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Emerging Retail & Consumer Trends Report

Q1 2025

In Q1 2025, the retail and consumer products industries are navigating significant shifts driven by economic and consumer behavior changes. This report discusses three key trends, including brands launching in-house resale channels to capture the growing resale market and appeal to eco-conscious Gen-Z consumers, DTC brands such as Oura and Glossier partnering with traditional retailers to address profitability challenges and meet consumer expectations for omnichannel experiences, and finally, a shift towards reduced alcohol consumption and the subsequent rise in brand innovations in the health-conscious and zero-proof spaces.

Our report looks at three notable trends:

1. **The Rise of In-house Resale Channels**
2. **The Evolution of Pure-Play DTC**
3. **A New Era of Drinking Less**

Trend 1 | Resale Reimagined: The Rise of In-house Resale Channels

As the resale market continues to expand in the US, brands are increasing their control over this market by establishing their own in-house resale channels. Companies including Levi's, Zara, and Lululemon, added sections of their website devoted to "second hand", "pre-owned", or "like new" merchandise.

Most often, resale is seen in product categories such as higher-priced fashion, accessories, and technology[1]. As of 2025, 153 US fashion brands have resale listings on their e-commerce sites, marking a 325% increase since 2021. Further, a recent survey by Fashion Dive of the top 50 fashion brands[2] in the US found that executives at 74% of companies that do not already offer an in-house resale channel are considering adding one.

Venture capital investments further underscore the potential long-term value of this trend. In January 2025, Archive, a software company that helps brands such as The North Face launch their own in-house resale channels, announced that they had raised $30M in series B funding[3], which will be used to continue to drive profitable in-house resale.

The growth of in-house resale is largely driven by the growth of the broader resale market, which is projected to reach $73B by 2028[4], up 217% since 2023. As Thomas Robertson, former dean of Wharton, said, brands are offering in-house resale because "If they don't sell their own used products, someone else will"[1].

Offering in-house resale is an excellent opportunity for companies to appeal to Gen-Z, who now account for 40% of US consumers[5]. Environmental sustainability continues to be a top concern[6] for Gen-Z and Millennials, with 64% of Gen-Z[6] being willing to pay more for environmentally sustainable products.

Across income groups, shoppers are switching to discount retailers[7] and seeking out private label and dupe products, signaling shoppers' interest in purchasing more affordable options. Additionally, two-thirds of retail executives surveyed[7] expect consumers to continue shopping more frequently with smaller basket sizes, given their focus on necessities and tighter budgets. These trends highlight an economic environment favorable to more affordable resale options.

Furthermore, in-house resale helps companies both maintain and attract customers. Existing customers appreciate that in-house resale retains the brand image, experience, and exclusiveness that may be lost through 3rd party resale platforms[8]. New customers are attracted by the cheaper resale options and will eventually "trade up"[1] as they develop brand loyalty.

Impact to 3rd Party Resale Platforms

The creation of in-house resale channels offers both threats and opportunities to 3rd party resale platforms like ThredUp. In-house resale presents the threat of competition to these 3rd party platforms, as more customers may prefer to purchase from brands reselling their own products. On the other hand, it also helps to reduce the stigma around secondhand shopping, which serves to expand the overall resale market for 3rd party re-sellers. A 2024 survey found that 72% of respondents believe resale stigma has decreased[9] in the past year. There is also an opportunity for 3rd party resellers to capitalize on this trend by forming strategic partnerships with brands. For example, resale platforms can partner with luxury brands to add pre-owned luxury products to their inventory. This would create a verified way to both buy and sell used luxury items.

What This Means for Brands

The rise of in-house resale is poised to influence the future of retail from both a brand and consumer perspective. Consumers may be willing to invest in higher-quality products if they believe they will have ample opportunities to re-sell. Similarly, brands may increasingly prioritize the production of higher-quality goods, as ability to resell is dependent on commitment to quality[10].

Brands can partake in this trend to appeal to today's consumers, who have increasingly positive sentiment toward resale, while also saving production costs and boosting brand perception from a sustainability lens. They can also use in-house resale as a strategy to reintegrate otherwise unsellable returned products[11] back to the shopping ecosystem and improve data collection on product lifespan and customer preferences.

Trend 2 | Pure-Play DTC May Not Be So "Pure" Anymore

Direct-to-consumer (DTC) brands introduced a new retail model by selling directly to customers, bypassing traditional wholesale channels. This model avoids high retail markups, allowing for better quality of service and more affordable prices. Engaging directly with customers online allows DTC brands to control their messaging and collect valuable data for smarter product strategies. By building authentic brand identities, DTC companies had the potential to effectively compete with established legacy corporations[12]. Popular DTC brands achieved billion-dollar valuations at their initial public offerings (IPOs), highlighting the potential upside of DTC models despite their sector-specific complexities. These landmark IPO valuations showed strong investor confidence in the long-term growth of DTC brands, which, supported by $643 billion in venture capital in 2021, were set to revolutionize the retail industry.

However, investors are now expressing concerns regarding the true profitability of "pure-play" DTC. According to a recent CNBC study, of the 22 publicly traded DTC companies, more than half have seen a decline of 50% or more in their stock price since going public[13]. This decline signals waning investor confidence, prompting once-dominant brands to reassess their business models. To help ensure long-term growth and competitiveness, DTC brands are now considering more traditional retail strategies.

DTC brands are facing growing challenges related to sustainability and profitability. Many argue that the initial novelty of the DTC model has waned, and consumers now anticipate finding their preferred products in the major retail stores where they normally shop. While adapting to shifting customer preferences, DTC brands must also contend with rising customer acquisition costs across all platforms, which are estimated to have increased by 25-40%, depending on the channel[14]. As the retail industry navigates the aftermath of COVID-19's digital golden age, brands that previously relied on "pure-play" DTC may need to pivot to survive, diversifying their sales channels and leveraging traditional retail partnerships.

However, DTC brands often face several challenges when moving to retail shelves. Retailers base stocking decisions on sales velocity; slower-moving, less-known items risk losing shelf space. Additionally, each retailer has unique margin expectations, making it crucial for DTC brands to choose the right partners. Major retailers like Target offer accelerator programs to help DTC brands transition to wholesale. Retailers benefit from partnering with DTC brands by offering differentiated product assortments, which can attract and retain customers.

Examples in the Market

Popular DTC brands such as Oura and Glossier have strategically partnered with wholesale retailers to build their brands, reach new customers, and enhance profitability.

- Following a successful kickstarter campaign that raised over $650,000, Oura entered the U.S. market and has since become a prominent player in health-technology. In 2023, eight years after its launch, Oura transitioned from exclusively selling its smart rings through direct channels to partnering with Best Buy. Oura CEO, Tom Hale referred to this next step “as a natural pivot” to grow Oura’s presence in retail, promote expansion and enable long-term growth. Shoppers benefit from in-store sizing, pickup, and education about Oura’s top-selling models. After success with its initial partnership with Best Buy, Oura continued its expansion by bringing its products to Target’s shelves.
- Glossier, a beauty and lifestyle brand, maintains bustling storefronts in major cities while also securing exclusive shelf space at Sephora. After taking the reins from Glossier's founder, new CEO Kyle Leahy anticipated shifting customer preferences for channel diversification and strategized that Glossier's brand, backed by its loyal customer base, could effectively compete in a wholesale environment. Through its new partnership with Sephora, Glossier transitioned from its pure-play DTC model, reaching $100M in annual sales in the first year.

Implications & What This Means for Brands

As more DTC brands adopt elements of traditional retail models, distinct implications emerge:

- The "pure-play DTC" market may significantly decline across multiple sectors due to shifting customer expectations.
- Existing brands could face increased competition for shelf space as DTC brands enter retail.
- The evolving relationship between formerly “pure-play” DTC brands and retail partners presents opportunities for exclusive product partnerships.

As DTC brands explore and considering adopting traditional retailer strategies, focusing on omni channel experience is a must; according to Deloitte’s 2025 Retail Outlook[7], retail executives say accelerating digital transformation/omnichannel capabilities is a “top priority” in 2025.

DTC brands can maintain valuable customer relationships and higher profit margins through direct channels while leveraging mass retail for product discovery. To maximize reach, all DTC brands should reassess their "pure-play" model and consider integrating both direct and traditional retail channels.

Trend 3 | Cheers to Change: A New Era of Drinking Less

Alcohol has long been considered an essential staple in social gatherings, celebrations, and quiet evenings at home. Whether it's wine with dinner, beer at a sporting event, or cocktails at a party, drinking is intertwined with many American adults’ diet and lifestyle, despite its known health impacts. On average, 63% of Americans report drinking each year[15]; in 2022, Americans reported consuming 4 drinks a week.

In January, however, the United States Surgeon General[16] released a landmark Advisory calling for brands to update alcohol labels to include warnings linking the consumption of alcohol with various types of cancer[17]. This significant announcement underscores the urgency of the public health challenge[18], akin to the 1964 Surgeon General’s report on smoking.

Even before the warning, alcohol consumption habits were shifting. Alcohol sales volume dropped nearly 3%[19] in the first half of 2024 compared to the same period in 2023, with a decline observed across all major alcoholic beverage categories (wine, beer, spirits). Industry giants also faced significant losses; Remy Cointreau reported a near 16% decrease in sales[20] in in the first half of 2024, while LVMH’s Wine & Spirits group saw an 8% decline in revenues in 2024[21].

This drop in alcohol consumption aligns with a broader trend of Americans, especially younger generations, who have become more drinking-averse. A 2023 Gallup poll[22] revealed that 62% of adults under 35 reported drinking alcoholic beverages in 2021 through 2023, down 2% from a decade ago and 10% from two decades ago.

A contributing factor to this phenomenon is the rising belief that alcohol consumption may not be as healthy as once thought. A 2025 CNN poll[23] found that 8% of American adults believe moderate consumption (one to two drinks a day) is good for health, down 25% from a 2007 Gallup poll. Most notably, 78% of these respondents claimed they were not even aware of the Surgeon General's Advisory when submitting their responses.

Additionally, there has been a measurable rise in the popularity and availability of non-alcoholic or zero-proof beverages (e.g., alcohol free substitutes for traditional drinks such as beer, wine, spirits) In 2023, US non-alcohol drink sales were $565M[24], a 35% increase from the year prior. This popularity has also been fueled by celebrity founders[24]; Tom Holland, Lewis Hamilton, Katy Perry and Bella Hadid have all debuted their own non-alcoholic beverage lines.

Traditional beverage giants are noticing these trends; non-alcoholic versions of some of the most popular beers, such as Heineken[24], are available for sale, and brands are not afraid to showcase them[25] even during the Super Bowl, a day historically dominated by alcoholic advertisements. Non-alcoholic beer is considered to the be most flavorfully similar to traditional beer[26] due to its lower alcoholic content, likely driving its presence as the most popular zero-proof beverage alternative[26].

When asked about their drinking habits in 2025, 49% of Americans[27] claim they plan to drink less in 2025, up 8% from 2024. Unsurprisingly, Gen Z (adults aged 18 - 28) is at the forefront; nearly 66% say they plan to drink less in 2025, and 39% say they plan to adopt a dry lifestyle in 2025.

Implications & What This Means for Brands

Alcohol brands could face strategic decisions in response to shifting government messaging and evolving consumer preferences, particularly among younger generations. To meet public demand, brands can:

1. **Consider Adding Health Conscious-Drinks:** Similar to the rise in alcoholic seltzers to match preferences for sweeter and less bitter drinks, consumers increasingly prefer drinks that align with health-conscious lifestyles. The rise of functional beverages[28] (drinks promoted as improving mental and physical well-being through benefits such as mood, gut health, energy, etc.) have emerged as replacements for traditional alcoholic beverages, and are currently on the rise[29]. Brands can consider adding new, innovative products to their existing lineups.

2. **Innovate Marketing Strategies:** Brands should focus on new marketing strategies to target non-drinking customers. Liquid Death was able to surpass a $1b+ valuation[30] through their bold, sustainability-focused and influencer-heavy marketing, despite simply packaging water in traditional beer cans.

3. **Leverage In-Person Connection Opportunities:** Younger generations, especially Gen Z, prioritize experiences over material goods[31]. Brands can explore opportunities to integrate their products in traditional drinking-heavy venues such as sporting events and concerts[32], or even create new experiences[33] for their customers.

Contacts

To learn more, please contact:

Robert Stephens
Principal
Deloitte & Touche LLP
rostephens@deloitte.com

Simon Chafetz
Senior Manager
Deloitte & Touche LLP
schafetz@deloitte.com

The authors would like to thank these team members for their contributions :
Carol Cui
Jamie Curran
Sylvie Wallin
Meera Bathwal
Ari Haygood
Vishal Vardhineedi

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