

Luxury Garage Sale gets \$5M for more resale shops, e-commerce investment



An employee displays merchandise at Luxury Garage Sale's Old Town Triangle store in 2015. The consignment retailer, which sells designer fashion online and at stores in Chicago and Dallas, has raised \$5 million that it said will go toward expansion and technology improvements. (Phil Velasquez / Chicago Tribune)

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Chicago upscale resale company Luxury Garage Sale has landed its second round of funding in the last year and a half to bring its gently used designer fashion to new cities.

The \$5 million Series A investment round was led by Boston-based Data Point Capital and includes investments from Chicago Ventures, Hyde Park Angels, Pallasite Ventures and Trunk Club CEO Brian Spaly, who also took part in Luxury Garage Sale's \$1.5 million seed funding round last February, the company said.

That money helped Luxury Garage Sale open its first store outside Chicago, a Dallas boutique that opened in June, said CEO Lindsay Segal, who co-founded the company with Brielle Buchberg in 2011.

With the new cash, Luxury Garage Sale plans to open two more boutiques this year. The company hasn't signed leases yet but is looking at markets where it already has an online following, Segal said.

Luxury Garage Sale got its start five years ago with a series of pop-up shopping events. The company still sells through pop-ups in addition to its retail boutiques to build its audience of consignors and shoppers, Segal said.

There's a pop-up in Hinsdale until June 7 and another in Highland Park starting June 15. A pop-up at [900 North Michigan Shops](#) turned into the retailer's second permanent Chicago retail location. It also has a boutique in the Old Town Triangle neighborhood at 1658 N. Wells St.

Customers also can buy the company's curated, pre-owned designer clothing, handbags, shoes and accessories online, either piece-by-piece or mailed in a "Luxbox" picked by a stylist, a service that started in January.

In addition to the new retail stores, the funding will help Luxury Garage Sale build an in-house team focused on improving its technology, which has been outsourced until now. Keeping track of 30,000 individual items that are constantly changing as new consignments come in is a challenge for online customers, who sometimes find the experience "overwhelming," and employees, who need a quick way to keep on top of what their store has in stock in a shopper's desired size and style, Segal said.

Secondhand shopping is losing its stigma, and retailers have trained customers to expect discounts, she said.

"Now modern shoppers, even wealthy individuals, shop resale because it's the smart thing to do. You can trade in and trade up," she said. "People still want high-status items but know they can get them more inexpensively than walking into Neiman Marcus and paying full price."

Other secondhand retailers seem to agree. Although interest in some "flash sale" websites appears to be waning — Toronto Retailer Hudson's Bay acquired Gilt Groupe, reportedly valued at \$1 billion in 2011, for a quarter of that sum earlier this year and Amazon is shutting down its competitor, MyHabit — some resale sites have been expanding.

ThredUP, an online marketplace for used women's and children's clothing, opened a new distribution center serving Midwest customers in Vernon Hills in March. Luxury consignment shop The RealReal opened a jewelry and watch valuation office in Chicago earlier this year, and the city is also home to eDrop-Off, a designer consignment shop that sells online and at its Lincoln Park boutique, with an option of a personal shopping service.

Segal said Luxury Garage Sale's wide range of buying options helps the company stand out.

"You need to hit all the ways customers want to shop, where they want to shop, and make it 24/7," she said. "We're making sure our consumer has access to us to shop however she's comfortable."

Segal said Luxury Garage Sale's customers range from first-time luxury buyers who want designer goods but don't want to pay designer prices to "sport shoppers" who want to keep up with the latest trends but also want a good deal.

Luxury Garage Sale also gets about 20 percent of its merchandise from overstock sourced from boutiques around the country, an option for customers who would still rather buy new, Segal said.

How big a discount shoppers can expect depends on what they're buying, with best-selling brands like Hermes and Chanel often selling at close to retail value, Segal said. Consignors get up to 65 percent of an item's selling price.

Luxury Garage Sale lets people consign by mail, dropping items off or through a "white glove" in-home service. About 75 percent consign multiple times, Segal said.

Segal declined to disclose the company's revenue or the share of customers and consignors who shop online versus in markets with brick-and-mortar boutiques but said revenues in the first quarter of this year are triple what they were during the same period in 2015.

Scott Savitz, founder and managing partner at Data Point Capital and founder of online retailer Shoebuy.com, said he was impressed by the pool of active consignors and buyers Luxury Garage Sale's team attracted on relatively limited capital. "They've been able to build it very fast, and very smartly," he said.