Department of Business and Management

Double Degree in International Management and Corporate Finance (DDIM)

Resale as Corporate Strategy:

Bridging Critical Gaps and Unlocking Growth Potential in the Secondary Luxury Market - A Call to Action for Maisons

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ABSTRACT

The rapid expansion of the luxury second-hand market is transforming practices that were once peripheral into a structural force reshaping how value, authenticity, and desire circulate. As digital platforms, community-driven narratives, and cross-border arbitrage reconfigure modes of market participation, the traditional sources of authority of luxury brands—craftsmanship, scarcity, heritage, and controlled distribution—are facing unprecedented pressure. This shift presents luxury brands with a strategic paradox: while responding to consumer demands for accessibility, circularity, and transparency, they must simultaneously preserve exclusivity and pricing power. Despite its far-reaching implications, the existing academic literature has yet to examine in an integrated manner how the second-hand market intersects with information asymmetry, signalling theory, brand equity theory, circular economy models, and the evolution of luxury brand governance structures.

This thesis aims to fill this research gap by investigating how the second-hand market redefines authority and trust within the luxury ecosystem, whether luxury brands can continue to uphold exclusivity in the face of structural risks such as price fragmentation and shadow markets, and whether integrating second-hand activities into brand governance can transform potential threats into sustainable competitive advantages. To this end, the study adopts a mixed-methods research design, combining three consumer surveys, three in-depth interviews with senior executives from leading LVMH brands, and a comparative case analysis of Hermès and Michael Kors. Through triangulation, this methodological framework enables the simultaneous analysis of behavioural, operational, and strategic dimensions, offering a rare empirical perspective on the impact of the second-hand market on consumer perceptions and brand decision-making.

The findings indicate that the second-hand market is reallocating the agents of value creation: consumers and online communities increasingly co-create desire and secondary-market prices, while brands continue to bear primary responsibility for safeguarding authenticity, narrative coherence, and product life-cycle management. Empirical evidence shows that unstructured second-hand markets exacerbate information asymmetries and perceived risk, undermining trust through price dispersion, heterogeneous product conditions, exposure to counterfeits, and opaque control mechanisms. By contrast, brand-led channels—including official certified resale programs, integrated after-sales services, and traceability technologies—effectively mitigate these frictions, strengthen brand equity, and reinforce authenticity signals. The comparative cases further demonstrate that governance models cantered on scarcity are able to preserve long-term value, whereas volume-oriented strategies accelerate brand overexposure, discount dependence, and the depreciation of second-hand value.

The primary contribution of this thesis to the literature on luxury brand management lies in repositioning the second-hand market as a strategic dimension of brand governance rather than an ancillary domain, and in proposing the conceptual role of a “Chief Second-Hand Officer.” This role emerges organically from the empirical and theoretical findings and is capable of integrating CRM intelligence, authentication systems, anti-diversion mechanisms, circular economy objectives, and pricing strategies into a unified architecture, ensuring coherent governance across primary and secondary markets. By framing the second-hand market as an extension of brand responsibility throughout the product life cycle, this research positions circular governance as a new frontier in luxury strategy. Ultimately, the thesis argues that the second-hand market does not weaken luxury; rather, it reveals which brands possess sufficiently robust and enduring brand strength to withstand the tests of transparency, circulation, and time.

(Key Words)

Luxury Resale – Brand Authority – Governance – Value Preservation – Strategic Integration

INTRODUCTION

Luxury has historically been sustained by a carefully engineered equilibrium between scarcity, cultural legitimacy, and narrative authority. Maisons maintained vertical control over communication, production, distribution, and after-sales connections for decades, guaranteeing that value was created within a strictly regulated ecosystem and reinforced at the point of first sale. Exclusivity depended on opacity: limited supply, selective retail networks, and controlled storytelling preserved both symbolic capital and pricing power. When secondary markets did emerge, they were dispersed, unofficial, and strategically unrelated to the fundamental framework of luxury value.

This equilibrium has changed structurally within the last ten years. Reselling has changed from being a minor activity to a highly structured, data-driven, and globally interconnected enterprise due to the global luxury resale market's explosive growth, which is currently valued at over €48 billion and is expected to quadruple by 2030. Algorithmic pricing, cross-border liquidity, expert authentication systems, and real-time product value comparability have all been made possible by digital platforms. Therefore, after being purchased, luxury items no longer vanish into private consumption; instead, they circulate, accrue transactional histories, and acquire market trajectories that are visible to the general public. Perceptions of strength, appeal, and value are increasingly influenced by secondary-market performance.

A significant strategic pressure is introduced by this development. Resale can, on the one hand, strengthen brand equity by proving durability, value retention, and ongoing demand. Conversely, established methods of authority and control are challenged by transparent price dispersion, regional arbitrage, counterfeit dangers, and the fragmentation of authentication standards. Economic worth and cultural significance are now co-produced in digital ecosystems influenced by platforms, communities, and middlemen rather than being solely determined by the manufacturer. Thus, resale becomes more than just a method of distribution; it becomes a governance issue that has a direct impact on long-term competitive positioning, trust building, and brand coherence.

According to this argument, luxury resale should not be viewed as an outlier but rather as a structural extension of the premium value system. Examining how the emergence of the secondary market alters the sources of authority, trust, and pricing discipline within the larger luxury ecosystem is the main analytical goal. The study uses a progressive analytical framework that combines empirical data, theoretical underpinnings, and strategic interpretation in order to achieve this.

The conceptual framework for creating luxury value is established in the first chapter. It outlines the conventional processes by which maisons establish authority and maintain price power, drawing on theories of exclusivity and scarcity governance, cultural branding literature, signaling theory, and brand equity theory. Then, it places resale in the context of macroeconomic and structural factors, such as global trade patterns, digital innovation, sustainability challenges, generational changes in consumption, and inflationary situations.

The operational design of resale platforms is examined in the second chapter, which also reveals structural frictions that impact market efficiency. These consist of information asymmetry, irregular authentication standards, price disparity between channels, and uncertainty in quality. The approach is based on the theories of perceived risk and information asymmetry, which offer the analytical framework for interpreting consumer hesitancy and trust deficiencies in fragmented secondary marketplaces.

The third chapter expands on this framework by examining how resale dynamics alter the meaning and authority of a brand. It examines how peer validation, resale visibility, and digital communities affect perceptions of exclusivity and legitimacy by drawing on signaling frameworks and consumer co-creation literature. The impact of secondary-market pricing differences from primary-market positioning on brand equity is specifically examined.

A phenomenon that is strategically understudied is investigated in the fourth chapter: the emergence of cross-border arbitrage operators, bulk resellers, and shadow buyers. These middlemen expose fundamental weaknesses in conventional enforcement systems by taking advantage of regional price disparities, tax asymmetries, and inventory allocation gaps. In order to solve deeper governance misalignments, the chapter assesses the efficacy and limitations of technical solutions including CRM integration, RFID and NFC tracking, and after-sales restrictions.

A triangulated comparative case study of two opposing strategic approaches is presented in Chapter 5: Michael Kors, which represents volume-driven distribution and increased exposure to discount cycles, and Hermès, which is distinguished by extreme scarcity governance and high value retention. The chapter illustrates how secondary-market outcomes are not only exogenous occurrences but are also strongly related to upstream strategic decisions by combining financial data, resale performance indicators, and brand perception measurements.

The results have been gathered into a forward-looking governance proposal in Chapter 6. It argues that managing the structural integration of resale requires more than defensive, fragmented, or primarily enforcement-based approaches. In order to integrate resale with price strategy, authentication protocols, customer relationship management, aftercare systems, and circular economy commitments, luxury houses must instead implement coordinated governance frameworks. The thesis presents the Chief Resale Officer as a strategic executive role designed to consolidate responsibilities that are currently spread across digital commerce, sustainability, legal, and brand protection. The Chief Resale Officer is presented as an institutional development required to turn resale from a reputational risk into a managed profit and equity center, rather than as an operational addition.

In order to capture the dual nature of resale as a market phenomenon that faces consumers and a strategic governance challenge, the study employs a mixed-method research methodology that combines quantitative and qualitative techniques. Three structured online surveys given to customers who have previously engaged in secondary-market transactions and luxury buying form the basis of the quantitative component. Every poll focuses on a different aspect of resale dynamics. The first looks into how people view resale marketplaces in terms of trust, authenticity, and consistency in quality. The second study looks at how consumers perceive pricing transparency and cross-platform price dispersion, as well as the perceived effects on fairness and brand legitimacy of this fragmentation. In the third, responses to trademark enforcement measures—such as restrictions on warranties, repairs, and post-purchase services for goods purchased through illegal resale channels—are examined. In order to guarantee comparability, survey instruments usually use Likert-scale measurements, which are complemented by multiple-choice and scenario-based items. To find trends, connections, and differences in customer perceptions, the data are examined using descriptive statistics and comparative analysis. Due to non-random sampling, the sample does not strive for complete population representativeness; nonetheless, it offers strong directional insights into behavioral tendencies and attitudinal trends that are pertinent to the study objectives.

Four semi-structured interviews with experts in the fields of luxury brand management, resale platform operations, authentication procedures, and brand protection comprise the qualitative component. Purposive sampling was used to choose participants in order to guarantee direct participation in governance and strategic decision-making processes. The semi-structured framework-maintained flexibility to examine industry-specific difficulties and emergent insights while allowing for thematic consistency among interviews. Expert-level viewpoints on organizational trade-offs, enforcement difficulties, CRM integration, and the strategic ramifications of resale visibility are offered by these interviews.

Lastly, to place empirical findings inside different strategy models, the comparative case-study technique incorporates brand equity metrics, resale-market performance indicators, and secondary financial data. The research strengthens overall analytical coherence through methodological convergence and acknowledges limitations related to sample size and subjective expert perspectives by triangulating survey evidence, interview insights, and case analysis. This approach also improves internal validity and interpretative depth.

Three main research questions serve as the thesis's compass against this theoretical and empirical backdrop:

- → In what ways is the secondary luxury market's structural expansion changing the luxury ecosystem's sources of authority, trust, and value?
- → How well can luxury brands manage the dangers of price fragmentation, arbitrage, and authentication uncertainty that come with resale markets while maintaining exclusivity and pricing power?
- → Is it possible to turn a possible danger into a long-term competitive advantage by strategically incorporating resale into brand governance?

The study makes the case that controlling resale, rather than opposing it, is what will ensure luxury authority in the future by handling these challenges using a comprehensive theoretical and empirical framework. Institutional adaptability is necessary for long-term control in a market where items move through several life cycles and public price trajectories. The suggested conclusion of this process, the Chief Resale Officer, can be a structural solution intended to balance exclusivity and transparency and guarantee that brand value is carefully managed long after the initial sale.

LITERATURE REVIEW

Long-held beliefs that support the administration of luxury brands have been called into question by the secondary luxury market's quick institutionalization. Historically, the brand has maintained strict control over the processes of creating and maintaining luxury value through regulated scarcity, narrative coherence, and distribution discipline. However, resale pushes the limits of where value is generated, communicated, and controlled as it transforms from a peripheral phenomenon into a structurally apparent part of the luxury ecosystem. This literature review places the thesis at the intersection between information economics, organizational governance, and luxury brand theory, contending that the second-hand market cannot be sufficiently interpreted as an external trading arena or as a simple extension of sustainability. Instead, it is a concern of structural governance that highlights theoretical gaps in current frameworks.

Luxury is essentially different from premium or mass branding, based on luxury brand theory. According to **Kapferer and Bastien (2009, 2012)**, cultural authority, regulated accessibility, and symbolic elevation are the main sources of luxury value rather than functional superiority. Luxury companies use pricing integrity, selective distribution, and a conscious effort to keep their distance from mainstream consumption to create what may be called a "regulated aura." Following this theory, scarcity is a strategic tool that defines desire, justifies high margins, and strengthens social signalling. It is not only a supply constraint. As a result, brand authority becomes crucial. The maison does more than just create things; it establishes the framework for interpretation that gives those things legitimacy and purpose.

This reasoning is further supported by related advances in brand equity theory. As defined by **Aaker (1991)**, brand equity is a multifaceted asset that includes loyalty, brand connections, perceived quality, and proprietary assets. Similar to this, **Keller's customer-based brand equity model** emphasizes how crucial regulated associations and consistent brand meaning are to establishing long-term value. The underlying premise of both viewpoints is that value creation and appropriation mostly take place in the primary market, where the company controls pricing, communication, and customer experience. It is uncommon to think of secondary exchanges as being essential to the creation of equity. When they are recognized, they are not regarded as strategic factors but rather as residual results. These presumptions are complicated by the growth of organized resale markets. Secondary transactions start to operate as rival venues of value signalling once they are transparent, searchable, and price-visible at scale.

A helpful lens through which to view this change is information economics. **Akerlof (1970)** showed how a lack of clarity about quality can result in adverse selection and diminished trust in markets with asymmetric information. Uncertainty in resale settings can relate to provenance, legitimacy, condition, and the reliability of middlemen. These informational conflicts are not insignificant; they have a direct bearing on luxury's reliance on symbolic integrity and trust.

Spence's (1973) signalling theory provides more insight into how perceptual cues in the market influence perception in an uncertain environment. Price itself functions as a potent indicator of prestige, quality, and uniqueness in the luxury market. Secondary markets produce conflicting signals that can either support or undermine primary-market positioning when they exhibit disparate pricing for supposedly identical goods. On the other hand, rapid depreciation or extreme dispersion can erode perceived exclusivity, whereas high resale retention might convey durability and enduring desirability. Crucially, there is still disagreement in the research regarding whether resale transparency erodes price authority and hence weakens luxury or bolsters it by exhibiting asset-like characteristics. However, a thorough examination of how brands can - or ought to - manage these signalling dynamics is mainly lacking.

At the same time, a growing corpus of research situates resale within the frameworks of **sustainability and the circular economy**. The literature on circular business models emphasizes the advantages for the environment of extending product life cycles, cutting waste, and balancing resource efficiency with consumption. Resale is theoretically compatible with brand DNA in the luxury market, where workmanship and durability are essential characteristics. Claims of exceptional quality and classic design might be supported by the longevity narrative. According to this viewpoint, recommerce can be used as a tool to balance environmental responsibility with financial success.

However, resale is frequently treated as an operational adaptation rather than a fundamental reconfiguration of authority in evaluations that are focused on sustainability. With little attention paid to issues of power, authority, and strategic coherence, the focus is typically on consumer incentives, environmental measurements, or ethical branding. As per institutional theory, businesses make structural and symbolic changes to preserve their legitimacy in response to normative demands, such as rising environmental standards. Yet legitimacy in luxury is cultural and hierarchical in addition to being regulated and environmental. Therefore, the incorporation of circular behaviours may lead to conflict between two types of legitimacy: symbolic exclusivity and ecological responsibility. Theorizing how these factors interact when reselling becomes evident and economically relevant is rare in the literature currently in publication.

Within the field of **organizational governance study**, another theoretical gap is shown. Research on how businesses adjust to changes in the market and in technology shows that new executive positions usually emerge when existing structures are unable to adequately coordinate new areas. For example, the creation of Chief Digital Officers or Chief Sustainability Officers has been seen as a reaction to the difficulties associated with cross-functional integration and the gaps in capabilities. From the standpoint of dynamic capabilities, businesses need to adapt their processes and resources to adapt to changing surroundings. Resale hasn't been methodically thought of as a field that needs comparable structural integration in luxury firms yet, though.

Since resale affects several strategic functions at once, including brand management, price architecture, customer relationship management, legal enforcement, after-sales support, and sustainability programs, this omission is NOTEWORTHY. These duties run the risk of becoming dispersed throughout organizational silos in the absence of centralized coordination, which could result in uneven decision-making and less accountability. According to **governance theory**, authority distribution and oversight procedures are just as important to strategic coherence as strategic goal. Even though resale is becoming more and more important economically, its internal governance implications have not received enough attention in the academic literature because it has mostly focused on platforms, customers, or environmental impact.

These literatures' congruence points to a **systemic blind spot.** Although secondary markets are rarely taken into consideration as independent sites of value creation, luxury brand theory assumes centralized power. Information economics does not outline how businesses might strategically act in parallel markets, but it does explain how asymmetries and signals work. Research on the circular economy emphasizes lifecycle extension but understates the possible conflict with pricing discipline and exclusivity. Despite structural adaptability is addressed by organizational governance theory, resale as a cross-border strategic function has not been specifically addressed. Each paradigm sheds light on a different aspect of the phenomenon, but taken as a whole, they imply that resale cannot be viewed as marginal.

The **redistribution of power that defines values** is the main conflict that emerges from this review. The maison controls the production and dissemination of meaning in conventional luxury models. On the other hand, price discovery and attractiveness signals are influenced by communities, algorithms, and market activities in transparent resale marketplaces. This is not to say that brand authority vanishes; rather, it is mediated and contested. Whether such mediation strengthens or weakens brand equity is still up for dispute theoretically. The premise of unilateral control is no longer analytically adequate, that much is evident.

Resale should therefore be viewed as an extension of the brand's value architecture across time rather than just an aftermarket. Each transaction has signalling consequences that impact the primary market, and products gain numerous economic lives. Thus, the lifecycle perspective necessitates reconsidering governance limits. Secondary markets become strategically significant if value perception is dependent on consistency between initial positioning and later circulation. Rather than being a minor oversight, the lack of clear control of this domain represents a governance deficit.

This thesis suggests redefining resale as a structural aspect of brand authority by drawing on the convergence of luxury brand theory, signalling theory, and governance research. It views resale as a coordination challenge that necessitates deliberate integration rather than placing it solely within platform economics or sustainability rhetoric. Luxury companies can resolve informational conflicts, preserve narrative coherence, and match lifecycle management with long-term equity preservation by acknowledging resale as a cross-functional domain.

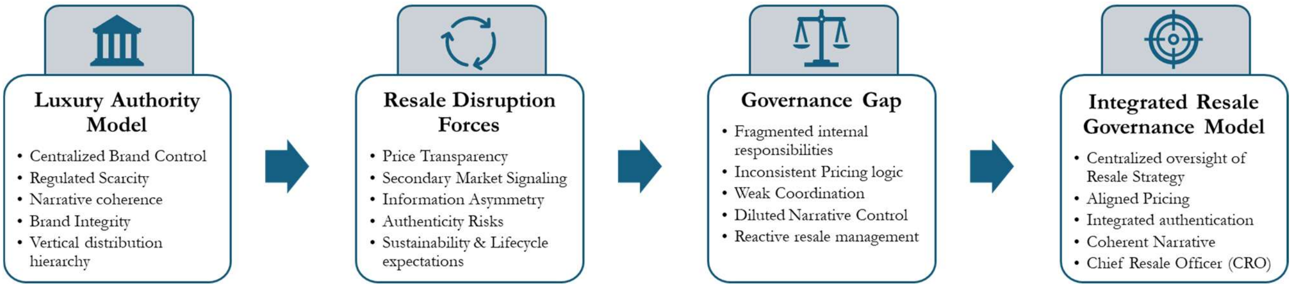

FIGURE: Conceptual Model of Resale as a Governance Transformation

Theoretical Contribution

Rethinking the secondary luxury market as a governance-intensive extension of brand authority instead of an external or supplementary phenomenon is the study's main theoretical contribution. The thesis fills a structural gap in the literature by combining ideas from organizational governance, information economics, and luxury brand theory: there isn't a framework that explains how luxury maisons can methodically coordinate value creation across primary and secondary markets. It makes the case that resale is a cross-border strategic area that needs dynamic capability reconfiguration and centralized supervision. By doing this, the paper presents the Chief Resale Officer's (CRO) conceptual position as an organizational mechanism intended to internalize and regulate the lifecycle, symbolic, and informational aspects of resale. By expanding the scope of brand responsibility beyond the initial sale and presenting circular governance as a new frontier in the maintenance of long-term brand equity, this repositioning advances the study of luxury brand management.

CHAPTER 1 – The Secondary Luxury Market: Market Dimensions, Drivers, and Disruptions

1.1Why Second-Hand Luxury is Outpacing New Sales: Key Market Dynamics

Over the past ten years, the global market for used luxury items has grown exponentially, emerging as a major sector of the luxury market. The luxury resale sector has generated sales of €48 billion (approximately $50+ billion) in 2024[1]. This is more than twice as large as it was in the late 2010s; in 2018, for example, Bain & Company estimated the market to be worth only €22 billion. This expansion significantly outpaced the growth of the main (new) luxury goods industry during the same period, with a CAGR (Compound Annual Growth rate) of roughly 13 – 14% from 2018 to 2024.

Rising demand for younger consumers and a global push for sustainability[2] are two major factors contributing to this spike, since they have increased the acceptability and even desirability of "pre – owned" luxury goods[3]. The appeal of acquiring premium, well-known products at reduced costs while also practicing environmentally conscientious consumption has greatly expanded the clientele for luxury resale.

This market has indeed been quite dynamic in recent years, as seen by historical growth trends:

→ **Growth after 2018:** During the late 2010s, sales of premium second-hand products increased significantly. As the market recovered from the pandemic, its value skyrocketed to almost €43 billion by 2022, representing an incredible +28% year-over-year growth. Although it was lower than the even higher relative growth in 2018, this was almost 1.3× the rate of the one in the new luxury goods market that year, maintaining a trend in which resale outpaced new sales[4]. Increased demand drove growth in online resale, and supply shortages in new luxury items drove some buyers to the secondary market, contributing to the 2022 rise. The significant demand for pre-owned timepieces as investment items is shown in the predicted €25 – €30 billion in sales of used watches alone in 2022.

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[1] Luxury Report 2024: Rebuilding the Foundations of Luxury (Bain & Company) pg.18 - Bain & Company official publications: https://www.bain.com/insights/luxury-in-transition-securing-future-growth/

[2] CEGID Blog (2025), CEGID article: "Second-hand Luxury Retail: How Sustainability is Reshaping the Market,"; https://www.cegid.com/global/blog/secondhand-luxury-retail-how-sustainability-reshaping-market/

[3] Second-hand Luxury - Global Strategic Business Report Abstract

[4] Luxury Report 2022: Renaissance in Uncertainty (Bain & Company) pg.16 – Bain & Company official publications: https://www.bain.com/insights/renaissance-in-uncertainty-luxury-builds-on-its-rebound/

→ **Recent normalization:** The rise of the luxury resale market tapered off to a more moderate 4 –6% increase in 2023, reaching sales of about €45 billion[5]. This showed that the "explosive" period of post-Covid catch-up had become normalized, as it was comparable to the growth rate of primary personal luxury items. Resale growth increased by nearly 7% by 2024, reaching a market size of almost €48 billion. Such growth can be partially explained by the fact that for aspirational customers who cannot afford new things, resale is "increasingly becoming a gateway to luxury," according to industry observers, who point out that it has become a well-established route.

While the above data illustrate the rapid expansion and subsequent normalization of the resale market, understanding its structural features reveals segments, for example the hard luxury, that have played a huge role in driving both growth and resilience.

The resale market has in fact distinct features when seen as a category. Hard luxury items, such as jewellery and watches, account for 80–85% of second-hand luxury sales by value, making them the dominant category[6]. Particularly high-end timepieces are in high demand for resale; according to sales, pre-owned timepieces currently account for almost 30% of the luxury watch industry[7]. The excellent value retention and investment attraction of products like fine jewellery and Swiss watches in the secondary market are reflected in the dominance of hard luxury. However, a significant and expanding portion of the second-hand market is also made up of the **fashion and leather goods** sector, which would be the primary focus of these research and includes high-end clothing, purses, shoes, and other accessories. Among the most sought-after used goods are iconic luxury handbags; classic styles, such as Chanel Flap or Hermès Birkin bags, frequently hold their worth or even rise in value over time, making them desirable on the resale market.

On top of that, forecasts suggest that the secondary luxury sector is set to undergo an even more significant shift, building on its robust historical expansion. According to leading research organizations and consulting firms, the luxury resale market is expected to double in size by 2030. For instance, according to a global industry analysis, the market is expected to develop at a consistent CAGR of 10 - 11% during the latter 2020s, reaching roughly $74 billion by 2030[8]. Similarly,

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[5] Luxury Report 2023: Converge to Expand Through Turbulence (Bain & Company) pg.16 – Bain & Company official publications: https://www.bain.com/insights/long-live-luxury-converge-to-expand-through-turbulence/

[6] Marni Davimes Weinbaum (2025), Rapaport News article: "Luxury Spending Contracts as Jewellery Remains a Bright Spot"; https://rapaport.com/news/global-luxury-spending-contracts-as-jewelry-remains-a-bright-spot/

[7] Ghulam Gows (2024), The Hour Markers article: "A Study On Secondary Watch Market Performance And Rise Of Certified Pre-Owned"; https://thehourmarkers.com/articles/a-study-on-secondary-watch-market-performance-and-rise-of-certified-pre-owned

[8] Global Industry Analysts, Inc. (2025) Second-hand Luxury – Global Strategic Business Report, July 2025, p. 5.

according to Bain & Company, second-hand sales may account for up to 20% of all luxury revenue by 2030. A 20% resale share would translate into about €95 – 100 billion in second-hand luxury transactions if the market for personal luxury items reaches ~ €480 – 500 billion by 2030 as predicted by Bain. This development trajectory is also supported by broader fashion resale trends. The global second-hand clothing market, which includes both luxury and mass-market clothing, is expected to reach $350 – 367 billion by 2028 – 2029, according to ThredUp's 2025 Resale Report[9]. Accordingly, by 2025, used clothing may account for about 10% of the worldwide clothing market[10]. Strong consumer demand for pre-owned goods is further shown by this momentum in general clothes resale, which will undoubtedly help the luxury resale market as well.

One prediction unites all of them: resale is here to stay and will continue to expand due to consumer demand for variety, sustainability, and value. Many luxury brands are implementing collaborations or in-house resale schemes in an effort to capitalize on this trend. This trend demonstrates how resale is now an essential component of the development of the luxury market rather than merely a side sector, radically altering the way luxury is acquired, appreciated, and enjoyed. This is due to the growth of digital platforms, the rise of certified pre-owned programs, and the further shift in consumer attitudes toward sustainability and asset value preservation.

[9] 2025 Resale Market and Consumer Trend Report (ThredUp), ThredUp official publications: https://www.thredup.com/resale?srsltid=AfmBOoo4xJBu7xTBQgBoJNqS6JrjARXFdD7LgsogYFwoeoK2-w_z8ABY;

[10] Capital One Shopping Research (2025) "Thrifting Statistics (2025): Industry Size, Revenue & Growth"; https://capitaloneshopping.com/research/thrifting-statistics/

1.2 Regional Breakdown

Geographically, the second-hand luxury market has a global footprint, but its size and growth vary by region. Let’s give an outline of the regional market dimensions:

- **EUROPE:** At the moment, Europe is the biggest market for luxury used products. It made up between 45 and 50 % of all luxury resale transactions worldwide in 2023[11], which is indicative of Europe's developed resale culture and established networks of antique dealers and auction houses. Consignment shops are flourishing in major European luxury hubs like London, Paris, and Milan, and their customers are used to purchasing expensive goods that have already been owned. Europe's second-hand market is also supported by robust internet marketplaces (such as Paris-based Vestiaire Collective). Europe has experienced strong growth and has reclaimed its leading position in the luxury market overall, including in the resale sector, since the pandemic. Analysts expect Europe to maintain a leading share in resale, though it may gradually cede some percentage to faster-growing regions by 2030.

- **NORTH AMERICA:** With an estimated 30–35% of the global market, North America (headed by the United States) is the second-largest region for luxury resale[12]. Online resale platforms have flourished in the US in particular; businesses such as The RealReal, Fashionphile, and Rebag have amassed sizable clientele for pre-owned luxury goods in both the fashion and hard luxury sectors. In the US, consumers' acceptability of purchasing luxury items used has significantly increased, particularly among younger consumers looking for discounts on high-end brands. North America is predicted to continue to hold a sizable portion of the worldwide resale industry, which has been increasing. Moreover, as of 2024, the U.S. luxury resale industry was characterized by a high degree of online penetration (more than half of resale transactions take place online) and a concentration on products such as jewellery and handbags (about 45% of U.S. resale demand)[13]. Resale growth in North America will be sustained by the region's robust digital infrastructure and sizable base of luxury buyers.

[11] Luxury Report 2023: Converge to Expand Through Turbulence (Bain & Company) pg.16 – Bain & Company official publications: https://www.bain.com/insights/long-live-luxury-converge-to-expand-through-turbulence/

[12] Global Growth Insights, Second-hand Luxury Goods Market Size, Share, Growth and Industry Analysis (2025 – 2033), July 2025 (Global Growth Insights; executive summary)

[13] Global Growth Insights, Second-hand Luxury Goods Market Size, Share, Growth and Industry Analysis (2025 - 2033), July 2025, “Regional Analysis – North America (U.S.)”

- **ASIA – PACIFIC:** As of the mid-2020s, the Asia-Pacific region accounted for roughly 20 – 25% of global sales, which is a smaller but quickly expanding share of the secondary luxury market[14]. China is positioned to be a significant development engine in Asia because Chinese customers are becoming more receptive to purchasing luxury goods used, which is a significant change from a society that has historically valued new products. As consumer acceptance increased, Bain observed that the resale market in Asia, particularly China, "accelerated" in 2022[15]. Japan has a well-established second-hand luxury sector (Japan was a pioneer in high-end second-hand retail, with businesses like Komehyo), and luxury resale platforms and start-ups are sprouting throughout Asia (Ex: in China and Southeast Asia). Nevertheless, it is anticipated that Asia-Pacific would have a much larger portion of the luxury resale industry by 2030, possibly catching up to North America or Europe. Asia-Pacific may potentially lead the resale boom with a third of the world market in the upcoming years, according to one analysis[16], as a new generation of wealthy, tech-savvy Asian customers love circular fashion. The rise of online resale applications, the allure of purchasing luxury goods that are discontinued or limited-edition, and young urban consumers' growing emphasis on sustainable consumption are some of Asia's major factors.

- **MIDDLE EAST & REST OF THE WORLD:** At around 10%, the Middle East and other parts of the world (Africa, Latin America) currently comprise the smallest portion of the second-hand luxury market. According to one industry report, the Middle East and Africa account for about 8% of the global market[17]. Despite their tiny size, both sectors are expanding as e-commerce and luxury awareness rise. There is a significant luxury purchasing culture in the Gulf nations (such as Saudi Arabia and the United Arab Emirates), and resale is becoming increasingly popular, as seen by the emergence of new platforms and boutique resellers. Additionally, wealthy Middle Eastern consumers are starting to sell pre-owned luxury goods, increasing the market's supply. Additionally, although luxury resale is still in its infancy in regions like Latin America and Africa, primarily because of their smaller luxury

[14] Global Growth Insights, Second-hand Luxury Goods Market Size, Share, Growth and Industry Analysis (2025–2033), July 2025, "Regional Analysis – Asia Pacific"

[15] Luxury Report 2022: Renaissance in Uncertainty (Bain & Company) pg.12 – Bain & Company official publications: https://www.bain.com/insights/renaissance-in-uncertainty-luxury-builds-on-its-rebound/

[16] Kati Chitrakorn (2023), The Vogue Business article: "How big can luxury resale get in Asia?"; https://www.voguebusiness.com/companies/how-big-can-luxury-resale-kream-naver-get-in-asia

[17] Global Growth Insights, Second-hand Luxury Goods Market Size, Share, Growth and Industry Analysis (2025–2033), July 2025, "Regional Analysis – Middle East & Rest of the World"

consumer bases and infrastructure issues, the idea is beginning to gain traction there as well (typically via global internet platforms).

Overall, although though North America and Europe presently control the majority of the secondary luxury industry, by the end of the decade, Asia and other areas are expected to play a bigger part in the market's geographical balance.

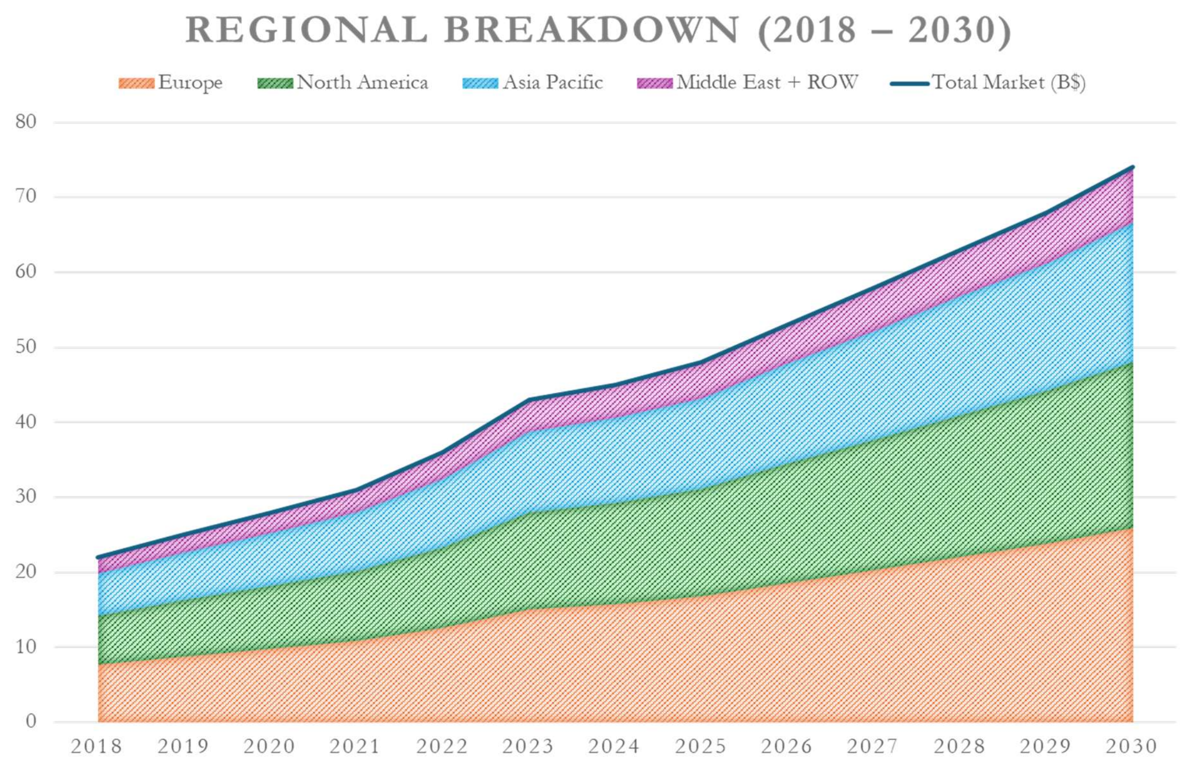

FIGURE 1: Global Second-Hand Luxury Market Growth by Region (Actual and Forecast, 2018–2030)

1.3 Macroeconomic Forces Reshaping Luxury Resale

Recent significant alterations in the economy have profoundly impacted the luxury clothes resale sector. Significant events, such as trade conflicts, a global pandemic, and escalating costs, have transformed consumer shopping behaviours and business operations. These forces have rendered second-hand clothing and leather goods more popular and mainstream than ever before.

This section examines three significant macroeconomic factors that have transformed the luxury resale market:

- COVID-19 pandemic
- U.S. import tariffs
- Post-pandemic inflationary pressures

1.3.1 How the Pandemic Redefined Luxury Consumption

The COVID-19 pandemic transformed how people over the world acquire luxury items. Sales declined steeply in 2020, but tendencies that would influence how people think about luxury products sped quicker. During the worst of the lockdowns, people stopped buying luxury products. In 2020, global sales of personal luxury items plummeted by 23%, the greatest reduction in decades[18]. Brick-and-mortar stores closed, fashion shows were cancelled, and abroad travel, which is a significant reason people shop for luxury items, stopped.

But even in the middle of all this turbulence, the luxury resale market held up very well and even prospered. E-commerce became the industry's lifeline, and used goods platforms, which were already digital-native, took advantage of the circumstance. In 2020, when physical stores were shuttered and people couldn't go shopping, internet resale surged by 25% compared to 2019[19]. This is remarkable because the primary luxury market shrank a lot that year. As one analysis indicated, resale was "one of the fastest growing sectors in luxury" in 2020, even although several prominent companies lost more than 10% of their sales.

[18] AKS (2021), The Vault official publication: "Checking in on Covid-19 & The Fashion Resale Industry"; https://www.rebag.com/thevault/checking-in-on-covid-19-the-fashion-resale-industry/

[19] Emma Sandler (2021), Digiday article: "Fashion resale brands have lasting power beyond 2020 pandemic-induced boom"; https://digiday.com/marketing/fashion-resale-brands-have-lasting-power-beyond-2020-pandemic-induced-boom/

Such growth was largely driven by some changes in how individuals purchased in that specific time period. During the pandemic, luxury clients of all ages became more aware of value and sustainability. A lot of people thought about how much they were spending when the world slowed down.

The RealReal's COO Rati Levesque noted that the pandemic has had a lasting influence on the resale market. She stated that the site's 20 million members had altered their "mindset" to *"investing in and living by what we truly value."*[20] People started to buy "investment pieces," which are timeless, high-quality things that have a lasting style and resale value, instead of following trends. Even when things were at their worst in 2020, it seemed "illogical" that costly accessories would be in strong demand. However, many saw them as reserves of worth in uncertain times. For instance, almost all of the Hermès Birkin and Kelly bags, Chanel Classic Flaps, and Louis Vuitton monogram pieces that were for sale on Rebag (a site for luxury bags and accessories) were sold quickly because people thought they were secure investments that would keep their value or even go up in value. *"When the economy gets tougher, consumers become more focused and investment-conscious,"* said Rebag's CEO. They choose to buy fewer but more iconic items. This mentality aided the secondary market for heritage luxury objects, which can be bought second-hand at a good price and kept for a long period.

Additionally, the pandemic sped up the use of technology and made people more comfortable with shopping online, especially for used things. Luxury retail had been cautious to entirely adopt e-commerce, but in 2020 digital channels tripled their share of luxury sales (growing from 12% to 23% of transactions in one year)[21]. Consumers of all ages were suddenly downloading resale apps like Poshmark, Depop, and The RealReal to either declutter and sell or to look for offers. In reality, many people stuck at home embraced the opportunity (and extra free time) to clean out their wardrobes — a phenomena dubbed the "KonMari decluttering trend" – and consigned unneeded luxury things *en masse*[22]. Following such trend, the RealReal reported that more people consigned expensive things in 2020 than ever before.

Much of this growth in digital resale was fuelled by younger generations, who eagerly participated as both sellers and buyers of second-hand luxury.

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[20] The RealReal 2021 Luxury Consignment Report - The RealReal official publications: https://realstyle.therealreal.com/wp-content/uploads/2021/01/Final2021Resale-Report.pdf;

[21] Bain & Company and Fondazione Altagamma, "Covid-19 crisis pushes luxury to sharpest fall ever but catalyses industry's ability to transform"; https://www.bain.com/about/mediacenter/pressreleases/2020/covid_19_crisis_pushes_luxury_to_sharpest_fall_ever_but_catalyses_industrys_ability_to_transform/

[22] Anna Zwettler (2020), Fashion United article: ""Resale growth during Covid-19: sellers engage in 'quarantine clean-out frenzies"; https://fashionunited.uk/news/fashion/resale-growth-during-covid-19-sellers-engage-in-quarantine-clean-out-frenzies/2020060849257

Gen Z and Millennials were indeed the most common new consignors, putting up 35% of them. By reselling their garments, each of these consignors-maintained fashion goods in circulation and helped the environment (TRR determined that the average consignor in 2020 saved the equivalent of more than 4,000 glasses of water by recycling their clothes)[23]. On the buying side, those same younger groups - who have historically been more open to second hand - flooded to resale sites as a cheap and eco-friendly choice to update their wardrobes when they couldn't afford new fast fashion or didn't want to buy it for moral grounds.

Moreover, the pandemic changed how consumers defined and acquired "luxury." Many high-end consumers shifted their spending from experiences (travel, dining, entertainment) to material possessions and home comforts as social gatherings decreased. Some people who were stuck at home took pleasure in buying pricey loungewear or ornaments; others, thinking that life is uncertain, finally bought the expensive things they had been eyeing. A portion of this expenditure went to resale markets, where those "investment purchases" could be more expensive. For example, data from 2020 indicates that, in spite of the pandemic, demand for high-value bags in the second-hand market actually increased. For instance, Vogue Business reports that average resale prices for brands like Chanel, Hermès, and Louis Vuitton rose by approximately 41% between 2019 and 2022.[24]. The vintage luxury of the late 1990s and early 2000s also experienced a renaissance. According to the RealReal, vintage items from the 1990s to 2000s saw a spike in sales, matching nostalgic fashion trends and providing unique style for fashion fans who were cooped up at home[25].

When alternative leisure activities were scarce, consumers were turning resale shopping into a form of pleasure and self-expression by using the internet to search for uncommon, out-of-season luxury goods. Another clear sign of such trend was seen during quarantine, online reseller group interaction (including social elements like likes, follows, and virtual "Posh N Coffee" meetups) became more popular for younger users. During lockdowns, this social-commerce element increased the appeal of resale and fostered a sense of community around used clothing that has persisted after COVID.

Importantly, the pandemic forced the luxury industry to embrace and accept resale in ways it had not previously. Before 2020, a lot of high-end businesses denigrated the second-hand market because they saw it as a place to dump outdated inventory or as a **danger to their exclusivity**.

[23] The RealReal 2021 Luxury Consignment Report - The RealReal official publications: https://realstyle.therealreal.com/wp-content/uploads/2021/01/Final2021Resale-Report.pdf

[24] Bella Webb (2022), The Vogue Business article: "The trouble with second-hand: It's becoming like fast fashion"; https://www.voguebusiness.com/sustainability/the-trouble-with-secondhand-its-becoming-like-fast-fashion-the-realreal

[25] The RealReal 2021 Luxury Consignment Report - The RealReal official publications: https://realstyle.therealreal.com/wp-content/uploads/2021/01/Final2021Resale-Report.pdf

However, some luxury homes changed to take part as the crisis brought attention to sustainability and new sources of income[26]. The paradigm of luxury consumption underwent a significant change as a result, with resale no longer being frowned upon but rather seen as a crucial component of the premium ecosystem.

COVID-19, to put it briefly, changed luxury consumption by making it more **circular, digitally driven, and conscientious.** After the pandemic, consumers were more willing to mix new and used items in their closets, prioritized quality over quantity, and paid attention to sustainability - all of which are reasons that are driving the growth of fashion and leather goods resale in the post-pandemic world.

That is why the shifts experienced during the pandemic can be considered permanent rather than cyclical as also Ines EC stated in our interview:

"Some shifts are structural, others situational. The acceleration of digital adoption is here to stay consumers learned to buy authenticated pre-owned goods online and never reverted"

But she also remembered that:

"What was cyclical were the category spikes: the loungewear boom, impulsive micro-trends, etc. But the idea that luxury objects are liquid, traceable, and resaleable is a permanent behavioural change. Luxury has re-entered the realm of alternative assets"[27]

1.3.2 US Tariffs: A Windfall for Used Luxury?

Not only Covid-19, nowadays a big role in reshaping the future of the second-hand market is being played by the trade tensions between major countries. Trade restrictions and tariffs can indeed affect the balance of power between new and used luxury products in ways that are hard to predict.

In the past few years, trade disputes have harmed high-end fashion and leather items, making new imports more expensive and likely prompting buyers to buy second-hand goods instead. One well-known example is that in 2020, the U.S. government, led by President Trump, threatened to impose

[26] A deeper discussion of Hybrid Business Models between brands and Reselling Platforms will be provided in Chapter 2.3 "Brand-Platform Collaborations: A Solution to Resale Challenges?"

[27] The complete version of this interview is provided in Chapter 7

a 25% tariff on French luxury handbags and cosmetics valued at approximately $1.3 billion, in retaliation for France's digital services tax[28]. The taxes were ultimately suspended before to implementation, although the situation indicated that handbags and other luxury fashion products might be adversely affected in trade conflicts. These levies were in force until a truce was signed in 2021.

The most recent round of U.S. tariffs is likely to directly help the second-hand market. The U.S. indicated in early 2025 that it will apply sweeping "reciprocal" tariffs on various trading partners. For example, there would be a 15% tariff on EU goods as part of a settlement between Washington and Brussels[29]. Luxury brands instantly had to consider about boosting U.S. retail prices again to make up for these import levies. Since 2019, prices have gone up by an average of over 30% for various organizations, so they don't have much room to move. As an example, the price of the Chanel Classic Flap bag more than quadrupled from 2015 to 2024[30], and the price of other popular bags like the Dior Lady bag and the Louis Vuitton Keepall doubled. These substantial price hikes, which were partially caused by inflation and brand strategy, warn that any more raises owing to tariffs could turn off customers. Luxury CEOs know they need to be careful about raising costs too much since they don't want buyers to acquire *"price fatigue"*[31].

The importance of such risk becomes clearer when looking at how tariffs translate into retail prices increases. UBS analysts estimated that a 15% tariff on goods coming into the U.S. would drive luxury brands to raise prices in the U.S. by around 2% (or eat the cost), in addition to the large price hikes that have happened in the past few years[32].

The reason this rise seems modest despite the theoretically high tariff rate can be better understood by examining the economics of tariff pass-through. This framework helps to clarify why retail price adjustments are smaller than the nominal tariff rate and highlights the implications for substitution toward the resale market.

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[28] Doug Palmer (2020), Politico article: "US announces duties on $1.3B in French goods in digital tax dispute"; https://www.politico.eu/article/ustr-announces-duties-on-1-3b-in-french-goods-in-tax-dispute/

[29] U.S. and EU trade agreement announced, setting reciprocal tariff rate of 15 percent on most EU imports to the U.S., effective August 7, 2025; (Executive Order issued July 31, White House Fact Sheet)

[30] BOPF Editorial Team, Business of Preloved Fashion (BOPF) article: "A Timeline of Classic Chanel Bag Price Increases Over The Years"; https://businessofprelovedfashion.com/blogs/bopf-blog/a-timeline-of-classic-chanel-bag-price-increases-over-the-years?srsltid=AfmBOopOfsFR23ugZ8gSW3LGTo6-HDC5S05nl6zmt63uHMfzIH9RWkFN

[31] Price Fatigue is the term used to characterize how frequent or excessive price increases reduce consumers' motivation to buy, which frequently leads to lost sales or brand switching. Excessive use of price power might drive away core customers in luxury sectors where perceived value is crucial.

[32] Mimosa Spencer & Samantha Marshak (2025), Reuters article: "US tariffs will be test of luxury brands' pricing power"; https://www.reuters.com/business/us-tariffs-will-be-test-luxury-brands-pricing-power-2025-07-28/

Let C represent the unit cost of a good before tariffs for the producer. The retail price P of luxury goods is set by a markup μ, so that:

$$P_0 = (1 + \mu)C$$

where P_0 is the pre-tariff retail price and μ represents the markup over cost.

When an ad valorem tariff at rate t is imposed on imports, the effective cost rises to: $(1 + t)C$. If the brand chooses to pass some of this cost onto consumers, the new retail price becomes

$$P_1 = P_0 + \Delta P$$

where ΔP is the increase in retail price. The proportion of the tariff that is reflected in final consumer prices is called the pass-through rate (φ), which can be expressed as:

$$\varphi = \Delta P / (tC)$$

Since ΔP can also be expressed as $(\Delta P / P_0) \times P_0$, we can rewrite this as:

$$\varphi = [(\Delta P / P_0) \times (1 + \mu)] / t$$

UBS's estimate corresponds to $\Delta P / P_0 \approx 0.02$ when $t = 0.15$. Substituting different markups gives insight into the implied pass-through rates:

- If $\mu = 2$ (retail price is 3× cost), $\varphi = (0.02 \times 3) / 0.15 = 0.40 \rightarrow 40\%$ pass-through.
- If $\mu = 3$ (retail price is 4× cost), $\varphi \approx (0.02 \times 4) / 0.15 = 0.53 \rightarrow 53\%$ pass-through.
- If $\mu = 4$ (retail price is 5× cost), $\varphi \approx (0.02 \times 5) / 0.15 = 0.67 \rightarrow 67\%$ pass-through.

In summary, the reason why retail prices increase less than the nominal tariff rate can be explained by the economics of tariff pass-through. Beyond theory, however, early market indicators show that these factors are already increasing demand for luxury goods that have already been owned.

As a matter of fact, early evidence suggest that tariffs are forcing luxury consumers to become more cost-conscious and increasingly turn to the second-hand market. Higher tariffs on imported products have made full-price purchases less tempting, fuelling demand for pre-owned luxury items. This action indicates how import taxes may greatly increase resale platforms, as more customers seek alternatives to avoid higher retail charges. If this tendency continues, resale sites are expected to experience huge growth especially because second-hand dealers have structural benefits while tariffs are in place. Analysts argue that cheap stores like T.J.Maxx, who mostly sell excess goods from the

US, will be better able to manage tariffs than brands that rely on new imports. The same rationale applies to resale: there is already a "tariff-free gold mine" of luxury items in private hands in the US. **The secondary market can meet client demand without having to pay fresh import charges by reselling these commodities**. This lowers the price of new imports.

One thing to bear in mind is that some U.S. resale sellers do receive their goods from other countries (for example, they might bring in worn luxury watches or handbags from Europe or Japan). If the new U.S. trade policy gets rid of the duty-free limit for low-value shipments ($800), even used things brought in to sell could be charged a 20% duty[33]. People who wish to sell used items are asking for tariff exemptions on them, stating that used goods shouldn't be charged the same way as new goods. As of 2025, President Trump has already gotten away of the duty-free de minimis condition for China. This means that even cheap fast-fashion packages from China now have to pay tariffs[34]. This shift hits ultra-low-priced businesses like Shein and Temu the most, making their clothes that cost $5 to $20 significantly more expensive. Ironically, that might make some consumers who are seeking to save money look for better prices on thrift and resale sites.

The CEO of ThredUp was thrilled about the adjustment. He added that the end of duty-free Chinese packages, together with a 145% U.S. tariff on some Chinese items, "would benefit businesses like his." With new garments that are very inexpensive not being as competitive, second-hand fashion becomes an even better value choice for consumers. Not just ThreadUp, luxury resale companies all over the world know about this potential fairly well. The CEO of Poshmark remarked that even if tariffs were recently announced, his platform is "ready to capitalize on the moment" by pouring money into technologies like visual search to help shoppers locate pricing on items that may be subject to import taxes in stores[35]. The notion is that if new European fashion imports became more expensive or difficult to get, people will buy the numerous gently used things that are already in the nation. Brands are actually starting to look at the massive amounts of stuff currently in closets and warehouses as a method to insulate themselves from tariff concerns. The CEO of Archive, a company that manages brand resale programs, thinks that clothing labels need to work together to sell their products again. They can accomplish this by "*tapping into all of the inventory that is already sitting*

[33] Christian Martinez & David Shepardson (2025), Reuters article: "US ends tariff exemption for all low-value packages"; https://www.reuters.com/world/us-ends-tariff-exemption-all-low-value-packages-2025-07-30/

[34] David Lawder & Lisa Baertlein (2025), Reuters article: "China low-value package exemption ends with questions over US tariff collections, logistics"; https://www.reuters.com/business/autos-transportation/china-low-value-package-tariff-exemption-ends-questions-remain-over-us-2025-05-02/

[35] Anne D'Innocenzio (2025), AP news article: "Sellers of second-hand clothes prepare for tariffs to give their businesses a boost"; https://apnews.com/article/secondhand-clothes-shoes-tariffs-prices-0d6de65d89435b96fc396e53a77381f5

in the U.S., either in people's closets or in warehouses," as a method to make money while they wait for or limit orders from foreign producers.

Finally, resale businesses that focus on high-end items expect growth too as tariffs harm the primary market. Rebag, a store that sells old designer handbags, feels that the higher tariffs will bring in a lot of new customers. Charles Gorra, the CEO of Rebag, indicated that the company plans to add more physical sites since they expect demand to rise[36]. He claimed the prices for new luxury bags and the prices for those same bags when they are sold again frequently "rose in tandem" in the past. This is because resale values sometimes follow retail pricing but, in such chaotic market, often not too. For instance, when Chanel hiked prices by 10% last year, Rebag couldn't totally match that with resale pricing because demand had declined a bit[37]. But if tariffs cause manufacturers boost their costs even more, the disparity between new and used pricing will get larger, making resale even more attractive.

Moreover, tariffs could be what finally drives those people in the middle and upper-middle classes who wish to buy luxury products to the resale market for good.

1.3.3 Luxury Resale in an Inflationary World

After the pandemic, inflation has been prevalent in many nations, making everything from raw resources and labour to consumer items cost a lot more. This inflationary setting (particularly strong from 2021 through 2023) has had a double impact on luxury fashion: **luxury enterprises boosted their retail prices significantly, while customers faced decreasing purchasing power.** All of these characteristics (added to what previously said in the precedent sub-chapters) have made it the perfect time for the luxury resale market to take off as a "smart value play."

In the previous few years, prices for luxury products have gone up significantly faster than regular inflation. This has even caused some wealthy clients to strike back. Some estimates claim that the average price of luxury items went climbed by 50–60% between the end of 2019 and the end of 2024. HSBC specialists that looked at famous products in France estimated that the average price of key European luxury brands went up by roughly 54% from 2019 to 2024[38]. In the U.S., retail analytics firm EDITED saw a similar pattern, with prices jumping around 61% vs. 2019 on average[39]. These

[36] Daniel Miller, "These stores are poised to benefit if US tariffs drive up new clothing costs" FOX Local, April 21, 2025 (citing Associated Press); https://www.livenowfox.com/news/stores-may-benefit-us-tariffs-clothing

[37] A deeper discussion about Price Inconsistencies will be provided in Chapter 2.2.1 "Price Fragmentation: The Chaos of Decentralized Pricing"

[38] Slađana Vukašinović (2025), HHH article: "Inflation of prestige: How European luxury brands overestimated their power"; https://www.nin.rs/english/news/80269/inflation-of-prestige-how-european-luxury-brands-overestimated-their-power

[39] Madeleine Schulz (2025), The Vogue business article: "Luxury is too expensive. What should brands do?"; https://www.voguebusiness.com/story/fashion/luxury-is-too-expensive-what-should-brands-do

are tremendous improvements in a short amount of time. Only to give you an idea, global inflation throughout that time wasn't even close to that high. Luxury corporations weren't merely hiking prices to meet costs; they were also exploiting their pricing power to make money. In reality, price hikes alone contributed for roughly half of the luxury industry's sales growth from 2019 to 2023, which is a much bigger percentage than in previous years. Every significant company completed numerous rounds of increases[40]. Other examples abound: Louis Vuitton's classic Speedy 30 bag doubled in price from $750 in 2010 to roughly $1,500+ today; Hermès routinely hikes prices ~ 6 - 7% annually; and across LVMH's portfolio, prices on leather goods and fashion are up 30 - 40% since 2019. These price spikes have pushed people to their limits, especially as the economy as a whole became less solid. By 2022 - 2023, a lot of people who wanted to buy luxury products felt like they couldn't afford their favourite brands[41]. According to Bain & Company, the luxury market lost 50 million clients worldwide in 2022. This was attributed to economic difficulties and pricing tiredness among the middle-class premium buyers[42].

In short, more and more luxury enthusiasts couldn't justify the new sky-high pricing at stores, especially while **inflation was eating away at their real salaries**.

Such trend was confirmed from Ines EC too during our interview stating:

"Since 2019, major brands have raised prices by around 30–35% (RBC). This has created substitution effects: clients who once bought new now arbitrage via pre-owned. Even Chanel, after years of double-digit hikes, slowed price increases in 2025 after consumer pushback and visible resale plateauing."[43]

As a matter of fact, the resale market has become a safe area for these buyers. When the prices of new Chanel, Dior, or Louis Vuitton items appear too costly, buying a used one for 20–50% less than the current retail price is a smart option. Resale platforms show a rise of interest from consumers who normally purchased new. Modern Retail noted in 2022 that "inflation could be a boon for luxury resale," pointing out that when high-end labels make it tougher to get into their stores, customers are

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[40] Examples of such evidence can be found in Chapter 1.3.2 "US Tariffs a Windfall for Pre-Owned Luxury?" on page 13 – (Chanel Classic Flap Bag or Dior Lady Bag)

[41] Anne D'Innocenzio (2025), AP news article: "Sellers of second-hand clothes prepare for tariffs to give their businesses a boost"; https://apnews.com/article/secondhand-clothes-shoes-tariffs-prices-0d6de65d89435b96fc396e53a77381f5

[42] Claudia D'Arpizio, Federica Levato, Andrea Steiner, and Joëlle de Montgolfier, Bain & Company official publications: "Luxury in Transition: Securing Future Growth"; https://www.bain.com/insights/luxury-in-transition-securing-future-growth/

[43] The complete version of this interview is provided in Chapter 7

"increasingly considering second-hand" options. The RealReal's data backs this up: the company added over 4 million new members in 2022 (growing from 23 million to 27 million users)[44], and it says that "primary market issues and supply constraints, along with inflation and a potential recession" made people see **"the resale market as a smart value play"**.

In other words, more shoppers now recognize that they can get the same high-end fashion and leather products for a lot less by buying them used, without compromising quality or authenticity. Sasha Skoda, an executive at The RealReal, noted that rising retail pricing (and persistent supply issues for specific items) had encouraged purchasers to perceive resale as *"a way to get the brands they love within their budget"*, and this is especially true for "middle market" luxury buyers. This section has been hurt the hardest by both rising costs and the policies of luxury brands, and many of them are now seeking to sell their stuff for the first time to make their money go further without giving up on luxury entirely. It is reasonable therefore that luxury resale companies are carefully positioning themselves to grab these inflation-weary buyers. A number of websites point out how much cheaper it is to buy old products. For instance, things like The RealReal or Fashionphile are generally touted as being 30%, 50%, or even 80% off retail, depending on how rare and amazing they are[45]. A Chanel or Hermès pocketbook that costs five figures new could be offered gently worn for a few thousand dollars less. This is still a lot of money, but it might be achievable for someone who doesn't want to pay 12,000 USD in-store.

The secondary market is indeed full of older or pre-owned versions of new designs that cost less than the newest store pricing (especially after the brand has hiked prices numerous times). Inflation has also made more people sell or consign their valuable belongings, either to acquire cash at attractive prices or to buy new things. Fashionphile witnessed a lot of buybacks during past downturns, notably the 2008 crisis. For example, one client sold a bundle of Hermès bags to pay their employees. In the same way, some people are selling designer products to acquire money, which increases the number of items accessible for resale. James Reinhart, the CEO of ThredUp, claimed in the middle of 2022 that lower-income customers were spending less, while higher-income consumers were doing more resale, purchasing and selling more, maybe as a means to get their wardrobes back in shape without spending a lot of money[46].

[44] The RealReal Earnings presentation for Investors (2022); https://investor.therealreal.com/static-files/bb1770de-5aae-4982-b8c6-103c2b7063a9

[45] Gabriela Barkho (2022), Modern Retail article: "What inflation means for luxury resale"; https://www.modernretail.co/marketing/im-not-worried-about-the-recession-what-inflation-means-for-luxury-resale/

[46] Madeline Schulz (2023), The Vogue Business article: "As consumers pull back spend, resale faces fresh challenges"; https://www.voguebusiness.com/companies/as-consumers-pull-back-spend-resale-faces-fresh-challenges

It's intriguing that inflation and pricing pressures in the primary market may also start to affect the prices of new products when they are sold again. People who research the sector think that if there are a lot of second-hand alternatives, they can restrict brands from raising prices too much. A Trove study concluded that as luxury resale develops, it will "start affecting the price of new items" by balancing supply and demand and making it harder to keep things exclusive[47]. Some of the greatest Maisons have already delayed the pace of price rises in 2023–2024 since demand is weaker. After an average gain of 8% in 2022, brands like Louis Vuitton and Chanel slowed significantly in 2023 because customers pushed back[48].

Finally, it's crucial to realize that inflation has made some luxury products seem like excellent investments, which supports resale in an indirect way. With stock markets and currencies swinging up and down and inflation eating away at cash, rich collectors are placing more money into physical assets like rare handbags, watches, and jewels. Hermès Birkin bags, on the other hand, have been discovered to gradually up in value by roughly 14% a year, which is greater than the S&P 500 index[49]. Fashionphile reported that sales of Chanel flap bags jumped 15% and Hermès Birkins 23% in March and April 2020, when the economy was uncertain. This was during the outbreak and the inflation that followed. Part of this growth was wealthier clients shifting money into real assets. Some of this happens at auction houses and shops, but a lot of it happens on the resale market, where you may find stuff that people truly desire. More and more people are buying premium handbags and vintage Rolex watches as a means to protect themselves from inflation. They perceive it as both shopping and investment. People who buy luxury products every day have learnt to consider about resale value when they buy something, even if they don't mean to sell it immediately away. When choosing between goods, a lot of individuals now worry about how well an object preserves or gains value. This has encouraged them to choose brands and models that keep their value well when they sell them again, such Chanel, Hermès, and Louis Vuitton bags and Rolex watches. As a result, these brands' items sell swiftly on secondary marketplaces.

[47] Samantha Dersarkissian (2022), Trove article: "Market Factors Driving the Luxury Resale Boom"; https://trove.com/resources/market-factors-driving-luxury-resale/

[48] Sarah White & Tamison O'Connor, Financial Times article: "Luxury brands ease off on price rises as shoppers push back"

[49] Jessica Dickler (2025), CNBC article: "Are designer handbags an actual investment? Here's how returns stack up"; https://www.cnbc.com/2025/03/22/are-designer-handbags-an-actual-investment-heres-how-returns-stack-up.html

1.4 The New Luxury Buyer: What's Driving Demand?

A new type of luxury customer has emerged in the context of economic disruptions and a post-pandemic reappraisal of consumer values. The concept of high-end shopping is evolving due to this "new luxury buyer," particularly in the growing secondary luxury market. Earlier chapters explored how macroeconomic changes – such as inflation and declining GDP – and digital acceleration have challenged corporations and modified where and how luxury products are offered. Building on such insights, we now turn focus to the demand-side: the expanding motivations of luxury purchasers themselves. The rise of resale is not simply a commercial trend but a reflection of evolving consumer values in real time. Who is this new luxury shopper, and what causes are fuelling their demand?

Key concerns include:

- Growing dedication to sustainability and circular fashion
- View of luxury things as investment assets
- Unique generational shifts in attitudes.

Each of these variables intertwines with inflationary pressures, regional dynamics, and the pandemic-era digital boom detailed earlier, yielding a complicated but evident pattern in secondary market demand.

As indicated before, economic volatility and a squeeze on discretionary incomes have made buyers more deal conscious. Rather than abandon the premium category totally, many are hunting for bargains - a function the second-hand market is perfectly positioned to play[50]. In effect, the secondary market has opened up a "uncharted back door" to luxury's once-exclusive club, allowing a broader spectrum of clients to engage at cheaper cost. Meanwhile, the epidemic increased e-commerce adoption and provoked reflection about spending. Together these attributes set the backdrop for a new kind of luxury consumer who is value-savvy, technologically native, and often driven by principles as much as prestige.

1.4.1 Sustainability: More Than a Trend, a Movement

One of the most important changes influencing luxury demand is the expansion of sustainability as a main consumer goal. What could have once been seen by sceptics as a passing trend has proven to be a significant phenomenon - dramatically altering how many luxury customers judge purchases.

[50] Gabriella Land (2025), Michigan Journal of Economics article: "High-End Hand-Me-Downs? How Resale is Reshaping Luxury Markets"; https://sites.lsa.umich.edu/mje/2025/04/03/high-end-hand-me-downs-how-resale-is-reshaping-luxury-markets/

Today's luxury buyer is increasingly socially and environmentally concerned, embracing second-hand luxury as a technique to reconcile the need for beautiful goods with a commitment to responsible consumption[51]. This is especially true of younger generations, who have grown up acutely aware of climate change and the fashion industry's societal influence. In other words, concern for the earth has directly fuelled the second-hand market's expansion. Consumers are no longer buying pre-owned Chanel jackets or Gucci bags in spite of their being second-hand, but BECAUSE they are second-hand – viewing it as a purposefully sustainable decision.

From an intellectual standpoint, this approach is underpinned by evolving views against waste and a rejection of "throwaway" society. Research suggests that awareness toward waste reduction and resource utilization is rising, prompting strategic interest in the used-goods sector as a sustainable alternative. Second-hand luxury items meet expectations that go beyond economic advantage, fulfilling ethical and ecological motivations as well[52].

Unlike quick fashion, luxury objects are built to last, which makes them well-suited to longer lifecycles through resale or even multiple owners. By giving high-quality products, a second (or third) life, shoppers feel they are helping decrease waste and overproduction. In actuality, the longevity and timeless design of luxury products mean they can keep popularity over many years – an alternative to the disposable fast-fashion mentality. This has made luxury resale a poster child for the circular economy in fashion, where use and reuse overcome the constant churn of new creation.

Crucially, sustainability has expanded from a personal consumer mindset into a broad-based movement driving industry behaviour. Luxury brands themselves have had to respond to these changing priorities. As stated in earlier chapters, the post-COVID period saw luxury houses start to embrace more sustainable practices, from sourcing recycled materials to offering repair services. Now, several brands have gone farther by actually participating in the second-hand market - a huge break from prior attitudes. Major firms including Gucci, Stella McCartney, Burberry, and Balenciaga have formed their own approved resale programs or relationships with resale platforms[53]. By doing so, they realize that circularity and longevity are becoming essential to luxury's value proposition. These programs are not exclusively profit-driven; they allow enterprises to meet customer

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51 CEGID Blog (2025), CEGID article: "Second-hand Luxury Retail: How Sustainability is Reshaping the Market,"; https://www.cegid.com/global/blog/secondhand-luxury-retail-how-sustainability-reshaping-market/

52 Katharina Stolz (2022), Department of Innovation and Service Management, University of Stuttgart "Why Do(n't) We Buy Second-Hand Luxury Products?"

53 A deeper discussion of Hybrid Business Models between brands and Reselling Platforms will be provided in Chapter 2.3 "Brand-Platform Collaborations: A Solution to Resale Challenges?"

sustainability expectations while keeping a degree of control over their products' second lives[54]. Even legacy Maisons that once relied on rigorous exclusivity have learned that extending the product lifecycle aligns with both ethical standards and customer desire.

Furthermore, consumer demand for sustainability is quantifiable and on the rise. The RealReal's consumer analytics in 2022 showed that 43% of shoppers acknowledged sustainability as a choice factor in what they buy. Well over half (61%) of Gen Z and Millennials now consider themselves "eco-conscious" consumers - a far bigger number than earlier cohorts[55]. These clients actively consider the environmental influence of their fashion choices, and buying second-hand is one way they act on this understanding. Many feel they may "reduce their individual impact" by getting preloved things instead of new. Such assumptions are confirmed by actual data: for example, using a worn clothes instead of a new one can cut its carbon emissions by an estimated 25%. The aggregate influence of these choices is enormous. (The RealReal estimates it has kept over 40 million luxury objects in circulation, saving tens of thousands of tons of carbon and billions of litres of water that would have been used to produce new goods[56]).

Importantly, sustainability's influence on demand isn't restricted to a small "green" minority of customers - it's now mainstream. More than half of all shoppers questioned in 2023 have browsed worn apparel, suggesting that resale is well embedded in the fashion landscape. Neil Saunders of GlobalData observes that second hand's success derives in its versatility to suit multiple needs: some seek it for style or value, others for ecological concerns, but together these incentives have catapulted resale into the consumer mainstream[57]. Governments are also beginning to support these behaviours, with new legislation proposed (in places like the EU and U.S.) to promote circular fashion and penalize wasteful practices.

In conclusion, what we find is a convergence of grassroots consumer values with top-down governmental support, signalling that sustainable luxury spending is here to stay. The new luxury customer is, in effect, part of a wider **trend** - one that considers **sustainability as inseparable from the premium experience** going ahead. This movement has established the basis for luxury's metamorphosis, where buying "pre-loved" things wears a badge of honour rather than censure. As

[54] FAUME article: "Luxury and second-hand: A winning duo"; https://www.faume.co/en/blog/luxury-and-second-hand-a-winning-duo

[55] Mary Meisenzahl (2023), Digital Commerce 360 article: "The second-hand retail industry grew 28% in 2022"

[56] The RealReal Investor Relation – Social Impact, The RealReal official publication: https://investor.therealreal.com/social-impact

[57] Nicole Silbersten (2024), Retail Touch Points article: "Second-hand Grew 15X Faster than New Apparel Sales in 2023, but ThredUp CEO Still Sees Ample 'White Space'"

one industry critic put it, customers have “embraced imperfection” - proudly wearing older, well-made products and treating evidence of wear as a reflection of both style and principle[58]. Sustainability is no more an afterthought or marketing gloss; it has become a driving force of demand that luxury enterprises and resellers alike must respect in this new era.

1.4.2 Luxury as an Asset: The Rise of the Investment Shopper

Another defining trait of the modern luxury customer is an investment-oriented mindset. Luxury products - formerly obtained exclusively for personal delight or prestige show – are increasingly viewed as assets to be held, exchanged, and even profitably sold. In the secondary market specifically, many consumers are approaching purchases with the understanding of investors, looking at resale potential, rarity, and long-term value. This trend has given rise to the expression “investment shopper,” describing buyers who approach luxury things like they might stocks or real estate, expecting them to hold or improve in value over time.

Several convergent causes have caused this phenomena. Economic uncertainty and inflation have had a tremendous impact. In times of shaky markets or rising prices, physical assets like designer handbags, watches, and jewellery might feel like safe havens. Indeed, as also mentioned earlier, academics have emphasized that certain luxury collectibles have provided remarkable returns even amid current economic instability. A survey by Credit Suisse and Deloitte indicated that products such as Hermès Birkin bags, Chanel handbags, and Rolex watches have yielded mid-single-digit to double-digit yearly returns, with relatively little volatility - effectively serving as inflation-resistant stores of value[59]. For example, during 2020’s pandemic recession, Chanel handbags still rose ~ 12% in value on average, and Birkins by ~ 38%. In 2021, Rolex sports watches soared up 33%, and Chanel bags 24%, beating not just inflation but many traditional investments. Such performance has not gone unnoticed by consumers. The belief that “luxury never loses value” has gained respectability – especially since top manufacturers continue to hike retail pricing year after year, so boosting the floor for pre-owned prices as well.

Even typical luxury clients are doubling down on investment goods. The RealReal’s latest research indicates that despite a shaky economy, customers of all ages are not shying away from expensive goods – they’re just spending wisely. In the last year, average order values on The RealReal grew for

[58] The RealReal Luxury Consignment Report (2023), “All generations seek resale for value; Adoption of fair condition items continues to grow” paragraph
[59] TFL (2022), The Fashion Law article: “Chanel bags, Rolexes make for Inflation-Proof investments, per Credit Suisse report”; https://www.thefashionlaw.com/chanel-hermes-bags-rolexes-are-top-investments-returns-per-credit-suisse-report/

every generation, including a +14% year-on-year rise for Baby Boomers and +18% for Gen Z[60]. This suggests that rather than trading down, luxury customers are putting their money into fewer but higher-quality products with significant resale possibilities. "Our customers are still buying investment pieces despite recession fears… knowing that if they buy well, they will likely get a great return on their investment," notes Rati Sahi Levesque, president of The RealReal. The comfort of potentially recouping ones spend - or perhaps earning – has become part of the buying logic. Shoppers fine-tune their closets with an eye on asset value, often choosing for famous models that historically hold worth (for instance, a Chanel Classic Flap bag or Rolex Submariner), or buying up limited editions that could appreciate. Many have learnt to inquire before buying new, *"What can I later resell this for?"* – a question virtually unheard of in luxury retail a generation ago.

Critically, this mindset shift is visible at the time of purchase for younger buyers. A recent survey indicated 82% of Gen Z respondents analyse an item's resale value before buying it. Furthermore, 42% of Gen Z indicated they would be less likely to buy a fashion item if it is regarded to have poor resale value[61]. This is a startling statistic: it suggests nearly half of young luxury customers are effectively doing a ROI study on their clothing. For these customers, a designer purchase is not only about immediate desire but also about its investment potential. The modern luxury buyer, particularly among Gen Z, is treating their closet like a portfolio – acquiring goods that keep worth. This behaviour blurs the barrier between consumer and investor, and it's turbocharging the secondary market since the easier it is to resell, the more appealing luxury things become. Digital natives have rapidly adopted this concept, utilizing online platforms to both buy and later sell goods, thereby "trading up" or rotating their collections with minimum loss in equity. This is due to the fact that the "luxury-as-asset" mentality is starting to distinguish the market. For example, almost 30% of the luxury watch market is now made up of pre-owned watches, and their growth is outpacing that of new sales. According to a Boston Consulting Group survey, many young, tech-savvy consumers see luxury watches like Rolex or Patek Philippe - as well as some handbags like the Hermès Birkin - as investments that can hold or even surpass their retail value on the secondary market[62]. For instance, one investigation indicated Chanel handbags and Rolexes provided stronger inflation protection in recent years than many bonds or gold, due to their combination of low volatility and stable

[60] The RealReal Luxury Consignment Report (2023), "All generations seek resale for value; Adoption of fair condition items continues to grow"

[61] ThredUp (2023), "ThredUp's 11th Annual Resale Report Reveals Consumers Continue to Embrace Second-hand Amid Economic Uncertainty"; https://newsroom.thredup.com/news/thredups-11th-annual-resale-report-reveals-consumers-continue-to-embrace-secondhand-amid-economic-uncertainty

[62] Boston Consulting Group (2022), "The New Luxury Consumer: Why Responding to the Millennial Mindset Matters"

appreciation. While not every luxury item will appreciate, the perception that some do is enough to lure people into thinking luxury purchases as a form of investment strategy.

The secondary market ecosystem itself supports this mentality by delivering openness and data on resale values. Platforms frequently offer annual reports demonstrating which brands or styles acquired value. Online marketplaces also make it simple to analyse and compare expenses. A shopper contemplating a new Dior pocketbook may simply check how much the similar model sells for used, guiding her choice on whether it's a fair investment. This instant availability of information has successfully financialized luxury purchases.

In a sense, the rapid access to knowledge has made luxury goods more affordable. However, this change poses important issues for the sector like:

→ Will the market's estimate of an item's future value limit Maisons' creative and price freedoms if consumers increasingly base their purchases on the item's prospective resale value?

→ Could a brand's control over its own story be slightly undermined if secondary market data started to impact primary market pricing?

→ May the focus on investment-grade items push firms to prioritize secure, value-retaining strategies over innovation and artistic risk if the "luxury-as-asset" mentality keeps growing?

If uncontrolled, the same factors that are currently driving demand in this changing environment could become obstacles to price strategy, brand management, and long-term desirability. Maisons must not only be able to adjust but also maintain control over what constitutes value in the first place.

Considering all this, one question naturally arises: *What determines whether a leather good retains or gains value?* According to Ines E.C., an expert in the luxury secondary market, the answer is simple:

"A handbag's resale performance depends on scarcity, cultural permanence, and condition discipline not storytelling"

Also, she added:

"Condition and completeness matter enormously: full set (box, dust bag, authenticity card), neutral colours, and stable leathers (Togo, Epsom, Caviar) drive resale premiums of +20% to +40% across Rebag and The RealReal"

She finally ended by stating:

"When a piece is culturally recognized and easily tradeable, it becomes its own asset class."[63]

Ines E.C.'s perspective crystallizes a deeper truth about the evolving nature of luxury: value today is less a function of brand narrative and more the result of disciplined market logic. Her remarks reveal that cultural relevance and tangible quality now operate as the real currencies of prestige. What once relied on myth now depends on measurability — scarcity, standardization, and liquidity define worth more than heritage alone.

1.4.3 Generational Divide: Who's Buying & Why?

Although the secondary luxury boom is a worldwide phenomenon, the motivations behind it might vary from generation to generation. Understanding this generational divide in terms of who is adopting second-hand luxury and why they are buying it is a key element of the new luxury customer profile. Nowadays, almost every age group - from Gen Z to Baby Boomers - engages in some form of reselling, albeit they typically look for distinct benefits. Despite the fact that the primary trend is age-neutral, these differences represent the economic standing, values, and technological usage of each generation.

This section examines the contributions made by younger, midlife, and older consumers to the secondary luxury market as well as the reasons behind their purchases. By examining these differences, we may get a more complete understanding of the factors influencing demand.

YOUNGER SHOPPERS (GEN Z AND YOUNGER MILLENNIALS)

The luxury resale trend has been led by the under-30 demographic. As previously mentioned, Gen Z in particular is savvy with technology and sensitive to sustainability and value, which makes them ideal consumers of premium used goods[64]. Many of these young customers prefer champagne when it comes to beer budgets; they want to purchase premium brands but frequently aren't able to pay retail prices. They use resale as a wise alternative to completely giving up luxury. In fact, almost one-third of Gen Z consumers say they buy used goods specifically to get more expensive items that would be too expensive to buy new[65]. A large portion of Gen Z demand is driven by this practical desire for affordability; they view used goods as an affordable way to get into the luxury market. Gen

[63] The complete version of this interview is provided in Chapter 7

[64] Slaton, K., & Pookulangara, S. (2022), "The Secondary Luxury Consumer: An Investigation into Online Consumption, Sustainability" pg. 2-3

[65] The RealReal Luxury Consignment Report (2023), "All generations seek resale for value; Adoption of fair condition items continues to grow"

Z perfectly exemplifies the idea that resale provides a "gateway to luxury" for aspirational consumers who cannot afford full-priced goods, according to Bain & Company[66].

However, for younger consumers, pricing is only one aspect of the equation. Experimentation with style and self-expression are equally important. Originality and the ability to create an own style are valued in youth culture, and second-hand shopping easily offers both[67]. Neil Saunders of GlobalData observes, "Younger shoppers turn to second-hand for self-expression and to help create their personal style"[68]. Pre-owned and vintage items provide a wealth of distinctive fashion findings that can distinguish Gen Z consumers from the general retail population. Gen Z's penchant for "Y2K" and thrifted antique looks is evidence of how reselling feeds their desire for creative styling. This behaviour is exacerbated by social media, where influencers share rare designer finds and "thrift hauls" on sites like Instagram and TikTok. For instance, the Instagram hashtag #VintageChanel has accumulated more than 1.5 million posts featuring vintage Chanel items and personal stories.

Values also influence this generation's involvement; numerous studies show that Gen Z is the most environmentally concerned luxury group. For example, according to 63% of Gen Z/Millennial consumers, buying used lowers their carbon footprint[69]. They view reselling as an ethical substitute for overproduction in addition to cutting waste. This tendency is further accelerated by their comfort level with online transactions: younger consumers are more likely to prefer purchasing luxury goods used online (45%) than in-store (38%). Additionally, research indicates that among this age group of online secondary luxury buyers, frugality, fashion consciousness, environmental concerns, and the ease of online shopping all have a significant impact on positive attitudes toward resale, which in turn strongly predict purchase intention[70].

MID-LIFE SHOPPERS (OLDER MILLENNIALS AND GEN X)

Although they have diverse motivations, people in the 30 - 50 age range are becoming more and more interested in reselling. Many people in this group are parents or have other family responsibilities, and for them, affordability and usefulness are frequently the main justifications for purchasing used goods. They strike a balance between childcare, mortgages, and other costs, which makes pre-owned

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[66] Bain & Company (2022) official publications: "Luxury Goods Worldwide Market Study, Fall–Winter 2022" pg. 18-19

[67] ThredUp official 2023 Resale Report, pg. 12-14; https://cf-assets-tup.thredup.com/resale_report/2023/thredUP_2023_Resale_Report_FINAL.pdf

[68] Saunders, N. (GlobalData) (2022), The Business of Fashion article: "Why Gen Z Loves Resale"; https://www.businessoffashion.com/articles/luxury/why-luxury-lost-gen-z-customers/

[69] Turunen, Linda L. M., Cervellon, Marie-Cécile, & Carey, Lindsey, "Purchase Intention for Second-Hand Luxury: A Cross-Generational Study." pg.2

[70] Slaton, Kelcie & Pookulangara, Sanjukta. "The Secondary Luxury Consumer: An Investigation into Online Consumption." pg. 8-9; https://ideas.repec.org/a/gam/jsusta/v14y2022i21p13744-d951276.html

luxury a desirable way to preserve quality without going over budget. According to retail research, this group frequently looks for used options for family purchases, such as outgrown designer clothing or expensive footwear for kids, in order to obtain high-quality products at a reduced price. Additionally, members of this group are more likely to understand brand heritage and value retention, and they occasionally purchase products with the intention of reselling them in the future or passing them down. Though it is usually presented in terms that are useful to all generations, such teaching kids to value durability or cutting down on household trash, sustainability also appeals to them. Furthermore, qualitative data indicates that parents in this demographic might buy expensive vintage goods that elicit sentimentality or link to significant life events, combining sound financial management with sentimental value. The enhanced transparency of resale sites, which enables midlife shoppers to swiftly compare costs across listings and confirm authenticity, adds to the attractiveness[71].

OLDER GENERATIONS (LATE GEN X, BABY BOOMERS AND BEYOND)

Senior luxury consumers (those over 50) have historically been the least inclined to purchase used goods, preferring boutique experiences and brand-new items. They still make up a smaller portion of the resale client base, but their numbers are increasing. Rarity, craftsmanship, and the joy of discovery - such as discovering a Patek Philippe watch that has gone missing from a collection or a discontinued Hermès scarf - are frequently the driving forces behind these purchases. According to recent research, Baby Boomers' average spending has increased significantly when they do resell (Ex: +14% year-over-year at The RealReal), indicating a preference for expensive purchases over quantity). Additionally, they are becoming more and more interested in the white-glove consignment services, tailored experiences, and authentication guarantees provided by leading platforms, which allay the fears of counterfeiting that earlier discouraged them[72]. Converting elderly buyers requires this infrastructure of trust.

In conclusion, is important to consider that generational patterns in resale vary by region: while pre-owned luxury is becoming more popular in China and other emerging economies, new purchases remain predominate for status signalling; In Western markets and Japan on the other hand, younger customers lead adoption, followed by older generations as stigma passes. Moreover, all age groups are now engaged in resale, each one for different reasons:

→ Gen Z for affordability, uniqueness and ethics

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[71] Slaton, Kelcie & Pookulangara, Sanjukta. "The Secondary Luxury Consumer: An Investigation into Online Consumption." pg. 3-4

[72] Deloitte official publication: "Global Powers of Luxury Goods 2023" pg. 18; https://www.deloitte.com/it/it/Industries/consumer/analysis/2023-global-powers-of-luxury-goods.html

→ Middle – Aged shoppers for value and practicality

→ Older Buyers for rarity and investment security

Due to this diversity, the market is both robust and complex, yet everyone agrees that used luxury can be just as good as new, solidifying its position as a long-term mainstay of the world's luxury market.

At the end of this analysis, a question inevitably arises: Which factor has had the strongest impact - younger consumer demand or sustainability? And will that balance shift in the future? This question was asked to and addressed by industry expert **Ines E.C.**, who explained:

"It's not sustainability that made luxury resale explode - it's younger buyers and their pragmatic relationship to luxury" since:

"growth is powered by consumers under 35, who view pre-owned not as second-hand but as smart consumption - the same way they approach investment or liquidity".

Additionally, she explained how over the next five years regulations will rebalance such this equation given that:

"The EU's Ecodesign for Sustainable Products Regulation (ESPR) and Digital Product Passport entering into force in July 2024, with obligations rolling out to 2030, will make circularity and traceability a compliance issue, not just a narrative one. But the core driver remains economic: access to icons at rational prices in a market where primary prices have surged over +30% since 2019. Sustainability will become a structural expectation, not a behavioural driver."[73]

The evidence comes together here. Throughout this chapter, demand emerges less as a moral shift and more as a practical re-optimization: younger generations, who are being squeezed by primary-market price inflation, turn to resale to obtain iconic goods at reasonable prices, while sustainability, despite its obvious existence, functions more as the standard than as the driving force behind purchases.

Ines E.C.'s observation clarifies this interpretation: while regulations (such as the ESPR and the Digital Product Passport) will formalize circularity, the economic and generational forces behind growth will continue to be "access over abstinence," and liquidity over latency. Stated differently, resale flourishes when a buyer who is technologically literate and views luxury as both an asset and

[73] The complete version of this interview is provided in Chapter 7

an identity merges with scarcity, price discipline, and verification. Brands that channel (as opposed to restrict) this behaviour - by ensuring authenticity, provenance, and aftercare - will transform a fragmented marketplace into a trust architecture that gives them influence beyond the initial transaction. This is the clear meaning for the industry.

CHAPTER 2 - How the Second-hand Luxury Market Works - And Why It Doesn’t (Yet)

2.1 Who Dominates the Resale Market? Players, Models, and Market Positions

The second-hand luxury market has gone from a loosely connected group of people to a well-organized company with a few significant players who establish the rules for buying and selling. A clear set of platforms that spell out pricing structures, verification criteria, and customer expectations has come out of a lot of small businesses and a lot of online listings, as well as uneven methods. The concentration of power has led to the emergence of a new hierarchy, characterized by a small number of corporations that now manage a substantial volume of transactions, inventory flow, and consumer engagement. Some individuals have attained excellence by creating and protecting a community, while others have distinguished themselves through curation and service, and still others have leveraged technology and efficiency.

In essence, these leaders function beyond simple marketplaces; they provide crucial infrastructure for resale as well. The regulations are set forth to govern the processes of authentication, pricing, and the sale of items, as well as the interactions between buyers and sellers. The decisions they implement influence both specialized resellers and new entrants who are required to adjust, alter, or challenge these regulations.

To fully grasp the current dynamics of the resale market, one must first identify the major participants and understand how they function. This reveals which company ideas have been around the longest, which are growing the quickest, and which may be approaching their strategic limits. The next two sections go into these questions.

- → Section 2.1.1 lists the most important people in the second-hand luxury market and explains how they got to be so well-known.
- → Section 2.1.2 looks at the operational blueprints that led to their success by breaking down the main business models that make up the market's current structure.

When you put them all together, they give you a clear picture of the competitive ecosystem that shapes the present - and possibly the future - of luxury resale.

2.1.1 Who Leads the Second-hand Luxury Space (and How)

The RealReal → known as a Consignment Pioneer, is a prominent leader and innovator in the realm of specialized luxury resale marketplaces. The RealReal, a company based in the US and established in 2011, focuses its brand on the authorized online consignment of luxury jewellery, art, and clothing. The company was one of the pioneers in showing that consumers were willing to buy *certified* premium pre-owned products in significant volumes online. The startup successfully garnered a substantial user base and inventory from sellers by prioritizing trust through authentication[74]. In terms of sales, The RealReal is currently perhaps the biggest marketplace for luxury resale; in 2024, it processed around $1.8 billion in gross merchandise value (GMV)[75]. Its supremacy in the market was highlighted in 2019 when it became the first resale unicorn to go public[76]. The RealReal's success has been attributed to providing buyers with peace of mind through thorough item vetting and sellers with convenience (free pickups, concierge service). The RealReal established a high standard for quality control by employing in-house specialists (more than 100 gemmologists, horologists, and brand authenticators examine thousands of goods every day)[77]. The RealReal dominates the market thanks to its emphasis on authenticity and service, which essentially recreates the luxury experience in a used setting. To further legitimize resale, it has also gone offline, opening physical stores and consignment offices.

Poshmark → is a major player in fashion resale, which increasingly incorporates high-end products, but it is not just a luxury marketplace. Poshmark, which was founded in 2011, was the first social marketplace for used goods. Its mobile app enables users to post items from their closets and connect with buyers. Poshmark transformed resale into a fun, peer-to-peer experience with its Instagram-like interface and community "Posh Parties." As a result, Poshmark's user base has expanded rapidly, reaching over 80 million members who have listed over 200 million products[78]. Poshmark is among the most active resale platforms due to its enormous user base and listing volume. A rising market, luxury fashion is a subcategory of Poshmark's mostly mid-range inventory; in order

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[74] Casandra Antonie & Advar Dinur (2021), International Journal of Business and Social Science: "“The RealReal: Shop. Consign. Obsess.”; https://www.ijbssnet.com/journals/Vol_12_No_8_August_2021/3.pdf

[75] The RealReal 2024 FY Results, The RealReal official publication; https://investor.therealreal.com/node/10981/pdf

[76] Glenda Toma (2019), The Forbes article: “The RealReal IPO: First Startup From Resale’s New Wave To Go Public Sees Shares Soar”; https://www.forbes.com/sites/glendatoma/2019/06/28/the-realreal-ipo-luxury-reseller-latest-retailer-to-go-public/

[77] The RealReal Investor Press Release (2019), “The RealReal Sets the Record Straight on Its Authentication Process”; https://investor.therealreal.com/node/6701/pdf

[78] Falguni (2023), Moengage article: “The #GROWTH Story of Poshmark”; https://www.moengage.com/blog/the-growth-story-of-poshmark/

to appeal to luxury shoppers, the company even incorporated an authentication service for high-value items. Scale and network effects are Poshmark's strength (and how it leads): by empowering millions of individual sellers, it provides an unmatched range of products and a vibrant market for trends. The company's importance was further indicated in 2023 when South Korea's Naver paid $1.2 billion to acquire it[79].

ThredUp → founded in 2009 and running the biggest online thrift store in the world. Instead of focusing solely on luxury, ThredUp focuses on the high volume, value end of used clothing, mostly mid-tier brands and everyday wear. Nonetheless, ThredUp has influenced the second-hand sector that premium players also occupy because to its size and inventiveness. The company uses data-driven pricing and automated distribution centres to process millions of clothes annually. The "Clean Out Bag" idea[80], in which vendors mail in a bag of clothing for ThredUp to sort, market, and sell on their behalf, has gained popularity thanks to it. ThredUp gained a sizable portion of the US second-hand market thanks to its mass-market controlled consignment strategy. ThredUp is listed as one of the top three resale platforms by market share, along with Poshmark and The RealReal. How was this accomplished by ThredUp? largely through collaborations and effective logistics. It uses technology (automation, pricing algorithms) to manage massive inventories and has even expanded its platform through "resale-as-a-service" agreements, which fuel big retailers' used clothes programs. Although luxury goods only make up a small portion of ThredUp's inventory, the company is a major participant in the resale ecosystem due to its leadership in scale and infrastructure. ThredUp essentially takes the lead by making second-hand buying accessible and commonplace for the general public, which increases the size of the resale market overall and benefits luxury resellers as well.

According to a recent market analysis, these three platforms combined control about **50% of the second-hand apparel market worldwide** [81].

Vestiaire Collective → The World's Leading Luxury Marketplace Founded in Paris in 2009, Vestiaire Collective has become Europe's leading luxury resale marketplace and a major participant on the international stage. Vestiaire Collective, sometimes referred to as The RealReal's European equivalent, approached pre-owned luxury with a community - driven philosophy. Originally known

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[79] SEC publication; https://www.sec.gov/Archives/edgar/data/1825480/000119312522257206/d252462dex991.htm

[80] With ThredUp's Clean Out Bag, people may send in clothes they don't want in a prepaid bag. ThredUP then looks at, takes pictures of, and lists items that can be sold on its platform. Sellers get a cut of the sales, and things that don't sell or aren't eligible are carefully recycled or given away. This strategy makes it easier for people to sell things again and encourages circular fashion.

[81] Secondhand Apparel Market Share Analysis (2024) snapshot; "https://www.futuremarketinsights.com/reports/secondhand-apparel-market-share-analysis"

as "Vestiaire de Copines," it was a stylish peer-to-peer marketplace where fashionistas could resell designer goods, with Vestiaire serving as the reliable middleman for quality assurance. From a French niche website, it expanded over the course of 15 years to become a global marketplace with millions of users buying and selling in more than 80 countries. Vestiaire has had remarkable development, with its transaction volume (GMV) reaching over €824 million in 2023, representing a roughly 33% compound yearly growth from its founding[82]. Vestiaire's hybrid business model, which combines user listings with professional verification and curation, is a major factor in its success. It draws in fashion-forward sellers as well as customers searching for elusive luxury goods. After Vestiaire made a concentrated effort to develop internationally, the United States is now the company's largest market, accounting for over 20% of activity (U.S. revenues surged 57% during 2019–2023)[83]. Vestiaire Collective has established itself as a major resale powerhouse in the luxury market by striking a balance between a worldwide web presence and localized community involvement (and even collaborating with manufacturers on exclusive initiatives). It serves as an example of how a European startup used internet skills and sustainability trends to achieve global impact in used luxury.

Depop → founded by Simon Beckerman in 2011, started out as a mobile peer-to-peer platform in Italy before moving its main office to London. Since its launch, the app has become the centre of fashion resale and social media, providing a user experience more that feels like browsing Instagram than a traditional e-commerce website. The UI of Depop is designed to encourage visual interaction: vendors follow one another, create stylish listings, and communicate with one another via direct messages, likes, and comments. By creating a sense of community and identity around each user's "shop," this framework turns resale from a strictly transactional procedure into an ongoing social discussion.

Nowadays, Depop had about 35 million registered users in more than 150 countries as of 2023[84]. Its user base is remarkably youthful, with more than **90% of its active members being under 25**. Depop's emphasis on youth has made it a major outlet for limited-edition streetwear, vintage aesthetics, and new trends. Because of its culture's appreciation of uniqueness, it is a logical place for **vendors who view fashion resale as an artistic way to promote themselves.** Following its acquisition by Etsy in 2021, which brought with it more resources, technological investment, and global reach, the company's growth surged. Depop's global expansion, algorithmic suggestions, and

[82] Vestiaire Collective 2024 Investor Presentation; https://ilbioss.blog/wp-content/uploads/2024/02/vestiaire-collective-vestiaire-collective-investor-pitch-uk.pdf

[83] The Impression Editorial Team (2024) article: "How Vestiaire Collective's 15th Anniversary is Shaping Circular Fashion Marketing"; https://theimpression.com/how-vestiaire-collectives-15th-anniversary-is-shaping-circular-fashion-marketing/

[84] ECDB (E-Commerce Data Base), Marketplace GMV Analytics; https://ecommercedb.com/marketplace/depop

the launch of seller promotional tools all contributed to its expected $600 million gross merchandise value in 2023[85]. Depop has developed a unique competitive edge by fusing social interaction with resale. It is more than just a platform for buying and selling clothes; it is a digital platform where trends are created, personal brands are established, and cyclical fashion is integrated into users' everyday life.

Together, platforms like Vestiaire and Depop represent roughly **15% of the global second-hand apparel market.**

Niche Luxury Specialists → A number of specialized resale businesses dominate particular segments of the used luxury industry, in addition to the generalist behemoths Rebag and Fashionphile (US). Fashionphile and Rebag are two prominent American examples that have established themselves as market leaders in the high-end handbag and accessory market. Established in 1999 as an eBay store selling designer handbags, Fashionphile was a pioneer in the early days of online luxury resale. Over the course of more than two decades, it developed into a premier location for used Hermès, Chanel, Louis Vuitton, and other luxury brands[86]. Fashionphile has a loyal seller base because of its durability and reliability (it offers strict authentication and buyback guarantees). Rebag is a more recent entry that rose to prominence through tech-driven innovation after its 2014 launch. Rebag, which specializes in high-end bags and accessories, distinguished itself by providing sellers with real-time price quotes through its AI-powered pricing tool, CLAIR[87]. Rebag functions similarly to the Kelley Blue Book[88] for designer handbags, purchasing expensive bags directly from owners and reselling them online and through its stores. Many luxury owners have been drawn to Rebag because of its approach, which provides sellers with instant liquidity rather than waiting for consignment payouts. Rebag and Fashionphile both have substantial operations (processing tens of thousands of luxury products annually) and solid reputations for authenticity. They dominate the secondary market for luxury handbags, a vital category that frequently retains or increases value, thanks to their profound specialization in both product category and service model. Their success demonstrates how targeted companies can control niches in the larger resale market by meeting the particular needs of luxury accessories, where trust and in-depth knowledge are crucial. Together, these and related boutique resellers (such as WatchBox or Chrono24 for high-end watches and The

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[85] Armani Syed (2024), Time 100 Most Influential Companies 2024; "Depop Circular fashion hub"; https://time.com/6979944/depop/

[86] Emma Green (2024), Fashionista article: "How Sarah Davis Turned Her eBay Shop Into the Fashionphile Empire"

[87] Rebag's proprietary AI tool that analyses luxury bag conditions, market trends, and historical data to generate instant resale valuations.

[88] An established automotive pricing authority, here used as a metaphor for Rebag's standardized, data-driven approach to luxury bag valuations.

RealReal for fine art) make sure that every area of luxury, from watches to couture, has a prominent resale site.

Other Key Players → To round out the leaders, it's critical to recognize the contribution that new platforms and general marketplaces provide to the luxury resale sector. For example, eBay was the first online marketplace for used items and, due to its vast volume, continues to be a huge outlet for luxury resale. Every day, thousands of designer handbags, watches, and shoes are traded on eBay. In an effort to attract high-end customers again, the firm has implemented strong authentication procedures in recent years, including free verification for watches, sneakers, handbags, and jewellery[89]. Newer platforms also continue to appear and grow quickly: GOAT and StockX have made the resale of sneakers and streetwear into a lucrative industry (now branching out into handbags and watches) by utilizing centralized authentication and even stock-market-style bidding[90]. Innovative methods such as live-streamed luxury goods auctions on social media platforms (such as Xiaohongshu or Douyin in China[91]) are redefining resale in Asia.

As a result, the luxury resale market is always changing and still available in many places. However, as of right now, the businesses listed above - from Vestiaire and The RealReal to Poshmark, ThredUp, Rebag, and others - clearly dominate the used luxury industry. By combining scale, trust, community, and specialization, they have accomplished this and are now essentially the new gatekeepers of luxury items that are traded globally.

2.1.2 How Resale Giants Operate: A Breakdown of Business Models

After identifying the main resale players, we look at how these industry titans' function, or the business plans and tactics that characterize the luxury second-hand market. It's interesting to note that different resale platforms currently employ different strategies. A number of unique models have surfaced, each with a unique strategy for locating merchandise, interacting with buyers and sellers, and making money. With some hybrid features in between, the majority of resale firms can be broadly classified as managed resale platforms or peer-to-peer marketplaces. Understanding these distinctions

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[89] eBay official Press Release announcement; https://www.ebayinc.com/stories/press-room/uk/major-bag-alert-ebay-uk-launches-authenticity-guarantee-for-luxury-handbags/

[90] Danny Parisi (2021), Glossy article: "Sneaker resale platforms GOAT and StockX are competing on apparel and big valuations"; https://www.glossy.co/fashion/sneaker-resale-platforms-goat-and-stockx-are-competing-on-apparel-and-big-valuations/

[91] Fanny Tang (2023), Luxury Tribune article: "Livestreaming: A Strategic Turn for Luxury Brands in China"; https://www.luxurytribune.com/en/livestreaming-a-strategic-turn-for-luxury-brands-in-china

is essential to comprehending why each major actor acts in the manner that it does. Model selection influences everything from business margins to user experience.

The main operating models used by resale leaders are broken out below, along with instances of how the best businesses implement them:

Peer-to-Peer Marketplaces → the platform functions as an open marketplace that links individual buyers and sellers. This group includes Poshmark, Depop, Grailed, and the original eBay. In this case, the platform offers the digital infrastructure and collects a fee from each transaction, but sellers manage their own listings, pricing, and delivery. Millions of users can list anything, which frequently results in a vast array of things and frequently lower fees. This is what makes P2P so appealing. For instance, Poshmark enables users to directly negotiate rates with customers through comments and offers. Since the corporation does not need to take custody of inventory - the goods remain with sellers until they are sold - this model scales quickly. P2P platforms typically charge a commission to make money (for example, Poshmark charges about 20% of purchases over $15). By relying on user ratings or restricted promises rather than warehouses and verification overhead, they are able to keep prices down. P2P resale has several benefits, such as great scalability, a sense of community and social interaction, and seller autonomy[92]. There are trade-offs, too, as customers may encounter problems including variable pricing, unclear quality, and the possibility of fraud or fakes in the absence of centralized oversight. For example, a novice vendor may overcharge for a used Gucci purse, or a fake product may infiltrate an open market[93]. Prominent P2P websites have responded by implementing additional security measures (Ex: eBay and Poshmark now provide verification services for luxury goods, particularly for things that cost more than a specific amount). However, P2P depends more on user diligence than managed models. Peer-to-peer platforms function as facilitators, relying on the "crowd" to handle a large portion of the selling process on its own while maintaining a thriving community and extensive inventory. The success of Poshmark's social selling and Depop's youth-driven appeal can be attributed to this approach, but it necessitates striking a balance between transparency and sufficient regulation to ensure that consumers feel secure making expensive purchases.

Managed Resale Platforms (Consignment Model) → these types of platforms are far more involved in the transaction than peer-to-peer (P2P) ones. This model's distinguishing feature is that

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[92] Jacquelyn de la Parte (2024), Trendful article: "Deciphering Resale Marketplaces: Peer-to-Peer vs. Managed Models"; https://www.trendful.com/blog/p2p-vs-managed-marketplaces

[93] A deeper discussion of price fragmentation, quality inconsistencies and authentication models will be provided in Chapter 2.2 "Emergent Market Frictions in the Second-Hand Luxury Industry"

the **business completely handles the middleman role**: merchants' hand over their goods to the platform, which authenticates, processes, and sells them on their behalf. Variants of this strategy are used by The RealReal, Vestiaire Collective, ThredUp, and Fashionphile/Rebag (with minor variances in how inventory is purchased, as detailed below). Because the platform centrally controls the product, managed platforms are frequently referred to as functioning on a consignment model, even though not all of them really consign inventory (some acquire outright). When a seller consigns a Chanel bag to The RealReal, for instance, the bag is sent to The RealReal, where their professionals authenticate it, take pictures of it, and list it in a professional manner. The RealReal transports it to the buyer once it sells and gives the seller a portion of the sale price (less a large commission). In terms of trust and service, this model has definite benefits: products are subjected to stringent quality control, prices are typically standardized using data, and customers are guaranteed the platform's legitimacy (The RealReal 100+ in-house authenticators[94]). Additionally, managed platforms frequently take care of customer support and refunds, which makes the experience more like buying new goods. However, there is a cost and charge trade-off. Due to the high cost of operating warehouses and authentication centres, managed sites typically charge commissions that range from 20 to 50 percent of the selling price, depending on the item and category. These costs are accepted by sellers in return for the quickness and convenience of not having to find a buyer on their own, as well as the legitimacy that comes with using a reputable platform. The managed model gives the company control over branding, curation, and price, but it may be a tight profit margin because of operating expenses. For example, Vestiaire Collective first demanded that all sold items be sent to them for confirmation; this helped Vestiaire establish a premium reputation by ensuring that purchasers trusted the authenticity and condition[95]. (Vestiaire recently tested direct shipping for some trusted sellers to increase efficiency, but they still guarantee every sale). In conclusion, managed consignment platforms operate similarly to curated boutiques in that they win over clients by offering a reliable, and consistent experience with used goods. The RealReal's standing as a trustworthy premium consignor and ThredUp's programmatic administration of an inventory of millions of clothing items are both based on this tactic. This paradigm is about control and curation - the platform actively shapes the economy, as opposed to pure P2P's laissez-faire character.

Direct Buy/Resell (Retail Model) → Businesses such as Rebag and Fashionphile employ the direct buy (and re-sell) strategy, which is a notable variation of the managed model. These platforms function as resellers, buying products directly from sellers and then taking ownership of the inventory,

[94] See dedicated section about The RealReal pg. 28

[95] Erynn Hamel (2023), Vendoo Blog article: "Everything You Need to Know About Vestiaire Collective"; https://blog.vendoo.co/everything-you-need-to-know-about-vestiaire-collective

as opposed to consignment, when the seller waits for an item to sell. This is essentially a trade-in approach; for instance, a consumer can sell Fashionphile a pre-owned Rolex and receive payment right away. Fashionphile will then list and sell the watch to a buyer at its own risk[96]. For sellers, the advantages are clear: immediate payment and no doubt about whether or not the item will sell[97]. The benefit for the platform is that it can determine the resale price to maintain a healthy profit margin (for example, purchasing at 60% of the anticipated selling price and then selling at 100%). The operational difficulty is that maintaining inventories requires capital and exceptional price accuracy. Data and technology become crucial at this point. For example, Rebag developed its CLAIR AI pricing tool, which uses brand, model, condition, and current demand to algorithmically determine the value of thousands of luxury handbag types. With the use of these resources, Rebag is able to reliably purchase a Chanel flap or Birkin at a specific price and understand how to price it for future sales. With its own inventory (derived from the general public) and shops (both online and real boutiques), businesses like as Rebag function almost like a pre-owned luxury retailer, blurring the distinction between resale and retail. In markets like handbags, watches, and sneakers, where turnover is high and products hold their value, the direct buy model typically performs well. Streetwear and shoes indeed, typically have resale profit margins of 10% to 50%, but luxury goods (watches, purses, etc.) can have even greater margins, ranging from 20% to 60%[98]. That is why this enables platforms using a direct buy model to acquire inventory at a competitive price and resell it at current market values, resulting in shorter cycles and healthier margins. Not surprisingly, Rebag and Fashionphile focus on handbags, an industry where many consumers want instant access to verified products and many vendors demand quick revenue. Instead of receiving a commission, these platforms profit on the difference between the buy and sell prices, and they sometimes offer extra services like layaway or buy-back guarantees. The approach is a little riskier because the platform can be trapped with inventory if trends change, and it calls for extensive knowledge to prevent purchasing fakes or mispricing goods. But when done right, it provides a high-end customer experience: buyers get a store-like browsing experience with ready-to-ship items, and sellers gain liquidity. Niche leaders like Rebag have essentially accelerated expansion through the direct buy/resell model, outcompeting slower consignment processes with speed and tech-driven pricing.

[96] As stated on Fashionphile Help Centre; https://help.fashionphile.com/s/article/How-and-when-am-I-paid-for-my-Consignment-or-Buyout-item-s

[97] Medeline Schulz (2023), The Vogue Business article: “Can Rebag fix the broken consignment model?”; https://www.voguebusiness.com/fashion/can-rebag-fix-the-broken-consignment-model

[98] Agatha Aviso (2025), Fit Small Businesses article: “Best Items to Flip for Profit in 2025 – Easy Money Picks”; https://fitsmallbusiness.com/best-products-buy-sell-for-profit/

Across all these models, one common thread for the leading resale players is heavy use of **technology and innovation** to optimize operations.

Remaining competitive requires innovative user experiences, data science, and artificial intelligence. For instance, Vestiaire Collective and The RealReal have created AI-based solutions for dynamic pricing and authenticity; The RealReal has even employed machine learning to assist in the large-scale detection of counterfeit goods[99]. The core of ThredUp's value proposition is the automated sorting, photography, and pricing of thousands of low-value products in massive warehouses using conveyor belts and algorithms[100]. Poshmark effectively turned users into marketers by utilizing social networking elements (feeds, likes, shares) to keep users interested and purchasing within its app. Depop used influencer culture in a similar way; it gained popularity by bringing in trendy vendors whose tasteful selection drew in young customers, demonstrating how the concept incorporates community building. As evidenced by firms like Arianee and marketplace Grailed integrating blockchain for watches and sneakers, some entrepreneurs are even experimenting with blockchain authentication to provide digital certifications for pre-owned luxury items[101]. Additionally, a number of leading platforms are branching out into omni-channel strategies: Vestiaire Collective has forged strategic alliances with boutiques and brands to source inventory, while The RealReal runs physical stores where customers can consign and shop in person, bridging the offline/online divide[102]. A hybridization of models is also evident in the resale-as-a-service trend, in which a resale company powers a brand or retailer's used-item sector; for example, ThredUp offers back-end infrastructure for clothing trade-in programs at many retail chains. (We'll talk about brand partnerships in the next chapter, but it's important to note that the distinction between independent resale platforms and traditional retail is becoming less distinct).

In conclusion, leading resale organizations employ a wide range of model techniques, but they all share a dependence on cutting-edge technology and smart partnerships. They are able to master the complexities of used inventory, with its unique SKUs and distributed supply, all while delivering an impeccable experience to their clients.

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[99] Jennifer Williams (2024) The Wall Street Journal official article: "The RealReal's Luxury Resales Enjoy Boom as Demand for New Designer Items Stalls"; https://www.wsj.com/articles/the-realreal-keeps-its-designer-sales-flowing-as-overall-luxury-market-stalls-fe494e2a

[100] Silman Industries article: "ThredUP Warehouse Automation Solutions: "Order Pack-Out, Print & Apply System"; https://silmanindustries.com/wp-content/uploads/thredUP-silman-industries-download.pdf

[101] Maghan McDowell (2021), The Vogue Business article: "The blockchain playbook: From LVMH's Aura to Arianee"; https://www.voguebusiness.com/technology/the-blockchain-playbook-from-lvmhs-aura-to-arianee

[102] PYMNTS article: "Retail Pulse: The RealReal Takes Omni Approach To New Store"; https://www.pymnts.com/news/retail/2019/the-real-real-amazon-go-omnichannel/

The above breakdown demonstrates the various approaches that have shaped the resale market thus far, including P2P versus managed and consignment versus direct buy. Notably, different leaders succeed with varied strategies aimed at different client demands; no single model has "won" outright. Rebag's retail-like model and The RealReal's carefully managed consignment cohabit with Poshmark's peer-to-peer skill. We do observe some convergence, though, as managed sites look for methods to speed up and scale (Ex: by permitting direct delivery in some situations or by offering selective instant-buy services), while P2P platforms are increasing curation and verification. Enhancing trust, convenience, and inventory breadth - the three pillars of resale success - is what all companies are looking for. Innovation is being fuelled by the competitive environment, and new hybrid models are constantly appearing. For instance, live video resale auctions, which were first introduced in China and are currently making an appearance in the West through apps like Whatnot or Poshmark's "Posh Shows," blend social entertainment and commerce to create a new avenue for the dynamic movement of luxury second-hand items[103].

Currently, the leading resale companies each use their preferred strategy, whether it is tech-enabled retail resale, professionally curated consignment, or community-driven networks. The distinctions will likely become even more hazy in the future as leaders take the best aspects of one another's models.

Considered everything, is important to try to address a core doubt for these business models which is: Are they financially sustainable in the long run? To such question responded Ines EC during our interview:

"Only a few are - and not equally. Peer-to-peer marketplaces (like Vinted) are the only ones that have reached consistent profitability, thanks to their asset-light structure. Vinted posted €76.7 million in net profit in 2024 on €813 million in revenue, proof that scale and network effects work when you don't touch inventory.

Managed consignment models like The RealReal are viable for high-value segments (bags, watches, fine jewellery). They turned positive EBITDA in late 2023 but still struggle with authentication and logistics costs.

Direct buy/resell (stock-owning) is the most trusted for consumers but capital-intensive, suitable for hard luxury where CPO programs (Rolex, Richemont's Watchfinder, Audemars Piguet upcoming CPO program) justify it, but not scalable for fashion.

[103] Daxue Consulting (2024) official publication: "Navigating the new wave: how livestream redefine luxury e-commerce shopping in China"; https://daxueconsulting.com/luxury-e-commerce/

The long-term winner is hybridization: C2C liquidity for volume, curated consignment for high ASP, and brand-led CPO for credibility. The margin equation will depend on automation (AI authentication, RFID, blockchain) and data integration between primary and secondary markets.[104] *"*

It is clear from Ines's observations that adaptation itself, rather than a single dominant paradigm, will determine the sector's destiny. Trust and profitability are no longer mutually exclusive but rather complimentary objectives that can only be attained via creativity and balance. The next frontier is how well these platforms can combine authenticity with efficiency, turning technology from a scale-up tool into a real enabler of long-term value generation.

In the next part, we'll look at how and why, despite their quick ascent, the existing resale models continue to encounter **obstacles** in their quest to establish a completely integrated and efficient secondary market for luxury products.

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[104] The complete version of this interview is provided in Chapter 7

	depop		THREDUP	ebay	V.		TheRealReal	FARFETCH	StockX
ABOUT	Mobile-based peer-to-peer resale marketplace specializing in vintage and unique fashion.	Hybrid social marketplace enabling direct purchase from individual sellers of fashion and lifestyle goods.	Managed online consignment store for second-hand apparel, emphasizing scale and process efficiency.	Large-scale e-commerce platform facilitating auctions and direct sales of luxury and general merchandise.	Global P2P marketplace for buying and selling authenticated pre-owned luxury fashion items.	Managed specialist in pre-owned luxury handbags and accessories with in-house authentication.	Managed consignment platform focused on authenticated high-end apparel, accessories, and art.	Luxury fashion retail platform integrating both new and pre-owned items from global boutiques.	Hybrid marketplace for sneakers, streetwear, and select luxury items with real-time pricing.
MARKET STRUCTURE	**P2P**	**Hybrid**	**Managed**	**P2P**	**P2P**	**Managed**	**Managed**	**Managed**	**P2P-Hybrid**
RETURNS	Seller's discretion	No (all sales final)	Yes	Seller's discretion	Yes	Yes	Yes	Yes	No (all sales final)
FEES	10% commission + payment fees	20% commission on >$15 sales	Scaled commission (10%–20%)	$0.35 listing + 10–12.5% final value fee	$15 fee per item	Varies; 15–30% commission	30–45% commission	30% of sale price	Processing + seller level fee (9.5–8%)
AUTHENTIC. PROCESS	Luxury items only	Luxury items only	Yes	Yes	Yes	Yes	Yes	Yes	Yes
KEY STRENGHTS	Youth-oriented fashion culture; strong community engagement.	Direct negotiation possible; strong user-to-user trust mechanisms.	Streamlined processing; broad inventory scale.	Global reach; trusted buyer protection mechanisms.	Extensive luxury catalog; robust authentication.	Category expertise; lifetime authenticity guarantee.	High trust through in-house experts; diverse high-value categories.	Partnerships with boutiques; seamless omnichannel experience.	Real-time market pricing; transparency on resale trends.

FIGURE 2: Comparative matrix of nine leading second-hand luxury platforms, outlining their market structure, policies, fees, authentication practices, and key strengths.

2.2 Emergent Market Frictions in the Second-Hand Luxury Industry

This section shifts the analytical focus towards the structural tensions that accompany the growth presented in Chapter 1.The growth of reselling has not taken place in a neutral setting. Instead, it has evolved across disparate platforms, differing price logics, and multiple authentication standards, all of which work together to change the circumstances in which luxury products are sold and then resold. These dynamics bring up a set of frictions that are structural features of a changing market architecture rather than just operational issues.

Secondary markets function through decentralized exchanges, in contrast to primary luxury distribution, where the maison carefully controls pricing, story, and product presentation. Price formulation and product representation involve a number of intermediaries, peer-to-peer sellers, and computational valuation systems. The coherence that is typically linked to luxury distribution is undermined in such a setting. Platform price disparities, differences in product ratings, and inconsistent authentication practices all contribute to an environment where trust must be constantly negotiated and information is dispersed irregularly.

Thus, the nature and consequences of these frictions are examined in this section. It takes into account how structural opacity and fragmentation affect consumer views, transaction confidence, and ultimately the legitimacy of the secondary luxury ecosystem, as opposed to viewing resale disorder as a temporary inefficiency that would eventually self-correct on its own. The approach takes a theoretical stance based on perceived risk and information asymmetry, not as theoretical concepts but as lenses that allow for a methodical examination of how resale markets operate. Uncertainty rises when buyers are unable to determine authenticity, quality, or fair value with precision. Such ambiguity influences more than just specific transactions; it also sets more general assumptions about reliability and market equity.

This chapter aims to figure out whether the structural features of resale markets strengthen or weaken customer confidence by combining theoretical interpretation with empirical data. Quantitative information about how consumers see platform dependability, authenticity protections, and pricing irregularities is provided by the survey data that is shown later in this section. In doing so, it provides quantifiable indicators of how disorder presents itself at the consumer level, going beyond anecdotal observations.

It is important to note that this chapter does not aim to romanticize the stability of primary distribution or to criticize the secondary market. Rather, its objective is to chart the landscape in which reselling now functions. The structural tensions mentioned here must first be explained in detail if resale is to transform from a disjointed market into a logical extension of brand value.

Therefore, the following sections look at how buyer perceptions are shaped by price fragmentation, platform heterogeneity, and authentication uncertainty. These perceptions then inform the larger strategic challenges that luxury brands face in a market that is becoming more transparent and interconnected.

2.2.1 Price Fragmentation: Distributed Pricing's Anarchy

To better understand such problem is important to consider that, without pricing set by the manufacturer or centralized control, independent sellers and platforms set the prices of second-hand luxury items in a decentralized and ad-hoc way. This has caused prices to become more fragmented, so the same item can sell for very different prices across different marketplaces. These kinds of differences are not unusual; they are a sign of a bigger problem.

The chart below shows that prices for the same products can vary greatly, both on the same platform and across multiple resale markets. (All of the links in the table are connected to official websites and product-specific searches).

ITEM (MODEL & BRAND)	PLATFORM A	PRICING PLATFORM A	PLATFORM B	PRICING PLATFORM B
Louis Vuitton Neverfull MM Tote	DEPOP	Range from ≈ 500$ to 800$[105]	THE REAL REAL	Range from ≈ 1,000€ to 2,000€[106]
Chanel Classic Flap	VESTIAIRE COLLECTIVE	Range from ≈ 900€ to 18,000€[107]	EBAY	Range from ≈ 1,300€ to 14,000€+[108]

[105] Depop official website; https://www.depop.com/search/?q=louis+vuitton+neverfull+mm+tote

[106] The Real Real official website; https://www.therealreal.com/products?keywords=Louis%20Vuitton%20Neverfull%20MM%20Tote%20

[107] Vestiaire Collective official website ; https://it.vestiairecollective.com/search/p7/?q=chanel+classic+flap+medium&_gl=1*1h1o15c*_up*MQ..*_gs*MQ..&gclid=CjwKCAjwhuHEBhBHEiwAZrvdcoqseWbt8xY2Qlt8HcMtEf4G3oTCQUPglkklVP_GKQ3aVaWEYPgAfBoCH6UQAvD_BwE&gbraid=0AAAAADSZTnILTCYG6UiiZI2ee9S3o_yxz&sortBy=1

[108] eBay official website; https://www.ebay.com/b/CHANEL-Classic-Flap-Bags-Handbags-for-Women/169291/bn_97735329?_udlo=7500&mag=1&rt=nc

Dior Saddle Bag	THE REAL REAL	Range from ≈ 900€ to 2,100€[109]	VESTIAIRE COLLECTIVE	Range from ≈ 500€ to 3,400€[110]

These examples demonstrate the absence of a structured or centralized pricing mechanism in today's second-hand market. Significant disparities of entire orders of magnitude are prevalent, as illustrated by the table, and these extensive variations highlight the chaos of decentralized pricing, characterized by a lack of consensus on value. But what are main causes of such fragmentation? One is that each vendor sets their prices based on their own demands and presumptions. Some sellers are **emotionally invested** and want to recover the majority of their initial investment, despite the fact that most luxury items lose value over time. Clinging to sentimental value or buried expenses, these sellers frequently market products at exorbitant prices. Other sellers just don't know enough about the market. Many casual resellers "don't know the market" and don't price their products to sell, according to the founder of one resale boutique. Due to their ignorance, inexperienced sellers may underprice a rare item or market a common item at a "hype" price because they mistakenly believe it to be rare.

Additionally, the difference between **"hype culture"** and reality makes pricing problems even worse. Flippers got used to the idea that things would appreciate in the streetwear and sneaker worlds (a Supreme sweatshirt or a limited-edition sneaker, for example, might resale for three times its retail price). Some people use that reasoning to sell luxury apparel, offering products well above retail in the hopes of making a profit. However, the majority of luxury things do not increase in value when purchased second-hand, with a few notable exceptions (such as extremely rare items like Hermès Birkin or Chanel's most sought-after purses that can appreciate)[111]. These overprices "don't fly" as they would have during boom periods when the economy is tight. A Chanel limited bag, for instance, might be listed for twice retail with the expectation that it will act like a hot shoe, but no one would buy it.

Another aspect is **commission "baking,"** where sellers sometimes exaggerate their ask to meet the commission on consignment platforms that impose fees, which leads to a final price that is far higher than market value. Commissions on various platforms range from about 15% to 50%[112]. These fees,

[109] The Real Real official website; https://www.therealreal.com/products?keywords=Dior%20Saddle%20Bag%20

[110] Vestiaire Collective official website; https://it.vestiairecollective.com/search/?q=Dior+Saddle+Bag

[111] Simone Stern Carbone, Jordan McClendon (2025), The Business of Fashion article: "Resale Prices Are All Over the Place. Here's Why That's a Problem"; https://www.businessoffashion.com/articles/luxury/why-resale-prices-are-all-over-the-place/

[112] Mandy Behbehani (2019), San Francisco Chronicle article: "How Bay Area sellers are cashing in on the online resale boom"; https://www.sfchronicle.com/style/article/How-Bay-Area-sellers-are-cashing-in-on-the-online-14453998.php

along with shipping, authentication charges, taxes, and other expenses, are incorporated into asking prices, further distorting what purchasers perceive.

Lastly, **regional and cultural variations** are important. While under-pricing may occur in some markets, overpricing is common in others. Notably, Japanese resellers tend to set their prices more conservatively; they frequently list on the low side out of concern that an item won't sell or to avoid bad reviews. Because of seller culture, a bag may be far less expensive on a Japanese resale website than on one in the United States or Europe. On the other hand, there are many hopeful sellers aiming for the moon on price in Western markets. This makes it possible for astute arbitrage: so-called "shadow buyers" may search for low-priced areas (like Japan or obscure platforms) to purchase goods, then resell them in marketplaces with higher pricing (and buyer willingness to pay). Some resellers take advantage of the **cross-border pricing differences** brought about by the imposition of taxes on new luxury goods by sourcing goods in one nation and reselling them in another.

Price fragmentation has an important effect. It causes misunderstanding and mistrust among consumers, who frequently question if a price indicated is reasonable or if they are being overcharged. When consumers discover comparable things priced much differently elsewhere, many people report having a "nagging feeling of being ripped off". This can cause paralysis, with products sitting unsold while consumers procrastinate or constantly compare prices in search of a better offer. Unrealistic pricing is therefore the main contributing factor to the overabundance of postings that remain unsold for months.

Moreover, the second-hand luxury market is effectively "crowdsourcing" value, item by item, through a jumble of subjective opinions in the absence of established criteria. This conflict will keep eroding buyer confidence and leaving money on the table (for platforms and sellers alike) until pricing finds greater agreement or direction. Price fragmentation is still the norm and a major problem in luxury resale, despite potential solutions such as improved pricing tools, openness in recent sale prices, or even brand intervention to set guidelines.

2.2.2 Quality Inconsistencies

On resale marketplaces, inconsistent item quality and legitimacy go hand in hand with pricing chaos. The secondary market has to deal with a wide range of conditions (from immaculate to extensively used) and the constant threat of counterfeit goods, in contrast to the main market, where things are new and brands control quality. Trust is undermined by both problems.

Will the bag I get match the pictures and description? is a question a buyer may have. Is it genuine at all?

These uncertainties are a significant barrier impeding the expansion of used luxury.

The way that the condition of the items is described and delivered is referred to as a quality inconsistency. A platform's "excellent" could be another's "good" because to the lack of a common rating system, and a seller's definition of "gently used" could actually indicate substantial wear. The market's image might be harmed by overstating an item's condition because it can result in returns, conflicts, or disappointment[113]. The person conducting the examination is partially to blame for the discrepancy. The individual seller typically evaluates and describes the item on peer-to-peer sites (such as eBay or Poshmark), frequently with an optimistic bias or a restricted ability to spot defects. Humans still make judgment calls, even on consignment sites with professional intake (The RealReal, Fashionphile, Vestiaire, etc.). Customers are less likely to resell an item or pay a fair price for it if they receive it in worse condition than they anticipated. Because used goods come from a variety of sources, the actual quality of inventory can differ greatly from descriptions alone. Some might be decades old or poorly stored, while others might have been lovingly cared for. Additionally, there are differences in "refurbishment"[114]; for example, one seller may have restored a vintage bag by changing the hardware or re-dying the leather, while another seller may have left it in its original, worn state. Even if the prices may be comparable, the purchasing experience will be very different. The market now operates on a bit of a gamble for purchasers in the absence of standardized notification of such adjustments. All of this causes friction: buyers either confine themselves to platforms that offer return policies and verification to reduce the risk of quality issues, or they spend more time questioning merchants and asking for further photographs.

Thus, subjective refurbishing techniques, inconsistent quality, and the lack of uniform grading systems are not isolated problems; rather, they directly contribute to and intensify the price fragmentation phenomena. Buyers are faced with listings where the same handbag model may be described as "excellent" on one platform, "very good" on another, and "refurbished" without disclosure on a third. This creates a significant discrepancy in pricing expectations in addition to doubt over authenticity. In this way, the lack of established procedures for characterizing, rating, and certifying luxury second-hand items makes evaluating their quality a subjective process, which

[113] The Real Real official article, "The Role of Condition in Luxury Resale: Grading and Pricing Strategies"; https://realstyle.therealreal.com/condition-in-luxury-resale/

[114] refers to the process of restoring or changing previously purchased luxury items to increase its look, usefulness, or resale value. Examples of this include changing the hardware or re-colouring the leather.

undercuts the ability to set prices. Decentralized pricing is a systemic anarchy that is sustained by these overlapping frictions: condition subjectivity, heterogeneity refurbishing, and inconsistent grading mechanisms.

Moreover, A certain amount of subjectivity is inevitable, even though elite players are starting to create comprehensive condition grading systems[115]. As a matter of fact, major resale platforms are investing more in this area to combat the problem, even if the situation is still fragmented and extremely unknown, and technology seems to be working in their favour. Looking ahead, the integration of machine learning and blockchain-based solutions will reinforce these protocols even more, creating a more consistent system that is less dependent on personal judgment. All things considered, rating systems and control processes make up a common macrostructure for the sector, which is a necessary precondition for the consolidation of the used luxury market and for its gradual legitimization in the eyes of customers.

2.2.3 Counterfeit Risks & the Authentication Dilemma

Even if condition inconsistencies can be problematic, counterfeit risk is frequently mentioned as the main obstacle to the adoption of second-hand luxury goods. Due to their inherent high cost and status, luxury items are also popular targets for counterfeiters. Fake goods can mix with real ones through the secondary market, particularly online, which could deceive customers and compromise the integrity of a brand.

The problem of luxury counterfeiting is massive in scope. A substantial portion of the $467 billion global trade in counterfeit products, according to the OECD, is made up of luxury goods like clothing, watches, bags, and shoes[116]. In 2022, the U.S. Over $4.2 billion worth of expensive counterfeit goods were seized by customs at the border; nevertheless, that is "just the tip of the iceberg," as it just includes what was apprehended. There's little doubt that a lot more fakes get through and wind up for sale at illegal websites, flea markets, or even large resale platforms if they manage to avoid detection. Allowing even one fake to be sold can have devastating consequences for luxury resellers. It betrays the confidence that purchasers (and consignors) have on the site and damages its reputation[117].

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[115] Danielle Gumina, Academy by Fashionphile: “Understanding FASHIONPHILE Condition Ratings & What They Mean”; https://blog.fashionphile.com/fashionphile-condition-ratings/

[116] The Business of Fashion official article: “Luxury Counterfeiters Are Outsmarting the Industry”; https://www.businessoffashion.com/articles/luxury/luxury-counterfeits-vestiaire-collective-authentication/

[117] A deeper discussion about the effect of counterfeit risks on brand perception will be provided in Chapter 3.3 “Brand Perception & Customer Trust in a Fragmented Resale Ecosystem”

One striking incident concerned The RealReal, one of the biggest luxury re-commerce websites: in late 2019, CNBC and Forbes' investigations showed that a counterfeit Dior purse and a fake Prada dress had been sold on The RealReal. After paying $3,600 for what he thought was a Dior saddle bag, one client discovered it was an excellent knockoff. Chanel filed a lawsuit against The RealReal, alleging that it was selling imitations, as a result of these disclosures and concerns that some authenticity checks were being hurried or performed by employees who were not properly trained[118]. Such situation brought up a crucial question for the resale market: How can customers ever have complete faith in used goods if even a "trusted" site can allow fakes to pass?

The risk is increased by the counterfeiters' increased sophistication. The majority of fakes are no longer evident imitations made of inferior materials. The leather and hardware used in today's "superfakes" are frequently of the same quality as the original, and they are occasionally even procured from the same tanneries and suppliers that luxury brands utilize. Even seasoned specialists need to take their time (and employ equipment like magnifiers, UV lights, and now AI picture analysis) to distinguish between them because they can be frighteningly accurate[119]. The head of authentication at Vestiaire Collective pointed out that counterfeiters can occasionally successfully reverse-engineer things, and that certain reproductions are so good that authenticators have an impossible time identifying them. Today, more than half of the rejected things are fakes, indicating a substantial increase in counterfeit attempts on the platform.

As a result, authentication is now both a major source of misery and the foundation of confidence in the resale market. Authenticating every item is costly and time-consuming, and errors might occur. It is nevertheless useful to examine who is responsible for these processes and how they are carried out, in order to highlight their critical aspects and foster a constructive dialogue.

In-house and outsourced authentication are the two primary strategies that coexist in the secondary luxury ecosystem. In the former scenario, platforms depend on outside experts or third-party technology to confirm products prior to delivery to the customer. This concept is used, for instance, by eBay's "Authenticity Guarantee," which forwards items to third-party specialists or artificial intelligence (AI)-based companies like Entrupy[120]. Although this approach is cost-effective and

[118] Richard Kestenbaum (2019), Forbes official article: "The RealReal Sold Me A $3,600 Fake; Here's Why Counterfeits Slip Through Its Authentication Process"; https://www.forbes.com/sites/richardkestenbaum/2019/10/23/if-fake-bags-are-being-sold-on-the-realreal-how-can-the-resale-business-ever-succeed

[119] Hieu Nguyen (2025), VN Express International article: " Inside the battle against luxury fakes: How brands, authenticators are working to outpace counterfeiters"; https://e.vnexpress.net/news/business/economy/inside-the-battle-against-luxury-fakes-how-brands-authenticators-are-working-to-outpace-counterfeiters-4911668.html

[120] Nahar Gevan (2025), ZIK Analytics article: "eBay Authenticity Guarantee: What You Need to Know"; https://www.zikanalytics.com/blog/ebay-authenticity-guarantee/

scalable, it frequently weakens accountability since, even though the platform can partially transfer responsibility to the outside partner in the event of a counterfeit, consumer confidence in the marketplace is still jeopardized.

For in-house authentication, on the other hand, platforms or companies must depend on their own groups of qualified experts. With more control and consistency, this strategy is used by the RealReal, Vestiaire Collective, and more and more luxury Maisons (like Rolex's Certified Pre-Owned program). By working closely with Maisons and applying brand-specific standards, internal authenticators can identify emerging counterfeiting methods. This method, however, requires a lot of resources, ongoing training, and high operating expenses.

These two approaches' coexistence shows why counterfeit risk is still such a widespread problem: in-house solutions have trouble with scalability and profitability, while outsourcing may compromise consistency. The inability to uphold strict and consistently trustworthy authentication criteria in both situations allows fake goods to proliferate.

For example, in 2022, Nike sued StockX, a streetwear and sneaker resale business, for allegedly selling fake sneakers. As a result, StockX secretly modified its marketing from selling “Verified Authentic” items to just “Verified” goods. Now emphasizing its "authentication standards" and guarantee, the RealReal, which once brazenly marketed every item as "100% authentic," subtly acknowledges the process (and potential for human error) rather than an absolutely flawless record. Legal prudence and the understanding that no system is infallible are reflected in the industry's shift in terminology, which now emphasizes the stringency of authentication procedures rather than the absolute validity of every item[121].

Luxury brands see counterfeit resale as a direct danger to their sales and reputation. Customers may lose faith in purchasing new or used goods if the secondary market is overrun with fakes Furthermore, the exclusivity of a brand may be weakened by widespread counterfeiting.

THE BURBERRY CASE

An iconic example of what happens when a luxury brand's design gets widely stolen is Burberry in the early 2000s.

Once a representation of British grandeur, Burberry's iconic Nova Check pattern - the eye-catching beige-black-red tartan - was linked to high society and exquisite craftsmanship. However, the check

[121] The Business of Fashion official article: “Luxury Counterfeiters Are Outsmarting the Industry”; https://www.businessoffashion.com/articles/luxury/luxury-counterfeits-vestiaire-collective-authentication/

was so frequently counterfeited and overexposed by the early 2000s that it caused a backlash in society. Members of the British street fashion "chav" subculture, which consists of mainly lower-class adolescents who have a taste for gaudy labels, enthusiastically embraced the trend and frequently wore imitation Burberry clothing and hats. Burberry's check lost its exclusivity and even its reputation as knockoffs proliferated in markets and market stalls. In fact, the check became so associated with disruptive behaviour and loud football hooligans that wearing it in pubs and clubs resulted in bans[122].

At its worst, this was **brand dilution**: the precise pattern that was supposed to represent elegance was now associated with low-quality imitations and misconduct.

Burberry's brand suffered greatly as a result. Sales of genuine Burberry declined, and the business started to worry that the "chav" image was alienating its core high-end clientele. Burberry responded by taking extreme steps to restore the integrity of its brand. Interestingly, the check pattern was reduced from 20% of Burberry's own product lines in 2002 to less than 5% by 2004 under the new CEO at the time, Rose Marie Bravo[123]. To put it another way, Burberry nearly "banished" its most well-known emblem from its products for a while in an effort to lower its profile in the general public and deprive counterfeiters of fresh styles to imitate[124]. Additionally, they completely removed certain problematic products off the market, such as the well-liked baseball hats that had become into a staple of counterfeit goods.

Meanwhile, with a precise timing, the legal team launched an onslaught by suing suppliers and even large retailers that violated the check, the brand vigorously hunted down counterfeiters. In a well-known case in 2018, Burberry sued Target, a major American store, for selling scarves that mimicked the check pattern. Burberry prevailed in the lawsuit, demonstrating its dedication to defending that trademark[125]. They also joined industry associations that combat fakes and increased collaboration with law enforcement to seize fakes. In essence, Burberry needed to **revitalize the exclusivity** of its brand.

Eventually, their efforts were successful. Thanks in part to new creative direction (such as partnerships and new designs under Christopher Bailey and later Riccardo Tisci), Burberry was able

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122 Pete O'Connell (2024), Vinepair article: "No Plaid Allowed: Why English Pubs Once Banned Burberry"; https://vinepair.com/cocktail-chatter/british-bars-burberry-ban/

123 Julia Day (2004), The Guardian official article: "Burberry doffs its cap to 'chavs'"; https://www.theguardian.com/media/2004/nov/01/marketingandpr

124 Dhani Mau (2023), Fashionista article: "Why Did Burberry All But Stop Using Its Famous Check Pattern in the 2000s?"; https://fashionista.com/2023/02/burberry-check-plaid-history

125 The Fashion Law official article: "Inside the Rise, Fall, and Revival of the Famed Burberry Check"; https://www.thefashionlaw.com/inside-the-rise-fall-and-revival-of-burberry-famed-check/

to regain much of its lost cachet over the course of the following ten years. This included modernizing and reintroducing the check in a more selective manner. Burberry separated itself from the "chav" phase by focusing on British heritage and quality and expanding its brand image beyond the check. Since then, the check pattern has been reinterpreted to feel unique once more, such as being woven into new colourways or turned on its side.

Burberry's counterfeit problem has taught us that prestige can be quickly and irreversibly damaged when luxury firms lose control over who wears and sells their products, particularly through fakes. It emphasizes the need for strong anti-counterfeit procedures in a growing second-hand market and the reasons why brands are so protective of distribution and authenticity. In this sense, most of the reselling platforms are investing to prevent such problematics. For instance, Vestiaire Collective promises to detect 99.9% of fakes through a rigorous process and employs a staff of 60 experts spread across five global verification centres[126]. They even work covertly with companies to authenticate challenging instances and use data from seized fakes to enhance training. Similarly, to strengthen their authentication ranks, The RealReal and others have hired previous brand artisans or gemmologists and integrated machine learning[127].

These initiatives are crucial because the market's phenomenal expansion may come to a halt if consumers generally believe they cannot trust the authenticity or quality of used luxury products. On the other hand, it raises important questions that lies at the heart of this thesis and will remain central throughout:

- **Why do luxury Maisons delegate to others (in this case, reselling platforms) the task of safeguarding their brand and reputation?**
- **Why are they not themselves at the forefront of protecting their own most 'precious' clients?**

[126] Don-Alvin Adegeest (2019), Fashion United article: "Vestiaire Collective reveals how it identifies counterfeits"; https://fashionunited.com/news/fashion/vestiaire-collective-reveals-how-it-identifies-counterfeits/2022110950594

[127] Chavie Lieber (2019), The Business of Fashion official article: "The RealReal Responds to Counterfeit Accusations"; https://www.businessoffashion.com/articles/retail/the-realreal-responds-to-counterfeit-accusations/

2.2.4 Consumer Survey: Buyer Perception of Market Disorder in Luxury Second-Hand Channels

This section evaluates resale transparency and authentication methods using three interconnected constructs - Information Asymmetry[128], Perceived Transaction Risk[129] and market participation willingness - derived from information asymmetry and signalling theory, as opposed to treating them as separate operational variables.

The degree to which buyers and sellers have different levels of knowledge about the legitimacy, condition, and fair market worth of a thing is known as information asymmetry. Such imbalance may increase perceived risk and reduce customer engagement in resale markets with price dispersion and varied platform standards. The psychological and monetary uncertainty involved in buying luxury products used in opaque environments is captured by perceived transaction risk. The declared inclination of customers to make resale purchases in the presence of transparency and authenticity signals is reflected in market participation willingness.

The empirical analysis assesses the following claims using these constructs:

- **Proposition 1:** By decreasing perceived knowledge asymmetry, more pricing transparency encourages consumers to buy luxury goods that have been used.
- **Proposition 2:** Customers are more likely to pay more for certified resale when strong authentication procedures are in place because they provide as reliable quality indicators that reduce perceived transaction risk.

Therefore, the survey questions about pricing guidance, recent sales visibility, authentication verification, and platform trust are examined empirically as tests of these theoretical expectations rather than merely as descriptive indicators. The chapter evaluates whether certification infrastructures and openness systematically affect trust and involvement in secondary luxury markets by organizing the analysis in this way.

The following presents the empirical findings.

128 Sean Ross (2024), Investopedia publication: "Theory of Asymmetric Information Definition & Challenges" (Akerlof, Spence, Stiglitz); https://www.investopedia.com/ask/answers/042415/what-theory-asymmetric-information-economics.asp

129 Jacob Jacoby & Leon B. Kaplan (1972), Paper presented at the Third Annual Convention of the Association for Consumer Research "The Components of Perceived Risk"; file:///C:/Users/Utente/Downloads/PPCP118ComponentsofPerceivedRisk.pdf

Q1. What is your gender?

- Male
- Female
- Other/Prefer not to say

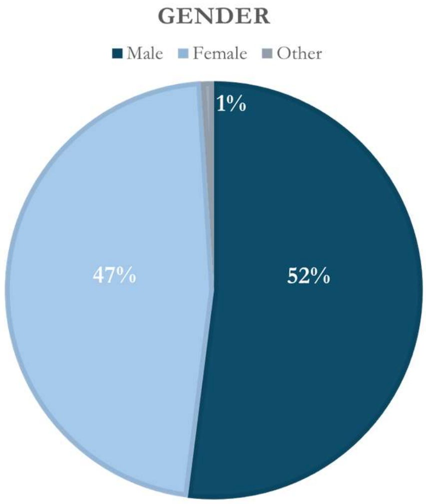

Figure 3: Respondent gender distribution

The survey documented a balanced gender distribution. This distribution guarantees that insights on market frictions are not biased by a singular gender perspective, representing a diverse consumer base whose experiences contribute to the empirical evaluation of price and quality issues in resale markets. Gender parity is significant due to variations in consumption patterns and risk attitudes between genders. Research indicates that women tend to be more cautious regarding product authenticity and condition, whereas men may prioritize price or convenience.

Q2. What is your age?

- 18-25 years
- 26-30 years
- 31+ years

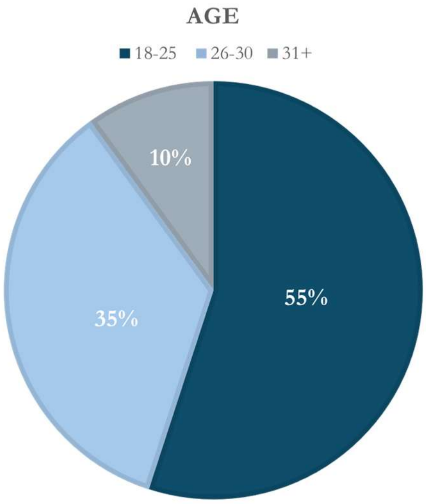

Figure 4: Respondent age distribution

The majority of participants are within the 18–30 age range, with 55% aged 18–25 and 35% aged 26–30. Merely 10% were above the age of 30. The focus on younger adults aligns with the emphasis in Chapter 2 on digital resale markets, primarily utilized by millennials and Gen Z consumers. Their experiences are particularly pertinent when evaluating frictions like price uncertainty and authenticity in online contexts. Younger consumers' prevalence highlights the digital characteristics of second-hand luxury shopping; these groups are more inclined to utilize online platforms, conduct price comparisons, and depend on digital authenticity indicators.

Q3. Are you aware that the same luxury item can have very different prices across different resale platforms?

- Yes, fully aware
- Somewhat aware
- Not aware

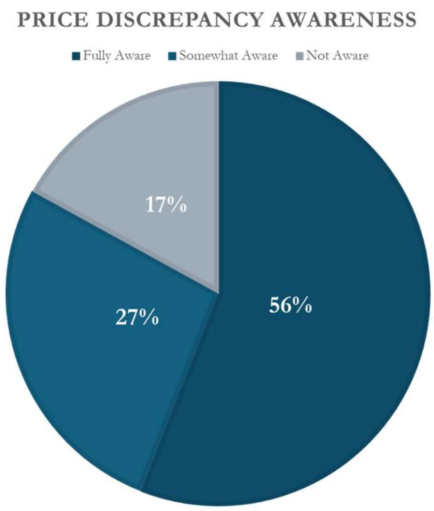

Figure 5: Awareness of price variability across platforms

A majority of 56% are aware of price fragmentation, while 27% possess some awareness, and 17% remain unaware. This indicates that consumers identify notable price differences in the secondary market. Approximately 60% of individuals demonstrate awareness of price fragmentation, suggesting that a significant majority of buyers have encountered price discrepancies directly and actively compare offers across various platforms. A subset of individuals (27%) possesses limited awareness, leading to occasional recognition of differences without systematic marketplace comparisons. Meanwhile, a stable 17% remains unaware, indicating a segment vulnerable to heightened information asymmetry and potential exploitation through overpriced listings. The observed patterns indicate the spread of knowledge regarding price dispersion and highlight the ongoing disparities that facilitate opportunistic pricing. Theory of information asymmetry claims that due to purchasers' incapacity to identify genuine market worth, they are driven to engage in price discovery. This awareness indicates that numerous consumers are actively seeking to mitigate this asymmetry, despite incurring additional time and effort.

Q4. How often have you received a second-hand luxury item whose condition did not match the description or images?

- Never
- Once or rarely
- Several times

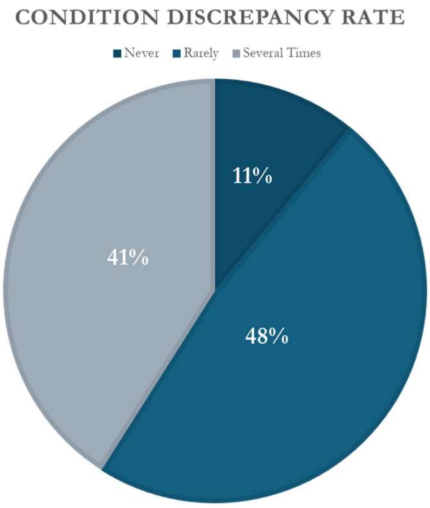

Figure 6: Experience of quality inconsistencies

Quality inconsistencies are prevalent, according to the responses: 11% of consumers never came across mismatched conditions, 48% have encountered this issue more than once, and 41% report isolated instances. The thesis observation that inconsistent condition grading and refurbishing processes erode trust and constitute a significant friction is empirically supported by these findings. A great majority of respondents report mismatched conditions at least once, demonstrating that quality inconsistencies are a systematic issue rather than isolated occurrences. Trust can be damaged by a single bad experience, but repeated setbacks increase perceived risk and may discourage buyers from ever entering the resale market. According to the perceived risk theory, consumers expect to lose when quality is unknown and modify their behaviour accordingly, either by requesting price reductions or by staying away from platforms with loose grading guidelines. In order to lower psychological risk, the frequency of mismatched conditions thus not only erodes customer confidence but also supports the necessity of standardized grading schemes, thorough condition descriptions, and open disclosure of refurbishments.

Q5. Which type of platform do you trust the most for authenticity and quality when buying second-hand luxury items?

- Brand-certified programmes
- Consignment platforms
- Peer-to-peer marketplaces

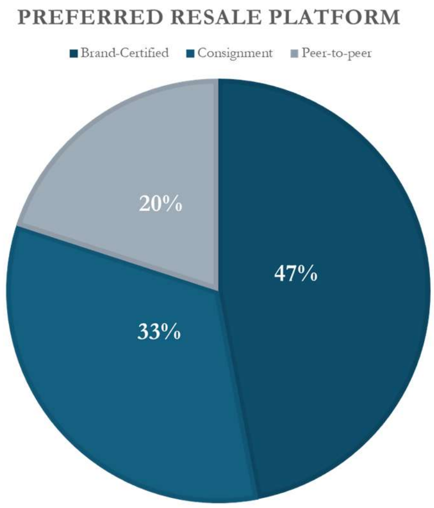

Figure 7: Trust in platform type for authenticity and quality

The majority of respondents (47%) said they have the most faith in brand-certified programs, which include brands actively authenticating and reselling products; consignment platforms are trusted by 33%, and peer-to-peer markets by 20%. According to this hierarchy, formal authentication methods are valued by customers. This ranking emphasizes how crucial trustworthy middlemen are to addressing information asymmetry. The reason brand-certified programs are at the top of the list is that they combine authenticity, after-sales service, and repair choices with direct warranties from the original manufacturer. The only problem as of today is that they are still not completely well organised and some brands still lack this types of services so far. Consignment platforms have a midway ground; they gain from expert intake and authentication, but they don't have the complete brand authority. Peer-to-peer marketplaces are the worst because consumers are forced to rely only on sellers' claims without an intermediary to verify things, which raises the perceived risk of fraud and false quality claims. Even if these channels have greater costs, the ranking of trust levels suggests that customers will favour those that close the gap between perceived and actual quality and authenticity.

Q6. How often have you felt misled by pricing or promotional offers on resale platforms?

- Often
- Occasionally
- Never

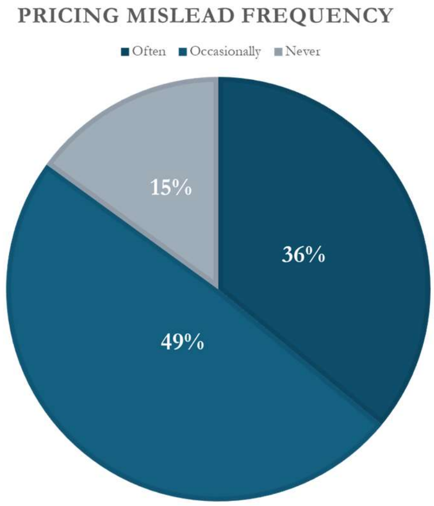

Figure 8: Incidence of feeling misled by pricing

49% of consumers say they have occasionally felt misled by pricing, 36% say they do so frequently, and 15% say they never do. The claim that fragmented pricing leads to mistrust and cognitive dissonance is supported by these answers. Only 15% of people report never feeling mislead by pricing, although most people report some degree of scamminess. Such views encourage mistrust of the marketplace overall as well as of specific merchants. They are a sign of the cognitive dissonance that behavioural economics talks about, where prices that don't make sense can lead to confusion and maybe even uncertainty. By offering products at exorbitant prices and relying on ignorant buyers, sellers may take advantage of information gaps. The resulting sensation of deceit indicates that many buyers are aware of and dislike such techniques. The idea that platforms that show current sale prices or suggested price ranges could reduce emotions of being deceived and increase market efficiency is one way that this sentiment supports calls for more openness.

Q7. Which friction most strongly influences your decision to purchase (or not) a second-hand luxury item?

- Price uncertainty
- Quality inconsistency
- Counterfeit risk

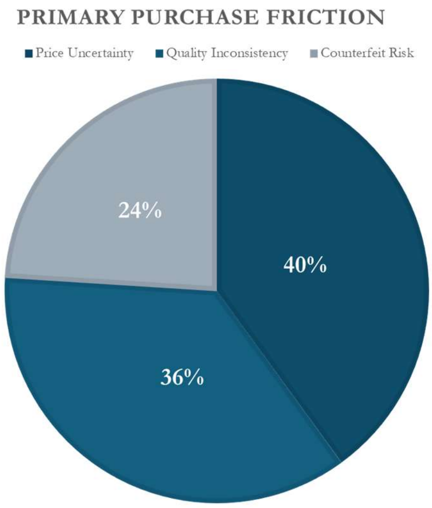

Figure 9: Primary friction influencing purchase decisions

40% of respondents cite price uncertainty as the most important friction, 36% cite quality inconsistency and 24% prioritise the risk of counterfeits. The order of Chapter 2.2 is validated by the prevalence of price and quality concerns, which demonstrate that these two frictions are at the forefront of consumers' minds. The friction ranking indicates the areas where customers experience the most discomfort. Though nevertheless significant at 24%, counterfeit risk is relatively less urgent than issues relating to the economy and conditions. This distribution suggests that price and condition uncertainty influence decisions to buy more than the possibility of getting a fake. However, the fact that almost one out of four respondents mentioned the risk of counterfeiting highlights how important authenticity is still. Theoretically, price and quality signals are where information asymmetry is most noticeable because buyers have the least trustworthy information about them, making them the variables that create the greatest perceived risk. The findings thus lend credence to the thesis, which emphasizes price and quality frictions as the primary impediments to market efficiency.

Q8. Does having access to transparent pricing information (Ex: recent sales prices and price guides) increase your willingness to buy second-hand?

- Yes, it increases willingness to buy
- Neutral/No change
- No, it doesn't affect

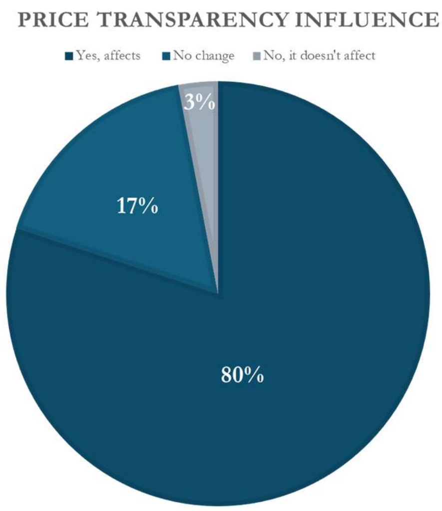

Figure 10: Effect of transparent pricing information

Clear pricing information is important: 80% of respondents stated that clear pricing increases their propensity to buy, 17% are undecided, and only 3% claimed it has no effect. The great majority of respondents say that clear pricing information makes them more likely to make a purchase, underscoring the significance of price transparency in fostering confidence. While the 3% who perceive no benefit may dislike any guidelines or prefer to bargain, the 17% who report no change may already rely on their own heuristics or network recommendations to determine fairness. However, the overall impact is very favourable: price transparency lowers search expenses, fills in information gaps, and lessens the disparity in bargaining power between buyers and sellers. According to the information asymmetry theory, releasing recent sale prices helps buyers and sellers align their knowledge bases, which reduces mispricing and boosts market efficiency. The thesis's argument that increased transparency can be a crucial solution to pricing fragmentation is empirically supported by these data.

Q9. Would you pay a premium for a platform that provide robust authentication and quality checks?

- Yes
- Depends
- No

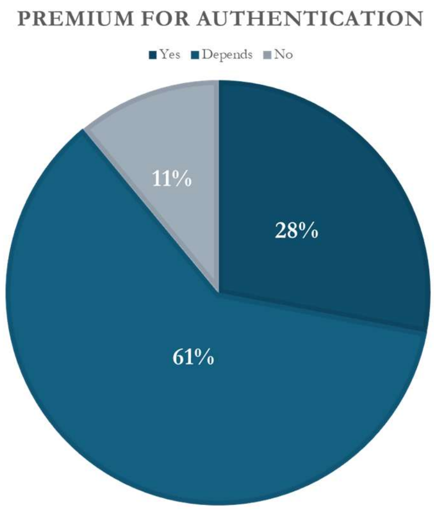

Figure 11: Willingness to pay premium for authentication and quality checks

For strong authentication and quality control, 28% of respondents are willing to pay more, 61% are willing based on price, and 11% are not. Just 11% of respondents are unwilling to pay more for platforms that offer strong authentication and quality checks, compared to nearly all (28% "yes" and 61% "depends"). This suggests that trust has a monetary value since customers are willing to pay middlemen to lessen perceived risk and information asymmetry. Respondents who select "depends" imply that their willingness is contingent on the premium's magnitude in relation to perceived benefits; they may be prepared to pay moderate fees but object to big surcharges. The small percentage of customers who are hesitant to pay could be more risk-tolerant, possess more personal knowledge, or favour less expensive items even when there is more uncertainty. All things considered, these results support the notion that spending money on authentication infrastructure can lower perceived risk and increase income, fostering a positive feedback loop of market participation and confidence.

In conclusion, the results of this study show that consumers are well aware of the frictions mentioned in Chapter 2.2, particularly price fragmentation and inconsistent quality, and that these frictions have an evident impact on their purchasing decisions. The need for standardized grading and open pricing procedures is highlighted by respondents' recognition of significant price variations across platforms and their frequent experiences with mismatched conditions. Customers value intermediaries that may reduce knowledge asymmetry, as evidenced by their strong preference for brand-certified and consignment platforms and their readiness to pay for authentication. Persistent gaps in market knowledge and trust are also revealed by perceptions of pricing deception and the prioritization of price and quality frictions.

Returning to theory, information asymmetry explains why price and quality signals are the most prominent pain points: customers pay search expenses, rely on middlemen, or leave the market because they are unable to accurately judge genuine worth or condition. Perceived risk theory also clarifies how recurring bad experiences with pricing or product quality led to psychological costs that discourage involvement. Thus, the findings support the theory that resolving price and quality frictions is essential to maximizing the potential of the luxury second-hand market. Interventions that will be covered in later chapters, like transparent pricing tools, standardized condition reporting, and strong authentication methods, present promising means of reducing perceived risk, enhancing consumer trust, and mitigating information asymmetry.

2.3 Broader Market-Level Risks and Emerging Threats (2025–2030)

A number of external dangers, in addition to the internal conflicts already mentioned, could obstruct the secondary luxury market's expansion and stability until 2030. Other systemic concerns are still on the horizon, even if previous sections have looked at topics like pricing anarchy, condition inequities, and counterfeit challenges. These include changes in the regulatory environment, increased operational and financial strains, supply dynamics volatility, tendencies in business consolidation, and changing sociocultural patterns. When combined, these elements have the potential to change the course of luxury resale. As the second-hand luxury ecosystem develops, this section examines four to five major market-level dangers and new threats that require consideration.

2.3.1 Changes in Regulation and Legal Uncertainties

To start, the shifting **legal and regulatory landscape** surrounding luxury resale is one major concern. Governments and luxury brands are closely examining the sale of used items as the pre-owned market expands. To control product safety, sustainability, and international trade in used goods, new rules are being proposed[130]. For instance, by 2030, traceability and compliance will be formally required by the European Union through the implementation of initiatives like the Digital Product Passport and more stringent circular economy regulations. Resale platforms are required by these regulations to make investments in improved documentation of the products' origins, materials, and authenticity; otherwise, they risk fines or being shut out of the market[131].

Furthermore, brands and resellers are increasingly engaged in conflict over intellectual property legislation. Asserting that only authorized sales can ensure authenticity, luxury brands have started to use their trademark rights more forcefully against unaffiliated vendors. When resellers even marginally "alter" products or use trademarks in ways that could deceive customers, courts have sided with brands in historic cases. Brands may use the law to prevent independent resale by tightening definitions of what constitutes a genuine product (Ex: classifying things with non-original replacement parts as “counterfeit”)[132]. For resale businesses, this creates a legal quagmire; in order to stay out of trouble, they must make sure that their marketing is smart and that their authentication is

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[130] Bank&Vogue article(2024): “Regulatory and Compliance Challenges in the Secondhand Industry”; https://www.bankvogue.com/regulatory-and-compliance-challenges-in-the-secondhand-industry/

[131] Dorothée Baumann-Pauly, Victoria Anderson, & Lucy Siers (2025), NYU Stern Centre for Business and Human Rights article: “A Troubling Pattern in Luxury: What the Loro Piana Case Reveals”; https://bhr.stern.nyu.edu/quick-take/a-troubling-pattern-in-luxury-what-the-loro-piana-case-reveals/

[132] Julie Tamerler (2021), Reuters Legal section, “Everything isn’t Gucci: Trademark law and the secondhand luxury goods market”; https://www.reuters.com/legal/legalindustry/everything-isnt-gucci-trademark-law-secondhand-luxury-goods-market-2021-06-18/

thorough. Cross-border regulations also provide difficulties: anti-money-laundering procedures, luxury taxes, and different import/export regulations all complicate international second-hand trade. Pricing plans and inventory movements may be affected if trade obstacles or taxes increase, as was the case with the recent U.S. duties on reconditioned luxury items[133]. In summary, tighter regulation of the sourcing and sale of pre-owned luxury goods is anticipated to occur through 2030. Finally, is important to consider that cross-jurisdictional resale may encounter increasing frictions that jeopardize liquidity, scalability, and customer trust if harmonization is unable to keep up with market expansion.

2.3.2 Increasing Operational Difficulties and Cost Pressures

Simultaneously, the operational complexity of resale platforms continues to put pressure on their **cost structure**. Indeed, many resale businesses have operational and financial difficulties that jeopardize their long-term survival despite strong consumer demand. Due to the inherent labour and skill requirements of authenticating, processing, and supplying luxury items, profit margins have remained narrow. These expenses can rise rather than fall as the industry grows, putting pressure on businesses that can't reach high levels of efficiency. Notably, while experiencing significant growth in sales, a number of well-known resale platforms have struggled to achieve profitability[134]. Free authentication, returns, and refurbishment - now commonplace requirements for premium resale - come at a high cost. Wages for qualified authenticators, shipping prices, and reverse logistics expenses all increase in an inflationary climate (like the one that occurred in the mid-2020s), which puts pressure on the seller commission or consignment fee structures that resellers depend on. Competition further exacerbates cost concerns by pushing down the fees and markups that platforms can charge as a result of numerous firms vying for market dominance. In order to keep consumers, existing consignment businesses have been forced to drop their pricing or give expensive bonuses to newer peer-to-peer sites that entice sellers with cheaper commissions. A race to the bottom where profitability is still elusive may result from this dynamic. As of the mid-2020s, the resale market as a whole is, in fact, still "struggling with profitability," according to industry estimates, with several early market leaders reporting ongoing net losses in spite of growing gross item quantities. As 2030 approaches, these operational difficulties might become more severe if businesses branch out into new markets that call for specialized handling, like fine jewellery or home goods, or if they need to adopt new technology (like blockchain tracking, AI-driven verification, etc.) to maintain their credibility. Every new project

[133] Henry Rivers (2025), AI Invest article: "The RealReal's Strategic Rebound: A Sustainable Turnaround in the Resale Luxury Market?"; https://www.ainvest.com/news/realreal-strategic-rebound-sustainable-turnaround-resale-luxury-market-2508/

[134] Julia Waldow (2022), ModernRetail article: "What's driving the recent spike in resale acquisitions"; https://www.modernretail.co/operations/whats-driving-the-recent-spike-in-resale-acquisitions/

requires a financial outlay. Unprofitable reselling firms may experience financial difficulties if investor capital becomes scarcer in the late 2020s, which is a likely scenario if interest rates stay high or if the tech industry retreats. A possible shakeout is the risk here; only platforms that attain adequate scale or adopt an "asset-light" strategy (reducing overhead and physical inventory) may make it through.

For example,

- Peer-to-peer transactions are more likely to have sustainable profits since they have fewer running costs.
- Consignment-based businesses, on the other hand, where the platform physically handles merchandise, have higher fixed costs and could need to dramatically reduce operations or change their business models in order to survive.

All things considered, growing cost pressures pose a danger to the number of resale operators and may cause the secondary market's growth to be more erratic than anticipated.

2.3.3 Supply and Market Saturation Volatility

The second-hand luxury market's supply volatility and possible saturation present another impending obstacle. Resale platforms rely on customer consignors and the erratic supply of used products, in contrast to major luxury shops who have the power to control their output. Cycles of surplus and scarcity may result from this. During economic downturns, for instance, more people may sell luxury things, increasing supply while overall demand may decline. In contrast, during boom times, owners tend to keep onto their items, which tightens supply when buyer interest is high. Such fluctuations lead to inconsistent inventory: platforms may experience a shortage at one time and an excess of listings at another, making it challenging to schedule activities and satisfy customer demands. Executives at the company have admitted that unstable consignment flows result in operational stress; too little inventory can drive consumers elsewhere, while too much inventory can lower pricing. Furthermore, there is rising fear that some market segments may become oversaturated as a result of the secondhand industry's rapid expansion throughout the 2020s. Both an increase in product listings and the growth of resale platforms have had negative effects. Variety has increased, but the sheer number of comparable products on the market can also lessen the sense of exclusivity that defines luxury. According to recent studies, when everyone is buying the same luxury item, the novelty of owning it fades, and an overabundance of them might cause prices to stagnate[135]. In fact, many sellers

[135] Daffi Ranandi (2024), Radarr by Genesys article: “From Boom to Bust: Analysing the Second-Hand Luxury Fashion Market’s Bubble Burst”; https://www.radarr.com/blog/analyzing-the-second-hand-luxury-fashion-markets-bubble-burst/

find it difficult to locate purchasers ready to pay premium prices during times of oversupply, which leads to an excess of unsold inventory and lower resale value.. A bubble-and-correction scenario, in which second-hand prices for popular things increase quickly before sharply declining once enthusiasm cools, might occur in the market if growth exceeds demand. A potential "resale bubble" driven by enthusiasm and investing sentiment in sought-after items has already been conjectured by some industry watchers, but it might not last for very long. Furthermore, resale supply is influenced by strategic efforts taken by premium companies themselves. In order to successfully redirect supply from open markets into brand-approved channels, a number of leading companies have implemented buy-back programs or their own certified pre-owned services. To lessen downstream resale, some have restricted the availability of new products, for example, by imposing client quotas or limiting edition sizes (Loro Piana with their famous White Souls sandals). Such trends are dangerous for independent resale platforms because they could result in inventory shortages in important categories if owners decide to sell back to brands directly or if attractive stock becomes more difficult to get.

All things considered, controlling supply volatility and preventing market overshoot will need careful balancing. Without equilibrium, the secondary market runs the risk of going from a glut to a glut, either disappointed buyers with limited options and higher costs or eroding consumer confidence with an excess of unsold goods.

2.3.4 Pressures from Competition and Platform Consolidation

Consolidation is also anticipated to change the competitive environment of luxury resale, which has a unique set of dangers. Many resale businesses have appeared in the last ten years, but not all of them have grown to a significant size. As the market develops, a wave of mergers and acquisitions is already in progress[136]. In order to increase their user base and inventory, larger platforms are purchasing competitors. For instance, in 2022–2024, Vestiaire Collective acquired the US-based Tradesy, GOAT Group acquired the streetwear reseller Grailed, and a digital behemoth (Naver) acquired Poshmark. The requirement for size and cost effectiveness is what is driving this trend of consolidation; as one retail expert put it, there "simply isn't room for as many resale operations" as there are now, with so many companies fighting for customers and sellers. Companies hope to increase their market power, reduce duplicative expenses (like overlapping logistical networks), and pool inventories by joining forces. Although mergers can benefit the remaining companies, they also concentrate the market, which may eventually limit the options available to customers and consignors.

[136] Julia Waldow (2022), ModernRetail article: “What’s driving the recent spike in resale acquisitions”; https://www.modernretail.co/operations/whats-driving-the-recent-spike-in-resale-acquisitions/

With a small number of prominent platforms dictating the terms, a more centralized secondary market may begin to resemble the main luxury industry. In order to protect their margins, companies leading resale platforms may be able to charge sellers more or enforce more stringent requirements if competition wanes. Similarly, if the listings are concentrated on one or two websites, customers may encounter less price competition on the most sought-after commodities. Consolidation itself carries operational risk as well. For example, integrating disparate corporate cultures and systems (such as merging the user accounts and inventory of two merged marketplaces) can be difficult and, in the short term, disruptive for consumers. This risk is demonstrated by the fact that closing a once-popular platform after acquisition, as was the case with Vestiaire Collective's closure of the Tradesy website following integration, can drive away devoted users.

As a matter of fact, fewer, bigger companies will probably control the resale market by 2030. This is a two-edged sword that will increase efficiency but also lead to systemic consolidation. Reduced competition and new, strong competitors (luxury brands themselves) could displace independent platforms and potentially hinder the entrepreneurial, community-driven diversity that initially fuelled the secondary market.

Finally, Ines EC during our interview, after mentioned briefly most of the above problems added another layer of potential difficulty by stating that:

"The third is macro fatigue. 2024 saw a –2% contraction in personal luxury goods (Bain), after five years of relentless price increases averaging +33%. If new product demand slows and resale supply tightens, the market will polarize further around high-liquidity brands - Hermès, Chanel, Louis Vuitton, Rolex - leaving mid-tier brands struggling to retain value.[137]"

Her remarks finally capture a more comprehensive reality: there are close connections between the legal, operational, structural, and macroeconomic dangers associated with luxury resale. Whether due to regulations, cost pressure, consolidation, or demand fatigue, they show that the market's ability to strike a balance between growth and resilience and credibility will determine how stable it remains in the future.

[137] The complete version of this interview is provided in Chapter 7

CHAPTER 3 - Brand Authority vs. Community-Driven Value in Resale

The emergence of the luxury resale market has created a conflict between community-driven value creation and traditional brand authority. Luxury brands strictly regulated their distribution, price, and narratives under the classical paradigm, guaranteeing that value was determined by the brand. These days, resale platforms and online communities have a greater impact on product values, effectively crowdsourcing value and upending the status quo.

We start by looking at how luxury companies have historically created exclusivity and authority (3.1), based on workmanship, heritage, rarity, and a "controlled aura" of status. Next, we compare this to the rise of community-driven value creation (3.2), in which new gatekeepers, such as social media resellers and online enthusiast groups, are rewriting the terms of interaction. After that, the ramifications for consumer trust and brand perception in a fragmented resale ecosystem are examined (3.3), which show how brands lose control over narratives and how some respond in extreme ways, including the contentious "burn-and-destroy" technique.

In summary, Chapter 3 explores the future implications of luxury branding as the axis of power in the luxury industry moves from the Maison to the marketplace.

Three leading research questions are put out to help frame the analysis:

1. In the face of digital resale communities and platforms, how do craftsmanship, legacy, exclusivity, and regulated brand aura maintain the power of premium brands?
2. How do professional resellers, peer-to-peer networks, and online communities provide new kinds of legitimacy and value that challenge established brand control?
3. What effects does the interaction between community-driven value and brand authority have on consumer perceptions of authenticity, trust, and the changing function of resale as a parallel service ecosystem?

These inquiries lay the intellectual groundwork for the chapter and guide the conversation toward comprehending how luxury businesses might successfully negotiate the changing equilibrium between openness and exclusivity in the age of resale.

3.1 Foundations of Luxury Brand Authority & Exclusivity

Luxury brands have always derived their power from a carefully managed exclusivity, which is a combination of material and immaterial elements that raises their goods above the level of commodities. One important pillar is history and heritage. A premium brand cannot exist without roots, as argued by Kapferer and Bastien (2012); heritage is essential to establishing prestige and adding value[138]. Not only anecdotes, the legendary histories of European maisons - such as Louis Vuitton's foundation as a trunk maker in 1854 or Hermès' beginnings as a harness business in 1837 - are intentionally incorporated into brand identity to denote continuity, longevity, and authenticity. An air of legitimacy is enhanced by this idea of ancestry. In fact, research indicates that customers view brands with a deep history as more genuine and trustworthy. Luxury houses turn goods into cultural relics that are infused with the grandeur of the brand's heritage by grounding themselves in history and timeless tales.

During my interview with an executive from a leading Maison within the LVMH Group - a brand that has built its success on legacy and history - when asked why heritage remains such a critical element, he responded as follows:

"In luxury, the quality of a product's materials is just the beginning. A lot of its value comes from the stories and feelings that surround it. Heritage makes a thing a cultural artifact by tying it to a history of craftsmanship, rituals, and values. Customers buy into this ancestry because it shows that it is real and that it has been there for a long time"[139]

Controlled exclusivity and scarcity are also essential components of premium authority. The psychology of want has long been understood by luxury brands: things that are difficult to attain become even more desirable. This is known as the scarcity principle in marketing, which states that perceived value is increased by limited supply[140]. *"The luxury brand is something that has to be earned,"* is how Kapferer memorably summed up this in his "anti-laws" of luxury marketing. The desire increases with the degree of inaccessibility. In reality, luxury houses "stifle" customer desire by erecting barriers to instant consumption[141]. The message is clear: not everyone can have this, as

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138 Kapferer, J.-N. (2016), Chapter 32 of the volume: "The Routledge Companion to Contemporary Brand Management"; pp. 471-491

139 The complete version of this interview is provided in Chapter 7

140 Belinda Bartona, Natalina Zlatevska, Harmen Oppewal (2022), Journal of Retailing pp.741-758 "Scarcity tactics in marketing: A meta-analysis of product scarcity effects on consumer purchase intentions"

141 Jean-Noël Kapferer, Vincent Bastien (2009), "The Luxury Strategy: Break the Rules of Marketing to Build Luxury Brands."

seen by waitlists for Hermès Birkin bags and members-only product releases. In the realm of luxury, it has become commonplace to have customers wait (often years) for specific models or demonstrate their commitment. A prime example is indeed Hermès, which meticulously manages the manufacture and distribution of their Kelly and Birkin bags to keep them extremely rare and hard to find. These strategies maintain the product's cachet by creating an aura of rarity considering also that the absence of rarity would cause the "dissipation of desire.

To put it briefly, rigorous supply restrictions - whether through geographic exclusivity, limited editions, or purposefully low production - are utilized to support a brand's power to determine prices and preserve status.

In addition to uniqueness, luxury's value proposition has traditionally been supported by craftsmanship and quality. According to one study, luxury items should be "rare pieces of craftsmanship using only high-quality raw materials, with sophisticated designs and detailed workmanship"[142]. Because actual knowledge and handicraft are limited by nature, this handcrafted perfection not only justifies a premium price but also turns the product itself into a scarce resource.

The executive I interviewed further reinforced this idea, noting that:

"When that story focuses on craftsmanship and purpose, it makes the price and uniqueness of luxury items seem reasonable and connects them to the buyer's sense of self and goals"

And even added:

"Craftsmanship makes sure that scarcity comes from human labour and not random rationing. This form of scarcity is different from artificial scarcity because it shows that there aren't enough skilled workers and knowledge" [143]

The incalculable worth of human ingenuity and hundreds of hours of expert labour is embodied in a Patek Philippe watch or a Chanel haute couture gown. The difficulty of mass-producing such skill and the frequent use of costly materials (such as high-carat gold and alligator leather) further limit its availability. Customers view these quality indicators as signs of distinctiveness and symbolic worth that go beyond functionality, such as the finely detailed stitching on a Birkin or the hand-finished

[142] Xujia Wang, Billy Sung, Ian Phau (2024), Journal of Brand Management official publication: "How rarity and exclusivity influence types of perceived value for luxury"; file:///C:/Users/Utente/Downloads/s41262-024-00359-8.pdf

[143] The complete version of this interview is provided in Chapter 7

movements of a Vacheron Constantin watch. Superior craftsmanship and rarity are seen by luxury buyers as complementary, which supports the idea that possessing a luxury object entails becoming a member of an exclusive society of connoisseurs[144].

All of the aforementioned is supported by a well-managed brand atmosphere. Luxury brands create an almost legendary image for their products by combining symbolism, mystique, and emotional appeal. Remaining distant and not disclosing everything is part of this. Luxury brands frequently emphasize mystery and ambiguity in their messaging because, "what's hard to access or understand becomes more desirable"[145]. They might restrict their appearance in mass channels and employ insider codes, such as subtly recognized logos or signature design cues that are only known to the initiated. French trunk manufacturer Goyard, for example, is notorious for avoiding e-commerce and having a little social media presence; this deliberate lack of accessibility is a tactic to maintain its sense of exclusivity in the digital age. The sense of entering a rarefied environment is further reinforced by Goyard's need that clients seek out the brand on its terms. Luxury's preference for selective storytelling adds to this feeling of enigma. Symbolic, interpretable storylines are frequently preferred by brands over overt advertising.

But this isn’t and must not be the only way to preserve desirability, especially in a new digital era like the one we are witnessing, as also stated by the Excellence Director of a major Maison during our interview:

“Changing legacy for the digital age doesn't mean giving up on tradition; it means giving it a bigger stage to tell its story. Brands may make their histories more accessible to everyone without losing their exclusivity by using digital tools like immersive websites, archive movies, podcasts, and virtual atelier visits”

Adding also how:

“These tools don't replace artisanal closeness; they add to it. They provide modern buyers a method to check the origin of a product and be a part of the brand's story, turning digital openness into a kind of narrative pluralism”

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144 “an expert judge in matters of taste”

145 Matteo Modica (2024), Sublimio article: “The Dark Side: Mystery and Exclusivity in Luxury Brand Communication”; https://www.sublimio.com/mistery-exclusivity-in-luxury-brand-communication/

The philosophy of exclusivity through understatement is best illustrated by the "quiet luxury" style, which prioritizes subtlety over gaudy logos. All of these step's guarantee that the image of a luxury company stays aspirational and a little elusive.

The benefits are twofold:

- It draws customers who appreciate belonging to an 3
- "insider" group and gives the brand authority and confidence.
- Customers believe they have gained admission to a club characterized by discriminating taste and rarity by owning such an item.

Heritage, rarity, workmanship, and a regulated atmosphere have all worked together to give luxury businesses the power to set their own prices. "This is valuable because we made it so," the brand informs the customer. The fact that legendary items like the Hermès Birkin or a Chanel Classic Medium Double Flap Bag have maintained or even increased in value over time due to brand-sanctioned exclusivity and reputation shows that consumers, for the most part, trusted this concept[146]. In the primary market, the brand's authority has served as a guarantee of legitimacy, excellence, and distinction. It has also had a significant impact on resale value.

However, these conventional foundations are being put to the test by the emergence of a sizable, networked second-hand market, as will be covered in the following sections. The balance of power changes when anyone can establish their own price, resale expensive items online, or even develop a following by curating second-hand items. Consumer communities that function on transparency, information sharing, and market-driven pricing are now competing with the very tactics that historically guaranteed a premium brand's dominance: restricted information, opaque pricing, and regulated distribution.

As a result, a **power dichotomy between community-driven value and luxury brand authority emerges**.

[146] Arash F. (2025), Brand Vision insights article: "Best Fashion Investments: Rolex, Birkins, and the Rise of Luxury Accessories"; https://www.brandvm.com/post/best-fashion-investments-rolex-birkins-luxury-accessories

3.2 Community-Driven Value Creation

Resale marketplaces pose a challenge for luxury exclusivity: robust demand for used goods can actually strengthen a brand's sense of scarcity and desirability, rather than merely eroding prestige through easier access. High resale values reinforce the idea of exclusivity in the eyes of customers by indicating that some products are still so sought-after that even worn ones fetch high prices. Hermès handbags, for instance, have been shown to appreciate on average. A handbag like the Hermès Birkin 30 indeed has historically sold for more on the secondary market than in retail boutiques.

This phenomena is a result of the brand's intentional scarcity strategy as well as the ongoing mismatch between the world's expanding demand and the limited supply, which has made some models into investment assets rather than just consumer items.

But if not handled correctly, the same mechanisms that increase a brand's appeal can also jeopardize its integrity. Most other luxury and "accessible luxury" brands show indeed the opposite dynamic. Resale introduces a process of progressive value degradation for most homes, reflecting seasonal product turnover, broader distribution, and shifting customer patterns. Brands like Louis Vuitton, Gucci, and Prada often hold onto between 60% and 80% of their initial retail value, whereas Burberry, Saint Laurent, and Balenciaga are closer to 50% to 60%[147]. In contrast to Hermès' intentional scarcity strategy, resale margins are inherently compressed by these companies' greater manufacturing quantities and wider accessibility. Additionally, luxury and modern brands like Tory Burch, Coach, and Michael Kors may lose as much as 80–90% of their retail price in secondary channels[148]. *(Two case studies concerning these two distinct realities will be examined specifically and in greater detail in Chapter 5).*

In this way, the secondary market represents a double dynamic:

- It can be a strategic ally, increasing the longevity, accessibility, and cultural significance of products or...
- It can also be a disruptive force, undermining established brand authority and the controlled scarcity that underpins luxury value.

These dynamics should prompt major Maisons to reflect on the fact that, **luxury goods may lose their symbolic uniqueness and customer trust may be damaged when they are sold without brand oversight or become overly apparent.**

[147] Rebag, The Clair Report 2024 official publications; https://www.rebag.com/clair-report/

[148] The RealReal 2024 official Sales Report; https://www.therealreal.com/resale-report-24

In this situation, the problem is strategic rather than economic. Luxury brands are being forced to reevaluate their conventional limits of control and narrative authority due to the growth of resale markets.

Historically, luxury brands have been hesitant to adopt the resale phenomena because they are concerned that the availability of second-hand goods could damage their reputation or give external parties power over their brand equity[149]. Due to the belief that it was "difficult to scale and could weaken their brand credibility," many houses have long avoided the resale market. However, this hesitancy has turned out to be a strategic weakness more and more. By staying out of the booming second-hand market, businesses cede control over the value and presentation of their items after the sale, thereby letting independent resellers and consumer communities decide on brand story and pricing. Without brand supervision, secondary markets may become overrun with fake goods or speculative prices that are difficult for the labels to control[150].

A "renegotiation of who holds the authority to define luxury value" is being observed, as industry experts point out, with power shifting away from the top-down control of legacy maisons toward the crowd-driven dynamics of digital debate[151]. Regardless of the brand's official messaging, a viral TikTok or Reddit post that raises concerns about a product's quality or price can quickly reduce its perceived value among important consumer segments.

To put it briefly, neglecting the resale market means letting the vagaries of the masses determine the long-term management of one's brand value.

3.2.1 Luxury's New Gatekeepers: Digital Communities Rewriting the Rules

Brands and their exclusive boutiques served as the gatekeepers of access, value, and taste in the conventional luxury paradigm. The rules of what is “coveted” or “worth it” have been collectively rewritten by digital communities, which have emerged as the new arbiters of luxury value. On sites like Reddit (such as the lively r/handbags forum), Instagram collector circles, TikTok style communities, and niche Discord groups, consumers come together to exchange unfiltered opinions, resale advice, and crowdsourced market intelligence on luxury goods. In contrast to the top-down age

[149] Kati Chitrakorn (2020), The Vogue Business official publication: “Resale's contradiction: Selling ‘new’ on second-hand sites”; https://www.voguebusiness.com/sustainability/why-brands-are-selling-on-secondhand-sites-depop-stockx-vestiaire-collective

[150] A deeper discussion of price fragmentation, quality inconsistencies and authentication models is provided in Chapter 2.2 “Emergent Market Frictions in the Second-Hand Luxury Industry”

[151] Tariro Makoni (2025) The Vogue Business official publication: “Luxury got caught up in the China-US TikTok crossfire. How should brands respond?”; https://www.voguebusiness.com/story/consumers/luxury-got-caught-up-in-the-china-us-tiktok-crossfire-how-should-brands-respond

where brands solely declared a product's exclusivity or status, this wave of peer-to-peer discussion has successfully decentralized the curation of attractiveness and pricing. In the digital age, there is currently "a renegotiation of who holds the authority to define luxury value”.

Enthusiastic online forums analyse everything from problems with quality control to the reasonable market value of the IT bag from the previous season, and their combined conclusions are highly significant. Demand may increase in response to a consensus among these groups that a specific design is a "future classic" with exceptional resale potential, which frequently raises secondary market prices. On the other hand, a brand's reputation may suffer among the very customer segments propelling development if the community narrative shifts against it, for example, by criticizing a perceived drop in craftsmanship or highlighting exorbitant markups. Essentially, the locus of brand "authority" is moving in the direction of the masses: formal marketing can quickly lose ground to what the collective mind considers useful or desirable in influencing consumer behaviour.

Because of these digital "gatekeepers," the luxury market is more unpredictable but also more democratic. On the one hand, communities frequently honour and uphold exclusivity in unique ways. In forums and group chats, people talk about and idolize limited-edition drops, vintage treasures, or renowned hard-to-get things (like Hermès Birkins or sold-out Nike x Dior sneakers), often with an almost curatorial reverence. Peer validation like this adds to the mystique of these products; consumers who are vying for influence are aware that part of the prize is community acknowledgment. Notably, unique items with backstories - like a discontinued handbag in a popular hue or a watch from a famous auction - become crowdsourced gems as members of the community elevate them to must-have status and spread their myth across various channels. This dynamic contributes to the perpetuation of a cycle where exclusivity is reinforced by resale value: the more a community lusts after an item and emphasizes its scarcity, the more people are prepared to pay more for it, maintaining a high level of prestige and a limited supply.

However, because digital networks democratize access to information, they can just as quickly erode old exclusivity. Because resale data and recommendations are freely available online, prospective buyers are better equipped than ever to spot bargains and undervalued goods. Reddit or Discord can teach a consumer who would have been priced out of a brand where to find reasonably priced pre-owned items or new brands that provide similar quality without the luxury premium. Furthermore, some online communities specifically aim to break down the barriers associated with luxury. For example, replica-focused forums, also known as "Reps" communities, freely distribute how-to guides for locating high-quality fake bags, thereby reducing the barrier to entry for individuals who are prepared to forgo authenticity[152].

These groups directly threaten the exclusivity of brands by demythologizing the acquisition of fakes, a phenomenon that luxury shops find extremely troubling. The stigma associated with buying used goods has significantly decreased, even in respectable circles; as one sustainability lead observes, members now "proudly say they bought it on Depop – it's cool and a fashion statement". Gen-Z and millennial mindsets are driving this cultural shift, which reframes second-hand purchasing as a smart, trendy option rather than a sign of lower status[153]. The prevailing belief in the group is that true style hunters use their expertise and ingenuity instead of merely their large bankroll. Therefore, gatekeeping for luxury is no longer just about what the businesses demand through pricing or boutique scarcity; it's also about insider knowledge and community legitimacy. An increasingly empowered consumer base may co-opt a brand's narrative or challenge its value assumptions if it ignores these digital constituencies.

In conclusion, online forums have emerged as important co-creators of luxury market value, sometimes enhancing exclusivity by showcasing the uncommon and other times undermining established hierarchies by creating new avenues for participation. As a result, the market becomes increasingly decentralized and dialogue-driven, forcing brand authority to compete with popular opinion.

3.2.2 When the Storytellers Turn Into Resellers

The emergence of resellers and enthusiasts as unofficial brand evangelists and storytellers is a noteworthy development in this context. Independent resellers and ardent collectors are actively influencing demand and brand perception through user-generated content and social commerce channels, frequently with greater credibility to peers than traditional marketing. There are many content producers on platforms like YouTube, Instagram, and TikTok who get followers by selling luxury products. Their videos range from in-depth handbag reviews and "unboxing" reels to styling guides that highlight vintage items. By transforming their own experiences with items into stories that appeal to modern audiences, these people and small enterprises are essentially **evangelists and educators of luxury**.

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152 Jasmine Bacchus (2021); The Fashion Studies Journal: "Online Brand Communities and the Quest for the It Bag"; https://www.fashionstudiesjournal.org/digital-engagement-a/2022/8/9/online-brand-communities-and-the-quest-for-the-it-bag

153 A deeper discussion of GEN Zand millennial shift of mindset is provided in Chapter 1.4.3 "Generational Divide: Who's Buying & Why?"

Because customers appreciate the real-life insights and social proof that such organic user-generated material offers, research shows that it can significantly increase brand credibility and trust[154]. When it comes to luxury, a single viral TikTok featuring a designer garment that was thrifted or a blogger's detailed assessment of quality across vintages can completely change thousands of viewers' opinions about a brand's value. These resellers-turned-influencers frequently serve as mentors and tastemakers in their communities, highlighting undiscovered treasures and instructing others on how to recognize (or authenticate) a product's history. By doing this, they create narratives about things that the brands themselves would not be able to tell: tales of investment value, quirky craftsmanship, and seasonally appropriate styling - all of which subtly enhance the brand's cultural capital.

Players in the actual marketplace serve as examples of this phenomenon. The distinction between a merchant and a content publisher has become increasingly hazy as luxury resale platforms have started to develop robust media presences. For example, reseller companies like as Luxe Collective have developed sizable fan bases on TikTok by "frequently posting fashion-related educational content," with each video receiving millions of views[155]. By ranking brands according to their resale performance, these platforms generate market reports (like as Fashionphile's trend recaps or Rebag's annual Clair Report), subtly naming champions and losers in the luxury hierarchy with authority that consumers respect[156]. In a similar vein, peer-to-peer marketplaces like Depop and Poshmark enable top sellers to take on the role of independent style curators and influencers. In an attempt to "increase their resale value by carefully curating products" and even personalizing items for larger markups, many Depop sellers meticulously curate stocks of vintage or streetwear pieces, use astute marketing and storytelling to enhance the appeal. Some people have turned their own stores into full-fledged brands with lookbooks and fan bases. According to Depop's leadership, its top sellers have successfully transformed resale into a kind of entertainment and social content by "creating a demand and lifestyle around second-hand fashion driven by creative inspiration and bottom-up trends".

Designers such as Anna Sui have responded by opening boutiques on Depop to reach Gen-Z consumers who were already sharing and customizing her vintage pieces online[157]. Sui admits that by leveraging the community's preexisting passion for her collection, she was able to reach a "whole

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154 Yijun Niu (2025), "The Impact of User-Generated Content on Consumer Trust and Brand Loyalty"; file:///C:/Users/Utente/Downloads/db8fb6c0c42645fea962a46b8369fbfe.marked_rmsV9w6.pdf

155 Lucy Maguire (2024), The Vogue Business official publication: "Gen Z can now buy (used) Chanel and Louis Vuitton on TikTok Shop"; https://www.voguebusiness.com/story/consumers/gen-z-can-now-buy-used-chanel-and-louis-vuitton-on-tiktok-shop

156 Fashionphile official "2024 ULTRA-LUXURY RESALE REPORT"; https://blog.fashionphile.com/2024-resale-report/

157 Kati Chitrakorn (2020), The Vogue Business official publication: "Resale's contradiction: Selling 'new' on secondhand sites"; https://www.voguebusiness.com/sustainability/why-brands-are-selling-on-secondhand-sites-depop-stockx-vestiaire-collective

new, younger audience" and effectively engage them. In this instance, **the brand merely joined the conversation**; the storytellers were first the fans who were reselling and displaying those vintage designs.

Because of these factors, independent content producers and resellers are increasingly acting as the brand's spokesperson in the community. By sharing personal stories and providing real-time answers to concerns like "How does this fit? Is it worth the price? How do I style it?" they help young, sceptics understand luxury items on a human level. They serve as unofficial brand advocates, bridging the gap between established companies and younger customers who demand relatability and openness.

Sales are frequently directly impacted by their influence: Instagram accounts belonging to resale boutiques frequently report that a sizable amount of their income now originates from social media followers becoming customers, whether through live-streamed auctions, story sales, or recommendations sparked by interesting content. The role of these storytellers in commerce has been further cemented by TikTok's integration of resale (with features like live shopping sessions for pre-owned designer bags); preliminary data from TikTok Shop's luxury resale pilots shows thousands of viewers tuning into live streams and a strong appetite for high-value purchases mediated by charismatic sellers in real-time. Viewers join to hear the seller's knowledge, discover the history of an object, and feel the excitement of the hunt; these experiences are as much about education and entertainment as they are about the transaction.

Social resellers are essentially now narrators of luxury culture, placing things in contexts that large companies, with their well-executed marketing campaigns, frequently aren't able to. They discuss the investment value of a new shoe drop, celebrate the heritage of a vintage bag, and even candidly address controversies (such as environmental or quality difficulties) to help the public develop a more nuanced opinion of companies.

These new storytellers - from Rebag to The RealReal, from TikTok fashion flippers to Depop curators - illustrate a fundamental shift: brand value is now co-created through an **ongoing conversation with the community rather than being purely determined by Maisons.** Nowadays, luxury is a topic of discussion, with internet tastemakers, collectors, and resale entrepreneurs redefining desirability through authenticity and lived experience rather than advertising. Many businesses have started interacting with these communities after seeing this shift, either by working with well-known resellers or by using a more open, user-led narrative style in their own communications.

The centre of cultural authority is expanding outward at the same time. In addition to boutiques and campaigns, value is now shaped in livestreams, comment sections, and digital resale ecosystems where meaning, scarcity, and reputation are constantly contested. The conventional hierarchy between brand and audience is reframed by this dynamic, which shows a **redistribution of influence rather than a loss of power.** Instead of being a confrontation, the friction between community-driven value and brand authority is a dialogue that constantly tests credibility and relevance[158].

The development of resale ultimately shows that a premium brand's strength is its ability to encourage involvement without sacrificing its core values. Maisons that can maintain their charm while welcoming the variety of voices that now contribute to their narrative will be the most durable.

Given this, I'm confident saying that resale doesn't challenge brand value - it proves which brands have it; Resale doesn't erase value - it reveals it.

[158] McKinsey & Company (2023) official publication, "The State of Fashion 2023"; https://www.mckinsey.com/~/media/mckinsey/industries/retail/our%20insights/state%20of%20fashion/2023/the-state-of-fashion-2023-holding-onto-growth-as-global-clouds-gathers-vf.pdf

3.3 Brand Perception & Customer Trust in a Fragmented Resale Ecosystem

If the preceding sections traced how authority migrated from the Maison to digital communities, the next challenge concerns what remains when that authority dissolves: **trust**.

An implicit social contract between brand and consumer has traditionally underpinned the idea of luxury, whereby the Maison promises excellence, exclusivity, and symbolic significance in return for patronage and price acceptability. However, this contract becomes unstable in the secondary market. Stories separate from their writers, objects move without passports, and third-party authenticators, user evaluations, and algorithms are now required to crowdsource legitimacy, which was formerly ensured by the boutique.

As a result, luxury brands no longer have complete control over how people perceive or believe them, creating a fragmented ecology.

But the point here is to not have the complete control over the history of a specific product but to remember everyone to which standard base their stories into. Remarking such concept, I attach a piece of my interview with the Excellence Director of a Maison within the LVMH Group, who stated:

"The idea is not to control every story, but to give people solid points of reference that keep conversations going. Companies should make their historical resources, such old sketches and oral histories, available to everyone and encourage fans to look through them. By doing this, they make it clear that they are in charge of a discourse, not a monologue"[159]

This chapter examines how the emotional and financial foundations of luxury trust are altered by that fragmentation. It contends that a paradoxical duality has emerged from the resale era: although product longevity upholds a brand's reputation for quality, the lack of centralized management reveals irregularities that can damage credibility. Consumers today encounter a scattered polyphony rather than a single brand voice, wherein resale listings, TikTok explainers, and Reddit discussions all work together to redefine what "authentic" or "valuable" means. This new transparency is both freeing and dangerous for luxury homes that are based on curation and discretion.

Three interconnected tensions are the focus of the discussion:

- Control vs Autonomy: brands face the boundaries of their narrative authority when products circulate on their own

[159] The complete version of this interview is provided in Chapter 7

- ➢ Responsibility against Scarcity: destroying inventory to preserve exclusivity goes against sustainability standards
- ➢ Possession vs Permanence: Brand loyalty starts to spread when third-party resale offers superior post-purchase support.

Three guiding questions help to focus the analysis within this framework:

- Regarding conventional brand authority, how do consumers' perceptions of authenticity, quality, and prestige change as a result of the decentralization of resale marketplaces?
- In an era of environmental responsibility, can controlled scarcity tactics - like the intentional destruction of unsold goods - still maintain brand value?
- How well can resale and aftercare integration restore credibility and create a cohesive brand relationship over the course of the product's long-life cycle?

3.3.1 The Loss of Control by the Luxury Brand

In the traditional luxury paradigm, brands had strict control over pricing, distribution, and narrative. Much of that control is eroding in the age of resale. The maison's direct influence significantly diminishes as soon as a product hits the secondary market. Axel Dumas, the CEO of Hermès, has expressed this worry, pointing out that shrewd "false customers" purchase expensive Birkin bags only to sell them for a profit, "preventing us from serving our real customers"[160].

His annoyance highlights a larger problem: **the house has no control** over **who resells** a Birkin (or any luxury item) after it leaves the boutique, **how it is advertised**, **how much it costs**, or **in what setting**. Brands whose equity has historically relied on discretion, selectivity, and near-total narrative control face a multifaceted challenge from this supervision. The maison's ability to define what is genuine, desirable, or ageless is indeed being undermined by the growing co-authorship of the modern luxury narrative by digital intermediaries such as platforms, influencers, collectors, and algorithmic feeds.

Peer-driven storytelling's ascent has successfully removed the brand from its own mythology. The vibe of a 1990s Prada nylon bag praised on TikTok or a vintage Hermès scarf found on Vestiaire Collective comes from contextual reinterpretation within internet communities rather than from official advertising. The product becomes a semiotic vessel, always being given new connotations of sustainability, nostalgia, or rebellion that the original brand may not have meant or supported. *"The*

[160] The Fashion Law official publication (2025), "Hermès Signals Growing Concern Over the Birkin Resale Market"; https://www.thefashionlaw.com/hermes-signals-growing-concern-over-the-birkin-resale-market/

locus of luxury influence has shifted from the atelier to the algorithm, where collective sentiment can amplify or contradict the maison's voice overnight," according to a recent Bain & Company report[161].

With this change, the cultural logic of luxury undergoes a significant transformation. Once being unilateral, the norms of distinction are now negotiated in real time inside open digital arenas between the brand and the consumer. Rather than being imposed from above, prestige is now jointly created through group engagement. Within this horizontally organized environment, a customer review, an unboxing video, or a resale listing can have just as much impact as a formal campaign. The symbolic hierarchy that upheld the aura of luxury has collapsed, with speed, transparency, and peer approval becoming more and more competitive with exclusivity and secrecy as sources of legitimacy. What formerly relied on censored information now flourishes - or fails - under public inspection, casting doubt on the conventional wisdom that luxury gains its influence from an imbalance between what the brand knows and what the public is permitted to see. This problem is made worse by digital resale, which exposes and preserves the complete material history of premium goods. Every entry on The RealReal serves as a public record of value fluctuations, use, and depreciation. Once-private information, such as leather wear, metal fading, and ownership transfers, is now searchable.

The ultimate effect is a transparency that elucidates and humanizes the imperfections of luxury in a n unprecedented manner. "Digital transparency has rendered opacity - the traditional currency of luxury - an increasingly untenable strategy," according to McKinsey's State of Fashion 2024[162]. **The ability to influence perception now stems from controlling constant exposure rather than selective revelation.**

This democratization of knowledge has created concern for brands and empowerment for consumers. Resale platforms translate what was once indescribable status into quantifiable performance when they release yearly "value retention indices" that rank which brands are valuable[163]. The brand has no control over the measurement, comparison, and dissemination of a product's desirability. The maison’s voice becomes therefore, one of many in an open market of meanings.

But the loss of control that comes with luxury is not entirely bad. It also demonstrates the tenacity of those brands whose stories can withstand fragmentation. Brands like Hermès and Loro Piana, whose

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161 Claudia D'Arpizio, Federica Levato, Andrea Steiner, Joëlle de Montgolfier (2024), Bain & Company official publication: “Luxury in Transition: Securing Future Growth”; https://www.bain.com/insights/luxury-in-transition-securing-future-growth/

162 Anita Balchandani, Ewa Starzynska, David Barrelet, Achim Berg, Gemma D’Auria, Felix Rölkens, Imran Amed (2024), McKinsey & Company official publication: “The State of Fashion 2024: Finding pockets of growth as uncertainty reigns”; https://www.mckinsey.com/industries/retail/our-insights/state-of-fashion-2024

163 Rebag, The Clair Report 2024 official publications; https://www.rebag.com/clair-report/

symbolism is ingrained in craftsmanship and ritual rather than marketing jargon, typically withstand digital openness with little loss of reputation. Others, who rely more on celebrity endorsements or erratic fashion, discover that their mythologies are diluted when they are separated from regulated narrative. Therefore, the loss of control serves as a diagnostic test, revealing which brands relied on manufactured scarcity and which had true symbolic gravity.

Luxury's strategic problem today isn't how to get back ultimate control - something that can't be done in the age of participation - but how to build influence in this chaotic setting. In order to contextualize secondary-market transactions without regaining totalitarian control, forward-thinking maisons are experimenting with controlled transparency through the use of blockchain certifications, verified resellers, and the publication of archive records[164]. They turn fragmentation into a type of narrative pluralism by accepting rather than opposing the variety of voices around them; in this scenario, trust arises from responsiveness, coherence, and authenticity rather than secrecy.

Essentially, the loss of control represents a shift in authority from command to dialogue. Value must now be negotiated; luxury companies can no longer set it. Their capacity to engage in that discussion in a credible manner - embracing the conversation between brand, consumer, and community that currently characterizes the luxury ecosystem - will determine how resilient their perception is.

3.3.2 The Burn-and-Destroy Paradox

For many years, when luxury brands lose control over secondary markets, their natural reaction has been to tighten supply at all costs, even if it involves physically destroying their own items. The reasoning is simple: extra products cannot be abused or discounted if they are kept out of illegal circulation, maintaining brand exclusivity. Theoretically, it's a strict yet successful tactic to preserve exclusivity. In actuality, it has resulted in a paradox that conflicts with modern ideals. Companies that are known for their artistry and legacy have turned to burning or throwing away unsold merchandise, which goes against both sustainability and the idea that luxury goods are enduring treasures.

Periodically, specific instances of this "burn-and-destroy" tactic have come to light, sparking public indignation. The Swiss company Richemont, which owns Cartier and other luxury watch brands, acknowledged in 2018 that, instead of allowing expensive timepieces to trickle into bargain stores, it had disassembled and thrown away almost $563 million worth of them during a two-year period[165].

[164] Business of Fashion official publication (2024), "Blockchain, Provenance and the New Luxury Contract," BoF Professional Briefing

[165] Chavie Lieber (2018), Vox article: "Why fashion brands destroy billions' worth of their own merchandise every year"; https://www.vox.com/the-goods/2018/9/17/17852294/fashion-brands-burning-merchandise-burberry-nike-h-and-m

In order to maintain pricing power, these brand-new, flawlessly working timepieces - some costing tens of thousands of dollars - were purposefully removed from the market. In the same year, the British fashion brand Burberry gained notoriety for burning £28.6 million (about $37 million) worth of unsold apparel and fragrance in 2018 alone. Since unwanted goods bearing the brand could otherwise be stolen or resold for a low price, the corporation defended the action as a measure to prevent counterfeiting and to "protect intellectual property". Such "inventory cleansing" was frequently euphemized as a reasonable expense of conducting business within the industry, serving as yet another instrument to maintain the appearance of rarity[166]. Some of the most well-known figures have also been implicated.

In an attempt to "maintain the brand's exclusivity" by making sure unsold items never made it to the grey market, Gucci CEO Marco Bizzarri once approved the burning of about $10 million worth of Gucci merchandise at the end of 2018[167]. Additionally, industry observers point out that LVMH, the company that owns Louis Vuitton, Dior, Fendi, and other luxury brands, has historically relied on covert stock liquidation - whether through staff sales, outlets, or quiet destruction - to avoid any overt discounting that could diminish the prestige of its brands, even though it has not made public incidents on the same scale as Burberry or Richemont[168].

Naturally, the paradox lies in the startling wastefulness that has resulted from luxury's pursuit of perpetual value. Behind closed doors, the same companies that encourage customers to spend money on items that "last a lifetime" consider those same products as throwaway when sales are weak. This conduct is becoming more and more viewed as inappropriate in a time of growing environmental awareness and as being essentially inconsistent with the ideals of the new generation of luxury consumers. The criticism was immediate and intense after Burberry's annual report revealed widespread incinerations. British lawmakers openly questioned the practice when consumers and campaigners criticized the company for its "wasteful elitism". The outrage was heightened on social media, where memes juxtaposed images of burning piles of stuff with the brand's upscale image and hashtags calling for a boycott of Burberry became popular[169]. Within weeks, Burberry gave in to pressure and declared that it will immediately stop destroying any products and find more

[166] Nadia Khomami (2018), The Guardian official article: “Burberry destroys £28m of stock to guard against counterfeits”; https://www.theguardian.com/fashion/2018/jul/19/burberry-destroys-28m-stock-guard-against-counterfeits

[167] Ms Sharmin (2025), Hypefresh article: Gucci’s CEO Burned $10 Million Worth of Products to Keep Them Exclusive”; https://www.hypefresh.com/guccis-ceo-burned-10-million-worth-of-products-to-keep-them-exclusive/

[168] Sarah Kent (2024), The Business of Fashion official publication: “AI, Outlets, Recycling: Can Luxury Solve Its Billion-Dollar Excess Inventory Problem?”; https://www.businessoffashion.com/articles/sustainability/lvmh-kering-waste-overstock-leftover-billion-dollar-problem/

[169] Nadia Khomami (2018), The Guardian official article: “Burberry destroys £28m of stock to guard against counterfeits”; https://www.theguardian.com/fashion/2018/jul/19/burberry-destroys-28m-stock-guard-against-counterfeits

environmentally friendly ways to deal with unsold inventory. Nevertheless, the harm to the industry's reputation was done, and it served as a warning to all.

Destroying products, according to critics, not only wastes resources but also shows a lack of regard for the artisanship involved. When news of the burnings spread, a Greenpeace campaigner criticized Burberry for "showing no respect for its own products and the hard work and natural resources that are used to make them". Here, a posh home that was supposed to be a guardian of quality and tradition was really destroying its heritage. Such pictures undermine many customers' faith in the brand's honesty, going beyond price increases or poor design choices. How can a business that treats its products like garbage claim to be an advocate of eternal value? In luxury, ethics and honesty are equally as important as quality when it comes to building trust. The previous justification of maintaining exclusivity is beginning to seem flimsy in light of the ethical requirement to prevent unnecessary waste as sustainability has become a widely accepted norm.

Regulators are also paying attention. A rule that forbade the destruction of unsold fashion and luxury items was passed in France in 2021, where many luxury maisons are located. This forced firms to find other ways to get rid of their excess inventory, like donating, recycling, or upcycling[170]. This is also the direction that the European Union is taking. Therefore, in addition to moral persuasion, a legislative mandate has been put in place to keep premium labels out of the trash. In order to avoid penalties for torching stock, many businesses have increased their efforts to recycle materials (such as repurposing fabrics into fibers) or to resale things from previous seasons through outlets or third-party partnerships. It appears that the burn-and-destroy era is a holdover.

But the tension is still there. If these actions didn't contribute to the perception of scarcity in some way, they wouldn't exist. Even if an excess is sold to secondary platforms at full price, luxury strategists are still concerned that it may eventually undermine exclusivity. Finding a more acceptable solution to the surplus issue in luxury is therefore the challenge. To reduce overproduction, some firms have begun to invest in "on-demand" production and more accurate demand forecasts. To give the house control over their second life, some are investigating buy-back programs that incentivize consumers to return products to the brand for credit. It's obvious that burning millions of dollars' worth of items is no longer considered smart or appropriate. Consumers today evaluate brands based on their values as much as the quality of their products. In this regard, brand perception now revolves

[170] Sarah Kent (2024), The Business of Fashion official publication: "AI, Outlets, Recycling: Can Luxury Solve Its Billion-Dollar Excess Inventory Problem?"; https://www.businessoffashion.com/articles/sustainability/lvmh-kering-waste-overstock-leftover-billion-dollar-problem/

around sustainability and appreciation for craftsmanship. It is becoming more and more absurd to defend brand equity by trashing things that are packed with equity.

Those that can resolve this dilemma and preserve exclusivity without alienating a customer base that expects more from the businesses they admire will be the ones driving luxury in the future.

3.3.3 Resale as the Unofficial Aftercare Service

Luxury begins prior to the purchase rather than after. The sense of arrival, the waitlist, and the anticipation. That's what you can't do on a large scale. The remarks of a boutique manager watching the craze for a new Birkin, "If the magic only starts when it shows up, you missed the point," encapsulate a fundamental reality: much of the appeal of luxury lies in the courting phase of consumption.

However, some pertinent questions arise:

- What occurs following the purchase?
- Do luxury businesses consider their work "done" at the point of sale, or does the enchantment continue once the product is in the hands of the customer?
- Who looks after the client and the goods in the years that follow in a world where upscale stores are obsessed with attracting new customers and the in-store experience?

In the past, brands have responded, "Not us." Despite their claims of ageless style, the majority of luxury brands provided very little formal post-purchase assistance. Customers who purchased a \$50,000 watch or a \$5,000 handbag frequently had no other options for upkeep except independent watchmakers, cobblers, or third-party restorers. One way to describe the mindset is that luxury endures for a lifetime, but only if you take care of yourself. This wasn't because of malice; rather, brands were only interested in promoting new items and fiercely protecting their reputation, with aftercare being viewed as a menial service division that was distant from the glitzy front of house. This led to an odd disconnect between the reality of after-sales neglect and the marketing of durability. Though "most companies are lagging when it comes to offering the services that would allow such longevity to actually materialize," luxury items are marketed as heirlooms that are "made to last and even to be passed down"[171].

To put it another way, the infrastructure needed to maintain the promise of permanence was lacking. In many instances, the "brand's connection to its products abruptly end" as soon as the product left

[171] The Fashion Law (2025) official publication: “Resale, Repairs & the Future: A Product’s Second Life May Matter Most” https://www.thefashionlaw.com/resale-repairs-the-future-a-products-second-life-may-matter-most/

the store. Customers were essentially left without a safety net after the luxury experience vanished after the sale.

A flourishing ecology of unauthorized aftercare, most of which is entwined with the resale market, has gradually filled this need. It became clear to professional resellers, vintage boutiques, and platforms such as The RealReal or Vestiaire Collective that it was in their best interests to facilitate repairs and upkeep because well-maintained items sell for more money and satisfy customers. As a result, they made investments in capabilities that many other brands had avoided. Craftsmen are now frequently hired by resale platforms to polish a Rolex bracelet or fix scratches on a Chanel flap bag prior to listing. They essentially perform the "after-sales service" that the original brands did not offer by authenticating products and frequently restoring them to excellent condition. These platforms and specialized seminars now serve as a stronger manifestation of brand persistence for many consumers than the actual brands. The capacity to update a high-end product's look or functioning years after purchase gives consumers more faith in its long-term viability. **The unofficial aftercare service** for luxury products is the resale market, which keeps them in demand and in good shape.

The irony of this development is that the secondary market, which was once viewed as a threat, is really protecting the brand equity that the primary market praised through durability and ongoing use.

Over time, luxury firms are realizing that this is a loss of control and a lost opportunity. External parties gain control over significant client touchpoints and storylines when they manage all repairs and resales. A customer is interacting with someone other than the brand when she trades in her previous season's buy through a third-party resale website or has her bag "spa-treated" by an independent atelier. That represents the loss of a possible relationship and source of income. The fact that industry professionals now present resale and repair as strategic opportunities for brand storytelling and loyalty rather than merely corrective actions is telling. Additionally, is important to consider that, as of today, brands that embrace resale and repair as key initiatives will be the ones who drive luxury in the future, transforming aftercare into loyalty, storytelling, and continuous value. In summary, resale and aftercare are becoming linked to client retention.

In fact, a thriving secondary market that maintains pricing over time validates the value of a luxury brand, giving first-time buyers greater assurance about their investment. Similarly, a convenient repair or refurbishment experience can show a brand's ongoing dedication to a lapsed consumer and re-engage them. If brands decide to use them, these are effective loyalty tools.

There are hints of change. For example, Chanel, which has long been known for avoiding the resale market and providing little after-sales assistance, launched the "Chanel & Moi" (or "Chanel and Me") initiative in 2021 with the express purpose of extending the care for its handbags. A five-year guarantee and access to specialized repair services are included with every new Chanel pocketbook or handbag purchased through Chanel & Moi[172]. They are taking back a portion of the aftercare market and demonstrating their commitment to the durability of their products by providing maintenance for their items (first simply classic bags, but with intentions to expand). The fact that Chanel's program only covers products with proof of purchase from Chanel is noteworthy, though, as it is generally believed that this regulation aims to discourage grey-market and resale customers by denying them aftercare. Chanel hasn't completely given up on using it as a control mechanism, even as it enters the aftercare space (in this case, to reinforce primary-market purchases).

In order to give their customers more value, multi-brand luxury merchants have also begun to offer aftercare. The collaboration between Net-a-Porter and The Seam, a UK-based repairs expert, is a perfect illustration. Customers can schedule repairs, modifications, and even customizations for previous purchases with Net-a-Porter's "Repair & Rewear" service, which was introduced in early 2023[173]. This is a significant change in luxury retail, essentially adding a new stage to the customer journey. The CEO of Net-a-Porter explained that the goal is to encourage customers to cherish their pieces for longer. Net-a-Porter aims to continue interacting with the customer whenever their cherished item needs some TLC, rather than stopping with the delivery of the item. In addition to prolonging product life (which is in line with environmental objectives), the service also allows Net-a-Porter to stay in touch with customers in between transactions, which is a smart retention strategy. Rival services like Farfetch's repairs program and Selfridges' collaboration with The Restory also highlight how aftercare is increasingly being considered as a standard component of the premium experience rather than an afterthought[174].

These advancements point to a time when aftercare and resale will merge into a single ecosystem that may be controlled, or at the very least supported, by the companies themselves. "What if resale and repair were not isolated programs or one-time sustainability gestures, but part of a larger brand experience?" is one example of how industry strategists are already imagining what a **fully integrated model** might look like. In this case, a luxury **product's lifecycle would be a loop rather than a line**:

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[172] PurseBop – Fashion News, "Everything You Need To Know About The New Chanel Warranty"; https://www.pursebop.com/everything-you-need-to-know-about-the-new-chanel-warranty/

[173] Danielle Stone (2023), Fashion United article: "Net-A-Porter teams up with The Seam to offer repair service"; https://fashionunited.uk/news/fashion/net-a-porter-teams-up-with-the-seam-to-offer-repair-service/2023020167629

[174] Bella Webb (2023), The Vogue Business official publication: "Net-a-Porter launches repairs and alterations with The Seam"; https://www.voguebusiness.com/sustainability/net-a-porter-launches-repairs-and-alterations-with-the-seam

1. A customer purchases a new item
2. The brand offers maintenance services over time
3. When the customer is ready for something new, the brand arranges a buy-back or trade-in
4. The Brand authenticates and refurbishes the old item
5. Resells it to a new owner through established channels

Reselling is more than just a transaction; it's "a chance for the consumer to re-enter the funnel" of brand engagement. Repair is more than just a fix; it's a brand touchpoint. Most importantly, this would ensure that the **narrative remains entirely internal**. While the same bag sold on eBay lacks any of that context, a refurbished bag on a company's own resale website may have narrative about the product's history and craftsmanship, strengthening **brand mythology**.

Parts of this vision are already being tested by some companies. For instance, brands like Rimowa have launched their own refurbishment-resale programs, and watchmakers like Rolex now certify used watches and resell them through authorized dealers. Rimowa's "Re-Craft" project even sold used suitcases with their dents and stickers as a badge of honour[175].

According to the encouraging results, aftercare can increase loyalty rather than only result in expenses, and resale can strengthen exclusivity rather than weaken it[176].

Therefore, luxury companies have the true chance to turn what was formerly viewed as a threat into an addition to their value proposition. Luxury will be measured not only by the excitement of the purchase but also by the quality of the entire ownership experience, including how the product changes and even passes hands. In this way, the best indicator of a brand's value may be an item's second (or third) life. It says volumes about the brand's quality and appeal if a bag remains gorgeous after ten years and attracts a new, enthusiastic buyer at a competitive price. Through active participation in that process, such as authenticating the item's authenticity, keeping it in-house for a "spa" treatment, or even sharing its history ("this coat was pre-loved by a longtime client in Paris, now restored for a new owner"), the brand can establish a positive feedback loop. The first buyer is certain that the investment was worthwhile, the second buyer is reassured by the brand's endorsement of the used item, and both have an open line of communication to return to the brand in the future.

[175] Giulio Solfrizzi (2025), The Vogue Italia official publication: "Tutti possono avere una Rimowa pre-loved, ricoperta di stickers come le valigie delle star più cool"; https://www.vogue.it/article/rimowa-pre-loved-stickers-star-cool

[176] The Fashion Law (2025) official publication: "Resale, Repairs & the Future: A Product's Second Life May Matter Most" https://www.thefashionlaw.com/resale-repairs-the-future-a-products-second-life-may-matter-most/

3.3.4 Consumer Survey: Brand Equity and Perception

Chapter 3's prior sections described how the Maison's atelier has lost its position as the centre of luxury authority to algorithms, resale groups, and internet platforms. We observed that consumer co-creation has undermined unilateral brand control, that conventional practices like "burn-and-destroy" stock disposal now conflict with sustainability standards, and that third-party resale platforms are increasingly serving as de facto aftercare providers. These qualitative investigations draw attention to a conflict at the core of contemporary luxury: firms need to strike a balance between community-driven value creation, cyclical consumption, and exclusivity and narrative control. However, they also raise some quantitative questions: what are customers' perceptions of the co-created brands? Do people still consider brand names to be status and quality indicators? What impact do price premiums, reselling, and counterfeiting have on their trust?

This survey uses a number of theoretical frameworks to answer these problems. The value of a brand is based on awareness, perceived quality, associations, and loyalty, according to **Aaker's brand equity model**[177]; luxury brands are conceptualized through aspects like physique, personality, relationship, and reflection by **Kapferer's Brand Identity Prism**[178]; and consumers use branded products to convey status and group membership, according to social identity theory and **Signalling theory** (Veblen, 1899)[179]. Furthermore, the significance of authenticity and dependability in purchasing decisions is emphasized by the theories of customer trust and perceived risk. The questionnaire's design was influenced by these frameworks as well as ideas from the literature on the circular economy.

A series of questions that progressed from demographics and general fashion engagement to more specific issues like secondary-market usage, the importance of brand names, willingness to pay a premium for trusted brands, and attitudes toward counterfeits were answered by about 350 respondents (346 to be precise), the majority of whom were from Italy (about 70%), with the remaining respondents coming from China (~ 20%) and other European countries (~10%). This chapter bases the qualitative arguments in quantifiable consumer sentiment by experimentally evaluating hypotheses derived from the thesis, specifically that customers balance exclusivity with accessibility, that counterfeit ubiquity erodes prestige, and that brand equity still important. The

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177 Angela Kayode-Sanni (2025), Formplus article: "What Is the Aaker Brand Equity Model? Definition and Components"; https://www.formpl.us/blog/what-is-the-aaker-brand-equity-model-definition-and-components

178 Caileigh Lombard (2018), How Brands are Built article: "The Brand Identity Prism and how it works"; https://howbrandsarebuilt.com/the-brand-identity-prism-and-how-it-works/

179 Scott Zimmer (2021), EBSCO article: "Veblen's Theory of Conspicuous Consumption"; https://www.ebsco.com/research-starters/political-science/veblens-theory-conspicuous-consumption

findings that follow translate the theoretical discussion into empirical data by demonstrating how contemporary consumers view brand value within the fragmented resale ecosystem.

Q1. What is your gender?

- Male
- Female
- Other/Prefer not to say

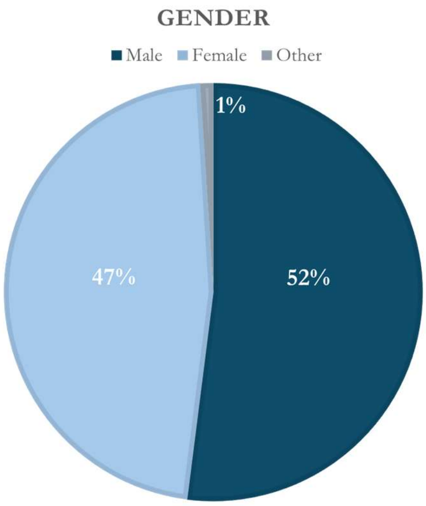

Figure 12: Respondent gender distribution

The first question collected demographic data on gender. The results show a roughly balanced gender split among participants, with 52% identifying as male and 47% as female; a very small fraction (1%) chose not to specify or identified as other. This near-equal gender distribution indicates that the survey gathered perspectives from a diverse consumer base, avoiding any strong gender bias.

Q2. What is your age?

- 18-25 years
- 26-30 years
- 31+ years

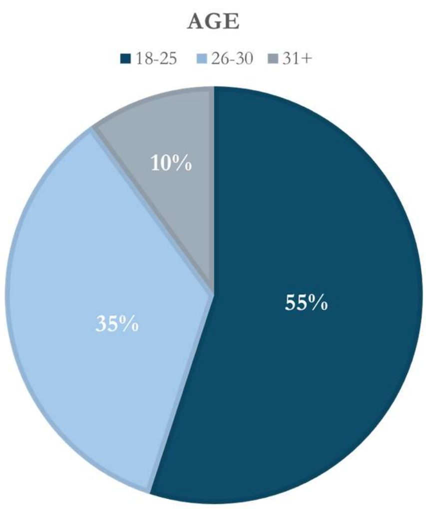

Figure 13: Respondent age distribution

Roughly 10% of participants were older than 30, while the vast majority (approximately 90%) were between the ages of 18 and 30 (55% in the 18 - 25 age group and 35% in the 26 - 30 age group). A young adult demographic is represented by this distribution, which is especially pertinent in scenarios involving fashion and luxury purchasing. Opinions are crucial to brand equity because they frequently set trends and are very involved with secondary markets brand culture. The focus of the thesis on contemporary consumer behaviour in digital and resale environments - contexts where young adults are particularly active - is also reflected in the age profile. Although the results are youth-centric, the limited presence of older respondents adds some breadth, indicating that they may still have consequences outside of the main 18 - 30 demographic.

Q3. Are you a fashion enthusiast?

- Yes, very much
- Somewhat
- Not really

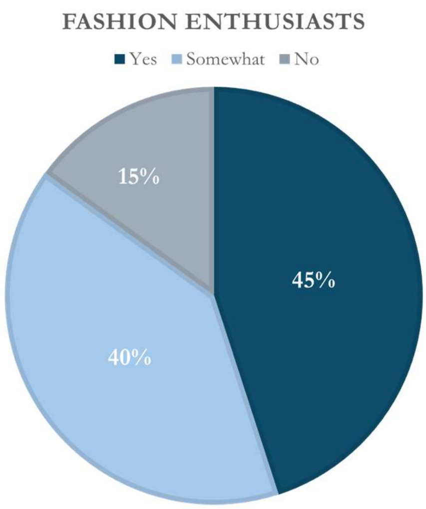

Figure 14: Proportion of respondents identifying as fashion enthusiasts

According to the findings, 40% of respondents said they were moderately interested in fashion, while 45% said they were really passionate about it. Just 15% of respondents said they weren't particularly interested in fashion. The results show that the majority of participants have enough interest in fashion to be well-informed about brand equity issues. It supports the idea that an engaged customer base is aware of brands and, as a result, sensitive to authenticity and brand image. To put it another way, since most of them are somewhat enthusiastic, their answers to further questions regarding brands are significant in showing how people who are interested in fashion view brand equity.

Q4. How often do you buy fashion items via resale or secondary markets?

- Frequently
- Occasionally
- Never

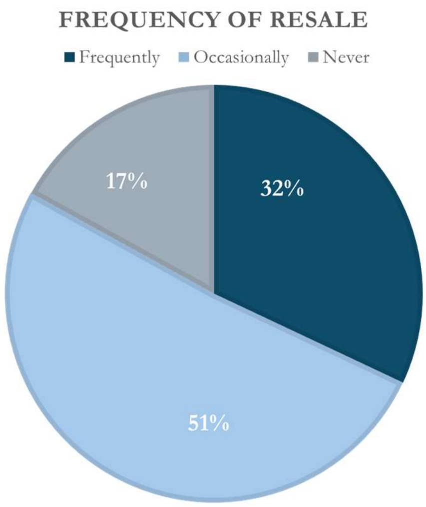

Figure 15: Frequency of purchasing fashion items on secondary markets

The findings showed that 32% of respondents said they buy used clothing frequently, and 51% said they do it occasionally. Merely 17% of respondents said they never use secondary marketplaces. These results show that a sizable majority of customers (around 80%) are either familiar with or receptive to the secondary market. This is an important realization: it implies that purchasing used goods is a widespread activity, probably motivated by things like access to antique or sold-out goods, cost savings, or sustainability. This supports the theory, which holds that a brand's equity and perception are increasingly impacted by both primary retail and resale settings since the secondary market has grown to be an essential component of the fashion ecosystem. Notably, the frequency of at least sporadic secondary-market purchases suggests that a brand conscious consumers frequently go outside of official channels; this is a behaviour that businesses need to take advantage into account when maintaining their equity and image.

Q5. How important is the brand name to you when purchasing a fashion item?

- Very important
- Somewhat important
- Not important

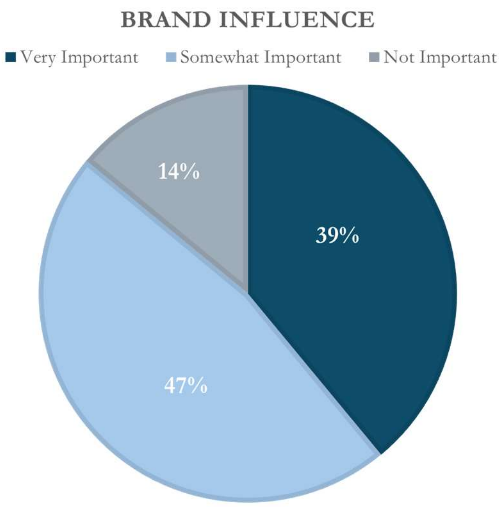

Figure 16: Importance of brand name in purchase decisions

According to the results, 39% of participants thought the brand name was very important, while another 47% thought it was moderately important. Merely 14% of respondents said they didn't care about the brand name. Around 90% (89%) of customers place at least some value on a product's brand, and nearly half specifically value it as a very important aspect, which is a startling evidence that brand matters to consumers. Strong brand equity - the value of a company's name and reputation - significantly influences consumer behaviour, according to a major thesis argument supported by such data. Because consumers associate well-known brands with attributes like dependability, prestige, or consistency in style, the brand name itself is significant when making purchases.

Q6. Are you willing to pay more for a product from a brand you trust, compared to a similar generic product?

- Yes, I often pay a premium for trusted brands
- Only if the price difference is small
- No, I prioritize price over brand

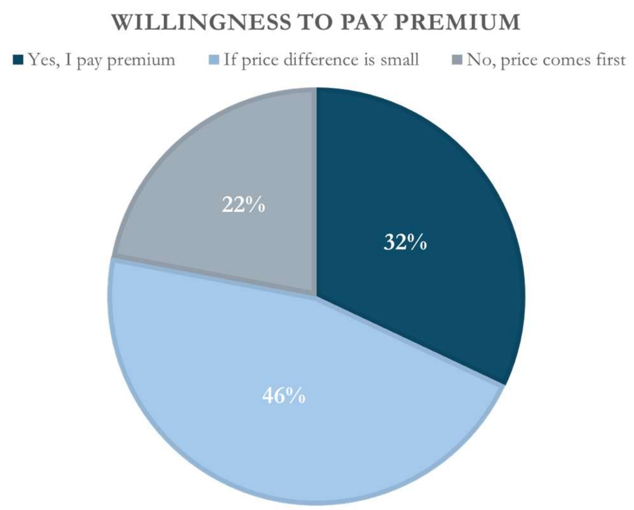

Figure 17: Willingness to pay a premium for a trusted brand vs. a generic product

Results indicate that around 30%, 32% to be more precise, of respondents answered yes they frequently pay more for a reputable brand. The majority, 46%, took a moderate position, saying they would only be willing to pay a little bit extra for a brand if the price difference was negligible or worthwhile. In contrast, slightly over 20% (22%) responded negatively, stating that they would not pay more for a brand name since pricing is their top concern. According to these results, a large percentage of consumers may be willing to pay more for a powerful brand: over 75% of consumers are at least somewhat inclined to pay more when a brand is trusted. This is a clear example of brand equity in action: many consumers are willing to make financial investments in a respected brand since it delivers intangible value. But it's also noteworthy that more than half of respondents are price-sensitive, meaning they will only pay more if the premium is fair. It suggests that although brand loyalty and trust can increase willingness to pay, there are real-world restrictions; even brand-conscious customers may think about other options if there are significant price differences. This also highlights for the concept that pricing power is granted by brand equity, but not without limitations - consumers still demand a balance between price justice and brand value.

Q7. Would you consider buying a counterfeit (fake) version of a branded product if it looks identical and costs much less?

- Yes, I would consider it
- Maybe/It depends
- No, I would never buy fakes

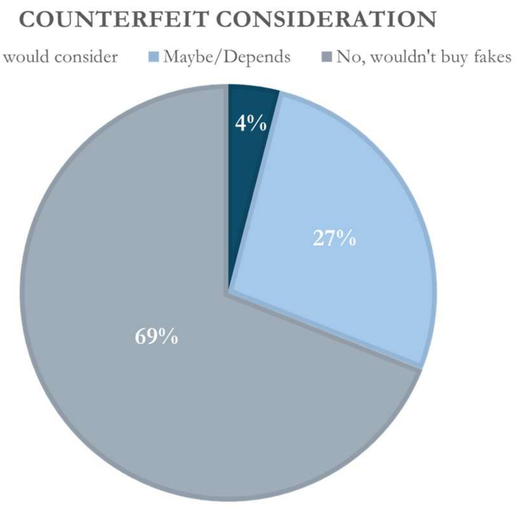

Figure 18: Willingness to consider purchasing counterfeit products if they are much cheaper

According to the survey, the majority of respondents (69%) said that even if a false product were significantly less expensive, they would not consider purchasing it. A tiny minority (4%) acknowledged they would think about purchasing a fake, while 27% responded "maybe/depends," suggesting they might consider it under certain circumstances. From a brand standpoint, it is reassuring that the majority of respondents categorically reject goods that are counterfeit. This indicates that authenticity and brand trust are more important to many consumers than low prices. These people either greatly appreciate the authentic brand experience (indicating the thesis argument that authenticity underpins brand equity) or they see serious risk or moral/quality downsides in fakes.

However, it is not insignificant that 30% of people are either open to or uncertain about fakes. This segment highlights a vulnerability: some customers may actually resort to counterfeit substitutes if authentic products are too expensive or if brand value is not made apparent. This group's presence highlights how crucial it is for brands to remain reasonably priced and have a high perceived value because any time consumers think about buying counterfeit goods, brand equity is being eroded. In terms of the theory, this question emphasizes the trade-off between brand exclusivity and accessibility: exclusivity promotes a premium image, but if prices are seen as too high, businesses run the danger of driving a portion of budget-conscious customers to the counterfeit market.

Q8. How does the presence of many counterfeit products (copies) of a brand on the market affect your perception of that brand?

- Negatively, it makes me think less of the brand (less exclusive or less reliable)
- No significant effect on my perception
- Positively, it means the brand is popular or in demand

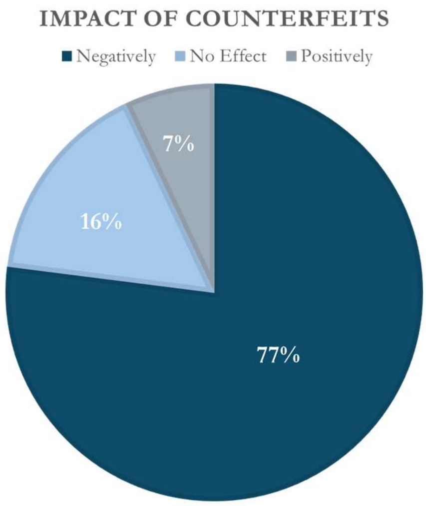

Figure 19: Effect of widespread counterfeiting on consumer perception of the authentic brand

The majority of respondents (77%) stated that their opinion of the brand is negatively impacted by the abundance of fake copies. Only 7% regarded the brand in a relatively positive light (perhaps viewing counterfeiting as a sign that the brand is hip or highly sought-after), and about 15% (16%) reported no major impact on their perception of the brand. The prevalent negative reaction is instructive: most buyers think that a brand loses uniqueness, status, or reliability if its goods are frequently counterfeited. This reinforce the idea that brand equity can be damaged by counterfeiting.

A brand may lose its aura of uniqueness when knockoffs proliferate, and buyers may worry about quality confusion or just perceive the brand as less exceptional. Even the 16% of respondents who said their perceptions had not changed may believe they are personally unaffected since they can tell a fake from a real one, but they do not see counterfeiting favourably. Almost nobody believes that counterfeiting improves a brand's reputation; the small 7% may think that popularity equates to desirability, but that is an anomaly. Overall, these findings support a crucial idea covered in earlier chapters: brand managers have good motivation to actively fight counterfeiting as unchecked fakes damage the brand's perceived worth and customer confidence. Preserving brand equity requires staying true to oneself in the marketplace.

Q9. In your view, what does a well-known brand name represent most?

- A guarantee of quality and authenticity
- A status symbol (prestige and image)
- Just a name, it doesn't make a real difference in product value

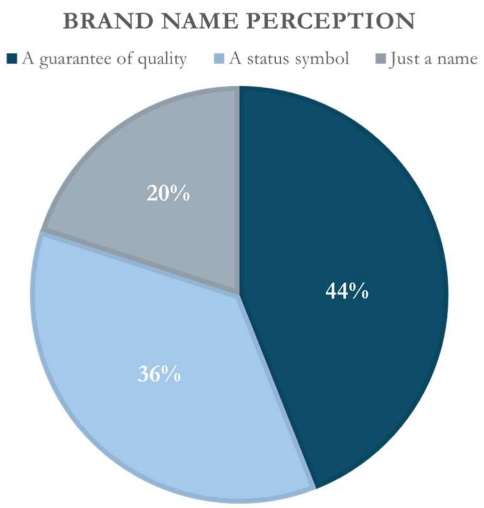

Figure 20: Consumer beliefs about what a well-known brand name primarily signifies

The results show that 44% of participants believe that a well-known brand name is essentially a guarantee of authenticity and quality. Meanwhile, 20% think a brand name is "just a name," suggesting that for this minority, the brand itself provides no intrinsic value beyond the product, and

36% see it primarily as a status symbol that bestows prestige. These results highlight the two main ways that consumers perceive brand equity: social status and functional trust. Because they believe branded products to be the "real thing" and to fulfil specific criteria, half of the respondents base their brand value on promises of quality and authenticity. This makes counterfeit goods, which lack these assurances, undesirable to them. A significant percentage also concentrate on the status component, which means that brand equity is connected to the social and symbolic value a brand conveys (wearing a well-known label as a sign of money or taste). The modest percentage of respondents who minimized the significance of brands (calling them "just a name") is comparable with previous surveys in which 20 - 25% of respondents said they didn't appreciate brands or wouldn't pay premiums; these respondents are probably the same pragmatic customer category. This finding supports the idea that brand equity is two-dimensional, consisting of both intangible judgments of prestige and tangible perceptions of authenticity and quality. Consumers are aware of these aspects, according to the poll, and strong brands typically deliver on both fronts. While businesses that lose exclusivity or cachet risk losing status-seeking consumers, brands that don't deliver quality will lose trust-driven consumers. Maintaining both elements is essential to preserving total brand equity.

Q10. Do you prefer brands that are exclusive or brands that are more accessible to everyone?

- I prefer brands that remain exclusive (limited availability, premium segment)
- I prefer brands that are accessible to a wider audience (affordable and widely available)
- I have no strong preference, as long as the product is good

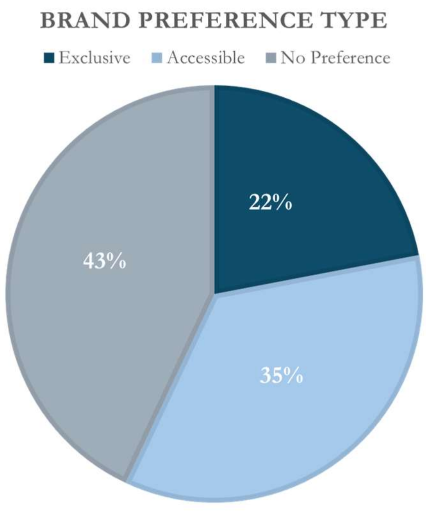

Figure 21: Consumer preference for brand exclusivity vs. accessibility

The majority of respondents (43%) indicated that they have no strong preference as long as the product is decent, suggesting that for them, concerns about exclusivity are not as important as product quality or attractiveness. In contrast, a greater portion of consumers (35%) like brands that are available to everybody, whereas 22% specifically prefer brands to be exclusive. These findings imply that a sizable segment of consumers (about one-third) value accessibility; they want brands to be accessible and inclusive, probably appreciating affordability and ubiquity. A smaller but noteworthy group appreciates exclusivity and the prestige of having unique possessions. The fact that over half are neutral, emphasizing product quality over brand ubiquity or rarity, suggests that many people don't need exclusivity or mass accessibility; they just want a decent product, and they will evaluate brands based on that. This question is significant for the thesis because it demonstrates that overemphasizing exclusivity is not always beneficial. Although it can boost prestige by satisfying the needs of 20% of consumers, it may alienate a wider range of customers who either intentionally desire accessibility or don't care about exclusivity. These poll results highlight the difficulty that luxury firms face between increasing their market and preserving exclusivity, which was probably covered in earlier chapters. A company that is too exclusive may lose out on the 35% of consumers who value accessibility and even the neutral 43% who could welcome a more accessible product, while a brand that becomes too mass-market may lose some status (risking the 20% elitist segment). Therefore, preserving brand equity requires carefully balancing exclusivity - enough to preserve prestige, but not so much that it drastically reduces the pool of potential customers. This complex customer mindset reinforces the claim that, as long as product quality stays high, businesses can profit from some accessibility (such as entry-level goods or second-hand marketplaces) without significantly degrading their luxury image.

Moreover, the key claims of the thesis on the strength of brand image, authenticity, and customer trust are highly supported by the results of the "Brand Equity and Perception" survey. Aaker's brand equity model, which holds that perceived quality and loyalty generate additional value for the consumer and pricing power for the firm, is empirically validated by the overwhelming majority of respondents who confirmed that brand name matters in their purchasing decisions and that they are frequently willing to pay a premium for trusted brands. In line with Kapferer's Brand Identity Prism, which emphasizes the significance of the relationship and physical aspects (quality signals) in addition to the symbolic aspects (status), the data also reveal that consumers primarily see a well-known brand as a guarantee of authenticity and quality rather than just a label. This supports the findings from previous chapters that the uniqueness of the maison continues to be a crucial difference even in a disjointed resale market.

The major opposition to counterfeit goods highlights the importance of authenticity and trust. The thesis's criticism of the burn and destroy paradox is supported by customers' unwillingness to interact with counterfeits: instead of viewing wasteful destruction as maintaining uniqueness, buyers penalize businesses when sustainability and authenticity are jeopardized. Signalling theory (luxury as a status indicator) and social identity theory (brand consumption as identity expression) are supported by the survey's findings that most respondents routinely utilize secondary marketplaces while still appreciating brand signals. These findings help to explain why resale platforms have grown to be significant co-creators of value in the luxury ecosystem: customers still base their opinions on brand legitimacy, but they also demand accessibility and affordability. If businesses properly maintain the balance, circularity and co-creation need not undermine status, according to the nuanced reaction to exclusivity vs. accessibility, which is divided between those who favour exclusivity, those who favour accessibility, and a sizable neutral group.

Overall, the poll demonstrates that even as control spreads across platforms, brand equity is still a valuable asset. Customers praise companies that maintain authenticity and quality while penalizing those that permit counterfeiting or seem wasteful. The thesis's argument for a change from unilateral control to planned, open participation is supported by these sentiments. Luxury companies are more likely to hold onto their power if they incorporate aftercare and resale into their own value chain, maintaining trust and fostering community-driven value. Thus, the quantitative data supports the qualitative analysis: in order to preserve brand equity in a fragmented ecosystem, it is necessary to combine consistent quality signals with a readiness to embrace circular consumption and co-create meaning with customers.

3.4 Structuring, Not Controlling: A New Paradigm for Luxury Resale

The previous sections have traced how luxury's traditional foundations of exclusivity and authority (3.1) have been progressively challenged by the rise of digital communities and peer-to-peer storytelling (3.2), ultimately leading to a fragmented ecosystem where trust and authenticity are constantly renegotiated (3.3). A paradigm changes results, with luxury companies functioning as participants in an open discourse influenced by internet visibility and community perception rather than as the exclusive creators of value. The next part looks at how Maisons could change from defensive control to strategic curatorship in this situation.

To start, one of the most important questions in the changing world of luxury resale is **how much brands should control the price and distribution of their goods after they hit the secondary market.** On one hand, social desire has always been the foundation of luxury's appeal; this phenomena are not solely the product of businesses but is also a product of communities, cultural trends, and collective imagination[180]. If the Maisons were to have complete control over resale prices, the perceived value that is usually kept by spontaneous community demand might stop growing. Fashion's desirability is fuelled by discussion and involvement; it is enhanced by storytelling, public interaction, and the emotional interchange between customers who determine what is and is not deserving of awe. Luxury runs the risk of becoming static - a sign of authority rather than aspiration - when such contact is restricted.

However, there are risks associated with total disengagement from the second-hand market. Value dissonance, or a fragmented market where products are valued based on conjecture, market noise, or conflicting authentication criteria, has frequently resulted from the lack of brand participation. The issue in this situation is that confusion shapes value rather than the community defining it. A market that lacks clarity on authenticity, provenance, or condition risks eroding trust and disrupting the entire concept of prestige that supports luxury. Therefore, structuring resale - rather than regulating it - is the solution[181]. Instead of controlling desire, luxury companies today have the chance to serve as curators of meaning, bringing legitimacy, traceability, and enduring trust to a market that frequently lacks coherence. By doing this, they can put emotions into context and create an open framework that

[180] Ida Ayu Iswari Pidada, Kim Gwi-Gon (2025), International Journal of Asian Business and Information Management: "Delve Into Bandwagon Effect on Second-Hand Luxury Products: Unveiling the Purchase Intention's Motivation"; file:///C:/Users/Utente/Downloads/Delve_Into_Bandwagon_Effect_on_Second-Hand_Luxury_.pdf

[181] Fanny Moizant, Felix Krueger, Pierre Dupreelle, Judith Vitrani, Charles Gardet, Dounia Wone, Alice Hebrard-Lemaire, and Maria Aresti (2025), BCG official publication: "Resale's Next Chapter: How Fashion and Luxury Brands Can Win in the Secondhand Market"; https://www.bcg.com/publications/2025/how-fashion-luxury-brands-can-win-secondhand-market

helps people create community value without getting in the way. The objective is to channel consumer passion into an environment where exclusivity and involvement may coexist, rather than to dilute it.

Authority and community are no longer antagonistic factors in this reframed worldview. Rather, they develop into complementary aspects of value creation, with one providing dynamism and relevance and the other stability and legacy. Therefore, who best creates the environment for value to increase rather than who controls it may determine the future of luxury resale.

CHAPTER 4 - Shadow Buyers in Luxury Retail: The Challenge of Bulk Purchasing and Cross-Border Arbitrage

4.1 Shadow Buyers in Luxury Retail: The Challenge of Bulk Purchasing and Cross-Border Arbitrage

Professional agents known as "shadow buyers"[182] are buying luxury products in large quantities for cross-border resale. This has created a parallel grey market that luxury brands are no longer able to ignore. These actors, who frequently work through unauthorized channels, take advantage of pricing differences around the world to arbitrage luxury goods outside of approved shops. Shadow purchasers, in contrast to counterfeiters, deal in authentic items that are properly acquired (via duty-free stores, boutiques, or brand boutiques) but resold through unapproved channels.

In markets like China, such bulk-buying agents are known as *daigou* (literally “to buy on behalf”). This grey market has expanded from a minor sideline to a multibillion-dollar shadow economy during the last ten years. According to consultants, China's *daigou* commerce alone has increased by 40% since 2019 to reach over $81 billion in 2023, a startling amount that highlights its influence on a worldwide scale[183]. Indeed, according to industry observers, grey-market sales now make up between 5 and 10% of global luxury revenues.

As evidence grew that these grey channels were undermining exclusivity and earnings, brands started to take notice of the shadow buyer issue in the mid-2010s. Many luxury executives first adopted a laissez-faire attitude, believing that a sale was a sale regardless of whether the buyer planned to resell. According to insiders, certain brands covertly accepted or even took advantage of grey-market sales in order to meet short-term financial goals. It has been alleged that well-known Chinese resellers were given the opportunity to see collections at showrooms in Paris and Milan, which are typically only open to official retail buyers. This indicates that off-the-record bulk buys were implicitly approved[184].

Still focusing on the rising demand of Chinese consumers, who spent the majority of the 2010s shopping for luxury goods overseas, kept this permissiveness in place. Between half and two-thirds

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182 Professional agents purchasing luxury goods in bulk for resale across borders

183 Casey Hall, Stella Qiu (2023), Reuters article: “Focus: 'Daigou' goes corporate as retailers seek new ways to reach Chinese shoppers”; https://www.reuters.com/business/retail-consumer/daigou-goes-corporate-retailers-seek-new-ways-reach-chinese-shoppers-2023-12-21/

184 Sarah Shannon (2018), The Business of Fashion official article: “Fashion’s Dirty Secret: Millions in Grey Market Sales”; https://www.businessoffashion.com/articles/luxury/fashion-dirty-little-secret-grey-market-luxury-paralleling/

of all luxury purchases made by Chinese consumers before 2020 are thought to have taken place outside of China's boundaries, either through direct international purchases or through *daigou* middlemen[185]. These trends gave brands the opportunity to profit from rising sales to Chinese consumers while ignoring the manner and location of the transactions. Using unapproved channels to get rid of excess inventory also helped luxury corporations.

But by the late 2010s, flaws in this strategy were apparent. Brands came to understand that the expansion of the grey market was not benign but rather aggressively "diluting" the prestige of luxury and weakening its pricing power. Volume - the sheer amount of goods being sold through shadow buyers - and visibility - the grey market's growing significance in the eyes of consumers - were the two main issues. Daigou resellers were coordinating a parallel distribution system globally, so this was by no means a niche occurrence. For instance, daigou activity increased in the mid-2010s when China's government clamped down on import tariffs and corruption as customers sought to avoid exorbitant domestic markups. While daigou-facilitated sales of the same products increased significantly (+23% over the same period), official sales in China stagnated or declined (-5% for luxury labels in early 2024), while firms that previously dismissed these resellers as a minor annoyance observed[186]. Luxury brands realized that each watch or bag sold through an unlicensed broker meant fewer were sold in their own stores, frequently at a lesser profit. The knowledge that a flourishing arbitrage market may skew a brand's meticulously controlled pricing structure was even more concerning. By 2023, top LVMH and Kering executives were publicly criticizing the effect of parallel imports on profitability, pointing out that Chinese consumers were increasingly putting off purchases for vacations to Japan or using grey e-commerce sites to take advantage of depreciating foreign exchange rates.

To put it briefly, what had started out as an open secret had become unavoidable: shadow purchasers were now a structural force in the luxury ecosystem, forcing the industry to recognize a significant threat to its long-standing dominance over distribution and perceptions of value.

The "outlet dilemma," or how discount stores turned into important access gates for shadow buyers, was one flashpoint that encapsulated the problem for brands. Outlet stores, which are both physically and figuratively separate from flagship boutiques, are designed to discreetly unload overstocked or past-season items at discounted costs. Outlets provide arbitrageurs a fantastic opportunity: genuine

[185] Casey Hall (2020), The Business of Fashion official article: "Luxury Brands Found a Solution for Their Inventory Glut. But Will It Backfire?"; https://www.businessoffashion.com/briefings/china/luxury-brands-found-a-solution-for-their-inventory-glut-but-will-it-backfire/

[186] Carol Ryan (2024), The Wall Street Journal official publication: "Luxury Brands' New Snag? Handbag Arbitrage"; https://www.wsj.com/business/retail/luxury-brands-new-snag-handbag-arbitrage-575bb1b7?mod=hp_listb_pos3

luxury goods may be purchased at 30–70% off retail, sent to high-priced markets, and then resold for a profit. Throughout the 2010s, busloads of Chinese tour groups arrived at major outlet centres like Gotemba (Japan) and Bicester Village (UK) specifically to make mass purchases. Before the pandemic, Chinese tourists dominated Western outlet malls; according to one report, they accounted for a "significant percentage" of sales in Europe's luxury stores, treating outlet shopping as a must-do activity for their vacation itinerary. As a result, inventory intended for covert discounting in outlet towns frequently found its way back into major markets - particularly China - through grey channels.

According to industry analysts, this dynamic can seriously **harm brand equity**: a luxury brand's exclusive reputation can be rapidly undermined if it continues to operate a sizable outlet operation in addition to significant parallel imports[187]. When hundreds of "new-with-tag" handbags that were originally purchased for €1,000 in outlet stores start to sell for €1,300 on resale websites, an iconic €2,000 handbag loses its air of exclusivity. These situations frequently occurred, hurting full-price outlets for brands. For instance, U.S. (where some brands have lower domestic costs) and Italy (with its numerous independent boutiques and outlets) have emerged as key supply regions for parallel exports. That is why, Italian wholesalers, who frequently had extra inventory, would covertly resell to Middle Eastern or Chinese grey-market agents after placing overorders. Similarly, supply from American off-price outlets for Coach and Ralph Lauren seeped into Asia, where prices were higher.

Essentially, the outlet network - which was initially intended to safeguard brand integrity by keeping discount items apart - ended up revealing a weakness when shadow buyers converted stores into global supply centres. By the end of the 2010s, CEOs of luxury brands faced a paradoxical reality: **growth-promoting tactics like aggressive regional price markups, outlet expansion, and wide wholesale distribution were now fostering a grey market that threatened to undermine the very exclusivity and price control that luxury depends on.** Brands realized that the days of benign neglect were over and started to plan a response.

4.1.1 Global Networks: How Professional Buyers Operate Across Borders

Today's shadow buyer networks are complex, cross-border enterprises that serve as a kind of alternative luxury goods supply chain. They thrive on a single, basic economic disparity: notable regional pricing differences for the same good. Luxury companies have historically set pricing considerably lower in their native markets and higher in emerging areas (typically to balance import charges and increased local taxes). For instance, luxury items are currently most expensive in China,

[187] Sarah Shannon (2018), The Business of Fashion official article: "Fashion's Dirty Secret: Millions in Grey Market Sales"; https://www.businessoffashion.com/articles/luxury/fashion-dirty-little-secret-grey-market-luxury-paralleling/

where prices are often 20 - 30% higher in Beijing than in Paris[188]. Despite some recent closing, this disparity has remained, and it provides a strong incentive for arbitrage. In Europe, a premium handbag that retails for ¥30,000 RMB in China can cost ¥24,000. That difference (¥6,000, or about $800) represents potential profit to a shrewd reseller, especially when combined with currency manoeuvres and tax rebates. Chinese "daigou" purchasers are well known for exploiting Europe's VAT return scheme, which allows foreigners to recover approximately 10 - 15% of the purchase price when exporting[189]. Therefore, after a VAT refund in Paris, that handbag might actually only cost ¥21,000 RMB, increasing the arbitrage profit. The magnitude is evident when you multiply these transactions thousands of times over: parallel importers can undercut domestic Chinese prices by 20 - 40% and still make a healthy profit. In fact, high-end luxury goods frequently sell for a third less on Chinese grey-market marketplaces than they do at official China retail.

For example, one of the top resale sites has a huge Chanel Classic Flap bag for 33% less than the store pricing, or roughly ¥30,000 RMB. Interestingly, more than 4,000 copies of Louis Vuitton's well-liked new Carryall bag sold in just three months after being promoted on the same platform at a 20% discount. These instances demonstrate how price arbitrage is essential to the shadow buyer business model; they look for less expensive locations and channels, make bulk purchases, and then target more expensive markets where willing purchasers are willing to pay a premium that is still less than local retail. By shifting items from less expensive markets (Europe, Japan, outlet channels) to more expensive ones (China, Southeast Asia), the grey market essentially "flattens" luxury prices globally.

The combination of worldwide mobility, digital connection, and wholesale-level organization makes it possible for these businesses to function at scale. Extremely well-organized networks with substantial purchasing power have replaced the days of amateur resale. A Re-Hub consulting report claims that modern parallel importers have developed into expert companies capable of obtaining substantial quantities of goods via a variety of routes, such as the duty-free and wholesale streams of the brands themselves[190]. Practically speaking, this implies that shadow buyer networks might collaborate directly with foreign distributors or retail partners. A grey-market middleman might, for instance, negotiate with tiny European boutiques to buy their excess inventory (at a slight premium over wholesale) and then transport those items in bulk to Asia. Others send teams to bid in seasonal sales or luxury auctions, snatching up products at a discount that are subsequently exported.

[188] Fanny Tang (2023), Luxury Tribune article: "In China, the resale market (Daigou) is impacting luxury"; https://www.luxurytribune.com/en/in-china-the-resale-market-daigou-is-impacting-luxury
[189] Conrad Quilty-Harper (2025), Jing Daily article: "Gangs, tourists funnel luxury handbags into China: Part 1"; https://jingdaily.com/posts/china-s-luxury-smuggling-networks-exposed-part-1-the-tourist-mules

[190] The Business of Fashion BOF official publication (2024): "Luxury's Latest Foe: 40% Discounts on Chinese Resale Sites"; https://www.businessoffashion.com/articles/luxury/luxurys-latest-foe-40-discounts-on-chinese-resale-sites/

Another significant conduit has been duty-free stores. In South Korea, where duty-free stores mainly depend on Chinese resellers, the lack of frequent tourists during COVID made the company virtually totally a wholesale-to-daigou enterprise. Foreigners, primarily daigou dealers, made up 96% of Korean duty-free sales at one time in 2020 when travel was prohibited. Because these resellers purchased in bulk, their average spend per client increased by 927%, from $843 to $8,652[191]. These numbers highlight how shadow purchasers behave like stock aggregators, buying hundreds or even thousands of pieces at once when it's feasible. What began as people "mulling" a few goods has evolved into a complex network of cross-border bulk logistics.

Social media and international e-commerce have further accelerated these networks. A large portion of the grey market has shifted to internet platforms in place of discrete hand-carry transactions. One well-known example is Dewu, often called Poizon in English, which started out as a sneaker-resale app before evolving into China's biggest marketplace for luxury items imported in parallel by 2023. Remarkably, Dewu was projected to contain about 75% of China's luxury daigou transactions by volume, and it currently has 150 million active users[192]. Its business philosophy is instructive: they only invite vendors who can provide the best deal for a certain luxury item that is brand-new in its box, and it verifies each product with internal specialists prior to delivery. Young, tech-savvy Chinese buyers have been drawn to this in large numbers, and they utilize the app to find brand-new luxury goods with confidence in their authenticity at 20 - 40% less than official rates. Dewu has essentially turned into a virtual marketplace for illegal goods, bringing together Chinese consumers and international shadow vendors. Therefore, it is possible for a Chinese reseller to purchase a Gucci belt in Europe for €315, transport it to China via Hong Kong, and then resale it on Dewu for about $460, which is still about 20% less than the retail price in China[193]. Social media platforms like WeChat and Instagram are particularly important since many daigou use them to build private client books by sharing pictures of recently delivered goods and accepting preorders. These resellers manage global procurement teams in the background. Some employ foreign visitors or students as part-time employees; others combine shipments using bonded warehouses and freight forwarders. According to a recent investigative report, organized gangs in Europe use tourists as "mules" to purchase a certain number of luxury handbags tax-free and claim VAT refunds. The tourists then give the goods to the ringleaders, enabling the network to build up inventory while avoiding suspicion from customs

[191] Martin Moodie (2020), The Moodie Davitt Report article: "Korean duty-free sales slide -53% in May but daigou bulk buys surge +927%"; https://moodiedavittreport.com/korean-duty-free-sales-slide-53-in-may-but-daigou-bulk-buys-surge-927/

[192] Casey Hall, Stella Qiu (2023), Reuters article: "Focus: 'Daigou' goes corporate as retailers seek new ways to reach Chinese shoppers"; https://www.reuters.com/business/retail-consumer/daigou-goes-corporate-retailers-seek-new-ways-reach-chinese-shoppers-2023-12-21/

[193] All prices double checked on Gucci and Dewu platforms.

officials[194]. These ring leaders then set up mass exports to the destination market, frequently under false pretences or through third parties. Shadow buyer networks build a sophisticated arbitrage engine that operates around the clock on many continents by taking advantage of every benefit, including duty-free stock, outlet sales, wholesale discounts, VAT refunds, and currency changes (for example, the weak yen in 2023 made Japan a bargain source).

Professional buying networks are becoming to resemble real business supply chains in terms of structure. Particularly in transit centres like Hong Kong, several major resellers run warehouses and have registered firms. Due to travel restrictions during the epidemic, many individual daigou changed their business models to become more formal online "retailers," and wholesalers filled the void[195]. Although it is not under the authority of brands, the grey market can be seen as an unplanned, worldwide redistribution mechanism for luxury items that moves goods to the markets that value them the highest. But in the long run, this kind of unauthorized redistribution undermines the regional sales channels and segmented pricing strategies of firms. Additionally, there are reputational risks: luxury goods are being offered for sale in settings that the brands haven't chosen (such as Taobao or a daigou's apartment), and customers may obtain goods that lack the entire luxury experience or post-purchase support, which could harm the brand's reputation.

Finally, is important to observe how wholesalers in one nation work with agents and online retailers in another, forming a complex web of cross-border cooperation that allows the contemporary shadow buyer ecosystem to profit from pricing differentials. Because of its effectiveness and size, luxury maisons face a direct threat from these networks, which are essentially **unapproved competitors stealing demand and changing how people throughout the world obtain luxury goods**.

4.1.2 The Crackdown: Why Brands Are Fighting Back

Luxury brands are launching a crackdown to preserve their hard-earned prestige after becoming more concerned about the development of shadow purchasers and uncontrolled grey-market resale. Differently from counterfeit trade, the grey market consists of authentic goods sold outside of authorized channels, frequently through cross-border arbitrage and bulk-buying agents, as specified in the previous sections too. This activity weakens carefully calibrated pricing plans and dilutes brand image.

[194] Conrad Quilty-Harper (2025), Jing Daily article: "Gangs, tourists funnel luxury handbags into China: Part 1"; https://jingdaily.com/posts/china-s-luxury-smuggling-networks-exposed-part-1-the-tourist-mules

[195] The "Daigou 2.0" phenomenon, Chinese-founded businesses abroad buy goods in bulk to resell on domestic Chinese e-commerce

Leading luxury brands take care to create an air of exclusivity and scarcity, but widespread illegal resale poses a challenge to this image by making their items seem too cheap or accessible, undermining the prestige that supports their value. For instance, the key to luxury marketing is exclusivity. As Jean-Noël Kapferer famously warns, *"if luxury becomes available for everyone, it democratizes, it loses rarity…and becomes common"*, luxury no longer qualifies as such. Paying full price at an official boutique can in fact, become less attractive for a customer if a flagship handbag or watch is readily available through parallel importers at 20 - 40% discount. As worldwide price disparities become obvious online, consumers may begin to doubt a brand's pricing integrity and lose faith in it[196]. Large regional price differences do, in fact, "facilitate the existence of a robust grey market," according to industry research, and companies have long "underestimated" the significance of worldwide price harmonization. In summary, luxury enterprises' control over brand equity, pricing stability, and the sense of exclusivity that sets true luxury apart from mere commodities are all directly threatened by the growth of the grey market.

Grey-market characteristics might further skew a brand's consumer experience and distribution plan. To strengthen brand value, luxury companies make significant investments in prominent locations, fine service, and carefully designed spaces. However, a rise in off-channel sales indicates that a large number of consumers come into contact with the brand on unofficial channels where the business has little control over presentation or level of service. Furthermore, popular items that are snatched up by bulk customers and sold out at official retailers frequently resurface on resale sites at a premium. This situation damages the brand's relationship with its core clientele by frustrating devoted customers and pressuring them to pay secondary-market charges. Therefore, the grey market has a tangible impact on supply availability and perceived justice rather than only undermining abstract ideas of luxury cachet. Bruno Pavlovsky, Chanel's president of fashion, observed that grey market *"bulk"* buyers in Asia were creating product shortages that "*alienated individual customers"*, bringing Chanel to intervene to keep goods in the right hands[197]. In essence, the person who purchases a luxury item is almost as important to preserving a brand's reputation as the thing itself; **an item sold to a grateful customer in-store has far more symbolic value than one that is flipped for profit to an unidentified buyer**.

In addition to exclusivity, perceptions of authenticity and quality, two essential components of premium brand equity, are also under risk from grey markets. Grey-market products are genuine, in

[196] The Fashion Law official publication: "Price Harmonization: Lots of Talk but Little Action in Luxury"; https://www.thefashionlaw.com/price-harmonization-lots-of-talk-but-little-action-in-luxury/

[197] The Fashion Law official publication: "Chanel Confirms Efforts to Crack Down on Bulk Buyers, as Demand Booms - The Fashion Law"; https://www.thefashionlaw.com/chanel-says-efforts-to-crack-down-on-bulk-bags-buyers-as-market-booms/

contrast to counterfeit ones, yet customers frequently have uneasy feelings about things that are sold outside of authorized retailers. Chen's (2007) empirical study demonstrates that consumers' perceptions of brand equity are significantly impacted by the source of purchase (approved boutique versus grey channel)[198]. The credibility and trust of a business can be severely harmed by this disparity in the client experience. Customers expect luxury brands to deliver on their promises (great craftsmanship, heritage, and attentive service) at every touchpoint. Transactions on the grey market deviate from this pattern. Customers will hold the brand, not the grey seller, accountable for their dissatisfaction if they inadvertently buy a watch from an unapproved reseller and discover later that it is an expired lot or lacks a valid warranty. These interactions damage the brand's reputation and generate unfavourable word-of-mouth. Customers who experience irregular pricing or a lack of after-sales service will see the brand as "less premium," which will fracture its image[199]. Furthermore, the absence of a formal retail setting in grey-market sales robs the brand of its story: the luxury store is not used as a "theatre" for value communication and storytelling. Customers may become less emotionally attached to the brand as a result of not being able to enjoy the immersive brand experience that supports high luxury costs. Therefore, if unapproved distribution is left uncheck this can lead to more extensive harm to the brand's reputation as customers begin to doubt whether it is actually fulfilling its ambitious claims.

Moreover, although the fundamental danger posed by grey markets to brand prestige is universal, luxury firms' strategies can differ between Western and Asian contexts depending on customer attitudes and industry standards. In order to preserve their reputation, premium brands in Europe and America have always enforced strict channel control. Famously avoiding discounts, heritage brands like Hermès, Chanel, or Louis Vuitton severely limit distribution (sometimes selling solely through their own boutiques or a few high-end department stores). This exclusivity is maintained by this myopia, which also explains why leaks from the grey market worry Western luxury executives. For example, LVMH officials recently stated that they are less vulnerable to parallel imports in areas such as China because of the *"tight control [our] brands hold on distribution"*[200]. In order to prevent arbitrage-driven grey flows that were eroding its value in Asia, another flag example regards Chanel which adopted the drastic measure of harmonizing global prices in 2015 (increasing European tags, lowering Chinese tags). By preventing grey channels from taking advantage of price discrepancies,

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[198] Hsiu-Li Chen, Ming Chuan University, Taipei (2007): "Gray marketing and its impacts on brand equity"; https://vlex.co.uk/vid/gray-marketing-and-its-846726983

[199] Nab Core Brand Protection & Tracking Specialists publication (2025): "The Gray Market's Impact on Brand Protection: What Brands Need to Know"; https://nabcore.com/gray-market-impact-on-brand-protection/

[200] Casey Hall (2024), Reuters article: "China's booming grey markets add woes to luxury brands"; https://www.reuters.com/business/retail-consumer/chinas-booming-grey-markets-add-woes-luxury-brands-2024-10-21/

such actions demonstrate a conviction that brand equity must be protected, even at temporary expense. When a luxury brand is widely accessible on unofficial websites or street markets, it soon loses its attraction. Western luxury customers, on the other hand, tend to perceive a large, authorized retail presence as part of the brand's mystique.

Asian markets, on the other hand, have always shown mixed feelings toward grey-market luxury. For instance, throughout the 2010s, the *daigou* phenomenon became a significant grey channel in China (as discussed in the previous chapters). Purchasing through grey-market brokers was a clever (and frequently required) method for Chinese customers to obtain luxury products at the time, when there were few local retailers and excessive domestic markups. Many purchasers viewed grey-market goods as similar luxury things that were merely acquired through different channels, rather than as "tainted." This implied that the immediate harm to a brand's reputation in the eyes of consumers was less severe in Asia; a customer boasting about a new Burberry coat may freely state that it was purchased for 30% less from a Hong Kong parallel importer without feeling guilty. But the long-term effects on brand image in Asia are starting to resemble those in the West. Asian customers also place a lot of importance on luxury signalling since social capital is carried by exclusivity and distinction. More discriminating consumers may lose interest in a brand if it is too closely linked to inexpensive online marketplaces (many of which, such as China's Dewu or Xianyu, currently transport massive amounts of luxury goods on the grey market[201]). Thus, in an effort to counteract grey-market dilution, Asian luxury goods and stores are increasingly adopting Western practices. For example, similar to European brands, certain luxury companies in Korea and Japan have used regional package variances and serialization to identify grey exports. Additionally, the popularity of grey channels has started to decline in China as the government lowered import taxes and companies grew their retail networks. Luxury brands now place a strong emphasis on genuine experiences in their official mainland outlets, which sets them apart from grey merchants. In Asia, the narrative is changing. Instead of tacitly accepting grey-market sales as an additional source of income, international brands (as well as up-and-coming local luxury players) are openly alerting consumers to the dangers that bargain luxury poses to service and quality control, which is promoting a return to authorized purchases.

Finally, it is reasonable to say that the biggest danger to luxury brands is the grey market, which undermines the foundations of exclusivity, authenticity, and regulated experience that characterize their worth. Although its effects differ by location, the fundamental danger is the same: reputation diminishes as access grows beyond properly guarded limits. It is clear that maintaining uniqueness

[201] Jeanne Dupeau (2018), Medium article: "Gray Market: how can luxury regain control on its image?"; https://medium.com/@heuritech/gray-market-how-can-luxury-regain-control-on-its-image-c0ce7847205f

and trust, rather than volume, is crucial to maintaining the symbolic and financial power of luxury as both Western and Asian economies move toward tighter regulation and price harmonization.

4.1.3 Initial Brand Reactions, from Ignorance to Countermeasures

Many companies were reluctant to respond in the early days of the luxury resale boom; some even accepted or even profited indirectly from grey-market channels, which served as a pressure valve for surplus inventory. Because they believed that a sale was a sale regardless of the unofficial channel, some luxury manufacturers ignored parallel imports during this phase (more detailed explanation in the previous section). The high-end watch industry provides illuminating data: by the mid-2010s, the grey market was believed to have doubled its proportion of worldwide luxury watch sales (for watches over $5,000) to 20%[202]. The excess in Asia, which grey brokers quickly accepted, was a major contributor to this spike. Some brands tacitly permitted this arrangement for a while, and their sole concession to enforcement was a feeble one: they refused to uphold warranties on sales on the grey market (as Omega did after discovering that it was oversupplied in Asia). Essentially, many upscale homes' first response was either benign negligence or, at most, flimsy deterrents. In essence, the initial reaction of many high-end residences was either harmless carelessness or, at most, weak deterrents.

However, premium brands could no longer afford to do nothing as the grey market grew, and its negative effects became evident. Thus, there has been a **shift in recent years from ignorance to proactive countermeasures**. Regaining control over who purchases, how much they purchase, and through what channels has been the main emphasis of early reactions. Notably, both Western and Asian brands - from luxury Asian stores to Parisian couture houses - have begun using comparable toolkits, albeit with some regional variations. These early tactics, which vary from overt transactional restrictions to covert legal and logistical constraints, are described in detail below.

Limiting Bulk Purchase → Setting purchase limitations for desired items has been a popular initial step. Brands try to prevent resellers from trying to hoard products by limiting the amount that a single customer can purchase. The CFO of Chanel, for instance, acknowledged in 2022 that the company was limiting sales of some high-demand items (allegedly allowing no more than two Classic Flap bags per customer per year) in order to "protect customers" and reduce bulk buying)[203]. Chanel has since confirmed that it has put limits on its iconic handbags. By preventing any one customer (or

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[202] Paul Altieri (2018), Bob's article: "Richemont is Destroying Luxury Watches to Beat the Grey Market"; https://www.bobswatches.com/rolex-blog/breaking-news/destroying-luxury-watches-grey market.html?srsltid=AfmBOorXQX65FYEWeuhWkL_6QhiPhmpFK9EtSvPEqT8tC1uDu_E1PJNJ

[203] Silvia Aloisi, Mimosa Spencer (2022), Reuters article: "Chanel may limit purchases more in exclusivity drive"; https://www.reuters.com/markets/financials/chanel-upbeat-2022-growth-despite-china-recession-risk-2022-05-24/

related group of proxies) from clearing out store inventory, these restrictions - which were first tested in areas like as South Korea - are specifically intended to curb the surge in the resale of Chanel products. In addition to discouraging professional buyers, analysts pointed out that these actions conveniently increase exclusivity, making the pricey bags seem the more special to a customer who can only purchase one or two of them annually. Chanel's situation is not unique; Hermès has long enforced stringent limitations on its Birkin and Kelly handbags, customarily limiting customers to two "quota bags" annually in order to retain their exclusivity; Loro Piana did the same with their famous "White Soul" and so on… This strategy has been embraced by even more mass-market luxury players. For example, Louis Vuitton banned customers from purchasing more than two of the same handbag model annually in 2008 after noticing that "professional buyers" were reselling its products throughout Asia. Once uncommon, these quota systems are now becoming the standard in the industry. Brands directly target shadow purchasers' business model, which depends on their ability to acquire large quantities of a popular item, by limiting product availability. Loss of sales volume is the short-term drawback, but brands believe that preserving their reputation and devoted customer base is the long-term benefit. Although eager buyers may experience some "short-term frustration" due to these limitations, as Chanel's executive pointed out, overall customers recognize that they are necessary to uphold the integrity of the brand. acquire restrictions essentially convey the message that even willing money cannot acquire unrestricted access to luxury goods, which are not freely scalable commodities.

Blacklisting and In-Store Vigilance → Increasing customer screening to find and weed out known resellers has been another early strategy. In order to identify patterns that indicate a "shadow buyer," luxury brands are increasingly investing in data analysis and front-line training. For example, Louis Vuitton is said to have internal systems that flag people suspected of trading - those who, for example, frequently purchase the same item or spend unusually high amounts on repetitive purchases - and to ban them from making any more purchases[204]. By keeping track of the profiles of repeat bulk purchasers, LV and other companies can discreetly decline to sell to those clients, so stopping the supply at its source. By explicitly "screening for customers it believed might be stocking up purely to flip" handbags on the secondary market, Chanel went one step further in South Korea. Chanel revealed that, as a stark example of how common reseller shoppers had become, it had banned almost one-third of potential buyers from its Korean boutiques after implementing this screening method. The shopping frenzy was promptly subdued by this crackdown; Chanel reported that boutique traffic

[204] A more detailed explanation of these algorithms will be provided in Chapter 4.2.1 "Technological Solutions"

had decreased by 30%, primarily due to those purchasers who were prohibited[205]. While most businesses find it unacceptable to turn away consumers, luxury companies saw it as a necessary trade-off to maintain a serene, exclusive in-store environment for loyal customers. Frontline employees have been trained to politely but firmly deny sales when questionable activity is observed, and in extreme situations, ID checks or membership systems have even been used to back such blacklisting efforts. Department stores in Seoul instituted appointment slots to manage the infamous "open runs" (dawn stampedes of shoppers rushing in when doors open), while other stores in China started asking passports or Chinese IDs to track returning customers. Technology supports these efforts: companies create global CRM databases of privileged customers and known prohibited purchasers, making it impossible for someone who is barred in Paris to buy in Dubai or Tokyo (more on these sophisticated tools will be covered in Chapter 4.2). Furthermore, companies have begun to include clear anti-resale provisions in purchase agreements. In certain markets, Hermès receipts since 2020 boldly state that the buyer "agrees they are purchasing for personal use" and will not resell the items for profit. Even while these conditions might be difficult to implement legally, they act as a deterrent by alerting customers that the company is looking for resellers.

Limiting Supply Leaks → At a more strategic level, companies have taken steps to close the supply-side gaps that are exploited by grey markets. Reducing wholesale and third-party distribution, which have been major contributors to product diversion, is one noteworthy trend. Businesses who had previously relied on duty-free stores or authorized wholesalers found that these sources were frequently the source of grey-market products (either through over-ordering or covert resales). In response, a number of high-end companies declared their intention to reduce their wholesale networks in favour of more stringent direct control. For instance, Burberry, which still received around 20% of its revenue from wholesale as of 2023, announced that it would cut its wholesale exposure by roughly 30% in order to keep extra inventory out of off-price channels. In a similar vein, Prada and a portion of Gucci's parent company, Kering, have openly signalled a retreat from wholesale distribution[206]. Brands can better manage inventory and price by increasing sales through their own stores and websites (or in highly regulated concessions), keeping unsold items from secretly getting into the hands of unauthorized resellers. Alongside with this, companies are enhancing inventory control to steer clear of surpluses that fuel black markets. This entails implementing stricter inventory controls (often utilizing tech solutions to track stock levels in real time) and manufacturing closer to actual demand. These days, some brands would rather purchase back product or reroute it to markets where

[205] The Fashion Law official publication: "Chanel Confirms Efforts to Crack Down on Bulk Buyers, as Demand Booms - The Fashion Law"; https://www.thefashionlaw.com/chanel-says-efforts-to-crack-down-on-bulk-bags-buyers-as-market-booms/
[206] CPP Luxury article (2024), "NEWS Luxury industry impacted by the grey market in China"; https://cpp-luxury.com/luxury-industry-impacted-by-the-grey-market-in-china/

it can be sold at full price than allow it to leak out at a discount when mistakes do happen and surplus accumulates. Despite being an extreme example, the Richemont case - which involved purchasing and destroying watches - sent a strong message to the entire industry about the importance of keeping "healthy inventory levels" at all costs in order to preserve brand value[207]. Additionally, as a structural solution, businesses like Chanel have actively sought worldwide price harmonization (as specified in the previous sections too). They lessen the motivation for arbitrage by reducing the price differential across regions (for instance, by bringing Asian retail prices closer to those of Europe). A global pricing adjustment in 2015 "reduced quite a lot the parallel market" in Asia, according to Chanel's fashion head. Chanel's own boutiques in China saw an increase in sales as a result of Chinese buyers no longer saving as much money by purchasing a Chanel bag in France[208]. This tactic aims to maintain pricing integrity and reduce the profitability of grey reselling, in conjunction with recurring price increases across the globe. Numerous competitors, including as Gucci and Louis Vuitton, have also implemented more coordinated pricing and a series of price hikes with the express goal of preserving margins and discouraging cross-border deal-hunting.

Battles on a Legal Ground → As early countermeasures, luxury businesses have not shied away from using lawsuits and contractual enforcement. Authorized dealers have been cautioned by brands with selective distribution systems that any secret supply to unapproved resellers will be seen as a breach of contract, punishable by loss of supply or legal action. Companies must exercise caution in places like the EU, where geo-blocking is prohibited by law (because excessively limiting cross-border sales may result in antitrust fines)[209]. However, luxury manufacturers have discovered ways to use trademark infringement or brand damage as grounds for litigation against grey-market middlemen. For example, several have filed lawsuits against unapproved internet sites that utilize the brand's name or promotional materials without authorization or that make false claims about authenticity. These instances show that brands are ready to battle in court to exert control over their distribution, even if they can be difficult (because of the legal principle of exhaustion of rights once a product is first sold)[210]. Brands have also pushed for better enforcement of customs legislation and collaboration with authorities on anti-diversion programs in an effort to stop parallel imports. The

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[207] Zoe Wood (2018), The Guardian official publication: "Cartier owner destroys more than £400m of watches in two years"; https://www.theguardian.com/business/2018/may/18/richemont-destroys-nearly-500m-of-watches-in-two-years-amid-buyback-policy

[208] Sarah Marsh (2016), Reuters article: "Chanel winning fight against luxury grey market: executive"; https://www.reuters.com/article/business/chanel-winning-fight-against-luxury-grey-market-executive-idUSKCN0XT1ZJ/

[209] European Commission Press Release IP/18/6844 (2018), Antitrust: Commission Fines Guess €40 Million for Anticompetitive Agreements to Block Cross-Border Sales; https://ec.europa.eu/commission/presscorner/detail/en/IP_18_6844

[210] The legal principle whereby intellectual property rights are exhausted after the first authorized sale of a product.

way some luxury groups took advantage of customs laws is an intriguing example of quasi-legal policy: according to U.S. customs law, a manufacturer can recoup import fees if goods are destroyed under supervision. Recovering import taxes as "drawback" reimbursements was a financial benefit of Richemont's watch destruction and possibly other silent stock destructions[211]. Such actions demonstrate how committed brands are to eliminating the financial incentive for grey-market trade, even if doing so requires enduring temporary setbacks and negotiating intricate rules.

4.1.4 Consumer Survey: Enforcement Experience Tension

Chapter 4 detailed how luxury brands have been challenged by the emergence of "shadow buyers" and cross-border arbitrage, leading them to tighten supply, impose quotas, and step up anti-counterfeit measures. Although these tactics seek to maintain exclusivity and safeguard intellectual property, they may also drive away real clients who appreciate ease of use, customer service, and the ability to resell. Previous sections made the qualitative argument that in order to avoid undermining the trust and desirability they aim to protect; luxury maisons must walk a tightrope between deterrent and client experience. However, some questions arise:

→ What do customers think of these measures?

→ Are they in favour of vigorous legal action against counterfeiters?

→ How do they respond to limitations on resale, refusal of after-sales assistance, or purchase quotas?

This survey uses theoretical stances from fairness theory, service-dominant logic, and psychological ownership to investigate this "enforcement–experience tension." **Fairness theory** distinguishes between distributive justice (fairness of results) and procedural justice (fairness of the process); these ideas shed light on how customers assess warranty rejections, ID checks, and resale limitations[212]. When determining whether enforcement actions produce or destroy value, **Service-Dominant reasoning** emphasizes value co-creation between the enterprise and the consumer[213]. Finally,

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211 The Fashion Law article (2018): "Burned Bags, Destroyed Watches: There is More to the Alleged Destruction of Luxury Goods Than You Think"; https://www.thefashionlaw.com/burned-bags-destroyed-watches-there-is-more-to-the-alleged-destruction-of-luxury-goods-than-you-think/

212 Robert Folger, Russell Cropanzano (2001), Stanford University Press Stand, California: "Fairness Theory: Justice as Accountability"; file:///C:/Users/Utente/Downloads/AdvinOrgJustice_FolgerCropanzano2001.pdf

213 Stephen L. Vargo, Robert F. Lusch (2016), International Journal of research in Marketing 34 (2017) 46–67: "Service Dominant Logic"; file:///C:/Users/Utente/Downloads/VargoLusch2017IJRM.pdf

according to **Psychological Ownership theory**, a consumer's perception of resale freedom is shaped by their sense of control over and disposal of a product once they purchase it[214].

The questionnaire, which used the same demographic mix as the other survey, asked participants about their primary channels of purchase (official vs. secondary), their personal encounters with counterfeit goods, their opinions on resale rights, their attitudes toward brand litigation, and their responses to stringent pricing and distribution regulations. The chapter offers factual data to support or refute the qualitative thesis argument that successful luxury firms must balance brand protection with a satisfying consumer experience. The results provide subtle insights into customers' boundaries between convenience and brand enforcement, which helps determine how enforcement tactics might be adjusted to preserve exclusivity and loyalty.

Q1. What is your gender?

- Male
- Female
- Other/Prefer not to say

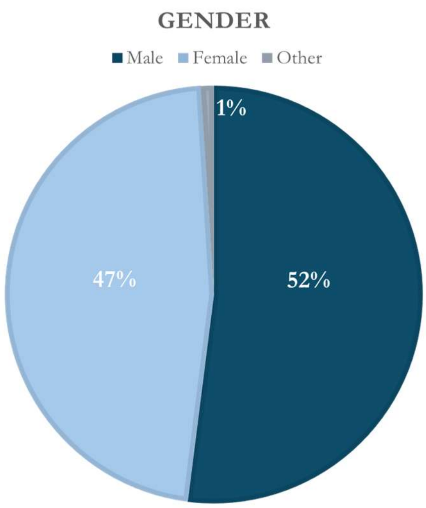

Figure 22: Respondent gender distribution

The gender breakdown of respondents in this survey is the same as in the first since I performed a unique big Survey divided into two sections. I would like to emphasize that the consistency in having the same "public" is intentional it guarantees that demographic variations won't skew the comparative observations between the two polls. Once more, a balanced gender distribution ensures that both male and female consumers' opinions on enforcement and experience are included. It reaffirms that

[214] Hyunsu Kim, Jing Li, Kevin Kam Fung So (2024), Journal of Business Research 174 (2024) 114502: "Psychological ownership research in business: A bibliometric overview and future research directions"

customer experience and brand enforcement policies are pertinent to both genders, and the survey's findings will be widely applicable.

Q2. What is your age?

- 18-25 years
- 26-30 years
- 31+ years

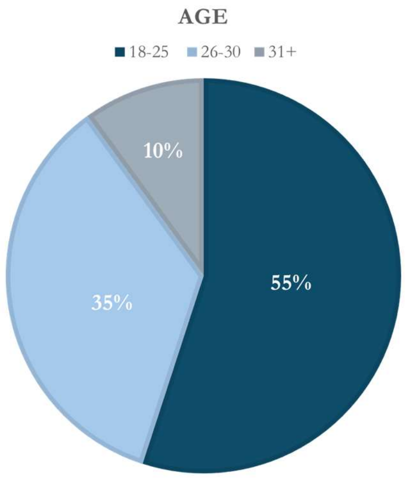

Figure 23: Respondent age distribution

Same argument of Q1 is valid for Q2. In this way we are sure that both sets of responses predominantly represent the same generational cohort discussed in the thesis context.

Q3. Where do you primarily buy branded fashion items?

- Only from official brand stores or authorized retailers
- From both official sources and secondary marketplaces
- Mostly from secondary marketplaces

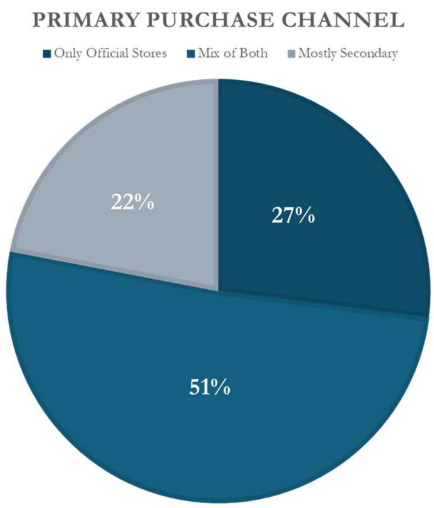

Figure 24: Primary channels through which respondents purchase branded fashion items

According to the survey's findings, just 27% of participants only purchase branded goods from authorized retail channels or official locations. 51% of respondents indicated they utilize a combination of official and secondary sources, while 22% said they mostly purchase from secondary markets (such as unofficial sellers or online reselling platforms). These numbers show how important the secondary market is to customers' purchasing decisions; in fact, over 70% of respondents use secondary channels to some extent. This result supports the first survey's finding that a large number of consumers shop second-hand and highlights a possible conflict: although brands want customers to purchase through official channels (for reasons such as pricing integrity, quality control, etc.), the majority of consumers are not restricting themselves to those channels.

Q4. Have you ever unknowingly purchased a counterfeit product?

- Yes, I have (later discovered it was fake)
- I'm not sure, but it's possible
- No, never

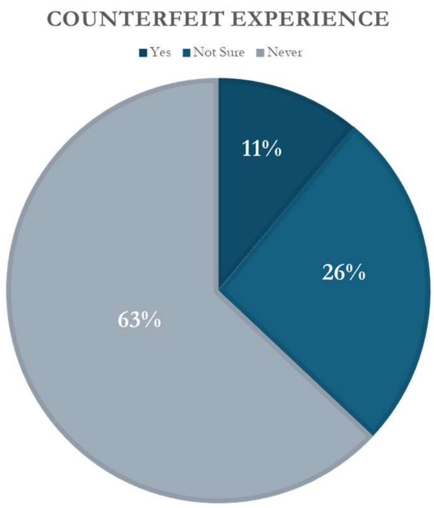

Figure 25: Incidence of unknowingly purchasing counterfeit products among respondents

Evidence shows that 63% of respondents said they had never unintentionally bought a fake. In the meanwhile, 11% of respondents affirmed that they have had the experience of later learning that an item they purchased was fraudulent, while 26% are doubtful or suspect they could have. There are two sides to these findings: On one hand, it's comforting that the majority of consumers do not remember being tricked by counterfeit goods; this could be due to either cautious consumer behaviour or successful brand and marketplace steps to filter out fakes. However, almost 40% of respondents either believe it is possible or have been victims of counterfeit transactions. This is a sizable minority, indicating that there is a discernible penetration of counterfeit items into consumer buying.

Q5. Do you think brands should take legal action against sellers of counterfeit products?

- Yes, absolutely – they should aggressively enforce against counterfeits
- Yes, but only to a reasonable extent (focus on major offenders)
- No, it's not necessary / I don't think it's important

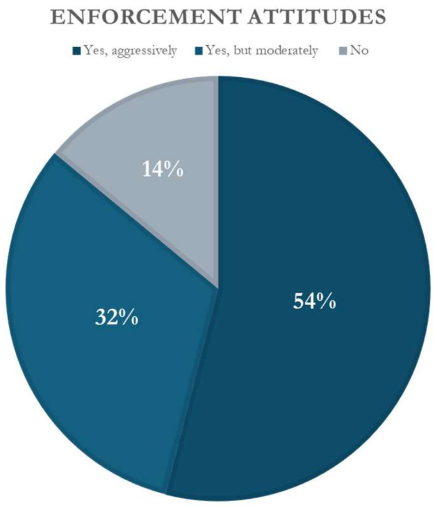

Figure 26: Consumer opinion on whether brands should pursue legal enforcement against counterfeit sellers

The vast majority of respondents (54%) said that brands should definitely pursue aggressive legal action against those who sell counterfeit goods. Another 32% are in favour of legal action, but they do so moderately, suggesting that while enforcement is good, it might be better to focus on large-scale counterfeit operations rather than getting too worked up about little things. Just 14% of respondents said that it is neither necessary nor important for brands to take legal action. Overall, the inclination in favour of enforcement is evident. It shows that consumers expect brands to actively safeguard authenticity and consumers, and they are generally aware of the negative effects of counterfeiting (similar with previous studies where most indicated fakes impair brand perception and some had been victims of fakes). The information supports the concept that genuine customers value brand-protection initiatives: by fighting fakes, brands are seen as defending quality and customer trust.

Q6. If a brand strictly enforces policies (Ex: No discounts allowed, products only sold through official stores), how does that affect your opinion on the brand?

- It negatively affects my opinion – I find those policies too restrictive
- It doesn't change my opinion – I'm fine with their policies
- It positively affects my opinion – It shows they maintain exclusivity/standards

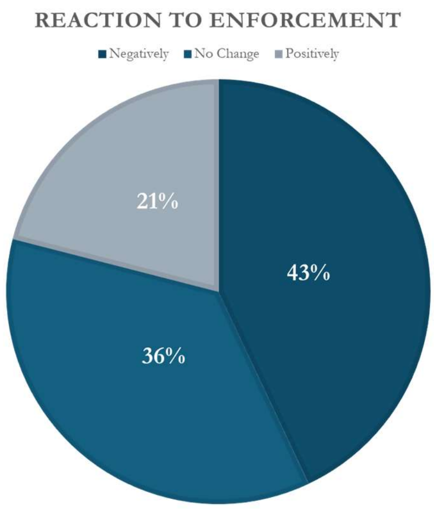

Figure 27: Impact of strict brand policies on consumer opinion of the brand

According to the results, 43% of respondents have a negative reaction to extremely stringent brand restrictions, such as prohibiting discounts or limiting sales to exclusive channels. Approximately 35% of respondents stated that such regulations have no effect on their perception of the brand, while 21% see rigid policies favourably and interpret them as the company upholding exclusivity or high standards. One important finding is that over half of the respondents are discouraged by strict price and distribution regulations. It implies that while maintaining brand equity (via exclusivity and pricing stability) is crucial, doing so rigidly might backfire by alienating a significant part of consumers who seek accessibility and flexibility or who just believe a company is being too snobbish or unpleasant to customers. The 21% of luxury consumers who value strictness are probably those who value a brand's exclusivity and associate no-discount policies with prestige and product integrity. The 36% neutral group, on the other hand, might either not be immediately impacted or appreciate the brand's authority to establish regulations even if they don't directly profit from them. This outcome serves as an example of the enforcement-experience trade-off for the thesis: aggressive measures to control the brand environment (prices, retailers) can guarantee a premium image (which some admire), but they also run the risk of being perceived as rigid or anti-consumer, which half of the customers detest. This reinforces the claim that companies should exercise caution when enforcing marketplace regulations because a strict approach could maintain short-term equity measurements but, in the long run, might create customer frustration, therefore eroding goodwill and loyalty.

Q7. Should consumers be allowed to resell branded products freely on secondary market?

- Yes, consumers should be free to resell without brand interference
- Yes, but the brand should ensure authenticity is maintained
- No, brands should limit or control resale to protect their image/pricing

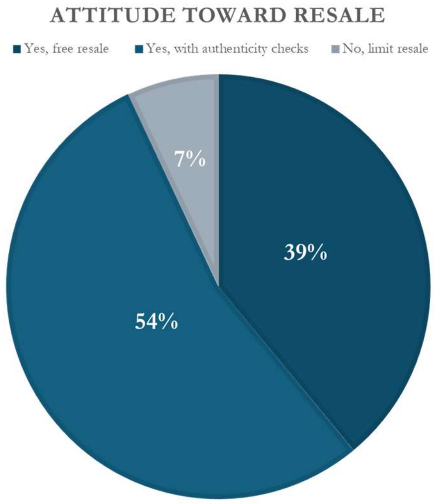

Figure 28: Consumer opinions on whether brands should allow or control the resale of their products

The survey reveals that 39% of respondents think consumers should be free to resale branded goods in any way they choose, free from brand intervention. Another 54% adopt a moderate stance, agreeing that resale is OK but believing that the brand should be involved in guaranteeing authenticity (Ex: by offering methods for authenticating used goods or approving reputable resale channels). Just 7% of consumers think that companies should aggressively restrict or manage resale in order to safeguard their reputation or pricing policies. These figures convey a clear message: consumers strongly support the capacity to resale, which is viewed as a fundamental consumer right and a useful feature of owning things (whether to pass stuff on or recover value). Few people support the notion that brands should prohibit or strictly regulate resale. From a customer experience perspective, Brands' attempts to stop owners from reselling their goods would be extremely controversial and probably detrimental to the brand's reputation. Even those who advocate for brand engagement (39%) characterize it as guaranteeing authenticity rather than prohibiting resale; in other words, they favour the resale market but want it to be real and secure. This data supports the thesis by highlighting how aggressive enforcement against secondary marketplaces would conflict with consumer behaviour and expectations. For the most part, consumers view their purchases as giving them complete ownership of the object and the ability to resell it. While companies who attempt to stop all resale may be viewed as going too far, companies that support or encourage legal resale (perhaps through agreements with resale platforms or certified pre-owned programs) may actually increase brand loyalty. This relates directly to previous conversations: most customers see resale as fair usage, even though uncontrolled resale may present problems for brand exclusivity or cost. The majority suggests that working with the resale trend (assuring authenticity) rather than opposing it could be the best brand strategy. This supports the notion that rather than limiting consumer liberties, brand enforcement should concentrate on authenticity assurance.

Q8. Does knowing that a brand is actively fighting counterfeits (Ex: using security tags, lawsuits, etc…) make you more likely to trust that brand?

- Yes, it increases my trust – the brand cares about quality and customers
- It doesn't significantly change my trust in the brand
- No, it might inconvenience or worry me as customer

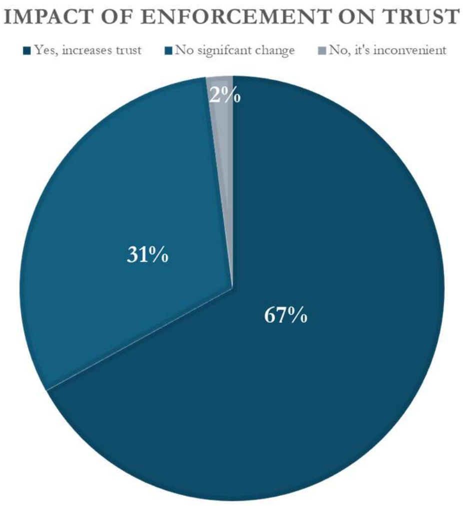

Figure 29: Effect of a brand's anti-counterfeiting efforts on consumer trust in the brand

According to the outcomes, 67% of participants stated that they have more faith in a brand when they are aware that it is aggressively combating counterfeit goods. A tiny 5% thought it would actually make them less trusting or be an annoyance, while roughly 31% stated it has no discernible impact on their level of trust. The overwhelming consensus is that customers have a favourable opinion of anti-counterfeit initiatives. This is exactly what consumers expect: when a brand takes obvious measures to safeguard authenticity and consumer safety (such as hologram tags, legal action against fraudulent sellers, or public awareness campaigns), they see it as an indication that the company is accountable and customer-focused, protecting them from dangerous or subpar knockoffs. Until a crisis arises, the neutral 31% may just ignore such concerns or take authenticity for granted. The small percentage (2%) who responded negatively might be thinking about inconvenience (possibly more restrictions or checks could make purchases more difficult) or they might misunderstand aggressive legal actions as the brand being hostile. It is a very tiny fraction, though. All things considered, this feedback lends credence to the theory that proactive enforcement can increase consumer loyalty and brand confidence. Customers are reassured about a brand's integrity when they witness it defending its goods. This implies that brands can improve impression by disclosing their enforcement actions.

Importantly, research seems that firms can deploy anti-counterfeit measures with little danger of consumer backlash, as long as those efforts do not materially impede the real customer's purchasing process. Only a small percentage of consumers are concerned about inconvenience. The survey concludes by confirming that consumers generally support anti-counterfeiting enforcement since it supports their desire to purchase genuine goods and safeguards the brand they have invested in.

Q9. If a brand refused to provide warranty or repair service for a product because it was purchased from an unofficial seller, how would you feel?

- I would be frustrated and view the brand negatively (the policy would upset me)
- I would understand the policy but be more careful to buy officially next time
- I wouldn't be affected / It seems fair (I only buy official)

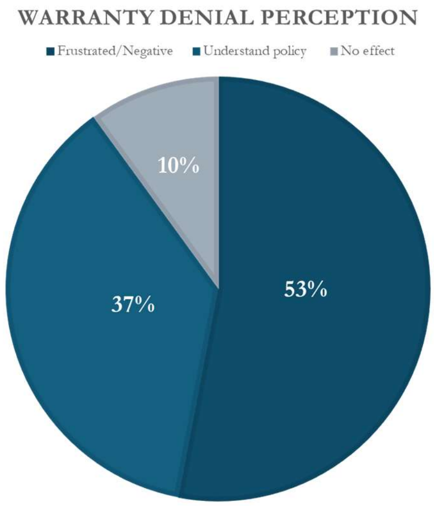

Figure 30: Consumer reactions to a brand refusing service for items bought outside official channels

The results are instructive: 53% of respondents stated that if they encountered this circumstance, they would become irritated and have a bad opinion of the brand. Another 37% of respondents stated they would comprehend the brand's policy (recognizing it as the owner's right or a known danger of purchasing illegally), yet it could make them more wary of making future purchases through official channels. The remaining 10% said they would not be impacted or thought it was fair; this is probably because they already shop at authorized stores or because they support the policy's tenets. Nearly half would respond angrily, indicating that such stringent enforcement of the warranty policy can seriously impair consumer happiness. A customer's perception of a brand's high-quality customer service is damaged when they are refused service on a product they paid for, only because of the source of the purchase. Even if 37% of respondents would reluctantly accept it, they might do so with some dissatisfaction (the response suggests they'd "be more careful next time," which is a learning moment possibly followed by regret). Only a tiny minority of brand devotees completely embrace the company's position. This demonstrates how overzealous enforcement - in this case, giving channel control precedence above customer support - can lead to conflict and animosity in relation to the thesis's central idea. Customers typically anticipate that a brand will support a genuine product if they own it. Brands enforce such policies to deter grey-market sales and encourage official distribution usage, which is understandable from a brand equity perspective, but the survey shows a cost: consumer goodwill is damaged in many cases. This data backs up the claim that strict enforcement guidelines may compromise the user experience, and brands should carefully consider this. Customer resentment may be lessened by striking a balance or taking a more nuanced approach (such as providing paid repair services for unofficial purchases rather than outright refusal). The outcome reaffirms a fundamental principle: maintaining brand equity shouldn't come at the price of alienating consumers. In the end, maintaining post-purchase support is more detrimental to brand equity than the illicit sale itself. Strict restrictions that undermine this experience might backfire by alienating devoted customers.

Q10. In your opinion, what should a brand prioritize more?

- Protecting its brands image and exclusivity (even if some customer convenience is sacrificed)
- Balancing brand protection with customer convenience and experience
- Ensuring maximum customer convenience and access (even if the brand become less exclusive)

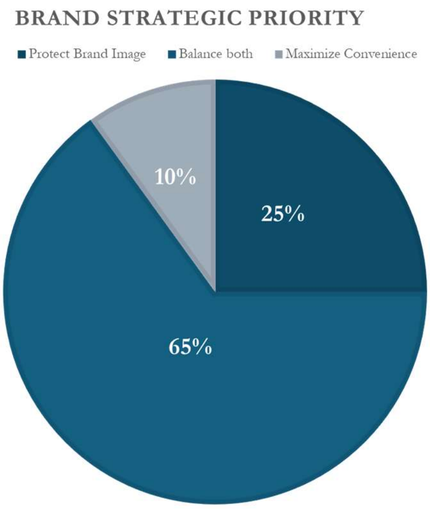

Figure 31: Consumer opinion on what a brand should prioritize – brand protection or customer experience

The answers are clear in favour of balancing: according to 65% of respondents, a company should strike a balance between preserving customer convenience and experience and safeguarding its reputation. Just 10% of respondents believe that a brand should put maximum customer convenience and access ahead of exclusivity, while only 25% believe that a brand should put exclusivity and brand image protection ahead of customer convenience. The core premise of the thesis - that **consumers do not want an extreme in either direction** - is powerfully validated by the preference for a balanced approach. They don't necessarily want a company to totally abandon its image and become too commonplace in an attempt to suit everyone, nor do they support a brand that upholds its prestige at the expense of customer satisfaction. Rather, most people understand that the most successful brands strike a balance between listening to their customers' requirements and making sure they have a good experience and upholding their key values (authenticity, quality, and image). Customers' agreement is a clear reminder to brand managers that initiatives shouldn't be all-or-nothing. The minority opinions are particularly instructive: 25% of respondents prioritize tight brand image protection over all else, which probably reflects luxury purists or people who place a great value on exclusivity (they may put up with waitlists, stringent rules, etc., if the brand stays elite). Ten percent more are on the other extreme, preferring a brand that is as approachable and easy to use as possible. This could be a result of their dislike of brands that are too restrictive or their support for democratic brands. In contrast to the majority, these are anomalies. This outcome essentially sums up how to resolve the conflict between enforcement and experience: balance is essential. Brands need to enforce their identity and trust sufficiently to keep consumers safe from imitations and dilution, but not so much that it erodes customer loyalty or makes doing business with the brand difficult.

The "Enforcement–Experience Tension" survey demonstrates that consumers acknowledge the need for brand protection alongside the significance of a favourable customer experience. A significant majority endorses legal action by brands against counterfeiters, illustrating **fairness theory**; they perceive robust enforcement as warranted when it safeguards legitimate consumers and upholds distributive justice. Most respondents exhibit greater trust in a brand that actively combats counterfeiting, indicating that enforcement measures can bolster consumer trust rather than diminish it. This supports the thesis that brands must assert their rights against counterfeiters and grey-market operators to maintain authenticity and brand value.

The data indicate that consumer dissatisfaction arises when enforcement directly impacts their ownership or convenience. Approximately 50% of respondents express a negative perception of strict policies, such as quotas and exclusive distribution. Additionally, nearly half would be dissatisfied if they were denied warranty or repair services for products purchased through unofficial channels. These reactions illustrate **psychological ownership**; upon acquiring a product, consumers perceive themselves as entitled to resell it and obtain after-sales support. They demonstrate procedural fairness; individuals accept enforcement when they view the rules as equitable, yet they dismiss measures perceived as punitive or arbitrary. The preference for resale freedom, demonstrates that consumers value the right to dispose of their property while recognizing the necessity of authenticity checks.

These findings support the thesis's critique of stringent enforcement: restricting customer freedoms or terminating services may have adverse effects, eroding the goodwill essential for sustaining long-term brand equity.

The predominant preference for brands to balance protection with customer convenience directly reflects **service-dominant logic**: value is co-created through interactions between the brand and the customer, rather than being imposed unilaterally. Consumers expect brands to maintain exclusivity and authenticity while also providing respectful and flexible service. The divergent views on resale, with a majority of respondents supporting either unrestricted or authenticated resale, align with concepts of psychological ownership and highlight the **necessity for brands to interact with secondary markets instead of attempting to suppress them**. The results, when considered alongside the qualitative evidence in Chapter 4.1 regarding quotas, buy-back programs, and anti-diversion technologies, indicate that enforcement is effective only when it is transparent, proportionate, and supported by customer-centric policies.
Finally, the survey highlights that effective luxury brand management relies on a balance between enforcement and experience. Consumers support measures that promote authenticity and fairness; however, they oppose policies that diminish accessibility or penalize legitimate owners. This empirical evidence supports the thesis's recommendation for luxury maisons to implement multi-layered, consumer-oriented enforcement strategies that integrate technological solutions and legal measures, while also allowing for flexibility in warranty, resale, and after-sales services.

Brands that incorporate enforcement within a comprehensive strategy of trust, service, and value co-creation will be optimally positioned to sustain exclusivity and foster customer loyalty in a progressively interconnected luxury environment.

4.2 Tracking and Enforcement: Do Current Systems Work?

Luxury Maisons are increasingly using technology to police grey-market diversion after putting basic protections in place. In order to keep track of who purchases what and where those goods wind up, sophisticated tracking and enforcement technology have replaced human vigilance. In every Maison in fact, a key role is every day played by the CRM department (Customer Relationship Management).

To better explain the central role of such department I interviewed the Senior Manager of the Client Intelligence and CRM Department of one of the biggest Maisons within the LVMH Group who indeed stated that:

"CRM has transformed from a basic database of client information into the primary tool driving strategic decisions for luxury brands"

adding also that:

"Modern CRM systems do more than just help with marketing. They also help with organizing inventories, sending out event invitations, and developing new products by looking at purchase histories, preferences, and feedback. In other words, CRM is no longer just about keeping track of interactions; it's also about predicting requirements and building long-term partnerships"

A natural question then arises, how these systems are able to create a specific picture of every client that pass through the door of a Store? The interview conducted helps to better understand this dynamic, indeed the executive explained that:

"To get a cohesive view, you need to combine data from several sources. Transactional data from point-of-sale systems, e-commerce platforms, and clienteling apps is at the heart of it all. There are also product-level identifiers, like RFID tags, QR codes, or NFC chips, that give detailed information on where each item came from and where it went. This lets the system know not only who bought something, but also when and where"[215]

Still, it's unclear if these sophisticated systems are effective. This section looks at cutting-edge solutions and then explains why even the most sophisticated approaches can occasionally fail.

[215] The complete version of this interview is provided in Chapter 7

4.2.1 Technological Solutions

Luxury firms have used a variety of technical methods in recent years to contrast cross-border arbitrage and bulk purchasing. These include digital authentication using QR codes or unique IDs, sophisticated CRM-based algorithms, and product traceability systems (ranging from RFID chips to blockchain ledgers). From tightening distribution contracts to integrating trackable tags and codes into items, industry commentators point out that a multi-layered strategy combining technology and regulation is necessary for an effective grey-market defence.

We examine how these platforms function and how brands are actually utilizing them below:

Buyer monitoring and CRM algorithms → Contemporary luxury CRM (Customer Relationship Management) systems are capable of much more than just keeping track of customer phone numbers.

This is being evidenced also by an expert in the field (Senior CRM Manager in an important LVMH Maison) that I had the honour to interview who stated that:

"Advanced CRM systems use algorithms to highlight unusual purchases made at boutiques all over the world"

They compile thorough purchasing histories from boutiques and even nations, then input this information into algorithms that identify questionable activity. Brands can detect possible "shadow" purchasers in real time by examining purchasing trends, such as volume, frequency, recurrences of the same item, and numerous expensive purchases made in various cities. After, for example, purchasing five identical bags in a month or routinely spending more than usual on popular things, a well-known reseller may be identified. After being recognized, businesses can discreetly step in to halt the pipeline at its source by, for example, politely declining any sales or even blacklisting the profile. Initiatives like the LV internal systems and Chanel further step in South Korea (see previous section), are supported by unified, international CRM databases that make sure a buyer who has been blocked in Paris couldn't just show up in Dubai or Tokyo because sales representatives from wherever can see the system's warning signs. By employing machine learning and rules-based filters to identify irregularities in consumer behaviour, brands are essentially mining their own consumer data for predictive enforcement. The system tries to anticipate resales rather than waiting to learn about them, which is a proactive take on the reactive "blacklist."

Such trend was confirmed also by a Senior Manager in the field who actively stated that:

"The goal is to be proactive and stop diversion before it happens, not just put offenders on a blacklist after it happens. Once a client is warned, advisors can step in quietly by changing allocations or turning down sales. This method combines data-driven enforcement with human judgment"[216]

Additionally, when asked about how machine learning identify diversion patterns he added:

"In real life, luxury groups use a mix of supervised and unsupervised learning. A first step groups purchases and scans data to find unusual activity patterns. For example, density-based algorithms find groups of scans that happen far away from authorized stores. These clusters are used as inputs for regression or classification models that give risk scores depending on things like the size of the cluster, how far it is from boutiques, how quickly people buy things, how rare the products are, and how well the customers are grouped. Ensemble approaches like boosting and bagging are routinely used to make predictions more accurate. Because risk is not binary but continuous, models give a probability and then utilize a threshold to decide whether or not to inform workers. Advanced programs also have tools that make it possible to see which elements led to a certain prediction and to avoid making decisions in a black box. It's important that human reviews of algorithmic outputs are used to reduce false positives and make sure that enforcement is in line with brand values"

This observation demonstrates how premium brands are depending more and more on machine learning to both identify and forecast anomalies. However, as the respondent said, algorithms are still merely tools that work best when combined with human interpretation and brand values.

The goal is clear: tech-assisted clienteling now serves as an anti-diversion weapon, even while businesses do not reveal the precise algorithms.

Product Tagging (RFID, NFC and QR codes) → Using unique identifiers to track the products themselves is another enforcement pillar. Numerous luxury manufacturers have started adding microchips or scannable tags to their products to track their movement. Handbags, shoes, and clothing can be manufactured with RFID (Radio-Frequency Identification) tags and more recent NFC (Near-Field Communication) chips integrated into them. When scanned at close range, these gadgets can

[216] The complete version of this interview is provided in Chapter 7

send data and carry a unique product ID. From a strategic standpoint, they enable a brand to track specific movements and even trace the location of an item's sale. To combat counterfeit goods and illegal diversion, Salvatore Ferragamo, for instance, began placing RFID microchips in the soles of shoes and handbags in 2014. This allowed the company to *"track exactly where the product is going"*[217]. For their recognizable handbags, Chanel more recently unveiled a microchip system based on NFC. Chanel replaced its conventional authenticity cards and holographic stickers with a covert microchip connected to a safe digital ledger in 2021. This chip contains authentication information that can be read by an NFC scanner, including production details, materials, date, and selling location[218]. For the duration of the bag's manufacture, distribution, purchase, and even repairs, it essentially bears a tamper-proof digital passport, which any Chanel boutique can quickly confirm. Simpler QR codes are also in use in addition to RFID and NFC. For example, companies like Gucci and Moncler have incorporated alphanumeric or QR codes into their product tags, which consumers may scan with a smartphone to verify authenticity using the brand's database. In addition to providing the customer with reassurance that the item is authentic, scanning a QR code provides the brand with information about the location of the scan. In a strategic sense, this means that the manufacturer receives important information on grey-market migration if an item intended for, say, the European market is later certified using QR in China. According to one industry white paper, QR codes offer a practical means for customers or merchants to confirm the provenance and history of a product[219]. In order to crowdsource a tracking system and create a database of "who owns what where," many luxury stores now encourage their customers to register or validate their new purchases online (using codes or serial numbers).

Blockchain Traceability Systems → Some firms are using blockchain, a decentralized ledger technology, to establish unchangeable product records in an effort to combat fakes and grey markets. In order to create a permanent history that anybody (with permission) may check, the plan is to give each luxury object a distinct digital identity on a blockchain that is updated with each significant event (manufacturing, retail sale, resale, etc.). The Aura Blockchain Consortium, a platform introduced in 2021 by LVMH, Prada, and Cartier's parent company Richemont, is a notable example. Aura provides blockchain-secured digital certificates of authenticity for the businesses' merchandise. A digital certificate that verifies the authenticity of the object and identifies the owner is given to

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217 Osrfid article: "RFID tags have become a weapon against counterfeit manufacturers"; https://it.osrfidglobal.com/industry-news/rfid-tags-have-become-a-weapon-against-counterfeit-manufacturers/

218 Mastro Luxe article (2022), "CHANEL 101: Microchip"; https://www.mastroluxe.com/blog/trend/chanel-101-microchip

219 AlpVision article (2024), "Grey Market Diversion: What It Is and How to Prevent It"; https://alpvision.com/grey-market-diversion-what-it-is/

customers who purchase watches or handbags; these certificates are frequently accessed using an app or QR code[220]. If the item is resold, this certificate can be transferred, allowing authenticity to be confirmed in the secondary market as well. The Aura blockchain had registered and authenticated more than 50 million luxury products by 2024, a number that indicates large maisons are uploading a sizable amount of their inventory into traceable digital ledgers. Greater transparency is the practical result: a buyer (or even a customs officer) can scan a code to verify whether an item was initially sold in the correct channel, and a brand can guarantee that a product "reaches its intended market and not another". For example, Vacheron Constantin has partnered with tech company Arianee to offer blockchain-based "Digital Watch Passports" for its watches. The passport of every watch is a distinct NFT (non-fungible token) that is stored on a blockchain. It is managed by the owner using an app, and it can be transferred in the event that the watch is sold[221]. In addition to aiding in the fight against fake repairs and parts, this lets the brand know which watches have been resold and where. Similarly, Nike, which is not a conventional luxury brand, patented CryptoKicks, a system that links real shoes to digital tokens. This method enables Nike to track sneaker authenticity and resale using blockchain tokens. These tests show how blockchain might prevent grey markets: if the identity of every genuine product is unchangeable and globally verifiable, it will be far more difficult for grey vendors to smuggle goods through illegal routes without being caught. If the official ledger indicates that an item was first sold two years ago three continents away, a grey-market dealer cannot simply say it is "new authentic stock." Blockchain traceability, though still in its infancy, offers a state-of-the-art technology answer to a long-standing trust and tracking issue.

Automated Online Monitoring → Some enforcement technology is in the cloud, while others are integrated inside the product or store. Big data and artificial intelligence (AI) tools are being used more and more by luxury companies to keep an eye on social media and online marketplaces for indications of grey market activity. Software can trawl e-commerce websites to locate unapproved listings of a brand's products and obtain information on pricing and volume in place of physical mystery shopping. A prominent participant in this market is Data&Data, a startup that graduated from LVMH's innovation program. In order to find genuine products being sold outside of official networks, Data&Data's platform searches international online markets, including eBay, Amazon, specialized luxury resale websites, and WeChat channels[222]. These dashboards have been utilized by

[220] Nkahiseng Ralepeli (2025), Finextra article: “Fake It Till You Blockchain It: How Tech is Taking on the Counterfeit Industry”; https://www.finextra.com/blogposting/27856/fake-it-till-you-blockchain-it-how-tech-is-taking-on-the-counterfeit-industry

[221] Michela Penna (2025), The Traceability Hub article: “Traceability in Luxury: Transparency and Anti-Counterfeiting”; https://thetraceabilityhub.com/traceability-in-luxury-transparency-and-anti-counterfeiting/

[222] Lucy Maguire (2021), The Vogue Business official publication: “How to track resale and the grey market”; https://www.voguebusiness.com/companies/how-to-track-resale-and-the-grey-market

more than 30 premium brands, such as Audemars Piguet and Cartier, to monitor resale and grey-market trends in real time. Enforcement benefits from such data in two ways.

1. Firms are able to identify supply leaks. For instance, if a specific limited-edition watch is showing up in huge quantities on unapproved websites, the brand may look into which merchant or area sold the watches initially. In one instance, a high-end watch firm discovered that timepieces intended for one region were overflowing into the grey market in another, alerting them to the possibility that a distributor was redistributing inventory.
2. Price undercutting and MAP (Minimum Advertised Price) breaches are detected by internet monitoring; abrupt discounts significantly below retail frequently indicate grey imports or the sale of excess inventories.

Brands can take action (legal cease-and-desist or tightening supplies to those channels) by identifying these. Additionally, AI image recognition has been employed by some maisons to identify social media posts or listings of their items made by unapproved resellers[223]. Moreover, the usage of these tools is indicative of a larger trend: luxury companies are taking a data-driven, analytical strategy similar to cybersecurity, continuously searching the online environment for and removing grey market "leaks" as they appear.

On the other hand, all of these technological solution raise an inevitable question, what about privacy? When asked about the privacy matter the executive interviewed answered like follows:

"Compliance with privacy is very important. Consent and purpose limitation control data collection: information is only used to improve service quality and defend brand integrity, not to keep an eye on people's behaviour in general. Sensitive information is either anonymized or pseudonymized, and only authorized people can see complete profiles"

And even added:

"Clients trust these policies more when they know that their information is safe and that algorithms are made to keep things fair. Ethics committees and outside audits help make sure that bias doesn't accidentally get built into segmentation models"[224]

[223] Brand Alignment article (2025); "Brand Protection and AI: The New Frontier of Digital Defence"; https://www.brandalignment.com/brand-protection-and-ai/

[224] The complete version of this interview is provided in Chapter 7

Moreover, whenever combined, these technical solutions create a powerful toolkit for enforcement and tracking. By the next couple of years, a luxury company will be able to track customers (via CRM analytics and blacklists), products (through RFID chips, serial numbers, and blockchain certifications), and channels (through AI monitoring of online sales). In a strategic sense, this changes **luxury homes from a passive to an active position;** instead of just responding when illegal transactions are detected, they are working to stop and prevent them. Nowadays, a Dior or Hermès might potentially detect a questionable large purchase at the point of sale, track a handbag's path through scanners and client check-ins, and even use algorithms to search the internet for any indication that its products are being resold. This is a major advancement in the ability to enforce the law.

It does, however, bring up the important follow-up question: **are these systems fulfilling their promises?** The fact that a vibrant grey market exists at all indicates that tenacious resellers are still looking for weaknesses in the digital defences.

4.2.2 Loopholes & Failures: Why Some Measures Fall Short

The grey market appears to find a way to climb every high-tech barrier that a luxury brand puts up. Many of the tracking and enforcement strategies mentioned above are really limited in the real world by things like resellers' cunning workarounds, basic technology flaws, and even self-inflicted problems. This section examines some of the main causes of various anti-diversion systems' poor performance or unintended consequences.

Grey-market operators have demonstrated an amazing capacity to modify their strategies regardless of how sophisticated the CRM flags or shop restrictions are. The use of proxy shoppers, which entails enlisting people (often tourists or students) to buy restricted items on the reseller's behalf, is one simple weakness. Even if brands enforce a "one bag per client per month" policy and meticulously record every customer's purchase, a reseller may nevertheless pay ten buddies to purchase a single bag. For instance, clever resellers in South Korea were seen employing "line standers" at a rate of almost $125 per day to wait in line and enter stores as unrelated consumers when Chanel tightened quotas on its Classic Flap bag. The products would eventually return to the reseller after each surrogate purchased the permitted amount. Because of this cat-and-mouse dynamic, a dispersed network of purchasers operating covertly can thwart even the greatest CRM system, which might correctly signal if one individual tries to buy too much. This instance highlights a harsh reality: any enforcement that is solely aimed at the individual customer level can be manipulated by dividing up purchases across numerous people. These days, reseller rings function with ever-increasing sophistication, frequently using brokers to acquire stock in small quantities or social networks to attract buyers. Since the "enemy" does not trip the wires in a traditional manner, the decentralization of bulk purchasing is a critical weakness that technology finds difficult to address.

For example, RFID tags, QR codes, and serial numbers are examples of technological product-tracking methods that work only if they stay affixed to the product and continue to provide accurate data. Because they are aware of this, many grey-market traders have mastered the art of deleting, changing, or spoofing these identifiers. In fact, there have been incidents reported of parallel importers producing fake QR-code stickers to affix to goods, allowing a client to visit the brand's website with a quick scan (faking legitimacy). Since RFID tags are frequently placed internally, they provide more robustness; nevertheless, they can also be blocked or disabled. A determined reseller may physically remove a visible tag or deactivate the chip using a simple RFID reader/writer device. Grey resellers are also not afraid to change packaging, unlike concealed counterfeiters. In order to avoid customs scrutiny and shipping bulk, many of their proxy consumers are told to throw away shopping bags and branded boxes at the point of purchase. This implies that the packaging's obvious authentication characteristics are gone. Privacy considerations can limit their use even if the tags are still in place. For example, companies have been reluctant to employ RFID to follow customers after the point of sale for fear of breaking privacy regulations. It's interesting to note that some grey-market competitors have used scanners to reverse the tech used by brands. A grey broker with the appropriate equipment might possibly read an item's chip to determine its origin and distribution details if RFID information is not encrypted, then take advantage of that information (for example, to target products from places with reduced pricing). A white paper on diversion prevention brought attention to this security issue, warning that inadequately secured RFID data "could be accessed by anyone with an RFID scanner," which could result in data leaks and consumer opposition[225]. Following this, it is clear how product-level technology is not infallible: databases can be manipulated, digital chips can be disabled, and physical tags can be removed. The conflict frequently escalates as companies enhance tamper-proofing (by inserting chips deeper or using tamper-evident seals, for example) and grey operators enhance removal methods. This cycle is recognizable from the anti-counterfeiting field.

Additionally, not all failures are the result of malicious intent; some are structural. In the past, luxury brands used disjointed data systems, either channel by channel or region by area. Despite advancements, some still do not have a fully unified view of their consumers and inventory. Grey marketers take advantage of these blind spots. A buyer who has been blocked in Paris may actually be successful in Hong Kong if a brand's European and Asian CRM systems aren't in sync. (Luxury

[225] AlpVision article (2024), "Grey Market Diversion: What It Is and How to Prevent It"; https://alpvision.com/grey-market-diversion-what-it-is/

houses are attempting to integrate globally, but these efforts are not always comprehensive due to internal politics and IT issues.) Enforcement also relies on compliance by distributors and retail employees on the ground, which introduces human frailty. In order to reach their goals, a commission-based sales representative may purposefully sell several things to a suspected broker while disregarding the on-screen alert. Brand executives admit in private interviews that store-level collusion has been a problem: boutique staff members often make unspoken agreements with local resellers to sell them excess inventory off-record (either to meet sales targets or in exchange for kickbacks). Central tracking systems are immediately threatened by such actions. Similar to this, grey market profiteers occasionally bribe or persuade employees to break the law. For example, they may ring up purchases as "gifts" for several recipients or use alternate customer names at checkout to avoid CRM duplicate detection. An employee on the ground could choose to override the algorithmic analysis or enter erroneous data, defeating it. This demonstrates that the efficiency of technology depends on the business procedures that surround it. A notable instance surfaced in the Swiss watch industry: a number of high-end watch makers, despite publicly denouncing the grey market, transferred their inventory to grey dealers in order to clear off their excess inventory. During fresh releases, they would then request that those same dealers refrain from making extreme price cuts or remove certain products from websites as a favour[226]. That is, for short-term benefit, the brands subtly weakened their own enforcement position. Consistent enforcement is challenging because of this ambivalence, which necessitates the use of grey channels in an emergency. **Shutting down a pipeline that you might require tomorrow is difficult**.

The **legal field** presents yet another set of weaknesses. Unauthorized yet usually legal because the products are genuine, grey-market sales occupy a grey area of the law. This restricts the enforcement power of brands. A branded product's trademark rights are deemed "exhausted" in many jurisdictions after it is sold for the first time, which means **the brand cannot forbid subsequent resale of the goods**. Grey-market transactions can undermine a brand's capacity to prevent illegal resales, as intellectual property expert Henry Priestley notes, particularly if the reseller upholds the product's luxury image in its sales[227]. For example, if a parallel importer isn't misrepresenting the goods or harming the reputation of the brand, a court can decide that they aren't violating trademarks. Resellers take advantage of this legal reality: it is difficult for a brand to get an injunction as long as they display products in a way that is compatible with the brand's image (sometimes even imitating official shops

[226] Silke Koltrowitz (2017), Reuters article: "Grey market has become a necessary evil for luxury watchmakers"; https://www.reuters.com/article/world/uk/grey-market-has-become-a-necessary-evil-for-luxury-watchmakers-idUSKBN17E2E9/

[227] Lucy Maguire (2021), The Vogue Business official publication: "How to track resale and the grey market"; https://www.voguebusiness.com/companies/how-to-track-resale-and-the-grey-market

online). In an effort to maintain the brand's reputation, some grey dealers go to great lengths to sell at premium pricing, provide boutique-style customer service, and include genuine packaging and warranty cards (even if they are void). As a result, brands frequently use indirect strategies (contract law, distribution agreements, etc.) to counteract diversion, although these strategies have drawbacks of their own. One well-known instance was in the cosmetics industry: Estée Lauder reportedly depended significantly on *daigou* vendors to increase sales in China during the epidemic, but Lauder's sales fell when China clamped down on these grey imports. In 2023, shareholders filed a securities fraud case against the business for failing to disclose this grey-market dependency[228]. In actuality, Estée Lauder's temporary solution - silently moving merchandise through grey channels - became a liability since authorities, not even the brand itself, enforced it, which resulted in an unexpected drop in revenue. When the practice was discovered, the stock dropped 19%. This example highlights a more general point: some solutions are ineffective because they don't deal with the underlying issues. Turning a blind eye or depending on grey channels to offload goods might backfire dramatically when outside forces step in. However, lawful purchases to visitors may suffer when authorities step in, such as when Chinese customs authorities increase their bag inspections. Following reports of increased border controls on Chinese consumers, LVMH's stock fell 8.4% in 2019 as investors worried that luxury sales will be negatively impacted by the grey crackdown. To put it another way, eradicating grey trade may negatively impact a brand's financial performance, particularly if those sales were supporting expansion. Some businesses are apprehensive because even a perfectly good enforcement system could result in a decline in revenue, which would be embarrassing for publicly traded luxury corporations that are primarily concerned with quarterly results.

Last but not least, even when enforcement technology functions as planned, there may be unforeseen repercussions for consumer satisfaction and company image. Strict anti-resale policies can occasionally enrage real customers or cause controversy. As a recent example, Chanel refused to sell its items to Russian customers for more than a specific price in order to comply with international sanctions and keep luxury goods out of Russia. In protest of this restriction, irate Russian influencers posted videos of themselves chopping up Chanel handbags in dramatic fashion[229]. Even though this case was geopolitical, it reflects a common sentiment anytime brands are overpowered: elitism or prejudice claims may surface. More closely related to the grey market, social media has seen complaints from law-abiding consumers who feel harassed by new restrictions, including being asked for identification or being only allowed to purchase one item when they wanted two (not for resale,

[228] The Fashion Law official publication: "Estée Lauder Must Face Lawsuit Over Daigou "Cover Up""; https://www.thefashionlaw.com/estee-lauder-must-face-securities-lawsuit-over-daigou-cover-up/

[229] Silvia Aloisi, Mimosa Spencer (2022), Reuters article: "Chanel may limit purchases more in exclusivity drive"; https://www.reuters.com/markets/financials/chanel-upbeat-2022-growth-despite-china-recession-risk-2022-05-24/

but as gifts). Brands run the danger of offending the sincere consumers who value luxury for its carefree exclusivity the more levels of monitoring and control they impose, such as scanning IDs, performing authenticity checks, and tracking returns. The client experience and enforcement must be carefully balanced. Maisons are aware that the mystery they have worked so hard to create could be damaged by a retail experience that is similar to going through airport security. For this reason, many technological precautions are kept under wraps: chips are concealed, data scanning takes place in the back office, and buyers on the blacklist are "handled" discreetly rather than publicly humiliated.

All of this brings to a powerful question: Are the systems in place functional?

They are undoubtedly beneficial. Today's sophisticated and well-coordinated countermeasures have compelled grey operators to increase their evasiveness and incur greater expenses. Many overt rings have been disrupted, and we no longer see obvious bulk buyers walking into flagship stores as openly as we did ten years ago. However, the grey market still exists, albeit in more dispersed and covert forms, suggesting that no one instrument, or regulation has been able to fully resolve the problem. Grey entrepreneurs and luxury businesses are engaged in a continuous arms race in technology. This bleak perspective serves as a reminder of the danger. Industry participants agree, viewing unrestrained resales as essentially undercutting the fundamental value of luxury. Unchecked grey channels can be a "brand killer," according to Isaac Zakinov, co-founder of the luxury marketplace Shopworn, who stated in an interview that low-priced unlicensed sales undermine the sense of exclusivity and make customers unsure about authenticity and after-sales support[230]. These knowledgeable observations highlight the fact that technology by itself won't be able to fully solve the issue because human ingenuity always finds a way around it, and occasionally the actions of the companies themselves open up grey areas.

In the end, rather than eradicating the grey market, the current mechanisms just lessen it. Layered defences increase the cost and complexity for potential diverters, and they function best when combined. Experts agree that a combination of persistent innovation and watchful enforcement is required.

Indeed, when asked about the difficulties of enforcing such rules the executive explained how:

"enforcement actions are graded. Instead of suddenly cutting off a consumer, brands may start by limiting quantities, sending the customer to exclusive programs, or talking

[230] Retail Tech Podcast transcription: "Interview with Shopworn a verified genuine brand marketplace for fashion and luxury"; https://retailtechpodcast.com/podcast/interview-with-shopworn-a-verified-genuine-brand-marketplace-for-fashion-and-luxury

to them about their requirements. This step-by-step method keeps the relationship strong while stopping people from taking advantage of it"[231]

Luxury brands need to constantly adjust their algorithms, protect their traceability technology against manipulation, and possibly reevaluate the parts of their pricing and distribution plans that first encourage the grey market. Therefore, the battle against grey-market diversion is a continuous one, and **while technology offers effective tools, strategic and even cultural reforms inside the luxury sector are equally important.** The future may not lay in trying to eradicate the grey market - which is arguably impossible - but rather in figuring out how to manage and direct it in ways that maintain brand equity without offending the new luxury consumer. The difficulty lies in coordinating the available instruments to create a cohesive and successful defence.

Finally, is interesting to analyse how the executive of a Maison working every day exactly on these topics looks at the future:

"We are moving toward more transparent and interoperable ecosystems. Digital product passports stored on blockchain will make it easier to trace an item's lifecycle across owners and services, complementing CRM data without exposing personal details. Real-time analytics will enable dynamic allocation of limited editions based on demand signals and loyalty rather than static waiting lists. On the technical side, explainable AI techniques will be integrated from the outset, so that client advisors can understand and communicate why a given recommendation or alert was generated. Finally, as luxury brands embrace circular business models, CRM will extend beyond the first sale to encompass repairs, refurbishments and buy-backs – in effect, managing relationships not just with people but with products across decades. In this context, analytics will play a dual role: nurturing client loyalty and upholding the exclusivity that defines luxury"

The executive vision reflects a larger paradigm shift: establishing a clever balance between openness and control will be more important to luxury's future resilience than plugging every gap. The line between protection and personalizing will become hazier as enforcement tools develop into relationship management and transparency systems. Successful businesses will be able to seamlessly

[231] The complete version of this interview is provided in Chapter 7

integrate technology vigilance with their legacy, allowing data, discretion, and desirability to coexist harmoniously.

CHAPTER 5 - Managing Resale: Divergent Outcomes in Luxury Brand Strategy

Resale management's opposing effects on a luxury brand's reputation and financial performance might result from how it interacts - or does not - with the resale market. On one hand, a company that strictly regulates distribution and prevents from offering discounts might create an atmosphere that is similar to an investment for its goods; they are valuable or even increase in value on secondary markets, which strengthens the brand's exclusivity. Conversely, a brand that pursues volume through markdowns and mass-market expansion runs the risk of oversaturating demand, undermining its cachet, and suffering a sharp decline in the value of its products when they are resold.

"Today's luxury market is about maintaining the illusion of exclusivity, while selling units by the millions," stated luxury analyst Luca Solca[232]. Break the illusion, and the brand's cachet is gone.

To put it another way, a luxury company that maintains its items' scarcity and aspirational nature might maintain their appeal, whereas one that overstocks stores with slashing prices may sacrifice short-term sales for long-term brand erosion. Importantly, this affects the secondary market: a strong resale economy can actually boost primary sales since purchasers will view a ~$9,000 bag as an investment rather than a purchase if it consistently retains ~80% of its original worth.

On the other side, excessive discounting teaches customers to wait for sales, which lowers demand for resale: "why pay more for last year's product on the second-hand market if consumers know the brand will mark down inventory next season?"

It is important to make clear the analytical goal of the subsequent comparative analysis before entering into each of the two brands. The comparison between Hermès and Michael Kors is meant to show how profoundly different resale outcomes result from fundamentally distinct strategy attitudes, not to generalize about the luxury market as a whole. The selection of these maisons as opposing strategic paradigms was done on intention. While Michael Kors symbolizes an accessibility-driven, volume-oriented strategy linked to broad discounting and faster exposure, Hermès represents an extreme scarcity-led governance model founded on restricted distribution and long-term value preservation. The chapter distinguishes the ways in which story management, product availability, and pricing discipline affect residual value, desirability, and brand equity in the secondary market by contrasting these two distinct models. As a result, the comparison is intentionally demonstrative,

[232] Luca Solca (2017), The Business of Fashion official publication: "The Booms and Busts of American Luxury"; https://www.businessoffashion.com/opinions/luxury/the-booms-and-busts-of-american-luxury/

providing a clear conceptual framework for comprehending the connection between brand strategy and resale performance.

In light of this, the analysis that follows looks at how conflicting resale tactics result in radically different brand consequences. The chapter illustrates how resale management serves as a strategic pivot through the Hermès and Michael Kors cases. When done well, it increases long-term brand strength and reinforces desirability; when done poorly, it accelerates the erosion of exclusivity and jeopardizes the foundations that support luxury value.

5.1 Case Study: Hermès

Founded in 1837 as a harness workshop in Paris, Hermès evolved over the twentieth century into one of the most coveted names in luxury. The Hermès family still controls the business, which specializes in leather products, jewellery, silk, saddlery, and ready-to-wear.

In contrast to most fashion corporations, Hermès intentionally restricts its growth: it teaches its own artisans, manufactures the majority of its products in France, and has about 300 mono-brand stores in 45 countries[233]. A single artist still spends several hours stitching the iconic Birkin and Kelly purses by hand, giving Hermès a sense of continuity and legacy. Hermès has consistently opposed mass manufacture and celebrity endorsements; they indeed usually spend just 4.5% of revenue on marketing, do not pay ambassadors, and even stars buy their bags at full price[234]. Hermès promotes a dream of permanence and exclusivity rather than fashion innovation; therefore, this restriction is essential to the brand's character.

Additionally, in order to support its luxury status, Hermès has traditionally pursued an extremely limited and strictly regulated distribution strategy. Instead of selling online or through third-party retailers, the company restricts production and sells virtually solely through its own boutiques (often by invitation only). In reality, famous models (such Birkin, Kelly, and Constance) are rarely on display; rather, these items are provided to consumers who have a track record of making purchases[235]. This scarcity-driven strategy is not by chance; Hermès ensures strong demand and high retail prices by limiting annual output and making acquisition challenging. The brand has gradually

[233] 2024 official Hermès Activity Report; https://assets-finance.hermes.com/s3fs-public/node/pdf_file/2025-04/1744266995/hermes_20250410_2024activityreport-en.pdf

[234] Daniel Scrivner (2025) article: "Hermès: Breaking down the Hermès business model, moat, margins, culture, origin story, and journey to a €230B luxury empire."; https://www.danielscrivner.com/hermes-luxury-business-breakdown/

[235] Rome Station (2025) article: "What Drives the Cost of Hermès Bags? A Comprehensive Pricing Analysis"; https://romestation.ca/blogs/news/what-drives-the-cost-of-hermes-bags-a-comprehensive-pricing-analysis

increased retail pricing, usually by about 4 to 7% annually in recent years[236], believing that collectors will cover the price hikes. Every price increase essentially serves to uphold Hermès's reputation for rarity and prestige, which in turn promotes even greater secondary market resale values.

A striking feedback loop between the official and second-hand markets is created by Hermès's approach. Hermès bags frequently fetch multiples of their original price when resold due to limited supply and lengthy waitlists. For instance, a Birkin 25 made of Togo leather sold for approximately €8,950 in Europe in 2025[237], while a perfect version can sell for between $28,000 and $30,000 (≈2.4× retail) on secondary marketplaces. A recent US tariff-driven increase boosted a Birkin 25 from $12,100 to $12,700 (a +5% jump), on top of about +30% growth since 2020, demonstrating that the brand's devoted customers still pay a premium even at that elevated retail base. Axel Dumas, the CEO of Hermès, has openly recognized this dynamic and warned that legitimate collectors are being displaced by "false customers," or shady buyers looking to swap bags for cash[238].

To put it briefly, Hermès deliberately creates scarcity and progressively raises boutique prices because it knows that a vibrant resale market will support and confirm its pricing power.

Hermès retail and resale pricing for its main items (handbags and accessories) in 2015 and 2025 are presented in the table below. It makes use of market data and official Hermès pricing lists. Over the past ten years, shop prices have generally increased by 25-50%, while resale values have increased much more quickly, usually more than double. This demonstrates the close relationship between the two marketplaces under Hermès's strategy: boutique prices are gradually raised by controlled scarcity, while premiums are driven by fervent secondary demand.

[236] PurseBop (2025) article: "New US Hermès Prices Post-Tariff Increase May 2025"; https://www.pursebop.com/new-hermes-prices-post-tariff-increase-may-2025/

[237] Vanessa Wat (2025), Sotheby's article: "Hermès Raises the Birkin Bag Price: What You Need to Know"; https://www.sothebys.com/en/articles/hermes-raises-the-birkin-bag-price-what-you-need-to-know

[238] The Fashion Law official publication (2025): "Hermès Signals Growing Concern Over the Birkin Resale Market"; https://www.thefashionlaw.com/hermes-signals-growing-concern-over-the-birkin-resale-market/

	PRODUCT	RETAIL		RESALE*	
		2015	2025	2015	2025
	**Birkin 25 (Togo)**	5.850 €	8.950 €	~ 12.000 €	~ 25.000 €
	**Kelly 28 (Togo)**	6.450 €	8.950 €	~ 10.000 €	~ 20.000 €
	**Constance 18 (Epsom)**	Not Listed	9.700 €	~ 7.000 €	~ 13.000 €
	**Lindy 26 (Clemence)**	4.300 €	N/A	~ 5.000 €	~ 10.000 €
	**Evelyne TPM (Celemence)**	2.120 €	4.000 €	~ 2.000 €	~ 4.000 €
	**Picotin 18 (Clemence)**	2.350 €	2.600 €	~ 2.500 €	~ 5.000 €
	**Picotin 22 (Clemence)**	2.700 €	2.800 €	~ 3.000 €	~ 6.000 €
	**Garden Party 36 (Negonda)**	2.550 €	N/A	~ 3.000 €	~ 5.000 €

Figure 32: Comparison between retail prices and resale price ranges for selected luxury handbags

*Resale prices are estimated from aggregated listings on verified secondary platforms (Ex: The RealReal, Vestiaire), using consistent condition filters to ensure reliability. (**Sources**[239])

All of the Hermès products on the sample list saw significant increases in retail prices between 2015 and 2025. From roughly €5,850 to €8,950, the renowned Birkin 25 Togo increased by 53%, while the Kelly 28 and Constance 18 saw similar rises of between 30% and 50%. Entry-level brands like the Picotin and smaller leather items also saw consistent growth.

However, the brand's price power is most seen in the secondary market. Persistently high demand has propelled resale prices far beyond boutique levels: the Kelly 28's average resale value nearly doubled over the decade, while the Birkin 25's climbed from roughly €12,000 to over €25,000. Even items that were once easily accessible, like the Picotin, now fetch resale prices that are nearly or more than twice as much as their retail equivalents. Hermès's pricing strength is indeed reinforced by the secondary market, as measured by the **retention rate**, which is the ratio of resale price to retail price.

[239] **Sources:** Hermès official website + PurseBlog - https://www.purseblog.com/hermes/the-hermes-2025-price-increase-is-here/ + CloverSac (Ex: - https://www.cloversac.com/hermes-birkin-price-2015/ - https://www.cloversac.com/hermes-kelly-price-2015/ - https://www.cloversac.com/hermes-birkin-price-worldwide/) + PurseForum public answers

According to 2025 data, the Birkin 25 and Kelly 28 display retention rates surpassing 200% (≈280% and ≈223%, respectively), implying they resale for more than double their store price. The Picotin 18 and 22 attain between 190% and 215%, while the Constance 18 retains a robust 134%. Nearly all Hermès products retain or increase in value over time, as evidenced by the utilitarian Evelyne's near-100% retention rate.

These numbers demonstrate that Hermès products serve as both accumulating assets and luxury goods. High resale premiums reinforce the brand's pricing discipline by lowering buyer hesitancy and encouraging full-price purchases. In economic terms, Hermès successfully leverages the Veblen effect[240] - where desirability increases with price - while the resale market works as a real-time barometer of that desirability. A self-reinforcing cycle of perceived value and exclusivity is created by the aftermarket's strength, which not only supports Hermès's pricing strategy but also feeds into boutique demand.

All of the above is a clear confirmation of how Hermès has effectively created a positive pricing cycle with its luxury strategy, which consists of limited availability, excellent craftsmanship, and a no-compromise retail experience. Excitation in the pre-owned market verifies and amplifies the brand's renown, but controlled scarcity keeps new prices rising year after year (with only slight incremental hikes). Despite management's worries that speculative resale, or "false customers," could undermine exclusivity, the evidence indicates that Hermès's pricing power has generally been reinforced by resale performance.

Such positive trend took Hermès to achieve **strong financial results** as a direct consequence of its methodical approach to pricing and supply. The leather goods and saddlery industry brought in €2.28 billion in 2015, which accounted for 47% of total sales[241]. In nominal terms, this segment's delivery of €6.46 billion more than doubled by 2024[242]. According to a computation of the compound annual growth rate (CAGR), the revenue from leather goods increased by almost 12% annually between 2015 and 2024. (In contrast, the group's consolidated revenue increased by approximately 11%, from €4.84 billion in 2015 to €15.2 billion in 2024). Given Hermès's reluctance to pursue volume - the business only creates a small number of workshops annually and recruits' artisans gradually to maintain artisanal standards - **such growth is particularly remarkable**. The strength of Hermès's

[240] Paris Business School official publication (2025): "The Veblen effect in luxury: high prices boost brand appeal"; https://www.supdeluxe.com/en/luxury-news/veblen-effect-luxury-high-prices-boost-brand-appeal

[241] Hermès 2015 official Annual Report; https://assets-finance.hermes.com/s3fs-public/node/pdf_file/2020-06/hermes_2015_rapportannuel_en.pdf

[242] Hermès 2024 official Financial Results; https://assets-finance.hermes.com/s3fs-public/node/pdf_file/2025-02/1739475049/hermes_20250214_pr_2024fullyearresults_va.pdf?VersionId=qQriZY_1BlBwpp2OmhmriU1k0MRVbUjd

strategy is demonstrated by the company's capacity to grow revenues at double-digit rates despite limited supply: full-price sell-through and scarcity enable high margins (operating margin >40%) and sustain top-line growth.

Important to consider are also the huge growths of such Brand when speaking about **Brand Equity** and **Consumer Prestige**. In 2015 Interbrand valued Hermès at **$6.18 billion** (ranked #41 among global brands)[243]. By 2025 that figure had climbed to **$40.9 billion** and the brand ranked around #21[244]. Hermès has effectively transformed its tradition and scarcity into measurable financial worth, as evidenced by this almost sevenfold growth in brand value over a ten-year period. This rise is echoed by prestige surveys: Hermès was the highest rising French brand, according to Kantar's BrandZ rating, which placed it 18th in the world's Top 100 in 2025 and praised its classic craftsmanship and controlled scarcity[245]. According to these measures, the Hermès brand is becoming more well-known and valued by consumers, which increases its price power and boosts primary sales.

Moreover, the development of Hermès between 2015 and 2025 shows how strategy, resale performance, and brand strength are clearly related. Hermès has increased client loyalty and willingness to pay by limiting supply, avoiding reductions, and upholding fine craftsmanship. The notion of Hermès products as investment pieces is additionally supported by the resale market that results, where sought-after purses frequently sell for two to three times their retail price. Because of this notion, Hermès has been able to increase retail prices, grow its income at double-digit rates, and rise to the top of the global brand valuation rankings. **Simply put, scarcity works**. The Hermès model demonstrates how a disciplined supply and full-price sell-through can produce a positive feedback loop whereby boutique pricing and secondary-market valuations increase simultaneously, solidifying the brand's place at the top of the luxury market.

243 Hugh Mclntyre (2015), Forbes official publication: "World's Most Valuable Luxury Brands"; https://www.forbes.com/pictures/geeg45mhgi/hermes/

244 Interbrand official Ranking; https://interbrand.com/best-global-brands/global/hermes/

245 Ellie Thorpe (2025), Kantar article: "Why Hermès' quiet luxury speaks loudest"; https://www.kantar.com/north-america/inspiration/agile-market-research/why-hermes-quiet-luxury-speaks-loudest

5.2 Case Study: Micheal Kors

Michael Kors (MK) launched its namesake women's label in 1981 and has since grown into a major fashion conglomerate under Capri Holdings (which also owns Jimmy Choo and Versace). Today the Michael Kors brand comprises two tiers: the more expensive Michael Kors Collection and the more reasonably priced "MICHAEL Michael Kors" range. Broad appeal has been made possible by this accessible-luxury posture, with MICHAEL MK accounting for about 36% of brand sales by 2021[246].

The Brand was first introduced as a high-end brand with roots in vintage American athletics. It received positive reviews from critics and established itself among well-known luxury brands. However, a significant strategic shift was made by the company in the mid-2010s when it shifted toward mainstream accessibility. Over time, its reputation as a luxury brand was damaged by aggressive pricing, excessive reliance on outlet sales, and rapid retail expansion. What was once thought of as a high-end designer brand became more and more linked to mall ubiquity and promotional prices.

As of today, in order to bridge the gap between high-end luxury and mass-market fashion, **MK prioritized volume growth over exclusivity**.

As part of such volume-oriented strategy, MK used aggressive discounting and extremely wide distribution. By 2015, the business has approximately 550 standalone Michael Kors stores and almost 1,500 shop-in-shops and concessions across the globe[247]. Apart from the stores, with more than 250 **outlet** stores operating worldwide by 2025, and numerous discount listings in busy malls, the brand's overexposure weakened exclusivity and created a resale glut as second-hand marketplaces became overloaded with thousands of identical items. Today, everyone sells MK bags and accessories: from malls, outlet stores, to department stores (like Macy's and Bloomingdale's), and even discount chains (like TJ Maxx and Ross).

The brand's widespread presence fuelled **early expansion but diluted its prestige**, moving it away from the exclusivity of high-end competitors.

MK's items are indeed always on sale. For instance, the Jet Set Travel tote (MSRP approximately $358) is regularly offered for 50 - 75% off. Regular markdowns have therefore become a cornerstone of the business model; however, analysts caution that a brand's premium image may be damaged by such "frequent discounts" and a lack of scarcity. In actuality, MK's extensive network and outlet-

[246] Zoe Trottier & Titi Ilori (2025), Ivey Business School official publication: "Michael Kors: Building a Future in Accessible Luxury"; https://www.iveybusinessreview.ca/magazine/articles/michael-kors-building-a-future-in-accessible-luxury

[247] Capri Holdings (Parent Company of Micheal Kors) official website available information

heavy business strategy have limited its pricing power and conveyed to customers that the brand is incredibly reasonably priced.

For reference, MK's retail pricing and resale success for a sample of eight well-known products are shown in the table below. It calculates the retention rate by comparing the retail prices of each item in 2015, 2025, and the current second-hand resale price (2025 resale ÷ 2025 retail). All prices (retail numbers from MK ads; resale values are approximations from secondary-market websites) are in USD.

	PRODUCT	RETAIL		RESALE*	RETENTION RATE
		2015	**2025**	**2025**	**(%)**
	**Jet Set Travel Large Logo Tote**	358 $	358 $	~ 90 $	~ 25%
	**Selma Large Saffiano Satchel**	358 $	298 $	~ 150 $	~ 50%
	**Whitney Quilted Shoulder (Medium)**	198 $	198 $	~ 50 $	~ 25%
	**Bedford Travel Duffel (Medium Satchel)**	398 $	398 $	~ 120 $	~ 30%
	**Jet Set Travel Continental Wallet**	138 $	158 $	~ 60 $	~ 38%
	**Jet Set Large East-West Crossbody**	378 $	148 $	~ 60 $	~ 41%
	**Electra Leather Sandal**	125 $	145 $	~ 40 $	~ 28%
	**Leather Belt (Chain Logo Plate)**	68 $	68 $	~ 20 $	~ 29%

Figure 33: Comparison between retail prices and resale price ranges for selected luxury products

* Michael Kors product retail prices (2015 vs 2025) and resale values. "Retention (%)" is resale ÷ retail 2025 × 100%. Retail prices are drawn from official listings; resale prices are approximate current market values. (**Sources**[248])

248 Company reports and industry analyses. The product pricing data are based on Michael Kors retail listings and secondary-market sites (Vestiaire, Poshmark, etc.)

The data reveal that Michael Kors's retail prices have remained virtually stagnant over the past decade. For instance, the Jet Set Tote was priced at about $358 in both 2015 and 2025[249], whereas the majority of other models saw very slight variations. Secondary-market resale values, on the other hand, continue to be significantly discounted: retention rates range from 25% to 40%, and none of the examined items keep even half of their 2025 retail value. With about 50% retention, the Selma Satchel is the only one that performs slightly better than average. A structurally weak brand equity is shown by the sample's median resale ratio, which is less than 30%.

The enormous amount of Michael Kors goods on the resale market further exacerbates this situation. More than 20,000 MK handbags were listed on Vestiaire Collective alone in 2025[250] - a number that much outstrips that of more upscale labels. This volume saturation not only exceeds market need, but it also reinforces the notion that MK products are disposable rather than collectible. Together, these factors lead to consistently low resale prices and eroded prestige, demonstrating how widespread availability and excessive publicity have weakened the brand's long-term value proposition.

All of the above weaknesses translate in poor financial performance. Capri Holdings' reports show Michael Kors brand revenues declined after the mid-2010s. For fiscal 2015 (year ended Mar 2015), total revenue was roughly $4.4 billion[251]. By fiscal 2025 (year ended Mar 2025), MK brand net sales had decreased to around $3.52 billion[252]. These estimates imply a negative compound annual growth rate (–1.2%) over 2015 - 2025. Industry researchers agree this decline: one estimate found MK revenues dropping ~9% per year from 2016 to 2021. Thus, despite early quick expansion, MK's top-line growth declined, keeping with its substantial discounting strategy.

MK's average standing is reflected in brand-ranking indexes. Global "top brand" lists, such as Interbrand's, which highlight the top 100 most valuable brands globally, typically do not include it. However, MK does show up in the fashion-specific rankings. For instance, according to FashionUnited's 2025 "Most Valuable Fashion Brands" ranking, Michael Kors has a brand value of approximately $4.2 billion[253], placing it in the 30th to 35th range out of hundreds of international

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[249] Micheal Kors official website (Micheal Kors Outlet section – 75% off); https://www.michaelkors.com/jet-set-travel-large-saffiano-leather-tote-bag/35T0STVL9L.html

[250] Vestiaire Collective official listing; https://it.vestiairecollective.com/search/?q=micheal+kors+bag

[251] Capri Holdings Fourth Quarter and Annual Fiscal 2015 Results; https://www.capriholdings.com/news-releases/news-releases-details/2015/Michael-Kors-Holdings-Limited-Announces-Fourth-Quarter-and-Annual-Fiscal-2015-Results/default.aspx

[252] Micheal Kors 2024 official Annual Report; https://s22.q4cdn.com/557169922/files/doc_financials/2025/ar/CAPRI-HOLDINGS-LTD_10K_2025_V1.pdf

[253] Fashion United official Ranking; https://fashionunited.com/i/most-valuable-fashion-brands

fashion companies. According to Brand Finance's 2015 Apparel survey, MK's brand value was valued at 5 to 6 billion dollars in the mid-2010s. As a result, the brand's worth appears to have decreased.

Consumer studies also show this fall in prestige: Michael Kors is frequently categorized as a mid-tier or "affordable luxury" brand rather than an aspirational symbol. For example, Bain & Company observes that when consumers in China downgrade from true luxury, they increasingly view MK (together with Coach) as a status symbol, demonstrating its moderate cachet but wide appeal[254]. High-end brands like Hermès, Chanel, and Louis Vuitton typically dominate social media and search-based luxury indexes (like Lyst and Kantar BrandZ), where MK is rarely featured. Additionally, according to recent Bain and Statista surveys, Gen Z and Millennial buyers view Michael Kors less as a status symbol and more as a "discount" or mall-accessible brand. According to Statista, MK is less desirable among American customers between the ages of 18 and 34 than more recent premium brands like Telfar or Jacquemus, while Bain emphasizes how brand dilution has reduced its aspirational appeal among younger, wealthy buyers[255]. In a market where symbolic capital and exclusivity drive value perception, MK’s emphasis on promotional pricing and extensive exposure has harmed its credibility with the very groups most sensitive to brand status.

In summary, Michael Kors's approach of extensive distribution and ongoing marketing has increased sales (at first) but diminished the brand's perceived exclusivity. Its products are nearly always offered at steep markdowns, undercutting full-price promotions, and its retail pricing have mainly remained unchanged. Customers' perception of MK as a lower-prestige brand is supported by the dismal secondary-market prices (low resale retention). These elements, along with flat revenues and declining brand value, demonstrate how MK's accessible-luxury strategy has reduced its pricing power and damaged its brand equity.

[254] Li Yan (2024), Ecns.cn article: “Kantar ranks China's most valuable brands”; http://www.ecns.cn/business/2024-09-13/detail-ihehacvq3192426.shtml

[255] Bain & Company 2023 Annual Fashion Report: “Luxury in Transition: Securing Future Growth”; https://www.bain.com/insights/luxury-in-transition-securing-future-growth/

5.3 Triangulated Analysis of Luxury Strategy and Performance

In the luxury market, the two brands occupy completely different positions. As specified also in the previous chapters, Hermès deliberately fosters workmanship, severe scarcity, and full-price discipline. Its leather products section "rations high demand by queue"[256] by limiting production (only about 200 new craftspeople each year) and enforcing lengthy waitlists instead of discounts. Michael Kors, on the other hand, has developed an "accessible luxury" business strategy by providing enormous quantities of generally accessible goods in two categories.

As said, Michael Kors sacrificed exclusivity for scale, deciding to depend on aggressive marketing and discounting that might weaken its premium image, while Hermès effectively swaps volume for aura, reinforcing cachet and pricing power through purposeful limitations.

Reinforcing what already said in the previous chapters, Hermès's approach has given it strong pricing power and resale value, as well as making its brand incredibly desirable - it routinely ranks at the top of worldwide luxury rankings. By contrast, Michael Kors's broad-access model benefited short-term sales but harmed long-term brand equity. For instance, Hermès scored #4 in the 2025 FashionUnited index with a brand value of approximately $30.4 billion, whereas Michael Kors ranked #32 with a brand value of approximately $4.2 billion. Hermès significantly outperforms MK in terms of consumer and valuation criteria too. (Similarly, in the Mediaboom 2025 luxury-brand popularity ranking Hermès is #1 while Michael Kors is #20[257].)

Their positioning decisions are reflected in these differences: While Michael Kors's mass-market strategy results in weaker consumer perceptions and restricted pricing power, Hermès's ultra-luxury model commands great equity and a willing buyer base at high prices.

ANALYTICAL TRIANGULATION

Evidence reinforces this contrast:

→ **Resale-to-retail retention:** Differently from Michael Kors merchandise, Hermès items on the secondary market keep almost all of their initial pricing. Hermès had the highest retained value rate of any brand[258]. By contrast, Michael Kors handbags often resale for only ~ 30 - 40% of

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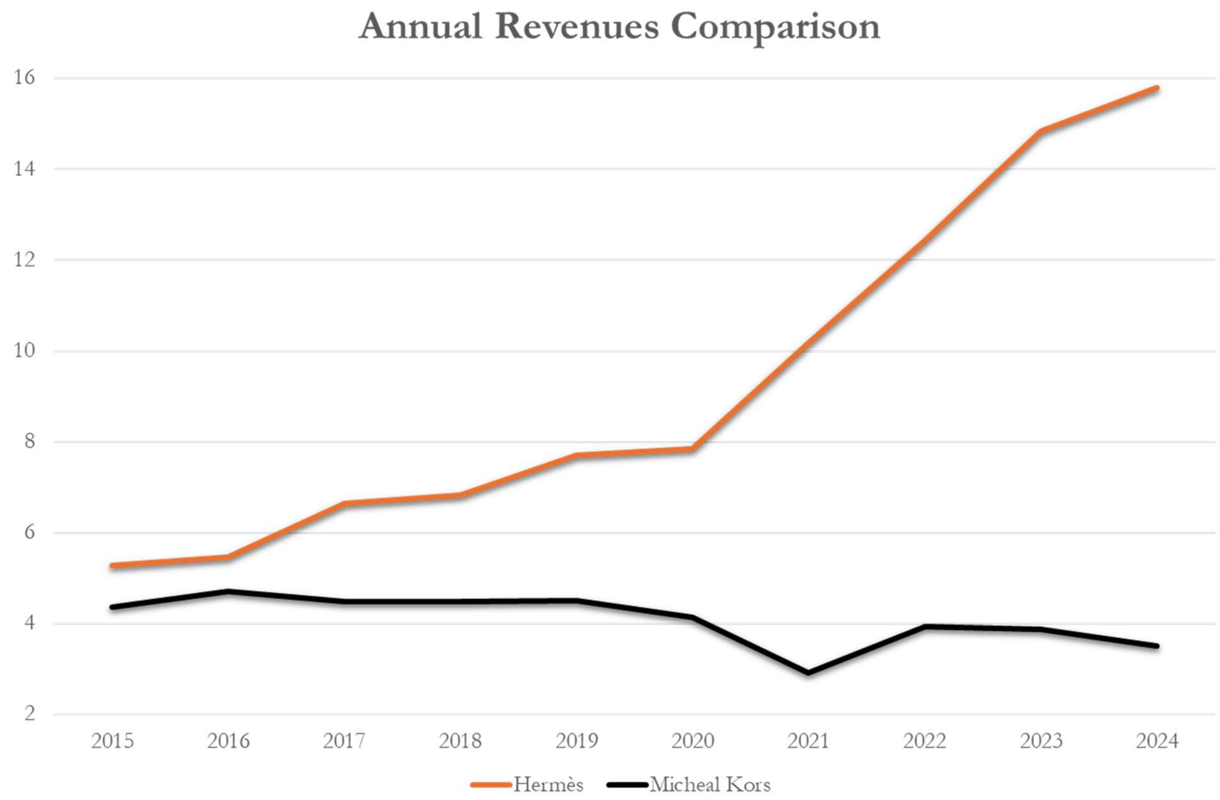
[256] Martin Roll (2020), Business & Brand Leadership article: "Hermès – The Strategy Insights Behind The Iconic Luxury Brand"; https://martinroll.com/resources/articles/strategy/hermes-the-strategy-behind-the-global-luxury-success/

[257] Frank De Pino (2024), MediaBoom article: "Luxury Brand Ranking 2025 – 34 Top-tier Luxury Icons Revealed"; https://mediaboom.com/news/luxury-brand-ranking/

[258] Laurel Deppen (2024), FashionDive article: "Goyard, Hermès are the top brands that retain value at resale: report"; https://www.fashiondive.com/news/rebag-annual-clair-resale-retention-value-report/735786/

original retail[259]. The stark contrast between Hermès's rarity premium and MK's commodity-like volume model is illustrated by this enormous difference (Hermès ~ 100% vs. MK ~ 35%).

→ **Revenue Growth (2015 – 2025):** Over the past ten years, Hermès has maintained double-digit growth, nearly tripling its revenue. Hermès's revenue increased from $5.29 billion in 2015 to $15.78 billion in 2024[260]. This translates to a compound annual growth rate of about 12 - 13%. The tendency at Michael Kors (Capri Holdings) is the contrary. Over the same time period, its brand revenue decreased somewhat, from around $4.4 billion in 2015 to approximately $3.5 billion in 2024; this is a flat-to-negative CAGR (~ –2%). The table below represents the contrasting trajectories discussed in the preceding analysis: Hermès has demonstrated sustained revenue growth, particularly over the last five years, during which its long-term strategy has paid off - despite challenges such as the COVID-19 pandemic, generational shifts, and the fulfilment of the digital era. Michael Kors, on the other hand, has been losing market share for a long time, which may be attributed to the company's short-term, volume-driven approach as well as its lack of long-term vision.



[259] Punit Anand (2024), The Luxurypop article: "Best and Worst Resale Values in the Luxury Market"; https://www.theluxurypop.com/blogs/informational/best-and-worst-resale-values-in-the-luxury-market?srsltid=AfmBOootso6_CoGW0lVwlMV15OfUHvcil5GcQmOCeapBvOCxu6dx6ndy

[260] Figures expressed in $ differently from Chapter 5.1 in order to perform better triangulation with Micheal kors figures

Figure 34: Annual revenue comparison between Hermès and Michael Kors (2015–2024)

→ **Brand Equity & Perception:** Both quantitative evaluations and public opinion clearly show how Hermès and Michael Kors have different levels of brand equity. According to the FashionUnited index, Hermès placed #4 as the most valuable luxury brand in the world in 2025, while Michael Kors came in far behind at #32. Data on consumer perceptions supports this disparity: While Michael Kors is typically classified as a mid-tier or accessible fashion brand, Hermès consistently scores at or near the top of luxury indices and is frequently described with adjectives like "iconic" or "wondrous." Their conflicting strategy models, which have influenced each brand's position within the larger luxury ecosystem, are the cause of this divergence. According to visual hierarchies of luxury brands that are frequently cited in trade publications and the media, Hermès is firmly in the "Ultra Luxury" category, but Michael Kors is usually in the lower "Contemporary" category[261]. This positioning captures consumer opinion about exclusivity, quality, and long-term appeal in addition to brand value.

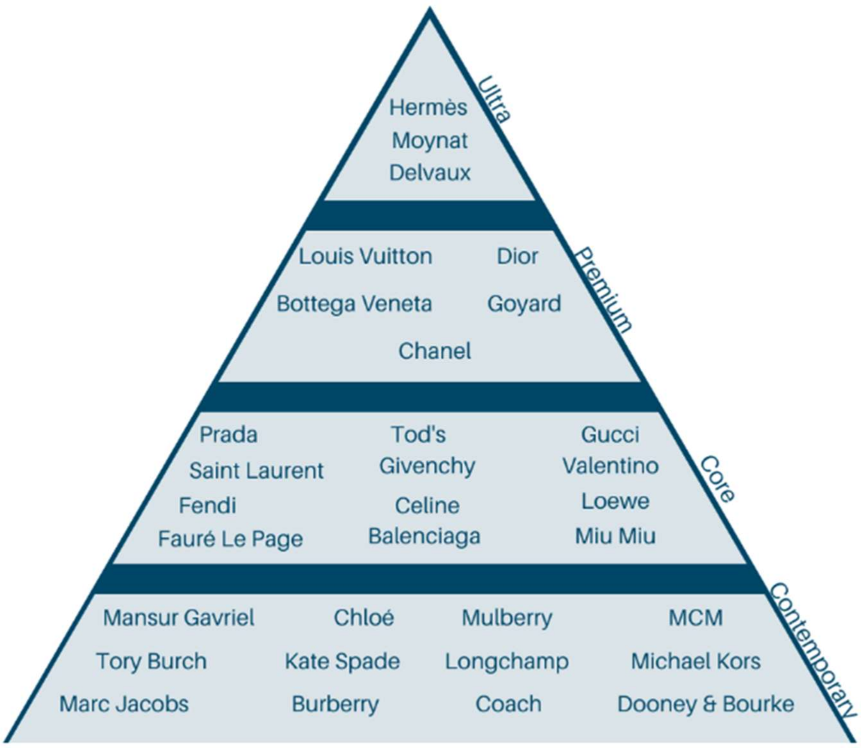


Figure 35: Brand positioning pyramid highlighting degrees of exclusivity in the luxury market

[261] LePrix (2023), Wholesale Blog: "The Luxury Brand Hierarchy"; https://leprix.com/en/blog/luxury-brand-hierarchy-122

Below a table that summarise the overall triangulation representing every different analysis conducted:

METRIC	HERMES	MICHEAL KORS
Resale/Retail Retention (2024)	~ 120%	~ 30-40%
FY Revenues (2015)	$5.29B	$4.37B
FY Revenues (2024)	$15.78B	$3.52B
CAGR (2015-2024)	~ +13%	~ -2%
Brand Value (2025)	$30.4B	$4.2B
Perception Rank*	#4	#32

Figure 36: Comparative overview of key performance and brand equity indicators

From all of the above, there are obvious **strategic lessons** to be learned from the comparison of these models. Hermès's focused scarcity strategy has created a strong competitive barrier because its items are still in high demand and are seldom undercut, protecting margins and brand aura. The Hermès instance serves as an example of how strict supply control and stable pricing, even in the face of rising demand, may increase desirability and guarantee that the brand retains almost all of its residual value upon resale. Michael Kors, on the other hand, has lost its identity due to its volume-driven strategy. It must rely on ongoing promotions to boost sales due to widespread discounting and a weakened brand image, which erodes pricing power and long-term brand equity. According to the statistics, MK's customers anticipate reduced costs, and secondary markets further penalize the brand (poor retention), which reflects its diminished exclusivity.

Given the divergent paths examined, it is clear that resale market management is a strategic tool that can influence long-term brand performance rather than a side issue. A strictly regulated resale ecology, which is defined by scarcity, high retention, and perceived asset worth, can enable steady revenue growth, maintain brand equity, and strengthen pricing power, as Hermès has shown. On the other hand, the Michael Kors case demonstrates how uncontrolled secondary circulation, discount-driven sales, and excessive exposure can harm both financial performance and value perception. These results are consistent with the more general points made in the previous chapters: in a time when luxury goods have a lifecycle that goes beyond the first sale, a maison's capacity to control the second-hand narrative is deeply linked to its primary business plan. The resale market has developed into a public brand desirability scoreboard that penalizes short-term compromise and rewards long-term ambition. The future of luxury will be determined by what is sought after long after it is sold in boutiques.

CHAPTER 6 - Designing Luxury's Next Stage: A Managed Resale Ecosystem

A key finding has been made clear by the triangulated evidence put together in Chapter 5 - which includes resale-retention data, brand-equity analysis, and the comparative results of various strategic models. It is that a Maison's current secondary market interactions have a direct impact on its long-term desirability, pricing power, and cultural authority. Resale is now a structural factor that affects how well a brand does, not just an outside factor, as evidenced by the contrast between unmanaged secondary circulation, which speeds up dilution, and well controlled resale ecosystems, which maintain scarcity and asset-like value. Now that this empirical basis has been established, the conversation moves from diagnosing results to comprehending how luxury homes might operationalize such information.

The focus of this chapter shifts from a descriptive analysis of resale platforms to an examination of the new mechanisms that Maisons are using to start transforming a fragmented marketplace into a governed ecosystem. These mechanisms include hybrid collaborations and strategic architectures that are intended to restore authority, coherence, and long-term value creation.

6.1 The First Wave of Luxury - Resale Partnerships

Before luxury maisons began envisioning fully integrated resale ecosystems, their first attempts at entering the secondary market took the form of experimental collaborations with dominant resale platforms. These collaborations, which range from straightforward consignment incentives to well-designed buy-back schemes, are the industry's first attempts to partially reclaim control over a market that had previously developed without them. They revealed structural limitations[262], but they also initiated a crucial conversation between brands and platforms. The benefits, inconsistencies, and strategic lessons of this early adaption phase are demonstrated by the cases that follow.

STELLA McCARTNEY x THE REALREAL

2017 saw Stella McCartney and The RealReal become the first well-known luxury brand to formally collaborate with premium reseller The RealReal, leading the way in this regard. Customers of Stella McCartney were given a ~$100 credit at Stella McCartney stores for consigning their used items on The RealReal as part of the partnership, which was introduced on "National Consignment Day" in

[262] Further discussed in Chapter 6.1.2

October 2017[263]. As part of an effort to promote sustainability, the goal was to keep Stella's products out of the trash and in use. In its first year, the amount of Stella McCartney items donated to The RealReal increased by 74%, and the number of Stella consignors increased by 65%, demonstrating the remarkable success of this first-of-its-kind incentive program. The relationship was extended through 2019 as a result of the positive outcomes. Stella McCartney set an example for others with her early move, which was based on her company's eco-conscious attitude and showed that premium brands could work with resellers to promote circular fashion without undermining brand status.

BURBERRY x THE REALREAL

2019: In a well-publicized pilot project, the British luxury brand Burberry partnered with The RealReal in 2019. This was one of the first times a typical luxury brand publicly supported a resale marketplace. Customers were encouraged to consign their old Burberry products on The RealReal in exchange for a special benefit that was only available to consignors in a few Burberry boutiques: a personal shopping experience at Burberry, replete with in-store tea service. This was presented by Burberry as a component of their five-year sustainability plan to transition to a more circular fashion model. Burberry's embrace of resale marked a "thawing" of the formerly cold relationship between luxury brands and second-hand platforms. This made the experiment interesting as a symbol of changing attitudes. **It demonstrated that even historical brands that prioritize exclusivity might benefit from the resale market by extending the life of their items, drawing in younger, budget-conscious consumers, and possibly regaining those clients for further purchases.** This was a "real shift," indicating that luxury resale partnerships were strategically becoming more common[264].

GUCCI x THE REALREAL

By the end of 2020, Gucci, a major participant in the luxury market and a member of the Kering group, had joined forces with The RealReal in a multifaceted relationship to enter the resale market. The Gucci x TRR partnership, which was introduced in October 2020, was marketed as a circular economy endeavour and featured the establishment of a unique Gucci "e-shop" on The RealReal's platform. Along with a supply of merchandise supplied directly from Gucci, this special section offers pre-owned Gucci items consigned by customers. This is a noteworthy first, indicating that the brand was willing to feed unsold stock or archival pieces into the resale channel. The firms promised to plant a tree through the One Tree Planted program for each Gucci item sold or bought through The

[263] Mario Abad (2018), Forbes official article: "Why The RealReal And Stella McCartney Are Calling For Luxury Brands To Embrace Reselling"; https://www.forbes.com/sites/marioabad/2018/04/19/realreal-stella-mccartney/

[264] Maghan McDowell (2019), The Vogue Business official article: "Burberry's partnership with The RealReal signifies a real shift"; https://www.voguebusiness.com/companies/burberrys-partnership-realreal-secondhand

RealReal, making Gucci the first brand on TRR to directly encourage both buyers and sellers[265]. The partnership's PR message that resale is essential to Gucci's larger environmental ambitions was emphasized by this sustainability-driven incentive. Gucci was commended by the CEO of RealReal for "recognizing the role of resale" and leveraging its power to make second-hand shopping more acceptable. Gucci's goal in this partnership was to influence consumer perception by demonstrating that used Gucci is "cool" and consistent with the brand's ideals, rather than to make quick money (like most brand-platform agreements, Gucci did not keep a portion of resale sales).

Gucci's action essentially demonstrated that even high-end luxury businesses viewed collaborations with resale platforms as a means of **extending the life of their goods** and **appealing to consumers who are concerned about sustainability** rather than as a threat.

ALEXANDER McQUEEN x VESTIAIRE COLLECTIVE

A move toward more formal buy-back schemes in early 2021 furthered the collaborative trend. Alexander McQueen is the first luxury brand to collaborate with Vestiaire Collective, a Paris-based resale platform, on its new "Brand Approved" resale plan in February 2021. In essence, this approach incorporates the brand into the reselling procedure[266].

The process is as follows:

1. McQueen encouraged a small group of customers to return any previously owned Alexander McQueen items they wanted to sell. Each item was verified by the brand itself, and in return, the customer was given a buy-back credit, which may be used to purchase new McQueen items.
2. After being purchased, Vestiaire Collective received those used items and put them up for sale in a special Alexander McQueen Brand Approved area of their website. Each item has an NFC tag to let purchasers confirm its authenticity.

By **working together**, McQueen and Vestiaire are able to **capitalize on their respective strengths**: the platform offers the online marketplace and logistics for second-hand sales, while the brand uses its expertise in authenticity to get the customer back in-store with a credit note. In addition to being generally regarded as groundbreaking, the action indeed codified a sort of **revenue-sharing model**, meaning that while McQueen did not directly profit from the resale transaction, it did indirectly by encouraging trade-in customers to make new purchases. For its part, Vestiaire Collective acquires

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265 Emily Farra (2020), The Vogue Business official article: "Gucci and The RealReal Announce a Game-Changing Partnership"; https://www.vogue.com/article/gucci-the-realreal-partnership-secondhand-consignment

266 Marisa Petrarca (2022), Grazia Magazine article: "It's Never Been So Easy to Own Vintage Alexander McQueen"; https://graziamagazine.com/articles/alexander-mcqueen-vestiaire-collective/

highly sought-after inventory with authenticity approved by the company, which probably draws additional users to its platform.

MULBERRY x VESTIAIRE COLLECTIVE

The British leather goods company Mulberry became the second participating label in Vestiaire Collective's Brand Approved program, just one month following McQueen's effort. The Mulberry relationship, which was first announced in March 2021, expanded on Mulberry's internal reselling initiatives. It is relevant to mention that Mulberry was already pretty active in this matter, the year before indeed introduced the Mulberry Exchange, an in-store program that allowed consumers to exchange their used bags for credit toward new ones. By partnering with Vestiaire, Mulberry extended this exchange model to an international internet audience. As part of the Vestiaire partnership, used Mulberry bags are verified and restored by Mulberry artisans before being shown on a dedicated Vestiaire page, emphasizing the brand's 50-year history and dedication to excellence. Similar to McQueen, Mulberry clients who sell their merchandise through this program are given gift cards that may be used to purchase new Mulberry merchandise[267]. As a result, the collaboration encourages sustainability and boosts sales at the same time. According to industry analysts, by 2021, luxury brands' interest in these reseller partnerships was "mounting," as the resale market's rapid expansion made it an "increasingly attractive bet" for brands looking to highlight their sustainability credentials and access new revenue streams[268].

Through these examples we can see how, after realizing the structural impact of the secondary market on brand perception, value retention, and long-term desirability, an increasing number of luxury companies have started incorporating resale into their strategic initiatives[269]. Official resale programs provide significant benefits, whether they be partnerships with reputable second-hand marketplaces or internal "certified pre-owned" initiatives, from counterfeit protection, preservation of quality and consistent narrative to supporting the durability of specific designs therefore raising perceived value. Additionally, they react to growing expectations regarding circularity, since industry assessments and consumer surveys continually demonstrate that younger, sustainability-focused consumers are drawn to brand-approved resale programs.

[267] Tamison O'Connor (2021), The Business of Fashion official article: "Mulberry to Resell Old Bags on Vestiaire Collective"; https://www.businessoffashion.com/news/luxury/mulberry-to-resell-old-bags-on-vestiaire-collective/

[268] Danny Parisi (2021), Glossy article: "In 2021, brands finally went all in on resale"; https://www.glossy.co/fashion/2021-was-the-year-brands-finally-went-all-in-on-resale

[269] SDA Bocconi official publication (2021): "Second-hand and rentals: the new dynamics in the luxury market"; https://www.sdabocconi.it/en/sda-bocconi-insight/zoom-on/fashion-design--luxury-economics--society/second-hand-and-rentals-the-new-dynamics-in-the-luxury-market

However, it is also becoming more and more clear that these collaborative models have **structural constraints**. They inevitably give up control over important aspects like pricing discipline, authentication standards, merchandising curation, and user data acquisition when they operate through external systems, no matter how reliable they are. The brand's capacity to control the entire customer experience is limited since the exact middlemen that provide visibility and operational scalability also mediate the interaction between the Maison and the client. Furthermore, the degree to which these collaborations can actually preserve long-term exclusivity or promote cogent lifecycle management is limited because platform-led resale still replicates many of the fragmentation problems covered earlier in the thesis, such as inconsistent grading procedures, heterogeneous presentation standards, and dispersed pricing[270].

For these reasons, **platform collaborations should be understood as an important but transitional phase, useful for experimentation, but insufficient for long-term luxury strategy**.

[270] A more detailed analysis is presented in Chapter 2.2 "Emergent Market Frictions in the Second-Hand Luxury Industry"

6.2 Designing Hybrid Resale Architectures in Luxury Ecosystems

The analysis developed in Chapter 6.1 demonstrated that luxury maisons have entered the resale market primarily through experimental collaborations with established external platforms. Although these first-wave efforts are helpful in evaluating secondary-market participation and restoring some control, they are still inherently reactive. They highlight a crucial realization: resale governance cannot be addressed by solitary collaborations. Rather, the strategic challenge shifts from whether or not to work with outside parties to how luxury businesses should design a cohesive ecosystem where internal and external platforms complement each other and are suited to the unique life cycles of premium goods.

The economic trajectory of luxury items varies. Luxury goods frequently exhibit non-linear value patterns influenced by scarcity, cultural positioning, and symbolic capital, in contrast to mass-market goods, whose value usually decreases predictably after the original sale.[271] In order to maintain exclusivity and attractiveness during the primary market phase, the maison controls access, pricing, and story. This is the foundation of the classic luxury model.[272] However, products are exposed to market-based price discovery, informational transparency, and multifaceted platform dynamics once they reach secondary circulation.

Primary authority and secondary liquidity are two stages that follow different strategic logics. Designing successful platform synergy requires an understanding of and ability to manage this differentiation.

According to a lifecycle viewpoint, luxury goods go through three major stages[273]:

1. Launch and peak of scarcity
2. Regulated maturation
3. Stability of secondary circulation.

The consequences for platform configuration and governance vary depending on the phase.

Brand authority must continue to be completely consolidated during the **launch phase**. In order to maintain margin integrity and reinforce premium positioning, the strategic goal is controlled scarcity and symbolic elevation. Integrating with resale channels at this point runs the danger of weakening exclusivity signals and diluting mystique. The economic logic is hierarchical and vertically linked.

[271] Pierre Bourdieu, Distinction: A Social Critique of the Judgement of Taste (1984)

[272] Jean-Noël Kapferer & Vincent Bastien, The Luxury Strategy (2009)

[273] Raymond Vernon, "International Investment and International Trade in the Product Cycle," Quarterly Journal of Economics (1966)

Some legendary or enduring items start to get secondary attention throughout the **maturation phase**, although they don't always lose their appeal. Resale is no longer an option in this case; it is a necessity. The maison must choose between selectively integrating controlled channels that preserve authenticity and narrative coherence or letting unregulated secondary circulation shape pricing signals on its own. At this point, hybrid oversight becomes necessary.

Products have attained cultural awareness and comparatively consistent resale trends by the time they reach the **stabilization phase**. Perceptions of long-term value retention are influenced by secondary markets, which serve as venues for liquidity and pricing transparency. At this point, if handled well, resale visibility can strengthen asset-like qualities; if handled poorly, it can weaken brand positioning.

Platform governance should be dynamic and phased rather than binary - internal versus external - as a result of lifecycle difference. Platform theory offers a helpful perspective. Multi-sided markets, which frequently display network effects and informational externalities, create value by enabling interactions between many user groups.[274] Although data-driven price discovery and liquidity aggregation are advantages of external resale platforms, their incentive structures differ from those of the brand.

While the maison's goal is long-term symbolic authority and equity preservation, theirs is transaction volume and marketplace efficiency.

Therefore, relying solely on outside sources runs the risk of giving actors whose motivations are at odds with brand stewardship control over price signalling and value interpretation. On the other hand, a wholly in-house resale business could not have the cross-market reach, price transparency, or liquidity to operate well. Coordinated complementarity is the strategic answer.

Differentiated roles are implied by hybrid platform architecture:

- Lifecycle extension services, narrative continuity, and authentication integrity are the main focuses of in-house platforms.
- Geographic size, market liquidity, and more extensive discovery techniques are offered by other platforms.
- Pricing logic and communication frameworks in both contexts are aligned by governance systems.

[274] Jean-Charles Rochet & Jean Tirole, "Platform Competition in Two-Sided Markets," Journal of the European Economic Association (2003)

The alignment of lifecycle stages with differentiated platform strategies is depicted in the following matrix.

Lifecycle Phase	Strategic Objective	Platform Configuration	Governance Intensity
Launch & Scarcity Peak	Symbolic elevation and exclusivity preservation	No formal resale integration Strict primary market control	Maximum centralized control
Controlled Maturation	Protect brand equity while acknowleding secondary visibility	Limited in-house certified resale channel selective external partnerships	Maximum centralized control
Secondary Stabilization	Preserve long-term value retention and signal durability	Integrated in-house resale + stmctured external platform collaboration	Ecosystem-level oversight

FIGURE 35: Lifecycle-Platform Strategic Alignment Matrix

This matrix emphasizes how platform choices are dependent on time. Once symbolic positioning is secure, a product that was strategically protected throughout its early lifespan phase may subsequently profit from organized resale integration. While acknowledging the unavoidable involvement of the secondary market, this difference prevents premature dilution.

This change is further explained by dynamic capacities theory. In reaction to changes in the environment, businesses need to reorganize their resources and coordination systems. This change is exemplified by resale expansion, which brings decentralized signalling systems, transparency, and community-driven value creation. As a result, luxury houses need flexible skills that go beyond conventional retail administration. Cross-functional alignment between pricing, digital strategy, aftercare services, and brand management is necessary for the governance of hybrid platform ecosystems.

When informational asymmetry is considered, the orchestration problem becomes clear. Although the impact of information gaps on customer trust was covered in previous chapters, strategic alignment is the main focus here. Customers are given contradictory signals if external platforms display one valuation reasoning while inside certified resale channels indicate another. According to signalling theory, contradictory price signals can damage perceived exclusivity and undermine confidence[275]. Therefore, hybrid architecture necessitates calibrated cooperation rather than fragmentation.

[275] Michael Spence, "Job Market Signalling," Quarterly Journal of Economics (1973)

Below is a hypothetical illustration of lifecycle-based platform orchestration.

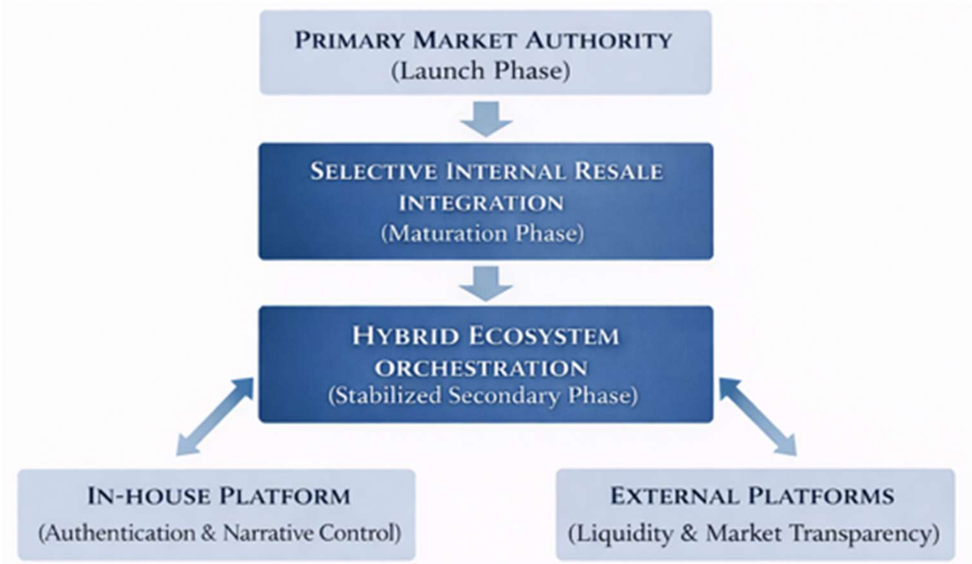

FIGURE 36: Lifecycle-Based Hybrid Platform Ecosystem

The progression from centralized control to ecosystem orchestration is illustrated graphically in the diagram. Is indeed clear how outside platforms are presented as complementary liquidity sources inside a regulated governance framework rather than as enemies.

The literature on ecosystem governance highlights the need for orchestrators to specify data-sharing parameters, incentive systems, and interface regulations[276]. This translates into alignment mechanisms in luxury resale, like criteria for story consistency, consistent authentication procedures, and pricing coherence frameworks. In the absence of these mechanisms, hybrid models become incoherent.

This architecture's capacity to transform resale from a reactive risk into a calibrated tool is what gives it strategic worth. When integrated, secondary markets can strengthen opinions about long-term worth and durability. Nevertheless, consistent signalling across platforms is necessary for this reinforcement. The maison must thus decide which items should be kept apart from organized resale integration, which can circulate externally with brand support, and which are appropriate for internal certification.

The intricacy of governance is now apparent. Digital commerce, legal compliance, customer relationship management, environmental initiatives, and pricing strategy are just a few of the organizational domains that must be coordinated in hybrid ecosystems. In the absence of centralized

[276] Carmelo Cennamo & Juan Santalo, "Platform Competition," Strategic Management Journal (2013)

supervision, fragmentation could resurface. Research on organizational design shows that in order to avoid the spread of accountability, emerging cross-functional areas usually call for specialized executive responsibilities. The growth of resale governance from partnership experimentation (Chapter 6.1) to institutional integration (Chapter 6.3) is thus structurally justified by the hybrid lifecycle approach.

The next section therefore examines how this ecosystem-based architecture can be institutionalized through centralized leadership.

6.3 Time to Appoint a Chief Resale Officer!

This final analysis will focus on a simple but crucial question: why luxury needs a C-Suite Resale Leader?

Within this thesis project numerous times was remembered how the luxury secondary market is no longer only a niche sector, but it has developed into a key commercial subject. According to major consultancies, sales of second-hand luxury items would expand almost three times faster than those of new goods, reaching hundreds of billions by 2030[277]. In reality, resale is already changing brand economics and customer lifetime value (CLV): branded pre-owned channels expand product lifecycles and increase customer loyalty, which raises CLV, while also offering information on demand elasticity and consumer preferences[278]. However, unchecked resale can weaken brand equity and pricing power, so effectively handling it enhances a home's status. For example, Zenith's "Icons" archival program was explicitly designed to "highlight our patrimony and help build our brand equity and reinforce our value in the secondary market"[279]. This demonstrates how well-planned resale campaigns can strengthen premium positioning rather than weaken it.

Resale's growing complexity demands integrated oversight. A **Chief Resale Officer (CRO)** would bring together departments that are currently divided such as sustainability, CRM and data analytics, legal and anti-counterfeiting, after-sales support, brand protection, and digital commerce. In addition to guaranteeing uniform certification and storytelling requirements for pre-owned goods, this position would supervise new "brand-approved" consignment channels and trade-in programs and match resale performance with company ESG goals. Instead of distributing accountability for these decisions across the product, marketing, legal, and sustainability teams, a CRO would consolidate them.

Potentially, the CRO shares conceptual similarities with other C-suite positions that emerged from structural transformation. To manage online sales and data analytics in the digital age, businesses appointed Chief Digital or Chief E-Commerce Officers. Additionally, to include social governance and circularity into strategy, many companies now employ Chief Sustainability Officers in the ESG

[277] A more detailed analysis is represented in Chapter 1.1 "Why Second-Hand Luxury is Outpacing New Sales: Key Market Dynamics

[278] Treet article: "How to Thrive in the Resale Economy"; https://www.treet.co/post/how-to-thrive-in-the-resale-economy?srsltid=AfmBOoqIS-WwGb63lxv_xsZFNecetVubjl92FGOMvU-B5jZnIXne1F9r#

[279] Milena Lazzazera (2023), The Vogue Business article: "The hard luxury resale race heats up"; https://www.vogue.com/article/the-hard-luxury-resale-race-heats-up

age. Resale should have its own dedicated leader since it reflects a similarly fundamental shift: the emergence of a "circular economy" factor inside luxury.

This is already evident in some industry players. For instance, the Korean luxury marketplace Treny (Trenbe) promoted its head of the resale company to co-CEO rank by officially establishing a "Chief Resale Officer" title[280]. This uncommon move points out that reselling is now a significant C-suite issue rather than a side initiative.

6.3.1 Proposed Responsibilities of the Chief Resale Officer

A Chief Resale Officer would carry a broad, integrative mandate bridging primary and secondary channels. Key tasks might include:

- ✓ **Overseeing Brand-led Resale Channels:** To guarantee constant quality and brand experience, the CRO would oversee all internal consignment and buy-back programs (such as Gucci Vault and Valentino Vintage pop-ups). The CRO preserves luxury signs of craftsmanship and rarity by carefully selecting which things are put up for sale and reconditioning them to flagship standards.
- ✓ **Managing reseller partnerships:** The CRO facilitates "resale-as-a-service" initiatives and engages in negotiations with third-party platforms, such as RealReal, Vestiaire Collective, Collectors' Square, etc.. Vestiaire's official partnership program[281], for example, permits brands to resell authenticated pre-owned items; the CRO would supervise these partnerships and make sure they comply with brand guidelines and standards.
- ✓ **Setting pricing and certification policies:** The CRO would specify how used goods are appraised, verified, and covered by warranties. Age/condition grading, buy-back credit policies, and warranty terms for pre-owned items (like Rolex's CPO warranty model) are all included in this. By monitoring resale price data, the CRO assists in determining when to step in (Ex: implementing outlet or buy-back regulations to prevent brand dilution) and calibrating primary-market prices (strong second-hand demand might justify premium pricing, as demonstrated with the Hermès Case Study).
- ✓ **Leading circular product and design strategy:** The CRO works with supply-chain and design to make sure new products are "made to be made again" with modularity, durability, and

[280] Goo Eunmo (2024), The Asia Business Daily article: "Trenbe, Lee Jonghyun Appointed as New CEO... Operates Under Co-CEO System"; https://cm.asiae.co.kr/en/article/2023070308382354399

[281] Vestiaire Collective official website; https://faq.vestiairecollective.com/hc/en-us/articles/16479047888401-Collaborating-with-luxury-brands

repairability in mind[282]. This could entail designating digital ID tags or environmentally friendly materials for every item. In order to reinforce the house's durability narrative, a CRO could also supervise reverse logistics (take-back and refurbishment initiatives) so that worn items re-enter the regulated resale cycle.

- ✓ **Directing resale-related analysis:** Utilizing data from several sources, the CRO would monitor pricing patterns, product provenance, and secondary-market demand. Digital product passports and blockchain are examples of tools that generate organized data flows on ownership and authenticity. These data would be used by the CRO to estimate reissue demand, establish dynamic pricing algorithms for used goods, and include resale insights into product strategy.
- ✓ **Integrating primary and secondary CRM:** The CRO may map actual client lifetime value by combining customer data from both marketplaces. Customers who exchange things, for instance, can be regarded as devoted repeat clients in the same way that new customers are. Thus, resale programs (such as loyalty rewards and trade-ins) turn into instruments to boost lifetime spending. By linking purchases, trades, and service histories into cohesive profiles, the CRO would work with marketing and CRM to guarantee that resale consumers continue to receive tailored experiences.
- ✓ **Ensuring legal, IP and authenticity compliance:** The CRO is responsible for managing resale intellectual property policies and anti-counterfeiting initiatives. This includes enforcing industry anti-fake agreements (MoUs on online counterfeits), enforcing trademark and unfair competition laws (Ex: Chanel's aggressive litigation strategy[283]), and requiring authentication procedures. The CRO would institutionalize these procedures across all resale channels.
- ✓ **Aligning resale with sustainability goals:** Lastly, the CRO connects ESG goals to resale metrics. The CRO makes sure resale supports the company's environmental and social goals by monitoring circularity KPIs (Ex: proportion of circular revenue, CO_2 saved, item lifetimes extended). Similar to a sustainability officer, this position focuses on the circular fashion promise, converting antique sales and repairs into measurable advancements on a fashion group's sustainability dashboard over the long run.

6.3.2 Resale-Centric Value Creation for the Next Decade

If successfully implemented, luxury resale will become a structural pillar of the business model, a source of new growth, pricing power, and brand resilience. Brands are able to capture value that might

282 The Fashion Law official publication (2025): "Resale, Repairs & the Future: A Product's Second Life May Matter Most"; https://www.thefashionlaw.com/resale-repairs-the-future-a-products-second-life-may-matter-most/
283 The Fashion Law official publication: "Resale is Gaining Ground: Luxury Brands Are Split on How to Respond"; https://www.thefashionlaw.com/resale-is-gaining-ground-luxury-brands-are-split-on-how-to-respond/

otherwise flow to third parties when they integrate resale within their primary offering. The quality and prestige of the brand can be demonstrated by a used item that maintains or even increases in value. As an example, Rolex's CPO model "gave Rolex a firm hand" in the secondary market by regulating authenticity and strengthening scarcity while maintaining full-price demand, rather than decreasing desire for new watches. In fact, luxury executives increasingly understand that resale can justify a higher price: a high aftermarket price for a Hermès or Patek Philippe piece reassures consumers of the original quality. Since instantaneous depreciation damages brand equity, several maisons have started to view high second-hand pricing as an asset.

As discussed also in the previous Chapters; by controlling scarcity, resale also strengthens exclusivity. This is demonstrated by Chanel's current policy, which effectively controls its own resale supply by limiting quantities and significantly raising retail pricing rather than giving control to open marketplaces. In order to reinforce brand storytelling, other businesses are curating their resale inventories. For example, official resale platforms only permit heritage or mint-condition items, so every resale "drop" is a carefully executed event. As this thesis research stated many times, "every resale is a chance for the consumer to re-enter the funnel". Each fixed or resold item becomes a point of customer engagement and narrative.

This value creation will be accelerated by organizational and technological innovations. To preserve margins and consumer data in-house, a number of maisons are already starting their own pop-ups or resale channels (Gucci Vault, Valentino Vintage, Zenith Icons). Kering's early investment in Vestiaire Collective and the LVMH/Prada/Richemont Aura blockchain consortium, for instance, indicate a group effort to control resale infrastructure[284]. Some luxury groups are even investigating a centralized "resale hub" at the group level[285]. Emerging tools will fortify this shift: AI-powered authentication (Entrupy, digital product IDs) will enable near-instant verification and dynamic pricing of pre-owned goods. Meanwhile, expanding repair and refurbishing programs (e.g. Chanel's "Chanel et Moi" leather repair service or Net-a-Porter's Seam collaboration) will keep things in a brand's ecosystem longer[286]. Loyalty loops will bind it all together – customers who trade in a bag for credit become even more valuable, not one-off buyers. Over the next decade, then, resale will underlie new business models: maison-owned marketplaces, curated consignment boutiques, product-subscription and fractional-ownership schemes, and fully circular supply chains. This change will be led by the Chief Resale Officer, who will make sure that all of the initiatives - pricing strategy, exclusivity

[284] A more detailed analysis is represented in Chapter 4.2.1 "Technological Solutions"

[285] Laure Guilbault (2021), The Vogue Business official publication: "Kering bets on first-mover advantage with resale"; https://www.vogue.com/article/kering-bets-on-first-mover-advantage-with-resale

[286] A more detailed analysis is represented in Chapter 3.3.3 "Resale as the Unofficial Aftercare service"

control, circular design, and after-sales service - combine to produce a robust, resale-focused luxury strategy.

In summary, the considerations presented in this chapter all point to the same conclusion: resale is an essential component of contemporary luxury strategy rather than a side channel. By putting resale at the centre of the C-suite agenda, hiring a CRO combines the strategic, operational, and sustainability issues discussed above. Essentially, the CRO is the logical culmination of a luxury strategy designed for a data-driven, circular future

CONCLUSION

The results of this thesis show that the growth of the luxury resale market is an evolutionary process that redefines how value, authority, and attractiveness are created in the luxury ecosystem rather than a temporary trend. A recurring theme runs through all of the chapters: the secondary market has developed into an influential domain where long-term equity is either strengthened or undermined, pricing power is put to the test, and brand narratives are challenged. Resale now serves as a real-time vote on a maison's strategic coherence, rather than functioning outside of the conventional luxury value chain.

Unmanaged resale marketplaces increase fragmentation, information asymmetries, and counterfeit dangers, which eventually weaken trust and compress costs, according to empirical data from consumer surveys, insider interviews, and comparative case research. However, the Hermès story shows that the secondary market becomes an amplifier of prestige and a stabilizer of long-term demand when maisons actively control narrative, scarcity, and resale-retention. Resale results are not coincidental; rather, they are the direct result of strategic decisions about pricing coherence, distribution discipline, and story stewardship, as demonstrated by the comparison with volume-driven brands.

Furthermore, the rise of cross-border arbitrage networks, digital gatekeepers, and community-based tastemakers emphasizes how control in the luxury market is increasingly contested across a larger and more decentralized ecosystem. Traditional brand governance cannot adapt to a market where products circulate across various lifestyles, platforms, and cultural interpretations, nor can enforcement methods alone address structural misalignments. Resale is now an essential component of how luxury equity is created, maintained, and seen in this setting rather than an afterthought.

When combined, these observations lead to a straightforward conclusion: resale must be incorporated into business strategy at the centre if maisons are to maintain exclusivity, safeguard brand equity, and maintain pricing power over the next ten years. Reactive enforcement, fragmented roles, and disjointed reactions are no longer adequate. An executive role capable of managing the entire product lifecycle, coordinating primary and secondary channels, guaranteeing authentication integrity, regulating partnerships, coordinating circularity goals, and converting resale dynamics into strategic intelligence is needed by the sector.

For these reasons, this thesis presents arguments that luxury brands should establish a Chief Resale Officer in order to institutionalize resale leadership. The CRO represents the next structural step in luxury management, much like Chief Sustainability Officers changed governance in the ESG era and Chief Digital Officers reshaped the sector in the 2010s. Not only is this function beneficial, but it is becoming more and more necessary. Brands that adopt it will turn resale from a danger to their reputation into a source of long-term economic value, a boost to cultural capital, and an engine of loyalty. Those who don't take the chance of letting unregulated market forces, shadow purchasers, and outside platforms determine their value.

To conclude, the luxury market is about to enter a new era where goods no longer finish their journey at the point of sale and where a maison's actual strength is determined by what it represents over many lifetimes rather than just what it sells. The companies who are able to control that continuum will be the ones that define luxury in the future, and the Chief Resale Officer is the strategic leader in a position to enable that future.

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APPENDIX

Interview 1 – INES EC

Luxury Resale & Circular Fashion Strategist | Second-hand Luxury Market Expert - *(Date: 30/09/2025)*

1. Which factor has had the strongest impact: younger consumer demand or sustainability? And will that shift?

It's not sustainability that made luxury resale explode - it's younger buyers and their pragmatic relationship to luxury. If you read the 2023–2024 BCG x Vestiaire Collective reports, the primary reason consumers buy pre-owned is price-to-value access, followed by product availability and uniqueness. Sustainability ranks third, and more as a justification than a trigger. The second-hand luxury market has tripled since 2020, reaching nearly €48 billion in 2024. That growth is powered by consumers under 35, who view pre-owned not as second-hand but as smart consumption - the same way they approach investment or liquidity. Over the next five years, regulation will slightly rebalance this equation. The EU's Ecodesign for Sustainable Products Regulation (ESPR) and Digital Product Passport entering into force in July 2024, with obligations rolling out to 2030, will make circularity and traceability a compliance issue, not just a narrative one. But the core driver remains economic: access to icons at rational prices in a market where primary prices have surged over +30% since 2019. Sustainability will become a structural expectation, not a behavioural driver.

2. What determines whether a leather good retains or gains value?

A handbag's resale performance depends on scarcity, cultural permanence, and condition discipline not storytelling. Icons like the Hermès Birkin and Kelly, the Chanel Classic Flap, or the Louis Vuitton Speedy dominate retention indexes. Their value is sustained by controlled supply, timeless design, and regular price hikes. Chanel's Classic Flap, for instance, has appreciated +91% since 2019, directly influencing secondary prices upward. Condition and completeness matter enormously: full set (box, dust bag, authenticity card), neutral colours, and stable leathers (Togo, Epsom, Caviar) drive resale premiums of +20% to +40% across Rebag and The RealReal. In short: value retention is not about hype, it's about liquidity, heritage, and verification. When a piece is culturally recognized and easily tradeable, it becomes its own asset class.

3. What are the biggest risks or barriers between now and 2030?

The first is legal exposure. The 2024 Chanel vs. What Goes Around Comes Around ruling - $4 million in damages and a permanent injunction - set a new precedent: resale operators are now accountable for IP misuse and misrepresentation. The second is cost pressure. Authentication, logistics, cross-border VAT, and compliance with new EU traceability rules (Digital Product Passport, destruction bans, carbon accounting) all raise operational complexity and eat into already thin margins. Counterfeits still represent 2.5% of global trade (OECD), which makes every transaction suspect until proven authentic. The third is macro fatigue. 2024 saw a –2% contraction in personal luxury goods (Bain), after five years of relentless price increases averaging +33%. If new product demand slows and resale supply tightens, the market will polarize further around high-liquidity brands - Hermès, Chanel, Louis Vuitton, Rolex - leaving mid-tier brands struggling to retain value.

4. Are COVID-era shifts permanent or cyclical?

Some shifts are structural, others situational. The acceleration of digital adoption is here to stay - consumers learned to buy authenticated pre-owned goods online and never reverted. Similarly, the "investment mindset" (buying luxury as an asset rather than an indulgence) has stuck, especially in hard luxury and classic handbags. What was cyclical were the category spikes: the loungewear boom, impulsive micro-trends, etc. But the idea that luxury objects are liquid, traceable, and resaleable is a permanent behavioural change. Luxury has re-entered the realm of alternative assets.

5. Does resale act as a check on brand pricing strategies?

Yes, resale has become a real-time pricing barometer. When primary prices climb faster than perceived value, the secondary market exposes it instantly. Since 2019, major brands have raised prices by around 30–35% (RBC). This has created substitution effects: clients who once bought new now arbitrage via pre-owned. Even Chanel, after years of double-digit hikes, slowed price increases in 2025 after consumer pushback and visible resale plateauing. For the most iconic models (Hermès Kelly, Chanel Classic Flap, LV Speedy), the correlation remains positive: higher retail prices reinforce resale desirability. But for mid-tier SKUs, resale effectively limits future price power. Brands should be watching Rebag, Collector Square, Fashionphile and other platforms data before adjusting MSRP, resale has become a structural feedback loop in brand governance.

6. Are current resale models financially sustainable?

Only a few are - and not equally. Peer-to-peer marketplaces (like Vinted) are the only ones that have reached consistent profitability, thanks to their asset-light structure. Vinted posted €76.7 million in net profit in 2024 on €813 million in revenue, proof that scale and network effects work when you don't touch inventory. Managed consignment models like The RealReal are viable for high-value segments (bags, watches, fine jewellery). They turned positive EBITDA in late 2023 but still struggle with authentication and logistics costs. Direct buy/resell (stock-owning) is the most trusted for consumers but capital-intensive, suitable for hard luxury where CPO programs (Rolex, Richemont's Watchfinder, Audemars Piguet upcoming CPO program) justify it, but not scalable for fashion. The long-term winner is hybridization: C2C liquidity for volume, curated consignment for high ASP, and brand-led CPO for credibility. The margin equation will depend on automation (AI authentication, RFID, blockchain) and data integration between primary and secondary markets.

7. How will the relationship between luxury Maisons and resale platforms evolve?

The war is over; we're entering a phase of strategic coexistence. Platforms have built too much data and liquidity to be ignored, and Maisons hold too much cultural power to be bypassed. The pattern is already visible: Kering's stake in Vestiaire Collective (2021), Richemont's acquisition of Watchfinder (2018), Rolex's Certified Pre-Owned launch (2022), all signal selective internalization, not capitulation. Meanwhile, independent platforms like Vestiaire and The RealReal continue to dominate consumer attention and price discovery. In the long run, collaboration is inevitable , not for ideology, but for control. Regulation (DPP), brand protection, and client loyalty will push Maisons to integrate resale as part of their value chain. Those who succeed will treat resale not as a threat, but as an extension of their product lifecycle, a post-sale service, a loyalty engine, and a mirror of brand equity in real time.

Interview 2 – RETAIL EXCELLENCE DIRECTOR (LVMH MAISON)

Overseeing the transfer of savoir-faire from master craftspeople to new generations, this executive has over 25 years of experience in maintaining the artistic legacy of a centuries-old luxury house. In addition to preserving traditional methods, he also develops the brand's story in international markets, making sure that the Maison's core principles hold true in the current digital environment.

Date: 16/10/2025

1. **Why do heritage and storytelling remain critical for luxury brands today**?

In luxury, the quality of a product's materials is just the beginning. A lot of its value comes from the stories and feelings that surround it. Heritage makes a thing a cultural artifact by tying it to a history of craftsmanship, rituals, and values. Customers buy into this ancestry because it shows that it is real and that it has been there for a long time. Scholars have said that heritage is important for building status and providing value. This tradition is passed down through stories. It does more than tell the story of a company's beginnings; it also tells them what the brand stands for and makes them feel something. When that story focuses on craftsmanship and purpose, it makes the price and uniqueness of luxury items seem reasonable and connects them to the buyer's sense of self and goals. A solid history tale also reassures buyers in the secondary market by attaching the object to a long-lasting tradition instead of a short-lived trend.

2. **How can maisons ground in heritage adapt to digital ecosystems and the rise of resale platforms?**

Changing legacy for the digital age doesn't mean giving up on tradition; it means giving it a bigger stage to tell its story. Brands may make their histories more accessible to everyone without losing their exclusivity by using digital tools like immersive websites, archive movies, podcasts, and virtual atelier visits. By creating their own online archives and working with trusted resale partners, maisons can put secondary-market transactions in context instead of letting them happen on anonymous markets. Digital passports and QR-coded tags based on blockchain technology add to this openness by letting people follow a product's journey through generations while keeping their anonymity. These tools don't replace artisanal closeness; they add to it. They provide modern buyers a method to check the origin of a product and be a part of the brand's story, turning digital openness into a kind of narrative pluralism. Finally, talking directly to collectors and fans on social media makes the brand's storytellers more human and makes them guardians of a common legacy, which goes against the depersonalization of algorithmic commerce.

3. **What role does craftsmanship play in sustaining exclusivity and justifying high prices?**

Craftsmanship makes sure that scarcity comes from human labour and not random rationing. Many luxury things are "rare pieces of craftsmanship" manufactured with "high-quality materials" and "sophisticated designs and detailed workmanship." Handwork can't be done on a large scale since there aren't enough expert artisans and it takes time to make a piece flawless, which limits supply. This form of scarcity is different from artificial scarcity because it shows that there aren't enough skilled workers and knowledge. For instance, a hand-stitched purse or a mechanical watch takes hundreds of hours of careful effort, and the price reflects both the cost of the materials and the skill that went into making it. Customers like the ceremonial part of it - the fact that a person, not a machine, directed each stitch or movement. Maisons promote the idea that every object carries the weight of past and current human creativity by investing in apprenticeship programs and publicly honouring the artists who make their products.

4. **How does multi-generational heritage influence loyalty, particularly in the context of a thriving resale market?**

Objects with multi-generational legacy have a time dimension; they are not merely bought to be used right away but are also passed down through time. This idea of stewardship, or taking care of something for the next generation, makes luxury products feel more like heirlooms than things that can be thrown away. When a company asks its customers to be a part of its story over the years, it builds loyalty that goes beyond the initial owner. A well-kept purse or watch can help younger family members get into the brand's world. In a secondary market that looks at how long objects last and how much value they keep, these heirloom stories back up the high price and urge owners to keep and sell their belongings through official channels. So, heritage connects people of different ages and backgrounds: it provides first-time purchasers peace of mind about the long-term value of what they're buying and second-time buyers confidence that they're getting a piece of living history.

5. **In an era of user-generated content and peer-to-peer storytelling, how can maisons maintain narrative coherence without suppressing community voices?**

The idea is not to control every story, but to give people solid points of reference that keep conversations going. Companies should make their historical resources, such old sketches and oral histories, available to everyone and encourage fans to look through them. By doing this, they make it clear that they are in charge of a discourse, not a monologue. Inviting clients to relate the stories of their goods or conducting community events around craftsmanship are examples of participatory storytelling projects that start a conversation that honours both individual experiences and the larger brand mythos. At the same time, maisons need to be clear about their limits: they need to prevent artisanal know-how from being simplified or stolen. In reality, this means teaching client advisors how to tell stories well, spending money on educational materials, and working with museums or other cultural institutions. In this approach, narrative consistency comes from a real devotion to heritage, not from suppression.

Interview 3 – CRM & CLIENT INTELLIGENCE SENIOR MANAGER (LVMH MAISON)

With almost a decade in customer analytics and data governance, this executive leads a global team that designs predictive models, clienteling tools and anti-diversion systems for a prestige maisons. He holds degrees in computer science and behavioural economics and works at the intersection of technology, privacy and luxury client relations.

Date: 22/10/2025

1. How has the role of CRM evolved in luxury, and why is it central to brand strategy today?

CRM has transformed from a basic database of client information into the primary tool driving strategic decisions for luxury brands. High-value clients make up a large part of revenue. We know that the top 20% of customers makes around 80% of sales, and these consumers spend five to ten times more than the average buyer. CRM platforms make sure that "extraordinary experiences" happen at all touchpoints for these kinds of clients, because they are worth a lot over time. We combine data from both online and offline sources to construct a 360-degree profile, which lets them offer personalized service that justifies higher prices. Modern CRM systems do more than just help with marketing. They also help with organizing inventories, sending out event invitations, and developing new products by looking at purchase histories, preferences, and feedback. In other words, CRM is no longer just about keeping track of interactions; it's also about predicting requirements and building long-term partnerships.

2. How do CRM analytics help detect potential grey-market behaviour?

Advanced CRM systems use algorithms to highlight unusual purchases made at boutiques all over the world. They look for patterns, like how often something happens, how often the same item is bought, how many items are bought in different cities, and how the client's history profile doesn't match up with these trends. For example, if a buyer buys a lot of the same thing in a short amount of time, they may be doing arbitrage instead of personal consumption. The algorithm can find attempts to get around boutique-level limits by comparing transactions from different areas (for example, a prohibited buyer in one city showing up in another). The goal is to be proactive and stop diversion before it happens, not just put offenders on a blacklist after it happens. Once a client is warned, advisors can step in quietly by changing allocations or turning down sales. This method combines data-driven enforcement with human judgment.

3. **What types of data feed into these systems, and how is a unified customer view created?**

To get a cohesive view, you need to combine data from several sources. Transactional data from point-of-sale systems, e-commerce platforms, and clienteling apps is at the heart of it all. There are also product-level identifiers, like RFID tags, QR codes, or NFC chips, that give detailed information on where each item came from and where it went. This lets the system know not only who bought something, but also when and where. Customer profiles are built from things like going to events, making service appointments, getting repairs, and using digital services like websites and apps. Some brands additionally include qualitative notes from salespeople to keep the relationship aspect. A customer data platform stores all of the data in one place, removes duplicates, and connects it to unique identifiers. It often has layers of anonymization to protect privacy. This unified profile is the basis for segmentation techniques like those in the Luxury framework, which range from very wealthy families to people who want to buy luxury goods.

4. **Without revealing proprietary algorithms, can you outline the machine-learning techniques used to identify diversion patterns?**

In real life, luxury groups use a mix of supervised and unsupervised learning. A first step groups purchases and scans data to find unusual activity patterns. For example, density-based algorithms find groups of scans that happen far away from authorized stores. These clusters are used as inputs for regression or classification models that give risk scores depending on things like the size of the cluster, how far it is from boutiques, how quickly people buy things, how rare the products are, and how well the customers are grouped. Ensemble approaches like boosting and bagging are routinely used to make predictions more accurate. Because risk is not binary but continuous, models give a probability and then utilize a threshold to decide whether or not to inform workers. Advanced programs also have tools that make it possible to see which elements led to a certain prediction and to avoid making decisions in a black box. It's important that human reviews of algorithmic outputs are used to reduce false positives and make sure that enforcement is in line with brand values.

5. **How do you balance analytics-driven enforcement with privacy regulations and customer trust?**

Compliance with privacy is very important. Consent and purpose limitation control data collection: information is only used to improve service quality and defend brand integrity, not to keep an eye on people's behaviour in general. Sensitive information is either anonymized or pseudonymized, and only authorized people can see complete profiles. In places with rigorous rules like the GDPR, businesses can only keep consumer data for as long as they need it for the stated reason, and customers have the right to see or delete their data. Clients trust these policies more when they know that their information is safe and that algorithms are made to keep things fair. Ethics committees and outside audits help make sure that bias doesn't accidentally get built into segmentation models.

6. What tension exists between personalisation and enforcement, and how do you manage it?

There is a natural conflict between being friendly to clients and keeping an eye on them. Personalization requires a thorough understanding of tastes and behaviours, while anti-diversion strategies necessitate vigilance against excessive or dubious purchasing. Putting things in context is the answer. For instance, frequent repeat purchases may be OK if the customer is a personal shopper buying for others, but a similar pattern in a different group could mean arbitrage. CRM systems don't use simple, one-size-fits-all principles since they combine qualitative feedback from client advisors with quantitative risk scores. Also, enforcement actions are graded. Instead of suddenly cutting off a consumer, brands may start by limiting quantities, sending the customer to exclusive programs, or talking to them about their requirements. This step-by-step method keeps the relationship strong while stopping people from taking advantage of it.

7. Looking ahead, what innovations do you foresee in CRM analytics for luxury?

We are moving toward more transparent and interoperable ecosystems. Digital product passports stored on blockchain will make it easier to trace an item's lifecycle across owners and services, complementing CRM data without exposing personal details. Real-time analytics will enable dynamic allocation of limited editions based on demand signals and loyalty rather than static waiting lists. On the technical side, explainable AI techniques will be integrated from the outset, so that client advisors can understand and communicate why a given recommendation or alert was generated. Finally, as luxury brands embrace circular business models, CRM will extend beyond the first sale to encompass repairs, refurbishments and buy-backs – in effect, managing relationships not just with people but with products across decades. In this context, analytics will play a dual role: nurturing client loyalty and upholding the exclusivity that defines luxury.

Interview 4 – ANGELIC VENDETTE

Luxury Brand & Consumer Strategy Executive | Global Fashion Expert – (*Date: 25/11/2025*)

1. Can strong resale performance increase willingness to pay full price? How?

Absolutely. When consumers see a product retaining or even appreciating in value on the secondary market, it reframes the purchase as an asset rather than a cost. Strong resale liquidity reduces buyer risk, increases confidence, and justifies full price spend. It's the same behavioural dynamic that drives primary demand for investment categories like watches or iconic handbags.

2. How much do discounted resale or outlet-heavy strategies dilute value?

A lot. Anything that normalizes systematic discounting, whether through uncontrolled resale platforms or aggressive outlet strategies, teaches the consumer that full price is optional. It compresses brand authority, erodes perceived rarity, and destabilizes long-term pricing power. Some dilution is reversible; structural dilution is not.

3. What role does scarcity play in driving resale premiums? Can it be engineered?

Scarcity is the main engine behind premiums, but it must be credible. Real scarcity (limited production, controlled distribution, long waiting lists) consistently drives higher resale multiples. Manufactured scarcity works only when the brand already has strong cultural capital and tight governance, otherwise, consumers spot the manipulation instantly.

4. Are consumers increasingly using resale value as a criterion when buying new?

Yes, especially among younger buyers and high-frequency luxury consumers. Resale value has become part of the purchase decision, just like craftsmanship or brand storytelling. It's now a rational KPI.

5. Should brands engage directly with resale? Why or why not?

They should, but not superficially. A brand-controlled resale model gives Maisons visibility on price behaviour, protects authentication standards, and preserves long-term equity. Avoiding resale is no longer neutral; it cedes control to external actors who shape the brand's market reality.

6. What strategic gaps do you see today, and how would a Chief Resale Officer help?

Today, most gaps sit in governance and data. Brands lack resale intelligence (liquidity, price curves, demand profiles), operational workflows, and cross-department alignment. A Chief Resale Officer would centralize circularity, pricing, aftercare, authentication, and compliance into one strategic function, instead of scattering responsibilities across retail, CRM, legal, and operations.

7. What organizational capabilities are missing to run brand-controlled resale effectively?

Three main ones:

• **Data capabilities:** brands don't have structured visibility on resale prices, volumes, or product behaviour across platforms.

• **Operational capabilities:** intake, authentication, refurbishing, and pricing are not standardized internally.

• **Governance:** no unified circular strategy, no resale P&L, and no dedicated leadership to bridge retail, finance, product, sustainability, and tech.

Once these are built, a controlled model becomes not only feasible but strategically valuable.

Consumer Survey 1: Buyer Perception of Market Disorder in Luxury Second-Hand Channels

This survey aimed to prove the arguments presented in Chapter 2.2 regarding Emergent Market Frictions in the second-hand luxury industry. The questionnaire is based on **Information Asymmetry theory**[287] and **Perceived Risk theory**[288], examining how consumers encounter and prioritize frictions such as price fragmentation, quality inconsistencies, and authenticity concerns when shopping on resale platforms. Theoretical frameworks reveal the influence of concealed information and psychological uncertainty on consumer behaviour and market efficiency.

A questionnaire consisting of 9 points, including demographic inquiries, was distributed to 324 participants (~70% Italian – ~20% Chinese – ~10% Other) . The objective was to produce quantitative data regarding the lived experiences of market frictions within the second-hand luxury sector. The survey transitions from general demographic data to specific topics, such as awareness of price variability, experiences with quality inconsistencies, and trust in various platform types. The findings provide an empirical basis for the theoretical discourse in Chapter 2.2 and foreshadow the policy and technological interventions addressed later in the thesis.

[287] Sean Ross (2024), Investopedia publication: "Theory of Asymmetric Information Definition & Challenges" (Akerlof, Spence, Stiglitz); https://www.investopedia.com/ask/answers/042415/what-theory-asymmetric-information-economics.asp

[288] Jacob Jacoby & Leon B. Kaplan (1972), Paper presented at the Third Annual Convention of the Association for Consumer Research "The Components of Perceived Risk"; file:///C:/Users/Utente/Downloads/PPCP118ComponentsofPerceivedRisk.pdf

Q1. What is your gender?

- Male
- Female
- Other/Prefer not to say

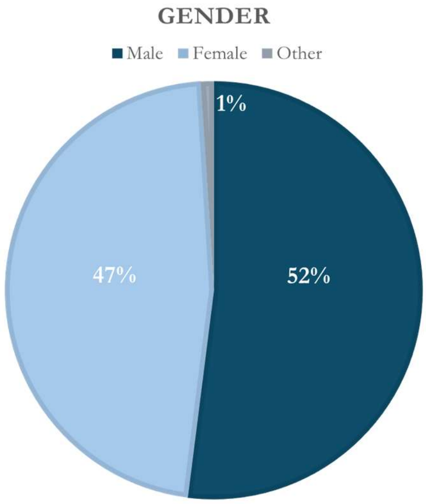

Figure 3: Respondent gender distribution

The survey documented a balanced gender distribution. This distribution guarantees that insights on market frictions are not biased by a singular gender perspective, representing a diverse consumer base whose experiences contribute to the empirical evaluation of price and quality issues in resale markets. Gender parity is significant due to variations in consumption patterns and risk attitudes between genders. Research indicates that women tend to be more cautious regarding product authenticity and condition, whereas men may prioritize price or convenience.

Q2. What is your age?

- 18-25 years
- 26-30 years
- 31+ years

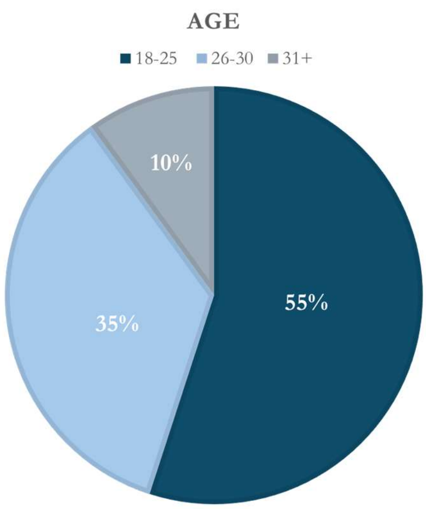

Figure 4: Respondent age distribution

The majority of participants are within the 18–30 age range, with 55% aged 18–25 and 35% aged 26–30. Merely 10% were above the age of 30. The focus on younger adults aligns with the emphasis in Chapter 2 on digital resale markets, primarily utilized by millennials and Gen Z consumers. Their experiences are particularly pertinent when evaluating frictions like price uncertainty and authenticity in online contexts. Younger consumers' prevalence highlights the digital characteristics of second-hand luxury shopping; these groups are more inclined to utilize online platforms, conduct price comparisons, and depend on digital authenticity indicators.

Q3. Are you aware that the same luxury item can have very different prices across different resale platforms?

- Yes, fully aware
- Somewhat aware
- Not aware

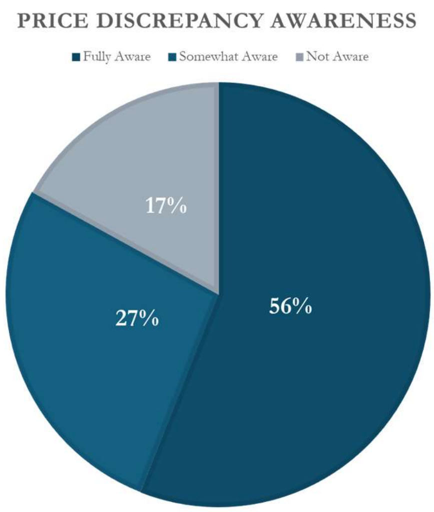

Figure 5: Awareness of price variability across platforms

A majority of 56% are aware of price fragmentation, while 27% possess some awareness, and 17% remain unaware. This indicates that consumers identify notable price differences in the secondary market. Approximately 60% of individuals demonstrate awareness of price fragmentation, suggesting that a significant majority of buyers have encountered price discrepancies directly and actively compare offers across various platforms. A subset of individuals (27%) possesses limited awareness, leading to occasional recognition of differences without systematic marketplace comparisons. Meanwhile, a stable 17% remains unaware, indicating a segment vulnerable to heightened information asymmetry and potential exploitation through overpriced listings. The observed patterns indicate the spread of knowledge regarding price dispersion and highlight the ongoing disparities that facilitate opportunistic pricing. Theory of information asymmetry claims that due to purchasers' incapacity to identify genuine market worth, they are driven to engage in price discovery. This awareness indicates that numerous consumers are actively seeking to mitigate this asymmetry, despite incurring additional time and effort.

Q4. How often have you received a second-hand luxury item whose condition did not match the description or images?

- Never
- Once or rarely
- Several times

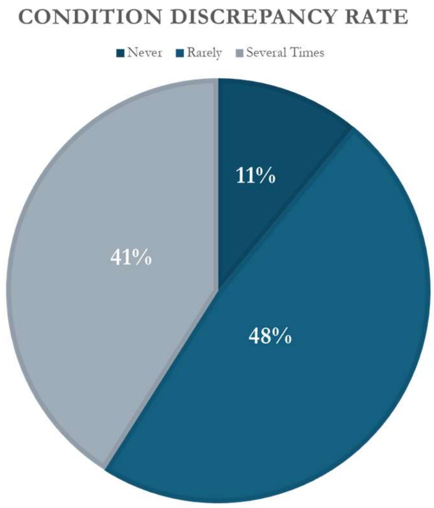

Figure 6: Experience of quality inconsistencies

Quality inconsistencies are prevalent, according to the responses: 11% of consumers never came across mismatched conditions, 48% have encountered this issue more than once, and 41% report isolated instances. The thesis observation that inconsistent condition grading and refurbishing processes erode trust and constitute a significant friction is empirically supported by these findings. A great majority of respondents report mismatched conditions at least once, demonstrating that quality inconsistencies are a systematic issue rather than isolated occurrences. Trust can be damaged by a single bad experience, but repeated setbacks increase perceived risk and may discourage buyers from ever entering the resale market. According to the perceived risk theory, consumers expect to lose when quality is unknown and modify their behaviour accordingly, either by requesting price reductions or by staying away from platforms with loose grading guidelines. In order to lower psychological risk, the frequency of mismatched conditions thus not only erodes customer confidence but also supports the necessity of standardized grading schemes, thorough condition descriptions, and open disclosure of refurbishments.

Q5. Which type of platform do you trust the most for authenticity and quality when buying second-hand luxury items?

- Brand-certified programmes
- Consignment platforms
- Peer-to-peer marketplaces

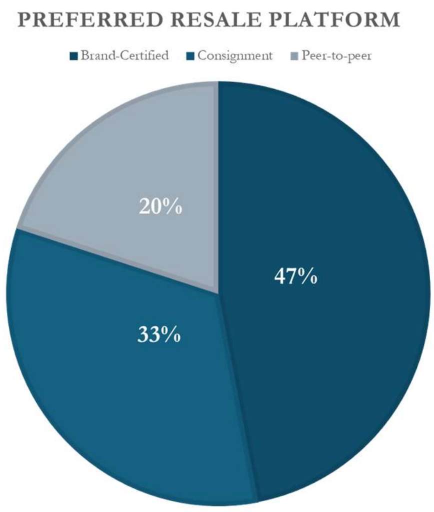

Figure 7: Trust in platform type for authenticity and quality

The majority of respondents (47%) said they have the most faith in brand-certified programs, which include brands actively authenticating and reselling products; consignment platforms are trusted by 33%, and peer-to-peer markets by 20%. According to this hierarchy, formal authentication methods are valued by customers. This ranking emphasizes how crucial trustworthy middlemen are to addressing information asymmetry. The reason brand-certified programs are at the top of the list is that they combine authenticity, after-sales service, and repair choices with direct warranties from the original manufacturer. The only problem as of today is that they are still not completely well organised and some brands still lack this types of services so far. Consignment platforms have a midway ground; they gain from expert intake and authentication, but they don't have the complete brand authority. Peer-to-peer marketplaces are the worst because consumers are forced to rely only on sellers' claims without an intermediary to verify things, which raises the perceived risk of fraud and false quality claims. Even if these channels have greater costs, the ranking of trust levels suggests that customers will favour those that close the gap between perceived and actual quality and authenticity.

Q6. How often have you felt misled by pricing or promotional offers on resale platforms?

- Often
- Occasionally
- Never

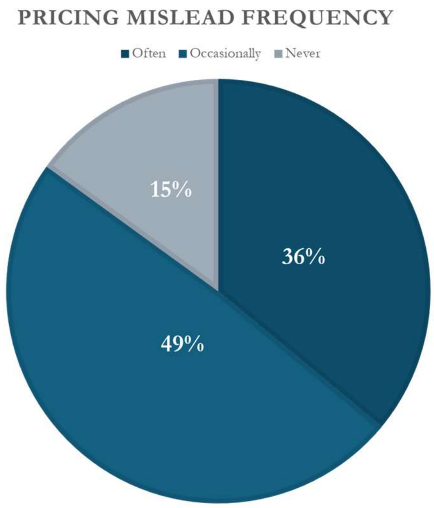

Figure 8: Incidence of feeling misled by pricing

49% of consumers say they have occasionally felt misled by pricing, 36% say they do so frequently, and 15% say they never do. The claim that fragmented pricing leads to mistrust and cognitive dissonance is supported by these answers. Only 15% of people report never feeling mislead by pricing, although most people report some degree of scamminess. Such views encourage mistrust of the marketplace overall as well as of specific merchants. They are a sign of the cognitive dissonance that behavioural economics talks about, where prices that don't make sense can lead to confusion and maybe even uncertainty. By offering products at exorbitant prices and relying on ignorant buyers, sellers may take advantage of information gaps. The resulting sensation of deceit indicates that many buyers are aware of and dislike such techniques. The idea that platforms that show current sale prices or suggested price ranges could reduce emotions of being deceived and increase market efficiency is one way that this sentiment supports calls for more openness.

Q7. Which friction most strongly influences your decision to purchase (or not) a second-hand luxury item?

- Price uncertainty
- Quality inconsistency
- Counterfeit risk

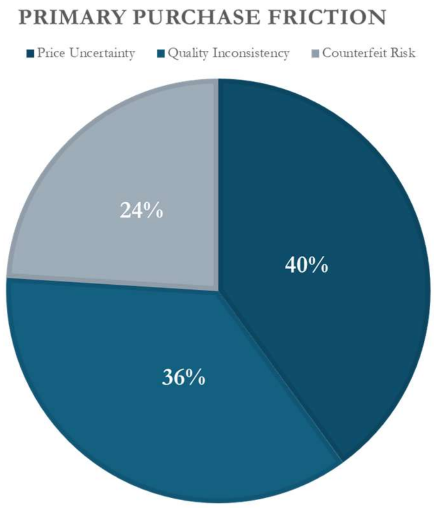

Figure 9: Primary friction influencing purchase decisions

40% of respondents cite price uncertainty as the most important friction, 36% cite quality inconsistency and 24% prioritise the risk of counterfeits. The order of Chapter 2.2 is validated by the prevalence of price and quality concerns, which demonstrate that these two frictions are at the forefront of consumers' minds. The friction ranking indicates the areas where customers experience the most discomfort. Though nevertheless significant at 24%, counterfeit risk is relatively less urgent than issues relating to the economy and conditions. This distribution suggests that price and condition uncertainty influence decisions to buy more than the possibility of getting a fake. However, the fact that almost one out of four respondents mentioned the risk of counterfeiting highlights how important authenticity is still. Theoretically, price and quality signals are where information asymmetry is most noticeable because buyers have the least trustworthy information about them, making them the variables that create the greatest perceived risk. The findings thus lend credence to the thesis, which emphasizes price and quality frictions as the primary impediments to market efficiency.

Q8. Does having access to transparent pricing information (Ex: recent sales prices and price guides) increase your willingness to buy second-hand?

- Yes, it increases willingness to buy
- Neutral/No change
- No, it doesn't affect

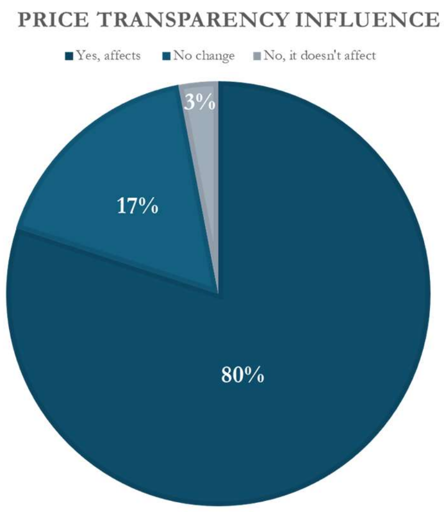

Figure 10: Effect of transparent pricing information

Clear pricing information is important: 80% of respondents stated that clear pricing increases their propensity to buy, 17% are undecided, and only 3% claimed it has no effect. The great majority of respondents say that clear pricing information makes them more likely to make a purchase, underscoring the significance of price transparency in fostering confidence. While the 3% who perceive no benefit may dislike any guidelines or prefer to bargain, the 17% who report no change may already rely on their own heuristics or network recommendations to determine fairness. However, the overall impact is very favourable: price transparency lowers search expenses, fills in information gaps, and lessens the disparity in bargaining power between buyers and sellers. According to the information asymmetry theory, releasing recent sale prices helps buyers and sellers align their knowledge bases, which reduces mispricing and boosts market efficiency. The thesis's argument that increased transparency can be a crucial solution to pricing fragmentation is empirically supported by these data.

Q9. Would you pay a premium for a platform that provide robust authentication and quality checks?

- Yes
- Depends
- No

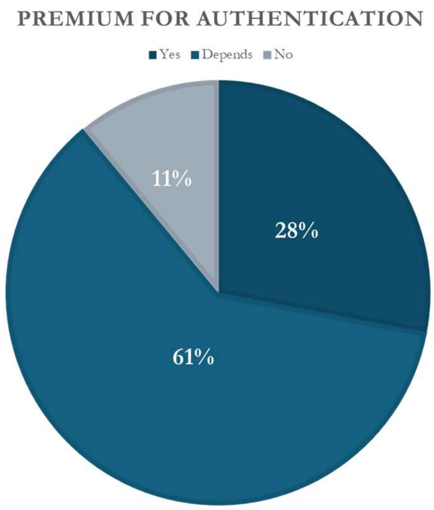

Figure 11: Willingness to pay premium for authentication and quality checks

For strong authentication and quality control, 28% of respondents are willing to pay more, 61% are willing based on price, and 11% are not. Just 11% of respondents are unwilling to pay more for platforms that offer strong authentication and quality checks, compared to nearly all (28% "yes" and 61% "depends"). This suggests that trust has a monetary value since customers are willing to pay middlemen to lessen perceived risk and information asymmetry. Respondents who select "depends" imply that their willingness is contingent on the premium's magnitude in relation to perceived benefits; they may be prepared to pay moderate fees but object to big surcharges. The small percentage of customers who are hesitant to pay could be more risk-tolerant, possess more personal knowledge, or favour less expensive items even when there is more uncertainty. All things considered, these results support the notion that spending money on authentication infrastructure can lower perceived risk and increase income, fostering a positive feedback loop of market participation and confidence.

In conclusion, the results of this study show that consumers are well aware of the frictions mentioned in Chapter 2.2, particularly price fragmentation and inconsistent quality, and that these frictions have an evident impact on their purchasing decisions. The need for standardized grading and open pricing procedures is highlighted by respondents' recognition of significant price variations across platforms and their frequent experiences with mismatched conditions. Customers value intermediaries that may reduce knowledge asymmetry, as evidenced by their strong preference for brand-certified and consignment platforms and their readiness to pay for authentication. Persistent gaps in market knowledge and trust are also revealed by perceptions of pricing deception and the prioritization of price and quality frictions.

Returning to theory, information asymmetry explains why price and quality signals are the most prominent pain points: customers pay search expenses, rely on middlemen, or leave the market because they are unable to accurately judge genuine worth or condition. Perceived risk theory also clarifies how recurring bad experiences with pricing or product quality led to psychological costs that discourage involvement. Thus, the findings support the theory that resolving price and quality frictions is essential to maximizing the potential of the luxury second-hand market. Interventions that will be covered in later chapters, like transparent pricing tools, standardized condition reporting, and strong authentication methods, present promising means of reducing perceived risk, enhancing consumer trust, and mitigating information asymmetry.

Consumer Survey 2: Brand Equity and Perception

Chapter 3's prior sections described how the Maison's atelier has lost its position as the centre of luxury authority to algorithms, resale groups, and internet platforms. We observed that consumer co-creation has undermined unilateral brand control, that conventional practices like "burn-and-destroy" stock disposal now conflict with sustainability standards, and that third-party resale platforms are increasingly serving as de facto aftercare providers. These qualitative investigations draw attention to a conflict at the core of contemporary luxury: firms need to strike a balance between community-driven value creation, cyclical consumption, and exclusivity and narrative control. However, they also raise some quantitative questions: what are customers' perceptions of the co-created brands? Do people still consider brand names to be status and quality indicators? What impact do price premiums, reselling, and counterfeiting have on their trust?

This survey uses a number of theoretical frameworks to answer these problems. The value of a brand is based on awareness, perceived quality, associations, and loyalty, according to **Aaker's brand equity model**[289]; luxury brands are conceptualized through aspects like physique, personality, relationship, and reflection by **Kapferer's Brand Identity Prism**[290]; and consumers use branded products to convey status and group membership, according to social identity theory and **Signalling theory** (Veblen, 1899)[291]. Furthermore, the significance of authenticity and dependability in purchasing decisions is emphasized by the theories of customer trust and perceived risk. The questionnaire's design was influenced by these frameworks as well as ideas from the literature on the circular economy.

A series of questions that progressed from demographics and general fashion engagement to more specific issues like secondary-market usage, the importance of brand names, willingness to pay a premium for trusted brands, and attitudes toward counterfeits were answered by about 350 respondents (346 to be precise), the majority of whom were from Italy (about 70%), with the remaining respondents coming from China (~ 20%) and other European countries (~10%). This chapter bases the qualitative arguments in quantifiable consumer sentiment by experimentally evaluating hypotheses derived from the thesis, specifically that customers balance exclusivity with accessibility, that counterfeit ubiquity erodes prestige, and that brand equity still important. The

[289] Angela Kayode-Sanni (2025), Formplus article: "What Is the Aaker Brand Equity Model? Definition and Components"; https://www.formpl.us/blog/what-is-the-aaker-brand-equity-model-definition-and-components

[290] Caileigh Lombard (2018), How Brands are Built article: "The Brand Identity Prism and how it works"; https://howbrandsarebuilt.com/the-brand-identity-prism-and-how-it-works/

[291] Scott Zimmer (2021), EBSCO article: "Veblen's Theory of Conspicuous Consumption"; https://www.ebsco.com/research-starters/political-science/veblens-theory-conspicuous-consumption

findings that follow translate the theoretical discussion into empirical data by demonstrating how contemporary consumers view brand value within the fragmented resale ecosystem.

Q1. What is your gender?

- Male
- Female
- Other/Prefer not to say

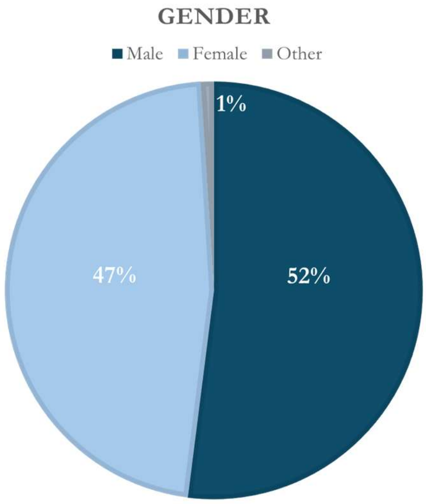

Figure 12: Respondent gender distribution

The first question collected demographic data on gender. The results show a roughly balanced gender split among participants, with 52% identifying as male and 47% as female; a very small fraction (1%) chose not to specify or identified as other. This near-equal gender distribution indicates that the survey gathered perspectives from a diverse consumer base, avoiding any strong gender bias.

Q2. What is your age?

- 18-25 years
- 26-30 years
- 31+ years

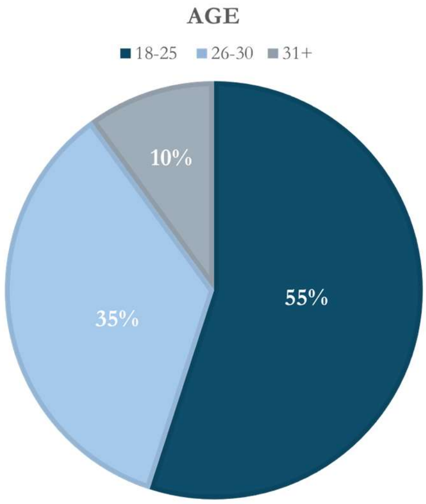

Figure 13: Respondent age distribution

Roughly 10% of participants were older than 30, while the vast majority (approximately 90%) were between the ages of 18 and 30 (55% in the 18 - 25 age group and 35% in the 26 - 30 age group). A young adult demographic is represented by this distribution, which is especially pertinent in scenarios involving fashion and luxury purchasing. Opinions are crucial to brand equity because they frequently set trends and are very involved with secondary markets brand culture. The focus of the thesis on contemporary consumer behaviour in digital and resale environments - contexts where young adults are particularly active - is also reflected in the age profile. Although the results are youth-centric, the limited presence of older respondents adds some breadth, indicating that they may still have consequences outside of the main 18 - 30 demographic.

Q3. Are you a fashion enthusiast?

- Yes, very much
- Somewhat
- Not really

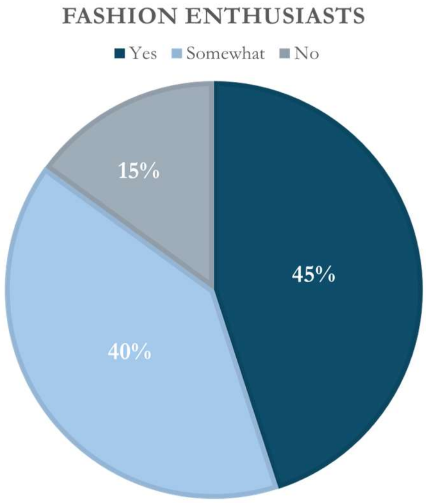

Figure 14: Proportion of respondents identifying as fashion enthusiasts

According to the findings, 40% of respondents said they were moderately interested in fashion, while 45% said they were really passionate about it. Just 15% of respondents said they weren't particularly interested in fashion. The results show that the majority of participants have enough interest in fashion to be well-informed about brand equity issues. It supports the idea that an engaged customer base is aware of brands and, as a result, sensitive to authenticity and brand image. To put it another way, since most of them are somewhat enthusiastic, their answers to further questions regarding brands are significant in showing how people who are interested in fashion view brand equity.

Q4. How often do you buy fashion items via resale or secondary markets?

- Frequently
- Occasionally
- Never

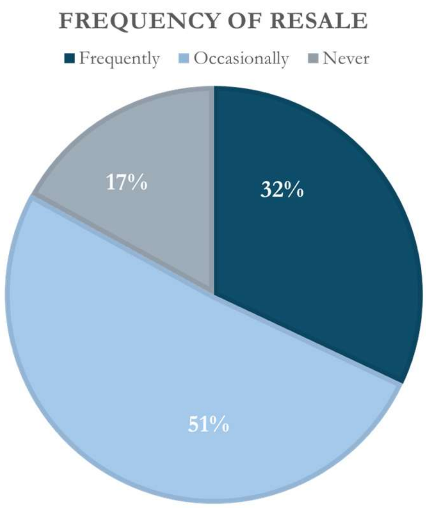

Figure 15: Frequency of purchasing fashion items on secondary markets

The findings showed that 32% of respondents said they buy used clothing frequently, and 51% said they do it occasionally. Merely 17% of respondents said they never use secondary marketplaces. These results show that a sizable majority of customers (around 80%) are either familiar with or receptive to the secondary market. This is an important realization: it implies that purchasing used goods is a widespread activity, probably motivated by things like access to antique or sold-out goods, cost savings, or sustainability. This supports the theory, which holds that a brand's equity and perception are increasingly impacted by both primary retail and resale settings since the secondary market has grown to be an essential component of the fashion ecosystem. Notably, the frequency of at least sporadic secondary-market purchases suggests that a brand conscious consumers frequently go outside of official channels; this is a behaviour that businesses need to take advantage into account when maintaining their equity and image.

Q5. How important is the brand name to you when purchasing a fashion item?

- Very important
- Somewhat important
- Not important

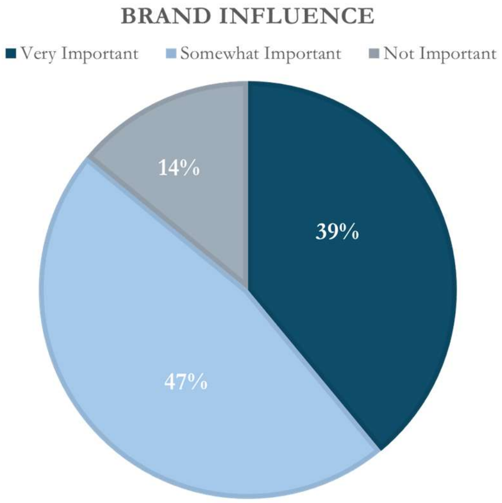

Figure 16: Importance of brand name in purchase decisions

According to the results, 39% of participants thought the brand name was very important, while another 47% thought it was moderately important. Merely 14% of respondents said they didn't care about the brand name. Around 90% (89%) of customers place at least some value on a product's brand, and nearly half specifically value it as a very important aspect, which is a startling evidence that brand matters to consumers. Strong brand equity - the value of a company's name and reputation - significantly influences consumer behaviour, according to a major thesis argument supported by such data. Because consumers associate well-known brands with attributes like dependability, prestige, or consistency in style, the brand name itself is significant when making purchases.

Q6. Are you willing to pay more for a product from a brand you trust, compared to a similar generic product?

- Yes, I often pay a premium for trusted brands
- Only if the price difference is small
- No, I prioritize price over brand

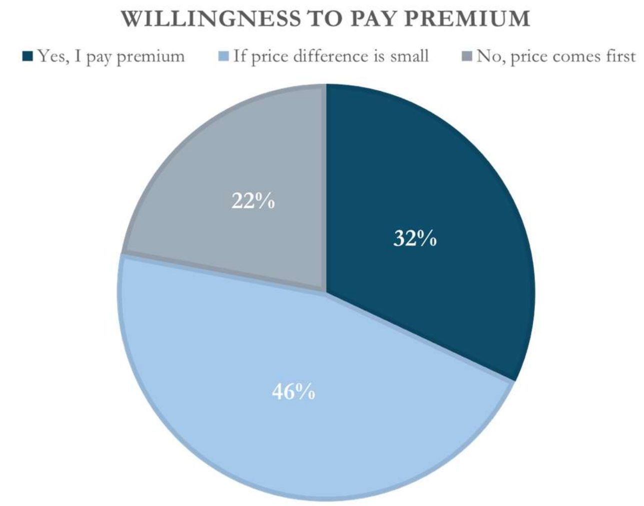

Figure 17: Willingness to pay a premium for a trusted brand vs. a generic product

Results indicate that around 30%, 32% to be more precise, of respondents answered yes they frequently pay more for a reputable brand. The majority, 46%, took a moderate position, saying they would only be willing to pay a little bit extra for a brand if the price difference was negligible or worthwhile. In contrast, slightly over 20% (22%) responded negatively, stating that they would not pay more for a brand name since pricing is their top concern. According to these results, a large percentage of consumers may be willing to pay more for a powerful brand: over 75% of consumers are at least somewhat inclined to pay more when a brand is trusted. This is a clear example of brand equity in action: many consumers are willing to make financial investments in a respected brand since it delivers intangible value. But it's also noteworthy that more than half of respondents are price-sensitive, meaning they will only pay more if the premium is fair. It suggests that although brand loyalty and trust can increase willingness to pay, there are real-world restrictions; even brand-conscious customers may think about other options if there are significant price differences. This also highlights for the concept that pricing power is granted by brand equity, but not without limitations - consumers still demand a balance between price justice and brand value.

Q7. Would you consider buying a counterfeit (fake) version of a branded product if it looks identical and costs much less?

- Yes, I would consider it
- Maybe/It depends
- No, I would never buy fakes

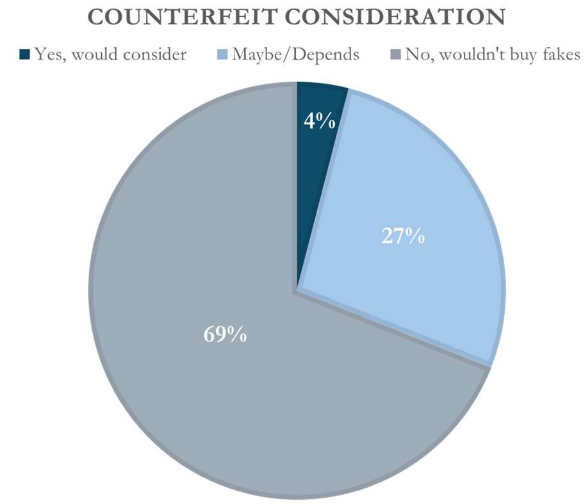

Figure 18: Willingness to consider purchasing counterfeit products if they are much cheaper

According to the survey, the majority of respondents (69%) said that even if a false product were significantly less expensive, they would not consider purchasing it. A tiny minority (4%) acknowledged they would think about purchasing a fake, while 27% responded "maybe/depends," suggesting they might consider it under certain circumstances. From a brand standpoint, it is reassuring that the majority of respondents categorically reject goods that are counterfeit. This indicates that authenticity and brand trust are more important to many consumers than low prices. These people either greatly appreciate the authentic brand experience (indicating the thesis argument that authenticity underpins brand equity) or they see serious risk or moral/quality downsides in fakes. However, it is not insignificant that 30% of people are either open to or uncertain about fakes. This segment highlights a vulnerability: some customers may actually resort to counterfeit substitutes if authentic products are too expensive or if brand value is not made apparent. This group's presence highlights how crucial it is for brands to remain reasonably priced and have a high perceived value because any time consumers think about buying counterfeit goods, brand equity is being eroded. In terms of the theory, this question emphasizes the trade-off between brand exclusivity and accessibility: exclusivity promotes a premium image, but if prices are seen as too high, businesses run the danger of driving a portion of budget-conscious customers to the counterfeit market.

Q8. How does the presence of many counterfeit products (copies) of a brand on the market affect your perception of that brand?

- Negatively, it makes me think less of the brand (less exclusive or less reliable)
- No significant effect on my perception
- Positively, it means the brand is popular or in demand

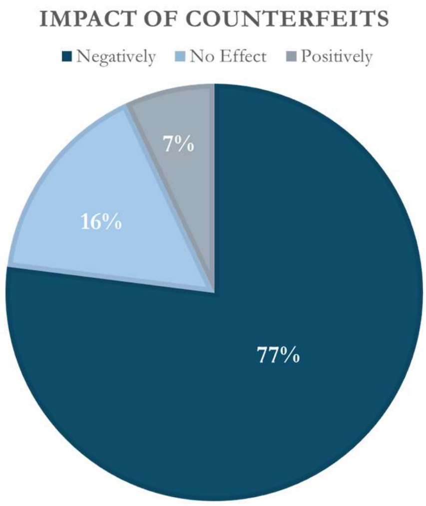

Figure 19: Effect of widespread counterfeiting on consumer perception of the authentic brand

The majority of respondents (77%) stated that their opinion of the brand is negatively impacted by the abundance of fake copies. Only 7% regarded the brand in a relatively positive light (perhaps viewing counterfeiting as a sign that the brand is hip or highly sought-after), and about 15% (16%) reported no major impact on their perception of the brand. The prevalent negative reaction is instructive: most buyers think that a brand loses uniqueness, status, or reliability if its goods are frequently counterfeited. This reinforce the idea that brand equity can be damaged by counterfeiting. A brand may lose its aura of uniqueness when knockoffs proliferate, and buyers may worry about quality confusion or just perceive the brand as less exceptional. Even the 16% of respondents who said their perceptions had not changed may believe they are personally unaffected since they can tell a fake from a real one, but they do not see counterfeiting favourably. Almost nobody believes that counterfeiting improves a brand's reputation; the small 7% may think that popularity equates to desirability, but that is an anomaly. Overall, these findings support a crucial idea covered in earlier chapters: brand managers have good motivation to actively fight counterfeiting as unchecked fakes damage the brand's perceived worth and customer confidence. Preserving brand equity requires staying true to oneself in the marketplace.

Q9. In your view, what does a well-known brand name represent most?

- A guarantee of quality and authenticity
- A status symbol (prestige and image)
- Just a name, it doesn’t make a real difference in product value

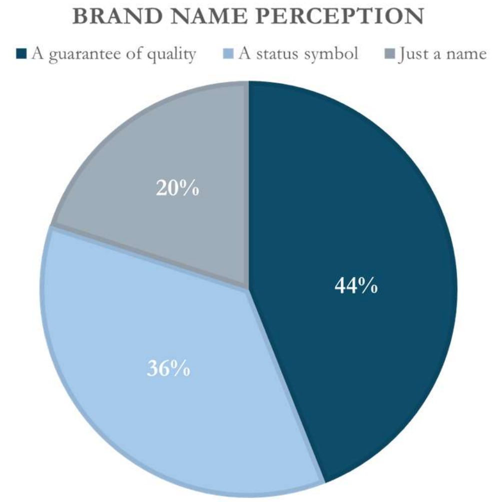

Figure 20: Consumer beliefs about what a well-known brand name primarily signifies

The results show that 44% of participants believe that a well-known brand name is essentially a guarantee of authenticity and quality. Meanwhile, 20% think a brand name is "just a name," suggesting that for this minority, the brand itself provides no intrinsic value beyond the product, and 36% see it primarily as a status symbol that bestows prestige. These results highlight the two main ways that consumers perceive brand equity: social status and functional trust. Because they believe branded products to be the "real thing" and to fulfil specific criteria, half of the respondents base their brand value on promises of quality and authenticity. This makes counterfeit goods, which lack these assurances, undesirable to them. A significant percentage also concentrate on the status component, which means that brand equity is connected to the social and symbolic value a brand conveys (wearing a well-known label as a sign of money or taste). The modest percentage of respondents who minimized the significance of brands (calling them "just a name") is comparable with previous surveys in which 20 - 25% of respondents said they didn't appreciate brands or wouldn't pay premiums; these respondents are probably the same pragmatic customer category. This finding supports the idea that brand equity is two-dimensional, consisting of both intangible judgments of prestige and tangible perceptions of authenticity and quality. Consumers are aware of these aspects, according to the poll, and strong brands typically deliver on both fronts. While businesses that lose exclusivity or cachet risk losing status-seeking consumers, brands that don't deliver quality will lose trust-driven consumers. Maintaining both elements is essential to preserving total brand equity.

Q10. Do you prefer brands that are exclusive or brands that are more accessible to everyone?

- I prefer brands that remain exclusive (limited availability, premium segment)
- I prefer brands that are accessible to a wider audience (affordable and widely available)
- I have no strong preference, as long as the product is good

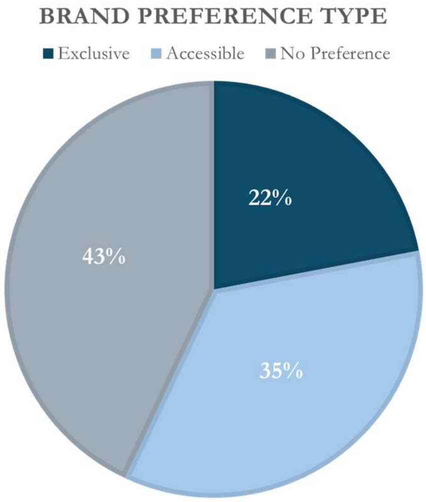

Figure 21: Consumer preference for brand exclusivity vs. accessibility

The majority of respondents (43%) indicated that they have no strong preference as long as the product is decent, suggesting that for them, concerns about exclusivity are not as important as product quality or attractiveness. In contrast, a greater portion of consumers (35%) like brands that are available to everybody, whereas 22% specifically prefer brands to be exclusive. These findings imply that a sizable segment of consumers (about one-third) value accessibility; they want brands to be accessible and inclusive, probably appreciating affordability and ubiquity. A smaller but noteworthy group appreciates exclusivity and the prestige of having unique possessions. The fact that over half are neutral, emphasizing product quality over brand ubiquity or rarity, suggests that many people don't need exclusivity or mass accessibility; they just want a decent product, and they will evaluate brands based on that. This question is significant for the thesis because it demonstrates that overemphasizing exclusivity is not always beneficial. Although it can boost prestige by satisfying the needs of 20% of consumers, it may alienate a wider range of customers who either intentionally desire accessibility or don't care about exclusivity. These poll results highlight the difficulty that luxury firms face between increasing their market and preserving exclusivity, which was probably covered in earlier chapters. A company that is too exclusive may lose out on the 35% of consumers who value accessibility and even the neutral 43% who could welcome a more accessible product, while a brand that becomes too mass-market may lose some status (risking the 20% elitist segment). Therefore, preserving brand equity requires carefully balancing exclusivity - enough to preserve prestige, but not so much that it drastically reduces the pool of potential customers. This complex customer mindset reinforces the claim that, as long as product quality stays high, businesses can profit from some accessibility (such as entry-level goods or second-hand marketplaces) without significantly degrading their luxury image.

Moreover, the key claims of the thesis on the strength of brand image, authenticity, and customer trust are highly supported by the results of the "Brand Equity and Perception" survey. Aaker's brand equity model, which holds that perceived quality and loyalty generate additional value for the consumer and pricing power for the firm, is empirically validated by the overwhelming majority of respondents who confirmed that brand name matters in their purchasing decisions and that they are frequently willing to pay a premium for trusted brands. In line with Kapferer's Brand Identity Prism, which emphasizes the significance of the relationship and physical aspects (quality signals) in addition to the symbolic aspects (status), the data also reveal that consumers primarily see a well-known brand as a guarantee of authenticity and quality rather than just a label. This supports the findings from previous chapters that the uniqueness of the maison continues to be a crucial difference even in a disjointed resale market.

The major opposition to counterfeit goods highlights the importance of authenticity and trust. The thesis's criticism of the burn and destroy paradox is supported by customers' unwillingness to interact with counterfeits: instead of viewing wasteful destruction as maintaining uniqueness, buyers penalize businesses when sustainability and authenticity are jeopardized. Signalling theory (luxury as a status indicator) and social identity theory (brand consumption as identity expression) are supported by the survey's findings that most respondents routinely utilize secondary marketplaces while still appreciating brand signals. These findings help to explain why resale platforms have grown to be significant co-creators of value in the luxury ecosystem: customers still base their opinions on brand legitimacy, but they also demand accessibility and affordability. If businesses properly maintain the balance, circularity and co-creation need not undermine status, according to the nuanced reaction to exclusivity vs. accessibility, which is divided between those who favour exclusivity, those who favour accessibility, and a sizable neutral group.

Overall, the poll demonstrates that even as control spreads across platforms, brand equity is still a valuable asset. Customers praise companies that maintain authenticity and quality while penalizing those that permit counterfeiting or seem wasteful. The thesis's argument for a change from unilateral control to planned, open participation is supported by these sentiments. Luxury companies are more likely to hold onto their power if they incorporate aftercare and resale into their own value chain, maintaining trust and fostering community-driven value. Thus, the quantitative data supports the qualitative analysis: in order to preserve brand equity in a fragmented ecosystem, it is necessary to combine consistent quality signals with a readiness to embrace circular consumption and co-create meaning with customers.

Consumer Survey 3: Enforcement Experience Tension

Chapter 4 detailed how luxury brands have been challenged by the emergence of "shadow buyers" and cross-border arbitrage, leading them to tighten supply, impose quotas, and step up anti-counterfeit measures. Although these tactics seek to maintain exclusivity and safeguard intellectual property, they may also drive away real clients who appreciate ease of use, customer service, and the ability to resell. Previous sections made the qualitative argument that in order to avoid undermining the trust and desirability they aim to protect; luxury maisons must walk a tightrope between deterrent and client experience. However, some questions arise:

→ What do customers think of these measures?
→ Are they in favour of vigorous legal action against counterfeiters?
→ How do they respond to limitations on resale, refusal of after-sales assistance, or purchase quotas?

This survey uses theoretical stances from fairness theory, service-dominant logic, and psychological ownership to investigate this "enforcement–experience tension." **Fairness theory** distinguishes between distributive justice (fairness of results) and procedural justice (fairness of the process); these ideas shed light on how customers assess warranty rejections, ID checks, and resale limitations[292]. When determining whether enforcement actions produce or destroy value, **Service-Dominant reasoning** emphasizes value co-creation between the enterprise and the consumer[293]. Finally, according to **Psychological Ownership theory**, a consumer's perception of resale freedom is shaped by their sense of control over and disposal of a product once they purchase it[294].

The questionnaire, which used the same demographic mix as the other survey, asked participants about their primary channels of purchase (official vs. secondary), their personal encounters with counterfeit goods, their opinions on resale rights, their attitudes toward brand litigation, and their

[292] Robert Folger, Russell Cropanzano (2001), Stanford University Press Stand, California: "Fairness Theory: Justice as Accountability"; file:///C:/Users/Utente/Downloads/AdvinOrgJustice_FolgerCropanzano2001.pdf

[293] Stephen L. Vargo, Robert F. Lusch (2016), International Journal of research in Marketing 34 (2017) 46–67: "Service Dominant Logic"; file:///C:/Users/Utente/Downloads/VargoLusch2017IJRM.pdf

[294] Hyunsu Kim, Jing Li, Kevin Kam Fung So (2024), Journal of Business Research 174 (2024) 114502: "Psychological ownership research in business: A bibliometric overview and future research directions"

responses to stringent pricing and distribution regulations. The chapter offers factual data to support or refute the qualitative thesis argument that successful luxury firms must balance brand protection with a satisfying consumer experience. The results provide subtle insights into customers' boundaries between convenience and brand enforcement, which helps determine how enforcement tactics might be adjusted to preserve exclusivity and loyalty.

Q1. What is your gender?

- Male
- Female
- Other/Prefer not to say

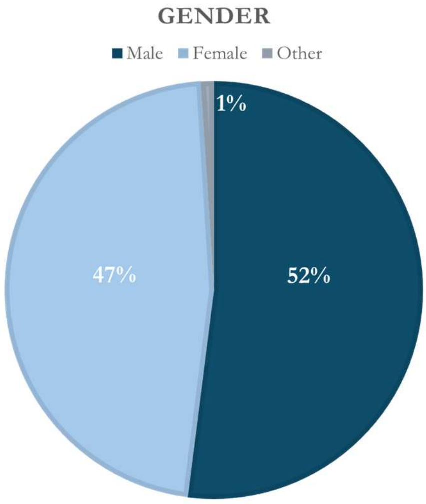

Figure 22: Respondent gender distribution

The gender breakdown of respondents in this survey is the same as in the first since I performed a unique big Survey divided into two sections. I would like to emphasize that the consistency in having the same “public” is intentional it guarantees that demographic variations won't skew the comparative observations between the two polls. Once more, a balanced gender distribution ensures that both male and female consumers' opinions on enforcement and experience are included. It reaffirms that customer experience and brand enforcement policies are pertinent to both genders, and the survey's findings will be widely applicable.

Q2. What is your age?

- 18-25 years
- 26-30 years
- 31+ years

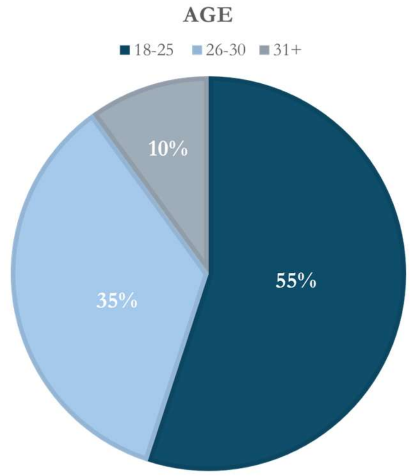

Figure 23: Respondent age distribution

Same argument of Q1 is valid for Q2. In this way we are sure that both sets of responses predominantly represent the same generational cohort discussed in the thesis context.

Q3. Where do you primarily buy branded fashion items?

- Only from official brand stores or authorized retailers
- From both official sources and secondary marketplaces
- Mostly from secondary marketplaces

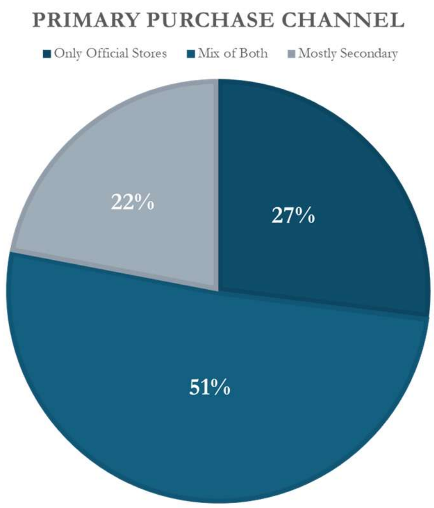

Figure 24: Primary channels through which respondents purchase branded fashion items

According to the survey's findings, just 27% of participants only purchase branded goods from authorized retail channels or official locations. 51% of respondents indicated they utilize a combination of official and secondary sources, while 22% said they mostly purchase from secondary markets (such as unofficial sellers or online reselling platforms). These numbers show how important the secondary market is to customers' purchasing decisions; in fact, over 70% of respondents use secondary channels to some extent. This result supports the first survey's finding that a large number of consumers shop second-hand and highlights a possible conflict: although brands want customers to purchase through official channels (for reasons such as pricing integrity, quality control, etc.), the majority of consumers are not restricting themselves to those channels.

Q4. Have you ever unknowingly purchased a counterfeit product?

- Yes, I have (later discovered it was fake)
- I'm not sure, but it's possible
- No, never

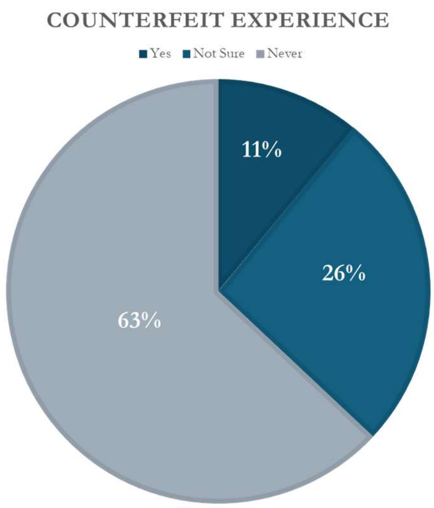

Figure 25: Incidence of unknowingly purchasing counterfeit products among respondents

Evidence shows that 63% of respondents said they had never unintentionally bought a fake. In the meanwhile, 11% of respondents affirmed that they have had the experience of later learning that an item they purchased was fraudulent, while 26% are doubtful or suspect they could have. There are two sides to these findings: On one hand, it's comforting that the majority of consumers do not remember being tricked by counterfeit goods; this could be due to either cautious consumer behaviour or successful brand and marketplace steps to filter out fakes. However, almost 40% of respondents either believe it is possible or have been victims of counterfeit transactions. This is a sizable minority, indicating that there is a discernible penetration of counterfeit items into consumer buying.

Q5. Do you think brands should take legal action against sellers of counterfeit products?

- Yes, absolutely – they should aggressively enforce against counterfeits
- Yes, but only to a reasonable extent (focus on major offenders)
- No, it's not necessary / I don't think it's important

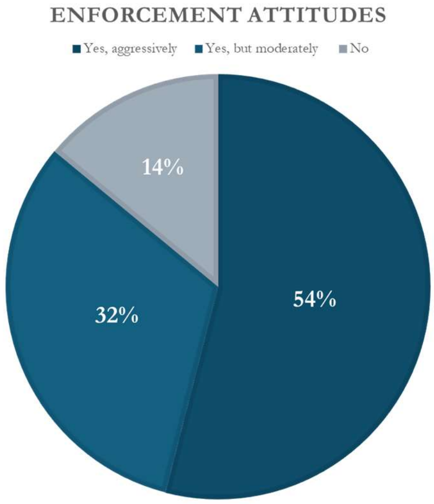

Figure 26: Consumer opinion on whether brands should pursue legal enforcement against counterfeit sellers

The vast majority of respondents (54%) said that brands should definitely pursue aggressive legal action against those who sell counterfeit goods. Another 32% are in favour of legal action, but they do so moderately, suggesting that while enforcement is good, it might be better to focus on large-scale counterfeit operations rather than getting too worked up about little things. Just 14% of respondents said that it is neither necessary nor important for brands to take legal action. Overall, the inclination in favour of enforcement is evident. It shows that consumers expect brands to actively safeguard authenticity and consumers, and they are generally aware of the negative effects of counterfeiting (similar with previous studies where most indicated fakes impair brand perception and some had been victims of fakes). The information supports the concept that genuine customers value brand-protection initiatives: by fighting fakes, brands are seen as defending quality and customer trust.

Q6. If a brand strictly enforces policies (Ex: No discounts allowed, products only sold through official stores), how does that affect your opinion on the brand?

- It negatively affects my opinion – I find those policies too restrictive
- It doesn't change my opinion – I'm fine with their policies
- It positively affects my opinion – It shows they maintain exclusivity/standards

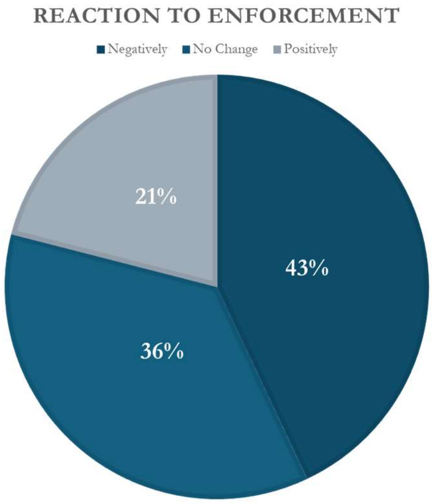

Figure 27: Impact of strict brand policies on consumer opinion of the brand

According to the results, 43% of respondents have a negative reaction to extremely stringent brand restrictions, such as prohibiting discounts or limiting sales to exclusive channels. Approximately 35% of respondents stated that such regulations have no effect on their perception of the brand, while 21% see rigid policies favourably and interpret them as the company upholding exclusivity or high standards. One important finding is that over half of the respondents are discouraged by strict price and distribution regulations. It implies that while maintaining brand equity (via exclusivity and pricing stability) is crucial, doing so rigidly might backfire by alienating a significant part of consumers who seek accessibility and flexibility or who just believe a company is being too snobbish or unpleasant to customers. The 21% of luxury consumers who value strictness are probably those who value a brand's exclusivity and associate no-discount policies with prestige and product integrity. The 36% neutral group, on the other hand, might either not be immediately impacted or appreciate the brand's authority to establish regulations even if they don't directly profit from them. This outcome serves as an example of the enforcement-experience trade-off for the thesis: aggressive measures to control the brand environment (prices, retailers) can guarantee a premium image (which some admire), but they also run the risk of being perceived as rigid or anti-consumer, which half of the customers detest. This reinforces the claim that companies should exercise caution when enforcing marketplace regulations because a strict approach could maintain short-term equity measurements but, in the long run, might create customer frustration, therefore eroding goodwill and loyalty.

Q7. Should consumers be allowed to resell branded products freely on secondary market?

- Yes, consumers should be free to resell without brand interference
- Yes, but the brand should ensure authenticity is maintained
- No, brands should limit or control resale to protect their image/pricing

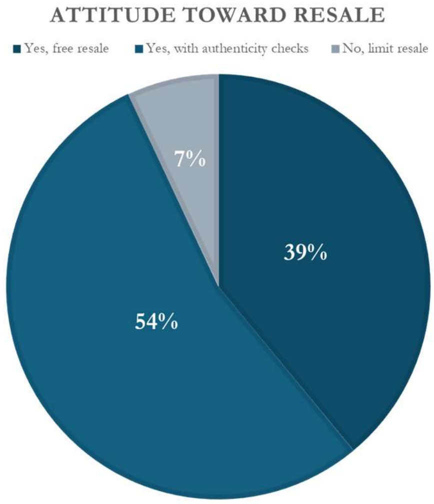

Figure 28: Consumer opinions on whether brands should allow or control the resale of their products

The survey reveals that 39% of respondents think consumers should be free to resale branded goods in any way they choose, free from brand intervention. Another 54% adopt a moderate stance, agreeing that resale is OK but believing that the brand should be involved in guaranteeing authenticity (Ex: by offering methods for authenticating used goods or approving reputable resale channels). Just 7% of consumers think that companies should aggressively restrict or manage resale in order to safeguard their reputation or pricing policies. These figures convey a clear message: consumers strongly support the capacity to resale, which is viewed as a fundamental consumer right and a useful feature of owning things (whether to pass stuff on or recover value). Few people support the notion that brands should prohibit or strictly regulate resale. From a customer experience perspective, Brands' attempts to stop owners from reselling their goods would be extremely controversial and probably detrimental to the brand's reputation. Even those who advocate for brand engagement (39%) characterize it as guaranteeing authenticity rather than prohibiting resale; in other words, they favour the resale market but want it to be real and secure. This data supports the thesis by highlighting how aggressive enforcement against secondary marketplaces would conflict with consumer behaviour and expectations. For the most part, consumers view their purchases as giving them complete ownership of the object and the ability to resell it. While companies who attempt to stop all resale may be viewed as going too far, companies that support or encourage legal resale (perhaps through agreements with resale platforms or certified pre-owned programs) may actually increase brand loyalty. This relates directly to previous conversations: most customers see resale as fair usage, even though uncontrolled resale may present problems for brand exclusivity or cost. The majority suggests that working with the resale trend (assuring authenticity) rather than opposing it could be the best brand strategy. This supports the notion that rather than limiting consumer liberties, brand enforcement should concentrate on authenticity assurance.

Q8. Does knowing that a brand is actively fighting counterfeits (Ex: using security tags, lawsuits, etc…) make you more likely to trust that brand?

- Yes, it increases my trust – the brand cares about quality and customers
- It doesn't significantly change my trust in the brand
- No, it might inconvenience or worry me as customer

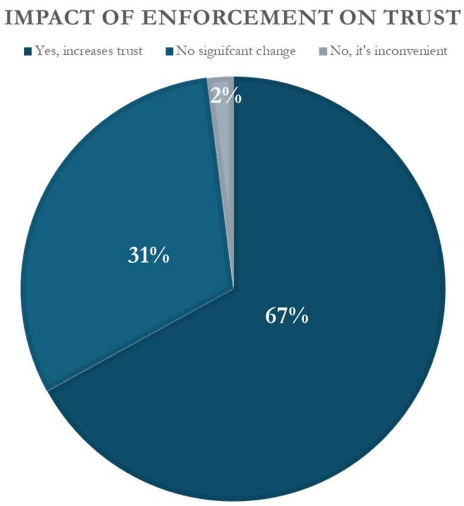

Figure 29: Effect of a brand's anti-counterfeiting efforts on consumer trust in the brand

According to the outcomes, 67% of participants stated that they have more faith in a brand when they are aware that it is aggressively combating counterfeit goods. A tiny 5% thought it would actually make them less trusting or be an annoyance, while roughly 31% stated it has no discernible impact on their level of trust. The overwhelming consensus is that customers have a favourable opinion of anti-counterfeit initiatives. This is exactly what consumers expect: when a brand takes obvious measures to safeguard authenticity and consumer safety (such as hologram tags, legal action against fraudulent sellers, or public awareness campaigns), they see it as an indication that the company is accountable and customer-focused, protecting them from dangerous or subpar knockoffs. Until a crisis arises, the neutral 31% may just ignore such concerns or take authenticity for granted. The small percentage (2%) who responded negatively might be thinking about inconvenience (possibly more restrictions or checks could make purchases more difficult) or they might misunderstand aggressive legal actions as the brand being hostile. It is a very tiny fraction, though. All things considered, this feedback lends credence to the theory that proactive enforcement can increase consumer loyalty and brand confidence. Customers are reassured about a brand's integrity when they witness it defending its goods. This implies that brands can improve impression by disclosing their enforcement actions. Importantly, research seems that firms can deploy anti-counterfeit measures with little danger of consumer backlash, as long as those efforts do not materially impede the real customer's purchasing process. Only a small percentage of consumers are concerned about inconvenience. The survey concludes by confirming that consumers generally support anti-counterfeiting enforcement since it supports their desire to purchase genuine goods and safeguards the brand they have invested in.

Q9. If a brand refused to provide warranty or repair service for a product because it was purchased from an unofficial seller, how would you feel?

- I would be frustrated and view the brand negatively (the policy would upset me)
- I would understand the policy but be more careful to buy officially next time
- I wouldn't be affected / It seems fair (I only buy official)

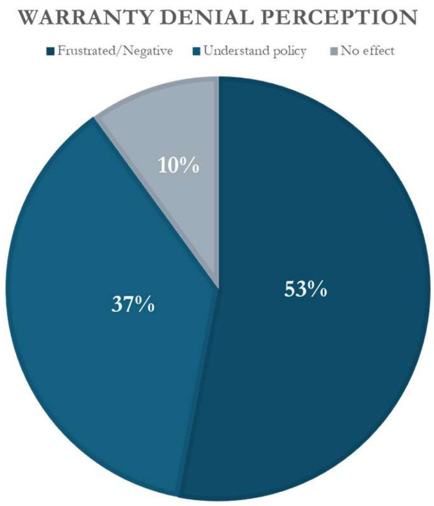

Figure 30: Consumer reactions to a brand refusing service for items bought outside official channels

The results are instructive: 53% of respondents stated that if they encountered this circumstance, they would become irritated and have a bad opinion of the brand. Another 37% of respondents stated they would comprehend the brand's policy (recognizing it as the owner's right or a known danger of purchasing illegally), yet it could make them more wary of making future purchases through official channels. The remaining 10% said they would not be impacted or thought it was fair; this is probably because they already shop at authorized stores or because they support the policy's tenets. Nearly half would respond angrily, indicating that such stringent enforcement of the warranty policy can seriously impair consumer happiness. A customer's perception of a brand's high-quality customer service is damaged when they are refused service on a product they paid for, only because of the source of the purchase. Even if 37% of respondents would reluctantly accept it, they might do so with some dissatisfaction (the response suggests they'd "be more careful next time," which is a learning moment possibly followed by regret). Only a tiny minority of brand devotees completely embrace the company's position. This demonstrates how overzealous enforcement - in this case, giving channel control precedence above customer support - can lead to conflict and animosity in relation to the thesis's central idea. Customers typically anticipate that a brand will support a genuine product if they own it. Brands enforce such policies to deter grey-market sales and encourage official distribution usage, which is understandable from a brand equity perspective, but the survey shows a cost: consumer goodwill is damaged in many cases. This data backs up the claim that strict enforcement guidelines may compromise the user experience, and brands should carefully consider this. Customer resentment may be lessened by striking a balance or taking a more nuanced approach (such as providing paid repair services for unofficial purchases rather than outright refusal). The outcome reaffirms a fundamental principle: maintaining brand equity shouldn't come at the price of alienating consumers. In the end, maintaining post-purchase support is more detrimental to brand equity than the illicit sale itself. Strict restrictions that undermine this experience might backfire by alienating devoted customers.

Q10. In your opinion, what should a brand prioritize more?

- Protecting its brands image and exclusivity (even if some customer convenience is sacrificed)
- Balancing brand protection with customer convenience and experience
- Ensuring maximum customer convenience and access (even if the brand become less exclusive)

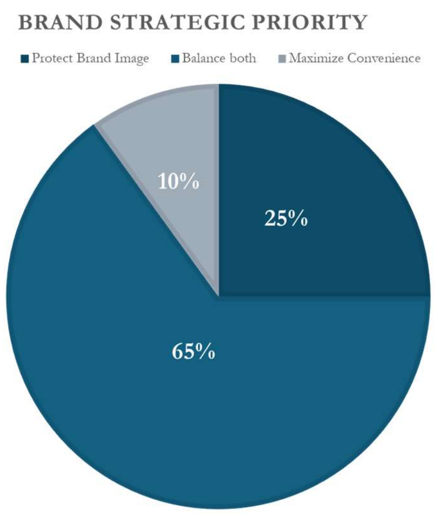

Figure 31: Consumer opinion on what a brand should prioritize – brand protection or customer experience

The answers are clear in favour of balancing: according to 65% of respondents, a company should strike a balance between preserving customer convenience and experience and safeguarding its reputation. Just 10% of respondents believe that a brand should put maximum customer convenience and access ahead of exclusivity, while only 25% believe that a brand should put exclusivity and brand image protection ahead of customer convenience. The core premise of the thesis - that **consumers do not want an extreme in either direction** - is powerfully validated by the preference for a balanced approach. They don't necessarily want a company to totally abandon its image and become too commonplace in an attempt to suit everyone, nor do they support a brand that upholds its prestige at the expense of customer satisfaction. Rather, most people understand that the most successful brands strike a balance between listening to their customers' requirements and making sure they have a good experience and upholding their key values (authenticity, quality, and image). Customers' agreement is a clear reminder to brand managers that initiatives shouldn't be all-or-nothing. The minority opinions are particularly instructive: 25% of respondents prioritize tight brand image protection over all else, which probably reflects luxury purists or people who place a great value on exclusivity (they may put up with waitlists, stringent rules, etc., if the brand stays elite). Ten percent more are on the other extreme, preferring a brand that is as approachable and easy to use as possible. This could be a result of their dislike of brands that are too restrictive or their support for democratic brands. In contrast to the majority, these are anomalies. This outcome essentially sums up how to resolve the conflict between enforcement and experience: balance is essential. Brands need to enforce their identity and trust sufficiently to keep consumers safe from imitations and dilution, but not so much that it erodes customer loyalty or makes doing business with the brand difficult.

The "Enforcement–Experience Tension" survey demonstrates that consumers acknowledge the need for brand protection alongside the significance of a favourable customer experience. A significant majority endorses legal action by brands against counterfeiters, illustrating **fairness theory**; they perceive robust enforcement as warranted when it safeguards legitimate consumers and upholds distributive justice. Most respondents exhibit greater trust in a brand that actively combats counterfeiting, indicating that enforcement measures can bolster consumer trust rather than diminish it. This supports the thesis that brands must assert their rights against counterfeiters and grey-market operators to maintain authenticity and brand value.

The data indicate that consumer dissatisfaction arises when enforcement directly impacts their ownership or convenience. Approximately 50% of respondents express a negative perception of strict policies, such as quotas and exclusive distribution. Additionally, nearly half would be dissatisfied if they were denied warranty or repair services for products purchased through unofficial channels. These reactions illustrate **psychological ownership**; upon acquiring a product, consumers perceive themselves as entitled to resell it and obtain after-sales support. They demonstrate procedural fairness; individuals accept enforcement when they view the rules as equitable, yet they dismiss measures perceived as punitive or arbitrary. The preference for resale freedom, demonstrates that consumers value the right to dispose of their property while recognizing the necessity of authenticity checks. These findings support the thesis's critique of stringent enforcement: restricting customer freedoms or terminating services may have adverse effects, eroding the goodwill essential for sustaining long-term brand equity.

The predominant preference for brands to balance protection with customer convenience directly reflects **service-dominant logic**: value is co-created through interactions between the brand and the customer, rather than being imposed unilaterally. Consumers expect brands to maintain exclusivity and authenticity while also providing respectful and flexible service. The divergent views on resale, with a majority of respondents supporting either unrestricted or authenticated resale, align with concepts of psychological ownership and highlight the **necessity for brands to interact with secondary markets instead of attempting to suppress them**. The results, when considered alongside the qualitative evidence in Chapter 4.1 regarding quotas, buy-back programs, and anti-diversion technologies, indicate that enforcement is effective only when it is transparent, proportionate, and supported by customer-centric policies.

Finally, the survey highlights that effective luxury brand management relies on a balance between enforcement and experience. Consumers support measures that promote authenticity and fairness; however, they oppose policies that diminish accessibility or penalize legitimate owners. This empirical evidence supports the thesis's recommendation for luxury maisons to implement multi-layered, consumer-oriented enforcement strategies that integrate technological solutions and legal measures, while also allowing for flexibility in warranty, resale, and after-sales services.

Brands that incorporate enforcement within a comprehensive strategy of trust, service, and value co-creation will be optimally positioned to sustain exclusivity and foster customer loyalty in a progressively interconnected luxury environment.

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