



THOUGHT LEADERSHIP REPORT

Explosive Wholesale Demand and the Rise of Secondary Market Post-Covid

Featuring

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Introduction

Demand for wholesale products has always been steady, but 2020 changed the game. During the height of the pandemic, web traffic for goTRG's wholesale marketplace, [Direct Liquidation](#), doubled, its reseller accounts quadrupled, and its monthly sales increased by 20%. Multiple factors contributed to this sudden growth.

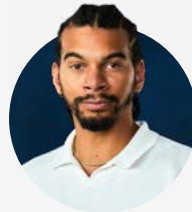
As the rapidly spreading virus forced businesses to shut down, many people found themselves unemployed or working from home with less income and more time to spare. They needed a way to supplement their income. By sourcing pre-owned goods from wholesale sites like goTRG's Direct Liquidation, they found an opportunity to buy goods and resell those items for a quick profit. Even the established first-hand sellers got into the industry. [In fact, 75% of existing sellers began offering pre-owned goods¹](#) in 2020.

Fortunately, quarantined consumers were also looking for deals from home. Reseller platforms like Offerup, Facebook Marketplace, eBay, and Amazon offered vast options for consumers who couldn't go to stores or find new items in stock.

Wholesale supply combined with consumer demand fueled the perfect storm for secondary market growth. So, will this trend endure once we've fully rebounded from the impacts of COVID-19? To answer that question, goTRG's Senior Sales Manager, Jordan Hall, and B2B Sales Representative Henley Johnson explore the factors behind wholesale growth and predict its future fate.



Jordan Hall
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¹ Source: <https://www.mediapost.com/publications/article/364144/marriage-survived-lockdown-ebay-thinks-you-deserv.html>



Image above: One out of many strategically situated goTRG facilities.

As we move into Q3 2021, what is the state of wholesale demand today?

Jordan Hall (JH): Demand is still on the rise. We see it in the sales numbers, and we see it in real-time engagement. For example, Direct Liquidation recently launched a private wholesaler Facebook group, and hundreds of people are joining a day. Within a few days of creating this Facebook Group we converted over \$300,000 of sales, which have exponentially increased since that time.

Henley Johnston (HJ): We started the group less than 24 hours ago from the time of this interview, and close to 1,000 members have already subscribed. The Facebook group illustrates that demand is still very much rising. Plus, wholesalers trust DL to deliver profitable goods.

Will Wholesale Demand Continue to Rise Post-COVID?



HJ: I think demand will continue rising in the post-COVID era. First, of course, we need to recognize that the pandemic played a major role in the enormous growth this past year. But Direct Liquidation's daily traffic of new and repeat wholesale buyers tells me the market is only trending upward. So the genie is out of the bottle now, and it's not going back.

The role of social media and advertising

JH: Social media, as well as traditional marketing and advertising, play a huge role. Every day, wholesalers are re-selling products and sharing information online about how to save, how to invest, and how to start a reseller business. They're using platforms like Instagram, TikTok, Facebook, YouTube to get the message out. For example, if you search "flipping pallet reselling" on google, you'll see YouTube videos from wholesalers like Direct Liquidation with tens of thousands of views.

HJ: A&E also aired [Extreme Unboxing videos](#) that highlight the pallet resale industry. As a result, the resale market is experiencing a renaissance as the storage auction industry did a few years ago. After A&E's Storage Wars aired, people rushed out to buy and bid lockers.

Convenience and profits

JH: Sure, COVID introduced people to buying wholesale inventory as a way to generate income. But now they know how lucrative this business can be without much upfront investment. So why wouldn't people continue buying wholesale goods post-COVID?

HJ: We've seen so many examples of people turning their wholesale side hustle into profitable ventures, but one example stands out to me. At the height of the pandemic, a North Carolina-based customer joined Direct Liquidation and bought a single pallet to start. The

customer was nervous and didn't know what to expect but hoped to expand their business quickly. After the initial pallet, they purchased a truckload to increase their profit potential. They were thrilled with the investment. In fact, with the profits from the first truckload, this customer invested in three more trucks right away. From that point, they scaled up to 10, 15, and 20 truckloads at a time. At the peak, this customer purchased 300 in a single order. It was incredible to see such success in such a short time.

How Has the Secondary Market Played a Role in Wholesale Growth?

JH: Wholesalers have been successful because consumers are willing and eager to buy secondhand goods. For a multitude of reasons,



consumers have started embracing the secondary market with a passion. Even before COVID, we saw the decline of the shopping mall. Customers were telling the market they didn't care as much about the retail experience. So, the secondary market was growing before COVID, but as a result of the pandemic, experts predict an even steeper rise — [69% by year's end compared to 2019](#)².

Consumers want deals

HJ: It's hard to disagree with 50 to 70% off. That's tough to beat. So the price point is fueling the growth for our wholesale customers who sell directly to consumers. In addition, their secondary market businesses are thriving.

JH: People don't necessarily care about buying brand new anymore. Instead, they're looking for good deals on high-quality items—whether they're returned, overstock, or used. Plus, fast shipping and easy returns are a must. That's where secondary market providers like Wish.com, TheStore.com, eBay, and Amazon come into play. Other sites like Facebook Marketplace and Offer up have slightly different terms, but people are still drawn to the deals they can get from resellers who live in their area," said Jordan.

Consumers trust the secondary market

JH: Consumers didn't always trust the secondary market, which consisted of pre-owned, overstock, and refurbished goods. There was certainly a stigma around refurbished items in particular because there was a lack of transparency. Ten years ago, people couldn't vet companies' reputations on social or Google reviews. So they thought the only way to buy high-quality items was to go straight to the store or manufacturer. However, over time, secondary market resellers have worked to change consumer perceptions of refurbished and pre-owned goods.

HJ: Even big-name brands like Apple and Best Buy have launched certified refurbished programs. And customers are starting to understand that these secondhand items are just as good as new. People are always hunting for refurbished deals—especially on electronics, home goods, and general merchandise. The trust factor is

² Source: <https://www.thredup.com/resale/#resale-growth>

there, and I see that as the main reason why our wholesale customers are doing so well.

The sustainability factor

HJ: Sustainability is a huge factor for people. If they can buy a product that's as good as new and prevent the item from going to waste while also saving money, they're eager to partake in the secondary market.

JH: I would agree with that. Survey after survey shows consumers care about the environment, and they'll support responsible brands that do too. In fact, more than [two-thirds of consumers said they prefer eco-friendly brands](https://www.barrons.com/articles/two-thirds-of-north-americans-prefer-eco-friendly-brands-study-finds-51578661728)³ to those who don't support sustainability.

Most understand that they're also saving those items from ending up in landfills when they're buying secondhand items from wholesale resellers. For example, I personally buy used cars and restore a lot of vintage home goods. I get a sense of satisfaction from giving an 'old' product another chance at life, and I know many people feel the same, whether they're buying a refurbished laptop or a pre-owned wardrobe.

Will the Secondary Market Rival Retail Someday as a Consumers' Top Choice for Purchasing?

JH: The secondary market will continue to rise, but retailers and manufacturers are going to try very, very hard to grow even more rapidly. They're going to continue marketing new products and launching yearly re-releases with marginal updates. They're going to continue making items that are difficult to repair, with lower-grade parts that may break sooner than they should. So retailers and secondary market resellers will continue to battle. Still, ultimately retail will always stay a step ahead because the secondary market can only exist if manufacturers make new items and people buy them.

³ Source: <https://www.barrons.com/articles/two-thirds-of-north-americans-prefer-eco-friendly-brands-study-finds-51578661728>



That being said, I think our generation and generations to come will push to keep products in circulation longer. Let's take cars, for example; today, the average age of a car's lifespan is the longest it's ever been. I believe we will see the same trend with consumer electronics, general merchandise, and possibly even apparel. People are starting to reject [fast fashion brands because they realize the fast fashion business model is unsustainable](#)⁴. So I think the secondary market will continue to expand but will always trail slightly behind retail.

HJ: The thrifting trend is another illustration of how consumers are increasingly shifting toward the secondhand market. We're also seeing an uptick in "bin stores," small shops that resell secondhand items to the local community. Think of bin stores like the mom-n-pop versions of TJMaxx and Dollar General. Trends like these make me confident in secondary market growth.

The Bottom Line

goTRG's wholesale marketplace brands are soaring, and the tide doesn't appear to be turning any time soon. COVID fueled the rapid growth, but consumer demand for low prices and the need for a more sustainable future means the wholesale industry and the secondary market it supplies will continue to amass a larger market share. Now is the time for entrepreneurs, brands, and novices to consider how they can get in on the action.

⁴ Source: <https://www.vox.com/2019/9/12/20860620/fast-fashion-zara-hm-forever-21-boohoo-environment-cost>