

NASHVILLE BUSINESS JOURNAL

MUSIC CITY'S BUSINESS SOURCE

Resale stores thrive, expand amid recession

Nevin Batiwalla, Staff Writer

Friday, June 24, 2011

In 2003, **Glen Miller**, a former consultant and information technology director at Vanderbilt University, decided to launch his own business.

With an investment of \$250,000, he became a franchisee for Plato's Closet in Franklin, a store that buys and sells used clothing aimed at teens and twenty-somethings.

While Miller, now 59, figured the concept would do well in all economic conditions, he admits he was nervous when the economy started to tumble.



"I never thought we would test that theory, but it proved to be right," he said.

While traditional retailers have struggled through the Great Recession, resellers like Miller are thriving.

In 2009 in the depths of the downturn, resellers saw sales grow by 13 percent, outperforming overall retail sales, which fell by more than 7 percent.

The reason for their success is two-fold, said **Adele Meyer**, executive director of the National Association of Resale Professionals.

Consumers, attracted to buying items at a fraction of the original cost, have developed the wallet-friendly habit of buying used. On the supply side, resellers are staying stocked with desirable merchandise, as more people in need of cash are deciding to sell their unwanted stuff.

Buying used is no longer just for antique shoppers. Name the consumer good — from books to video games to clothes — and there's a good chance it could be found used at a discount.

It's a multibillion dollar per year industry with 30,000 resale, consignment and thrift stores doing business in the United States.

And it's growing. In the past two years, the resale industry has expanded in terms of new stores by more than 7 percent, according to the resale association.

While traditional retailers have scaled back advertising budgets and trimmed staff, many resellers are doing just the opposite. Resellers have been aggressive in their advertising and marketing campaigns as they try to lure new customers and suppliers, Meyer said.



Expansion in Middle Tennessee

The story in Middle Tennessee is no different. Several of the most recognizable resale brands are looking at expanding their footprint in the region.

While sales are no longer growing at the 30 percent clip they were leading up to the downturn, business remains strong for Miller, who has since opened a second Plato's Closet in Murfreesboro.

With sales growing 10 percent annually, Miller recently bought the rights to open a third Plato's Closet in Green Hills.

"People are shopping with us now who maybe in the past would never have thought to buy used," Miller said.

Winmark Corp., the Minneapolis-based franchisor behind Plato's Closet, is looking to sell franchise territories of its other resale brands in the Nashville market including Once Upon A Child, which buys and sells used children's clothing and toys. The company also hopes to open Nashville's first Music Go Round, a used musical instrument shop.

Winmark's four brands have expanded by 50 to 60 stores nationally over the past year, said **Steve Murphy**, president of franchising for Winmark.

Even as the economy continues to improve, don't expect consumers to stop their thrifty ways, said **Nikoleta Panteva**, a retail analyst with IBISWorld Inc., a California-based market research firm.

"People have become so ingrained in seeking out those bargains and discounts. It's not a habit that will be broken overnight," Panteva said.