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WWD Studios



The Inventory Problem, Solved

Five-year-old e-commerce site ShopWorn.com offers stability during uncertain times.

Even before covid-19 struck the retail industry, luxury brands and retailers have long dealt with the problem of unsold stock at the end of every season. In a less sustainability-conscious world, destroying excess inventory may have been a solution, but such actions are no longer tolerated as brands move towards environmentally friendly practices. The other alternative – discounting to promote quicker turnover – comes with long-term damage to a carefully constructed luxury image.

Enter covid-19 to make an existing inventory challenge worse as brands contend with cancelled orders on already produced merchandise and retailers contemplate what to do with stock that will be out of season once the pandemic is finally contained and shoppers return.

In Every Challenge Lies Opportunity

“It all began when my brother and I had dinner with a luxury brand executive a few years ago. The executive didn’t know what to do with inventory from his company’s buyback contracts,” says Larry Birnbaum, chief executive officer of ShopWorn. “This conversation ultimately inspired ShopWorn.”

Five years ago, the Birnbaum brothers came up with a concept to solve this industry-wide problem: instead of luxury brands destroying unsold stock, or authorized retailers discounting leftover inventory, the brothers would buy past seasons’ watches, jewelry, and other accessories and make them available to consumers online at prices reflecting their “shop worn” nature.

“Shop worn” has long been used to describe merchandise with past lives in store displays, gently handled by staff and tried on by customers, but never consumer owned. This subtle distinction prevents the products from being considered new, yet because the merchandise has never been bought by a customer, it falls outside the “pre-owned” category.

“When we launched, companies were selling online as either ‘new’ or ‘pre-owned,’ but no one was capitalizing on ‘shop worn.’ We saw the potential,” continues Birnbaum. “Luxury brands

could protect their image as Shopworn.com sells past seasons’ items as neither new nor used, but as ‘shop worn’ and gently handled. Consumers got it immediately, eagerly paying the same or slightly more to avoid buying used. We achieved profitability within the first three months.”

ShopWorn sales have exploded in the past two months as shelter-in-place mandates spur “e-commerce therapy.”

“We started with a strong January, but as coronavirus expanded, our February and March numbers dipped. April, however, more than made up for this as our sales exceeded projections by 40%. May has followed the same trajectory.”

Shopworn.com customers “run the gamut” Birnbaum says, encompassing consumers across multiple demographics, including Gen Z, Millennials and Baby Boomers as well as aspirational luxury consumers who often make their first luxury purchase on the site before advancing to more current season items from local retailers.

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ShopWorn’s focus on guaranteed authenticity and transparency, combined with a sense of discovery, repeatedly drives customers back to the site. The company receives product deliveries daily, refreshing the site’s assortment accordingly. To assure customers what they see and buy online is exactly what they get, ShopWorn employs in-house photographers who take pictures of every item on the site. Stock images are never used.

Of the resale and used market, Birnbaum says shoppers are taking a gamble since only brands or authorized retailers can guarantee an item is authentic.

“With our model, authenticity is never a question. Every single ShopWorn item comes directly from either a brand or a store sanctioned by the brand to sell their products.”

Trust, Transparency and Partnership Above All

“When we first started, brands were hesitant to work with us because our concept seemed so revolutionary. They were jaded by companies who made promises but then sold their products to unsavory places,” Birnbaum reflects. “When we began sourcing products in Italy, for instance, we had to start with a handful of brands and retailers willing to test our model, but only with a small batch.”

It did not take long for these brands and retailers to realize they had found a much-needed solution to their inventory problem while also gaining a trusted partner who honors every detail of their agreement. In addition to assurances on where and at what price products will be sold, partners also receive detailed quarterly reports showing which items were bestsellers and in what cities customers are strongest.

Eric Loth, CEO of Swiss watchmaker Graham and a ShopWorn partner, shares, “ShopWorn is a key contributor to the economic development of luxury watchmaking in the USA. Building a trustworthy digital platform and collaborating with them to create a win-win-win situation helps the brand and retailers to keep the market clean

and supply at optimal cost. Effectively keeping the market ‘à jour’ and offering the brand added value for their clients, ShopWorn points out the need to transform the business of luxury goods.”

What the Future Holds

“It’s incredibly humbling to be leading ShopWorn during this time in history,” acknowledges Birnbaum. He has aggressive plans for growing the ShopWorn partner network as well as the consumer audience over the coming months.

“When we first started, we initially focused on luxury watches. Fine jewelry and writing instruments soon followed. We’ve since introduced luxury sunglasses, handbags, wallets and other leather goods as we assess our customers’ appetites. We’re finding the appetite for luxury knows no limitations.”

When asked if ShopWorn will ever compete with luxury retailers, Birnbaum is adamant that retailers will always be strategic partners.

“Retailers offer customers the latest off fashion runways or watch and jewelry trade shows. ShopWorn’s focus is on unsold, gently handled inventory -- what’s left over after the initial excitement expires,” Birnbaum explains. “When a ShopWorn customer starts buying brands they’ve discovered through our site, they’re going to authorized retailers to grab the newest collections.”

While growing almost exclusively by word of mouth, ShopWorn will be pursuing a more visible marketing strategy to educate consumers on the ShopWorn philosophy: *It’s not new. It’s not pre-owned. It’s ShopWorn. Be the first.*

“We’re honored to play an important role in the health and stability of our industry as we continue supporting existing partners while cultivating new relationships. And for consumers, we want them to know they don’t have to settle for second-hand items. Instead, they can be the first to own a guaranteed authentic ‘shop worn’ luxury product at an incredible price.”

WATCH: To learn more about ShopWorn and hear from Larry Birnbaum check out this video.