



Consumer, Brands & Retail

H & M (NEUTRAL, FV SEK185) | Investment in Sellpy confirms that sustainability is a priority for H&M

- Further to a new investment in the Swedish second-hand platform Sellpy that was announced yesterday, H&M now owns a c.70% stake in Sellpy. Founded in 2014, the latter generated revenue up by 36% to SEK117m (c.EUR11m) and became profitable (net profit of SEK15m). At this stage, the platform is only available in Sweden. Earlier this year, the Swedish fashion group chose Sellpy to make its first steps into the resale market through its womenswear brand & Other Stories. Meanwhile, the H&M brand continues to expand its *Conscious Collection* (c.4% of total sales) that only uses recycled and/or sustainably sourced materials.
- No wonder that the second-hand fashion market is booming, as both environmentally-conscious consumers and brands are responding to the fact that fashion is the world's second most polluting industry and over 26bn tons of textiles are landfilled annually. Generations Y (millennials) and Z are clearly driving this sustainability trend since 72% of Gen Z would spend more money on an item if it was sustainability produced, whereas in the US only, over 56m women bought or are willing to buy second-hand products in 2018. According to leading second-hand online player ThredUP, the US second-hand apparel market is expected to more than double over 2018-23 to USD51bn. Last year in France, the second-hand clothing market accounted for EUR1bn (vs. an overall fashion market of EUR28bn) and the IFM estimated that 30% of consumers have already bought second-hand.
- In just a week, we have witnessed two other partnerships that confirm that more and more brands are overcoming their initial fears (i.e. cannibalisation, banalisation) and now perceive the growth opportunities offered by this second-hand market: 1/ **Farfetch** teams up with the on-demand clothing donation service **Thrift+** to allow its customer shoppers to sell their used garments, 2/ the luxury British fashion house **Burberry** announced a partnership with consignment retailer **The RealReal**, in order to educate and direct consumers who wish to consign their Burberry items, or to shop for old Burberry pieces, on The RealReal's site. Whilst Burberry won't provide any of its unsold stock, it ensures that the RealReal customers receive an exclusive personal shopping experience.

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