

RETAIL

Millennials dispelling stigma of pawning luxury goods

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Watches and jewelry perform well on the secondary market. Image credit: The Loan Companies

By STAFF REPORTS

Millennials' value-driven sentiment has changed the retail landscape, which in turn has resulted in an increased interest in the secondhand market.

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According to The Loan Companies, a network of upscale pawn brokerages in Beverly Hills, CA, Chicago and New York, millennial consumers have a deep appreciation for luxury brands, despite reports to the contrary. Deloitte, for example, conducted a 2017 study that found a significant decline in luxury goods spending by U.S. consumers ages 20-34, but The Loan Companies suggests this spend has just been repurposed to the consignment marketplace.

Dispelling stigma

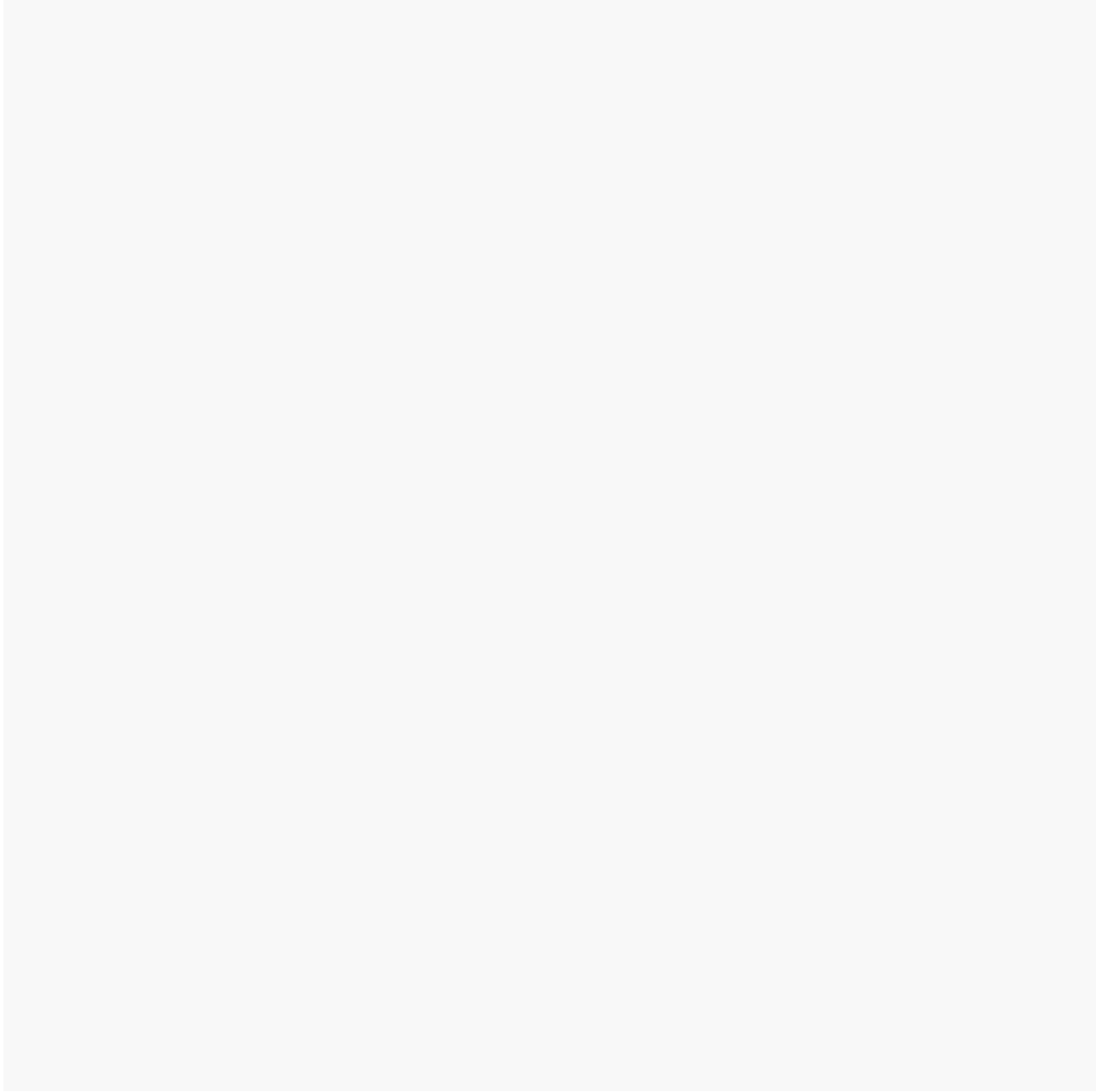
In a separate report, Bain & Company found that millennials and the younger Generation Z demographic are forecasted to account for 45 percent of the global personal luxury goods market by 2025.

Jordan Tabach-Bank, CEO of The Loan Companies, sees millennial and Gen Z spending power as an opportunity, rather than a crisis because high-end brands continue to resonate well with younger consumers.

As such, because millennials are Internet-savvy and heavily research prior to purchase, they are well-informed, often looking for luxury brands on the secondary market instead of paying the suggested retail value of a new item.

"Millennials are clearly disrupting the retail landscape, but they have come to compose our fastest growing demographic," Mr. Tabach-Bank said. "They regularly comparison shop via the Internet, and as a result, come to the astute conclusion that buying luxury brands on the secondhand market yields the best value.

"Because the average millennial places such a high value on a good deal, they visit [The Loan Companies] locations to purchase luxury assets at heavily discounted prices, particularly diamond engagement rings and high-end watches," he said.



Not your typical pawnshop and so proud of it! Our professional staff are experts in the field, from graduate gemologists and trained numismatists, to specialists in luxury watches, fine art and auction-worthy handbags. Visit our website for more information about The Loan Companies or call one of our locations nationwide today! Thank you @businessinsider @sarahjake for the wonderful feature > LINK IN BIO #jewelry #goldanddiamonds #fineart #luxurywatches #rolex #cartier #hermes #newyork #chicago #beverlyhills

A post shared by The Loan Companies (@theloancompanies) on Nov 17, 2017 at 10:58am PST

Mr. Tabach-Bank has also found that millennials often leverage their luxury possessions to fund their expenses by pawning goods to "bankroll their lifestyles." Even though millennials would rather talk about health issues instead of debt with potential partners, Mr. Tabach-Bank does not categorize a loan against a luxury good as traditional debt, such as student loans.

"Purchasing secondhand and making pawn loans are acts that unfortunately carried unnecessary shame with previous generations," he said. "In contrast, millennials see collateral loans as smart business decisions and attach no stigma to them.

"They are credit conscious and these non-recourse transactions are a responsible way to fund a backpacking trip in Southeast Asia or a new tech startup."

Similarly, Luxury Asset Capital is turning consumers' luxury assets into liquid capital through the launch of Lux

Exchange, responding to individuals' occasional needs for fast, short-term financing.

Lux Exchange allows clients to put goods such as jewelry or cars up as collateral for capital, whether they need \$5,000 or \$5 million. Even those who have high incomes sometimes demand additional financial flexibility, whether for a business investment or an aspirational luxury purchase ([see story](#)).

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