



Closing the loop on resale's profitability problem

Authentication, logistics costs and strained operations are among the challenges standing in the way of brands implementing their own resale offerings. Tapping in early could offer one such answer.



Turning a profit out of a multi-billion-dollar industry may appear an easy task. But for the \$204.7 billion resale market, commercialisation poses an ongoing challenge.

Between maintaining stock levels, authentication costs and competition from third-party resellers, profitability has proven a difficult nut to crack. In the past year alone, brand-owned proprietary resale platforms Gucci Vintage, Hugo Boss Pre-Loved and Valentino Vintage have quietly shuttered. As it stands, just nine out of the 60 brands in the Index offer proprietary resale, despite 53 per cent of consumers showing interest in such platforms. The demand for brand-driven resale is especially true for millennials (56 per cent) and Gen Xs (57 per cent), who not only exhibit strong views on sustainability, but have the spending power to act on these values compared to younger generations.

Revised approaches to resale — which integrate information in primary sales journeys or plant information on product display pages — demonstrate that with the right model, brands are able to reap the benefits of the secondhand market. The resale journey can begin as early as the path to purchase. Incentivising consumers by communicating the resale value of a product upon purchase, for instance, is one way for brands to tap in early. According to resale-as-a-service provider Brandback, displaying a product's resale value at checkout can boost conversion rates by between 5 and 15 per cent. Intercepting shoppers with this information





poses an opportunity for revenue growth in the primary market, while generating interest in the secondary, introducing a two-pronged revenue approach.

The consumer demand for stronger resale propositions is only expected to grow. Sustainability, price and the uniqueness of vintage goods, which have long played a role in the secondary market, are furthering the appeal. Amid economic volatility and a reduction in consumer spending, allowing consumers to purchase items from the brands they love at a lower cost is a win-win.

Compared to the business models more commonly associated with value-driven consumers, such as off-price and outlet models, fewer brands have so far invested in resale. The fear that resale investment cannibalises firsthand sales is one such reason, but ignoring competition from third-party resale platforms will likely result in revenue erosion further down the line.

For fashion brands wanting in on this booming business model, reducing operational costs is essential — as is building a loyal customer base to both buy and sell product.

Photo: Brandback

Commercialising resale

Logistical challenges and operational costs continue to limit brands looking to implement resale offerings. Under standard in-house models, brands themselves require expertise in areas such as repair and authentication, while finding extra staff resources across listing, pricing and condition assessments. Brandback, the plug-and-play resale provider, makes this business model commercially viable for brands that don't have the necessary infrastructure in place. Artificial intelligence tools help ease implementation by automating listing, pricing and condition assessments — reducing overheads in comparison to more traditional methods.

Translating a brand's firsthand user experience to its resale offering presents another key challenge. A clunky or inconsistent process can dilute brand perception and erode trust. To combat this, Brandback offers seamless integration with all major e-commerce platforms, allowing brands to launch resale without compromising their existing digital experiences.

Beyond repairs and authentication, stock handling can further limit brands operating in the space. Owning resale stock can increase the costs associated with transportation and storage, whether it's housing more SKUs in a brand's logistics hub or amping up quality control. In the case of luxury goods, items may also need heightened security measures to safeguard from theft and fraud within the supply chain, a costly endeavour. Models such as Brandback's remove stock handling from the equation, reducing friction for brands entering the space by





decentralising the resale process — making it feel more like an extension of peer-to-peer commerce.

Seeding supply

As consumers look to be more value-conscious, terms such as cost-per-wear and resale value have become common parlance. While an average consumer is no stranger to monetising their wardrobe, ensuring sufficient stock across a wide range of sizes, product types and quality can present a challenge to fashion brands. Competition from third-party resale platforms amid the race to 'no seller fees' further amplifies this.

The struggle, however, is likely worthwhile. For fashion brands, successfully implemented resale offerings not only provide a secondary revenue stream, but further consumer relations. It provides brands an opportunity to continue engaging consumers across the product's entire lifecycle, keeping it front of mind long after the item has begun to gather dust.

Brandback operates a closed-loop system, which aims to keep consumers coming back for more. By opting in to Brandback, consumers can track a new item's resale price at the point of purchase, prematurely priming them to re-enter the item into the circular system. This process is further encouraged via instant resale. Consumers using Brandback can save any items they own and benefit from an AI-native selling flow that reduces listing and selling to just a few clicks.

Closing the loop

By reactivating and engaging consumers through this product lifecycle, resale offers brands another marketing tool within their arsenal. Strategically placing touchpoints at each stage of interaction — from consideration, to purchase, to consideration, to resale — allows brands to foster deeper emotional connections with customers, while tapping into the nostalgia a consumer may have for the product or brand itself.

Going beyond sales tactics, it also generates valuable data. Demand for items in the resale market can inform both product design and merchandising plays, especially via tracking the length of time between initial sale and resale. In the long term, trends may appear, guiding everything from inventory decisions to pricing strategies.

Against the backdrop of a sluggish fashion market, the resale economy offers one of the fastest-growing opportunities for brands to recoup significant revenue attrition. With interest rising from Gen Z, it offers a future-proofing strategy that resonates with the next generation of shoppers. As resale scales, the brands that close the resale loop won't just keep pace with the market, they'll shape it — turning sustainability into long-term loyalty and lasting profit.

