

THE SRSC NEWSLETTER

*The Santa Rosa Stamp Club: Promoting the study, knowledge,
and enjoyment of stamp collecting.*

APS Chapter 1584



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Editor's Note

While our membership is sheltering in place to avoid contact with the coronavirus, we can take some consolation in our confinement by the pleasure we receive from collecting stamps. Although we can't enjoy the annual WESTPEX show this year, I suspect many of you have turned to your collection as a way to occupy your time by soaking, sorting, identifying, cataloguing, stocking, organizing, and mounting stamps in your collection. Want lists are developed and refined and perhaps a foray or two into eBay has resulted in a purchase. We keep at it because it is an interesting and absorbing hobby that opens up ever more ways to learn (and acquire!) something new. Which brings me to this issue of the Newsletter. You may recall that the July 2019 featured an article by Stephen Brett entitled "Trends in Stamp Collecting: Past, Present & Future." As a result of his extensive research we were published Part 1 of his study. I am pleased to say that we devote the entire March 2020 issue to Part 2 as Steve concludes his findings on the future of stamp collecting. I think you will agree with him that the onset of modern communications technology has had a highly significant impact on how we pursue our wonderful hobby.

Trends in Stamp Collecting: Past, Present & Future

Part 2

Stephen Brett

There is a general acceptance to the proposition that those who have been exposed to stamp collecting early in life often circle back to philately once they reach middle age or retirement. That circle of life in the stamp collecting community is now in terminal decline. Richard Lehman in his popular blog states, "Now, let me be clear. I don't think that stamp collecting is going to completely disappear. Yes, the number of active philatelists will decline dramatically in the future. And, if you are hoping to make money investing in stamps or selling your existing collection you should probably reconsider." Lehman continues, "Here's the silver lining . . . if you love stamps for the pure joy of collecting them, then you're chosen hobby is likely to become significantly less expensive in the future. Just don't expect a lucrative financial return from your vintage collection."

The bottom line, then, is that the survival problem comes from the fact that number of collectors who are dying is greater than the number of new collectors joining or increasing their stamp purchases. The album fillers, sadly, are dying off faster than newcomers taking up the hobby.

Newcomers that are starting or returning, like retirees, see the market shy away from average material and they are heading for more interesting philatelic fields. This may explain the growth in popularity of topical collecting, which adds diversity to collecting and may be the ticket in attracting youth to the hobby.

Now, nearly all collectors are searching for quality stamps that meet their particular collecting needs. There is little interest in finding space fillers bought from a price list. This explains the strong demand for better items and less for the readily available stamps which supply is increasingly available because so many of those 1970's album collections are coming on the market.

Who Collects Today?

The current estimate of stamp collectors worldwide is between 60 million and 200 million. That's a pretty broad estimate that may be explained by the inclusion or exclusion of casual collectors. The average age of the collector is now 60 plus. Paul Dauwalder, a serious philatelist and writer adds, "but what is interesting is that every year we see a new crop of 60-somethings starting to collect." The booming market for rare stamps has attracted serious collectors from all corners of the world and this will be discussed later.

The Most Current Collecting Trends:

The following current trends were gleaned from numerous magazine articles:

- Stamp condition matters more now than ever before.
- Buyers demand mint issues with prices falling precipitously for used or average condition stamps.
- Rare stamps are becoming more difficult to find and are fetching record prices.
- Specialized collections have limited appeal.
- The price of a 'perfect stamp' can be hundreds of times the price for the same stamp that is slightly off center or has some minor condition problem, e.g., a small crease that can barely be seen without a magnifying glass. More and more collectors demand certified stamps and graded stamps before they make a purchase.
- At the single stamp level, there are many factors that can dramatically affect stamp collecting values, but for the most part, it comes down to supply and demand. Many stamps are rare but not valuable because there is not enough demand to drive the price up. But find a rare and high demand stamp and watch out! A handful of the crown jewels of philately have sold over the past decade for million dollar plus sums.
- And, there are further supply and demand factors at work affecting ranges of stamp collecting values for unique copies of the same stamp. For example, classic U.S. stamps are in high demand by stamp investors seeking perfectly centered and completely faultless stamps that drives up stamp values exponentially.

The stamp collecting market is not uniformly weak. There are many areas of dramatic strength. Average material from many previously popular countries has been dropping in price consistently for many years. What is the meaning of average? Undamaged material rated at fine or better that the average country collector uses to fill album spaces. In other words, Mint Never Hinged sets of the last 40 years and medium quality used stamps that are not particularly scarce – the kind of material that is easily found in most dealers' stock books. Most North American and European mint stamps trade on their face value. On the other hand, earlier, better material from these countries is in strong demand. "Better" means any stamp that one cannot reasonably expect a dealer to have in stock unless they cater to elite collectors.

These are the stamps that one must make a special effort to find because of scarcity or condition. In any article about stamp trends, specifics by country or area are generally the most interesting to active collectors. The following reflects the consensus of the many articles I have read on current trends. Stamps most wanted in order of demand are:

- British Commonwealth pre -1935
- French Colonies
- Mint U.S.A. pre-1940
- Asia with China and Hong Kong
- Independent India
- South America
- Russia
- Eastern Europe years 1945 -1965
- Post Independence India



Stamps least wanted are:

- Any stamps in poor condition
- U.N., Europa topic
- Israel
- Scandinavia
- East Germany and Berlin
- Caribbean Islands
- Diana Topic
- Boxes of loose used stamps are usually worth very little
- Stamp albums that are sparsely filled are usually worth very little
- Stamp albums for children or beginners are worth very little
- Used U.S. postage stamps in the last 70 years are worth little
- Mint with original gum U.S. postage stamps printed in the last 70 years, with few exceptions, are worth less than their face value. Stamp dealers offer 50% to 70% of face value depending on their customer base. They sell these stamps at 75% to 90% of their face value.



Other factors:

- A well-organized collection brings more than a haphazard one.
- Worldwide collections of mint stamps are in demand and prices are good.
- Specialized collections are very hot but the demand is thin.
- Any stamp collection with a market value over \$1,000 can be sold if the price is realistic.
- The stamps of China, Southeast Asia and Latin America previously underappreciated are doing very well. Why? Twenty years of improving national economies resulting in the rise of a middle class with more money and the desire to collect.
- The impact of the internet and the online bidding and selling sites such as eBay and HipStamp. (See Lingens.com for more information).

The Rise of the Asian Market:

While the future of stamp collecting in the United States is precarious, the overall health of the hobby, important to all collectors, is improving because of a spike in philatelic interest in Asia especially in such countries as China, India and South Korea that enjoy great upward mobility and a rising leisure class. Asian collectors have been the primary motivators of the spike in rare stamp prices and the resurgence of interest in complete collections in their home countries. This may surprise the reader but Asia is now the home of two-thirds of the world's collectors. An indicator of this is the Stanley Gibbons China catalog that used to be released every five years is not issued yearly. Don Sundman of Mystic Stamps points out that "new supplies of stamps from Asian countries with once restricted markets make for fresh markets in philately." Sundman goes on to say that Asian and American buyers have stayed in the market even through a current downturn. He sees more stamps on the market now with prices staying steady.



Stamps as an Investment

While researching this topic I came across an extremely interesting article detailing the price movement of 56,000 stamps, each valued at \$ 25.00 or more issued up to 1950. The reliability of the study is predicated on the thesis that by framing the study in this manner these selected stamps have had an opportunity to season. Also, the subject stamps were issued before postal authorities saw stamps as a commodity and before they saw stamp collectors as people to exploit. The finding: U.S. stamps have been a solid investment area for decades but are currently in limbo price-wise. The study used 2,700 U.S. stamps with an aggregate value of \$ 12,000,000. In the last 3 years U.S.

stamps have appreciated on average only 1.3%, which is one quarter of the rate for the last 13 years. This produces an average rate of 3.2% over thirteen years. In other words, high priced stamps appreciated 41.3% for the period or two times the rate of 19.9% for stamps below \$1,000. Revenue stamps showed a healthier increase of 17% for mint and 8.9% for used. On the other hand, stamped envelopes and wrappers in mint condition showed an average decline of 6.5% for the prior 3 years.

On an overall basis, the impression stemming from the study is that U.S. stamps are suffering from a decline attributed to negative demographics being experienced by all industrialized countries and that this is not a short-term trend. The study concludes that if you are a U.S. collector these are buying opportunity years for building a quality collection at price levels not seen in years. "It is a timing play for investing." A word on the demographic driver referred to above. This trend reflects the lack of young newcomers at least in North America and Europe.

What's Next In Stamp Collecting?

Let's remember and factor into our collecting forecast that there has always been a correlation between a strong economy and an increase in stamp collecting.

With that understanding in mind, forward thinking collectors would be wise to investigate these two markets:

Latin America: Brazil and Mexico are experiencing an emerging philatelic culture. For example, Oaxaca, Mexico now has a well-curated stamp museum.

Africa: In South Africa rare collections from their colonial period are garnering high prices at international auctions as are the dead African country stamps from the colonial era including their tax stamps. Kenya and Nigeria are Africa's fastest growing economies. In short, the African stamp market is poised to experience a significant uptick in the years to come.



The Role of eBay In Affecting Prices

eBay is the major stamp market in the world and it is open to anyone; be they seller, dealer, collector, speculator or rogue. eBay, it is said, will have a constant deflationary effect on prices. The eBay drawbacks are several. Amongst them is that it sells a lot of bogus material. And, if that isn't enough, much is inaccurately described and mispriced. For serious collectors, they will know that its primary use should be to fill holes for moderately priced material. And then there is the appeal of searching for material that is underpriced by a less knowledgeable seller.

Stamp Supply and Demand

Even though the quantity of existing stamps remains fairly static, you have an industry where available supply is increasing at a faster rate than demand.

"The result for the vast majority of stamps is that their value doesn't increase at more than the rate of inflation, if even that." (R. Lehmann) Add to this the impact of eBay as a factor in exploding the myth that many issues of old stamps thought to be rare or uncommon have actually survived in healthy numbers. Today, many dealers aren't willing to buy at all as they are already swimming in inventory that they can't clear. Prices for most vintage stamps have plummeted with many now selling for only 5% to 20% of stated catalog value.

How Large is the U.S. Stamp Market?

I misstated this during my presentation, representing the following numbers as being Global. In fact, the following findings are based only on the estimated size of the U.S. stamp market. It isn't huge. According to *Linn's Stamp News*, the stamp market is about \$1.25 billion dollars. This number includes retail store sales and proceeds from on-line and public auctions. The number also includes the U.S.P.S.

estimate of about \$ 200 million of their stamps being squirreled away by collectors. The figure also includes supplies such as albums, catalogs, stock books, mounts etc.

The Internet –The Salvation of Philately?

Frankly, I believe that if baby-boomers can possibly extend their lives, then the hobby has a chance for another two or three decades. However, many experts expressed optimism because of the advent of the internet as a positive factor for the future of our hobby. Yes, it has had a dampening effect on general valuation because it has surfaced so much material. But the consensus is that the stamp industry has only scratched the surface of what can be done. Our hobby has historically been rated as a "cottage industry" needing a breakout of the traditional trading model.

Dealers can run inventory for sale today through the digital catalogue to provide recommended pricing based upon recent sales and collector wants. The internet offers numerous multi-dealer stamp sale sites such as eBay or HipStamp without special processing.

Counter to the dampening of pricing school of thought some raise the axiom of trading—price cannot go up in a vacuum. The internet provides vast exposure to sales and bidding. The internet has made it easier for philatelists to connect with one another, share information and build more complete collections together. There are plenty of online stamp marketplaces with established auction houses hosting regular online sales.

Globalization Backed by Technology

The philatelic industry has benefited from the many opportunities coming from globalization. Firms that previously operated purely nationally are spreading their reach across the globe, gaining customers and market share in unaccustomed places. This movement or better yet, progress,



started with catalogues from auction firms, then by use of Fax machines, and then accelerated by email and high-powered websites. This is currently correlated with web-driven technology and mobile phones.

Auctions are driving the market. Virtually all the major collections that have come onto the markets have done so through auctions. Prices have improved for quality material dramatically over this period through the auction vehicle. Dealers around the country have gotten into the habit of re-pricing their stock based upon auction realizations that are nearly spontaneous thanks to the aforementioned technology

advancements. Expertising is also playing a huge role. There is a greater demand by bidders for rare stamps to come with a certificate of authenticity. Stamps that come with a "ticket" realize better prices.

The StampFinder Pricing Benefit

While traditional catalogues are published annually StampFinder draws its pricing from stamp sales, offering data currently on the internet. It re-prices weekly and monthly from stamp sales, based on true market information. This creates specific buying opportunities. It also provides investment grade pricing for some 65,000 classic stamps valued at \$ 25.00 or more. (Refer to prior paragraph above for the findings of 3 or more year periods.) So, StampFinder is, in essence, breaking the catalogue model with a digital catalogue that offers images of all stamps making them less number dependent.

The virtue of digital catalogues, another emerging trend, is that this technology allows collectors to buy only those catalogue sections they need for their specialties. It is country specific, topic specific and has unlimited expansion capability. It also provides in-depth coverage only found in specialty catalogues. In the past, stamp identification was necessarily done through catalogue identification. There are four systems: Scott, Michel, Yvert and Gibbons. None of these come close to identifying the universe of stamps. They don't, in fact, agree on which items to include. True market prices are only reflected in the more pricy items traded at auction. These four catalogue systems inflate market prices to accommodate the dealer's ability to haggle and to give the appearance of giving customers an occasional bargain.

In Conclusion, Is Stamp Collecting A Dying Hobby?

An interesting trend to emerge in recent years is a partial retreat from the digital world and a re-engagement with things that are handmade and artisanal, from slow food and small batch whiskey and beer to handicraft furniture. Clearly, there is a place in our culture for philately and other activities that require care, precision and individualized curating. Some say, "yes" - that stamp collecting will continue as a major hobby and pursuit because there are millions and millions of stamp collectors and always people looking to buy and sell their stamps. This survey will close with the prediction based on a preponderant of consensus: The fate of stamp collecting is in the hands of technology; just like emailing and paying bills on line.

Steve Brett , Vice President, Santa Rosa Stamp Club

Major Sources: *Linn's Stamp News*; Mystic Stamps (Don Sundman); The Richard Lehmann, Blog: Paul Dauwalder, writer; Lingens.com; "The Stamp Market-A Trader's View" Special to CNBC.com Profitable News; Richard Lehmann, "The Future of Philately." Herrick Stamp Market Report; Apfelbaum, Inc., Stamp Collecting: Alive and Well in the 21st Century; Lehmann, "Survey of Stamp Values & Trends;" "Stamp collecting Values," Mystic Stamps; Prestige Philately by Gary -Trends in Philatelic Auctions; Greg Manning's *Reminiscences -The State of Philately*. And, others too difficult to identify.



SRSC

The Santa Rosa Stamp Club meets on the first Tuesday of the month from 6:45 pm to 9:00 pm at the Finley Community Center, 2060 W. College Road, in Santa Rosa. Membership dues are \$20 per year. Following a discussion of club business matters, the meetings feature a philatelic presentation and a member auction. For further information about the club visit our website at <http://www.santarosastampclub.org/home.html>

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