

RECOMMERCE IS RAPIDLY EMERGING AS A CIRCULAR BUSINESS MODEL, COMBINING SUSTAINABILITY AND ECONOMIC AGENDAS

KEY STATS

20X EXPECTED
RECOMMERCE GROWTH
VS RETAIL MARKET BY
2025.

* Cross-border Commerce Europe Study

2/3 OF MILLENNIALS
AND GEN Z SEARCH FOR 2ND
HAND BEFORE BUYING
NEW.

* GlobalData Consumer Resale Survey

1/2 OF RETAIL EXECS
W/O RECOMMERCE SAY
THEY FEEL BEHIND THE
CURVE.

* GlobalData Fashion Retailer Survey

KEY TRENDS

SHIFT FROM PURE-
PLAYER TO BRANDS
SPEARHEADING THE
RECOMMERCE SPACE.

RECOMMERCE IS
BECOMING SERIOUS
BUSINESS FOR BRANDS.

RECOMMERCE MODELS
ARE BECOMING MORE
INNOVATIVE AND
DIVERSIFIED.

RECOMMERCE TODAY

- Product reuse through (refurbishing and) reselling previously-owned products, often in exchange for store credit.
- Companies seek to decouple sales from raw material usage, build their brand and address new customer segments.
- Pioneering companies create meaningful synergies between their brand narrative and re-commerce strategy, driving customer loyalty and brand value.

RECOMMERCE IS HERE TO STAY.

WE OBSERVE 5 RECOMMERCE BUSINESS MODEL ARCHETYPES

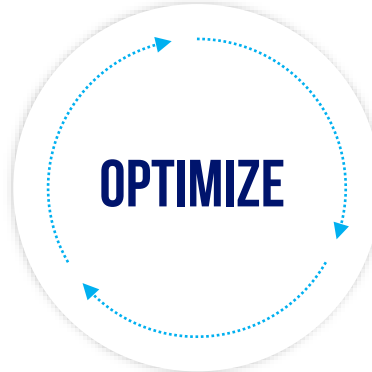
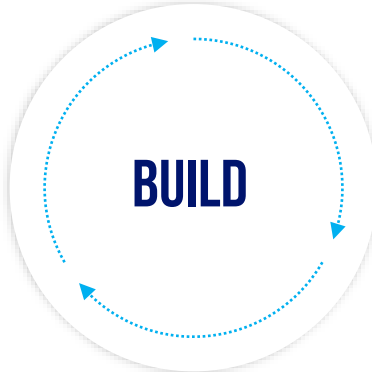
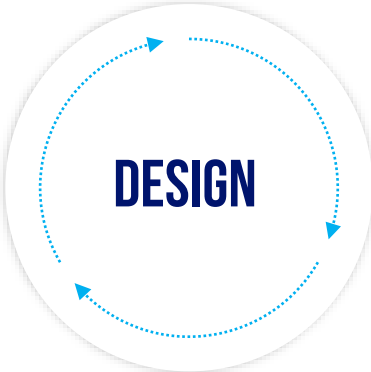


| | 1 Fully Integrated | 2 New Branding | 3 Certified Partner | 4 Managed | 5 Peer-to-Peer |
|---------------------|---|---|--|--|--|
| Description | Brand fully manages recommerce operations, integrated in traditional new product offering | Brand manages recommerce on separate channel, usually with substantial 3 rd party support | Brand provides quality label and outsources recommerce operations to 3 rd party | Platform organizes market between buyers and sellers, refurbishes and ensures quality standards | Pure-player connects private buyers and sellers directly through online platform |
| Example/ case study | Decathlon buys back almost all products from its customers – even certain non-Decathlon items. The products are then refurbished internally and sold on their website at a discount. | Through its <i>Refurbished Systems</i> offering, Philips offers pre-owned medical equipment that has been thoroughly refurbished, upgraded and quality tested. | Rolex offers a certification service to its network of certified dealers. The <i>Certified Pre-Owned</i> watches are then sold by dealers with a 2-year warranty. | reBuy buys back used electronics from users, inspects, refurbishes and grades them in-house. The products are then sold on their website with a warranty. | Vinted 's free platform allows users to buy and sell a whole range of clothing and fashion accessories. Sellers list items for free, while buyer pays for shipping. |

Degree of Control: Brand Control (left) to Marketplace Control (right)

| | Brand Control | | | | Marketplace Control | | | | | |
|-------------|---------------|----------|--------------------|-------------------|-----------------------------------|------------|------------------------|------------|---------|-----------|
| Fashion | zalando | N.A.N.O. | patagonia | OSCAR DE LA RENTA | ROLEX | JIMMY CHOO | VESTIAIRE (COLLECTIVE) | REBAG | Vinted | depop |
| Electronics | SONOS | Apple | PHILIPS Healthcare | MILTI | Asus | lenovo | BackMarket | rebuy | MERCARI | ebay |
| Sports | DECATHLON | woom | TREK | REI | LIFEFITNESS FAMILY OF BRANDS | PELTON | AKEWATU | upway | everide | buycycle. |
| Others | IKEA | amazon | Walmart | ahrend | Certified Pre-Owned Mercedes-Benz | OSM | 3AXIS | SilverChef | OfferUp | f |

HOW TO BUILD CIRCULAR RECOMMERCE MODELS? FOCUS ON DESIGN, BUILD AND ONGOING OPTIMIZATION



Collect customer and market insights

Understand customer behavior and demand patterns for your products in the 2nd hand market.



Calculate business and impact case

Understand the economics driving your model along with resource requirements and environmental benefits.



Craft a 'Refurbished' product offering

Generate trust quality labels and warranties. Build a distinct refurbished branding to increase desirability.



Secure internal buy-in

Ensure commitment from leadership and key functions to build recommerce operations.



Build external partnerships

Develop partnerships with 3rd parties to increase capabilities. Focus on ensuring efficient interfaces and processes.



Pilot and iterate business model

Pilot your model in a controlled environment. Set clear goals and success metrics to facilitate project steering.



Maximize your product's value retention

Drive sustainable product and process design to maximize resale value and reduce 'lifetime' footprint.



Optimize intake through pricing and UX

Reduce barriers for adoption via fair and transparent pricing, design outstanding customer buy-back experience.



Connect recommerce with your brand

Be creative and bold in communication and marketing. Link your recommerce initiative to your brand narrative.

5 KEY TAKEAWAYS ON RECOMMERCE

1

Applicable for all product types but benefits from high value retention

It is proving successful from lower-mid (e.g., Decathlon, Ikea) to high-end luxury product categories (e.g., Porsche, Oscar de la Renta, Rolex) and continuously expanding in different sectors – ideal for products with high quality and value retention.

2

Marketplaces and brands are competing for intake

Pure-players are continuously improving their user experience and specializing, making it easier for anyone to buy and sell products. Brands must now be creative to incentivize intake and can no longer simply rely on customer loyalty. D2C brands have an advantage.

3

Partnerships are key and can come in many forms (operations, data etc.)

Depending on companies' specificities, recommerce partnerships may be relevant and materialize in various forms (e.g., Cloe and Vestiaire Collective and EON, De'Longhi and eBay, Caterpillar and its dealer Teknogroup).

4

Recommerce-as-a-Service solutions can offer brands an edge

Popularity of recommerce has given rise to a wave of enabling innovators offering solutions to brands ranging from digital, logistics, finance (e.g., Trove, Recurate, Foxway).

5

Optimizing products for refurbishment and repair can be advantageous

Brands benefit from thinking in fully lifecycles and optimizing also for the recommerce scenarios early on. Design for circularity: smart product design for quality and value retention in combination with efficient refurbishment operations.

OUR PASSION TO CATALYZE CIRCULAR RECOMMERCE

- Build an ecosystem of pioneers and entrepreneurs to help scale the circular economy
- Help to assess business and impact cases to develop winning recommerce models
- Synthesize best practices and facilitate knowledge sharing

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