



How we leverage recommerce  
to increase profits for retailers  
in the secondary market

## THOUGHT LEADERSHIP REPORT

Featuring David Malka,  
Chief Sales Officer

# Table of Contents

Introduction

2

The Evolution of Recommerce and Secondary Markets

3

A Strategy for Success

4

Increasing Profits Through the Recommerce Marketplace

6



## Introduction

It's no secret that online shopping sales have increased exponentially over the past decade. Shopping from home offers convenience, as well as access to expanded inventory options available for purchase. In 2020, COVID-19 elevated those numbers to an even steeper incline, with e-commerce sales [reporting a 25% increase](#). Many experts see these shopping habits outlasting the pandemic.

What might be surprising is the critical role that recommerce, or secondary marketplaces, play in this continued trend. As online sales have seen record increases, so too have the volume of returns, [currently at a minimum of 30%](#) of all orders. Mitigating the financial losses for these returned products is vital for retailers to capitalize on the upswing in online shopping. Fortunately, the secondary marketplace can offer a considerable benefit.

Recommerce sites such as eBay, Groupon, and Poshmark started as places for individuals to sell personal, second-hand items. Today, they offer retailers opportunities to sell returned and refurbished merchandise — along with brand-new items — while reaching a larger audience and maximizing pricing.

Here, we discuss the secondary market evolution over the past ten years and how goTRG leverages recommerce opportunities to optimize recoveries and retail profits.





## The Evolution of Recommerce and Secondary Markets

In simple terms, a secondary marketplace is just that: a place where an item, after its initial purchase, is sold for a second time. Amazon and eBay are significant players, but there are several others like Wish.com, TheStore.com, and NewEgg.com

While these markets are home to products sold a second time via private resellers and certified refurbishers, many brands also use these sites to sell brand-new products. Examples include an original equipment manufacturer (OEM), like Samsung selling discounted phones on eBay, or a certified partner selling and shipping the latest Walmart inventory.

### In the past decade, the secondary market's growth and evolution occurred for multiple reasons:

1. Brands realized their merchandise would end up on these sites whether they liked it or not, and they wanted to take control by listing their own inventory.
2. Retailers could reach a larger audience by listing products on both their websites and secondary marketplaces.
3. Consumer education about the quality of refurbished goods made brands inclined to sell their items through these channels.
4. Millennials and Gen Z consumers have embraced secondary markets due to their budget and environmentally conscious shopping habits.

Even before the pandemic hit, experts predicted the resale market was on track to double between 2019 and 2021. Now, it's expected to [grow by 69%](#) in the same time frame. Why? Brands and retailers are rapidly meeting customers where they're at and accommodating how they want to buy. The barrier they face is finding the right partner to get started.



## A Strategy for Success

To succeed in the secondary market, retailers must work with experienced recommerce partners with a proven track record across channels. At goTRG, we work with every possible retail category and have the data to help make better resale decisions. When retailers partner with us, they benefit from our experience in:

- Sales and marketing
- Returns and warranties
- Product refurbishment
- Fraud prevention and mitigation

### Sales and marketing

The right partner will have experience with every major marketplace, knowing the best channel to use and how to price an item for maximum recovery. Resale partners will consider the business's size, how many products they have, and the categories they're competing in to devise the right sales and marketing plan. Some items are more prevalent on one marketplace versus another or sell at a higher price on a particular website at a specific time of year. goTRG integrates with different marketplaces to help retailers get the highest recovery possible based on category, channel and demand.

The right resale partners should also have established relationships with the marketplaces they're selling on. At goTRG, we have contacts in every significant secondary channel who help provide us with opportunities to effectively market products for increased visibility.







## Handling returns

Dealing with returns is a large part of e-commerce, and customers expect a seamless experience. [67% of shoppers](#) will check the returns policy before they make a purchase. To be successful on secondary market places retailers need to have a seamless return policy, manufacturer-grade warranty, and a solution to process returns and issue refunds quickly.

At goTRG, we resell items with free 30-day returns, along with warranties that range from a minimum of 90-days to one year, depending on the product.

## Product refurbishment

Modern consumers, especially [millennials and Gen Z'ers, choose refurbished items](#) to save money and reduce product waste. Many of them trust a refurbished product more than a brand-new one because they know the item has been rigorously tested to function flawlessly. Moreover, secondary marketplaces such as eBay are promoting increased consumer trust by drawing the line between ["certified refurbished"](#) products and everything else.

At goTRG, we are certified to restore devices from the world's leading brands. We rigorously test every returned item, including every laptop key and smartphone pixel, to ensure they work better than if they were new before listing it on the secondary marketplace.

## Avoiding fraud

Unfortunately, a retailer new to the secondary marketplace can be the target of scammers. For example, fraudsters will buy an item, then submit a request to return it, but mail an empty box or return a different item instead. If the retailer doesn't have the proper protocols in place, the secondary marketplace will often honor the refund anyway because they prioritize consumer protection.

At goTRG, we developed advanced Point of Return (POR) and reconciliation software to help retailers recover more from returns and identify fraud along the way. We can locate items that don't match the product description or are missing parts. From there, we can analyze the chain of custody in hopes of identifying the fraudster in question.



## Increasing Profits Through the Recommerce Marketplace

After many years of trial and error, we pride ourselves as e-commerce experts.

We understand how to maximize profits for retailers because we have extensive experience touching the product, adding value to that product, reselling it, and dealing with the end customer. To utilize the recommerce marketplace for the most profit, we've developed a strategy to adapt to market needs.

### Understand pricing structure

When we first launched our ecommerce vertical, we made the mistake of pricing everything equally across the board. However, we quickly learned that some sites have different commission structures for certain categories. We help our clients earn the most profit by knowing where to increase the price or decrease quantity based on our experience with marketplaces in that category.





## Stay competitive, but within reason

On secondary marketplaces, retailers must compete with hundreds of players who are selling the same products. Since resellers are not required to stay at a specific price – unless the product is brand-new – retailers often face a frustrating race to win against the lowest cost provider. However, when retailers use a partner to help control pricing, they make sure the product is not selling too high or too low.

## Adapt quickly to market needs

Secondary marketplaces change their rules often, so retailers need to have tools to adapt quickly. For example, eBay introduced "structured data categories" that require additional product descriptions for listings to remain active. Because we have such a robust, AI-driven, catalog of product information, it was easy to add the necessary data and prevent retailers' listings from being pulled. But not every reseller had the same luxury, especially those who published hundreds of products through manual data entry.

In sum, recommerce platforms help retailers sell products quickly, but maximizing profits requires a strategy for everything from marketing and pricing to returns and refurbishment. Long-term success requires recommerce sellers to adjust to evolving rules so products remain visible and appropriately priced. To stay competitive for the long-haul, retailers must focus on their core business of forward sales and rely on a trusted partner to execute the most profitable resale strategy.



David Malka, Chief Sales Officer

For more information visit: [www.goTRG.com](http://www.goTRG.com)