

Second-hand gold

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Down economy, rising interest in recycling mean big business for expanding resale stores

By Katie Johnston Chase, Globe Staff | July 28, 2010

In the golf section at Play It Again Sports in Dedham, behind rows of slightly worn soccer cleats and bins of brand-new baseballs, Finbar Ford of Walpole admired a used, \$30 left-handed wedge.

Ford has been doing more second-hand shopping during the down economy as the cancellations for his construction business have piled up. But it wasn't just a deal that Ford, dressed in shorts and work boots, was after at the store. "It's recycling," he said.

The increased interest in saving money and rising awareness of the environmental benefits of reusing products, combined with a growing trend away from conspicuous consumption, are adding up to big business for resale shops. As a result of this frugal shopping trend, the number of resale stores opening has soared: There are about 30,000 resale shops nationwide, and the number of new stores is increasing by about 7 percent a year, according to estimates from NARTS: The Association of Resale Professionals.

Poised at the forefront of the local resale market is [Winmark Corp.](#) The parent company of Play It Again Sports and three other brands plans to open 38 stores in the Boston area in the next few years. Savers, which bills itself as a second-hand department store, has opened three stores in Massachusetts this summer and is relocating a West Roxbury store to a bigger site in Dedham in the fall. Goodwill opened its 23d store in the state, in Amherst, earlier this month. And even big-box retailers like [Wal-Mart](#) and [Best Buy](#) are selling pre-owned video games.

The chains are taking advantage of a trend towards frugality. In the last three months of 2009, the latest data available, more than two-thirds of second-hand shop owners reported that year-over-year sales increased by an average of 35 percent, according to NARTS. Overall retail sales, on the other hand, were up just 2 percent during the same period.

"Consumer confidence has hit a brick wall," said Chris Christopher, an economist at IHS Global Insight, based in Lexington. "That would lend itself to consumers going to second-hand goods."

Winmark, the Minneapolis-based company which has about 900 franchises throughout North America with store revenues topping \$600 million last year, is planning to license a flurry of new stores across the United States and Canada in the next few years. Currently, Winmark has just a handful of stores around Boston, including six current and soon-to-open Play It Again Sports locations and one Music Go Round. Its other brands are children's apparel store Once Upon a Child and young adults' apparel store Plato's Closet.

"In what has been arguably some of the worst years in our economic history, our brands have done extremely well, which is why we're trying to find the pockets where we don't have many stores," said Steve Murphy, president of franchising for the 22-year-old Winmark.

With more people trying to save money, business has been brisk. Not only are people buying more used goods, they're selling more to bring in extra cash — and the greater the inventory, the greater the sales, said Murphy, who grew up in Hingham. Sales at the four Winmark brands were up 5 to 10 percent in the first quarter of the year compared with the same period last year.

At Winmark's first Music Go Round in the area, which opened in Natick in February, stacks of used drums and cymbals greet customers at the front of the store and rows of gleaming electric and acoustic guitars line the wall. Professional musicians have long been fond of the sound and durability of used instruments, said owner

Phil Chernin, a former environmental management consultant who plays the drums.

"This business is all about sustainability," he said.

Of course, saving cash is key. Shawn O'Neil, a 17-year-old aspiring bass player, recently sat on a stool amid stacks of amplifiers to play a used \$400 Fender. He's checked out the merchandise at Guitar Center but said when he has enough saved up, he'll buy one at Music Go Round. "It's cheaper here," he said.

Surveys by the consulting firm WSL Strategic Retail show that a third of shoppers will buy used items if it means they can buy brands they couldn't afford new. "It's definitely evolved over the last 20 years," said Candace Corlett, president of WSL Strategic Retail. Winmark's slow, steady growth has been keeping up with the trend, she said: "I think they're well-paced."

Despite the success of the second-hand market, some analysts say there is a limit. Michael Tesler, a consultant with Retail Concepts in Norwell, said used sporting equipment, in particular, isn't as easy to resell as clothing because hockey skates, skis, and other gear wear out quickly and customers tend to be loyal to certain brands.

"There's a ceiling on what percentage can be consignment or used," Tesler said.

But all the new competition doesn't worry Kerstin Block, president of the Arizona-based resale clothing company Buffalo Exchange. The company, which specializes in eclectic fashion, has been opening a few stores a year, including one in Somerville in October, and has seen its revenues climb steadily.

"I think the whole concept of used clothing and recycling is a concept that very few people in the United States are involved with," said Block, who is from Sweden. "Any business that deals with this just draws more attention that there is such a market niche, and therefore it's good."

Johnston Chase can be reached at johnstonchase@globe.com. ■