

2026 State of the Liquidation Industry Report

The most comprehensive snapshot of today's liquidation industry

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Executive Summary

Key Takeaways:

76% reported customer growth

Nearly 60% reported revenue growth

62% expect revenue growth in 2026

Over 50% say sourcing is harder

62% say competition increased

The liquidation industry continues to expand. Resellers are seeing growth in both customers and revenue, and the majority expect that momentum to continue into 2026. The opportunity remains strong, but capturing it requires greater discipline, speed, and operational efficiency than in previous years.

That's because growth is happening alongside mounting pressure. Merchandise costs are rising, dependable sourcing is harder to find, and competition is compressing margins across the board. The resellers feeling this most acutely are those still relying on manual processes and informal systems, a group that, based on the data, represents a significant portion of the industry.

The data also points to a structural shift in how liquidation businesses operate. The majority of respondents now sell primarily as individual items rather than pallets or truckloads, a move toward higher-margin B2C models that demand more labor, time, and operational sophistication.

Perhaps the most telling finding: even as businesses grow, respondents rated their likelihood to recommend entering the industry at just 5.3 out of 10. That number speaks to the increasing friction operators are navigating every day.

The path forward belongs to those who can secure reliable supply, control costs, and scale efficiently in a market that is showing no signs of slowing down.



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Foreword

The liquidation industry is evolving fast. What was once a fragmented, relationship-driven market is now more competitive, more structured, and more complex than ever. Margins are shifting, supply channels are tightening, and resellers across the board are adapting to stay ahead.

This report exists to bring clarity to that environment.

The **2026 WHSL State of the Liquidation Industry Report** is built entirely on direct input from operators actively working in the business — no theory, no outside analysis. Every data point reflects real experiences from people buying, selling, processing, and scaling within today's market. The result is a ground-level view of where the industry stands today, and where it may be headed next.

To everyone who contributed their time and perspective: thank you. Your input is what makes this report meaningful.

— **Matt & the WHSL Team**



Resellers are reporting strong customer demand and revenue growth, yet those gains are being offset by rising costs, increased competition, and more difficulty sourcing quality inventory.

76%

Gained more customers in 2025

58%

Increased revenue despite rising costs

62%

Expect revenue to grow in 2026

“Business is up, but it’s not easier — you just have to work harder for the same margin.”

Top challenges in 2025

- Increased merchandise costs (49%)
- Finding dependable suppliers (38%)
- Poor merchandise quality (32%)
- Product shortages (30%)

Expected challenges in 2026

- Further cost increases (57%)
- Higher shipping costs (46%)
- Increased competition & compressed margins (39%)

Industry Overview

Context from the Broader Market

Retail returns remain massive. [NRF and Happy Returns reported](#) that retailers expected \$850 billion in returns in 2025, equal to **16.9% of annual sales**. That helps explain why liquidation and secondary-market channels remain strategically important—not temporary, opportunistic side markets.



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COMPETITION IS INCREASING FASTER THAN SUPPLY

62% See more competitors
Market is getting more crowded

55% See more new buyers
Demand side is also growing

52% Say sourcing got harder
Supply isn't keeping pace

48% Cite supplier reliability issues
Consistency is a growing concern

INDUSTRY RECOMMENDATION SCORE

5.30 /10

People are making money,
but they're not exactly telling
their friends to join.

Trust remains fragile across the industry, as scammers continue to impact operator confidence and decision-making.

TRUST STILL MATTERS

28% cite scammers as an active day-to-day challenge

23% list it as a top fear for their business



“There are more people buying than ever... but they’re all chasing the same loads.”



Highs and lows

- i** Peak season is November, followed by December
- ✓** The slowest months are January, June, and July

Returns continue to fuel the market, but that doesn't make it easy. Rising costs, sourcing challenges, and increased competition are tightening margins.

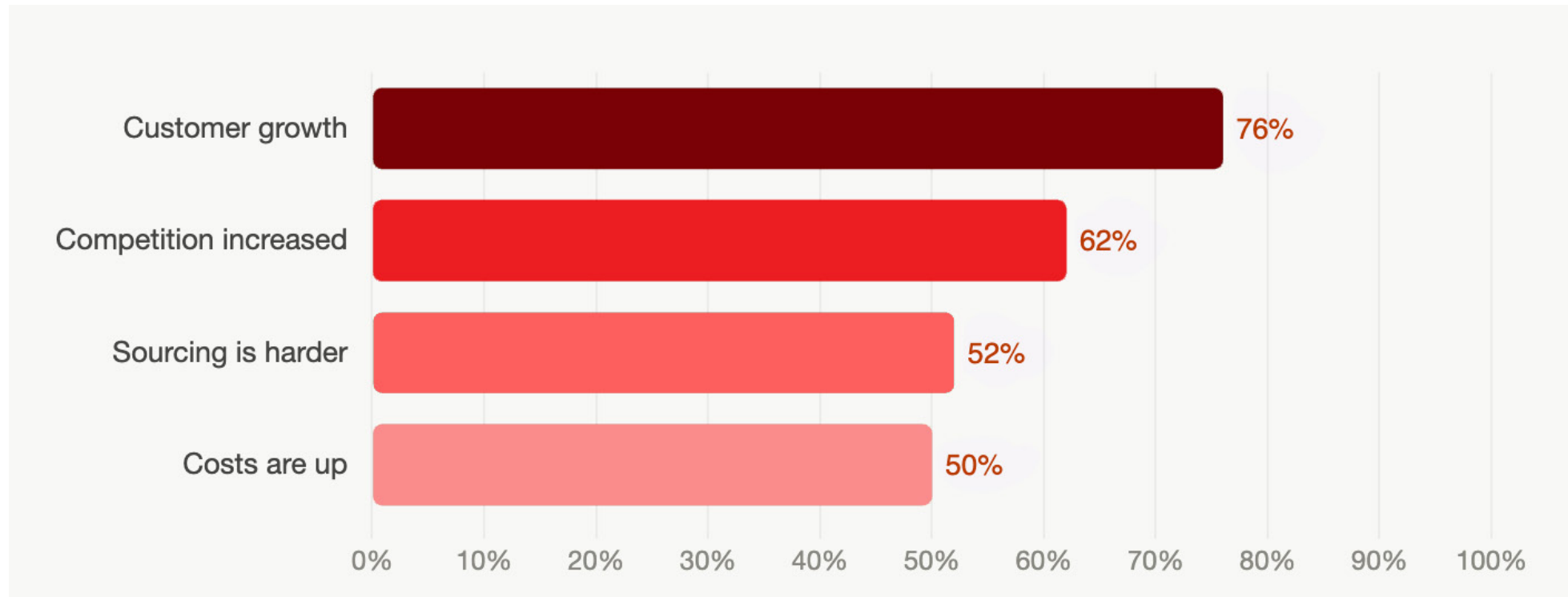
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The liquidation industry is expanding, driven by sustained consumer demand, high return volumes, and a growing base of resellers. What was once a fragmented, opportunistic market is becoming more competitive and more structured. At the same time, success is becoming more difficult to achieve. Resellers are navigating rising acquisition costs, tighter margins, and increased competition for quality inventory.

The State of the Industry in One Chart

Percentage of resellers who reported each trend



Key Takeaways

-  The industry is growing, but harder to operate in
-  More buyers, more competition, tighter margins
-  Operational discipline is becoming a differentiator
-  B2C channels are rising
-  Sourcing is the primary constraint

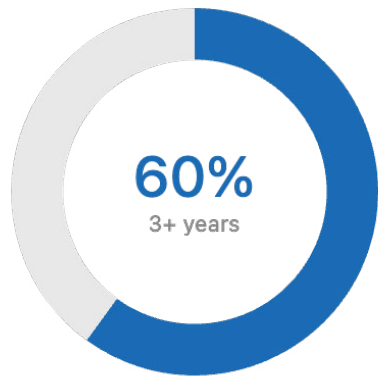
The market is growing, but operating within it is becoming more complex.

Reseller Insights

Reselling is a real business ecosystem, not hobbyists. They are warehouse operators, small business owners, and full-time entrepreneurs building real infrastructure around a real market opportunity.

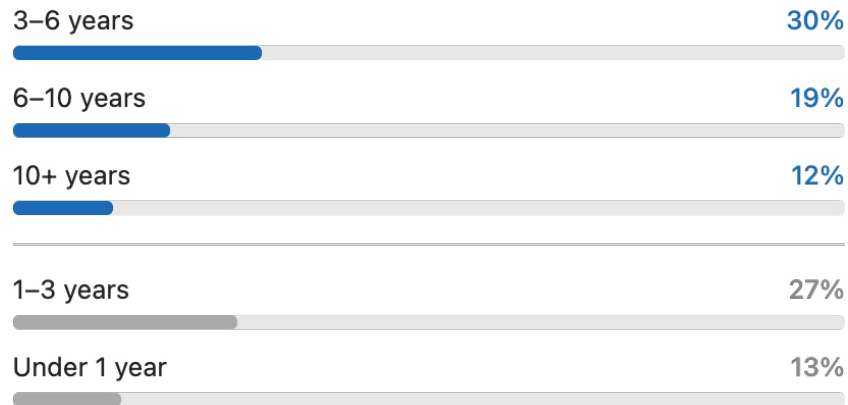
THE INDUSTRY IS LED BY EXPERIENCED OPERATORS

60% of respondents have 3+ years of experience — this dataset is driven by seasoned operators, not beginners.



■ 3+ years (60%) ■ Under 3 years (40%)

EXPERIENCE BREAKDOWN



KEY TAKEAWAY

3 in 5 operators have been in the industry **3 years or more** — this is a mature, experienced field.

TOP MOTIVATION

22%

entered for extra income

CLOSE SECOND

20%

entered to be their own boss

Liquidation continues to attract two types of entrants: people looking to create additional income and people pursuing independence through business ownership. That blend helps explain why the industry remains entrepreneurial, scrappy, and highly self-directed. Many operators reach profitability quickly, but sustaining that profitability becomes more complex over time.



TIME & EXECUTION

This is not passive income.

59%

work 40+ hours per week

57%

changed their model at least once

40%

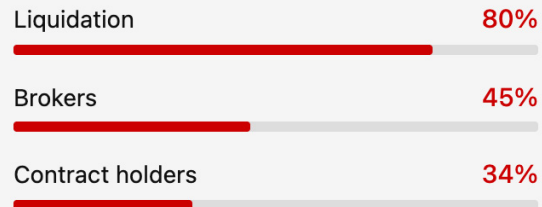
changed their model multiple times

7%

treat it like a low-time side hustle

Operators who quickly adapt, test new strategies, and scale what works are outperforming slower-moving competition

HOW DO YOU SOURCE YOUR INVENTORY?



HOW IS YOUR RESALE OPERATION STRUCTURED?

WAREHOUSE

50%+

use a warehouse

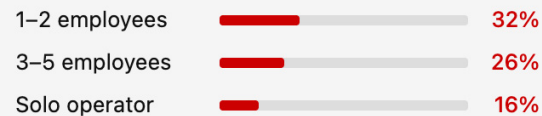
32%

most common size:
5K-10K sq ft

17%

operate without a warehouse

EMPLOYEES



KEY FINDING

50%+

of respondents identified **sourcing products** as their most time-sensitive task, far outweighing customer-facing activities.

Relationships, sourcing ability, and hustle still outrank formal systems in how operators define success. This remains a people-driven business, even as it becomes more operationally complex.

TOP FACTORS FOR SUCCESS



58%

Relationships



53%

Sourcing



45%

Hustle

RESALE CHANNELS

Auction, bin stores, and live selling platforms are becoming more important as operators look to capture higher margins.

Individual items (B2C)

~70%

Primarily online

~50%

Retail stores

39%

Bin stores

24%

Truckloads

17%

DOMINANT MODEL

~70%

sell individual items directly to consumers (B2C)

PHYSICAL RETAIL STILL STRONG

39%

operate brick-and-mortar retail stores

WHOLESALE MINORITY

Only 17%

focus on truckload (bulk B2B) sales

The industry is not dominated by a single business model. Operators use a mix of digital and physical channels, often layering multiple approaches to create stability. This fragmentation reflects both flexibility and uneven maturity across the market.

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A Fragmented Industry

Reverse logistics infrastructure is still evolving. [NAIOP](#) highlights that facility design, location strategy, and network efficiency are becoming increasingly important in reverse logistics. Compared to more mature logistics sectors, the liquidation ecosystem remains fragmented, decentralized, and inconsistently structured.



Half of respondents sell through online marketplaces, while retail stores and bin stores remain significant, reinforcing a multi-channel operating model

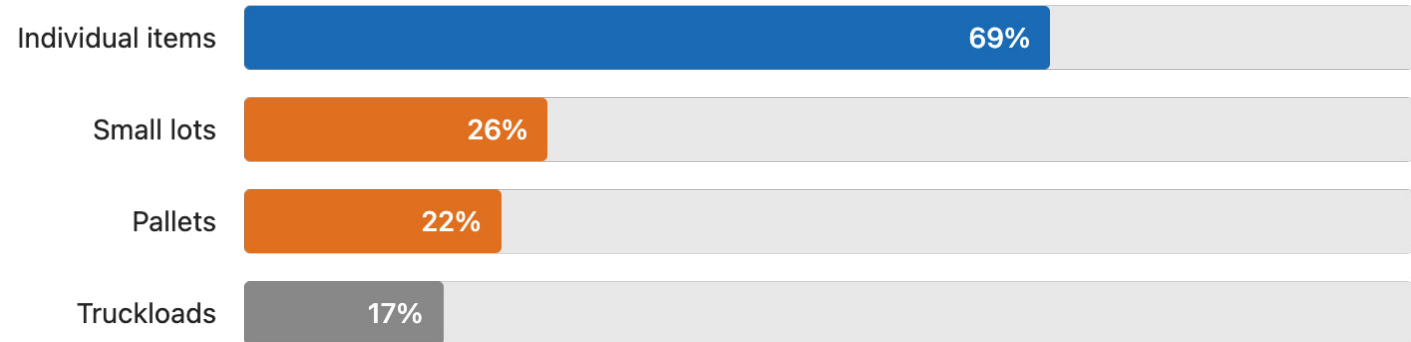
Sales & Pricing Strategy

The market has shifted heavily toward selling direct. This opens up better margins, but it also means more hands-on work, more moving parts, and a much bigger need for day-to-day discipline. Liquidation is becoming a consumer-facing business.

The Shift Toward the End Consumer

Value recovery is becoming more operational. [McKinsey](#) argues that retailers can convert roughly \$200 billion in annual reverse-logistics costs into business value through better routing, dispositioning, and automation. As resellers move closer to the end consumer, execution matters more than sourcing alone.

WHAT VOLUME TYPE DO YOU PRIMARILY SELL?



Most B2C resellers aren't chasing maximum markup; they're pricing to move, and building margin through volume and velocity.



PRICING STRATEGY

40%–60% of retail

The majority of resellers price between **40%–60% of retail** for individual sales, balancing speed and margin.

“Wholesale gets you volume, but direct-to-consumer is where you make your money.”

PROFITABILITY TIMELINE



6% never reached profitability — the exception, not the rule

Rising costs, tighter margins, and increased competition are narrowing the gap between buying and selling profitably. As a result, operators are being forced to focus on fundamentals:

- ✓ Inventory turnover
- ✓ Pricing discipline
- ✓ Channel optimization
- ✓ Process efficiency

PALLET ECONOMICS

MOST COMMON PRICE

\$401–\$500

37% of operators

TYPICAL MARKUP RANGE

\$51–\$125

Markups cluster in this band

- Steady margin, not huge swings — pallet pricing is consistent and predictable.

TRUCKLOAD ECONOMICS

MOST COMMON MARKUP

\$501–\$750

Highest concentration of operators

HIGH-END OUTLIERS

27%

report markups of \$2,000+

- High variance = relationship-driven upside — top earners leverage supplier relationships for outsized margins.

Growth Is Real, But It Doesn't Feel Easy

Returns continue to fuel the market, but that doesn't make it easy. Rising costs, sourcing challenges, and increased competition are tightening margins.

Who's Winning, Who's Losing



The Resellers Who Win Move Fast

- Success is defined less by size and more by adaptability
- Top resellers continuously test, refine, and adjust their approach
- The ability to identify profitable opportunities – and scale them quickly – is a key differentiator
- Flexibility across sourcing and sales channels is essential to staying competitive

Slow Movers with Limited Sourcing Fall Behind

- Operators without strong sourcing relationships are at increasing risk
- Low purchasing volume limits access to better inventory opportunities
- Slower decision-making reduces the ability to capitalize on deals
- Relying on a single sales channel increases vulnerability
- Holding inventory too long exposes operators to margin erosion

The Freight Factor

Freight is becoming one of the most important variables in liquidation profitability. Even when operators source well, logistics costs and complexity can quickly erode returns.

Freight-related costs were consistently cited as a growing concern, reinforcing **logistics as a key margin driver.**

Freight pressure remains real, even in a softer shipment environment. [Cass reported](#) that while shipments are down year over year, rates remained elevated, indicating that lower volume has not translated into proportionally easier transportation economics. That reinforces why freight continues to squeeze liquidation margins.

Shipments declined year-over-year

Costs remain elevated

Margin pressure persists

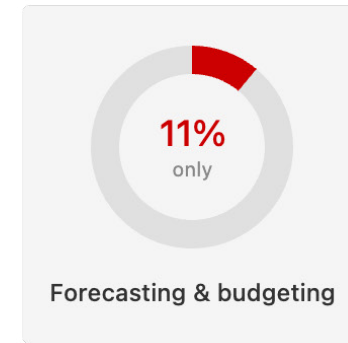
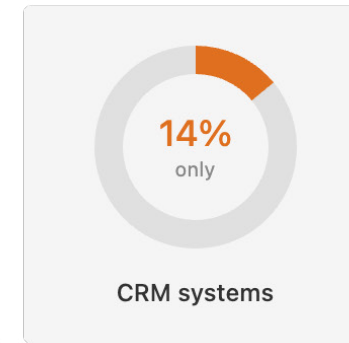
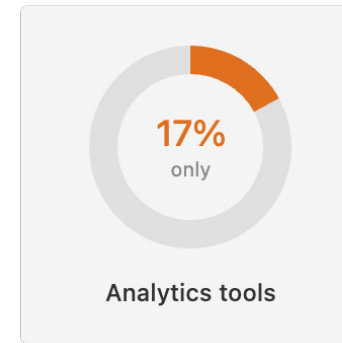
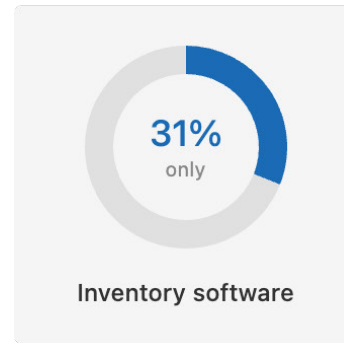


Technology & Tools

Resellers are investing more in advertising, expanding teams, and building real businesses; however, many resellers still lack the infrastructure needed to scale efficiently. **Less than one-third use inventory software**, and even fewer use analytics or CRM tools. The industry is maturing, but it is not yet mature.

“Most people are still running this business out of spreadsheets and memory.”

THE TECHNOLOGY GAP



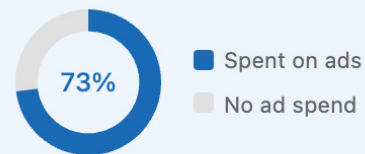
ADVERTISING

Paid promotion is becoming a standard part of the playbook — the data shows a meaningful portion are actively investing in customer acquisition.

2025 SPEND

73%

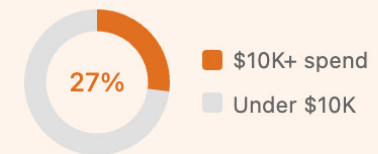
of operators spent money on advertising in 2025



HIGH SPENDERS

27%

spent over \$10,000 on advertising



Final Thoughts

FINAL THOUGHTS

The market is growing. So is the bar to compete in it.

The liquidation industry is entering a more demanding phase — one that will separate operators who built real businesses from those still running on instinct and relationships alone. The data in this report reflects both the opportunity and the pressure: customers are growing, revenue is up, and demand for discounted goods is structurally supported by one of the largest return cycles in retail history. But supply is tighter, competition is sharper, and the operational gap between top performers and the rest of the market is widening. The next chapter of this industry won't be won by those who got in early — it will be won by those who execute best.

"The opportunity remains — but it will increasingly reward **disciplined execution.**"

DEMAND

Stable and growing

SUPPLY

Competitive and tightening

DIFFERENTIATOR

Operations will decide winners



INDUSTRY CONTEXT

Where the broader market is heading

The liquidation industry doesn't operate in a vacuum. It sits downstream from one of the largest and most structurally entrenched challenges in modern retail: the returns problem. According to the **National Retail Federation**, U.S. retailers processed **\$850 billion in returned merchandise in 2025** — a figure that shows no signs of shrinking as e-commerce continues to expand. On the logistics side, **Cass Information Systems** reports that freight costs remain elevated even as overall shipment volumes soften — squeezing margins on both the buy and sell side for liquidation operators. And according to **McKinsey & Company**, leading retailers are now treating reverse logistics not as a cost center but as a **competitive advantage**, investing heavily in AI-driven recovery and resale infrastructure. For independent liquidation operators, that institutional investment is both a tailwind and a warning: the secondary market is becoming more professionalized, and the window for informal operations is narrowing.

CITATIONS

- 1 National Retail Federation — *2025 Retail Returns Report*
[nrf.com/media-center/press-releases/nrf-and-happy-returns-report-2024-retail-returns-total-890-billion](https://www.nrf.com/media-center/press-releases/nrf-and-happy-returns-report-2024-retail-returns-total-890-billion)
- 2 Cass Information Systems — *Cass Transportation Index, August 2025*
[cassinfo.com/freight-audit-payment/cass-transportation-indexes/august-2025](https://www.cassinfo.com/freight-audit-payment/cass-transportation-indexes/august-2025)
- 3 McKinsey & Company — *From Cost Center to Competitive Advantage: Modernizing Reverse Logistics with AI*
[mckinsey.com/industries/logistics/our-insights/from-cost-center-to-competitive-advantage-modernizing-reverse-logistics-with-ai](https://www.mckinsey.com/industries/logistics/our-insights/from-cost-center-to-competitive-advantage-modernizing-reverse-logistics-with-ai)

Final Thoughts

We'd like to thank everyone who contributed their time and perspective.

A special thanks to our partners:

- **BuyLow Warehouse** — Supporting industry growth through supply, distribution, and innovation
- **B-Stock** — Providing technology and B2B resale solutions that continue to shape modern liquidation
- **WHSL Market** — Bringing the industry together through events, education, and community
- **WHSL Market Gold Members** — B-Stock, Liquidation.com, BuyLow Warehouse, Excess4Less, Kairos Wholesale, Willow & West, Jackpot Pallets

Together, we are committed to strengthening and advancing the liquidation space.



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