THREDUP

2018 Resale Report
Foreword

I often get asked if resale as a category has hit the mainstream. People want to know if it’s had its breakout moment yet. Has it “arrived”? The answer is...sort of. Let me explain.

The truth is more people are shopping secondhand than ever before. In fact, one in three women shopped secondhand last year. Not just at thredUP or in apparel, but across all categories, consumers are shopping smarter and thinking secondhand first. And the number of people who are trying secondhand for the first time is rapidly increasing. 70% of new customers who shopped on thredUP were first-time resale shoppers. 70%

But innovation can be messy. And that’s where I think we are in the innovation cycle. Sometimes the clothes don’t fit, sometimes the quality doesn’t match the price, sometimes customer service is uneven, or shipping times mess with the best-laid plan. Remember, behind all of these major forces in apparel are complex and sophisticated platforms only starting to mature. As William Gibson, the famous science fiction writer once remarked, “The future is here, it’s just not evenly distributed.” The apparel evolution taking place is less than eight years old. We’re all trying to supplant a tradition that Marshall Field pioneered a hundred years ago!

There is a powerful transformation of the modern closet happening and resale is a key driver. But innovation can be messy. And that’s where I think we are in the innovation cycle. Sometimes the clothes don’t fit, sometimes the quality doesn’t match the price, sometimes customer service is uneven, or shipping times mess with the best-laid plan. Remember, behind all of these major forces in apparel are complex and sophisticated platforms only starting to mature. As William Gibson, the famous science fiction writer once remarked, “The future is here, it’s just not evenly distributed.” The apparel evolution taking place is less than eight years old. We’re all trying to supplant a tradition that Marshall Field pioneered a hundred years ago!

Resale as a category isn’t alone. The modern consumer now has a choice between shopping traditional retail or trying new, innovative business models. New apparel experiences and brands are emerging at record rates to replace old ones. Rental, subscription, resale, direct-to-consumer, and more. The closet of the future is going to look very different from the closet of today. When you get that perfectly curated assortment from Stitch Fix, or subscribe to Rent the Runway’s everyday service, or find that killer handbag on thredUP you never could have afforded new, you start realizing how much your preferences and behavior is changing.

Thank you for picking up a copy of our 6th Annual Resale Report. We’re excited to share it with you!

– JAMES REINHART
Co-Founder & CEO
THE NEW NORMAL

Resale Market Will Reach $41B by 2022

Apparel Takes Biggest Slice of Resale Pie

- 49% Apparel (Clothes, Shoes, & Accessories)
- 20% Media & Electronics
- 13% Books
- 11% Homewares & Furniture
- 8% Other

Current size of resale apparel market

$20B

Resale Disruptors Drive Category Growth*

- Resale Disruptors: +49%
- Traditional Resale: +9%
- Off-Price Retail: +7%
- All Apparel Retail: +2%

*2017-2018 Growth Rates

Resale is growing 24x faster than retail

Leading Resale Disruptors

THREDUP
- All brand tiers
- Managed marketplace
- $130M in funding

TheRealReal
- Luxury brands only
- Managed marketplace
- $173M in funding

POSHMARK
- All brand tiers
- Peer-to-peer marketplace
- $153M in funding

Additional Players: REBAGG, depop, TRADESY, GRAILED
BYE BYE STIGMA

Thrift is Going Mainstream

1 in 3 women*
SHOPPED SECONDHAND
LAST YEAR

*18 years of age and older

44M
WOMEN SHopped SECONDHAND IN 2017 COMPARED TO
35M
IN 2016

Resale is Capturing Market Share

thredUP Converts Skeptics

$360B
$400B
2% annual growth

$20B
$41B
15% annual growth

Retail Apparel

Resale Apparel

70%
of thredUP customers had never thrifted before

*18 years of age and older
IT’S NOT A FAD

Thrift Quickly Becomes a Lifestyle

Used Replaces New in Thrifters’ Closets

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2017</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Used</td>
<td>11%</td>
<td>24%</td>
<td>40%</td>
</tr>
</tbody>
</table>

Percentage of items in thrifters' closets that were purchased used

3 Surprising Facts You Didn’t Know About Thrifters

- **66%** of consumers use thrift to buy better brands they would otherwise never pay full price for
- **Recessions spark thrift activity.** A surge in first-time thrifters started in **2008**
- **13%** of the most active* thrifters are millionaires

*“Most active” include those who spent $10K or more on thredUP over 2 years or more.
Millennial Shopping Habits: It's Complicated

WHO THRIFTS THE MOST & WHY

They are wasteful...

18-24 year olds are the group most likely to discard an item after 1-5 wears.

49% of 18-24 year olds are the most impulsive shoppers.

They are most likely to switch to thrift because of environmental reasons.

77% of millennials prefer to buy from environmentally-conscious brands.

...but hate to waste

40% of 18-24 year olds shopped resale last year. That's more than any other age group under 45.

35% of millennials are the most impulsive shoppers.

27% of the average are the most likely to switch to thrift because of environmental reasons.
Faster than legacy retailers

Each time you purchase something secondhand, you’re helping to conserve all of the resources that go into producing a single piece of clothing, from the materials to the energy that powers factories.

Say is exciting because you never know what you’re going to find.

Of shoppers say they rarely find anything new or exciting at retail stores.

Meet the Closet of the Future

Retail is changing, not dying

Resale
thredUP, eBay, Plato’s Closet, etc.

Subscription & Rental
Rent the Runway, Stitch Fix, etc.

Amazon
Amazon Fashion, etc.

Direct-to-Consumer
Everlane, ASOS, etc.

Off-Price
T.J. Maxx, Ross, etc.

Fast Fashion
Zara, Forever21, etc.

Mid-Priced Specialty
Gap, Ann Taylor, etc.

Value Chains
Walmart, Target, etc

Department Stores
Macy’s, Bloomingdales, etc.

Other Retailers
Costco, QVC, etc.

Resale will be larger than fast fashion as consumers re-think eco-impact of apparel

Resale is growing 9x faster than legacy retailers

Retail disruptors will own nearly 1/3 of closets by offering fun experiences and low prices

Present (2017)

Past (2007)

Future (2027)

Percentages based on actual and projected market share
Deeper Discounts Attract Bargain Hunters

The Same Thrill, But Better Deals: Shoppers spend less on resale, but get more overall retail value.

50% of thredUP customers shifted spend from off-price to thrift.

Treasure hunters rejoice!

$135B in value**

$74B spent*

$41B spent*

Resale

Off-Price

TJ Maxx

Marshalls

Ross

*Amount spent based on estimated consumer purchases in 2022.

**Value assumes resale apparel sells at a 70% discount to retail price and off-price apparel sells at a 40% discount to retail price.
Each time you purchase something secondhand, you're helping to conserve all of the resources that go into producing a single piece of clothing, from the materials to the energy that powers factories.

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VARIETY RULES
Endless New Arrivals & Brands Win Customers

ThredUp sells 4 T.J. Maxx stores worth of items each day.

ThredUp carries 3x more brands than Amazon.

Thrill of the Hunt

62% of consumers switched to thrift because of constant new arrivals.

1,000 new arrivals added to thredUP each hour.
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Where Consumers Plan to Shift Spend

<table>
<thead>
<tr>
<th>Retail Category</th>
<th>Less</th>
<th>More</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resale</td>
<td>11%</td>
<td>71%</td>
</tr>
<tr>
<td>thredUP, eBay, Plato’s Closet, etc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subscription and Rental</td>
<td>18%</td>
<td>32%</td>
</tr>
<tr>
<td>Rent the Runway, Stitch Fix, etc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct-to-Consumer</td>
<td>16%</td>
<td>38%</td>
</tr>
<tr>
<td>Everlane, ASOS, etc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amazon</td>
<td>12%</td>
<td>43%</td>
</tr>
<tr>
<td>Amazon Fashion, etc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Value Chain</td>
<td>49%</td>
<td>20%</td>
</tr>
<tr>
<td>Walmart, Target, etc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Off-Price</td>
<td>29%</td>
<td>28%</td>
</tr>
<tr>
<td>T.J. Maxx, Ross, etc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mall Brands</td>
<td>38%</td>
<td>25%</td>
</tr>
<tr>
<td>Gap, Ann Taylor, etc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Department Stores</td>
<td>71%</td>
<td>3%</td>
</tr>
<tr>
<td>Macy’s, Bloomingdales, etc.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Responses represent buying intentions of those who shopped each retail category.*

71% of consumers plan to spend more on resale shopping

71% of consumers plan to spend less in department stores
THE HYPER-CONSUMPTION ANTIDOTE

Thrift Offsets Rampant Throw-Away Culture

The Consumption Problem

OVER ¼ OF WOMEN WEAR AN ITEM

≤ 5 times before getting rid of it

43% of all purchases are “impulse buys”

70% of the average woman’s closet goes unworn

In case you missed it, fashion is the second-most polluting industry in the world, surpassed only by petroleum.

Picking up and disposing of brand-new clothes all the time drives demand for nonstop manufacturing, which contributes to the fashion industry’s incredible waste.

When you buy something old and previously-loved, you’re extending its lifespan and reducing its carbon footprint.

The Secondhand Solution

BUYING A USED GARMENT EXTENDS ITS LIFE ON AVERAGE BY

2.2 years

WHICH REDUCES CARBON, WASTE, AND WATER FOOTPRINTS BY

73%

– EMILY FARRA, editor

VOGUE
each time you purchase something secondhand, you're helping to conserve all of the resources that go into producing a single piece of clothing, from the materials to the energy that powers factories.

That's enough items to cover the state of California!

If everyone bought used instead of new for just one year we’d save:

- **165B LBS OF CO2**
- **350B KWH OF ELECTRICITY**
- **13T GALLONS OF WATER**

That’s enough items to cover the state of California!

thredUP offers the thrill of new arrivals, without the environmental cost

Last year, thredUP recycled **340K FAST FASHION ITEMS**

A GLOBAL GROUNDSWELL

The Eco-Impact If Everyone Shopped Thrift

If everyone bought used instead of new for just one year we’d save:

- **165B LBS OF CO2**
- **350B KWH OF ELECTRICITY**
- **13T GALLONS OF WATER**

EQUIVALENT

- All the cars in Los Angeles taken off the road for 4 years
- The annual power consumption of 32M homes
- Water for all of California for 14 years

Slowing Down Fast Fashion

thredUP offers the thrill of new arrivals, without the environmental cost

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Forever 21

Zara

H&M
CIRCULAR AND SUSTAINABLE FASHION

Retailers and Resellers Unite for a Cause

If every garment was given a second life...

We would reduce waste and emissions by 73%

Reusing or recycling everything

Keep products and materials in use

Source sustainable fabrics and materials

Going green means greener profits

WHAT IS CIRCULAR FASHION?

Circular Fashion Pioneers

REPURPOSED MATERIAL

“We start by designing our closet to last so they’ll stay in your closet longer. When you’re done, we take them back.”

– Eileen Fisher

REWARDS FOR RECYCLING

“We believe that the future of fashion is circular – it will be restorative and regenerative by design and the clothes we love never end up as waste.”

– Stella McCartney

TRADE IN & BUY USED

“Our Worn Wear program celebrates the stories we wear, and keeps your gear in action longer through repair and reuse.”

– Patagonia

75% of consumers are more likely to buy from eco-friendly brands
FINANCIALLY FIT WITH THRIFT

The Smart Switch that Can Make You Rich

Dresses you can buy for $100

<table>
<thead>
<tr>
<th>Brand</th>
<th>Price per Dress</th>
<th>Quantity for $100</th>
<th>Savings per Dress</th>
</tr>
</thead>
<tbody>
<tr>
<td>THREDUP</td>
<td>$18 each</td>
<td>5.5</td>
<td>$123</td>
</tr>
<tr>
<td>TARGET</td>
<td>$30 each</td>
<td>3.3</td>
<td>$300</td>
</tr>
<tr>
<td>NORDSTROM RACK</td>
<td>$67 each</td>
<td>1.5</td>
<td>$161</td>
</tr>
<tr>
<td>ASOS</td>
<td>$60 each</td>
<td>1.6</td>
<td>$180</td>
</tr>
<tr>
<td>NET-A-PORTER</td>
<td>$440 each</td>
<td>0.2</td>
<td>$880</td>
</tr>
</tbody>
</table>

Buying used instead of new for one year saves you $2,420*

Which gets you...

- A massage twice a month
- One trip to Hawaii
- A cappuccino every day

$1.1B

The amount thredUP customers have saved in the past five years shopping secondhand

$160B

The amount we would all collectively save if we bought used instead of new for one year

*Annual savings if you buy used clothing, electronics, and furniture.
SHOP SMARTER

Brands with the Best Return-On-Investment

Chart includes brands that rank above or below average for which thredUP has significant volume.

Brand Investments

BEST

FRYE

lululemon

HELmut LANG

WORST

GIORGIO ARMANI

Juicy Couture

MANGO
INSIDE AMERICA’S CLOSETS

The Top Brands When Compared Across States

These are the brands that are more likely to be supplied to thredUP by state.
Definitions & Sources

Definitions
The Resale market includes sales of all used products, both online and offline. It includes sales at traditional thrift stores, established auction sites such as eBay, and other online marketplaces. The price, quality and selection of products vary widely.

Resale Disruptors represent a specific segment of the apparel resale market. Resale disruptors focus on higher-quality, gently-used, brand-name products and present a more curated product assortment. Resale disruptors sell their products via peer-to-peer marketplaces, augmented marketplaces and retail stores.

Sources
* GlobalData market sizing and growth estimates (2018)
  Estimated using private and public company data, consumer surveys, retailer tracking, store observations and other secondary sources.

* GlobalData consumer survey (2018)
  A consumer survey of 2,000 women, conducted in February 2018. The survey asked a number of questions about shopping behavior and attitudes. The sample was designed to be representative of age, income and geographical distributions in the U.S.

* thredUP brand health survey (2018)
  A survey of thredUP users, conducted quarterly. The survey asks a number of questions about thredUP brand awareness, shopping behavior and attitudes.

* Crunchbase
* thredUP shopper trends
* EDITED retail analytics
* U.S. Geological Survey
* U.S. Census Bureau
* U.S. Environmental Protection Agency
* Los Angeles County Shared Mobility Action Plan (2018)
* Well dressed? The present and future sustainability of clothing and textiles in the United Kingdom (2016)

thredUP is an independent reseller of like-new clothing and accessories and is not affiliated with or endorsed by any designer, manufacturer, retailer or brand. All third party brand names and logos used herein are trademarks and/or registered trademarks of their respective holders.
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