

The Recommerce Opportunity for

# OVERSIZED

## PRODUCTS

And Why Now  
Is the Time for  
Brands to Develop  
Their Strategy



Joybird

Chelsea Sofa

Cost: ~~\$3,035~~ **\$1,800**

Ships: Next Day



FLOORFOUND

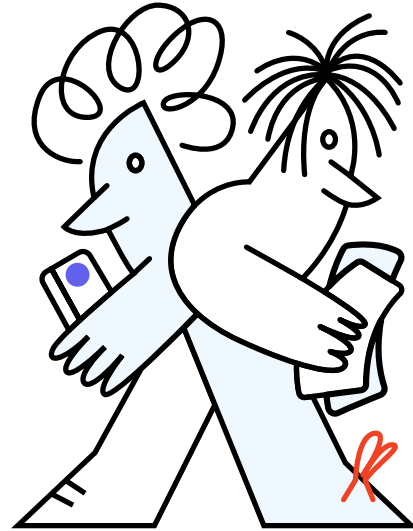
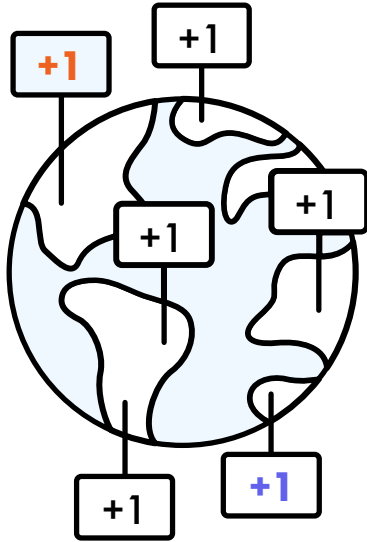




## What is **Recommerce**?

Recommerce, or resale, is a way to power the reuse of goods — from fashion to furniture to fitness equipment. It's enabled through the marketplaces where merchants, brands and consumers sell or purchase and rent secondhand goods, and through the technology and logistics solutions designed to support these processes.

Recommerce isn't a new concept, but lately, there's a lot happening in this area of the "circular economy" that's benefiting both brands and consumers:

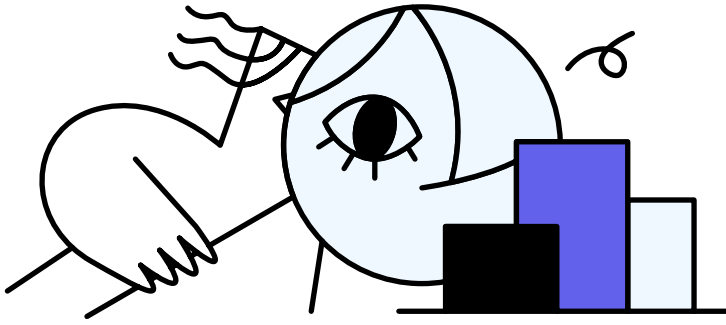


## More Brands

are seeing this fast-growing market as a strategic opportunity to meet multiple, business-critical goals — namely, overcoming supply chain challenges, reducing waste, increasing consumer brand loyalty, and, of course, generating revenue.

## Many Consumers

are benefiting from recommerce by buying quality products from stellar brands at lower prices than what they'd pay if they purchased those items new. They're discovering new brands and products in the process, too. Plus, they're getting the satisfaction of engaging in environmentally responsible consumer practices.



The apparel industry is already finding tremendous success with the recommerce model. And recent research suggests that the resale sector of this industry is expected to grow 11x faster than the broader retail clothing sector by 2025 — reaching \$77 billion.<sup>1</sup> According to that same research, 33 million people purchased secondhand apparel for the first time in 2020, and more than three-quarters of them (76%) are planning to increase their spend on resale in the next five years.<sup>2</sup>

At FloorFound, we're so confident about the recommerce market's growth potential that we project 50% of what brands sell in the next five years will be resale items. In this paper, we present results from the "FloorFound Consumer Survey 2021," which help to underscore why we have such a positive outlook toward recommerce, especially for the resale of oversized items online.

## Key Findings

based on customer survey

# 92%

of consumers have purchased a resale item online in the past, including furniture and fitness equipment

# 95%

of consumers would be open to buying resale items from brands directly at a discount

# 88%

of consumers are interested in working with a brand that provides a trade-in program

<sup>1</sup> 2021 Resale Report, ThredUp, featuring research and data from retail analytics firm, GlobalData, June 2021: <https://www.thredup.com/resale/#resale-industry>.

<sup>2</sup> Ibid.



FLOYD - Full Cycle Program

Let's take a closer look at these and other findings from our recent survey of U.S. consumers —conducted by Pollfish in July 2021 — and why we think now is the time for brands to develop their recommerce strategy.

**FloorFound projects that 50% of what brands sell in the next five years will be resale items.**



# Why Recommerce Now? The Consumer Perspective

Most consumers are already on board with recommerce. In 2020, 223 million consumers said they shopped for secondhand products or would be open to doing so.<sup>3</sup> And in the “FloorFound Consumer Survey 2021,” 92% of U.S. consumers said they have already purchased a resale item online.

## What are they buying?

Many consumers are looking to recommerce to purchase oversized items. Here are the top seven responses from our survey:<sup>4</sup>

**52%** Living room furniture

**37%** Dining room furniture

**36%** Bedroom furniture

**33%** Major appliances

**31%** Home office furniture

**30%** Gym equipment

**25%** Mattresses

Clothing; electronics, phones, and computers; tools; and patio furniture and outdoor décor were among the other items noted by some survey respondents.

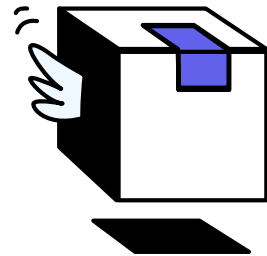
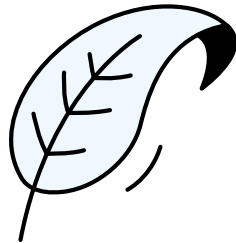


<sup>3</sup> Ibid.

<sup>4</sup> Multiple responses were permitted.

# Why are they buying?

This is a complex question, as there are several motivators for consumers embracing recommerce now.



## Value for Money

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First, the global health crisis has had an impact on consumers' buying habits, creating more openness to the idea of purchasing secondhand goods. More than ever, consumers want value for money.

As a proof point, 95% of respondents to the "FloorFound Consumer Survey 2021" reported that they would be open to buying resale items from brands directly at a discount.

## Sustainability

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Sustainability is also top of mind for many consumers today. For example: About 81% of survey respondents said it's important for them to engage with a furniture brand that has sustainable practices.

84% of consumers said it's important for a furniture brand they buy from to consider sustainability in the delivery experience.

## Choice + Prompt Delivery

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Consumers' inherent desire to have variety in product selection, and the ability to order items on-demand and get them delivered quickly, is also helping to fuel the recommerce trend.



Joybird

**Briar Sofa**

**Cost: \$2,351- \$989**

**Ships: Next Day**



For example, a consumer who seeks a bright blue sofa with a midcentury-inspired design that can be delivered before this holiday season, or even early next year, is likely to have much better luck finding just what they want — or darn close — in a resale marketplace than attempting to buy something new and hope it will be shipped and arrive on time.

*Even better: They can purchase the item they want at a discount.*



# Why Recommerce Now? Business Needs & Benefits

The factors that inspire consumers to engage in recommerce also create significant challenges for brands. Companies want to understand and meet consumers' changing expectations, but they also need to remain competitive and profitable. It's a complicated balancing act, especially when the supply chain is broken — which it definitely is right now.

## Supply chain mayhem —and inflation

Supply chain bottlenecks and shortages are rampant in the runup to the 2021 holiday shopping season, and they're expected to continue into the second half of 2022, or even later.<sup>5</sup> The global health crisis combined with worsening labor shortages are key contributors to supplies not being delivered on time.

Meanwhile, manufacturers are squeezing their margins and pushing up consumer prices.<sup>6</sup> The cost of food, rent, fuel, and other goods is rising fast, and consumers' purchasing power is taking a hit as a result.<sup>7</sup> Of note, these dynamics are hitting a very influential group of consumers — Millennials — at a time when many in this demographic group are looking to make a major life change, like buying a home, and are increasingly anxious about the state of their personal finances.<sup>8</sup>

## Pressure to adopt sustainable practices

Consumers, investors, employees, and other stakeholders are also looking squarely at companies to embrace sustainability and make a measurable effort to improve their practices. Aside from the positive brand image and public relations that companies can enjoy by operating more sustainably and making progress toward their environmental, social and governance (ESG) targets, reducing waste in all forms is simply the right thing to do.

Over 9.6 billion tons of furniture end up in landfills across the United States annually, according to data from the U.S. Environmental Protection Agency (EPA).<sup>9</sup> And as noted on page X, a majority of respondents to our "FloorFound Consumer Survey 2021" said they consider it important to engage with a furniture brand that has sustainable practices and considers sustainability in its delivery experience.

<sup>5</sup> "Cost Pressures Mount Amid Widespread Supply Disruption and Labor Shortages," Federal Reserve Bank of Richmond, media release, October 14, 2021: [https://www.richmondfed.org/press\\_room/press\\_releases/2021/the\\_cfo\\_survey\\_20211014](https://www.richmondfed.org/press_room/press_releases/2021/the_cfo_survey_20211014).

<sup>6</sup> "Global Supply-Chain Problems Escalate, Threatening Economic Recovery," by Chuin-Wei Yap, William Boston, and Alistair MacDonald, The Wall Street Journal, October 8, 2021: [https://www.wsj.com/articles/supply-chain-issues-car-chip-shortage-covid-manufacturing-global-economy-11633713877?mod=article\\_inline](https://www.wsj.com/articles/supply-chain-issues-car-chip-shortage-covid-manufacturing-global-economy-11633713877?mod=article_inline).

<sup>7</sup> "Higher inflation squeezing U.S. consumers as food prices, rents accelerate," by Lucia Multikani, "Macro Matters," Reuters.com, October 13, 2021: <https://www.reuters.com/world/us/us-consumer-prices-increase-solidly-september-2021-10-13/>.

<sup>8</sup> "Four in Five Millennial Employees Expect to Undergo Major Life Changes in the Next Year," MetLife, media release, September 28, 2021: <https://www.metlife.com/about-us/newsroom/2021/september/four-in-five-millennial-employees-expect-to-undergo-major-life-changes-in-the-next-year/>.

<sup>9</sup> "Facts and Figures about Materials, Waste and Recycling: Furniture and Furnishings," EPA: <https://www.epa.gov/facts-and-figures-about-materials-waste-and-recycling/durable-goods-product-specific-data#FurnitureandFurnishings>. (Site accessed October 2021.)

# Recommerce: A New Strategy for Changing Times



A recommerce strategy can help businesses better meet the challenges and expectations outlined above. For one, this approach provides a continuous source of “new” inventory to sell to consumers — an array of high-quality products that don’t have to go to the landfill, can provide a source of revenue, and are ready and waiting to be delivered.

For brands worried about keeping goods flowing in the recommerce pipeline, consider that 88% of respondents to the “FloorFound Consumer Survey 2021” said they’re interested in working with a brand that provides a trade-in program. Also, many consumers are prepared to help brands facilitate the recommerce process: 75% of survey respondents said they would be willing to hold onto a furniture item they want to return until another customer buys it resale.



Burrow

**Range Couch**

**Cost: ~~\$1,113~~ \$620**

**Ships: Next Day**



**88%**

**of consumers are interested in working with a brand that provides a trade-in program.**



## Recommerce Success Story



Companies that engage in recommerce also have the opportunity to decrease their cost of goods sold as well as their operating expenses. They can acquire new customers, too. That’s what furniture maker Floyd discovered when it started working with FloorFound to create its recommerce program.

Floyd works hard to ensure its furniture doesn’t end up in landfills. The Detroit, Michigan-based company has always created quality products with replaceable parts.

But in 2020, it stepped up its environmentally conscious practices even further with its new Sustainability Plan. This initiative included launching “The Floyd Resale and Refurbishment Program” to extend the useful life of Floyd’s sustainable furniture and reduce greenhouse gas emissions across the company’s supply chain.

In February 2021, Floyd launched a pilot program with FloorFound, creating a branded full-cycle storefront for California residents. Floyd’s logistics and customer care teams worked closely with FloorFound to improve overall efficiency in the pickup process for returned, open-box items and begin merchandising these products within the FloorFound platform.





By developing a formal recommerce strategy with help from FloorFound,  
**Floyd has seen:**

**80%**

reduction overall in carbon emissions for a line haul

**72%**

average gross recovery through this new revenue vertical — plus, an average time to sell of just 8 days for each newly merchandised item

**66%**

sell-through within the first 30 days of an item's listing on the branded storefront

**75%**

**25%**

Another positive outcome: Floyd has increased its new customer capture rate. Over 75% of all FloorFound customers on the branded storefront are also new customers for Floyd. And 25% of these customers have already returned and purchased brand-new items from Floyd.



## Ready to Build Your Recommerce Program?

The recommerce opportunity is clear for brands, but many are still hesitant to create a formal strategy for resale. However, playing wait-and-see with recommerce could mean missing out on a market that's expected to grow significantly within just the next few years.

[BOOK A MEETING](#)



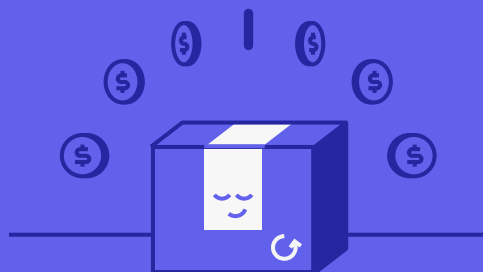
We see brands — especially those that sell oversized items like furniture, major appliances, and fitness equipment— holding back on recommerce for several reasons, including:

- Fear of “cannibalization”
- Lack of systems and processes to support recommerce
- Operational complexities
- Lack of clarity around how to create appropriate pricing models
- Uncertainty about how to target consumers with resale opportunities
- Concerns about creating a compelling user experience for the resale cycles

The good news: All of these hurdles are surmountable, and we know how brands can do it. FloorFound is on a mission to save the planet by extending the life span of retail products. And we’re bringing change to the oversized e-commerce retail market by managing the collection, inspection, and resale of oversized, open-box items for many top brands. (See all the brands we work with [here](#).)

It’s our vision to enable retailers to capture unclaimed customer segments and revenue by establishing their right to participate in the circular economy. Our software and processes allow us to reduce return costs for these brands and pass the savings on to consumers.

Our team is here to help brands build successful programs to take advantage of the recommerce opportunity.



## Start turning your returns into revenue.

FloorFound manages the entire process, from item pickup and intake, to inspection, merchandising, selling and delivery. Turning liabilities into new found revenue.

BOOK A MEETING