

FINANCIAL SERVICES

Bitcoin fluctuations are not discouraging luxury investors

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Bitcoin dropped almost 50 percent last week, only to rebound a few days later. Image credit: RYB

By DANNY PARISI

Just as the luxury world was beginning to embrace bitcoin, the cryptocurrency began experiencing wild swings in value.

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Over the past few weeks, bitcoin's value has fluctuated severely, dropping 50 percent in one day only to rebound to a greater price than ever before. While the fluctuations may make some wary of investing, luxury brands seem to be confident in the use of bitcoin no matter what the headlines say about it.

"We think bitcoin is currently in a correction phase," said Elizabeth White, CEO of [The White Company](#), New York. "We expect that it will continue to rise after the holiday season."

"Many large traders of cryptocurrency are away for the holidays so the current swings are due to lower trading volume, which causes volatility," she said. "After Jan. 2 we expect a more clear trend for bitcoin and other cryptocurrencies to establish itself."

Bitcoin fluctuation

Bitcoin has attracted a number of investors over the past few years and the high exchange rate, sitting at around \$16,000 as of press time, has ensured its use among some of the wealthiest consumers.

The luxury world has embraced this with a number of brands and retailers catering to affluent consumers by beginning to accept bitcoin.

For example, after inking its first successful bitcoin sale, yacht dealer Denison has announced that it will accept bitcoin for all sales in the future.

But recent fluctuations have left many would-be bitcoin investors feeling wary of the currency.



Denison has begun selling yachts for Bitcoin. Image credit: Denison

Last week, bitcoin inexplicably dropped in value to \$10,000, almost a 50 percent drop. Then, on Dec. 26, it climbed back to more than \$16,000, again with little apparent cause or explanation.

Partly, this can be attributed to the volatile nature of a new currency and jittery investors who will pull out at the first sign of trouble.

But many in the luxury world are unperturbed, such as Bob Denison, founder of the yacht dealer company, [Denison](#).

"Bitcoin is not just a 'millennial' fad," Mr. Denison said. "There are bitcoin users of all ages, across all continents buying and selling luxury goods, including cars and villas. There's absolutely no reason why a seller should be wary of accepting bitcoin."

Continued confidence

From yachts to fine art, using cryptocurrencies as payment for high-priced items has gained traction among the world's affluent.

The most mainstream of the cryptocurrencies, bitcoin's valuation experienced a growth spurt of 1,000 percent in just 11 months after beginning 2017 at \$963 each. According to the International Business Times, at the start of the year, the cryptocurrency market was valued at \$18 billion, but it is now worth a reported \$300 billion, with bitcoin representing more than half of that figure ([see story](#)).

Responding to the rise of cryptocurrency use in other luxury sectors, Royal Yacht Brokers is now accepting these digital payment methods for rentals and sales.

Global currencies such as bitcoin and Ethereum and national currencies such as CryptoRubles, can now be used to charter or purchase the service's mega yachts. Due to the anonymity associated with these forms of payment, a number of luxury categories that cater to the well-heeled have adopted these currencies ([see story](#)).



THE WHITE COMPANY

Purveyors of luxury to the cryptocurrency world

"Select A Victim" by Mark Flood sold by The White Company for Bitcoin (PRNewstoto/The White Company)

Despite the recent turmoil in bitcoin's exchange rate, luxury brands are remaining confident that the cryptocurrency will remain viable.

"International luxury consumers have difficulty purchasing luxury items across the world due to the complexity and cost of traditional international payments," The White Company's Ms. White said. "Our experience in the luxury world allows us to source rare items and experiences for our clients worldwide.

"Bitcoin facilitates payments because funds can be transferred in seconds versus days or weeks with traditional methods - due to holds on wires and checks, currency exchanging, etc.

"Just recently we secured a vintage Ferrari located in the U.S. for a client in Australia and the entire purchase was done in less than 30 minutes. This would have not been possible without bitcoin."

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