

A New Frontier: The luxury second-hand market in China

A deep dive report into luxury handbags second-hand development in Chinese digital ecosystem



December 2021

Introduction

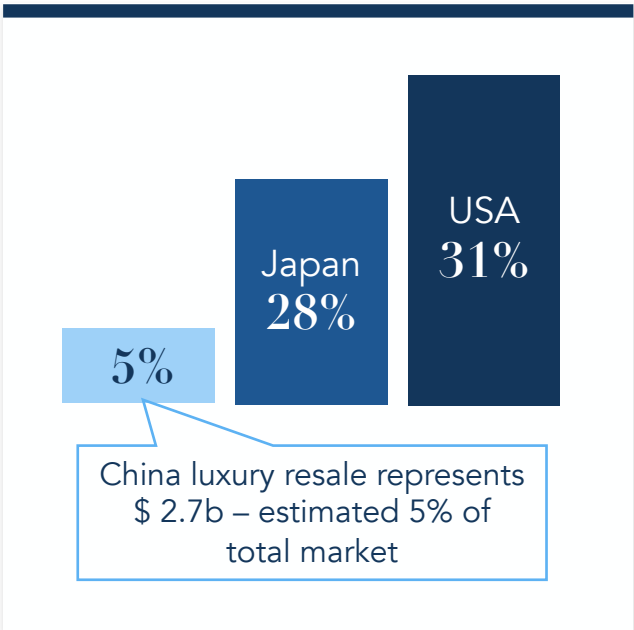
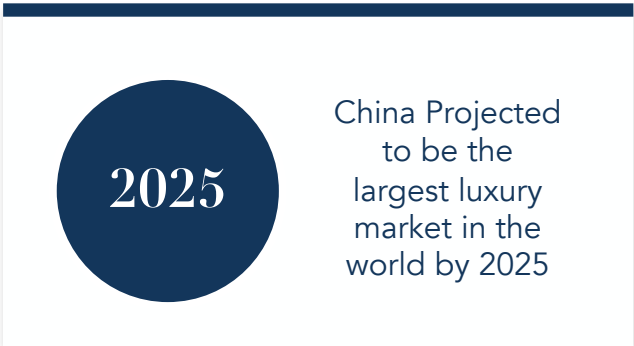
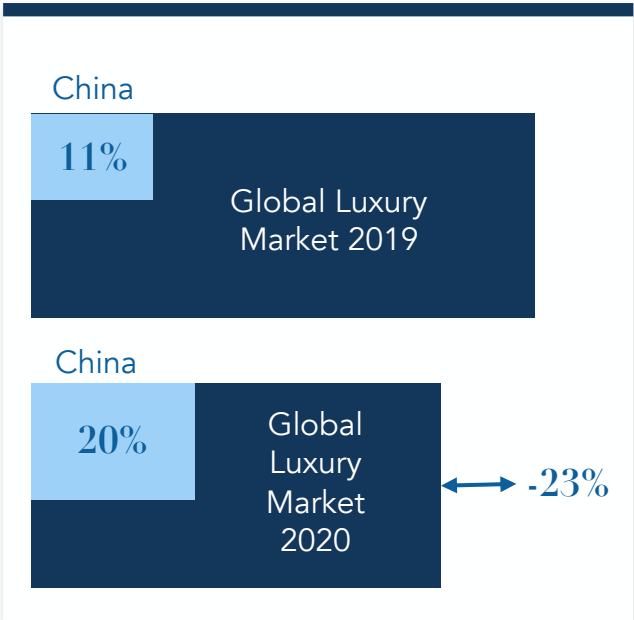
Since the start of COVID-19 pandemic, China has been a bastion of safety for luxury brands who already had a foot hold in the region.

Many brands have shown losses in many other geographies in the world while China still stays on course to become the biggest luxury market in the world by 2025.

With this maturation of the market, we have also seen the development of luxury second-hand sales.

Spurred by consumer trends, the second-hand market is booming. However, it is starting from a small base and is yet to reach the penetrations of countries such as Japan and the US.

In this series of reports, we will look at the development of digital second-hand sales of selected luxury bags, understanding which platforms are attracting the most listings, and what products are on offer.



Drivers of Change



Gen Z

1. Gen Z

Generation Z in China are hard to anticipate, and constantly on the move. Having access to years of potential collections through second-hand fits well into their ability to navigate and conquer fashion



Consumer to Collector

2. Consumer to collector

With many consumers already owning entry level products of several brands, second-hand offers them a chance to get closer to their favorite brands' history and become a collector



Lowering the Barrier

3. Lowering the Barrier

For many in China luxury is still inaccessible. Second-hand sales offer the opportunity to enter the category at a lower price point and be part of the luxury movement



Invisible Luxury

4. Invisible Luxury

Buying second-hand aligns well with the rising concerns on sustainability, giving consumers a chance to recycle their old goods

Approach

Figure 1

In this series of reports, we looked at some of the top digital platforms for second-hand goods in China (shown in Figure 1.). We focused on four iconic luxury brands that are often known for their ability to maintain value, the rare ability to access discounts and their exclusivity to the discerning luxury consumer.

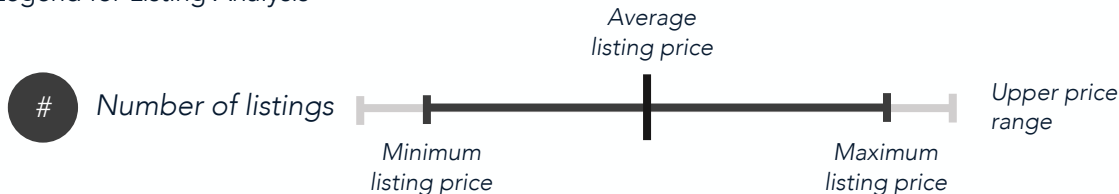


We then looked at the presence of these brands across the platforms using key category keywords to ensure the highest accuracy of our results. Finally, we developed a taxonomy to map out the top collections for each brand, and in turn being able to identify the number of listings and average pricing of each collection.

Brands analyzed in this report

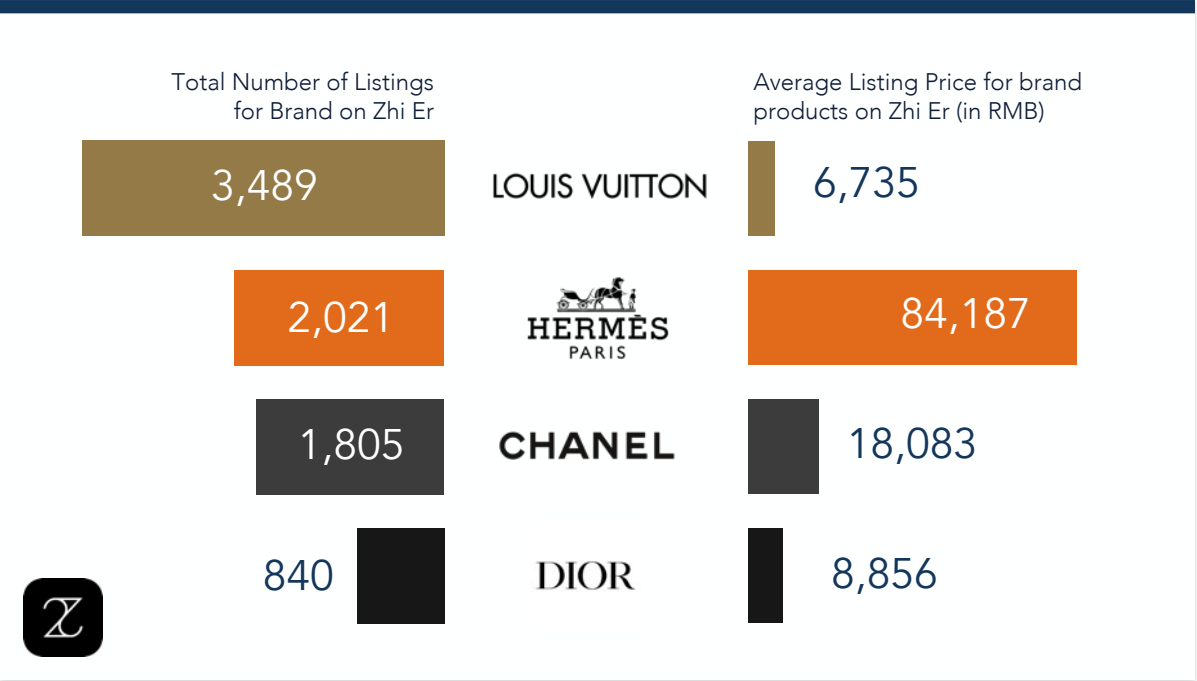


Legend for Listing Analysis



Brand Listings

Using different keyword combinations in both English and Chinese we extracted the number of listings for each brand on Zhi Er. The keywords used were a combination of brand name and category keywords for bags to ensure the highest accuracy. Additionally, we analyzed the average price of the listings on the platform for additional insights.



Louis Vuitton has the most listings on the platform, but also has the lowest average price. Hermès has the second largest number of listings, but with an impressive >80,000 RMB per product price tag. Chanel straddles the middle in terms of price, but still has a large number of listings while Dior has the fewest listings, with an ~8,000 RMB average price.

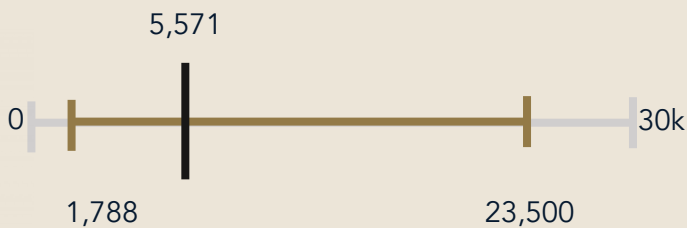
In the following sections we will show the top 5 listed collections for each brand and the average price of these on the platform.

Louis Vuitton

Top 5 Collections

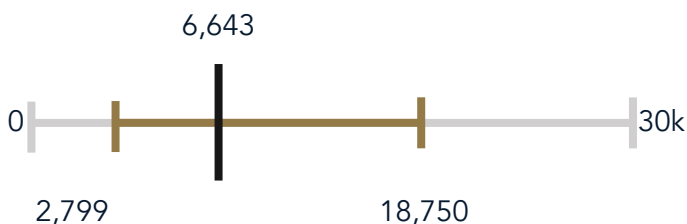
1 Alma

237



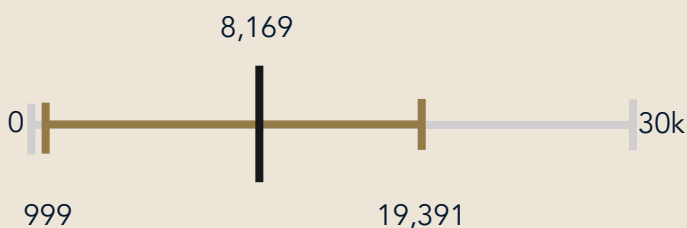
2 Speedy

210



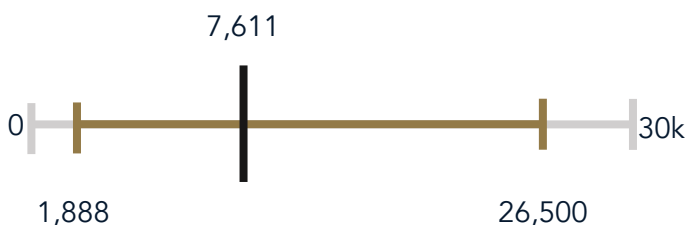
3 Pochette

160



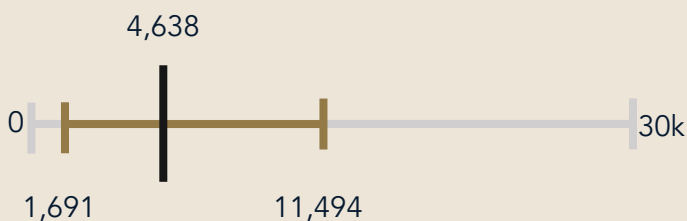
4 Noe

114



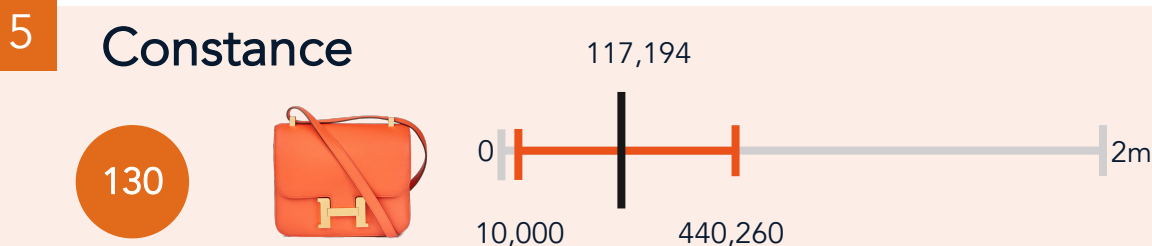
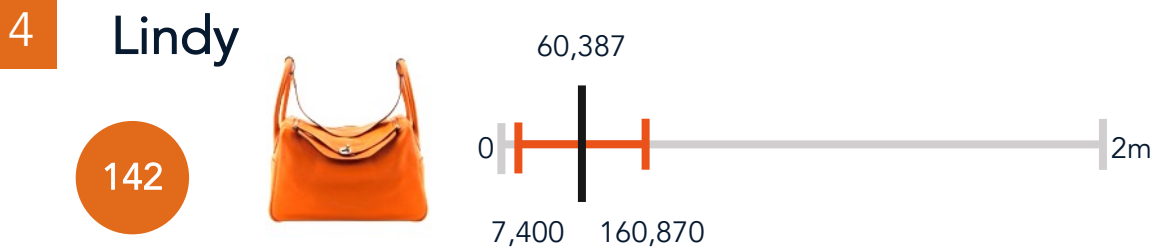
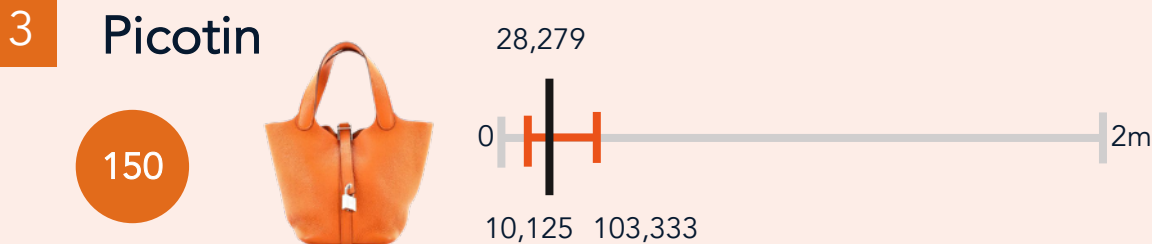
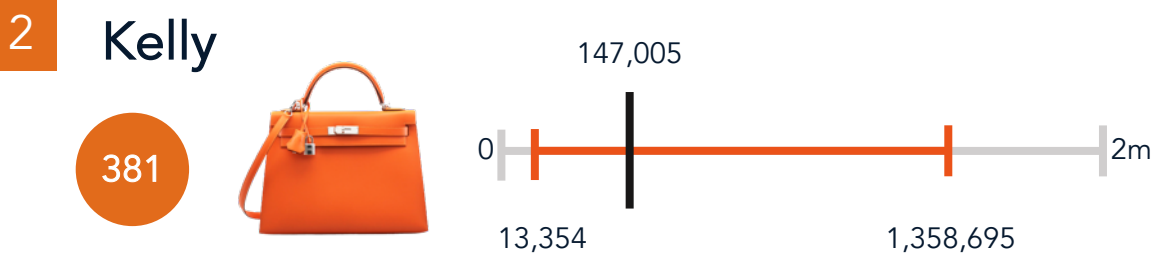
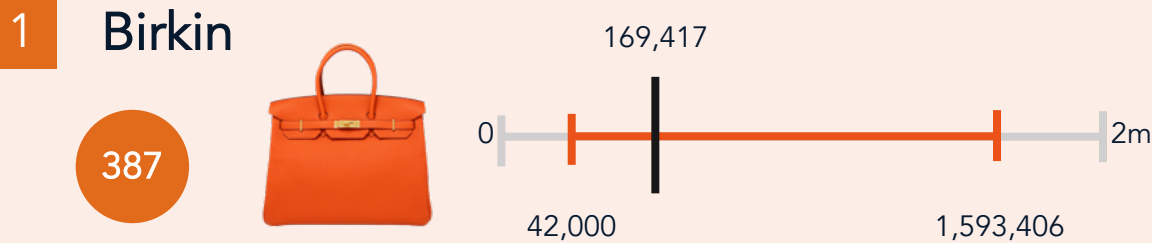
5 Papillon

97



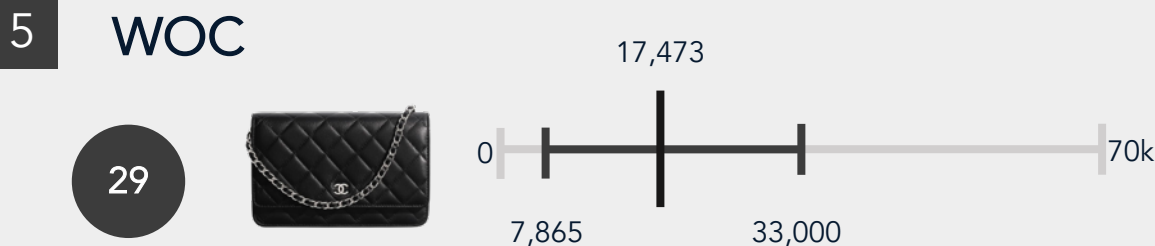
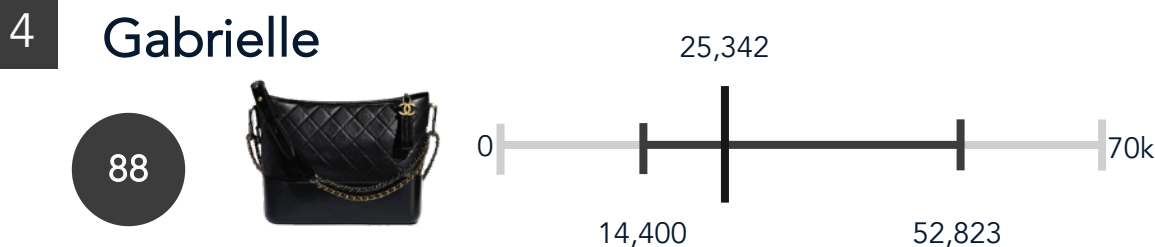
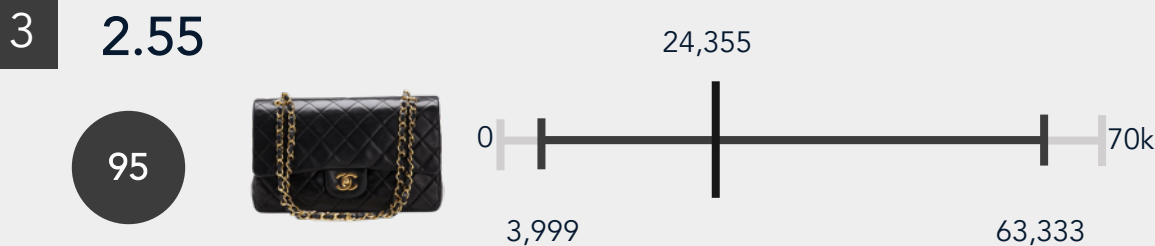
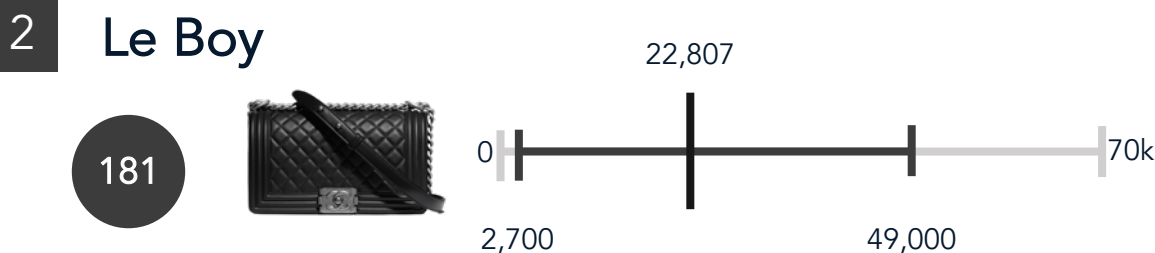
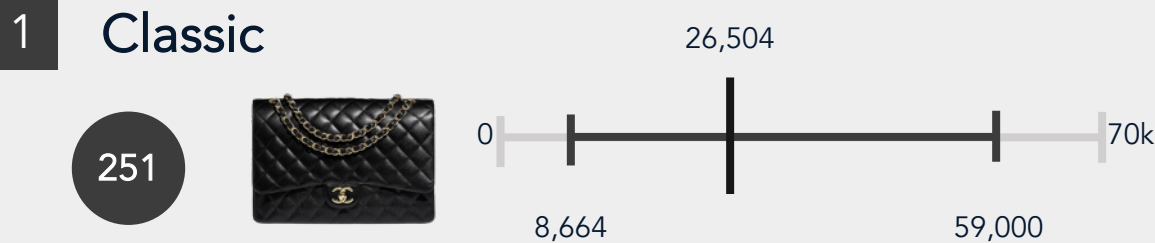
Hermes

Top 5 Collections



Chanel

Top 5 Collections



Dior

Top 5 Collections

1 Lady Dior

186



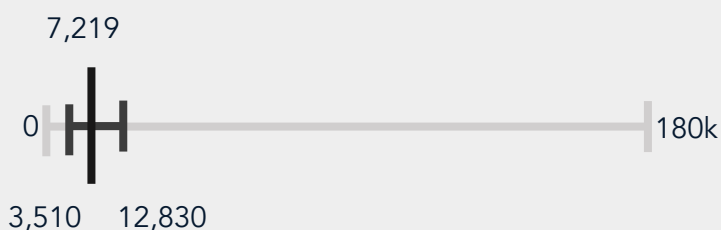
2 Saddle

61



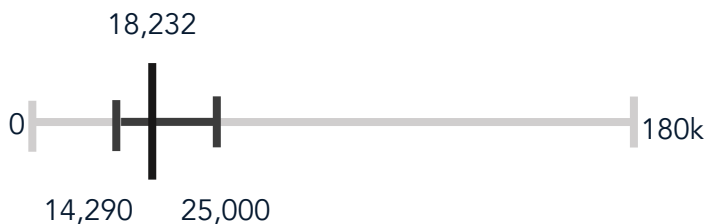
3 Diorama

58



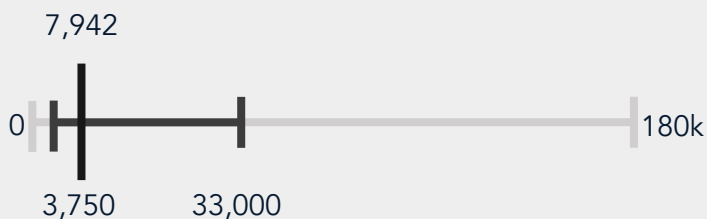
4 Book

33



5 Diorissimo

32



Key Takeaways



While second-hand is under penetrated in China, many of the consumer trends and technological enablers point to the growth of the channel and consumer behavior.

From our data we can see a significant presence of high-end luxury bags selling at a wide range of prices.

To all intents and purposes these channels are serving as another sales window to luxury. To the discerning collector consumer, it is also a chance to get hold of items they would not otherwise be able to and the supply of exclusive items can be seen from the high number of listings of both Birkin and Kelly bags for Hermes.

From a brand point of view the platforms offer the opportunity to learn about consumers through their propensity to buy exclusive luxury at a premium and how fashion trends are shaping what is being sold / bought.

Lastly, there are also many low-priced items on the platform that could represent counterfeit products, which in turn harm brand equity. Brands have an opportunity to protect their equity through working with these platforms to ensure the authenticity of the product on sale.

About Re-Hub

At Re-Hub we work with luxury brands in China to generate growth opportunities using AI and Data. We help decision-makers to drive real business impact and generate competitive advantages at speed.

We specialize in four areas of digital transformation for our clients: insights & intelligence, e-commerce performance optimization, data driven marketing automation and omnichannel client telling.

Authors



Thomas Piachaud
Head of Strategy
thomas@rehub.tech



Max Peiro
CEO
max@rehub.tech



Yoyo Liang
CCO
yoyo@rehub.tech

For more information, visit

www.rehub.tech

