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Everyone does it: Product-related Resell Strategies of Professional Second-hand Retailers

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Keywords: Resell strategies; second-hand products; second-hand shop; product lifetime; design for circular economy.

Abstract: Today, second-hand businesses, play an increasing role in prolonging product lifetime and postponing product obsolescence through circularity. Currently, research on circular consumption is nevertheless still limited (van Dam et al., 2020). While the resell and reuse of products is still a 'niche phenomenon' (Wilts et al., 2021), the mere existence of second-hand businesses, including private retro shops, charity shops, and shops at municipality recycling stations illustrates, the acquisitions of products does not have to be from the first cycle of consumption (Gregson & Crewe, 2003). In this paper, we research second-hand shops, as we argue these are important to contribute knowledge on how to support circular consumption and increase the lifetime of products in use. Through observations at second-hand shops (n=20) and semi-structured interviews (n=11) with different types of second-hand retailers, we identify six cumulative resell strategies used to sell second-hand goods. These strategies include: 1) pricing, 2) cleaning, 3) research brand, 4) renew or restore, 5) repurpose or upcycle, and 6) identifying the history.

Introduction

In today's 'throwaway society' product lifespans are decreasing, resulting in numerous negative environmental side effects (Cooper, 2005). One way to counteract this is by turning towards a circular economy (MacArthur, 2013). Research on circular economy related to industrial design contains production processes, circular consumption, support policies, and design education. Among these, research on the upstream matter (circular production processes) is the largest, whereas knowledge on downstream aspects such as circular consumption is more limited (van Dam et al., 2020; Camacho-Otero et al., 2018).

In this paper, we conduct a study on circular consumption by examining second-hand markets. The existence of second-hand markets stresses the acquisitions of goods do not have to be from the first cycle (Gregson & Crewe, 2003). While second-hand markets are important in the transition to circular consumption patterns, today, the reuse of products is still considered a 'niche phenomenon' (Wilts et al., 2021). Second-hand markets exist because consumers are open to reusing products (Gregson et al., 2013). Thus,

we argue these must be studied to contribute valuable knowledge to support a circular economy.

Sales approaches in second-hand markets

Many types of second-hand markets are found in literature, such as charity shops, private retro shops, and shops at municipal recycling stations (Bohlin, 2019; Gregson & Crewe, 2003). Through different practices retailers of second-hand goods add value to their products, thus, transforming products into becoming desirable again (Baker, 2012). In the literature, we identify three product-related approaches of second-hand retailers:

Market knowledge

Retailing second-hand requires knowledge of what is sellable, hence the current trends. Despite knowing which product, they can (and cannot) sell, retailers of second-hand must also know the other actors selling second-hand, and what they sell. (Parsons, 2005)

Rituals of divestment

Well-known in the literature about second-hand products is the 'fear of contamination' (Baxter

et al., 2016; Baxter et al., 2017; Wallner et al., 2021; Mugge et al., 2017). Purchasing second-hand usually requires more work from the consumer compared to the conventional purchasing experience. The coping strategy to this contains e.g., cleaning, repairing, and personalizing second-hand products (Gregson & Crewe, 2003).

History

Naturally, second-hand products are in their second, or more cycle of usage, leaving the products with a 'history' that either decreases or increases their value (Parsons, 2005). Studies have observed a transaction of product history in second-hand markets: sellers tell how the product has been used, and by whom, and the buyers listen carefully and add how they plan to use and take care of the product (Bohlin, 2019; Herrmann & Soiffer, 1984).

Methods

This study focuses on second-hand retailers (B2C) as we argue these have the incentive to develop and refine their sales strategies, hence are a best-case scenario to learn from. Thus, we exclude cases of consumers selling to other consumers (C2C), which also entails commission sales, auction houses, flea markets, garage sales, and online platforms.

The data include observations at 20 second-hand shops and interviews with 11 second-hand retailers in Denmark. Thus, informants are selected based on expectations about information content (Flyvbjerg, 2006).

An interview guide was made based on initial observations and conversations with second-hand retailers. The semi-structured interviews lasted 1-1,5 hours and took place in the workplaces of the interviewees, allowing the interviewer and interviewee to point out products for discussion during the interviews (Kvale & Brinkmann, 2015; Brinkmann & Tanggaard, 2020). Photos were taken of the objects discussed for later reference. The interviews were audio-recorded, transcribed, and a qualitative analysis of the content was completed.

Findings

Through analysis we identify 11 resell strategies within six overall categories (table 1):

	Product-related resell strategies	Informant #
Market knowledge	Pricing 1) Fixed prices on product categories 2) Minimum prices on specific brands 3) Individual assessment 4) Specialists'/ informants' advice 5) Price adjustments	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11
	Research brand	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11
Rituals of divestment	Cleaning 1) Standardized cleaning routine 2) Specialized cleaning	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11
	Renew or restore 1) Renew 2) Restore	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11
	Repurpose or upcycle 1) Repurpose 2) Upcycle	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11
History	Identify the history 1) History of the product category 2) Product-specific histories	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11

Table 1. Overview of findings in relation to theory. Black bold numbers in the informant column inform the frequency of reselling strategies.

Market knowledge

Two overall strategies related to market knowledge have been observed: 'pricing' and 'brand research'.

Pricing

Five differing pricing strategies have been identified to assess the right price for second-hand products.

1) Fixed prices on product categories: The fixed prices were often applicable for the product categories that were sold in great numbers, e.g., drinking glasses, cutlery, shoes, books, etc. A volunteer at a charity shop says:

“Regular books, clothing, shoes, and so on have fixed prices, except a few ones, which we think are special, but that depends on who is adding the price tag.” – Informant #4

2) Minimum prices on specific brands: To consider that some brands are more expensive than others in the first cycle of purchase, some shops have lists of what they assess as valuable brands and hence their minimum prices. Some larger charity organizations also provide pricing courses for their employees, as explained by a volunteer:

“We get courses in pricing from someone in the organization. They tell us what is trending and what it should cost, and show pictures of the stamps we should look for at porcelain and so on” – Informant #4

3) Individual assessment: Other second-hand shops assess every single product to find a price. Thus, pricing becomes a matter of expertise and discussing with other employees/volunteers if in doubt, or online research. A leader of a charity shop tells:

“We agree on the prices. If we are in doubt, we search for it online. Den Blå Avis (online resell platform) has many things for sale” – Informant #1

Further, many private retro retailers have a rule of thumb saying that their selling price should at least be four times the purchasing price.

4) Specialists’/informants’ advice: Second-hand retailers report how they learn from others how to assess the prices. Moreover, some use volunteers/employees with expertise from previous jobs, such as jewelers, and hence they assess the price of all jewelry. Customers and other resellers also influence the pricing by letting our informants know when they priced something “wrongly”. Thus, with time they develop their pricing skills. Exemplified by a volunteer at a charity shop:

“I saw an ‘Eric Kold’ plastic container like this one in a retro shop recently, and that was

50dkk, so I think ours should be a little cheaper.” – Informant #4

5) Price adjustments: Many private retro retailers within this study tell how they experience lowering the price is not always the solution to get something sold. Independently from one another, they explain that increasing prices can make hype and increase the experienced value of a product. A private retro retailer tells:

“One thing I cannot sell for 500dkk, but I can sell it for 1.000dkk, and other things cannot be sold for 500dkk, but only for 200dkk. (...) ‘If it’s more expensive, it must be exclusive” – Informant #5

Brand research

Some second-hand retailers research almost all their products, while others only do it with very few items. This information is often written on price tags, signs, and on social media posts (see figure 1). A private retro retailer explains:

“I search a lot for things online, when I am in doubt whether the items have a name (designer, etc.). Everyone within this kind of business does it. That is the nicest when selling something.” – Informant #10



Figure 1. Sign with the name, year of design, designer, and manufacturer. Photo from a private retro shop.

Rituals of divestment

Three streams of rituals of divestment have been observed: ‘cleaning’, ‘renew or restore’, and ‘repurpose or upcycle’.

Cleaning

Through our studies we identified two levels of cleaning:

1) Standardized cleaning routine: Many shops have a standardized cleaning routine, where e.g., all cutlery, cups, and porcelain are washed in the dishwasher, and clothing is washed and ironed. Some charity shops explain how they are trying to get rid of prejudices that charity shops are dirty and smell bad. A leader of a charity shop tells:

"All clothing gets sorted, washed, and ironed, and all glassware and porcelain go in the dishwasher. (...) One of our volunteers washes the dolls and does their hair." – Informant #1

2) Specialized cleaning: Cleaning of products in relation to what causes the dirtiness. Assessments on whether it can be cleaned are also a factor when private retro retailers buy for their shop. A private retro retailer explains how she with time has developed expertise in assessing whether a product is irreparably destroyed or can be cleaned:

"With time I have learned how to distinguish between something that is just very dirty, and something devastated before I purchase. (...) I know how to remove a layer of nicotine, and how to clean silver tin without ruining it." – Informant #11

Renew or restore

Renewing or restoring is a matter of either looking ahead or back in time.

1) Renew: By renewing the products second-hand retailers seek to increase the aesthetic value of a product, by e.g., painting or upholstering. Many argue that it requires lots of money, practice, and expertise. Hence some only accept products, that do not require any renewal. A private retro retailer tells:

"In the beginning, I paid an upholsterer, but the cost was too high, so I started doing it myself. It takes some practice, but it is getting better and better" – Informant #9

2) Restore: Restoring second-hand products is about re-establishing the intended look and hence value. Some highlight how they seek to bring back products to their original condition, as they feel it is disrespectful to e.g., paint or upcycle them. Instead, they seek to show the value of how the products were intended to be. Exemplified by a private retro retailer:

"When I buy a wooden table and see that the painting is not made by the factory, I always remove it. Sometimes it is mahogany that people paint! (...) I'll always try to get the products back to their original." – Informant #11

Repurpose or upcycle

Repurposing and upcycling both seek to make use of second-hand products. Repurposing does not require any adjustments but concerns a new use of a product, while upcycling requires physical changes of a product to support a new usage.

1) Repurpose: Some display their repurposing ideas in their shops and on social media. Many emphasize the importance of during so, as customers often cannot imagine how to style or use a product differently. A private retro retailer tells and shows (figure 2) how they demonstrate new purposes and underlines that they always find a purpose for their products before purchasing:

"They are meant to be in a vase, making sure the flowers stand nicely. That's what they were designed for, but we use them for brushes, pencils, incense sticks, or knitting needles. We find a way to use things, and it makes a difference. Some people cannot get those ideas by themselves" – Informant #10



Figure 2. Repurpose of flower fakir. Photo from a private retro shop.

2) Upcycle: Products with obsolete functionality are turned into new products to keep them relevant and usable. E.g., we found multiple private retro retailers purchasing

antique wallpaper printing rollers and turning them into lamps (figure 3)



Figure 3. Antique wallpaper printing rollers. The one to the right is upcycled into a lamp. Photo from a private retro shop.

History

Identify the history

In some second-hand retailers, we found sellers spend much time identifying the histories, in two aspects:

1) History of the product category: Providing the history of product categories is used to increase value. Further, a retro retailer tells how wear-and-tear can become valuable when customers get to know the story:

"Back in the days, dough dishes were used when you drew blood for blood sausage, and you had to whisk it to prevent the blood from coagulating. Some of these dough dishes have been used for generations, resulting in a hole in the glazing where the whisk touched. To some people it is ugly, but I also sell them due to the story" – Informant #10

2) Product-specific histories: Several retro retailers make a virtue of gathering information about their products, and some even prefer to buy from privates to get the 'extra value' the stories offer. A private retro retailer says:

"We sell history just as much as we sell goods. We tell the story of where the products come from and that helps sell them. When buying from privates, we always ask for the story. E.g.,

this cabinet is from a police station, and you can see where the guns were." – Informant #5

Discussion

The six identified product-related sales strategies do not occur with equal frequency. Some are commonly reported by informants, while others are only deployed at more 'high-end' or specialized second-hand retailers. Our study indicates the strategies are more or less advanced, hence some resell strategies require more knowledge, resources, and expertise, and are only deployed by a few, such as 'identifying the history', whereas 'pricing' is performed by everyone.

Looking at the frequency of the resell strategies, our study shows an advancement based on the knowledge and resource investment level of the retailer. In figure 4, each blue circle refers to a strategy performed on a product by second-hand retailers. The strategies are cumulative, meaning the pricing is the 'easiest, performed by all' where the larger the circle, the more of the six activities are performed.

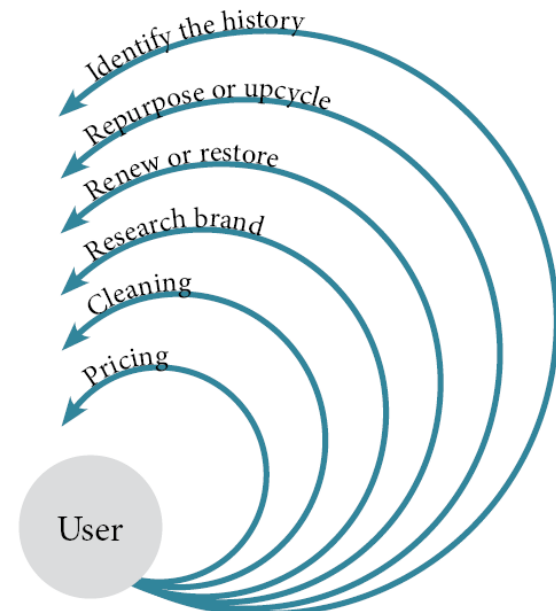


Figure 4. Accumulative strategies performed on products by second-hand retailers.

By studying the resell strategies of second-hand retailers the existing literature has been nuanced, and six product-related strategies have been identified. However, as it has not been a focus of this research, we cannot

conclude whether one resell strategy is more successful than the other, nor can we elaborate on the consumers' perspective on these strategies. Thus, we suggest more research on this topic.

Another study found three post-purchase rituals of consumers regarding second-hand products with similarities to some of our identified product-related resell strategies. Them being recovery rituals, divestment rituals, and transformative rituals (Gregson & Crewe, 2003). This indicates that some second-hand retailers perform activities, that otherwise would be required of the consumer to do. Thus, we suggest future studies of lead users in second-hand shopping, to explore whether they perform currently unknown activities, that can be adopted by second-hand shops, and hereby support the reuse of products.

This study indicates that private retro retailers, in general, perform more resell activities, compared to e.g., charity shops. The reason for this may be, that the private retro retailers depend on their own ability to sell products to pay rent, purchase new products, and pay their own wages. Yet, we have no insight into the economy and number of sales of these second-hand shops, and thus we cannot determine whether the increased number of resell activities pays off. Another explanation, often expressed by volunteers at charity shops, is that they lack time, money, and expertise. However, conversations at charity shops have revealed, that individual volunteers sometimes have ideas for e.g., repurposing the products. Yet not even one of the repurposing ideas has been observed demonstrated in any of the visited charity shops. These ideas have only been revealed through conversations. Thus, this indicates a potential, that is not yet realized.

Conclusion

This study contributes to the nuance of existing literature on resell strategies and identifies six product-related resell strategies performed by second-hand retailers. The cumulative product-related resell strategies are: 1) pricing, 2) cleaning, 3) research brand, 4) renew or restore, 5) repurpose or upcycle, and 6) identify the history. This knowledge is valuable to understand the mechanisms of second-hand markets, circular economy, and hence extending product lifespan.

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