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Is the Chinese collector luxury's savior?

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As collectors search for appealing investments, a new generation of young Chinese want luxury goods as alternative assets that also reflect individuality and status. Image credit: LVMH

By **Glyn Atwal**

Demand for collectibles whether for fine art, jewelry, or fine wines is healthy among China's wealthy consumers. Remarkably, the [Art Basel and UBS Global Art Market Report 2021](#) found that Greater China accounted for 21 percent of the \$50.1 billion global art and antique market in 2020.

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Extraordinarily, Greater China overtook the United States to become the world's largest public auction market, with a share of 36 percent of sales by value.

The growing interest of Chinese collectors is a key factor in this geographical market shift that is, without a doubt, being driven by wealth creation.

According to Capgemini's World Wealth Report 2021, China's HNWI population reached 1.46 million in 2020, an increase of 11 percent over 2019.

However, as collectors search for appealing investment propositions, a new generation of younger collectors in China are seeking luxury goods such as jewelry, watches and handbags as alternative investment assets that also reflect individuality and status.

For example, "[The House of Luxury: Private Selling Exhibition](#)," which recently took place at Christie's in Hong Kong, offered a selection of limited editions, such as the Nata Swift Leather Shadow Birkin 25 and a Black Calf Box Leather So Black Birkin 35 for immediate purchase.

The interest in luxury collectibles looks like it is reaching new heights.

Hermès handbags led the Knight Frank Luxury Investment Index (KFLII), with prices rising by 17 percent during 2020. And China is a key strategic market as Asia reportedly accounts for close to 50 percent of the value of global luxury goods auctions.

Yet, the rise of China's "luxury collector" is not restricted exclusively to the wealthy elite.

The growth of [luxury resale platforms](#) such as Plum enables many first-time collectors to purchase unique items

with investment value at a seemingly affordable price. For example, "Herms Garden Party 36" or a "Chanel Globe Trotter" can be purchased for 7858 RMB and 20,500 RMB, respectively.

Meanwhile, new entrants, such as Brand Off - owned by Japan's largest pre-owned reseller, Komehyo - have also joined the battle to capture a share of the vintage luxury market.

Not all resale buyers are luxury collectors. Yet, their search for specific models, as opposed to brands, proves that luxury spending often gets intertwined with collecting and investing. These in-the-know consumers are very aware of the value of their investments.

The next generation of Chinese luxury collectors will be driven by Gen Zers, who are already avid buyers and collectors of **sneakers**.

China's sneaker-resale market exceeds \$1 billion, and the experience of buying sneakers on resale platforms such as Nice and **Poizon** instill a conscious awareness of the difference in resale price compared to the original price.

This understanding can be seen in a U.S. survey by StockX from March 2021, which found that 37 percent of limited-edition sneaker buyers cite "investment opportunity" as a purchase motivator. Meanwhile, 48 percent of collectible buyers care about "future worth or investment value."

The rise of the Chinese luxury collector underlines both the extrinsic and intrinsic value of luxury. It is a reminder that the market value of an item, whether contemporary art or a vintage handbag, is determined by scarcity and extraordinariness.

Louis Vuitton's latest Arty Capucines Collection, reimagined by contemporary artists Gregor Hildebrandt, Donna Huanca, Huang Yuxing, Vik Muniz, Paola Pivi and Zeng Fanzhi, is an example of a limited collection for which buyers essentially compete for ownership. This marketing leverage adds prestige for fashionistas but also for buyers motivated by investment opportunities.

But the challenge for luxury brands is not to be repetitive and overdo it.

Currently, which fashion or luxury brand is not launching a limited-edition collection? An over-saturation of limited editions could potentially lead to over-exposure and a devaluing of this luxury offering.

StockX data shows that the recent increase in releases for AMBUSH x Nike and Sacai x Nike has led directly to a decline in average price premiums. This study is an indicator for luxury brands: Exclusivity has boundaries that should not be exceeded.

China's luxury collectors are not pushovers, and brand patronage should never be taken for granted.

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