



The (re)discovery of second-hand fashion in Brazil

ABOUT THE STUDY

A new way of seeing the clothes in our wardrobes has led to a growth in the market for second-hand fashion in Brazil. We believe that this change will have a major impact on the fashion industry. This new outlook has grown recently due to several factors, including the including the much lower prices than traditional retailers and people increasingly seeing second-hand items as both “cool” and more conscientious. These items used to be seen as low quality, but there is a growing awareness and concern about sustainability in the fashion industry, the second most polluting industry in the world¹.

Due to this change, the second-hand fashion market – which includes items of clothing, shoes and used accessories – moved US\$ 36 billion in the United States in 2020². It is believed that the market’s compound annual growth rate (CAGR) will be between 15% and 20% in the next 5 years³, surpassing the US\$ 70 billion² mark in 2025 and outgrowing the fast fashion market by 2030.

Boston Consulting Group (BCG) - a leading global consulting company for strategy in the fashion industry - joined forces with enjoei – the largest peer-to-peer marketplace for second-hand fashion in Brazil – to thoroughly assess the Brazilian market, understand what drives this growing consumption, who the consumers exploring this market are, and to discover what to expect from the future.

In this study, we interviewed nearly 3,000 Brazilians from all over the country and from different age groups and socio-economic backgrounds. The method combined quantitative research, focus groups on specific themes, and the monitoring of online communities, as we investigated the behavior of fashion item buyers and sellers in Brazil.

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THE RISE AND VALUING OF USED ITEMS

Owning second-hand items of clothing is nothing new. Friends would exchange clothes, siblings would sneak things out of each other's closets, and people would donate items that no longer fit them. This is already part of people's lives.

Adding a financial transaction to these actions is also nothing new. According to historians, people have been selling used clothes in Venice and London since the 17th century. In the 1980s and 90s visiting vintage clothes shops was common.



Buying and selling used items was a common practice in Venice and London in the 17th century. The habit grew with the thrift stores of the 1980s and 90s.

BUT WHY HAS THIS ISSUE BECOME MORE RELEVANT IN THE LAST FEW YEARS?

Around the world, the growing concern about the environmental impact of fashion consumption is one of the key drivers of the second-hand fashion market. **Currently, 70% of people who buy used items “enjoy the sustainability factor” associated with these purchases. In 2018, just 62% of buyers would say the same.** Consumers want to own fewer but higher quality items and want to take better care of the pieces they already have, minimizing excessive consumption. Furthermore, people want to give a new home to items they no longer use, showing their awareness of the fashion cycle and earning extra money from these transactions.

BY 2030 THE GLOBAL APPAREL AND FOOTWEAR INDUSTRY WILL HAVE GROWN 81%, PRODUCING 102 MILLION TONS OF CLOTHING AND ACCESSORIES

81%

REACHING

102 MILLION TONS

OF CLOTHING AND ACCESSORIES

Excessive consumption of cheap clothes and accessories has already contributed to climate change. The textile industry is responsible for nearly 8% of greenhouse gas emissions around the world¹, second only to the oil industry. In order to produce 1 kg of fabric, more than half a kilogram of chemicals are used - along with an enormous amount of water. The culture of disposability also has a significant environmental impact: it is believed that that the equivalent of one truck-full of used clothes is dumped in landfills or incinerated every single second⁴. In our 2019 study “Pulse of the Fashion Industry”, we revealed that the global clothing industry will have grown 81% by 2030, meaning that 102 million tons of clothing and accessories will have been produced, putting even more pressure on the planet’s natural resources.

60 TRUCK-FULLS OF USED CLOTHING ARE DISCARDED EVERY MINUTE⁴



Consequently, business models that embrace the circular economy have been discussed when it comes to climate change and the pollution caused by industrial production. When looking for alternatives to curb the production of new items, the change in mentality regarding used clothes is a key pillar of the fashion industry's transformation.

It all starts with understanding the need to sell items. Nowadays, consumers can see that the contents of their wardrobes are ever-changing.

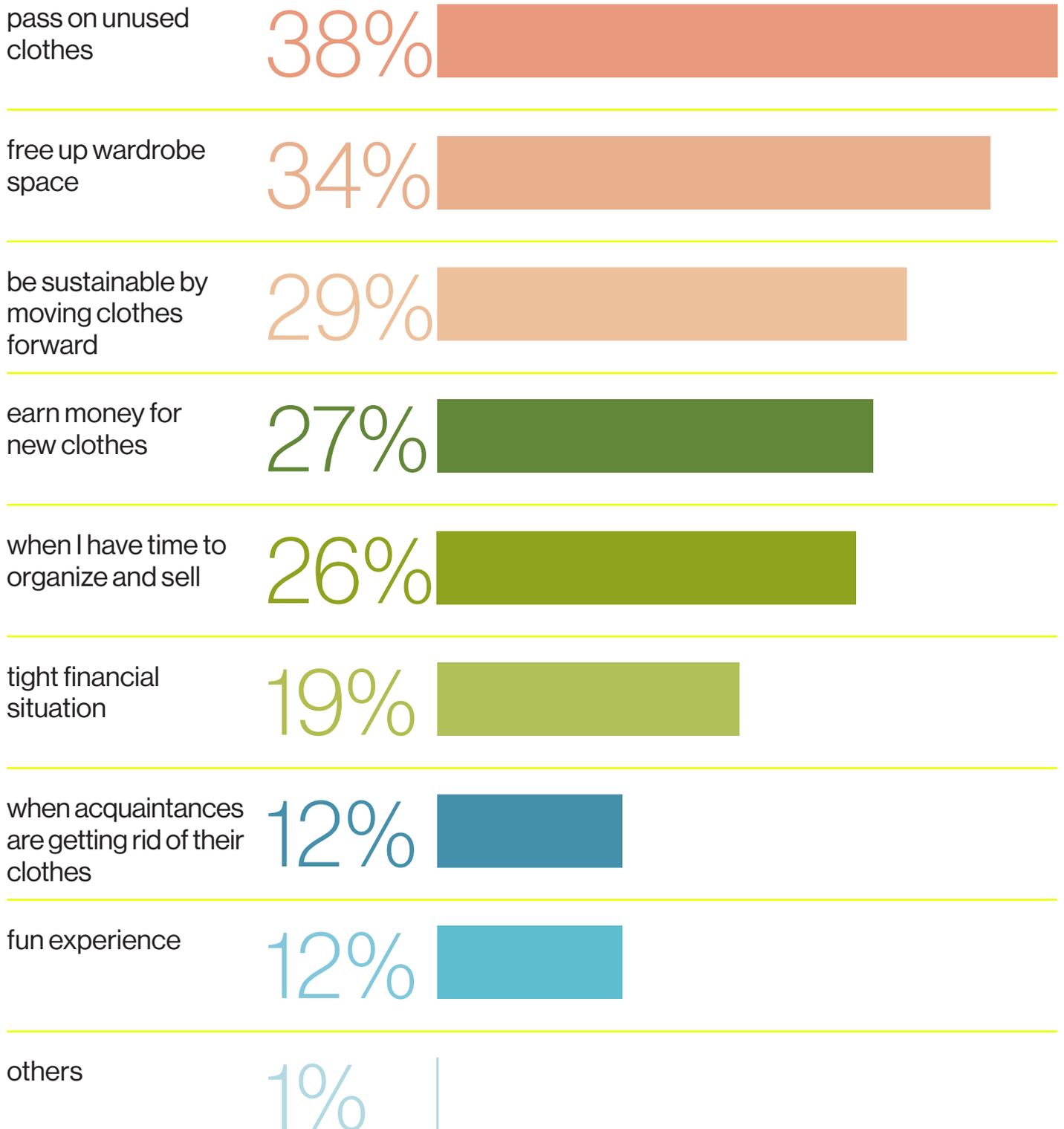
Nearly 40% of people interviewed in our study in partnership with enjoei said they sell clothes to “pass on” items that were no longer used and that could be repurposed, 34% of people claim to want to free up space in their wardrobes, and 29% associate donating or selling items with being more sustainable (Graph I). Consumers are beginning to understand their roles in the circular economy.

This change in mentality has been driven by the rise of digital platforms that opened the doors of millions of wardrobes – full of forgotten items – to a whole universe of buyers wanting to explore the second-hand market but who were uncomfortable with their experience with thrift stores.



REASONS FOR SELLING USED CLOTHING

(% of score)



In 2020, the number of people who bought second-hand clothes for the first time was 33 million in the United States². The majority of these consumers were young people (Millennials and Gen Z) who felt motivated by social media. The hashtag #secondhandfashion has over 54 million views on TikTok. A strong market for second-hand clothing allows consumers to feel like they are an active part of the circular economy.

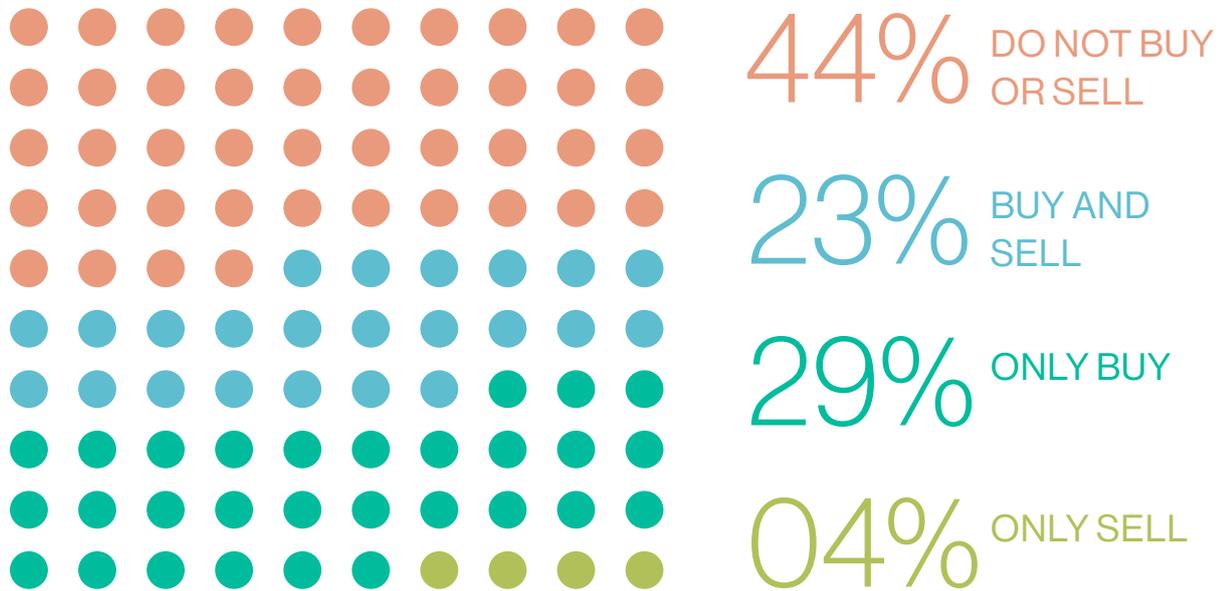
The significant growth expected for the sector will most likely come from digital retail. These marketplaces – such as Vestiaire Collective in Europe and ThredUp in the United States – connect buyers and sellers and are expected to triple in size by 2025.

Clear evidence of the success of this sector is the growing interest of traditional retailers in trying to get a slice of the market while responding to consumer's demands. According to a BCG study³, 62% of people interviewed claim they are more likely to buy from a brand if there is a partnership with a second-hand market brand.

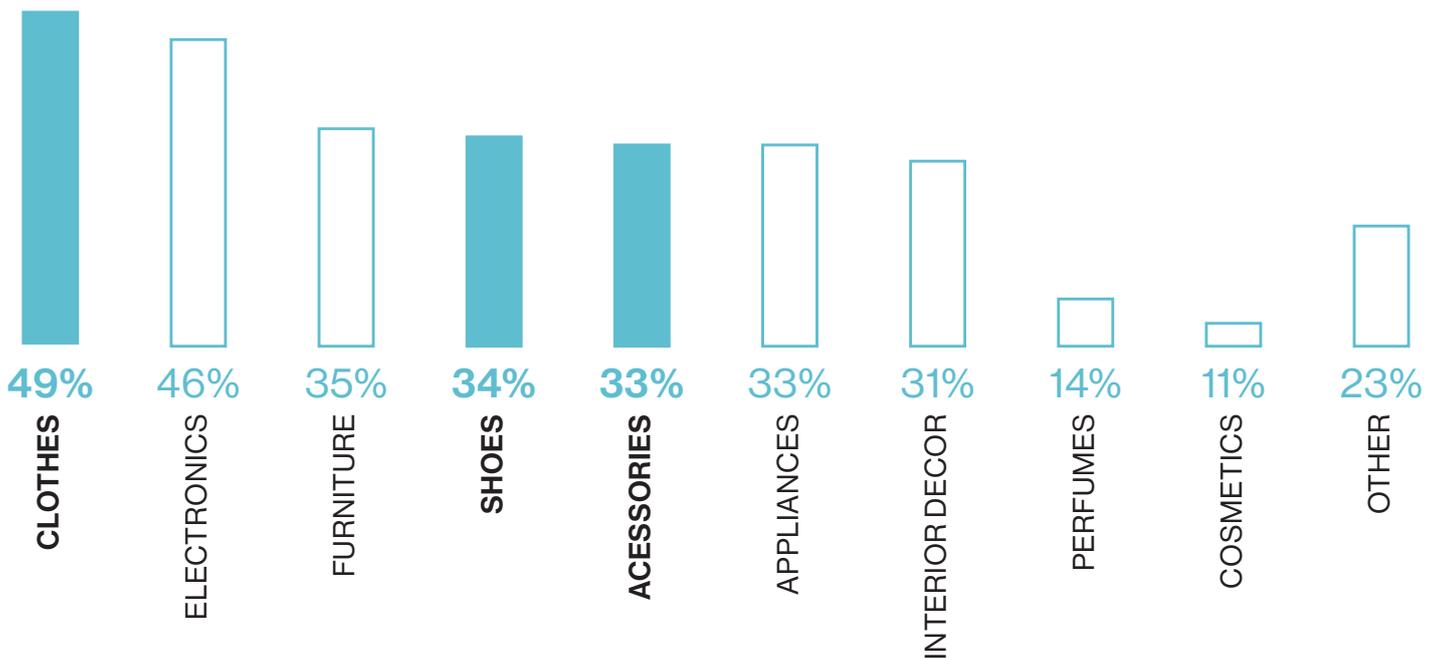
In Brazil, the numbers are impressive. According to our research with enjoiei, 56% of Brazilians claim to have made at least one transaction (buying or selling) with second-hand items. Most items are clothes, leading the ranking with almost 50% of the share of second-hand items purchased. Shoes and accessories are second and third among the top 5 most common items on the second-hand market, with 34% and 33% respectively. (Graph III)

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PRESENCE OF BUYING AND SELLING GENERAL USED ITEMS¹ (active respondents - last 12 months)



MARKET PENETRATION BY CATEGORY AMONG BUYERS OF USED PRODUCTS² (% of respondents)



The variety of items in people's wardrobes is another important issue for Brazilian consumers, who prefer quality brands when buying clothes. Consumers of second-hand items curate their clothes. It is no surprise that "access to expensive items with cheaper prices" is the main reason to buy second-hand according to 46% of people interviewed.

Another important finding of our study was the current relevance to Brazilians of having used items in their collections. Among those who buy and sell used items, 12% of their wardrobes are occupied by second-hand items of clothing. This is very similar to what is seen in more mature markets. These consumers also say they intend to increase this percentage, expected to reach 20% by 2025 (Graph IV), representing a potential market of R\$ 24 billion.

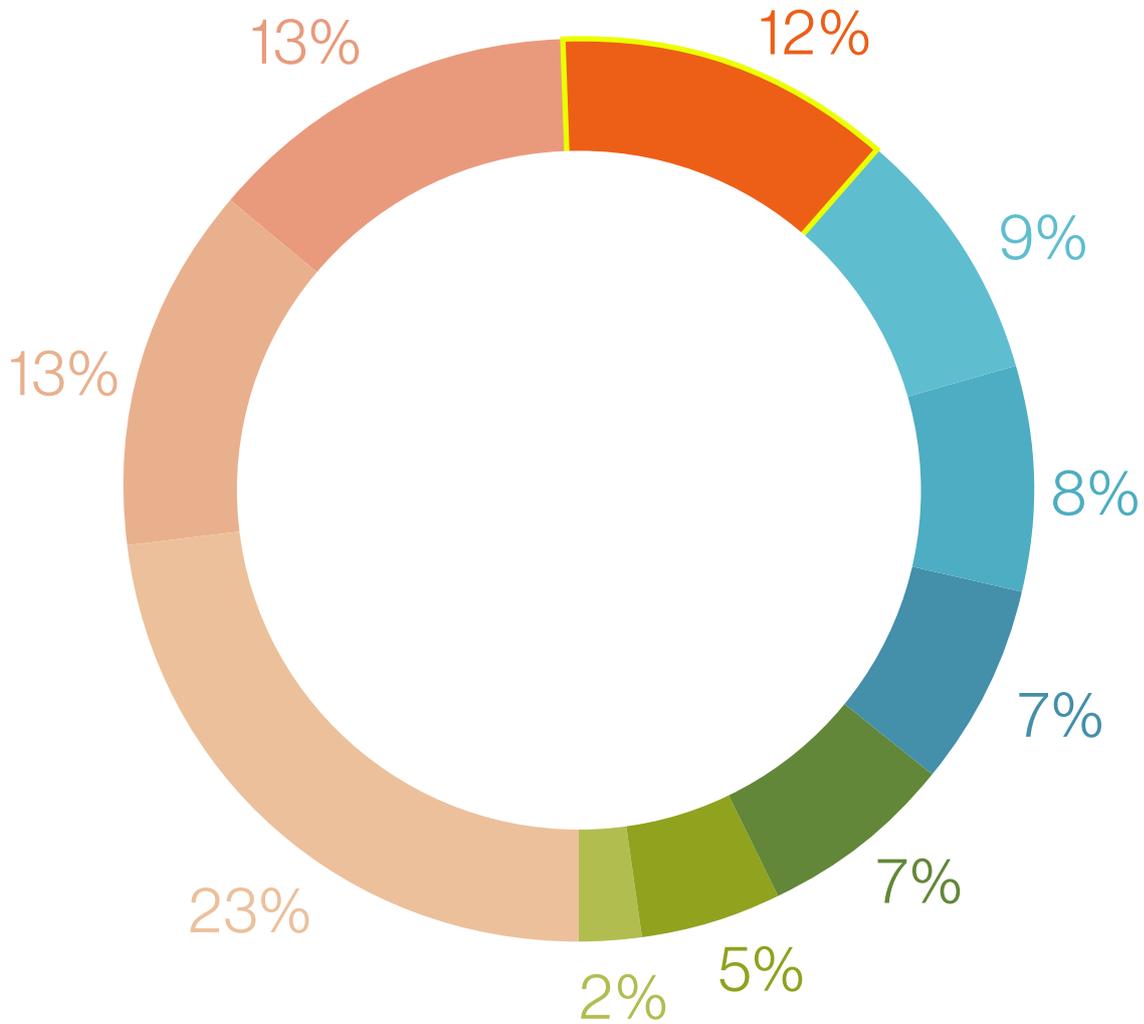
Even though expectations for the future are positive, there are still two important challenges that must be overcome to ensure growth. Building trust is one of them. When financial transactions are increasingly performed digitally, having processes that make these services safer and more efficient improves trust for every participant in this ecosystem.

The other challenge we can see being slowly overcome is the change in culture around second-hand items. According to our study, 60% of respondents do not sell their clothes simply because they are not used to doing so. Additionally, 43% of people interviewed say they prefer to donate their items. A similar challenge can be seen when it comes to purchasing items, where there are barriers such as being unsure about the origin of items or even the "energy" some clothes might carry.

The second-hand
fashion market
has the potential
to reach
R\$ 24
billion.

N. GENERAL WARDROBE COMPOSITION

(second-hand consumers - 2021 scenario)

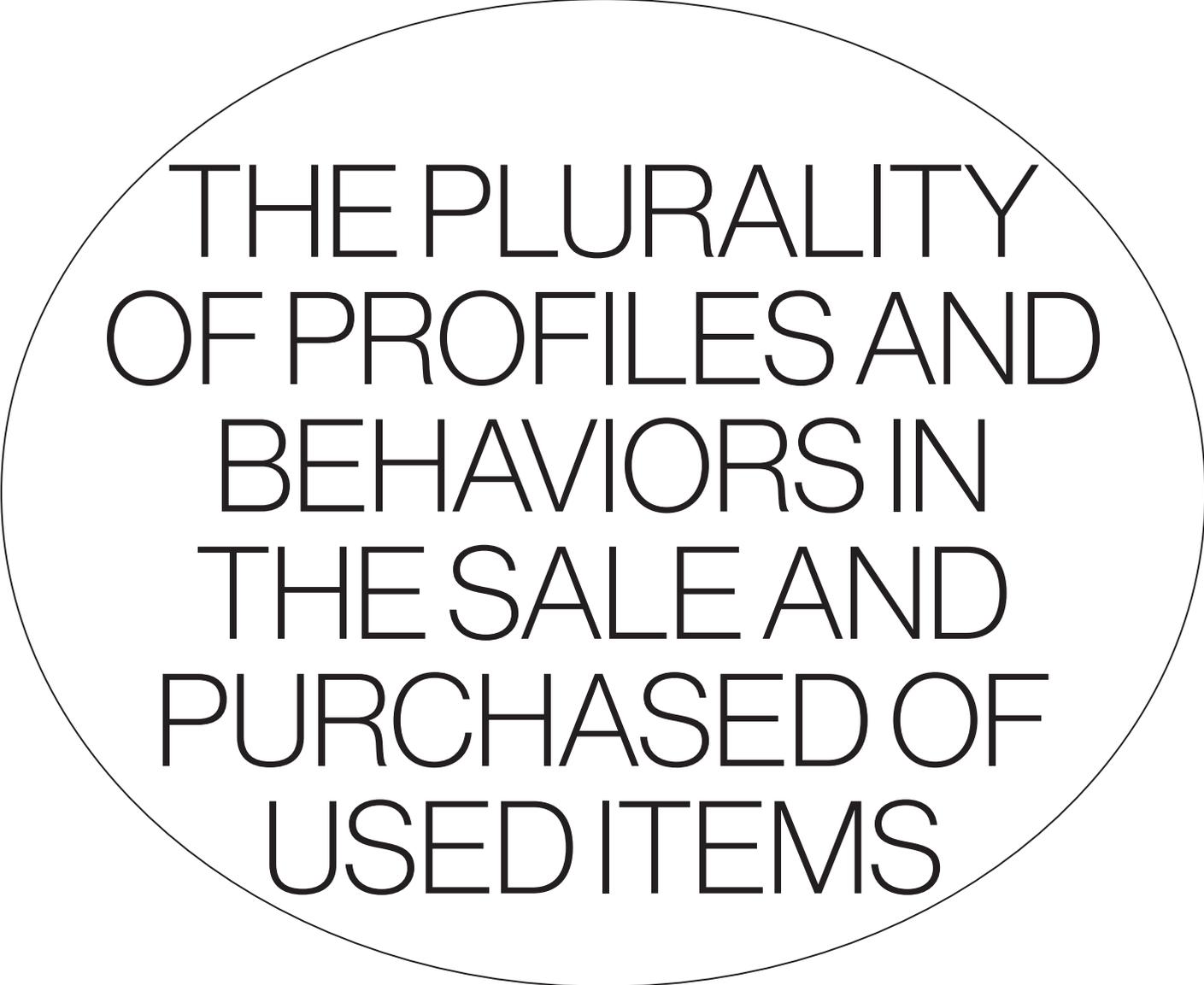


GROWTH IN PURCHASE OF USED CLOTHES AND ACCESSORIES

2021 **12%** > 2025 **20%**

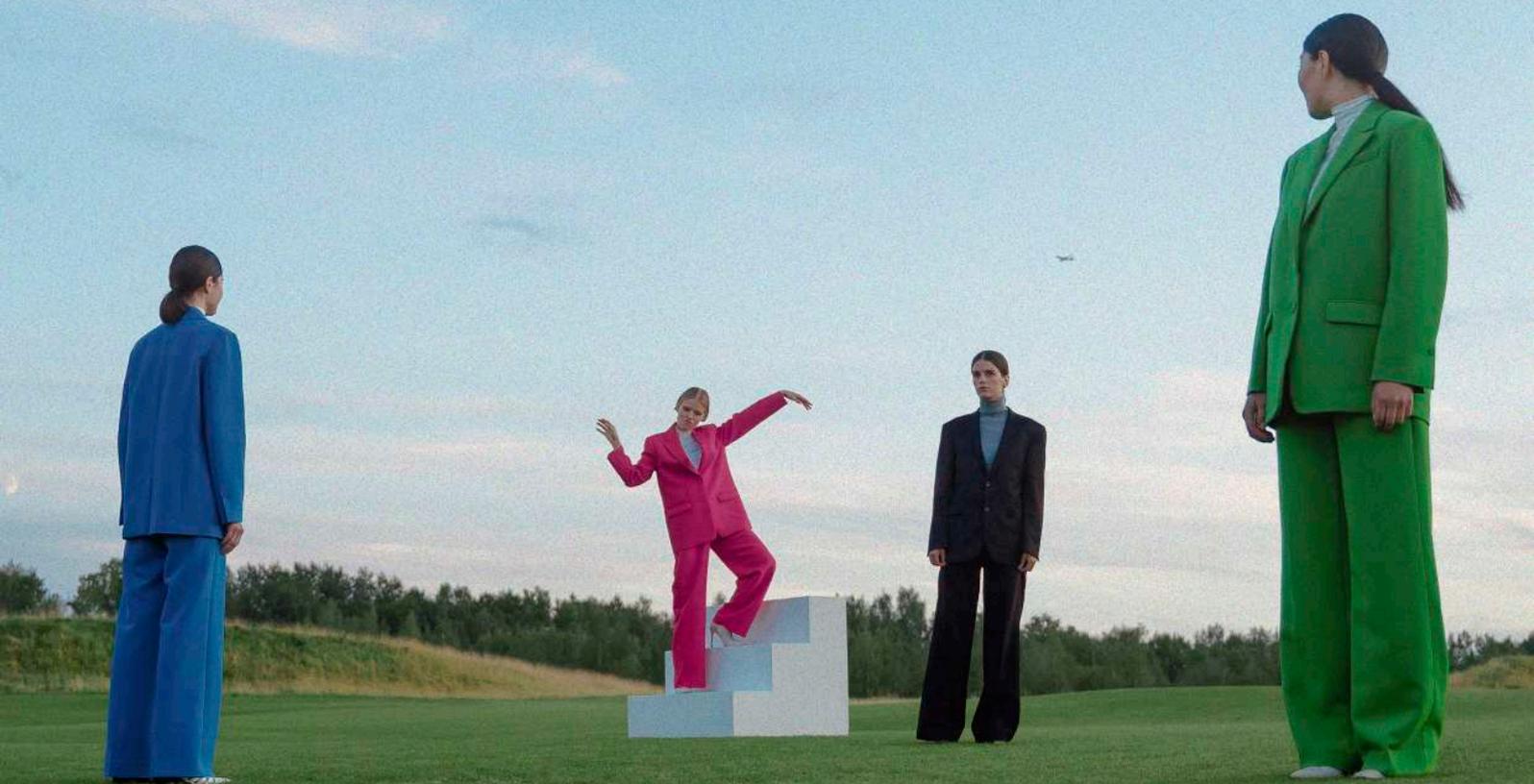
- stores
- popular
- second-hand piece earned
- luxury
- premium sportswear
- sports
- second-hand piece bought
- fast fashion
- premium
- rented clothing

Question: Currently, how would you describe the contents of your wardrobe when it comes to the following types of clothes and accessories?
 Source: Quantitative research conducted December 2021.



THE PLURALITY
OF PROFILES AND
BEHAVIORS IN
THE SALE AND
PURCHASED OF
USED ITEMS

In a country the size of Brazil – where there are a range of socio-economic characteristics and behaviors – there are multiple consumer profiles. Some have things in common, such as the importance given to “price” when buying an item. However, others differ greatly, such as when we look at the need for convenience. From the data we gathered alongside enjoei - and with the help of mathematical models and a behavioral assessment of qualitative research - we identified common traits representing six different consumer profiles:



DEMANDING AND AWARE: Looking for exclusivity, they value quality, but at lower prices when compared to new items. They buy second-hand because it's a good deal and they sell items as a way to feel more environmentally considerate while giving a new home to items they no longer use. They are fashionistas, who enjoy mixing styles, combining expensive clothes with more basic items. They are aware of their socio-environmental responsibility when they buy but are not willing to pay more because of it.

SUSTAINABLE CONSUMERS: Value the circular economy and prefer to buy with the least impact to the environment. They don't care about instant fashion and prefer items that will last for a long time. Their main aim when buying fashion items, new or used, is consideration of environmental issues. Due to this, they are also part of the entire chain, not only buying second-hand clothes, but also selling and donating items.

HUNTERS: This consumer profile has more men than other groups. These consumers look for unique items, which they are not able to find in traditional retailers. They are interested in fashion trends and invest in quality products. They are not restricted by convenience, price or sustainability when they are buying items. Their desire is more important.

WARDROBE RENEWERS: Like the variety of items, prices and styles. This is the consumer profile that waits for the biggest difference in prices between new and second-hand items. They are not looking for long-lasting or high-quality products. Everything will be swapped out again soon. They are the most frequent buyers of clothes and accessories (both new and second-hand) but at low to average prices.

SAVERS: The most common profile among Brazilians, with 40% of people interviewed fitting this category. They value convenience, are not that interested in fashion, and love to bargain. People in this profile do not have a lot of money to spend, do not care about environmental causes and are mostly motivated by price when buying something. Contrastingly, they don't sell their items, as clothes tend to wear out and they don't have that many items to spare.

EXCLUSIVE SELLERS: Ironically, people who only sell their items are "prejudiced" against used items. They question the origin and hygiene of second-hand clothes, which keeps them from buying. They are not engaged with sustainable causes (in or outside of fashion) and largely prefer shopping online over buying in person.

STATEMENTS ON FASHIONS HABITS

% AGREES VS DISAGREES (100% = everyone completely agree)

	Demanding and aware	Savers	Sustainable consumers	Hunters	Wardrobe renewers	Exclusive sellers
I like to buy classic items that I'll have for a long time	Dark Green	Light Green	Dark Green	Dark Green	Light Green	Light Green
I buy my fashion items where it's most convenient	Light Green	Light Green	Light Green	Light Green	Dark Green	Dark Green
I decide to buy based on price (discount, sales, etc.)	Light Green	Dark Green	Light Green	Light Green	Dark Green	Light Green
I try to dress myself with highers quality items	Light Green	White	Light Green	Dark Green	Light Green	Light Green
Environmental impact is an important factor in my decisions	Dark Green	Light Red	Dark Green	Light Green	Light Green	Light Red
I like to mix different types of items (luxury and basic)	Light Green	White	Light Green	Light Green	White	Light Red
I like to frequently renew my wardrobe	Light Red	Dark Red	Light Red	Light Green	Light Green	Light Red
I want exclusive item the no-one else owns	Light Red	Dark Red	Light Red	White	Light Red	Dark Red
I aim to dress with premium brands	Light Red	Dark Red	Light Red	Light Red	Light Red	Dark Red

Weighted score: I completely agree = 100%; I agree = 50%; Neutral = 0
Source: Quantitative research undertaken in December 2021; BCG analysis

Additionally, there is an even more exclusive profile than the ones presented above: consumers of luxury items. The luxury second-hand market has risen in Brazil to answer to the needs of higher income consumers who desire and aspire to acquire these products but are still not able to buy them new. The BCG study reveals that 14% of consumers of second-hand items search for products from previous collections of famous brands, providing them with better prices over items that would not fit their budget. The assurance of quality and good origin of these items are significant barriers to overcome in this group.



DEMANDING AND AWARE



SAVERS



SUSTAINABLE CONSUMERS



HUNTERS

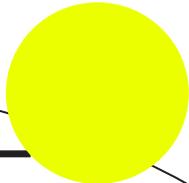


WARDROBE RENEWERS

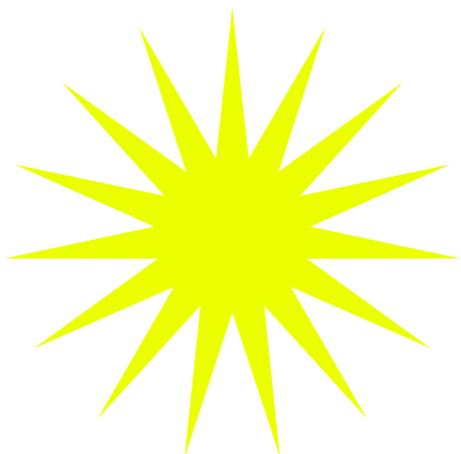


EXCLUSIVE SELLERS

the (re)discovery of second-hand fashion in Brazil
the future is what was once new



THE FUTURE IS WHAT WAS ONCE NEW



The search for more sustainable consumption at fair prices is here to stay among fashion consumers around the world. The fast expansion of a colorful market of used items goes hand-in-hand with this change in behavior.

Due to this, we can expect:

A larger proportion of used items in our wardrobes, increasing demand for curatorship and a wider range of offering from players in this sector;

Traditional brands and retailers looking for alternative methods (organic or not) to become part of this market;

Growth of companies in this sector, scaling up and strengthening the ecosystem of circular fashion;

The success of a few players in the market – those who were able to better adapt to the ever-changing needs of consumers, ensuring a solid relationship based on trust.

We have the privilege of witnessing a transformation in the industry, resulting in the evolution and growth of a market that was once considered outdated, but that is currently a cool, accessible and sustainable answer to the fashion industry.

Thanks

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