

A Work Project, presented as part of the requirements for the Award of a Master's degree in Management from the Nova School of Business and Economics.

HOW TO ACTIVATE THE “NET-A-PORTER X REFLAUNT” RESALE PARTNERSHIP?

AN ANALYSIS ON STATUS SEEKERS LUXURY CONSUMERS

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Abstract

The growth of the online luxury second-hand market has increased the interest of luxury brands and retailers in the market. This work project aims to explore how to activate the seller side of luxury consumers for the “Net-a-Porter x Reflaunt” partnership, through qualitative research. “Net-a-Porter’s Experts” clients are the ones with more potential to engage with the partnership despite not actively participating in resale.

Given the specificities of status-seekers luxury consumers, it is important to study how luxury brands can attract them to resale. Findings evidence an opportunity to appeal to these consumers, given their new status profile, the positive perception of vintage pieces and the overlap of luxury goods and resale sneaker’s attributes.

Keywords:

Luxury, Fashion, Second-hand, Resale, Luxury E-commerce, Net-a-Porter, Reflaunt, Resale-as-a-Service, Consumer Decision Journey, Secondhand Luxury Sellers, Status

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Table of Contents

- 1. Introduction 3**
- 2. Contextual Background 4**
 - 2.1. The Luxury Second-hand Market 4
 - 2.1.1. Introduction and Definition of the concept of Luxury Second-hand..... 4
 - 2.1.2. The worth, growth and limitations of the market 5
 - 2.1.3. The ecosystem of online second-hand market..... 7
 - 2.1.4. The players of the online secondhand market 8
 - 2.2. Second-hand platforms competitive landscape..... 12
 - 2.2.1. Managed Platform: The RealReal 13
 - 2.2.2. Peer-to-Peer Platform: Vestiaire Collective 13
 - 2.2.3. Multibrand e-tailer managed platform: Farfetch Second Life..... 14
 - 2.3. Reflaunt 14
 - 2.4. Net-a-Porter 15
 - 2.5. Net-a-Porter x Reflaunt Partnership 16
- 3. Addressing the Work Project Topic 17**
 - 3.1. Challenge 17
 - 3.2. Methodology..... 17
 - 3.3. Project Limitations..... 20
 - 3.4. Research Insights 21
 - 3.4.1. Net-a-Porter Consumer Segmentation 21
 - 3.4.2. Second-hand Sellers Insights..... 24
 - 3.4.3. Net-a-Porter consumers relationship with second-hand 26
 - 3.4.4. “The Best of Both Worlds” Consumers..... 29
 - 3.5. Implications and Individual Reports 30
- INDIVIDUAL PART (Maria Carvalho) 31**
- 1. Purpose and General Overview..... 31**
- 2. Individual Contextual Background 31**
 - 2.1. How luxury consumers view status today..... 31
 - 2.2. Luxury brands’ resale strategies..... 33
 - 2.3. The sneaker resale market: a look into StockX..... 36
- 3. Research Insights 37**
 - 3.1. Insights on Status..... 37
 - 3.2. Insights on Luxury Brands' Resale Strategies 39
 - 3.3. Insights on Status in the Sneakers Resale Market 40
- 4. Diagnostic, Implications and Recommendations 42**
- List of References 45**
- Appendix 1: Methodology 48**

1. Introduction

“More than ever, our customers are looking for fashion that is not only designed to last, but can go on to be re-loved, (...) We see re-commerce as a true enabler to tap into greater product longevity by extending the lives of pre-loved purchases. This collaboration represents an exciting step in our long-term mission to drive the change at Yoox Net-a-Porter to a more circular fashion ecosystem.”

(Alison Loehnis, Net-a-Porter president of luxury and Fashion for Vogue)

This project was developed by three students from the Luxury Management stream at Nova School of Business and Economics, with the purpose of providing strategic solutions for the resale-as-a-service company, Reflaunt.

Currently, the online luxury second-hand market is a growing market and an established global trend. Despite the profitability of this market, luxury brands are still unsure about whether to enter or not and what strategy to follow, given the market specificities and complexity. For this reason, a new type of player entered the ecosystem, resale service providers, to assist luxury brands in the second-hand market and create them technological and operational solutions.

Reflaunt’s latest partnership was done with Net-a-Porter, the luxury e-retailer looking to enter the resale market. This partnership was the focus of our research with the aim of understanding luxury consumers’ characteristics and decision journey in the luxury second-hand market. With more examples of luxury brands partnering with resale-as-a-service companies to create resale platforms and being Net-a-Porter a place where avid luxury consumers shop, it is relevant to assess how this partnership can be optimized.

Firstly, we conducted secondary research to gather knowledge about the companies involved in the partnership, the luxury second-hand market and possible resale competitors.

Afterwards, the group focused on conducting primary data research, through in-depth semi-structured interviews, to identify Net-a-Porter consumer's and luxury second-hand seller's perceptions, needs and attributes.

The main finding from our research was that Net-a-Porter more mature and frequent clients are the ones who present more potential to engage in the online luxury second-hand market, despite not having much knowledge about how to proceed in this market.

Lastly, the group focused on four primary subjects that appear to be crucial in overcoming the following challenges: activation of luxury experts' consumers, their post-activation resale process and how to appeal to their luxury status profile.

2. Contextual Background

2.1. The Luxury Second-hand Market

2.1.1. Introduction and Definition of the concept of Luxury Second-hand

The second-hand luxury market englobes all personal luxury products that a first-hand buyer has acquired, that might have or not been used, that are then resold to a second-hand buyer in the secondary market. In other words, the concept of luxury second-hand recalls for the buying and selling of all luxury personal goods that have been pre-owned (Beauloye, *Luxury Resale: A Secondhand Strategy for Brands* 2021).

From the consumer perspective, in the past, second-hand luxury, and second-hand in general, was surrounded by the stigma that pre-owned items were unsanitary and for those who couldn't afford brand new ones (Santos 2020). Consumers did not recognize that there was a possibility to resell their luxury purchases and earn back part of their investments in the primary market. However, nowadays, the negative connotation given to second-hand goods

has diminished, and consumers are increasingly adopting this new form of consumption. (Yager 2021)

From the perspective of luxury brands, the resale of their products has been viewed as a challenge due to the fear of diluting their sense of exclusivity and suffering from cannibalization on the sales of first-hand purchases. Therefore, some luxury brands have been reluctant to support the second-hand market and have yet to consolidate their understanding of advantages of this growing market (Diderich and Theodosi 2021).

Nevertheless, the resale expansion of luxury goods could represent an opportunity for luxury brands. It can represent an opportunity to support long-term sustainable goals, evermore valued by consumers in current times. Moreover, it can also mean an increase in the sales of the primary market, as first-hand buyers who sell their pre-owned items are more likely to purchase brand new luxury goods. (Beauloye 2021)

2.1.2. The worth, growth and limitations of the market

In 2018, the global second-hand luxury goods market accounted for 7% of the \$365 billion personal luxury goods market reaching a value of \$26.8 billion in 2020 (Beauloye 2021). The second-hand luxury goods market is currently growing at a faster pace than the primary market and according to IMARC Group's forecasts, is forecasted to continue to grow at a CAGR of 10,3% from 2021 to 2026 (Imarc 2020).

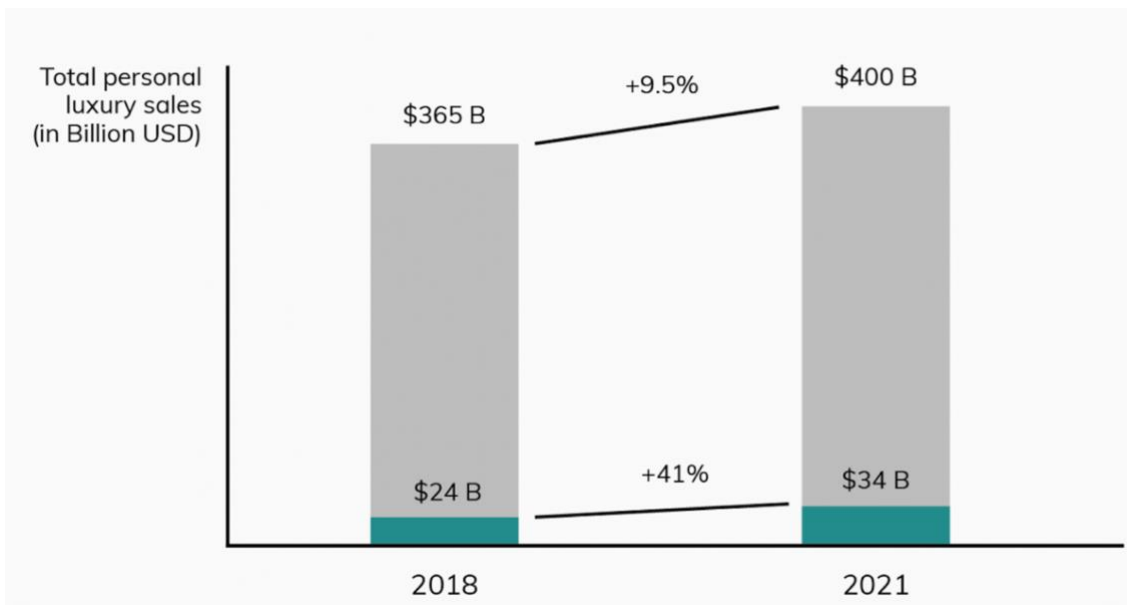


Figure 1. Growth of Overall Luxury Market vs Luxury Resale Market (Sources: Luxe Digital, BCG, Altgamma)

According to *BoF Insights – The Future of Fashion Resale Report* (Business of Fashion 2021), the drivers that support this rapid growth, in order of importance, are:

1. Outstanding composure and digital transformation of resale platforms
2. Exposure of the market to young and enthusiastic consumers
3. Reduce stigma towards second-hand proven by positive consumer experiences
4. Increased curiosity and desire for unique and scarce goods
5. Increased sustainability concerns and desire to engage in a circular fashion industry

Nevertheless, this market also faces challenges and limitations. The primary limitations faced are (F. U. Sponsor 2021):

1. Risk of counterfeits and need for strict quality control and authentication processes
2. Inventory growth dependent on consumers' supply
3. Customer operational frictions that affect willingness to participate and perception of items' quality and value, affecting the sell-through rates .

2.1.3. The ecosystem of online second-hand market

As stated in the previous section, the growth of luxury second-hand is partially driven by the development and improvement of resale platforms. Hence, it is relevant to analyse the online side of resale and its interactions. The online second-hand market, in general, is an ecosystem where buyers and sellers connect through an intermediary, the resale platforms. Recently, all players are also becoming influenced by brands and retailers, that started to enter the market. (Business of Fashion 2021).

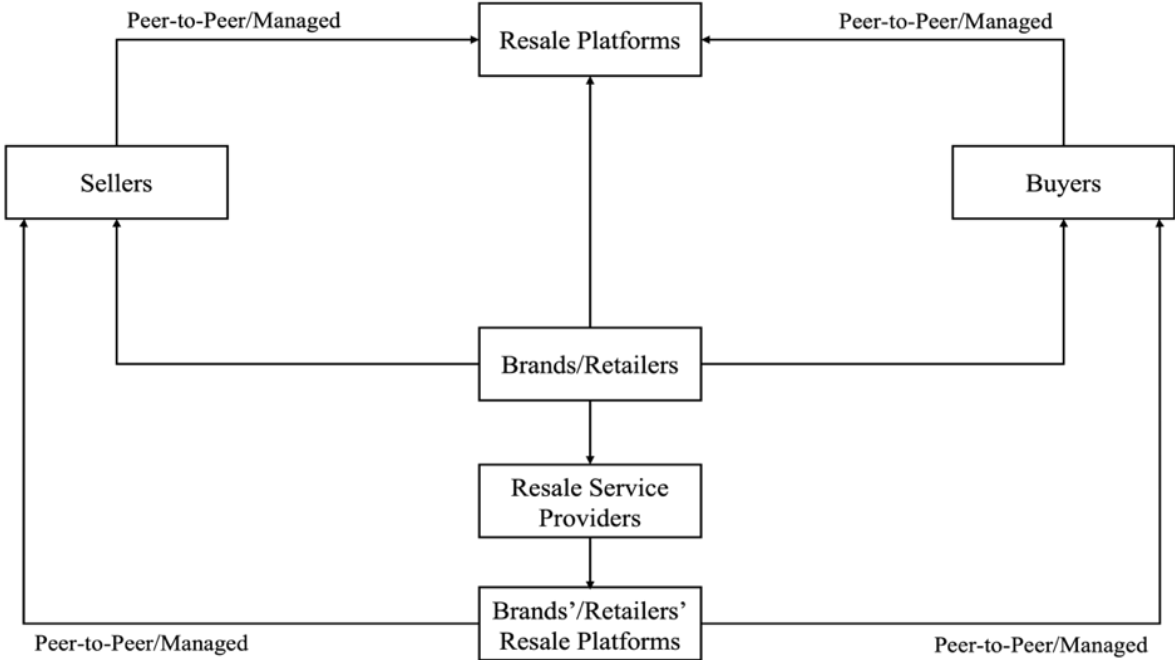


Figure 2. Online Second-hand Ecosystem (by Authors)

A more detailed review of each of the online luxury second-hand ecosystem players will be conducted in the section below.

2.1.4. The players of the online secondhand market

Resale Platforms

Resale platforms are online marketplaces that facilitate the sale of pre-owned goods, such as clothing, accessories or handbags, and where most second-hand transactions take place, nowadays. Moreover, the role resale platforms take on this ecosystem varies accordingly to the business model adopted by them (Business of Fashion 2021):

Peer-to-Peer (P2P) model: In such platforms, the users (buyers and sellers) interact directly and have the opportunity to create communities. In practical terms, sellers are asked to create a profile and manage the entire selling process such as uploading photographs, writing product descriptions and setting the selling prices. P2P platforms typically do not offer services to users; however, nowadays, they are increasingly investing in value-adding features to be competitive (e.g., authentication, mediation, shipping services). For all the characteristics described, P2P resale platforms tend to focus their offer on mass fashion products since there is less need for value-adding services, such as authentication (Business of Fashion 2021).

Managed model: In this business model, resale platforms act as an intermediary between sellers and buyers and offer differentiated value-adding services that facilitate as much as possible the transaction process. Furthermore, the most common services are upfront buyout (purchase of the item by the platform), consignment (holding of inventory and management of the listing), white glove consignment (same as consignment, but the items are collected at the seller's home) and quality control and authentication processes. Moreover, as more services are provided to clients, the commission rates charged to sellers tend to be higher than peer-to-peer platforms. For all the characteristics described, managed resale platforms generally

specialize in selling luxury and premium goods, as consumers who purchase or sell these items look for value-adding services (Business of Fashion 2021).

To sum up, the table below compiles the main characteristics of each type of platform.

Table 5: Resale Platforms’ Business Models Characteristics

	Peer-to-Peer (P2P) Resale Platforms	Managed Resale Platforms
Interactions	Sellers and buyers interact directly	Platforms are intermediaries between sellers and buyers
Services	Typically no services, but recently started to offer some managed services: authentication, mediation, shipping services, insurance, etc.	Upfront buyout, consignment, white glove consignment, quality control and authentication processes
Commissions	Smaller commission rates are charged on sellers	Higher commission rates are charged as more services are provided to sellers
Product Focus	Mass fashion	Luxury and premium goods

(Source: Business of Fashion, 2021)

Resale Services Providers

Resale platforms have a complex operational system, that includes the creation and management of a network of users and operational processes, like the cleaning and drying of items, payments and shipment, customer service and many others (Yrjola, Hokkanen and Saarijarvi 2020). Therefore, for players that do not have the know-how or infrastructures in place, entering the resale market could be a challenge. For this reason, resale service providers appeared to create solutions for brands and retailers that wish to enter the second-hand market and have their own resale platform.

In terms of business models, resale service providers can follow three different models. The first business model, peer-to-peer, describes resale providers that create marketplaces where buyers and sellers interact directly, offer customer service and supervision of the platform. In this model, neither the resale service providers or the brands and retailers keep an inventory, since users transact directly (Business of Fashion 2021). The second business model, managed, applies to businesses that manage the operational side of resale for brands/retailers, which includes, for example, the cleaning or listing of the items. Moreover, in this case, brands and retailers hold ownership over the inventory, since the items are sent back to them, after operational procedures (Business of Fashion 2021). The last business model is the hybrid, which defines companies that source operational and technological solutions to brands/retailers that want to create resale platforms. Additionally, depending on the level of engagement brands and retailers desire, a range of services can be provided by these resale service providers (Business of Fashion 2021).

Platform Users: Buyers and Sellers of Second-Hand

At both ends of a luxury second-hand platform are the users. At one end, we have the buyers that purchase the pre-owned luxury goods. At the other end, we have the sellers that supply the platforms with their luxury items (Business of Fashion 2021).

For our study, we will focus our analysis on the sellers of luxury pre-owned items. These consumers tend to be buyers of first-hand luxury goods, not avid buyers of pre-owned luxury items and they tend to use the proceeds from their sales in the second-hand market to purchase new luxury goods (Beauloye 2021). Apart from this, another characteristic that complement this peculiar behaviour of luxury second-hand sellers is their demographic characteristics as a younger tech-savvy generation, highly adaptable and vigilant to

sustainability acts and the need for a more circular fashion economy, mostly denominated below the age of 35 years old (Willesdorf, et al. 2020).

Furthermore, resale platforms are increasingly reducing consumer frictions by improving the services delivered or using digital innovations, like artificial intelligence, to improve the experience (Business of Fashion 2021). The goal is to attract and retain more users and be more competitive. Additionally, the improvement of the resale experience led to first-hand consumers changing the way they shop. With the possibility of reselling their luxury items and getting their investment back more quickly, consumers are trading up, by purchasing more expensive items, or purchasing more frequently, spending the same amount on individual goods overall (Ducasse, et al. 2019). In conclusion, the sale of second-hand luxury goods increases the seller's purchasing power in the first-hand market. (Ducasse, et al. 2019) Additionally, consumers' main motivations to sell their pre-owned luxury items are the resale value, sustainability and desire to engage in a circular economy, desire to have a minimalistic approach to fashion, and the simplicity of the selling process (Business of Fashion 2021).

Luxury Brands and Retailers

As stated previously, many luxury brands and retailers are still cautious of the luxury resale market. However, if luxury brands were to take back a fraction of their outstanding items and run luxury resale on their own, the landscape of pre-owned could change. (Beuloye 2021).

The question of how these players could choose to approach the resale market remains as there is not a one-way solution for brands and retailers to enter this market. Some of the possible entry strategies are partnering with a resale platform, becoming minor investors in a resale platform, building the resale marketplace in-house, outsourcing the creation of the marketplace to a resale service provider, becoming major investors, or acquiring a resale platform (Business of Fashion 2021).

Nevertheless, brands and retailers also influence the buyers and sellers of the second-hand ecosystem. On the one hand, as brands enter the market, some buyers may feel keener to shop directly with them, as brands represent a safer choice in terms of authenticity. On the other hand, some sellers may see an advantage in selling directly to brands, believing that they will receive a higher value for their item or that the process of authentication will be faster (Business of Fashion 2021).

2.2. Second-hand platforms competitive landscape

In the following part, we will analyse the competitive landscape within the second-hand platforms. Table 1 comprises a list of second-hand platforms that enable the resell of luxury and premium products.

Table 1: Second-hand Platforms’ Competitors Matrix

	Business Model	Worldwide Shipping	Product Category	Authentication	White Glove Consignment	Promotions	Partnerships	Users
TheRealReal	• Managed	YES	LUXURY	✓	✓	✓	✓	9 M
FARFETCH	• Managed • Incentive-based	YES	LUXURY	✓	✓	N/A	✓	N/A
VESTIAIRE (COLLECTIVE)	• Peer-to-peer • Some managed elements	YES	LUXURY/ PREMIUM	✓	✓ (just in London Area)	✓	✓	7 M
FASHIONPHILE	• Managed	YES	LUXURY	✓	✓	✓	✓	N/A
TRADESY	• Peer-to-peer • Some managed elements	YES	PREMIUM	✓		✓		1.5 M
LGS	• Managed	YES	LUXURY	✓	✓	✓		N/A
RF SEE	• Managed	YES	LUXURY	✓		✓		N/A
hewi.	• Hybrid	YES	PREMIUM	✓	✓	N/A	✓	N/A

(Source: Desk Research, 2021)

After analysing the matrix, three competitors that provide a comprehensive view of the competitive landscape have been chosen: The RealReal, Vestiaire Collective and Farfetch Second Life.

2.2.1. Managed Platform: The RealReal

The RealReal is the world's largest online marketplace for consigned and authenticated luxury items, and it operated under a managed business model. Founded in 2011, The RealReal offers customers a safe and secure platform to buy and sell luxury items, due to a thorough authentication process managed by more than 100 in-house specialists (Heerwagen 2021). The platform assists the circular economy by giving new life to pieces by hundreds of brands, from Gucci to Cartier, as a sustainable firm (Bloomberg 2021).

The Gucci fashion house, in fact, has entered the circular fashion economy thanks to its partnership with The RealReal. As part of the agreement, the platform has launched an e-commerce site dedicated to Gucci's second-hand proposals provided by both users and the brand itself (Equilibrium 2021).

2.2.2. Peer-to-Peer Platform: Vestiaire Collective

Vestiaire Collective is a platform available both as a website and as an application through which registered users can safely sell and buy fashionable and designer clothes, shoes, or accessories online and recover up to 80% of the purchase price (Vestiaire Collective 2021).

The business model adopted by the reselling platform is peer-to-peer, but they also offer a consignment service only in the London Area (Vestiaire Collective 2021).

In these last years, Vestiaire Collective collaborated with other companies to gain a competitive advantage. One example is the partnership with Mytheresa, which aimed to drive

the fashion industry's shift towards more sustainable practices by introducing a resale service dedicated to Mytheresa's high-end luxury customers (Vestiaire Collective 2021).

2.2.3. Multibrand e-tailer managed platform: Farfetch Second Life

Farfetch Second Life is a resale platform managed and powered by Farfetch, a luxury, fashion and design goods online retailer. The initiative belongs to Positively Farfetch – a mission owned by the company to promote a platform for good in the luxury industry – and motivates loyal consumers to act sustainably on resale (Farfetch 2021). Their business model consists of an incentive-based (Farfetch credit) managed business model. It offers a buyout option on second-hand luxury bags in exchange for credit to be spent on Farfetch's website. As for now, the platform only undertakes second-hand bags, but it is planning on expanding its product portfolio (Upadhyay 2021).

2.3. Reflaunt

Founded in 2017, Reflaunt is a technology company working under a resale-as-a-service business model, catering to brands and retailers that aim to enter the second-hand market. Building the bridge between luxury brands and second-hand marketplaces, offering technological and operational solutions, Reflaunt's operational model works on sourcing the original product's description from the brand/retailer's database, streamlining the resale product's listing in just a few clicks. The resale-as-a-service company offers luxury brands and multi-brand retailers not only specialised services, such as concierge or white glove consignment services and the "Smart Button", but also a vast global network of more than 25 second-hand marketplaces. Moreover, their resale service serves as an opportunity to leverage

the engagement of existing customers accurately, encouraging customer retention and attaining a more sustainable-driven audience. (F. U. Sponsor 2021)

The company's missions are to bring a valuable seamless experience for resale customers, mainly focusing on second-hand sellers; and to incentivise positive, conscious consumption by promoting the long-lasting value of fashion items. (F. U. Sponsor 2021).

Additionally, Reflaunt aims to disrupt the industry by presenting solutions that overcome the limitations found in the second-hand industry regarding operational frictions (F. U. Sponsor 2021), that negatively impact consumers' perceptions of the resale process and trustworthiness. They do so by introducing and engaging brands and retailers into the second-hand market, providing personalized resale services, mitigating the risks, and overcoming the challenges. (Sponsor 2021)

2.4. Net-a-Porter

In 2000, Net-a-Porter, one of the world's biggest multi-brand luxury retailers, was launched under the concept of a fashion magazine in a website format, where users could buy the products by clicking on them. After its merger with Yoox in 2015, the group Yoox Net-a-Porter is now owned by Richemont (Wiseman, 2010).

Centering their offer for females, Net-a-Porter presents a curated selection of over 800 renowned designer brands and 200 high-quality beauty brands (Net-a-Porter 2021). Indeed, Net-a-Porter's consumer base is mostly female and whose profile corresponds to professional and entrepreneurial women, within an average age gap between 25 to 40 years old, with a vast knowledge on fashion and the overall industry, who appreciate Net-a-Porter as a destination where they can feel the advantage of buying luxury online (MartinRoll 2017).

Additionally, as it has been common in the luxury industry, Net-a-Porter operates with a wholesale model, purchasing and holding inventory from brands (Chitrakorn 2021). However,

the company does more than merely selling products. It also generates material for its website, social media, and print magazine “Porter” that it knows will appeal to its target clients (Stratten 2019).

Regarding services, Net-a-Porter has impressed connoisseurs by delivering online the kind of hyper-personalized services that luxury brick-and-mortar stores provide. With a fast worldwide delivery system, the company also prides itself on its personal shopping service, available 24 hours a day, that offers the possibility of an “at-home” consultation, helping the brand to deliver an even more tailored experience (Net-a-Porter 2021).

The luxury e-retailer does not have an extensive loyal client base, as only 2% of its clients account for 40% of the website’s total sales. Nevertheless, as the brand refers to them, these Extremely Important Persons (EIPs) are the primary focus and are entitled to various unique benefits (Wiseman, The Guardian 2010).

2.5. Net-a-Porter x Reflaunt Partnership

Reflaunt x Net-a-Porter is the latest partnership Reflaunt was made to in order to incentivise interactions in the second-hand luxury market. This partnership offers Net-a-Porter clients the opportunity to resell their luxury products, supporting the development of a more circular economy movement within Net-a-Porter while promoting for customer retention.

The Net-a-Porter x Reflaunt resale service, in practical terms, consists of an immediate buy-back service of in-store credit with an extra 10% incentive or direct bank transfer, a way for Net-a-Porter consumers to sell their luxury items and in return get part of their investment back. (Yoox Net-a-Porter Group 2021)

Additionally, the company provides a complimentary concierge and drop-off service and an operational in-house product listing on a great network of more than 25 global resale marketplaces (F. U. Sponsor 2021).

The main goal of the partnership and the concept behind Reflaunt as a resale-as-a-service company is to remove the “labour” out of resale, offering the most effortlessly and seamless experience to luxury clients, eliminating the limitations that profoundly harm sellers’ experience in the second-hand market (Adamiyatt 2021).

3. Addressing the Work Project Topic

3.1. Challenge

More and more luxury brands and retailers are trying to enter the second-hand market, predominately dominated by marketplaces. Due to this, luxury brands are uncertain about the decision to get into resale and how to enter it. A partnership is one of the many possible entry strategies for those who want to participate in the second-hand market. Indeed, this is the strategy Net-a-Porter adopted in collaboration with Reflaunt. Nevertheless, in order to understand how to convert first-hand luxury buyers into luxury second-hand sellers, it is necessary to identify their behaviours and needs. As a result, the following research problem was addressed: How to activate each step of the online Consumer Decision Journey for luxury second-hand?

3.2. Methodology

Our research journey started by gathering secondary data, based on desk research, through online articles, retailers, and platforms websites, and academic and companies reports. The secondary data was crucial to gain knowledge about our research problem. This process was followed by the gathering of primary data that we will further explain in the following sections.

Research Method: For our research, which focuses on the relationship between consumers and both Net-a-Porter and second-hand platforms, we chose to use a **qualitative method**. This method allows for disclosing someone's opinion about themes, showcasing their perceptions and stereotypes (Tracy 2019), understanding their language, behaviour, and thoughts (Natasi and Schensul 2005). This approach was crucial for our research since we wanted to fully comprehend consumers' more suppressed emotions, motivations, and perceptions regarding their experiences with the diverse platforms.

Interviews: The data was collected through online in-depth semi-structured interviews. For the purpose of our study, the need to gather insights for two separate target groups became evident: Net-a-Porter consumers and luxury second-hand sellers. Due to their different characteristics and behaviors, we developed distinct interview guides, for each target, starting with a broad initial question complemented with diverse topics to be developed guided by the consumer decision journey model (Appendix 2, Table 6 and 7). Moreover, in order to find fitting respondents, a pre-recruiting questionnaire (Appendix 2, Tables 8 and 9) was sent to acquaintances, professors and other thesis advisors and spread through social media (Facebook and LinkedIn luxury groups, followers of Net-a-Porter and resale platforms Instagram profiles).

Sample: Overall, we conducted 21 in-depth semi-structured interviews, with 11 respecting the Net-a-Porter target group and 10 belonging to the second-hand sellers' group. Successfully, we were able to reach a diversified sample in terms of nationality, professional occupation, and age group. See Table 2 and Table 3 below.

Table 2: Net-a-Porter’s In-Depth Interviews Demographics

Interviews Age Range	Number of Interviewees		Nationality	Current Occupation	Sampling Criteria
<25 years old	2	Total	American Portuguese German French/Belgian Russian Brazilian Italian	Stylist/ Fit Model Tech-Company Junior Employee	1. Female 2. Knows retail platform Net-a-Porter 3. Purchased at least one item at Net-a-Porter in the past 12 months 4. Comfortable with the idea of selling luxury or fashion items online 5. Can have or not experience in reselling luxury or fashion items
25-45 years old	6	11		Retired Brand/Product Manager	
>45 years old	3			Lawyer Creative Assistant	
				Marketing Analyst Project Manager	
				Artists Student	

(Source: Primary Research, 2021)

Table 3: Luxury Second-hand Sellers’ In-Depth Interviews Demographics

Interviews Age Range	Gender of Interviewees		Number of Interviewees		Nationality	Current Occupation	Sampling Criteria
<25 years old	Female	2	3	Total	American Portuguese	Stylist/ Fit Model Tech-Company Junior Employee	1. Both male and female 2. Have purchased a luxury item in the past 3. Have sold an item at an online luxury resale platform: The RealReal, Vestiaire Collective, Luxury Garage Sale, ReSee, Tradesy, Fashionphile, Hardly Ever Worn It, Farfetch Second Life
	Male	1			Greek/German Belgian	Student Artistic Director Assistant	
25-45 years old	Female	6	7	10	Danish Russian	Creative Director Entrepreneur	
	Male	1			Brazilian Italian	English Teacher Fashion company employee	
					French/Italian	Project Manager	
					Stylist		

(Source: Primary Research, 2021)

Data Analysis: As our interviews were recorded, via video or audio, the first action we took was to listen to the recordings and transcribe them, considering possible non-verbal

communication. Subsequently, we identified that the best approach would be to conduct a topic analysis. To do so, we created two separate tables, according to the two categories of insights (Net-a-Porter consumers and second-hand luxury sellers), used the topics to be developed as our main topics and completed it with our respondents' quotes (Appendix 2, Table 6 and 7). Through topic frequency and most mentioned keywords, we identified that there were two distinct consumption behaviours inside the Net-a-Porter consumers: "Net-a-Porter Experts" and "No Strings Attached Net-a-Porter consumers". Lastly, preliminary conclusions were taken in order to develop a clear understanding of our insights.

3.3. Project Limitations

The study developed presents some limitations, mainly regarding the research sample. Firstly, it was challenging to encounter people who fit our selection criteria and were willing to be interviewed.

Consequently, this led us to achieve a small size sample; however, we believe that the sample we gathered is still representative of the reality of who are the Net-a-Porter consumers and the luxury second-hand sellers. From our contextual background, the current Net-a-Porter consumers are professional women, between the ages of 25-40, with deep knowledge about fashion, which coincides with the characteristics of our sample (MartinRoll 2017). Moreover, the majority of second-hand luxury sellers corresponds to a younger tech-savvy generation, below 35 years old, highly conscious about sustainability issues and circular fashion, which, once again, aligns with our sample (Willesdorf, et al. 2020).

On the other hand, another study's limitation is that our project undertakes only one research problem, but we researched two different target groups. This occurred for us to better understand the motivations and behaviours behind the platform under study - Net-a-Porter - and the market of interest – the luxury second-hand market.

Additionally, there is a biased perception on some of our research topics, as the sample of respondents we got consisted of people with knowledge about the industry since they worked/had experience working in fashion and luxury. This biased information contributed to a more partial perception of both Net-a-Porter and the luxury second-hand market, which made some topics not necessarily recalled by unconscious perceptions but more by experience and conscious recognitions and formulated opinions on the industry.

3.4. Research Insights

This section is based on our semi-structured in-depth interviews, which enabled us to identify patterns of resemblance among respondents based on their motivations, lifestyle, and age. We organized our research insights into three main groups of subjects: the insights about the Net-a-Porter Consumers, the findings regarding luxury second-hand sellers in the luxury second-hand market, and, lastly, about Net-a-Porter consumers' who had already experience of reselling in the second-hand luxury market.

3.4.1. Net-a-Porter Consumer Segmentation

The starting point for the Net-a-Porter consumers group interviews was the initial question aimed at understanding what were Net-a-Porter consumers' perceptions about previous experiences and the reasons behind their latest luxury purchases through the platform. Overall, sales and product availability were the main key factors that justified their purchase and that most consumers reached the platform already with product in mind.

A common thread between all respondents was in regards to what they consider positive about their experience and what they value the most on the platform: its easiness and effectiveness on use, which were referred as essential characteristics when engaging with

luxury e-commerce platforms. Additionally, incentives are a desirable common interest, being discounts the most important of all mentioned and value-adding when it comes to online purchases.

Nevertheless, a negative aspect agreed on by our sample was about the platform's purchasing process and experience that is related to operational problems. The platform's shipping issues and lack of attentive customer service, negatively impact their journeys and perceptions of Net-a-Porter as a brand in itself, as the sense of luxury belonging to the platform is a crucial factor to ensure a seamless and luxurious experience from beginning to end.

However, distinct behaviours and perceptions among respondents throughout other phases of their online luxury consumer journeys, led us to the realisation of two different consumer segments, whose insights could be grouped, as their experiences became similar due to their consumer profile. On one hand we have "The Net-a-Porter Experts" group, who are portrayed as appreciative of Net-a-Porter and as consumers that reach for the platform due to satisfactory previous experiences and, on the other hand the "No strings attached Net-a-Porter consumers" who could be described as consumers who had less positive experiences, that do not find any value-adding characteristics on the platform and that only sometimes go to Net-a-Porter.

"Net-a-Porter Experts" vs. "No Strings Attached Net-a-Porter consumers"

The "Net-a-Porter Experts" consisted of **6 out of 11 of our respondents**. Their profile was defined as respondents who had a broader knowledge and understanding of the fashion industry and the Net-a-Porter brand. Their profile is not necessarily loyal to the platform, but Net-a-Porter was undoubtedly one of their top choices when consuming luxury online. Besides, their notable and frequent engagement with the platform was relevant as their consumer experience was positive and pleasant. Additionally, the awareness of the benefits

and incentives the platform keeps offering them, from promotion codes to curated suggestions based on their previous choices and, their admiration of the platform’s visuals, curation, and sense of luxury. “Net-a-Porter Experts” are highly appreciative of having a curated experience and recognised having one on the platform, through being offered guidance from personal shoppers and suggestions and styling options appropriate to their consumer profiles, which added to their experience being positive and seamless.

On the other hand, the “No strings attached Net-a-Porter consumers”, the remaining **5 out of 11 respondents**, were portrayed as the ones who would go to many platforms to buy luxury and premium goods and would only sometimes reach out to Net-a-Porter. This group of consumers was not as satisfied with their experiences as the other group and did not find anything that would positively differentiate Net-a-Porter compared to its competitors.

Table 4: Net-a-Porter’s Consumer Segment Characteristics

“Net-a-Porter Experts” clients	“No Strings Attached Net-a-Porter Consumers”
Mature luxury clients, knowledgeable about the fashion industry and highly appreciative of Net-a-Porter	Don’t find anything special about what Net-a-Porter offers
Positive consumer experiences at Net-a-Porter	Less positive consumer experiences at Net-a-Porter
Not loyal consumers but Net-a-Porter is one of their top choices	Prefer other e-retailers, only occasionally go to Net-a-Porter
Value the curation of the products and the luxury look and feel of Net-a-Porter	Only choose Net-a-Porter when a specific product is available or discounted

(Source: Primary Research, 2021)

Set of initial key factors when choosing a platform

When asked about the initial set of characteristics that would define their choice of platform, the differences between the two groups were visible. “Net-a-Porter Experts” stated that their

choice was based on the platform's luxury look and feel, the rewards and discounts offered, the platform's organization and interface, and the notion of trust and quality that the company constantly reassured. Indeed, for the "No strings attached Net-a-Porter consumers", as less engaged consumers, their choice is marked by the product's availability and convenience, besides the discounts' offered and the less expensive shipping costs.

Choice and Influence

Regarding choice and the influence behind it, "Net-a-Porter Experts" are highly responsive to the platform due to their knowledge about the fashion industry and their appreciation of the platform's visuals and its appealing editorial look, as well as its curation of products and brands' portfolio. Moreover, as expected, the influence behind the "No strings attached Net-a-Porter consumers" derives from the product's availability, brand portfolio and word-of-mouth, as they are not as susceptible to other benefits the platform has to offer.

3.4.2. Second-hand Sellers Insights

Luxury Second-hand sellers are very attentive when it comes to choosing the perfect platform they will use. Below the main insights of our qualitative research will be highlighted.

Young and Tech-Savvy

The luxury second-hand platforms are visited mainly by young and tech-savvy consumers that do not have problems uploading pictures online or following the sales process with the various buyers. This is verified by the fact that the average age of respondents for luxury second-hand sellers (26 years old) is lower than the group of Net-a-Porter customers (35 years old). Indeed, these sellers do not struggle with digital matters and have time and skills to follow sales processes and do research online, which makes them more aware of the

platforms, processes, and tools they are using. Therefore, some of the younger respondents even sell on behalf of their parents.

Getting part of the investment back

One of the top characteristics that sellers take into consideration when choosing a platform is commission policies. Additionally, most of them also expressed that they would like to receive rewards related to commissions (e.g., a decrease in commission according to the number of items sold on the platform). As we expected, this is linked to the primary motivation why a significant part of our respondents decided to put one fashion or luxury item up for sale: getting part of the investment back.

From this insight, we observed that most respondents recognize that selling their luxury pre-owned items opens them to the possibility of later using the profit to buy brand new items on the primary market.

The demand for a Seamless Experience

When it comes to analysing the key factors to assist sellers in searching for the perfect platform, easiness of use was one of the most mentioned ones, and the convenience of the process, when it comes to the following step of choosing a platform. Sellers highly value the condition of using a service that is simple and not time-consuming. This is especially true for more mature sellers (above 35 years old), who are not used to using platforms as spontaneously as younger sellers. Even the fact that the choice of platform is based on past experiences is partly determined by the fact that sellers do not have time to inform themselves and get into the logic of other platforms.

Need for trust

Sellers are growing more demanding, and they are looking for platforms that will help them make more money and better understand the process. One of the top 3 characteristics considered when choosing a platform was “**Brand Awareness and Trust**”. For this reason, word of mouth from trusted friends or people who have already used the platform is one of the reasons why consumers choose a platform. Moreover, the interviews revealed that the most appreciated services are **authentication**, present and attentive **customer service**, **transparency for pricing policies** and **traceability of shipments**.

The apparent lack of trust present in the luxury second-hand market is evident. On one side, it can be a barrier to entering the market and, on the other, a dealbreaker when choosing a platform depending on the product’s price point.

Clear and Straightforward Communication

The form of communication is another crucial factor when it comes to interacting with consumers, most of whom, from our analysis, expressed a preference for clear, interactive, and personalized communication. Personalized e-mails, social media and forecasts are incidence factors regarding the affection to a platform.

3.4.3. Net-a-Porter consumers relationship with second-hand

After both consumer segments were identified and analysed, it was crucial to assess their relationship with the second-hand market regarding willingness to participate, past experiences, motivations and payment and communication preferences.

General Insights about Net-a-Porter consumers

In general, all Net-a-Porter consumers acknowledge that engaging in the resale of their luxury items is a possibility and that having a renowned brand, like Net-a-Porter, associated with a resale initiative gives them more confidence and trust to enter and experiment with the second-hand market. Additionally, all clients also had some level of knowledge about resale and were able to identify that it is a growing market. Moreover, in the past, **6 out of the 11 Net-a-Porter consumers** interviewed had sold or put up for sale a luxury or premium item through an online platform. This seems to indicate a generalised awareness of the growing second-hand luxury market and some experience in reselling items.

“Net-a-Porter Experts” Consumers

As stated previously, all Net-a-Porter clients did not reject the possibility of engaging in resale, but the “Net-a-Porter Experts” consumers were the ones who found the proposition of selling their items through a Net-a-Porter channel valuable. Nevertheless, the “Net-a-Porter Experts” consumers do not necessarily have much experience in reselling or buying pre-owned items. Indeed, **3 out of the 6 “Net-a-Porter Experts” clients** are more mature luxury clients, above 36 years old, that never thought about selling one of their luxury goods.

One of the main motivations behind every second-hand seller is getting part of their investment back, as we identified through our contextual background research and confirmed through our findings from the second-hand luxury sellers. However, for the “Net-a-Porter Experts”, it is more than just being able to recover some of the investment they made; it is also about engaging in a circular fashion and being able to give a new purpose to their pre-owned goods.

The motivations behind the decision to sell a pre-owned item can be connected to the payment preferences of “Net-a-Porter Experts” clients. Despite preferring monetary

payments, these consumers did not oppose to the store credit system and affirmed that if provided with an extra incentive, they would most likely switch their payment preferences. Moreover, “Net-a-Porter Experts” acknowledged that this payment method would give them the opportunity to go back to Net-a-Porter and continue their experience with the platform. Regarding communication preferences, “Net-a-Porter Experts” consumers are willing to be contacted through multiple touchpoints and channels, such as emails, newsletters, push notifications, and social media. Additionally, it is extremely important for these consumers that the communication about resale maintains the visuals and luxury feel that characterize Net-a-Porter and the feeling of personalized and curated experience and is informative and assists them in the process and in understanding what is in demand in the luxury second-hand market.

“No Strings Attached Net-a-Porter Consumers”

Contrarily to the previous consumer segment, the “No Strings Attached Net-a-Porter” consumers did not find the opportunity to engage in resale through a Net-a-Porter channel valuable, since the e-retailer is not one of their top choices for purchasing luxury and fashion goods online. Additionally, these consumers did not believe that the selling proposition would be a strong reason for them to change their retailers’ preferences. Nonetheless, the majority of “No Strings Attached Net-a-Porter” consumers expressed having previous experience in reselling their luxury items online.

Concerning payment preferences, and due to their shopping behaviour, the “No Strings Attached Net-a-Porter” clients completely reject any payment method that is not monetary, since they do not purchase regularly at one specific platform and are more driven by money. In fact, these consumers aim to get the highest value for their items when selling and paying

the lowest amount possible when buying. Additionally, it would require high levels of incentives to guarantee that these clients would return to the Net-a-Porter platform.

Regarding communication preferences, as they are not frequent users of the platform, they only want to receive Net-a-Porter's communication when they decide to go to the website or app. For the "No Strings Attached Net-a-Porter" clients, it is crucial that the communication is direct, not overwhelming, and not imposed on them.

3.4.4. "The Best of Both Worlds" Consumers

After conducting all interviews and gathering all insights from the two different market research topics, we understood that another group of consumers should be analyzed: **the 6 out of 11 Net-a-Porter respondents** who have experience in reselling luxury items online. This group is relevant as it showcases the connection between both Net-a-Porter consumers and luxury second-hand sellers. We named it "The Best of Both Worlds" consumer group, as it highlights the common key factors that characterize both market research insights and whose behaviours and perceptions make them a truthful new consumer profile for our study on the partnership.

We observed that age and innate digital skills are the differentiator factors between this group and Net-a-Porter consumers that have not sold in the second-hand market. "The Best of Both Worlds" consumer group belongs to a younger generation, within an age range of 23 to 36 years old, who consider themselves tech-savvy and concerned with sustainability matters. This somewhat contradicts the initial idea that Net-a-Porter consumers belong to an older generation of more mature luxury clients. Nevertheless, this may be justified by the fact that this group is highly educated about the fashion industry or immersed in it professionally.

The insights gathered on this new consumer profile came to reassure our previous findings on both Net-a-Porter and the luxury second-hand market. For Net-a-Porter, they confirm that the

platform's visual and curation, the sense of luxury, and the ease of use/convenience are the most valued characteristics for their consumer experience. Regarding the second-hand luxury market, the findings prove that the motivations behind the decision to resell and the need for a guarantee of trust are the same as the luxury second-hand sellers. However, even though they are aware of commissions, they do not respond to them as sensitively. Additionally, their behaviour confirms that their engagement with the second-hand market impulses their purchases in the primary market.

3.5. Implications and Individual Reports

The main challenge our research faces is convincing Net-a-Porter consumers, who are first-hand buyers of luxury, to engage in second-hand and sell their luxury products.

After the research insights analysis, we decided to target a specific consumer segment, the **“Net-a-Porter Experts” consumers** that are fashion connoisseurs, regular buyers in the platform and mature luxury clients. Indeed, their characteristics and behaviours present the most potential to help us answer our challenge. Additionally, we identified that the “Net-a-Porter Experts” consumers showed a positive attitude towards the possibility of engaging in resale. In other words, “Net-a-Porter Experts” clients do not reject and may even value the selling proposition of the second-hand market. However, such consumers do not actively engage in reselling their luxury items and have little knowledge about how to proceed with their resale journeys regarding where and how to sell items online.

To further explore the research question, the individual projects will focus on analysing the segment that showed the biggest potential, the “Net-a-Porter Experts” clients, regarding their consumer decision journey as buyers, as sellers and to appeal to their luxury status profile.

INDIVIDUAL PART (Maria Carvalho)

1. Purpose and General Overview

Mature Net-a-Porter clients rose from the qualitative interviews as the consumer segment with more potential to engage in the “Net-a-Porter x Reflaunt” partnership. These consumers possess a vast stock of luxury items and value the luxury feel and exclusiveness deeply, making them status seekers luxury consumers. Moreover, such consumers do not oppose to resale but do not actively engage in it. For this reason, this report aims at understanding how can luxury brands appeal to the status of luxury consumers and convince them to resell. It begins with a contextual background to identify how luxury status is perceived today, the strategies implemented by luxury brands in the resale market, and how the sneaker’s resale market can serve as an example for the luxury resale market. Then, insights linked with the findings from the “Net-a-Porter Experts” clients and Luxury Second-hand Sellers’ interviews are presented, along with recommendations to attract status seekers luxury consumers into resale.

2. Individual Contextual Background

2.1. How luxury consumers view status today

Traditionally, it is believed that luxury exploits social stratification and is used by the elite to signal distinction and confirm their status in society (Dion and Borraz 2017). It is considered an exclusive privilege that only a happy few can access. Moreover, material assets traditionally indicate someone’s position in society and which social group they belong to, either for self-presentation reasons or social pressure (Pino, et al. 2017). Nevertheless, despite status exhibition remaining an essential driver of luxury purchases, primarily for recently wealthy consumers (Dion and Borraz 2017), different approaches to this concept have arisen.

More recently, studies have identified that even though luxury clients may, in fact, purchase such goods due to external motivations, such as showcasing wealth and

disassociating from the crowds, a new set of motivations based on the self also influences luxury consumption (Pino, et al. 2017). In this recent consumption behaviour, luxury consumers emphasise feelings of pleasure, relaxation and entertainment and the importance of expressing themselves over displaying possessions (Kapferer 2010). Additionally, they purchase luxury goods from brands that not only echo their lifestyles, values and identity but also are valued by their in-groups, providing them with a sense of comfort (Han, Nunes and Drèze 2010). Some researchers have defined this new behaviour as “hyperconsumption”, which integrates more domains of society and inspires a more personal motivation for luxury consumption (Lipovetsky 2005).

The topic of luxury consumption and its motivations have been studied for many years, and from this research, different concepts and approaches have been defined.

Status consumption vs. conspicuous consumption: The difference between these two behaviours is that conspicuous consumption centres around the evident display of possessions. In contrast, status consumption focuses more on the personal side of owning assets that may or may not be publicly displayed (O'Cass and McEwen 2006). In other words, status seekers consumers tend to consume luxury goods that align with their personal tastes and values. In contrast, conspicuous consumers purchase such goods to overly showcase success, reinforce their image and elevate their social position, placing more importance on the reaction of others to their wealth than the products themselves (Pino, et al. 2017).

“New Luxury Paradigm”: Defined by Silveira (2020), this new luxury approach states that there is a necessity for a duality of functions on luxury products: an individual function, centred around “substance”, where luxury is an individual experience of pleasure for the self; and a social function, centred around “symbol”, where luxury represents a social statement. Moreover, inside this social function, we can have consumers with a high profile, that value being seen and noticed using certain luxury goods, or consumers with a low profile that value

minimalism. For the focus of the study, high profile consumers are the relevant ones, and so, this approach identifies two sub-categories, according to the level of luxury maturity: logo driven consumers, typically less mature consumers or markets, or responsible luxury, followed by mature fashion consumers that are conscious of their consumption habits. In other words, this approach showcases those mature luxury consumers consider more than the display of status when purchasing this type of goods. They consider the individual pleasure they experience and the alignment with their concerns and conscious habits.

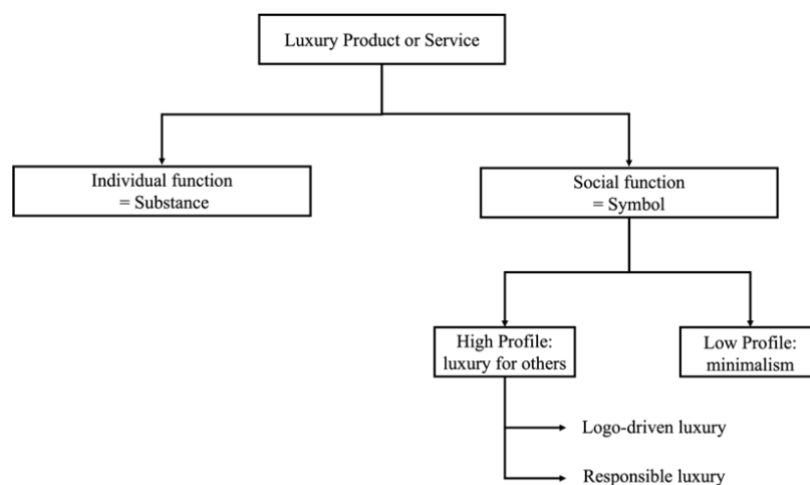


Figure 3. "New Luxury Paradigm" approach scheme by author (source: Professor Catherine de Silveira)

Sustainability for Status: According to Griskevicius, Bergh and Tybur (2019), consumers concerned about status, when shopping in public, increasingly opt for sustainable products over luxury non-sustainable products. Moreover, this study evidence that status seekers consumers care about signalling to others that they are not pro-self in order to build a pro-social reputation.

2.2. Luxury brands' resale strategies

Despite the reluctance of some luxury brands, others are moving towards a changing attitude in luxury and entering the resale market (Sina 2021). Nevertheless, the strategy used to enter the resale market is not unique. Some ventured independently, others by partnering with a resale platform or investing in one.

Brands with an independent resale service strategy: Luxury brands such as Jean Paul Gaultier, Valentino and Gucci have launched their resale services independently, each with specificities. Jean Paul Gaultier's first moves towards resale were taken by creating a section that offers the brand's vintage pieces for sale (Biondi 2021). Moreover, the luxury fashion house announced that it would take another step towards more sustainable practices by renting its extensive archive of pieces (Lim 2021). Similarly, Valentino now offers its consumers the possibility of returning their vintage items to a selection of boutiques in return for store credit to be spent in the brand's stores (Lim 2021). Moreover, after being authenticated, the items will be sold under the Valentino Vintage label (Biondi 2021). Additionally, despite having partnered first with a resale platform, Gucci launched its online resale concept store, Gucci Vault, where consumers can purchase a selection of reconditioned Gucci items, such as handbags or homeware, selected from suppliers and auction houses (Fury 2021). Furthermore, the exclusivity of these new or nearly new vintage items seems to drive the resale market, just like the exclusivity of limited-edition collections in the primary market (Lim 2021).

Brands with an investment strategy: Luxury conglomerate Kering chose a different strategy and invested in Vestiaire Collective, a resale platform. This strategy that signals a change in the luxury second-hand goods market (Lim 2021) aims to recruit "the consumers of tomorrow" and allows for data gathering on brand desirability and shopping behaviours (Sina 2021).

Brands with a partnership strategy: One of the most used strategies to enter resale is a partnership with a third party, a resale platform. According to Vestiaire Collective, such partnerships have helped increase consumer engagement with brands and reach new audiences (Diderich and Theodosi 2021). For example, Stella McCartney, Burberry, and Gucci partnered with The Real Real, following a store credit approach or creating a microsite

on the resale platform with curated pre-owned items supplied by consumers and the luxury label (Segran 2021). Additionally, luxury department store Selfridge’s, online luxury fashion retailer Mytheresa, and luxury brands Mulberry and Alexander McQueen partnered with another resale platform, Vestiaire Collective (Diderich and Theodosi 2021). Alexander McQueen partnered on a program called “Brand Approved”, where the luxury brand contacted its best clients and offered them store credit in return for past seasons pieces that would later be sold on Vestiaire Collective with a note of approval from the brand (Segran 2021).

These changes show the luxury industry’s adaptation to more sustainable practices (Lim 2021), a way for brands to reach a new audience and a strategy to discourage counterfeits (Sina 2021). Nevertheless, when analyzing the top three luxury brands in terms of brand value, Hèrmes, Chanel and Louis Vuitton, they are the ones who do not want to enter the resale market, despite having the highest average resale values (Rebag 2021).

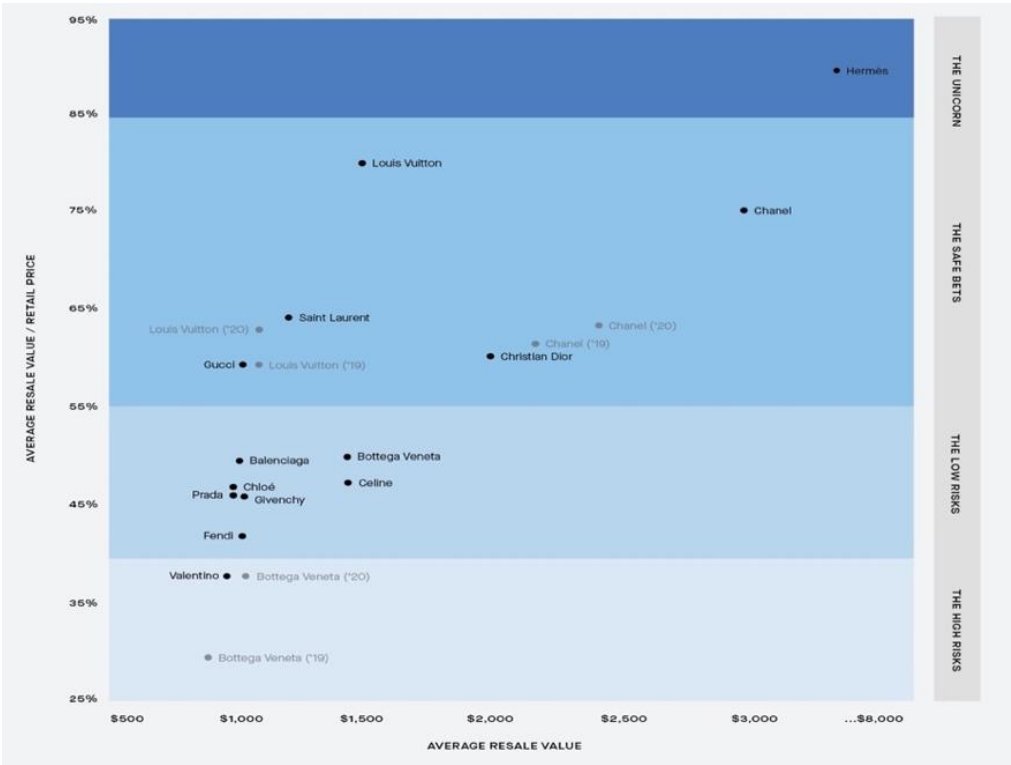


Figure 4. The Value of Luxury Brands Index (Source: Rebag)

2.3. The sneaker resale market: a look into StockX

Sneakers changed the scenery of the footwear industry by becoming a symbol of status (Weinhold 2020). The sneaker resale market has grown significantly because of the rise of online and offline resale channels that transformed the resale of limited-edition sneakers into a lucrative business (Bain, StockX, a sneaker resale site, is now worth \$3.8 billion 2021). According to a report by investment firm Cowen (2019), it was estimated that the global sneaker resale market was worth around \$6 billion in 2019 and could reach \$30 billion by 2030.

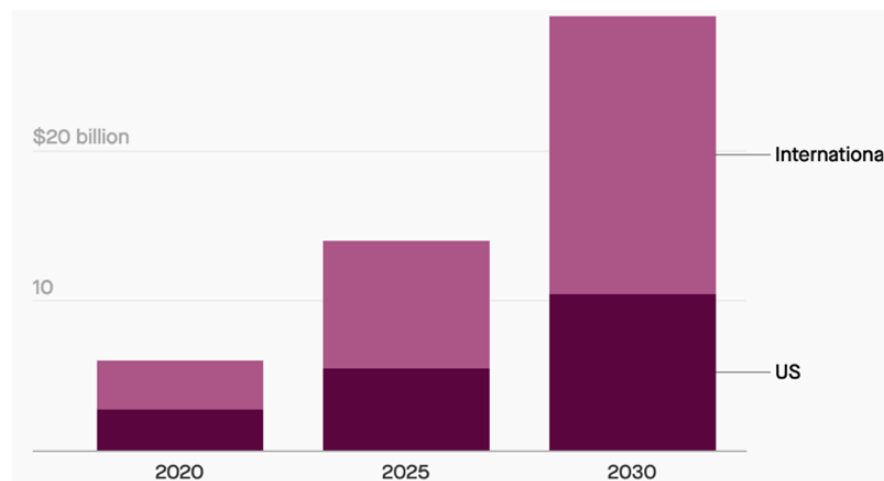


Figure 5. Forecasted size of the global sneaker resale market (Source: Quartz)

The main **characteristics** that transformed sneakers into a profitable asset for resale are: availability, in the sense that there are limited production quantities; expanded aspirational customer base, with a global network through social media; quality and exceeding functional values; cultural relevance, in the sense that, there is a story behind the item that can be achieved through collaborations with social icons; and, lastly, security of product authenticity (Lux and Bug 2018). Another essential characteristic of this product is that pre-owned sneakers are mainly sold for, without having been used, between one and two times their retail price (Bain, Sneakers are not just shoes, they're an asset class 2019). Otherwise, if the items have been used previously, their resale value decreases considerably.

Regarding the **motivations** behind the consumers' decision to engage in the resale market are buying a status symbol that is desired by others (Lux and Bug 2018) and investing since sneaker's value increases over time (Bain, Sneakers are not just shoes, they're an asset class 2019). For sellers, the main motivation is making a profit (Lux and Bug 2018).

Most transactions happen online, and one of the leading resale platforms is **StockX**, which core business lies on the sale of “deadstock”, meaning sneakers that are pre-owned, authentic but have never been worn (Bain, StockX, a sneaker resale site, is now worth \$3.8 billion 2021). Their business model is based on the stock market, where consumers place bids for the item they want and where StockX tracks the fluctuating prices, enables the transactions and guarantees the authenticity of every item sold. The concept behind the company is that supply and demand are quantified and that the market sets the price, ensuring transparency and creating a true market price (Bain, Sneakers are not just shoes, they're an asset class 2019). Moreover, this business model can be a good indicator of a brand's desirability since it provides an image of how much people want a particular item (Bain, Sneakers are not just shoes, they're an asset class 2019).

3. Research Insights

3.1. Insights on Status

A new status profile: For mature luxury consumers, status has evolved to be more than the display of wealth and possessions. It is about expressing the self and feelings of personal pleasure and entertainment. Indeed, the purchase experience becomes an essential aspect of luxury consumption since mature status seekers luxury consumers no longer care about just the product. This type of consumer purchases luxury goods that match their identity, lifestyle, and values and are positively viewed and valued by their in-groups. Additionally, mature luxury consumers are part of the high-profile responsible luxury category of consumers. This

category can be described as luxury consumers who purchase luxury goods for the status but are increasingly conscious and consider social and environmental causes.

The qualitative interviews on the “Net-a-Porter Experts” segment confirmed this insight, where we could identify that these consumers had a high level of experience in the luxury market. The average age of this segment was 35 years old, which showcases that these consumers belong to generations that traditionally already have experience buying luxury products. Additionally, they proved to be knowledgeable about the fashion industry, with some working in it and others just being very interested in the topic. Moreover, “Net-a-Porter Experts” clients also expressed that the luxury feel, visuals of the platforms and the curation of products were crucial factors that influenced their online luxury purchases. They choose Net-a-Porter to buy their luxury items because of the way the platform makes them feel, not just because the product they desired was available there. This reveals that the experience of buying a luxury product is just as important as the product itself for these luxury consumers.

“You know everything they have stands for quality. Besides, the visuals are appealing and that is the way to buy luxury online. It feels like luxury.”

Female, 36, “Net-a-Porter Expert” client

Sustainability for status: Sustainability is usually associated with the second-hand market and used as a marketing tool to convince consumers to engage in it. However, for status seekers luxury consumers, the main motivation for a luxury purchase is status. Even though they are aware of environmental and social causes, luxury consumers opt for more sustainable practices or goods to help them reach a prosocial status in society because otherwise they would be viewed by others as selfish. So, in the end, even sustainable choices must of the time have behind it a status motivation and a desire to be accepted by their in-groups.

This insight was confirmed by our qualitative interviews on the “Net-a-Porter Experts” segment. Despite most “Net-a-Porter Experts” consumers acknowledging that sustainability is an important cause, it appears they do so because it is a trend in the fashion industry and not a deep concern of them. Additionally, when it comes to taking action and choosing more sustainable practices, most of these luxury consumers never engaged in resale. Moreover, they expressed that if they did, their main motivation would be to get their investment back to purchase more luxury goods in the primary market. In conclusion, it seems that “Net-a-Porter Experts” do not disregard sustainability and sustainable practices, but it is not the top thing on their mind when purchasing luxury products.

“The idea of buying more new items is what would make me sell in the first place”

Female, 28, “Net-a-Porter Expert” client

3.2. Insights on Luxury Brands' Resale Strategies

Nonetheless, when analysing the luxury brands that entered the resale market, it is clear that most have opted for a strategy that guarantees the presence of the feeling of exclusiveness. By focusing their offer on limited-edition capsule pieces and leveraging on the positive perception of the term “vintage”, these luxury brands are taking steps towards more sustainable practices while maintaining an apparent appealing exclusiveness. Additionally, another important factor that assists luxury brands in maintaining the brand’s aura in resale is the curation of the pre-owned products made available.

From the qualitative research insights, mature luxury consumers place high importance on the curation of products and the sense of luxury when purchasing luxury goods online. Indeed, 6/6 “Net-a-Porter Experts” clients stated that the luxury look and feel were vital for their experience. In comparison, 5/6 “Net-a-Porter Experts” clients pointed out that the

curation of products is also crucial for them. Mature status seekers luxury consumers expect a differentiated experience when purchasing luxury goods, so the fact that luxury brands in the resale market do not portray these characteristics can be a deal-breaker for their participation.

"I love the sense of luxury. Their images are appealing, most brands are available there and their selection is good. "

Female, 58, "Net-a-Porter Expert" client

3.3. Insights on Status in the Sneakers Resale Market

The reason why the sneakers' resale market has grown is due to the attributes of sneakers, that make them a symbol of status in society. Analysing these attributes, it becomes clear that they are also present in luxury goods:

Limited availability: Luxury brands have used limited supply and controlled distribution as strategies to sustain exclusiveness and prestige for years. Additionally, limited editions and capsule collections take the limited availability of luxury products to another level.

Exceptional quality: Luxury goods are recognized by all for the superior quality of materials used and meticulous craftsmanship. These factors extend the lifetime of luxury goods, making them a valuable investment and a good option for the second-hand market.

Attributes that exceed functional values: Luxury brands exceed the functional value of their products by delivering differentiated consumer experiences and creating an emotional connection with their clients. Nowadays, status seekers luxury consumers look for more than just a product. They purchase luxury goods for the self-experience and pleasure they obtain.

Cultural relevance: Traditionally, luxury brands are part of the culture, and their designers are viewed as artists and iconic items as art pieces. Moreover, luxury brands often collaborate with relevant societal personalities, which helps them increase and maintain their cultural relevance.

Authenticity: One of the biggest challenges luxury brands face is the risk of counterfeits, so authentication verification is critical. Authentication is also crucial for luxury consumers to confidently engage in the resale market and is a top concern for them and resale platforms.

Expanded aspirational customer base: Having many consumers who aspire to own luxury products helps increase the desirability of luxury brands and enhance the sense of exclusiveness for the consumers who can afford such goods. Desirability is extremely important in the second-hand market and directly affects the resale value of the items.

This overlap shows that the sneaker's resale market can be a good example for luxury brands to draw inspiration from when entering the second-hand market. Indeed, the more pre-owned sneakers' attributes luxury goods are able to present, the higher their resale value and status will be.

Another interesting perspective to compare is sellers and buyers' motivations for pre-owned sneakers and luxury fashion items. Once again, there is an overlap between both markets that indicate profit and investment as the primary motivations. In fact, **3/6 "Net-a-Porter Experts" clients** stated that getting part of their investment back would be their main motivation to start engaging in resale. Additionally, this consumer segment also mentioned buying luxury goods, which resale value they believe will be higher than the retail price, to then sell them in the second-hand market. However, the buyers in the sneakers resale market also point out that a big incentive for them is the idea of buying a symbol of status. This is where luxury brands need to take second-hand luxury buyers, making them associate a purchase of a pre-owned luxury good to status.

"For pieces that I never worn, I try to balance it and make some money out of them. Also, I know that for some pieces I have I can get more money than the retail price I paid."

Female, 23, "Net-a-Porter Expert" client

StockX's business model, inspired by the stock exchange, focuses on three main aspects. The first and most important is that their pricing strategy through biddings allows for an accurate market price, which shows consumers transparency and provides them confidence in the platform. Trust and transparency are two essential concepts for luxury second-hand sellers. Indeed, during the qualitative interviews, **6/10 Second-hand Luxury Sellers** expressed that factors related to trust, confidence, and awareness about the platform influenced their choice to sell their items. Additionally, the lack of visibility on the processes, such as the pricing policies, was also mentioned by second-hand luxury sellers as a limitation of the resale market. Secondly, the model presents real-time true consumer demand that can help brands manage their future collections and influence the desirability around a brand. This desirability can attract status seekers consumers to a brand because they want to be part of what is in demand and convince them to put up their items for sale, since they are aware there is an opportunity to get their investment back. Lastly, the guarantee of authenticity and strict quality control processes through which all products sold are subjected matches the second-hand luxury sellers' needs, with authentication being one of the most mentioned value-adding crucial services, in the qualitative interviews.

“About limitations (...) you don't have much visibility on the process. And the transparency is not maximum for what concerns commissions and prices.”

Male, 23, Second-hand Luxury Seller

4. Diagnostic, Implications and Recommendations

There is an opportunity for luxury brands to enter the second-hand market and attract status seekers luxury consumers to this new approach. The new status profile mature luxury consumers present focused on the experience and sustainability for status, the positive perception of vintage limited-edition pieces, and the overlap of resale sneakers and luxury

goods' attributes showcase that it is possible to meet the needs of the targeted consumers in the resale market. To attract status seekers luxury consumers into resale, luxury brands should:

Combine a message of status and sustainability: Traditional resale promotion focuses on sustainability. However, as sustainability is often disguising status, luxury brands need to communicate their resale solutions and pre-owned items with the same luxury, exclusive feel they advertise their brand-new products in the primary market. However, sustainability messages should also be kept because they can lead luxury consumers to participate in the resale market in order to reach a pro-social reputation.

Leverage on the exclusiveness of the pieces: Status seekers luxury consumers place high importance on the curation of products and sense of luxury. So, luxury brands should leverage the perceived uniqueness of limited-edition pieces and use the term vintage, which is well perceived by luxury clients and mimics the exclusiveness of brand-new products. Moreover, luxury brands should also curate their offer of pre-owned items, being selective and demanding with the conditions, design and style of the products.

Focus on leather goods, jewellery and watches: There is still a stigma around pre-used pieces, especially with clothing products, that end up having a low resale value, which affects brand desirability. Luxury brands should start their journey on the second-hand market, focusing first on offering luxury goods that hold or increase value over time and are better accepted by luxury consumers. Such goods belong to the leather goods category, like handbags, and to the jewellery and watches category, which designs tend to be more timeless.

Implement a business model based on transparency: Luxury consumers express a need for trust and transparency in the second-hand process, especially regarding pricing and commission policies. For this reason, luxury brands should aim for a business strategy that allows them to attract status seekers luxury consumers and answer the needs of second-hand

luxury sellers. The business model of StockX, for the resale of sneakers, sets the prices through consumers' biddings, creating an accurate picture of the consumer demand for a product. This picture of demand can provide insightful information for luxury brands about desirability and predictions and attract status seekers luxury consumers who want to be a part of what is on demand. Moreover, by using this model, luxury brands would guarantee price transparency since the market sets the price and give consumers the confidence and trust to engage in the resale initiatives.

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Appendix 1: Methodology

Table 6: Net-a-Porter's Interview Guide

<p>Warm-up</p>	<p>Hello. My name is _____ and I am a Luxury Management student at Nova SBE. For our master's thesis, we are conducting a research on luxury e-retailers.</p> <p>For this research, we are using a particular technique: the non-directive method; it means that I will not ask you specific questions about the subject, as in a standard questionnaire. After the first question that I will introduce now, you will be free to tell me whatever comes to your mind on the subject. There are no right or wrong answers.</p> <p>In the end of the interview, I will ask a few questions about your profile. If you don't mind, I will record the interview. This interview will last approximately 1 hour.</p>
<p>Initial Question (Block 1)</p>	<p>Can you tell me about the last time you bought an item from Net-a-Porter? What was it and how was the experience?</p>
<p>Topics to be Developed (Block 1)</p>	<p>1st block: Understand each step of the process of purchasing at Net-a-Porter</p> <ol style="list-style-type: none"> 1. Consider <ol style="list-style-type: none"> a. Understand the initial set of "options/characteristics" when considering using Net-a-Porter instead of a competitor 2. Active Evaluation <ol style="list-style-type: none"> a. What lead the consumer to "meet" Net-a-Porter? What were the touchpoints of influence? – Understand the sources of influence, meet Net-a-Porter 3. Purchase Decision <ol style="list-style-type: none"> a. What do consumers value the most on the platform? b. What were the differentiator factors that influenced their choice? 4. Post Purchase Experience <ol style="list-style-type: none"> a. Do consumers find their experience curated to their needs? Which are their preferred form of communication? b. What did they like/dislike about their experience? 5. Bond <ol style="list-style-type: none"> a. What incentives do consumers look for to keep engaged with the platform? 6. Advocate <ol style="list-style-type: none"> a. Would consumers recommend Net-a-Porter? b. Understand consumers' given importance to loyalty programs, memberships, and discounts
<p>Initial Question (Block 2)</p>	<p>Imagine that Net-a-Porter would give you the possibility to resell the items your purchased from the platform. What would you think about it?</p>
<p>Topics to be Developed (Block 2)</p>	<p>2nd block understand willingness to engage with Net-a-Porter secondhand, how should it be communicated, check for reselling experience</p> <ol style="list-style-type: none"> a. Would consumers find valuable the possibility of engaging directly through the platform with the secondhand market b. Understand if they have experience on reselling: how was that experience and the motivations c. Identify what type of rewards/payment they would prefer? Opinion about store credits d. Understand if reselling would affect the way the purchasing behavior (purchase more expensive or purchase more frequently) e. Understand what type of communication they prefer to know the latest news
<p>Demographics</p>	<ol style="list-style-type: none"> a. Gender b. Age c. Nationality d. Current Occupation

(by Authors)

Table 7: Luxury Second-hand Sellers' Interview Guide

<p>Warm-up</p>	<p>Hello. My name is _____ and I am a Luxury Management student at Nova SBE. For our master's thesis, we are conducting research about the process of reselling luxury or fashion items (clothing, shoes, bags, accessories, jewelry and watches) through online platforms.</p> <p>For this research, we are using a particular technique: the non-directive method; it means that I will not ask you specific questions about the subject, as in a standard questionnaire. After the first question that I will introduce now, you will be free to tell me whatever comes to your mind on the subject. There are no right or wrong answers.</p> <p>In the end of the interview, I will ask a few questions about your profile. If you don't mind, I will record the interview. This interview will last approximately 1 hour.</p>
<p>Initial Question</p>	<p>From the pre recruiting questionnaire we know that you have put up for sale an item through the <u>XXX</u> platform. Can you tell us about your experience?</p>
<p>Topics to be Developed</p>	<p>More about understanding the process, which issues they faced on all stages of the process, understand the motivations, etc.</p> <ol style="list-style-type: none"> a. Understand process behind putting an item for sale and realizing the sale b. Understand the motivations behind the decision to sell (What are the incentives to sell) c. Understand how sellers set an initial set of resale platforms to choose from and what influences it d. Understand how the platforms' communication influences the initial set of choice, how did they become familiar with the platform e. Understand the type of preferred communication f. Which characteristics they take into account to choose one platform and not another (better commissions, trustworthy) g. Understand if a brand partnership with a resale platform affects the willingness to sell on that platform h. What incentives/benefits/ rewards are they looking for as a "reward"? i. What are the limitations that sellers come across within these platforms? j. What did they liked and disliked of their previous experiences? k. Understand which services within these platforms they find the most valuable l. Understand if they become loyal to these platforms and why m. Understand if a bad experience/review has influence on future decisions/perception about the platform n. Understand if their experience in the secondhand market impulses further purchases in the primary market
<p>Demographics</p>	<ol style="list-style-type: none"> a. Gender b. Age c. Nationality d. Current Occupation

(by Authors)

Table 8: Net-a-Porter's Pre-Recruiting Questionnaire

<p>Introduction</p>	<p>Under our Master thesis research in Luxury Management at Nova SBE, we are developing a study about the research of process of researching luxury items (clothing, shoes, bags, accessories, jewelry, and watches) on platforms. Thank you so much for your availability to answer this survey. It will take about 3 minutes to answer.</p>
	<p>The following is a list of luxury items. Considering the category and price, have you ever purchased any of the items listed below? (Yes/No)</p> <ul style="list-style-type: none"> • Jewelry >1.200€ each • Watches >2.000€ each • Fragrances and Cosmetics >100€ • Suits for men >1.600€ • Dresses for women >1.200€ • Outwear/Coats >1.400€ each • Shoes >300€ • Handbags >1000€
	<p>In case you answered "Yes" in the previous question, select all the options that apply</p> <ul style="list-style-type: none"> • Jewelry >1.200€ each • Watches >2.000€ each • Fragrances and Cosmetics >100€ • Suits for men >1.600€ • Dresses for women >1.200€ • Outwear/Coats >1.400€ each • Shoes >300€ • Handbags >1000€
	<p>Have you already sold or put up for sale an item in one of this platforms? (Yes/No)</p>
	<p>The following is a list of online platforms for second-hand items. Please select all the platforms that you have used to sell pre-owned luxury or fashion items?</p> <ul style="list-style-type: none"> • The RealReal • Resee • Vestiaire Collective • LGS • Hewi • ThredUp • Fashionphile • Farfetch Second Life • Tradesy
<p>Final</p>	<p>Would you be willing to be contacted afterwards for a possible interview? If yes, please leave your email address below: _____ We would really appreciate your participation!</p>

(by Authors)

Table 9: Luxury Second-hand Sellers' Pre-Recruiting Questionnaire

<p>Introduction</p>	<p>Under our Master thesis research in Luxury Management at Nova SBE, we are developing a study about the research of process of researching luxury items (clothing, shoes, bags, accessories, jewelry, and watches) on platforms. Thank you so much for your availability to answer this survey. It will take about 3 minutes to answer.</p>
	<p>The following is a list of luxury items. Considering the category and price, have you ever purchased any of the items listed below? (Yes/No)</p> <ul style="list-style-type: none"> • Jewelry >1.200€ each • Watches >2.000€ each • Fragrances and Cosmetics >100€ • Suits for men >1.600€ • Dresses for women >1.200€ • Outwear/Coats >1.400€ each • Shoes >300€ • Handbags >1000€
	<p>In case you answered "Yes" in the previous question, select all the options that apply</p> <ul style="list-style-type: none"> • Jewelry >1.200€ each • Watches >2.000€ each • Fragrances and Cosmetics >100€ • Suits for men >1.600€ • Dresses for women >1.200€ • Outwear/Coats >1.400€ each • Shoes >300€ • Handbags >1000€
	<p>Have you already sold or put up for sale an item in one of this platforms? (Yes/No)</p>
	<p>The following is a list of online platforms for second-hand items. Please select all the platforms that you have used to sell pre-owned luxury or fashion items?</p> <ul style="list-style-type: none"> • The RealReal • Resee • Vestiaire Collective • LGS • Hewi • ThredUp • Fashionphile • Farfetch Second Life • Tradesy
<p>Final</p>	<p>Would you be willing to be contacted afterwards for a possible interview? If yes, please leave your email address below: _____ We would really appreciate your participation!</p>

(by Authors)