



## Smart Spending

Posted

# The New Era of Secondhand Shopping

By [Seth Fiegman](#)

*Editor's Note: This is the first in a MainStreet series called *Secondhand Nation*, which takes a closer look at how thrift stores, garage sales and secondhand shops have fared during the recession and what the future holds for the frugal consumer.*

The [recession](#) may have ended in June of last year, but for many Americans, being thrifty is still very much in vogue and will likely stay that way for years to come.

Consumers now put aside more of their money [after taxes](#) and spend significantly less on day-to-day items. In fact, a recent [Gallup study](#) found U.S. consumers spent an average of just \$59 a day in September, which ties for the lowest amount since the recession began in late 2007.

As a result, thrift stores and secondhand shops around the country have seen an increase in sales and customers in recent years, even as [retail sales](#) on the whole suffered a long and gradual decline throughout 2008 and 2009.

For proof, you need look no further than your local Goodwill store. At Goodwill, a nonprofit organization that runs thrift shops around the country, business is booming.

"We know that our retail sales have grown an average of 10% from 2006 to 2009," said Jim Gibbons, president and CEO of Goodwill Industries International.

During that time sales at Goodwill have increased steadily to \$2.4 billion from \$1.8 billion. The number of transactions made by customers has increased even more, by 13.5%. Last year alone, there were more than 160 million transactions at Goodwill stores.

Other secondhand stores such as the [Salvation Army](#) and [Value Village](#) have experienced similar upticks, as have many [pawn shops](#) around the country.

While the economic downturn may have been the catalyst driving consumers to their nearest thrift store, it is certainly not the only factor in the success of retailers selling used goods. The U.S. has long been on the path toward becoming a secondhand nation, where consumers focus on buying only what they need and get rid of the rest.

"This is a trend that had been building for a decade or more," said John Gerzema, a consumer expert and author of *Spend Shift: How the Post-Crisis Values Revolution is Changing the Way We Buy, Sell, and Live*. "Americans had been changing their behavior even before the recession hit, saving more, spending less and closing the gap between their needs and wants. Consumers are becoming more conscious about their excesses and moving from mindless to mindful consumption."

The rebirth of the thrift store is only one aspect of this. Dozens of websites have popped up in the past three years offering shoppers the opportunity to share, trade, barter and resell products to people who need them, no matter where they are.

Consumerism as we know it is about to change for good.

### **The Return of Old Consumer Values**

Jory Felice was shopping at a garage sale last year when he stumbled on a vintage 20-year-old Mac Classic computer on sale for only \$10. Felice, who works as a Web designer, couldn't resist and bought it. Unfortunately, there was one problem: The computer was missing a mouse.

"They don't make that mouse anymore, and from a design standpoint, I had to have that one," Felice said.

So Felice left the garage sale with his purchase and turned to a different kind of thrifty community for help, a site called [Neighborgoods](#) where consumers can borrow or rent products from people who live nearby and share or sell their own goods in return.

Felice, who joined Neighborgoods in mid-2009, searched the site and, sure enough, found one user in his area who had dozens of old mice he no longer used and was willing to give away.

"This way, I didn't have to go and bid on a mouse at some auction," Felice said. Instead, all he had to do was drive over to the person's house. Although, as he admits [now](#), this did prove to be a unique experience.

"He was on his front porch with a bunch of his friends and had a paper bag with this old mouse in it. It was like a weird creepy drug deal," Felice said. "But he was a really sweet guy, and it's a great mouse."

Neighborgoods officially launched in October 2009 after having been available in a beta version for several months. It launched nationally in June of this year. There are now more than 10,000 members on the site sharing and selling \$3 million worth of goods. They, like Felice, use the site to save money, lend to others and find an alternative way to shop.

"We're just using new technology to do old things," said Micki Krimmel, the founder and CEO of Neighborgoods. "There are stories of women from 1910 who used to share vacuum cleaners. That's essentially what we are doing now."

The idea for the site began with a backpack.

As Krimmel tells it, she was on a trip in Thailand and realized she desperately needed a traveler's backpack. So she grudgingly coughed up a few hundred dollars for the purchase.

"This backpack, like all the junk I own, was something I needed at the moment but didn't need anytime later. So I started lending it out to people, which is what led to the site," she said.

Since developing the site, Krimmel says she has saved \$4,000 by not having to buy things and has saved other users comparable amounts of money by lending out her own items.

According to Krimmel, most users on Neighborgoods tend to lend out household items such as power drills and ladders, as well as sporting goods such as bicycles and backpacks like her own. But every once in a while, something unusual hits the market.

"One of my favorites is that someone in my neighborhood put up his egg-laying chicken on the site, for people who might want to try having a chicken that makes eggs but aren't ready to commit to buying one themselves," she said.

As for Felice, he has saved a few hundred dollars getting items such as the mouse for free and borrowing other products, including a new scanner and a boxed set of Wonder Woman DVDs. Perhaps more importantly, he has helped others by giving out some of the odd items in his house, including a bongo drum, a 100-foot extension cord and a large blue tarp he bought one year when he had a leak in his roof.

In the process, Felice has met people who live within a few blocks of him. He recently lent a wheelbarrow to a man who lives around the corner.

"My backdoor is like 100 yards from his front door, but we never had any real connection to each other before this," Felice said. "Now I drive by with the kids and point out our wheelbarrow."

### **The New Faces of Thrift Culture**

Neighborgoods is far from the only site to take an innovative approach to consumer goods.

Last year, [Share Some Sugar](#) launched with a similar mission to enable people to borrow items from people in their neighborhood.

Another site called [ThredUp](#) launched last year as well, allowing families to fill up a box of clothes their kids have outgrown or no longer want and trade them to a different family for another box of clothes. In less than two years, this site claims to have saved families more than \$700,000.

Then there's [SnapGoods](#), which launched this year to help consumers rent out goods they own but currently underuse. Users offer up ice cream makers for \$5 a day and video projectors for \$25. This way, users can make a few extra bucks or stop themselves from having to buy something expensive they may only use once or twice.

"This is really adjacent to the secondhand movement," said Ron Williams, CEO and co-founder of SnapGoods. "With secondhand goods, it's more about feeling good to give a product out when I'm done with it. Our message is more about the tons of underutilized items where people are not done with them."

Meanwhile, for those looking to pick up used books, CDs and games, there is [Swap.com](#), a site launched in 2006 that makes it easier for users to effectively barter or "swap" one product for another. All you have to do is list one of your items as available and the site will show you a list of dozens of other items you can get in return from another user.

"This goes beyond what might be considered the old thrift movement," said Jeff Bennett, CEO of Swap. "Consumers are reconsidering everything they have and saying, 'What do I need and what don't I need.' They are looking at alternatives to credit and cash. Instead, they are looking at how big is the ATM in their house."

### **How We Got Here and Where We're Going**

Most experts date the [birth of consumerism](#) back to the 1950s. Americans had just made it through two wars and the Great Depression and were earning a better wage. They were ready to spend. On top of that, advertisers and even legislators began goading consumers to buy new products whether they needed them or not.

But during the past decade, three big factors have helped dismantle this trend and turn "consumerism" into a dirty word. The [first](#), according to Gerzema, the consumer expert, is a growing concern about the environment and wasting resources. The desire to fix this has been helped by the second factor, which is technology, starting with the Internet.

"The Web is one big matchmaking machine that allows us to match goods and needs," said Rachel Botsman, co-author of *[What's Mine is Yours: The Rise of Collaborative Consumption](#)* and a former director at the Clinton Foundation. The introduction of smartphones during the past five years has also sped

up the boom in digital services that help people find and sell goods. “We can now locate anything anytime anywhere. We don’t even have to be at our computer.”

The third and final factor is, of course, the bad economy.

“The recession has accelerated this trend in a couple ways. It has created a questioning about what really makes us happy,” she said. “And I think that’s led to a questioning of the way we live our lives and led to the realization that an economy based on always buying more doesn’t work.”

Put these three factors together and we are in the midst of a thrift renaissance. Botsman confesses that in recent months, she has been so bombarded with emails from people starting sites like these that she has had to bring on three interns to help sort through them all.

Some might wonder if this trend toward a more thoughtful consumer culture will be able to survive once the economy begins to improve, but each of the experts we spoke with believes we are already past the point of no return.

“I really don’t believe this is a reactionary blip,” Botsman says. “People may use one of these sites with the motive of saving money, but what they get out of it is realizing that they are meeting people and finding out that this is a much better way to get what they need.”

Williams, the SnapGoods co-founder, puts it in even stronger terms.

“The very notion of ownership has come under attack,” he said. “Ownership is no longer as important as it once was. Now access is more important.”

This notion of an “economy of access,” as Williams puts it, is the same reason services such as Netflix and Zipcar were able to become popular during the past decade. Those sites continue to thrive, which gives hope the new batch of sites will continue to do well.

“I think we’re at the beginning,” Botsman said. “The idea of going out shopping and buying something that you’re just going to use once will seem dumb to our kids.”

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