

Embracing Sustainability and Circularity in Luxury: The Rise of the Pre-Loved Market in China

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Summary Statement

This paper explores the increasing popularity of pre-loved luxury goods in China, highlighting how this trend alongside sustainability and circular economy principles. It notes the impact of the COVID-19 pandemic on consumer behaviour and the significant growth of the pre-loved luxury market, particularly among younger consumers (Booker, 2024). The study indicates the Chinese market's pivotal role in this industry shift, stressing the need for further research in this evolving sector.

Competitive Short Paper

Regardless of whether you are looking for a classic Louis Vuitton handbag, unearthing a scarce vintage Rolex watch, or pressing to pursue a Hermès Birkin without waiting for the waiting list, sold-out collaborations, or unique limited editions, the pre-loved luxury channels are the new hot spot, whether online platforms or offline brick-and-mortar. These channels cater to both the desire for uniqueness and rarity and reflect the increasing significance of sustainability and circularity in the luxury industry. This paper explores the convergence of these trends, spotlighting the role of sustainable luxury and the principles of a circular economy, and underscores the unique position of the Chinese market in this transformative shift.

As sustainability and circularity become imperative in the luxury sector, the burgeoning pre-loved luxury market, particularly in China, signifies a pivotal shift in consumer behaviour and industry practices. This transition, notably influenced by global events such as the COVID-19 pandemic, saw China implement an extensive lockdown that endured until the cessation of the 'zero-policy' on 8th January 2023 (NHC Gov, 2023). The pandemic-induced pause in the production of new luxury goods spurred a move towards pre-loved luxury items, mirroring an increasing consumer preference for sustainability. The Chinese market has been at the forefront of this change, with its pre-loved luxury sector expanding rapidly.

Understanding the motivation behind consumers' gravitation towards pre-loved luxury items is multifaceted. Research indicates that economic, uniqueness, and sustainability considerations are key factors driving this trend (Aycock et al., 2023; Turunen et al., 2020; Turunen and Pöyry, 2019), with younger demographics, particularly Millennials and Generation Z (Booker, 2024), favouring environmentally conscious fashion choices.

The integration of circular economy principles in luxury fashion is further evidenced by the growing popularity of pre-loved luxury platforms, which cater to diverse consumer interests and support more responsible consumption patterns. Beauloye (2023) reported that the pre-loved luxury market has grown rapidly at 12% per year versus 3%, four times faster than the primary luxury market, where luxury resale represented a \$24 billion market and is projected to double in value over the next five years, demonstrating its robust growth.

Sustainability is at the heart of this transition. The inclination of younger consumers towards sustainable fashion, as noted in research by Pencarelli et al. (2020) and Machado et al. (2019), is reshaping the luxury market and setting new industry standards.

To conclude, the rise of the pre-loved luxury market in China transcends mere economic and fashion trends, echoing deeper commitments to sustainability and circularity within the luxury sector. This shift signifies a critical area for future research, encapsulating the evolving dynamics of luxury consumption and its environmental and social impacts.

To dissect these complex dynamics, this study adopts a pragmatic two-stage mixed-methodology with an explanatory sequential design. This approach, as suggested by Creswell and Creswell (2018), provides a comprehensive understanding of the phenomenon by combining qualitative and quantitative methods, offering insights that a single-method approach might not reveal.

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Keyword

Pre-Loved Luxury, Sustainability in Luxury, Circular Economy in Luxury