

RETAIL

Rental, subscription, resale offer opportunities for luxury brands

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Bloomingdale's recently launched its own subscription service. Image credit: Bloomingdale's

By SARAH JONES

NEW YORK Luxury brands have an opportunity to own more of the circular economy either through partnerships or directly operated services, as consumers open up to secondhand goods and alternative ownership.

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During LuxeCX/AMCX 2019, two executives from Altiant shared research that shows that luxury brands' stores and Web sites would be consumers' preferred channel for rentals if they offered such a service. Additionally, three quarters of shoppers show an interest in being able to sell products back to luxury brands, pointing to further potential for luxury brands in the circular economy.

"Secondhand has become much more acceptable for many consumers, even for luxury goods," said Chris Wisson, knowledge director at **Altiant**. "And secondhand can be a great way for brands to entice consumers to their brand."

Altiant's research studied consumers with household incomes of at least \$205,000 from the United Kingdom, France and the United States. Demographics, including age and gender, were weighted 50/50.

LuxeCX/AMCX 2019 was produced by Luxury Daily and sister title American Marketer, with venue sponsor UBS

New models

Altiant asked respondents to break down how they would spend a hypothetical 10,000 dollars, pounds or euros that were earmarked for luxury. Respondents were split almost evenly among items, experiences and investing.

However, the Brits were the least apt to want to buy items and the most likely to invest. Meanwhile, French respondents showed a preferences for goods over experiences, 37 percent to 31 percent.

Even though there has been a shift from things to experiences, consumers still show a desire for collecting luxury goods and they largely agree that luxury goods are investments. These sentiments are stronger among consumers ages 18 to 39 than they are for those over 40.

Fifty-five percent of global consumers buy new fashion items once a month, and 42 percent purchase new accessories monthly.

Even though new luxury goods are maintaining consumers' interests, secondhand items are gaining steam. Altiant found that 46 percent of affluents have purchased a pre-owned luxury item, with pre-owned goods even more popular among women and those under 40.

The stigma around secondhand luxury has dissipated, with only 16 percent believing that there is shame in wearing pre-owned goods.

Additionally, only a third say that luxury brands' images are tarnished via the lower prices accessible via secondhand retail.

Just as Netflix and Spotify have shaken up the entertainment media business, subscription services and rentals are providing consumers with alternative ownership options for luxury goods and experiences.

Rental services are sprouting up, and even traditional retail is getting in on lending.

Le Tote recently bought Lord & Taylor, with plans to leverage the retailer's store network for a mix of rentals and retail ([see story](#)). Meanwhile, Bloomingdale's has just launched its own subscription rental service ([see story](#)).

Rentals can help cut down on the issue of wardrobing, or buying an item, wearing it once and returning it.

While 60 percent give their unworn fashion to family or friends, 50 percent say their unworn fashion stays in their closet.

Peer-to-peer firms such as Tulerie offer an Airbnb-style lending option enabling consumers to make money off their clothing and give a garment more wears during its lifecycle ([see story](#)). Seventeen percent of Altiant's panel said they would try such a service.



Tulerie allows women to borrow handbags, clothing and shoes from each other. Image courtesy of Tulerie

Consumers also show a willingness to pay significant sums to rent. Forty-four percent would pay at least 5 percent of a garment's cost to borrow it for four days.

While 39 percent of consumers say they are motivated to rent over buying in an effort to reduce their environmental impact, the biggest driver is a desire to try out lots of products.

Similarly to rental and resale, consumers are also open to fractional ownership.

Only 31 percent say they have no interest in shared ownership of a property, and 41 percent would not buy a share in a yacht or private jet.

About half of consumers would also be open to part ownership of jewelry and art.

Sharing economy

Beyond the fashion business, rentals and subscription models are shaking up categories such as automotive and travel.

Porsche Cars North America launched its Porsche Passport and Porsche Drive mobility services to four new cities in North America after a successful pilot in Atlanta that expands on-demand access to customers.

Up to 20 current Porsche model variants will benefit from Porsche Passport and Porsche Drive for short-term driving rather than a traditional lease or outright purchase ([see story](#)).



The Porsche Passport program is reliant on app technology, making it relatively easy and accessible for consumers to savor the Porsche car experience. Image credit: Porsche

Meanwhile, private travel club Inspirato is bringing the sharing economy to the luxury hospitality sector with the introduction of its own travel subscription service.

Through Inspirato Pass, clients will pay one monthly fee for access to more than 60,000 luxury vacation homes, hotels, resorts and experiences around the globe. As the vacation rental space becomes more competitive, Inspirato is continuing to diversify its offerings ([see story](#)).

"Luxury subscription as a model can offer better control of the customer experience and also an opportunity to build more loyalty," said Meryam Schneider, vice president marketing and partnerships at Altiant.

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