

The rise of a second-hand unicorn - Video transcript

Watch the video: <https://www.youtube.com/watch?v=2kbfVIPJtpc>

00:00

Vinted is a startup based out of Vilnius, Lithuania, and they specialize in the **resell of clothing**. So they compete with brands like **eBay**, **Poshmark**, but they've come to really dominate the sector within **Europe**.

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They've been in operation now since 2008. They've had a few different iterations of the business, initially starting for free and then trying to move to a kind of **Poshmark-style model**. Now, in their latest form, they're focused on only charging **buyers fees** and making it free for **sellers** to operate.

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"Nobody has ever sold as much **secondhand** items as we're doing in a country. So the **secondhand transactions per capita** that we're creating in markets like France, Belgium, and the Netherlands is at the level that nowhere in the world has ever been achieved before. But even at that penetration level, we're still showing very, very strong growth. So it's really that we're creating that market by making this product available. Also, look at the tracking of our competitors: it's not that our competitors or **secondhand shops** are not selling anymore; actually, they're thriving as well. Yet we grow all on top of that at a pace that is harder, faster than everybody else, and thereby we're creating this new market by making it economically viable and super easy to sell and buy **secondhand clothing**."

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So **Vinted** is a company that I've been tracking for a while, and I have a sort of personal metric for how successful they've been just in terms of my local BEDA is a pickup and drop-off point for people to send in their e-commerce packages. And every week, I keep tracking of just sort of how many **Vinted parcels** were piling up and overtaking Amazon, **eBay**.

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But also in this time, the global **resale market** has really boomed. One of the American competitors for **Vinted**, **ThreadUp**, is predicting that the global market for **second-handers** is going to grow to over 350 billion in the next couple of years. This is partly driven by cost of living

and consumers feeling constrained in terms of their spending, also a generational shift in terms of how people want to shop and consume. People are interested in **sustainability** and also having a unique look. And **Vinted** has been really able to capitalize on these trends and has been particularly successful within **Europe**.

02:24

"The US has been stuck on, let's say, the old classic **eBay model**, which is a 20% seller fee. And what we did is we said, 'Okay, we're going to make that practically four times less expensive to 5%.' And we put it on the buy side instead of the sell side, because it's the **buyer** who gets practically the comfort of buying online, the **buyer protection**, the insurance that we give. And thereby, we let them pay for it, and the **seller** who brings the goods to the table actually doesn't have to pay anything."

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"I joined **Vinted** as a consultant in 2016. I then was living in New York and moved here to help out for 5 weeks. And that escalated into me becoming the **CEO of Vinted** and living here now for almost 8 years. I found a lot of young, enthusiastic people really wanted to build something but a business model that was not working. I had the right knowledge to make the changes into the business model and how we operate to make all that enthusiasm work into the right direction to make it a well-working business."

03:31

"We don't know how large this is going to be. The **secondhand transactions per capita** that we're creating in markets like France, Belgium, and the Netherlands is at the level that nowhere in the world has ever been achieved before. But even at that penetration level, we're still showing very, very strong growth. So it's really that we're creating that market by making this product available. The more items you have available to be bought, the higher the probability that somebody will find an item that they like."

04:02

"If you think about the **sustainability element**, we do two things very well. So the majority of our shipping is **Locker shipping** from Locker to Locker, so you pick it up yourself. That type of shipping has 62% more **CO2 efficiency** than home delivery, obviously because you don't have to drive to everybody's home. Then what we see is that one interstate transaction on our platform avoids the purchase of a new item, and thereby we see that every transaction on average avoids 1.8 kg of **CO2** compared to buying new items."

04:31

"And whether there will be an **IPO** depends on many different things. As a company, we would be ready for that, but what we're trying to do is we try to ensure that we choose the best possible

path long term for this company. **IPO** is just a way of financing the company and financially structuring it. We're just making sure now that we are investing our money in the right things to hold the right growth pace and organize ourselves in the right way to achieve our long-term goals."

04:56

"Therefore, my title is Group **CEO** and not just **CEO**, and we have our **CEO of Marketplace**, Adam J, who runs the whole Marketplace. We have Fais who runs the whole shipping division. We have Modestas who runs the whole payments division. And by creating separate **CEOs** on each of these divisions, we're creating a system that enables us to build an **ecosystem** of businesses and to build a sustainable, long-term, strong, and big company in **Europe**."

05:26

"We need to compete with **ecosystems** that are available in the US and in China. We cannot just be a vulnerable single vertical Marketplace. We have to become an **ecosystem** of businesses that strengthen each other and thereby takes a position that can survive for decades instead of something that will be a sad for the next few years."