Trends of The Second-Hand Apparel Market (COMP3125 Individual Project)

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Abstract:

The project I worked on looks at the secondhand apparel and footwear market around the world. I found reliable and relevant sources to focus my studies on the markets' effect on the retail pricing of the same goods, the influence that these markets have on the economy, and what companies are doing to be successful in making reselling markets and compete with retailers.

Keywords – Secondhand market, clothing/shoe resale, online reselling

Introduction:

For a long time, the shoe and apparel markets were dominated by retailers, and consumers could only purchase these items at a fixed price from the major companies that sold them. The second-hand or resale market of clothing and shoes has surged in the past ten years, changing how people purchase these goods forever, and the creation of online global second-hand marketplaces is now challenging retailers to change their approach. How does the reselling of shoes and apparel online affect the retail price of these goods? What is the value of second-hand markets for apparel and shoes globally, and how do they affect the economy? What makes the second-hand market popular for buying goods rather than buying from retailers?

Datasets:

A.

This data set uses a collection of data from one of the top up-and-coming resale markets in the world (StockX). It looks into one of Nike's most valuable shoe deals with Jordan and compares the retail price of the shoes to the price that they are resold at on StockX. The information from this data set comes from Nike's official report that they publish every year, as well as some data coming from the resale company StockX. Other sources I used included Statista, Stellar Market Research, StockX, Nike, and Forbes.

B.

The datasets outlined above included a lot of data between them, both quantitative and qualitative. Most of the datasets focused on the same time range for their information but some went further if they had projected future data included. I decided that a good time frame to focus on would be from 2022 to 2028 to get data from the past, present, and some into the future. Some of the datasets were in PDF files which needed to be changed to extract some of the data which was the only issue I had.

Attribute	Description
Time Range	2022 - 2027
Format	PDF reports, online articles, market guides
Key Parameters	Market value ($B), growth rate (%), market share (%)
Sources	Statista, Stellar Market Research, StockX, Forbes, Nike

Methodology:

Market Trends:
Using reports that were obtained from Statista and StockX, I was able to look at trends in the market over time and compare the trends of the secondhand markets to those of the retail market. By doing this I was able to see how the changes in the retail market affect the secondhand market and vice versa. The problem with this method is that I was only able to use graphs and summary reports from Statista and StockX, so there is no model to go along with this methodology.

Impact on the Economy:
This methodology looks at the effect that secondhand resale markets for shoes and apparel have on the economy and uses market share percentages as well as the value of exports to conclude. I also compared the values over the years 2022 to 2028 and across different regions. Using calculations to determine growth in percentages I was able to come to a conclusion about my original assumption.

Secondhand Market Success:
This method was more about qualitative data than the other two, it looked at what makes these markets successful, and what they do to obtain that success. I looked specifically at two companies which were StockX and GOAT as they are two of the most recent markets to boom in value. To determine what makes these companies successful I investigated business models, how they price their goods, and how they satisfy their customers.

Results:

A. In 2023 the secondhand market for shoes and clothing reached about 211 billion dollars in value globally, and in 2027 this number is expected to reach 350 billion dollars. The secondhand markets in 2022 also account for 12% of the world's total apparel market and this number is also expected to rise to about 25% by 2027 [2][5].

B. Following my research, I have determined that the retail price of apparel is certainly affected by secondhand markets, and the effect that they have is only growing larger because of how much secondhand markets are now competing. When apparel loses value on the secondhand market, retailers must account for that as consumers will not purchase from retailers if they feel they are overpaying. On the other hand, if items rise in value due to popularity, retailers will raise their prices as they know they can make more money, this is most often the case when it comes to shoe reselling. The rise of secondhand markets also creates many more jobs in the apparel sales industry because retailers have never seen a competitor like the secondhand markets today. The competition doesn't only create jobs in the resale market, but also jobs in the retail market as they need more workers to stay ahead of resellers.

C. The resale market for shoes and apparel is controlled by major companies such as eBay, StockX, and Goodwill. These companies have become so competitive due to them allowing users to determine the proper value of their apparel rather than the retailers. For example, StockX lets consumers track prices in real-time and even uses a stock market-like approach that users may be familiar with to attract them. These companies also guarantee authenticity to gain the trust with users and keep them shopping through their markets [3].

Discussion:
Secondhand markets make it so consumers have much more control over the prices of the goods that they own and can even offer a lot of saving opportunities as well. The secondhand market works in the opposite way as the retail market, as the retail markets make money from deciding fixed prices that they set and buyers must pay, whereas reselling markets make money from giving consumers the control to sell goods for a price that they seem fit. After completing my study, the one thing that limited my findings was the amount of information I could find from resellers such as StockX. Since some of these companies are new there is a lack of data. In the future, with more data, it would be possible to find out how these secondhand markets react to retail prices and how retailers react to secondhand market prices.

Conclusion:
Secondhand resale markets for shoes and apparel are changing the overall market for these goods forever. They are changing the way people shop, and give consumers a way to buy, sell, and even value their goods all in one place, when previously retailers were the only ones in charge. These markets help the economy, increasing the value of the global apparel market by reaching more consumers worldwide through the Internet and providing more jobs in the apparel industry. In the future, resale platforms will become larger and continue to change the prices of goods and even influence decisions made by major retailers.

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