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Secondhand luxury is key for China's first-time buyers

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International secondhand luxury platforms face stiff competition in China as a flood of local startups enters the market. Image credit: Shutterstock

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If 2021 was a year defined by mainland Chinese consumers spending more than ever on luxury goods at domestic boutiques, 2022 could be defined by a secondhand luxury boom.

Powered by price increases, the current Omicron surge and [still-weak global travel](#) among Chinese tourist-shoppers, domestic and global luxury resale platforms stand to benefit from bottled-up demand.

Last year, Chinese consumers spent an estimated \$73.6 billion on luxury goods domestically, a massive increase from the \$53.6 billion spent at domestic stores in 2020 and nearly double the \$36.9 billion spent in the pre-pandemic year of 2019.

While luxury shopping closer to home continues, [a new round of COVID lockdowns](#) in multiple mainland Chinese cities is just one of several factors that could slow luxury spending in the months ahead.

Even if authorities in China manage to get the current Omicron surge under control and lockdowns are soon lifted, recent [price hikes](#) by brands such as Louis Vuitton, Celine and Chanel, and a [still-yawning price gap](#) between mainland China and other key luxury markets, could dissuade some otherwise keen consumers to reconsider their intended purchases.

One beneficiary could be China's nascent secondhand luxury market, largely populated by domestic startups and a few established bricks-and-mortar retailers.

Driven largely by younger consumers, primarily millennials and increasingly Gen Zers, the secondhand luxury landscape in mainland China is changing quickly as attitudes toward used goods evolve.

Younger Chinese consumers are far more open to the concept of purchasing secondhand luxury than older generations, and their interest in or, arguably, their preference for buying luxury goods online has powered a sharp rise in the number of online platforms catering to this growing demand.

In addition to being less resistant to the idea of purchasing used luxury goods, young consumers in China have

shown themselves highly impatient, preferring to "jump the line" and get the luxury items they want now even if they are secondhand rather than getting on a brand waitlist or, in the case of brands such as Herms, have a chance of purchasing a brand's top handbags in a boutique at all.

As [Sohu recently noted](#), "[Chinese] consumers have hoarded a huge amount of luxury goods in recent years, a large number of which are gifts, which means the products are brand new and not inferior to those purchased in stores."

Previously, Sohu added, consumers required luck, long lists of previous purchases, or long waits in queues to purchase limited-edition or "it" items, but face fewer restrictions when purchasing secondhand items.

If we do indeed see a huge increase in the number of young Chinese consumers turning to secondhand luxury platforms in 2022, hoping to score a deal or sidestep brand price increases, the question is who will benefit the most.

The market lacks a clear market leader, even as tech giants invest more in in-house platforms, such as Alibaba's Idle Fish, meaning a Wild West atmosphere still pervades and authentication and rampant fakes remain major market challenges.

International luxury resale platforms hoping to tap the Chinese market will need to consider the strengths and differentiators that can help them compete with nimble and well-capitalized domestic rivals.

Two ways that global players can compete are by emphasizing their ability to source from overseas and by trumpeting their authentication credentials.

Unlike global platforms such as The RealReal or Vestiaire Collective, both of which are able to procure luxury goods from sellers around the world, Chinese platforms operating under a consignment model generally source from sellers based in the country, while those using a "vintage store" model purchase the items for storage in their own warehouse facilities.

While price, trustworthy authentication and inventory are, of course, key for secondhand luxury platforms, the deciding factor for consumers this year could be who provides the best service.

As Sohu points out, "The biggest problem facing the development of the luxury ecommerce industry is that consumers have no satisfaction' when spending on secondhand luxury platforms. Deep down, luxury consumers pay more attention to experience and service, and spiritual enjoyment over material desires, which makes luxury consumption naturally rely on the offline experience. But this desire is difficult to satisfy via ecommerce."

This means that the sky is the limit for the luxury resale ecommerce platform that can provide the best experience and post-sales service.

For more on tapping China's burgeoning secondhand luxury market, download the [Jing Daily market report, "Leveraging China's Online Luxury Resale Boom."](#)

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