

SECONDHAND SUPERSTAR

Online apparel resale marketplace ThredUP inspires shoppers to 'think pre-owned' **by FIONA SOLTES**

It didn't take long for Keonté Smith to order her first Clean Out Bag from online resale site ThredUP. Actually taking items from her closet and sending them in, however, was a different story.



Back then, she got “caught up in life,” and a couple of years went by before she came across the site again. But these days, the Maryland mother of a teen and a toddler admits, “Every outfit I put on, there’s always a piece from ThredUP. My closet is all ThredUP now. When I look at the tags, when was the last time I shopped at the mall? It’s become a joke with my friends: ‘Let me guess: ThredUP.’ It’s just so easy.”

If ever ThredUP’s mission could be personified, Smith would be it. Founded in 2009, ThredUP aims to “inspire a new generation of consumers to think secondhand first.” Smith already was a fan of thrift stores and consignment, but the site has made the experience top of mind. It has exposed her to new brands and taught her about differences in quality and value.

“It has changed the way I look at certain brands,” says Smith, who became an official compensated “ambassador” for the company this year, sharing on social media and through her blog.

“Because I like shopping thrift and consignment, I’m constantly focused on price. Sometimes that hinders me, because I’m overlooking quality. But ThredUP has allowed me to experience certain brands and to see how the quality is, and understand, ‘OK, this is why this costs this amount. It lasts longer, and it’s an investment.’” Some more inexpensive pieces might be worn once or twice, she says,

but a luxury piece can now become a bigger part of her wardrobe, always in the closet.

CLEARING THE CLUTTER

ThredUP is certainly not the only apparel resale site on the Internet, though it has been credited with opening doors for others to follow, especially when it comes to items for women and children. ThredUP has sold clothing from more than 25,000 brands and processed more than 8 million items, and done so in a way that makes it as easy as possible for the community.

Those wanting to sell simply request a free Clean Out Bag, fill up it up and send it in, with the understanding that on average, 50 percent will be accepted; the remainder can be either returned or donated to third-party sellers or textile recycling partners, with proceeds going to cover ThredUP's shipping and labor costs. There's no need to photograph or try to price items before sending them in; accepted items often post within a couple of days of receipt.

Items over \$60 are handled by consignment with payout at sale, and the rest with payment up front. Sellers can choose to receive payment in cash or ThredUP credit or donate it to a cause: A recent back-to-school campaign allowed members of the ThredUP community to nominate and vote for favorite teachers to win cash for classroom supplies and credit at ThredUP.

As for those who buy, ThredUP offers an inviting experience with options to search by style, color, price, brand and condition — such as only new with tags or excluding “tiny flaws.”

“The founding of the business, the inspiration, was that our CEO James Reinhart awoke one morning to find he had a closet full of clothing he didn't want to wear,” says ThredUP CMO Anthony Marino, who came to the organization after seven years on the leadership team of the Virgin Group, leading its investment program and product innovation teams in North America.

“He'd invested good money in all of the dress shirts lined up on the rack in front of him, but of the 20 or 30 there, there were only one or two he was interested in. That got him thinking: ‘There must be other people who have this problem.’ And when ThredUP did its initial research, we found that generally speaking, anywhere from 50 to 75 percent of what's in the average person's closet goes unused.”

SHIFTING PURCHASE BEHAVIORS

Riding the current waves of simplification, cause-related marketing, care for the environment through reuse and recycling, emphasis on quality over quantity and the need for efficient, personalized shopping, ThredUP appears to have arrived at precisely the right time. According to the National Association of Resale and Thrift Shops, the U.S. resale industry has annual revenues of about \$16 billion, from antiques to apparel.

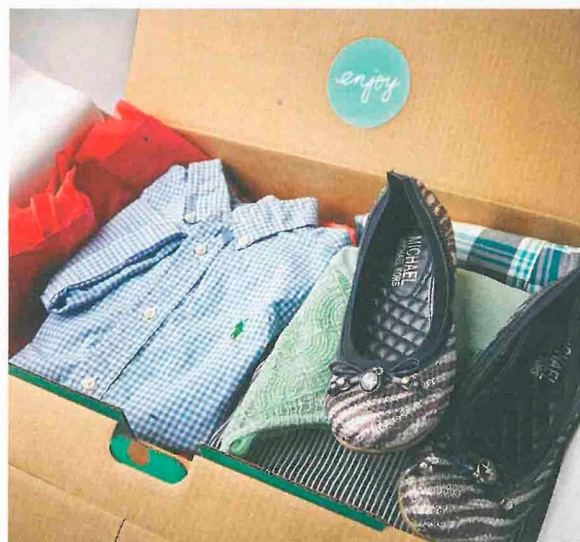
Also from NARTS: “Resale shopping attracts consumers from all economic levels. There is no typical resale shopper, just as there is no typical resale shop.”

As for the online element of resale, ThredUP provided statistics in its own third annual Resale Report, released in April. The company views the online clothing resale industry as a \$34 billion opportunity — and notes that venture capital firms had invested more than \$100 million in the online consignment industry over the previous year, “validating a shift in consumer purchasing behavior and an evolving retail landscape.”

ThredUP points as well to retailers who have incorporated resale or recycling into their business models. Mobile also is a strong element: 45 percent of ThredUP sales come from mobile, compared with the 25 percent of retail sales predicted to come from a mobile device in 2016.

So what is it, exactly, that ThredUP consumers are buying? A recent glance at the site revealed Theory khakis for \$32.49 (retail \$160), a Michael Kors blouse for \$23.99 (\$90), a Diane von Furstenberg dress for \$119.99 (\$550), a Longchamp crossbody bag for \$220.99 (\$690) and a Tory Burch formal skirt for \$81.99 (\$325).

There also were numerous items at lower price points from brands such as Banana Republic, Under Armour, True Religion, Zara and Enzo. That's not even counting the items for kids; in all, up to 15,000 items are added to the site each day.



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— National Association of Resale and Thrift Shops

Marino notes that the company has no plans to include items for men any time soon; the “busy moms” who frequent the site — typically ages 25-35 with above-average household income and a desire to be conscious consumers — keep the site active enough. Those women send in an average of three bags of clothes per year; overall, ThredUP consumers earned \$4.5 million selling their clothes to ThredUP in 2014, compared with \$3.2 million in 2013 and \$800,000 in 2012.

ThredUP also is quick to tout its environmental impact: With almost 4 million items processed in 2014, the ThredUP community saved 31 million pounds of carbon dioxide that would have been released and 2.7 billion gallons of water that would have been used in the manufacture of new garments.

“Moms — as we’ve found through their feedback, as well as how they behave — really care about the future, because they have kids,” Marino says. “If they can choose to spend their money in a way that’s good for their families and their wallets and good for the planet, they will do it. And they’ll be very loyal. ThredUP, by the very nature of what we

do, participates in that.”

But Marino, who spoke at this year’s Shop.org Online Merchandising Workshop in July, also believes part of the company’s success is the understanding that cleaning out closets, even when donating the items, can be an “unsatisfying experience.”

“What we’ve found is that people often put stuff in a box or bag, and it never moves from there,” he says. “It just sits in the car, or in the closet.” Using ThredUP can turn that into an easy, convenient and “feel-good” journey of discovery.

“Let’s just embrace the fact that all people want to do is shove those clothes in a bag, seal it up and get rid of it,” he says. “They don’t want to have to separate it into little piles, or the experience becomes too labor-intensive.” Making it easier on those consumers, however, meant ThredUP had to build its own systems to quickly assess those items, including capturing data about size, fabric content, fit and

other attributes. It’s an ongoing challenge, with processes being “added and refined every minute of every day.”

FOCUSING ON EFFICIENCY

Artemis Berry, vice president of digital retail for Shop.org, sees ThredUP as a company that has taken a traditional business model and “infused it with convenience for the digital, busy, on-the-go consumer.

“They are reinventing an industry by trying to solve a customer problem Most importantly, they are focusing on operational efficiency to make this model scalable,” Berry says. “Getting the economics right behind this is critical. The management team at ThredUP understands that and seems to have created a culture where they are making that possible with a fairly small team.”

Berry is also impressed by ThredUP’s management structure, which allows everyone in the organization to see the same data. “There are no data breadlines in the company and everyone has access to the information — empowering them to get creative and to make decisions,” she says.

As for the brands whose items are commonly bought and sold at the site, there is the advantage that those items are sold in great condition, helping to uphold brand image standards. There’s also the benefit of being discovered by shoppers like Smith.

Marino says he has been approached by brand representatives who are starting to understand there’s a resale market for their clothing; the organization is exploring ways to collaborate.

A brand might, for example, encourage its customers to donate items to ThredUP down the line as seasons and styles change, in return for, say, a gift card for something new at the brand’s retail store.

But once a consumer buys from ThredUP once, Marino promises, “the propensity to buy again increases.”

“Your initial reaction when you open that polka-dot box with the tissue paper is that it’s even better than you expected it to be,” he says. “And the second order often comes within days of the first.” **STORES**

Fiona Soltes, a freelancer based near Nashville, Tenn., loves a good bargain almost as much as she loves a good story.



45 percent
of ThredUP
sales come
from mobile.