

Secondhand is now sought-after

Resale industry draws a variety of shoppers

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It used to be that people were embarrassed to be seen in a thrift or secondhand store, once considered the retail equivalent of dumpster diving.

How things have changed.

These days, the resale industry is attracting an eclectic mix of consumers. “Green” shoppers who want to protect the environment by buying recycled goods. Fashionistas who covet status brands at a fraction of department store prices. And, with an increasingly shaky economy, the Average Joe who just wants to stretch a dollar or turn unwanted items into cash.

“One of the foremost reasons that resale thrives in a slow economy is simple – people love a bargain,” said Adele Meyer, executive director of the National Association of Resale & Thrift Shops, which represents more than 2,500 stores nationwide.

The trade group estimates that there are more than 25,000 resale, consignment and thrift shops in the United States, about two-thirds of them operated as for-profit businesses.

While there are no firm statistics on resale revenue, it is a multibillion-dollar industry. Goodwill Industries, with its more than 2,000 not-for-profit thrift stores, generates almost \$2 billion each year.

Meyer said she expects the number of resale stores to increase this year by 5 percent. In contrast, many traditional retailers of new apparel and other products are curbing expansion plans and projecting a 3.5 percent increase in retail sales, the smallest since sales grew 3 percent in 2002.

Meanwhile, secondhand chains such as Tucson-based Buffalo Exchange, popular among teens and college students shopping for trendy brands, and Children's Orchard, a Michigan-based company expanding to Southern California, report that sales are thriving.

Last year, Children's Orchard took in \$20 million in sales, up 5 percent from the previous year. Sales are already up 5 percent this year, according to the privately owned company.

Buffalo Exchange, which has 34 stores, including one in Pacific Beach and one in



LAURA EMBRY / Union-Tribune
Francine Lipman shopped for her niece recently at Play It Again Sports in Pacific Beach, which sells new and used sporting goods. Lipman has frequented secondhand and consignment shops in Pacific Beach for years and has seen their popularity grow.

Hillcrest, had sales of \$49.4 million last year, a 12 percent increase. This year, the company is expecting an overall 13 percent increase in sales at stores that have been open at least a year.

In contrast, sales at traditional teen retailers open at least a year averaged a 0.5 percent decline last year, compared with a 3.3 percent increase in 2006 and a 12.1 percent gain in 2005, according to UBS-International Council of Shopping Centers.

Kerstin Block, president and co-founder of Buffalo Exchange, said teens are becoming more thrifty as their cash-strapped parents pare back and summer jobs become more scarce. A new pair of Gap jeans can run \$50 to \$60; at Buffalo Exchange, they run \$9 to \$20.

Block said her stores have not only seen sales rise significantly this year, but the quality of its inventory – often obtained by customers who want to exchange used clothing for cash – has improved.

“With the harsh economy, people need cash, so we are being offered a better selection,” Block said.

She said secondhand stores are also benefiting from the growing eco-friendly sentiment among consumers. Bargain-hunting isn't only practical – it's chic.

“It is the economy, but recycling also has something to do with it,” Block said. “The two things together now make it OK to buy used stuff.”

More than OK, according to customers such as Francine Lipman, who recently shopped for a pair of secondhand swimming fins for her niece at Pacific Beach's Play It Again Sports, a used and new sporting goods retail store.

“It takes more time to shop in this manner because sometimes you have to dig,” Lipman said. “But a swim fin is something that doesn't wear out, particularly with a child whose foot is growing fast, so you can get it at a good price and feel like you aren't overpaying for something that they'll outgrow in one summer.”

Lipman, 49, said she has frequented secondhand and consignment shops in Pacific Beach for years and has seen their popularity grow.

“There is no longer a negative stigma to going into a Goodwill or some other secondhand store. It's become a cool thing to do,” Lipman said. “Maybe that's because the middle-class is being forced to consume at that level because of rising prices.

“When you fill up your tank at a gas station and it costs \$50 a pop, people have to cut back,” Lipman said. “This is a way to do it and still get the product that you need.”

According to America's Research Group, 16 percent to 18 percent of Americans will shop at a thrift store during a given year. For for-profit resale or consignment shops, it's 12 percent to 15 percent.

T.J. Western, the owner of three Play It Again Sports stores in San Diego, including the Pacific Beach outlet, said economic slowdowns have always been good for business. This year, Western anticipates a 15 percent increase in sales for his stores.



LAURA EMBRY / Union-Tribune
Marc Corrales of Chula Vista picked out a used surfboard at Pacific Beach's Play It Again Sports this month.

“Increasingly, I’m seeing more people from La Jolla and other upscale neighborhoods that I hadn’t seen before coming into the shops,” Western said. “So it doesn’t matter what economic strata you belong to, people want value.”

Western said that last year about 30 percent of Play It Again Sports’ revenue was generated by sales of used products, with the remainder coming from new store goods. This year, sales of used sporting items are up an additional 8 percent.

In response, Western said he has bumped up his advertising budget by 25 percent this year to capitalize on the new wave of consumer thrift.

“With the economic environment, we’re seeing increasing numbers of shoppers,” Western said. “So we are working with the momentum.”

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