms and constantly creating content.

## **6. Sustainability Practices:**

**Opportunities:** Appeal to eco-friendly customers by recycling and upcycling items.

**Threats:** Higher initial costs and finding sustainable materials can be tricky.

## **7. Big Data:**

**Opportunities:** Understand customer preferences, target marketing better, and streamline supply chains.

**Threats:** Concerns about data privacy and needing advanced tools.

## **8. 3D Printing:**

**Opportunities:** Create custom products and reduce the need for large inventories.

**Threats:** Expensive to start and requires technical knowledge.

## **9. Mobile apps:**

**Opportunities:** Mobile apps like Letgo and Mercari make it easy for people to buy and sell secondhand clothing on the go.

**Threat:** Security breaches, Data theft, fraud, Identity theft, technical failures, user error, cyber attacks, Privacy concerns, dependence on internet connectivity, regulatory risks.

## **10. Digital payment systems:**

**Opportunities:** Digital payment systems like PayPal and Apple Pay make it easy for customers to pay for secondhand clothing online.

**Threat:** Security breaches, Data theft, fraud, Identity theft, technical failures, user error, Privacy concerns, dependence on internet connectivity, regulatory risks.

According to a report by threadup, these technologies represent important opportunities/disruptive threats as global secondhand market is projected to grow 127% by 2026, with the U.S. market more than doubling to \$82 billion, amid 92 million tons of clothes being landfilled annually, 44% of shoppers are cutting back on apparel purchases, and over one-fifth of Gen Z are willing to pay more for resellable items.

### **Peripheral customers are adopting the following emerging technologies**

1. Phygital commerce:

A blend of physical and digital shopping, such as social media platforms used for online shopping.

2. Frictionless delivery:

Easy and quick delivery options for customers.

3. Mobile and social shopping:

Shopping through mobile devices and social media platforms.

4. Customer service chatbots:

Automated chatbots to assist customers with their queries.

5. AI and hyperpersonalization:

The use of artificial intelligence to provide personalized experiences for customers.

6. Metaverse experiences:

Immersive digital experiences that simulate real-life interactions.

7. E-commerce technology:

Online payment options, like PayPal, that make transactions easier.

8. Resale-as-a-Service (RaaS):

A platform that allows brands and retailers to offer resale experiences to their customers.

Peripheral customers are adopting these technologies, this is evident in a survey conducted by gartner,(2024) which shows that resale in the U.S. is projected to grow 16 times faster than retail clothing by 2026, with the global thrift market growing three times faster than the overall apparel market, driven by 70% of consumers finding secondhand shopping easier due to e-commerce, 53% having purchased secondhand apparel in the past year, and Depop users treating the platform like a social media.

## **SOCIETAL AND CULTURAL TRENDS FOR THRIFTS BUSINESS**

1. Urbanization and Growing Middle Class:

Nigeria's rapid urbanization leads to a growing population with disposable income. This creates a demand for stylish yet affordable clothing, a niche that thrift stores can effectively fill.

2. Sustainability and Environmental Consciousness:



According to WWF - Environmental Challenges in Nigeria, Nigerians are becoming increasingly aware of the environmental impact of the fashion industry. Thrifting offers a sustainable alternative by reducing clothing waste and carbon footprint. Highlighting this aspect can attract eco-conscious customers.

### 3. Digital Revolution:

Digital 2024: Nigeria says that Nigeria boasts a high mobile phone penetration rate. This presents a golden opportunity for your business. Develop an online presence with an e-commerce platform or leverage social media platforms like Instagram to showcase your collection and connect with a wider audience.

## **Shifts in cultural/societal values that affect our business model?**

### 1. Entrepreneurial Spirit and Community:

Nigerians are known for their entrepreneurial spirit. Partner with local tailors or artisans for clothing repair or upcycling services. This fosters a sense of community, empowers local businesses, and offers unique value-added services. (SMEDAN - Small and Medium Enterprises Development Agency of Nigeria) (Fate Foundation - Supporting Entrepreneurs in Nigeria)

### 2. Demand for Authenticity:

Nigerians appreciate their cultural heritage. Source a variety of clothing reflecting different Nigerian styles, or collaborate with local designers who incorporate traditional elements into their work. This caters to the growing desire for authentic and unique products. (Nigerian Cultural Heritage) (Connecting to Africa - Nigerian Fashion Designers)

### 3. Individuality and Self-Expression:

Today's consumers, including Nigerians, value self-expression. Cater to this by offering a diverse selection of vintage pieces alongside trendy finds. This allows customers to create their own unique style. (The Rise of the Personal Brand) ("Nigerian Youths and Self-Expression Through Fashion")

## **What trends might influence buyer behaviour?**

Value for Money:

Nigerians are often price-sensitive. Offer competitive pricing and highlight the value proposition of unique vintage finds at affordable prices. ("Nigerian Consumer Confidence Index) (Nairametrix - Consumer Spending in Nigeria)

## **REGULATORY TRENDS**

### 1. Consumer Protection Laws:

Nigeria has consumer protection laws in place. These rules keep the users safe and ensure they are getting value for their money.

### 2. Federal Competition and consumer Protection Act (FCCPA) 2019:

This act is the cornerstone of consumer protection in Nigeria. It established the Federal Competition and Consumer Protection Commission (FCCPC), which oversees consumer rights.

### 3. Consumer Rights:

- Right to Information: Consumers must be provided with adequate and accurate information about goods and services to make informed choices.
- Right to Choice: Consumers should have access to a variety of goods and services at competitive prices.
- Right to Redress: Consumers have the right to seek redress for unfair practices or substandard goods and services.
- Right to Safety: Goods and services must not pose a danger to health and safety.

#### 4. E-commerce Guidelines by the FCCPC:

These guidelines provide specific regulations for online businesses, including:

- Clear and Accurate Information: Online businesses must provide clear and accurate information about products and services, including prices, terms and conditions, and delivery policies.
- Privacy and Data Protection: Online businesses must protect consumers' personal data and comply with data protection laws.
- Transparent Pricing: Prices should be clear and include all applicable charges.
- Efficient Complaints Handling: There should be a straightforward process for handling consumer complaints and disputes.
- Advertising and Sales Promotions: The FCCPC regulates advertising and sales promotions to ensure that they are not misleading and that terms and conditions are clearly stated.

#### 5. Cybercrimes (Prohibition, Prevention, Etc) Act 2015:

This act provides a legal framework for combating cybercrimes and ensuring the safety and security of online transactions. It includes provisions for protecting consumers against online fraud and identity theft.

6. Nigeria Data Protection Regulation (NDPR) 2019:

Issued by the National Information Technology Development Agency (NITDA), this regulation governs the processing of personal data and ensures that consumer data is handled securely and transparently by online businesses.

7. Electronic Transactions Bill:

Although not yet enacted, this bill aims to provide comprehensive regulations for electronic transactions, including consumer protection, digital signatures, and secure electronic payments.

8. Import Regulations: Nigeria has specific regulations for importing used clothing. Standards Organization of Nigeria Conformity Assessment Programme (SONCAP):

The Standards Organization of Nigeria (SON) requires importers to obtain a SONCAP Certificate for many regulated products, including used goods. This certificate ensures that the products meet Nigerian standards and are safe for use. The process involves obtaining a Product Certificate (PC) and subsequently the SONCAP Certificate, which includes inspection and verification by accredited firms.

9. Documentation and Compliance:

Importers must provide detailed documentation including the SONCAP application form, tax identification number, and e-Form M. Inspections

are carried out based on the type of Product Certificate, ensuring compliance with quality and safety standards.

#### 10. Import Duties and Taxes:

Taxes and duties on imported used clothing can affect the final price for customers. Be mindful of these costs when setting your pricing strategy.

#### 11. Potential Restrictions on Secondhand Clothing:

While unlikely, there's a chance of future regulations restricting the import or sale of used clothing to protect the domestic textile industry. Stay updated on any policy changes that might impact customer demand.

#### 12. Local Trade Associations:

Joining relevant trade associations in the fashion or retail industry can provide valuable insights into regulatory updates and advocacy opportunities.

#### 13. Staying Informed:

Regularly monitor government websites and news outlets for updates on regulations and policies affecting the fashion and retail sectors.

By staying informed and adapting your business model to comply with regulations, you can ensure the smooth operation of your Nigerian fashion thrift business.

### **What Rules may Affect Your Business Model?**

Several rules and regulations could impact the business model of an online thrift store in Nigeria:

1. Trade Regulations:

Understanding import/export regulations for second-hand goods is crucial. Nigeria has specific rules regarding the importation of used goods to protect local industries and ensure product safety.

2. Taxation:

VAT (Value Added Tax) and other applicable taxes on sales affect the business model. Tax laws in Nigeria can impact pricing and profitability.

3. Intellectual Property Rights:

Ensure that the products that are being sold don't infringe on trademarks or copyrights. Nigeria has laws protecting intellectual property that must be adhered to.

4. Consumer Protection Laws:

Compliance with consumer protection laws is essential. This includes transparent pricing, fair return policies, and ensuring product quality.

5. Online Business Regulations:

Nigeria may have specific regulations governing online businesses, including data protection laws, online payment regulations, and cybersecurity requirements.

6. Advertising and Marketing Regulations:

Adherence to advertising standards and regulations is necessary. Misleading advertising practices can lead to legal issues.

7. Environmental Regulations:

Proper disposal of unsellable items and recycling practices must comply with environmental regulations to avoid penalties.

8. Payment Regulations:

Ensure compliance with payment processing regulations and any restrictions on accepting certain types of payments.

9. Customs Regulations:

If importing goods, be aware of customs regulations, duties, and clearance procedures to avoid delays and additional costs.

## **Which Regulation and Taxes affect Customer Demand?**

Regulations and taxes can significantly influence customer demand for an online thrift store in Nigeria. Here are some factors to consider:

1. Import Regulations:

If the online thrift store sources its products internationally, import regulations such as tariffs and customs duties can affect the cost of goods, which in turn impacts pricing and affordability for customers.

2. Value Added Tax (VAT):

Nigeria imposes a VAT on goods and services, which can increase the final price of products for customers. However, certain items may be exempt from VAT or qualify for reduced rates.

3. Customs Duties:

Imported goods may be subject to customs duties, which can increase the overall cost of goods sold by the online thrift store. This can impact customer demand, especially if the additional costs make the products less competitive compared to locally sourced alternatives.

#### 4. Economic Policies:

Economic policies, such as exchange rate fluctuations and inflation, can affect consumer purchasing power. High inflation rates or a devalued currency can make imported goods more expensive for customers, potentially reducing demand.

#### 5. Consumer Protection Regulations:

Regulations related to consumer rights, product safety standards, and online transactions can influence customer trust and confidence in the online thrift store. Compliance with these regulations can enhance customer satisfaction and loyalty.

#### 6. Digital Taxation:

As e-commerce grows, there may be specific taxes or regulations related to online transactions and digital services. These could include taxes on digital advertising, online sales, or electronic payment transactions.

#### 7. Shipping Regulations:

Regulations related to shipping and logistics can affect the cost and efficiency of delivering products to customers. Delays or additional costs associated with shipping can impact customer satisfaction and repeat purchases.

#### 8. Data Protection Laws:



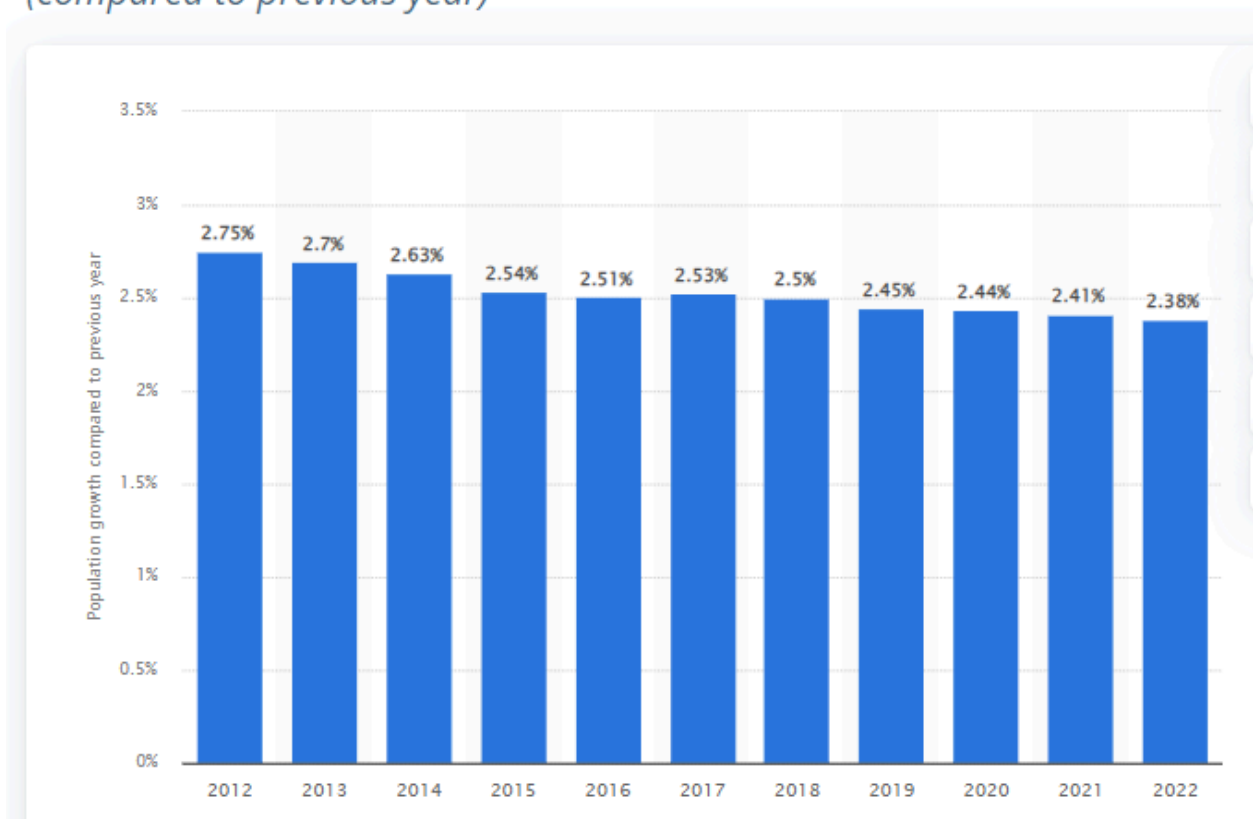
Compliance with data protection laws, such as the Nigerian Data Protection Regulation (NDPR), is essential for handling customer data securely. Failure to comply can lead to fines and damage to the brand reputation, affecting customer trust and demand.

## DEMOGRAPHICS AND THRIFTING IN NIGERIA

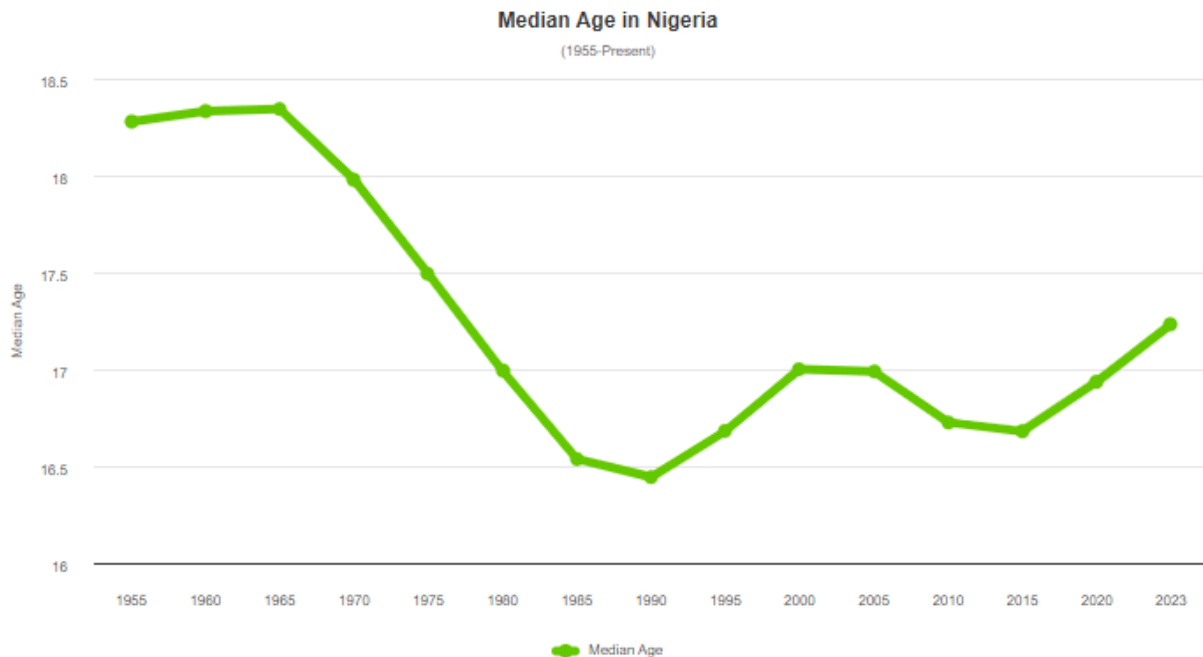
Nigeria, with a population of over 223 million in 2023, has a very youthful demographic, with a median age of 17.2 years. This young population is a significant driver of the thrifting market, as younger people tend to be more fashion-conscious and open to sustainable and affordable shopping options.

### Population growth in Nigeria from 2012 to 2022

*(compared to previous year)*



The urbanization rate in Nigeria is also notable, with around 53.9% of the population living in urban areas.



Cities like Lagos, Ibadan, and Abuja are hotspots for thrift markets due to their high population density and vibrant youth culture.

## Thrifts Across Africa

Thrifts is a widespread phenomenon across Africa, not just in Nigeria. The continent's growing population, which was approximately 1.4 billion in 2023, includes a large proportion of young people, similar to Nigeria. The high fertility rates and youthful demographics create a substantial market for second-hand goods.

In countries like Kenya, Ghana, and South Africa, thrifting is also gaining popularity. Factors such as urbanization, economic constraints, and the influence of global fashion trends contribute to this rise. The availability of

high-quality second-hand goods from Western countries further fuels the demand.

## **How would you characterize income and wealth distribution for Thrift market?**

Characterizing income and wealth distribution for the thrift market in Nigeria or Africa involves understanding the broader economic context, wealth inequality, and how these factors influence consumer behavior.

Wealth inequality in Nigeria is significant, with a Gini coefficient of 35.1 as of 2022. This metric indicates a considerable disparity between the rich and the poor. The top 10% of the population controls about 42% of the national income, while the top 1% holds 25.2%. In contrast, the bottom 50% of the population collectively earn only 15% of the total income.

The thrift market in Nigeria is heavily influenced by these economic disparities. It primarily serves the lower and middle-income groups, who use these savings and credit schemes as an alternative to formal banking.

### **Key Factors Influencing the Thrift Market:**

#### **1. Income Levels:**

The majority of participants in the thrift market are from the lower-income brackets. They rely on thrift systems to manage their finances, save money, and access small loans. With the bottom 50% earning significantly less than the top 10%, the thrift market becomes a crucial financial lifeline for many Nigerians

#### **2. Employment and Poverty:**

High unemployment rates (33.28%) and a poverty headcount of 40.09% exacerbate the need for informal financial systems. Thrift markets provide flexible financial solutions for those without stable income sources.

## **How high are Disposable incomes ?**

Disposable incomes in Nigeria are significantly impacted by a range of economic challenges, affecting the thrift market and overall consumer spending. Recent reports indicate that inflation, which has been a persistent issue, continues to erode purchasing power. For instance, despite a slight decline in headline inflation from 18.12% in April to 17.93% in May, high food prices and other essential goods continue to strain household budgets.

Additionally, economic disruptions caused by the COVID-19 pandemic, combined with pre-existing structural issues such as trade distortions and the impact of the Russia-Ukraine war, have further squeezed disposable incomes. The World Bank highlights that many Nigerian households, especially those just above the poverty line, have experienced a significant reduction in real incomes due to these factors.

## **Spending Pattern of the Thrifting Market**

The spending patterns of the thrifting market in Nigeria reflect broader consumer behavior trends influenced by economic conditions and the rise of e-commerce. Here are some key insights:

1. Economic Challenges:

High inflation and unemployment rates have constrained disposable incomes, leading consumers to seek more affordable options such as thrift shopping. This economic pressure makes second-hand markets appealing due to their cost-effectiveness.

## 2. E-commerce Growth:

The shift towards e-commerce has significantly impacted consumer behavior in Nigeria. The convenience and accessibility of online shopping have boosted the popularity of thrift shopping online. Many consumers prefer the variety and competitive prices available on e-commerce platforms.

## 3. Consumer Preferences:

There is a growing preference for affordable yet stylish fashion, electronics, and household items within the thrift market. The fast adoption of mobile technology has facilitated this trend, with many consumers using their smartphones to purchase thrift items online.

## **What Portion of the population lives in Urban areas as opposed to Rural settings?**

In Nigeria, the urban population has been steadily increasing over the years. As of 2023, approximately 53.9% of Nigerians live in urban areas, which equates to around 120.7 million people out of the total population of 223.8 million.

This trend reflects the rapid urbanization that has been ongoing in the country.

## **COMMODITIES AND OTHER RESOURCES ESSENTIAL TO OUR BUSINESS**

The secondhand designer goods market is experiencing significant growth driven by several factors including affordability, sustainability, and increasing consumer preference for variety and quality. The market is estimated to be worth between \$100 to \$120 billion worldwide and has nearly tripled in size since,

The U.S. market alone was valued at approximately \$7.5 billion in 2023

## **HOW EASY IS IT TO OBTAIN THE RESOURCES NEEDED TO EXECUTE YOUR BUSINESS MODEL**

### **Resource Availability:**

Obtaining the necessary resources to operate a second hand designer goods marketplace is increasingly accessible due to advancements in online platforms and authentication technologies. These technologies ensure the authenticity of products, which is crucial for customer trust and market growth

Major players like Vestiaire Collective, The RealReal, and ThredUp are continuously expanding their inventory and improving their services, making it easier for new entrants to source high-quality secondhand items.

## **HOW COSTLY ARE THEY?**

Costs:

The costs associated with running a second hand designer goods business can vary. Key expenses include acquiring inventory, maintaining a robust authentication system, and developing a user-friendly online platform. While initial setup costs can be substantial, operational costs are generally lower than those of new luxury goods retailers due to the nature of reselling pre-owned items. Moreover, the secondhand market often benefits from lower procurement costs since items are sourced from individual sellers rather than manufacturers.

## **WHERE ARE PRICES HEADED?**

### **Price Trends**

Prices for second hand designer goods are generally more stable compared to new luxury items, but they can fluctuate based on factors such as brand popularity, item rarity, and overall market demand. The growing consumer emphasis on sustainability and unique fashion finds is expected to keep demand high, supporting stable or even increasing prices in the sector.

### **Future Outlook**

The secondhand luxury market is poised for continued growth. In the U.S., the market is expected to grow at a CAGR of 2.6% through 2034

This growth is fueled by the increasing environmental awareness among consumers and the expansion of online resale platforms that make buying and selling pre-owned goods more convenient

In regions like Europe, which currently leads the market, growth is driven by high consumer awareness about sustainability and the prevalence of vintage fashion trend