

COMMERCE

What luxury brands retain the most value over time?

May 21, 2015



Promotional image from Vestiaire Collective

By SARAH JONES

Luxury brands are consistently designing new merchandise, whether a new "It" handbag or jewelry piece, but while the price tag may be high today, it may lose its luster and appeal over time.

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Certain brands have established a timelessness through iconic items that transcend seasons and stand the test of time, such as Hermès' perennially sought-after Birkin bag. What attributes makes a product covetable long after its origination?

"The appeal to customers buying in the secondary market usually falls into one of two categories," said Alexis Clarbour, director of [Portero](#), New York. "They either want access to something they can't easily find and are even willing to pay a premium to have that instant gratification such as an Hermès Birkin bag or a collectable watch or piece of jewelry or they are looking for value to what the retail price may be.

"For some, every penny counts, so the secondary market is where they can find their favorite luxury brands for a discount to their retail price," she said. "Consumers also love the idea that they can find a bag or vintage jewelry piece that may not be available in

stores any longer.

"The thrill is in the hunt and it has become increasingly chic to wear vintage or pre-owned."

Second life

Resale marketplace Portero has identified five brands with the highest second-hand price points on its own site: Hermès, Cartier, Rolex, Chanel and Bulgari.

Hermès' tight grasp on its supply chain, with its loftiest Kelly and Birkin bags unavailable online and limited in distribution, boosts the second-hand marketplace, where consumers can receive competitive prices from those wishing to avoid a waitlist. For instance, on Portero, there are pre-owned crocodile Birkin handbags selling for upwards of \$70,000, with leather versions anywhere from \$10,000 to \$30,000.



Hermès Birkin handbag photographed by Portero

Chanel's rising prices have made it an appealing brand in resale, particularly its iconic flap bags.

Rolex Daytona timepieces and Cartier Love bracelets are in heavy demand due to their classic charm, while modern celebrities' red carpet accessories keep Bulgari's classic Serpenti and Tubogas lines top-of-mind for second-hand shoppers.



Celebrity dressing, such as Naomi Watts at the 2015 Golden Globe Awards, drives interest in Bulgari

"Portero has been around for over a decade and...we have seen resale items fluctuate," Ms. Clarbour said. "It is very much like a commodity and really depends on a number of factors.

"Does a brand have a strict control on supply like Hermès? What colors, leather combinations, hardware are they producing? Have the brand's prices risen dramatically in the past several years like Chanel? Is the brand going through some sort of transition good or bad?" she said. "These are all factors that can change the pricing of items in the secondary marketplace."

In addition to Chanel and Hermès, [The RealReal](#)'s chief merchant Rati Levesque sees high resale value in Louis Vuitton, Christian Louboutin shoes and Céline handbags for women. For men, labels Berluti, Tom Ford and John Lobb have strong attention and demand.



Céline handbags photographed by The RealReal

In jewelry, The RealReal similarly notes high levels of interest in Rolex and Cartier pieces, along with Van Cleef & Arpels.

"Limited-edition and highly covetable items are ones that appreciate in price over the years, in addition to timeless pieces that are iconic to the brand," Ms. Levesque said. "The Hermès Birkin bag, Hermès Clic Clac bracelet and Chanel Flap Bags are a few examples."

Vestiaire Collective's network of 2.4 million customers are driven by their personal style. Some of the most coveted items from U.S. consumers are from Alexander Wang, Donna Karan, Rick Owens, Manolo Blahnik and Jimmy Choo.



Vestiaire Collective's consumers shop across labels

"The brands with the greatest resale value are luxury mainstays such as Chanel, Hermès, Louis Vuitton in addition to Céline and Isabel Marant, which have emerged as must-have luxury front runners over the past few decades," said Fanny Moizant, co-founder and brand director of [Vestiaire Collective](#), London.

"Trendier pieces tend to have a shorter resale shelf life," she said. "If you want the greatest return on a trend item, remember that those shoppers will have moved on to the next big thing in about two seasons.

"Overall, classic silhouettes in neutral colors such as black, grey, camel and navy never go out of style."

Big business

What does a high resale value mean for a brand's own business? It can alter how consumers shop, and can be a deciding factor in whether or not a purchase is made, particularly for aspirational shoppers looking to invest in luxury goods only occasionally.

Online luxury consignment marketplace The RealReal has compiled its data on resale value into a mobile application to help give consumers a better idea of selling prices for high-end goods.

The RealReal's "RealBook" app is described by the retailer as doing what Kelley Blue Book does for cars for fashion and accessories. For luxury brands, this app may help to justify

the purchase price of a handbag or watch, since consumers can see how much an item retains its value for resale ([see story](#)).

"Over time a high resale value will increase the brand's pricing in the primary market as designers learn that their brands retain their value in the secondary market," The RealReal's Ms. Levesque said.

While popularity in resale can help a brand convince a consumer to buy, the second-hand marketplace's access to goods can also hinder sales of new products. According to Bain's [2014 Annual Global Luxury Study](#), the second-hand market reached \$17.7 billion that year, driven by mature consumers and mid-income shoppers.

Also, what does well in resale may not be the same as what's trending or where consumers are voting with their wallets on ecommerce sites.

Fashion ecommerce platform Lyst crunched the data from sales on its site to produce the year's highlights and product winners for 2014.

On Lyst's "Leaderboard," data showed that its consumers spent the most on Saint Laurent, Valentino, Burberry, Givenchy and Isabel Marant in the top five. As for the most searched for brands, Prada, Givenchy, Gucci, Burberry and Valentino made the top five ([see story](#)).

"[A high resale value] can enhance the brand and make it stronger," Ms. Clarbour said.

"However, we focus on the inverse relationship," she said. "A brand's demand in their direct business greatly affects the secondary market in price and supply. The fact that most can't walk into Hermès to buy a Birkin, much less in a certain size, color or hardware, gives these bags tremendous resale value."

Final Take

Sarah Jones, staff reporter on Luxury Daily, New York

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