Global Powers of Luxury Goods 2022
A new wave of enthusiasm in luxury

Contents

Foreword

Welcome to the ninth edition of Global Powers of Luxury Goods.

During FY2021, luxury goods companies rebounded from the COVID-19 pandemic, with store re-openings and a recovery in consumer demand. The Top 100 luxury goods companies generated composite sales of US$305 billion, which represents a 21.5% increase over the previous year and is higher than pre-pandemic levels.

The 'green transition' and the move toward a circular economy are providing luxury goods companies with new opportunities. In conjunction with the ongoing metaverse and Web3 revolution, this is driving innovation and disruption in the luxury industry. Increasingly, companies are integrating sustainable principles into their core strategies, developing environmentally-friendly new materials, and making sure their products are sustainable by design. Luxury companies can use the metaverse to reinvent luxury experiences, build brand credibility, and engage customers. Existing and new customers can interact with a brand's products and essence in new ways through digital reality.

The report presents the Top 100 largest luxury goods companies globally, based on their consolidated luxury goods sales in FY2021, which we define as financial years ending within the 12 months from 1 January to 31 December 2021.

The leading luxury goods companies continue to dominate both sales and profitability. The Top 10 companies now account for 56.2% of the Top 100 luxury goods sales, an increase from 51.4% in the previous year. They account for almost 85% of the total net profit for the Top 100 companies in FY2021.

After a hiatus during the pandemic, M&A activity picked up again in 2021 and 2022. Companies refocused on their core luxury brands and sought to enhance profitability and financial stability by selling non-core businesses to consumer goods and private equity firms.

France's share of the Top 100 luxury goods sales jumped as profit and sales rebounded. The eight French companies generated over one-third of the Top 100 luxury goods sales, an increase of 6.2 percentage points on the previous year. As the impact of the pandemic decreased, all countries except the United States and Japan saw their luxury goods sales growth rebound.

We hope you find this report interesting and useful, and welcome your feedback.

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Top 100 quick statistics

US$305 billion
Aggregate luxury goods sales

US$3.0 billion
Average size of Top 100 companies (luxury goods sales)

US$240 million
Minimum luxury goods sales required to be in the Top 100 list

12.2%
Composite net profit margin

The luxury goods sector rebounds to above pre-pandemic levels

Thanks to key growth drivers such as physical store re-openings, e-commerce, and normalizing consumer demand.

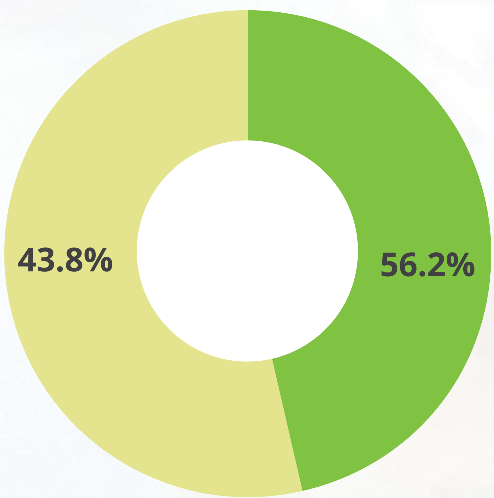
Top 100 composite year-on-year luxury goods sales growth

■ FY2020 ■ FY2021

5.2%

FY2018-2021 compound annual growth rate in Top 100 companies' luxury goods sales

In FY2021 the world's Top 100 luxury goods companies generated personal luxury goods revenues higher than FY2019.



■ Top 10 ■ Other 90

Top 10 share of Top 100 luxury goods sales

The top 10 companies are the powerhouses of luxury brand sales

They contributed 81% of the year-on-year growth in sales value and 85% of the combined net profit of the Top 100 luxury goods companies.

LVMH is the clear luxury goods leader, contributing

32%

Of the Top 10 sales in FY2021

A new wave of enthusiasm in luxury

As luxury goods companies recovered from the adverse impact of the COVID-19 pandemic, they are now presented with new opportunities arising from the 'green transition' and progress toward a circular economic model and responsible business. This along with the continuing digital revolution of the metaverse and Web3 is generating a lot of enthusiasm in the luxury industry and provides unparalleled opportunities for companies to be innovative and disruptive

Making luxury greener

A sector with global impact amid a transformation process

The fashion and luxury goods industry is facing major global challenges in terms of sustainability, digitalization, and consumption patterns—all factors that will lead to a radical transformation of the industry in the coming years.

As we have seen in previous editions of this report, sustainability in particular has become a core priority for luxury goods companies. The fashion and luxury industry has long been criticized for the environmental impact of its production processes and consumption practices. Hence, increasingly more companies are including sustainability principles in their core strategies, making it a new paradigm of conceiving luxury by following ESG criteria (Environmental, Social, and Governance) and applying the concept of being "sustainable by design". This term refers to products that are created to be compliant to the principles of sustainability right from the initial stages of product design. According to this principle, products are made using prevalently renewable resources and innovative raw materials, in a way to reduce their impact on the environment and with the aim to be reused or recycled efficiently, extending the product's lifetime. Making products sustainable by design has the potential to mitigate climate change and enable a circular economy.[1] This concept can be applied to all areas of luxury products, from garments to jewelry, from cosmetics to accessories.

Pursuing sustainability and a green transition in the luxury industry is a process aligned to the United Nations Sustainable Development Goals (SDGs) and the Fashion Pact signed in October 2020 by many industry players. It is an essential part in the fight against climate change while creating opportunities for better and inclusive growth.

A further step in this direction is the adoption of a circular economy model. According to the Ellen MacArthur Foundation, a circular economy could reduce Greenhouse Gas emissions by 22% to 44% in 2050 compared to the current linear model. Transitioning to a circular economy supports the achievement of 12 of the 17 SDGs[2] and ensures some benefits such as reducing pressure on the environment, improving the security of the supply of raw materials, increasing competitiveness, stimulating innovation, boosting economic growth, and creating new jobs.[3]

ESG Tranformational drivers

Increasing demand for sustainable products

Consumers demand more sustainable products in their production, use and end of life, valuing positively those products made from recycled and/or recyclable materials as well as those made under fair conditions.

Cleaner and more cicular value chains

Fostering circular economy as the main way to achieve climate goals, the sector must advance in decarbonization and in the management of pre and post consumer waste.

Promoting fair equal labor standards

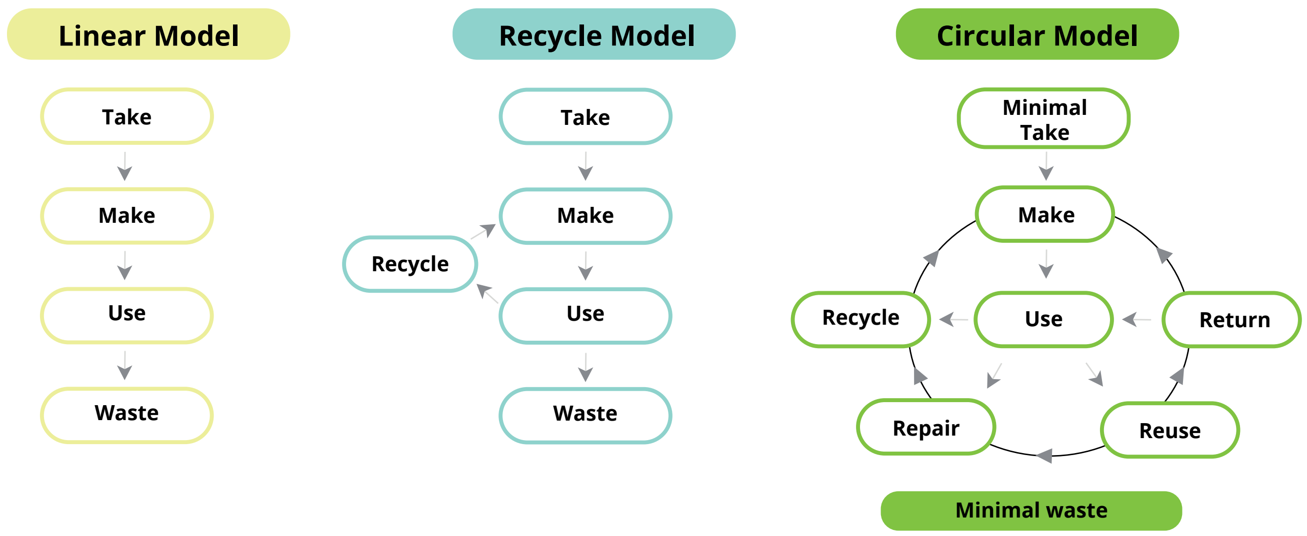
The luxury sector works to ensure respect for human rights throughout its value chain, as well a promoting the principles of equality, diversity and inclusion together with their suppliers. Luxury industry has been at the forefront of supporting DE&I also in consumer culture, by promoting a gender fluid mindset.

Transparency and traceability

Given the automation and multi-sectoral application of the sector's value chain, ensuring the traceability of processes throughout all stages of the production cycle becomes key to promote transparency over environmental and social performance.

The foundation of circularity is to create products that are safe, innovative, and durable in order to reduce waste, carbon emissions, and pollution. In this kind of economic model products are conceived and produced following the principle of sustainability by design and then re-enter the economy after use, never ending up as waste. In fact, circularity, applied using the right fibers, materials and design, allows products to be used for longer and then they can be safely discontinued, thereby providing benefits not only for the business, but for the overall society, and the environment.

Different Value chain models



Source: Deloitte elaboration on World Economic Forum graph[4]

To adopt circularity, luxury companies would have to disrupt their traditional linear model of "take-make-use-waste" and work on new strategies, with the aim to:

- Foster new business models that increase products use (second hand, resale, renting)
- Create safe, renewable raw materials (bio-materials, bio-chemicals, etc.)
- Implement alternative solutions which allow used products to be turned into new (repairing, recycling, etc.)

In all of these steps, innovation and digital technologies come in handy, introducing novelty and rapidity factors that support the evolution of luxury companies towards circularity. Digitalization and innovation could help to support the achievement of circularity either in the production stages of the goods (e.g., through the creation of innovative biomaterials based on vegetable sources that substitute real leather or plastic use in garments, cosmetics, packaging, or thanks to digitalized supply chains that can regulate carbon-emissions) and during the selling phase, thanks to the introduction of technological solutions that ensure luxury items' authenticity (such as digital passports which are extremely useful for the resale of products).

Another key element of the circular model is its ecosystem approach. Circularity is complex and full of interdependencies; therefore, no single company can achieve it alone—it is necessary that the actors of the value chain collaborate and cooperate. In a circular model, luxury companies can collaborate with their ecosystem partners such as institutions, competitors, research institutes, and experts to create, capture, and deliver sustainable value.

As an example of the relevance of circularity in luxury and the importance of adopting an ecosystem approach: at the end of October 2022, **Dolce & Gabbana**, the **Prada Group**, **Max Mara** fashion group, **Otb, Moncler,** and **Ermenegildo Zegna group,** coordinated by Camera Nazionale della Moda Italiana, inaugurated the Re.crea consortium with the aim of promoting research and development in the field of recycling solutions for textile-fashion products. This initiative is in response to the European Union directive on extended producer responsibility in the field of textile waste[5] and to the national legislative implementation of this issue, coordinated by the Ministry of Ecological Transition of Italy.[6]

Kering has its own Circularity Ambition program aimed at transforming the company into a full circle organization. To do so, the company has started many collaborations within and between sectors, e.g., with the Microfiber Consortium, the Apparel Impact Institute, Fashion for Good, and the Ellen MacArthur Foundation. The Italian NGO, Legambiente, ensures the Group's transparent auditing.[7]

LVMH's vision for a "new luxury" is embodied by the LIFE 360 strategy launched in April 2021. LIFE 360 will mark the Group's choices for the next decade, setting "a new alliance between nature and creativity". This strategy includes different targets to reach by the years 2023, 2026 and 2030, with actions plans centered on creative circularity, traceability, biodiversity, and climate.[8]

Benifits of a circular business model

Cost reduction and efficiency gains

Material cost reduction, waste reduction, upcycling, process optmization, energy cost reduction

Externality reduction

Pollution and emissions, resource preservation

Risk reduction

Reputational risk minimization, reduced third party risk

Compliance

- Increasing regional regulatory initiatives (*e.g EU Green Deal*), Responsible Business initiative (*Switzerland*)
- Increasing contribution to global governance (*e.g. SDGs; specific goal on circularity*)

Financing

- Private Equity (investor engagement)
- Public support (use of circular solution by either direct subsidies or indirectly by imposing fees or taxes)

Competitive advantage and new market potential

- First mover advantage: use of new business models; new market potential(e.g. new materials, eco-sustainable products, etc.)
- Sustainable income flows: due to new circular business models that can be hard to imitate by competitors or because of long-term relationships with customers in models relying on use rather than owership of goods
- Customer retention and loyality: due to new, or adapted business models and increased transparency

Source: Deloitte point of view on circular transition

Pursuing circularity in luxury: the resale market for luxury goods

Climate change has become one of the most important concerns among consumers, as increasingly declare that they care about it and are taking tangible actions in their daily lives to contribute to this collective, urgent global fight.[9]

Consumers are changing the way in which they buy, use, and sell luxury products and are increasingly showing interest in the second-hand market (once a domain of vintage lovers). Secondhand purchase of luxury items has some key benefits for consumers: affordability (as products can be bought at accessible price points), collectability (e.g., buying limited edition products which are unavailable elsewhere), and it also represents a responsible alternative for new affluent generations to acquire items without contributing to the negative impact on the environment.

Due to the growing demand in this market segment,[10] luxury goods companies are discovering how the pre-owned category can help to extend the lifetime of their products and to increase the relevance of brands among new, and mostly young, woke consumers. Some companies are already investing and joining forces with resale platforms as an alternative distribution channel.

Through the secondhand market, companies are increasing their commitment to sustainable practices and are taking further steps toward the creation of a circular economy in luxury goods. Resale (online and offline) is the most popular among the business models of the circular economy that companies can adopt. It can adopt peer-to-peer sale of second-hand items (for example on Vestiaire Collective), third-party marketplaces (e.g., RealReal or Farfetch), and own-brand re-commerce and take-back. The other business models (not mutually exclusive) that a company can adopt are rental, repair, and remaking.[11]

With the growing importance of sustainability issues and conscious consumption, luxury companies have started to understand the relevance of resale as a strategic solution to limit the negative environmental impact of their products and to contribute to reducing overproduction and overconsumption. Resale puts back into circulation items that would otherwise be thrown away.

In addition to reducing waste, keeping in circulation the goods for as long as possible and doing good for the planet, circularity could also help to reaffirm the idea that a luxury item is an investment, a good that never loses its quality, tradition, and exclusivity. In the resale market, customers can find vintage gems, limited-edition items, and collectors editions that still hold their original value, and in some cases are sold at a resale price that is higher than the original retail price.[12] This confirms the value of luxury products that are made to stand the test of time and encourages consumers to buy less, but better, ensuring that these products can be kept in circulation for a long period of time.

Examples of companies embracing and investing in the resale market

Stella McCartney started working with the RealReal (a virtual reselling platform that fosters the circular economy) on the Circular Economy Program. In exchange for the RealReal's first consignment of a Stella McCartney item the customer will receive a personal promo code for US$100 off their next purchase at a Stella McCartney store (both online and offline).[13] **Burberry** and **Gucci** also joined this program and offered benefits such as a personal shopping experience (Burberry) and a charitable donation to One Tree Planted (Gucci). Gucci also offered the benefits to its customers, becoming the first brand to incentivize buying its goods secondhand.[14]

In 2021, **Kering** acquired a 5% stake in the French Vestiaire Collective. During the pandemic, sales by this e-tailer grew by more than 100%, buoyed by heightened climate-change awareness and its growing Gen-Z clientele.[15]

Balenciaga entered the resale market with its Re-Sell program, an initiative that is described by the company as a "circularity program". The Re-Sell program involves customers dropping off items at Balenciaga stores (or having them picked up) for documentation, authentication, professional photography, pricing, and listing. Reflaunt, a worldwide network of secondary marketplaces supports the resale process. The seller is then compensated in either monetary or Balenciaga credit value. Balenciaga vouchers have a 20% greater value than cash, representing an incentive for the circular process.[16]

LVMH is adopting a different approach to the secondhand market, launching its own online resale platform Nona Source for "re-sourcing" materials from the group's Fashion & Leather Goods Maisons. Nona Source is a move toward circularity, offering access to high-quality fabrics and leathers at competitive prices to support the creative re-use of materials. This platform is powered by advanced digital technologies that allow for high-fidelity color data and a digital sensorial experience.[17]

In 2018, **Richemont** acquired Watchfinder, an established platform to research, buy, and sell premium secondhand watches, online, and through physical stores. This acquisition gave the luxury group an early lead in the expanding pre-owned watch market.[18]

Upcycled by Miu Miu (a brand of **Prada Group**) is a collection of vintage dresses sourced by vintage stores worldwide and reworked and transformed by the brand itself. The project started at the end of 2020, with a selection of 80 vintage dresses. These pieces are available in Miu Miu's selected stores.[19]

Alexander McQueen is the first brand that partnered with Vestiaire Collective for its Brand Approved initiative. The Brand Approved label can be found on items that have been sourced by Alexander McQueen from their customers. These items are assessed by experts from both brands before they are listed for sale on the resale platform. Only the Brand Approved items have NFC tags that enclose authentication information available to the purchaser.[20] This is the first time a resale site and luxury house have collaborated to use such technology to give customers visibility on the history and authenticity of an item that they are buying.

Valentino started its own circular project called Valentino Vintage,[21] identified by a new specific logo. The aim is to rediscover classic Valentino creations and give them a second life in their Vintage stores, preserving their authenticity and creativity. Valentino Vintage has partnered with four physical luxury vintage stores in Milan, Tokyo, New York, and Los Angeles in which consumers can bring in their pre-worn Valentino clothing to be appraised for store credit. The credit voucher can be used in Valentino stores to buy new products.

Focus: The pre-owned market for Swiss luxury watches

Of the consumers surveyed in the recent Deloitte Swiss Watch Industry Study 2022, for the second year in a row, millennials and Gen Z individuals are more likely to purchase a pre-owned watch in the coming year.

Moreover, the survey reveals that consumers in Asia (China, the United Arab Emirates and Hong Kong) are more likely to buy a pre-owned model rather than in European countries such as Germany or France, where there is the highest proportion of respondents 'not interested' in that type of product.

In Asia, consumers recognize and accept watches as investment pieces and are willing to buy limited editions of old products as they see them as scarce resources on the market.

In general, the pre-owned market for watches is attracting increasing numbers of customers due to timepiece scarcity. Consumers are also increasingly turning their attention to auctions to secure unique or hard-to-find timepieces. In 2021, online auctions were responsible for bringing a new and often younger clientele[22] into the mix, particularly from Asia. China is currently the largest market for pre-owned watches, but falling consumer confidence, a slowing economy and falling prices for some luxury watch brands may hinder market growth in the country.

The pre-owned market is becoming increasingly professionalized (for example thanks to certified pre-owned or strategic acquisitions) and has a positive influence on brand perception and value. For these reasons, luxury watch companies are pursuing specific strategies to be competitive in this market, such as investing in their own platform, or a white label partnership with an existing pre-owned provider or launching their own certified pre-owned business.

This market is expected to continue growing and there are three factors that have been identified as key drivers for the future:

- Brands launching their own pre-owned sales channels, promoting the sustainability and circularity aspect of this option
- Continued expansion of pre-owned platforms, both online and in-store
- Consumers interested in purchasing discounted and discontinued luxury watches at a discount to market prices as new, as well as being attracted by the circularity aspect of the pre-owned market.

Some notable examples:

Bucherer has partnered with Sotheby's to offer access to one of the world's largest collections of certified pre-owned luxury watches via the auction house's e-commerce platform.

Watchfinder & Co. has partnered with United States based department store Nordstrom to sell pre-owned watches at its New York City and Seattle locations. This is in addition to Watchfinder's retail presence at Bongénie in Geneva, Grieder in Zürich, Printemps Haussmann in Paris, and Rinascente in Milan.

Authenticating luxury goods for their second life

With the secondhand market growing and most of the transactions conducted online, the risk of a proliferation in counterfeited goods has increased (counterfeit goods are one of the most severe problems for the luxury industry). For this reason, companies are turning their attention to effective solutions to the problem. One of them is the digital passport, a digital tool (often based on blockchain technology) that verifies the origin of luxury goods such as designer items or works of art.

Blockchain technology, usually associated with cryptocurrencies, has gained a role in the luxury goods market, as it helps to verify and authenticate the origin of an item. Whether it is a new or secondhand item, a purchase can be verified immediately by scanning its digital passport which shows its provenance and demonstrate that the item is authentic.

Luxury companies are beginning to use this new technology more intensively as shown by a new partnership between the Aura Blockchain Consortium (created by **Cartier**, **Prada Group**, and **LVMH**) and the Sustainable Markets Initiative Fashion Task Force (created by His Royal Highness King Charles III, that includes members such as **Brunello Cucinelli**, **Burberry**, **Chloé**, and **Giorgio Armani**). Digital ID, one of the results of this collaboration, is a new solution that tags luxury products and records details about their manufacturing and sustainability credentials. In this way brands can meet consumer interest in sustainability and products' authenticity (enabling circular services such as resale) and regulators' interest in greenwashing and supply chain due diligence.[23]

Focus: A legal perspective on digital passports for fashion and luxury goods

An issue for luxury goods companies is to decide whether digital passports should be provided for all their products or just some of the products sold by maisons. Digital passports provide information on the life of the product to which it is linked (e.g., how and where it was manufactured, whether it has been repaired and by whom, etc.) and are a way to guarantee the origin and originality of such product. This information is collected and stored using a range of different technologies such as RFID, QR-Codes, NFC, and blockchain.

From a legal perspective the widespread use of digital passports for luxury goods can be beneficial in four ways:

- **Accountability:** if every step in the manufacturing process is recorded and traceable through an electronic passport, the brand is able to identify more easily if suppliers are not performing adequately. Underperformance may lead to a breach of contract and ultimately, to a decrease in the quality of the products and more complaints from clients.
- **Fight the grey market:** depending on the information that is collected and stored on the digital passport, brands may be able to follow the journey of the products to identify whether a specific product has been sold in a territory where sales were entrusted exclusively to a different distributor. The grey market, where unauthorized dealers sell genuine products often at lower prices, are often a cause for litigation with distributors. It is common for contracts to specify an obligation on brands to monitor the sales of unauthorized products in the territory exclusively entrusted to a distributor, and digital passports may help them to fulfill their obligation and limit litigation within their sales network.
- **Anti-counterfeiting:** this is probably the main reason brands may want to implement digital passports. Luxury goods are among the products that are mostly targeted for counterfeiting and brands are always looking for new tools that help to certify the authenticity of products.
- **Sustainability:** in recent years, the luxury and fashion industry has raised the bar in terms of social and environmental sustainability. This often translates into specific provisions included in agreements with suppliers, whose compliance can be better monitored through digital passports.

Aside from the legal benefits, consumers' perceptions are also important—they perceive products with digital passports to have increased security and control, thereby making them more attractive.

Social sustainability in luxury

Besides the environmental side, another aspect of sustainability is the social impact. According to the United Nations,[24] social sustainability is about identifying and managing business impacts, both positive and negative, on people. The most important social issues tackled by social sustainability are the respect of human rights, labor rights, and gender equality (more extensively diversity, equity, and inclusion). Companies have an impact on their employees, workers in the value chain, customers, and local communities, therefore it is essential that these impacts are managed proactively.

Socially responsible companies generally adopt a business model that focuses on promoting social change and implementing initiatives that are beneficial to local and global communities.

Luxury goods companies have been active in terms of social sustainability and have been supporting the "woke movement" for many years now, e.g., by adhering to no fur campaigns, by taking a stand for social causes such as the fight against child labor, and by supporting diversity and inclusion among their models and designs (e.g., through gender fluid garments and accessories).

The luxury goods industry is working hard on promoting diversity, equity, and inclusion at all levels in the industry. Companies are making structural and behavioral changes to become more purposeful and inclusive—from the way they engage and communicate with consumers—to how they present their models and collections, embracing all cultures and races. Diversity, Equity, and Inclusion are being embedded into their company culture and values, through adequate communication, employee training and processes for hiring a diverse pool of talents.

Educating and empowering people to make more sustainable choices is another crucial aspect to foster social sustainability, and industry players are supporting many educational initiatives in the effort of spreading conscious behaviors. This means engaging in activities such as the support of local artisanship through training programs, or charitable initiatives involving social or cultural foundations.

Some examples of impactful social sustainability initiatives in luxury

The School of Contemporary High Craftsmanship and Arts in Solomeo,[25] established by **Brunello Cucinelli**, is another worthy example of the commitment of luxury to social sustainability. The school offers advanced training, passing on to the younger generations the value of manual creativity and the skills at the heart of Italian excellence in craftsmanship. Here, students can learn techniques and notions of modelling, cutting and tailoring, mending, and darning, as well as horticulture, gardening, and masonry.

The **OTB Foundation** aims to support projects that improve people's lives and guarantee equal opportunities. The foundation fights gender-based violence, supports projects that protect and empower the youth, and sustains integration projects at the international, national, and local level. The foundation also provided immediate support and integration for Ukrainian refugees.[26]

Montblanc has been working successfully with UNICEF for more than ten years, launching many remarkable initiatives. In 2004, they launched the "Sign Up for the Right to Write" campaign to promote quality education for the world´s children. In 2009, they launched the Meisterstück "Signature for Good" initiative, working together to fight illiteracy around the world. In 2013, they supported UNICEF's education programs in Asia, Africa, and Latin America. Moreover, the company established two specialized training programs, Process Mechanic program and Machinist program, to form a new generation of artisans. This fosters collaboration between senior and junior employees, ensuring technical skills are preserved and passed on to the next generation of artisans.[27]

In 2019, with the support of the UNESCO's Intergovernmental Oceanographic Commission, Sea Beyond, the **Prada Group** started an educational program for ocean preservation. Since 2021, this program has been officially linked to the UN Decade of Ocean Science for Sustainable Development. Sea Beyond is an educational program for younger people and is currently ongoing in nine different countries. In 2021, the program extended to the Prada Group's more than 13,000 employees. This program is supported with the proceeds from the sales of Prada Re-Nylon—the collection created with ECONYL®.[28]

Bottega for Bottega's is an initiative by **Bottega Veneta** to promote artisanship. As a company that has been built on values of dedicated craftsmanship and high-quality execution of creative concepts, the brand decided to support the Made in Italy creative artisanship by selecting and showcasing the work of twelve selected lifestyle businesses across Italy. Using its own brand visibility to support other artisans, the brand spread a distinctive message on the importance of Italian craft and artisanship to their audiences worldwide.[29]

Panerai's educational program is dedicated to informing communities that engage with the ocean about social and environmental issues relating to the oceans. To transform knowledge into action, students and professors of selected degree courses—Sustainability, Marketing, Marine Science, Engineering, and Biology—participated in plastic collection days.

The virtual reality of the metaverse and its implications for luxury

It has been predicted that the metaverse will change our lives in a similar way to the wide adoption of the internet and smartphones.[30] By 2030, the metaverse could reach five billion regular users and the commercial opportunity is estimated to be around US$13 trillion.[31] This new digital reality could reshuffle the competitive landscape in many industries, so it is important that businesses understand its potential.

Luxury goods companies' interest in the metaverse is a fairly recent trend which started during the COVID-19 lockdowns, when the industry had to present new collections and keep brand narratives strong in the digital sphere.

For around two years now, luxury goods companies have been pioneers of experimenting in the metaverse using the digital reality to remain relevant not only for their traditional audience, but also for a new target audience made of tech-savvy young consumers. Considering the metaverse as a new area of brand activation, many luxury brands embraced non-fungible tokens (NFTs) and cryptocurrencies, as we have seen in last year's Global Powers of Luxury Goods 2021 report and worked to create immersive brand experiences on different virtual metaverse platforms such as Fortnite, Roblox, the Sandbox, and Decentraland.

Still in its early stages of development, the potential that the metaverse offers to luxury brands is to reach a growing community of Gen Z and Gen Alpha consumers with no geographical, gender, or cultural barriers, and who are highly interested in buying digital goods. The virtual reality enables brands to engage with people they may not have previously reached offline and can make luxury accessible to a broader public.

The metaverse gives luxury companies an unprecedented opportunity to re-invent the luxury experience by creating their own virtual worlds, defining every single facet of their own space and experience, reimagining the value they provide to their audience, and offering new ways for consumers to interact with their products while being consistent with the true nature and essence of the brand. Luxury brands are now trying to build credibility, brand engagement, and brand loyalty in the metaverse communities.

In the metaverse, avatars are the digital representation of people and, as the human being, they are dressed to express their personality, even with more freedom than in the real world. Players and metaverse inhabitants buy avatars' skins (items used to change the avatar's appearance) and digital wearables, such as digital shoes or virtual jewelry, to participate in the virtual socialization. For luxury brands, selling digital products in the metaverse is a way to present original digital items available only in the digital reality, to offer copies or reworks of real-life classic items, and also a way to create new limited-edition collections that can be bought as real life and digital reality items (the so-called digital twin). In general, operating in the metaverse multiplies brand exposure occasions and increases brand awareness. By offering collections in both realities, they can end up driving traffic not only to digital stores but also to traditional physical shops.

The metaverse could support sustainability in real-world fashion and luxury production

Luxury companies are looking for more sustainable solutions and being a virtual reality, the metaverse could allow luxury to be more sustainable than in the real world.

Experiencing luxury products in a digital universe is more eco-friendly than the current clothing and accessories consumption model because there are no resourcing constraints and items could be used over and over or replaced without creating waste. Overall, producing digital garments lessens greenhouse gas emission by 97%, reduces waste and saves around 3,300 liters of water consumption. Going to digital clothing gives brands the possibility to lessen their carbon footprint by 30%.[32]

From a luxury company's perspective, going digital may enable to cut clothing production costs: designing and testing a product virtually incurs no raw material costs. Operating in the digital world could also allow for more product testing and brands can experiment with different product lines before choosing which to launch in the real world. All this could lead a reduction in overproduction, having less inventories of unsold items in stock, and to a reduction in delivery and logistics costs.

Moreover, selling in the digital worlds, instead of (or before) selling in real life, could allow companies to be more creative and experimental in the clothing design process, by creating new edgy models, or by re-using old classic designs taken from brands' archives. Classic models could be converted into virtual assets, providing a new revenue stream with minimal investment.

Also, advertising might be more sustainable, as brands would work with influencers to sell digital fashion without having to send actual products.

The metaverse certainly presents many advantages, but it is important to remember that it is based on real life technologies that are energy consuming. While the adoption rate of the metaverse increases and the technology behind it evolves, energy consumption might increase too, presenting a sustainability issue that companies might need to address to be consistent with their CSR targets.

New workforce skills to "play" in the metaverse

To enter the metaverse, fashion and luxury goods companies may need to integrate new skills into their workforce, creating new opportunities in roles such as:

- Data professionals who could help luxury brands collect consumer data from the metaverse and social media and layer on this with information provided by their own IT systems. This data can be analyzed to determine which digital fashion items are the most popular in the metaverse, which styles are the most wanted, and then decide to roll out new physical and virtual products to meet this demand.
- Graphic designers and 3D artists specializing in 3D modelling of avatars or digital objects could help to create digital copies of real-world fashion goods, jewelry, and makeup items or to craft completely new designs which exist only in the digital reality.
- Software developers specializing in augmented and virtual reality could partner with architects to build innovative virtual reality store spaces for luxury brands. Luxury goods companies could purchase "virtual land" within the metaverse to open up digital stores whereby users could interact using virtual and augmented reality technologies (as they are already starting to do).
- Digital marketers who are ready to create digital immersive and interactive experiences that suit the metaverse reality and at the same time, are consistent with the real-life brand image and values.
- Community managers who could help develop relationships with the brands' communities. In the metaverse, user-generated content is extremely relevant, therefore it is key to be able to involve metaverse communities, creators, and developers in the set up and implementation of new marketing initiatives.

Potential uses of the metaverse in luxury retail

At this moment, the metaverse is mainly used to reinforce luxury companies' brand equity and drive traffic to their websites and stores. There are many other potential uses of the metaverse, but to activate any of them,[33] companies need to adopt the foundational technologies underpinning the metaverse (such as NFTs and blockchain) while adapting to the rapid pace of technological change.

No one knows what the metaverse could ultimately become, but the momentum for progress is unlikely to slow down or go into reverse. By taking advantage of the many opportunities offered by the metaverse, well-prepared fashion and luxury companies could help to shape an exciting future.

Highest Priority

Marketing	Product	Commerce	Supply chain/ops	Talent
• Product placement • Immersize marketing • Product demos • Simulated ethnographic research • NFT-based loyalty programs	• Product testing and try-on • Branded digital product • Digital and physical Integration • NFT partnerships and licensing	• Enhanced e-commerce shopping • Augmented store experience • Planogram and store layout visulization • Metaverse demo/ digital stores	• Manufacturing design, safety and testing • Contact center interactions • Process simulation and refinement • Last-mile delivery and blockchain verfication	• Employee collaboration • Immersive events • Training and hands-on simulation

Source: Deloitte point of view on the metaverse in retail

Real-world challenges of the metaverse

While the foundations of the metaverse are already here, and many brands are already experimenting with it, its full realization and mass market adoption might take time.

Technical, social, and financial factors are converging to make the metaverse relevant now,[34] but its evolution will depend on several elements such as consumer response, market fragmentation (there are many metaverses and many players in each of them), user interface improvement to make the experience more intuitive and seamless, standardization of the protocols that regulate the economy, services and processes of the metaverse (interoperability and monetization pathways are important issues to solve), and governance to regulate content and experiences (for example, data privacy and digital assets ownership).

A huge challenge in the short-term will be applying conventional laws and regulations to address the new legal questions raised by the metaverse.

Brands and companies that are considering meta-commerce may need to trademark their intellectual property before offering digital versions of their products—to ensure that counterfeits are not produced or legitimate offerings are not copied for sale. In this sense, digital passports are helpful tools to protect the authenticity of digital products, as well as NFTs, crypto-assets based on blockchain which make a digital resource unique, determine its market value, and allow for secure transactions. Not all virtual products have an NFT attached but given its properties, NFTs are mostly used to protect luxury items and pieces of art as they are proof of ownership and thanks to it, only owners can sell or trade the good, with the value increasing or decreasing, just as with a physical luxury good or other asset.

Examples of how metaverse fashion has become a platform for brand engagement

Brands focused on player interaction and cross-promotion

In early 2022, **Gucci** dropped a digital collection in its Roblox store. The items (bags, clothing, accessories, and cosmetics) were only available in limited quantities for a limited time and demand led to skyrocketing prices. The fashion house eventually sold a virtual handbag for US$4,115, higher than the US$3,400 value of its real-life equivalent.[35] What this experiment shows is the untapped potential of this digital market, even though the digital item sold was not an NFT and therefore did not have property authentication or a single ownership certificate that could attach property rights to it.

In 2021, **Ralph Lauren** launched a 50-piece wearables collection available on the metaverse app Zepeto.[36]

Tommy Hilfiger debuted its new collection during New York Fashion week in September 2022 with a physical show in New York City (NYC) and a digital version located in the Roblox version of NYC. In the digital world, viewers had the option to purchase digital product exclusives for Roblox while the physical garments were available for purchase thanks to the new "See Now, Buy Now" concept.[37]

Balenciaga has been an early pioneer in the metaverse, offering a collection of NFT accessories for gamers to wear on Fortnite.

Burberry created a collection of NFTs called Sharky B that is available in Blankos Block Party from Mythical Games.[38] The collection, including accessories like armbands, jetpacks, and pool shoes, sold out quickly for almost US$400,000.

To celebrate the second centennial of the birth of its founder, **Louis Vuitton** released its own metaverse videogame with a collectable NFT called "Louis the Game". Players can customize their character with different Louis Vuitton monogram prints and colorways and can learn about the maison's history by collecting postcards and other memorabilia. In the game there are also 30 embedded NFTs designed by the artist Beeple; each NFT is a collectable that can only be found through playing the game and cannot be sold.[39]

Brands focused on NFTs and art pieces

In September 2021, **Dolce & Gabbana** stepped into the NFT metaverse with "Genesis Collection", an exclusive nine-piece collection personally designed by Domenico Dolce and Stefano Gabbana. The NFT Collection was auctioned by UNXD, a curated digital luxury and culture marketplace, for a total of 1885.719 Ethereum, the equivalent of US$6 million.[40]

In August 2022, **Tiffany & Co** debuted and quickly sold out a limited collection of custom pendants called NFTiffs for holders of CryptoPunks, an early non-fungible token collection popular in the art world and consisting of 10,000 unique 8-bit-style generated characters stored on the Ethereum blockchain. Tiffany sold 250 "NFTiffs", digital passes which can be redeemed for CryptoPunks real-life pendants and a matching NFT art piece. To buy an NFT, customers had to be owners of a CryptoPunk.[41]

Fashion Shows embrace the metaverse

In March 2022, a month after the real-world Fashion Weeks, Decentraland, one of the most famous metaverse platforms, hosted the first Metaverse Fashion Week (MFW): a four-day digital fashion week with virtual shows, talks, events, and shoppable collections directly from the catwalk or in pop-up branded stores.

Dolce & Gabbana, Etro, Tommy Hilfigher, Philippe Plein, and **Estée Lauder** are just some of the sixty brands that participated in the MFW—proof that an increasingly number of luxury brands see the potential of this virtual dimension and that it might become as important as the physical one.

Top 10 highlights

Top 10 luxury goods companies by sales, FY2021

FY2021 Luxury goods sales ranking	Change in ranking from FY2020	Name of company	Country of origin	FY2021 Luxury goods sales (US$M)	FY2021 Total revenue (US$M)	FY2021 Luxury goods sales growth	FY2021 Net profit margin[1]**	FY2021 Return on assets**	FY2018-2021 Luxury goods sales CAGR[2]*
1	0	LVMH Moët Hennessy-Louis Vuitton SE	France	54,938	75,920	55.9%	19.8%	10.1%	17.5%
2	0	Kering SA	France	20,861	20,861	34.7%	18.5%	10.5%	8.9%
3	0	The Estée Lauder Companies Inc.	United States	16,215	16,215	13.4%	17.7%	13.1%	5.8%
4	2	Chanel Limited	United Kingdom	15,639	15,639	54.7%	25.7%	25.9%	12.0%
5	0	L'Oréal Luxe	France	14,597	14,597	21.3%	n/a	n/a	9.6%
6	-2	Compagnie Financière Richemont SA	Switzerland	12,862	15,314	-6.9%	9.8%	3.6%	0.1%
7	2	Hermès International SCA	France	10,619	10,619	40.6%	27.3%	17.7%	14.6%
8	2	Chow Tai Fook Jewellery Group Limited 周大福珠宝集团有限公司	China/Hong Kong SAR	8,937	9,050	23.2%	8.8%	9.6%	6.2%
9	2	Rolex SA	Switzerland	8,750[e]	8,750[e]	37.9%	n/a	n/a	10.1%
10	7	China National Gold Group Gold Jewellery Co., Ltd 中国黄金集团黄金珠宝股份有限公司	China	7,825	7,865	50.3%	1.6%	7.2%	7.4%
Top 10*				**171,243**	**194,829**	**34.5%**	**18.1%**	**10.7%**	**10.7%**
Top 100*				**304,703**	**345,357**	**21.5%**	**12.2%**	**7.7%**	**5.2%**
Top 10 share of Top 100				**56.2%**	**56.4%**		**84.7%**[3]		

[1] Net profit margin based on total consolidated revenue and net income
[2] Compound annual growth rate
[3] Top 10 companies share of total net profit for Top 100 companies-based on the 78 companies reporting net profits
e=estimate n/a=not available

*Top 10 and Top 100 sales growth rates are sales-weighted, currency-adjusted composites
**Top 10 and Top 100 net profit margin and return on assets are sales-weighted composites

Source: Deloitte Touche Tohmatsu Limited. *Global Powers of Luxury Goods 2022*. Analysis of financial performance and operations for financial years ended through 31 December 2021 using company annual reports, industry estimates, and other sources.

Top 10 luxury companies increase their share of the Top 100

The Top 10 increased their share of the total luxury goods sales of the Top 100 companies by 4.8 percentage points. They contributed 81.4% of the year-on-year growth in sales of the Top 100 companies, and 84.7% of the combined net profit of the Top 100 companies.

Top 10 Share of the Top 100 for luxury goods sales, YoY growth, and net profit, FY2021

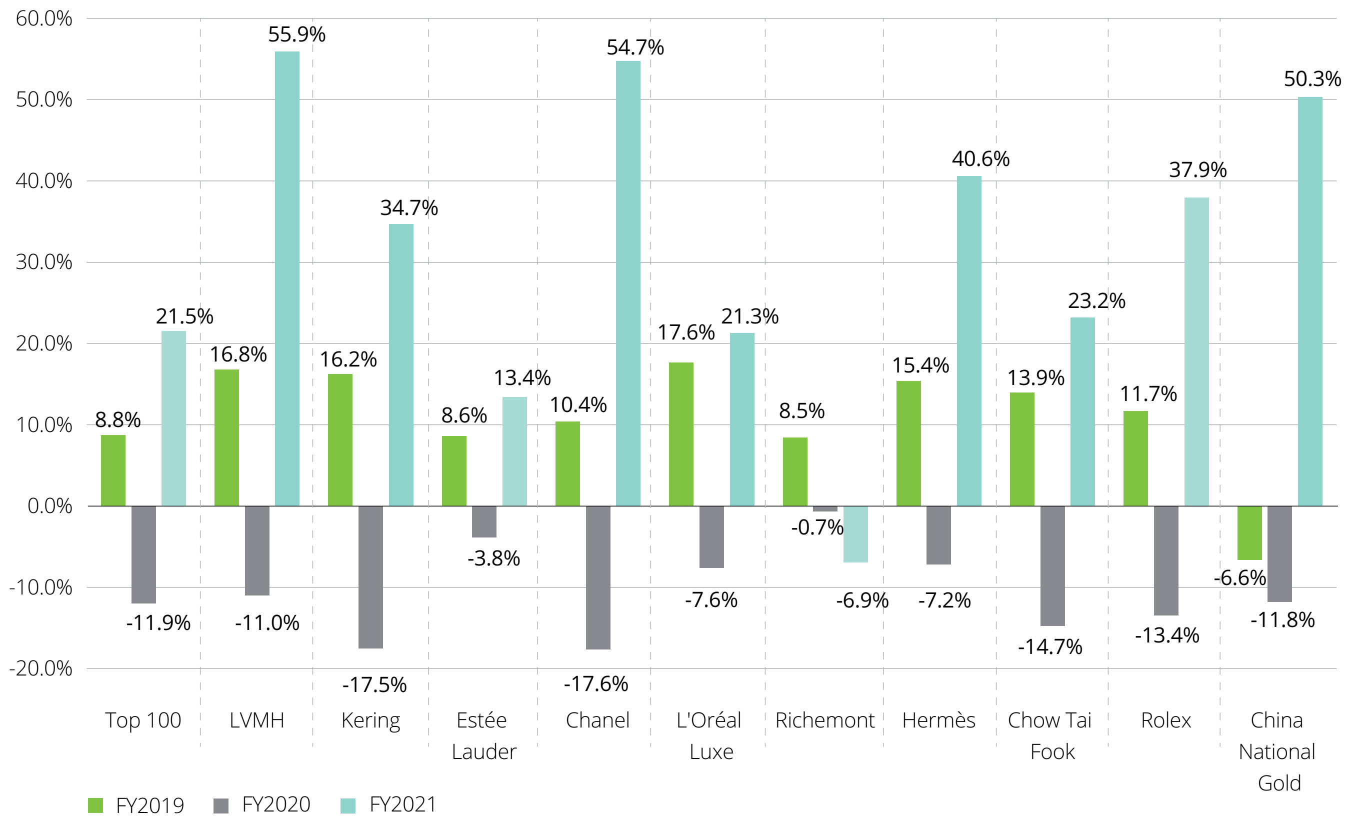
[1] For 78 companies in the Top 100 reporting net profit, and for eight companies in the Top 10 reporting net profit

Source: Deloitte Touche Tohmatsu Limited. *Global Powers of Luxury Goods 2022*. Analysis of financial performance and operations for financial years ended through 31 December 2021 using company annual reports, industry estimates, and other sources.

Chanel overtook Richemont and L'Oréal Luxe to take fourth place in the rankings. Hermès International and Chow Tai Fook both moved up two places. Rolex returned to the Top 10 for the first time since Global Powers of Luxury Goods 2014, in ninth place. China National Gold Group Jewellery Co was another new entry into the Top 10, in tenth place. EssilorLuxottica disappeared from the Top 10—it had to be excluded as the company's luxury goods sales could not be estimated following a change in its financial reporting. PVH Corp fell out of the Top 10 as its Tommy Hilfiger and Calvin Klein luxury brands saw sales decline due to the impact of the COVID-19 pandemic.

In FY2021, the minimum luxury goods sales threshold for a company to enter the Top 10 was more than US$7.8 billion.

Luxury goods sales for the Top 10 companies: YoY growth % for FY2019, FY2020 and FY2021



Source: Deloitte Touche Tohmatsu Limited. *Global Powers of Luxury Goods 2022*. Analysis of financial performance and operations for financial years ended through 31 December 2021 using company annual reports, industry estimates, and other sources.

Nearly all Top 10 companies achieved a "V-shaped" recovery from last year's sales declines, and FY2021 sales were above pre-pandemic levels. The main exception was Richemont, mainly due to timing—the company's 2021 March financial year end date meant that its sales did not reflect much of the recovery from the pandemic seen by companies with a December 2021 financial year end. In FY2022, Richemont's luxury goods sales growth (for the year ended March 2022) was 50.1%.

Number of Top 10 luxury goods companies by country and product sector, FY2021

	Clothing and footwear	Bags and accessories	Beauty	Jewelry and watches	Multiple luxury goods	Top 10
China				2		2
France			1		3	4
Switzerland				2		2
United Kingdom					1	1
United States			1			1
Top 10			2	4	4	10

For the first time since the *Global Powers of Luxury Goods* report has been published, there were no companies in the Top 10 from the clothing and footwear, or bags and accessories product sectors.

1 LVMH

LVMH reinforced its position as the world's leading luxury goods company in FY2021. Its sales of personal luxury goods jumped by more than 55% year-on-year to nearly US$55 billion, the sixth-highest year-on-year growth among the Top 100 companies. This was due partly to the inclusion of 2021 acquisition Tiffany & Co., which produced a record performance in terms of revenue, profits and cash flow. Organic growth (excluding acquisitions) in sales was also very strong, exceeding pre-pandemic levels. The group saw high revenue growth in Asia and the United States and a gradual recovery in Europe, and continuing growth in online sales, although travel retail activities were still held back by constraints on international travel.

Sales in its Fashion and Leather Goods business group grew by nearly €10 billion year-on-year. The performance of LVMH's primary business group (which contributed two-thirds of LVMH personal luxury revenue) was driven by the continuing momentum of its leading luxury brands—Louis Vuitton and Christian Dior, as well as Fendi, Céline and Loewe, which all achieved record levels of revenue and profitability. LVMH cited their creativity, coupled with an unrelenting focus on excellence and digital tools to stay connected with customers, as key assets driving growth.

The Perfumes & Cosmetics business segment sales achieved 27% organic growth, recovering to pre-pandemic levels. LVMH's major brands chose to preserve their brand image, by maintaining a policy of selective distribution, limiting promotions and growing online sales on their own websites. Christian Dior benefited from the enormous success of Miss Dior and Sauvage. LVMH claim that in 2021, Sauvage became the highest selling fragrance in the world (women's and men's lines included) which is a worldwide first for a male fragrance.

Sales in the Watches and Jewelry business segment soared to nearly €9 billion in FY2021, up from €3.4 billion in FY2020, as LVMH finally completed the acquisition of Tiffany & Co. on 7 January 2021. High-end jewelry sales in particular reached an all-time high with the huge success of its annual high-end jewelry Blue Book collection. The other Watches and Jewelry Maisons also performed well, with 40% organic growth.

LVMH maintained its exceptional level of profitability, delivering the fifth-highest net profit margin out of the Top 100 companies, 19.8%. Group profit from recurring operations was over €17 billion in 2021, more than double 2020, and up 49% compared to 2019. Operating margin reached 26.7%, up 8 percentage points compared to 2020 and 5 points compared to 2019.

In addition to the US$16.1 billion Tiffany acquisition, LVMH acquired companies or increased shareholdings in all personal luxury business segments in 2021 but has not made any significant acquisitions to date in 2022. In April 2021, LVMH increased its shareholding in Tod's SpA from 3.2% to 10%.[42] In June 2021 LVMH took full control of luxury bag company Rimowa, buying the remaining 20% of shares. In July 2021 LVMH-affiliated PE company L Catterton Europe took a majority stake in Italian fashion house Etro.[43] In September 2021, LVMH acquired an additional 25% stake in growing luxury streetwear company Off-White LLC, bringing its ownership interest to 60%. [44] In October 2021 LVMH acquired French fragrance and cosmetics company Officine Universelle Buly 1803.[45] LVMH-owned Sephora completed its acquisition of UK-based international prestige beauty e-tailer Feelunique in September 2021.[46] In December 2021, LVMH agreed to buy out its joint venture partner Marcolin's 49% stake in eyewear company Thélios, to allow Thélios to become fully integrated within LVMH.[47] The Group also invested in personalized digital customer experience for the LVMH luxury brands, creating a strategic partnership with Google to accelerate innovation and develop new cloud-based artificial intelligence solutions.[48]

2 Kering

Kering's luxury goods net sales achieved record levels in 2021, up 34.7% to nearly US$21 billion. Retail revenue grew 40% year-on-year and by 18% compared to 2019, with growth in all regions but highest in North America. Online sales increased 55% year-on-year, contributing 15% of Kering's retail sales. Wholesale revenue grew more slowly, up 17%, reflecting the Group's increasingly exclusive approach to distribution.

All the group's product categories registered sharp revenue rises. The Jewelry Houses had an exceptional year; Boucheron enjoyed success in new markets; Pomellato continued to grow at an exceptional pace; and Qeelin saw rapid expansion.

Kering's leading luxury brand Gucci delivered 57% of Kering's revenue in FY2021, with sales up 31.2% year-on-year to nearly €10 billion. Gucci is completing the strategy to enhance the exclusivity of the distribution network and streamline sales to wholesale accounts, whose sales fell 10%. The group's second largest brand, Yves Saint Laurent, saw revenues jump 45.6%. Sales of Kering's third largest brand, Bottega Veneta, exceeded €1.5 billion for the first time, up 24.2%.

Kering Eyewear, launched in 2014, grew sales to nearly €700 million in FY2021, boosted by acquisitions.

Kering achieved the seventh-highest FY2021 net profit margin (18.5%) out of the Top 100 companies, up 1.9 percentage points from the previous year.

The company's growth strategy in recent years has been mainly organic. It is prioritizing the luxury brands which it believes have "the potential to become sizable assets within the Group, and to which it can provide decisive support over time". As part of this strategy, in May 2022 Kering completed the sale to its current management of its entire stake (100%) in Sowind Group SA, which owns the Swiss watch manufacturers Girard-Perregaux and Ulysse Nardin. In May 2021, it also sold 5.91% of its shares in Puma, for around €805 million.

The main acquisitions were by Kering Eyewear, buying the Danish luxury eyewear brand Lindberg in September 2021, and high-end US eyewear brand Maui Jim in March 2022.[49, 50] Kering has also been investing in circularity by buying stakes in innovative young companies in this growth area. It acquired 5% of Vestiaire Collective, a luxury resale ecommerce platform in March 2021,[51] and in June 2021 took an undisclosed stake in Cocoon, a UK-based luxury handbag rental startup company.[52] In May 2022, Kering was one of a number of investors in leather alternatives startup VitroLabs.[53]

There has been speculation by industry insiders that Kering may make further acquisitions, as the company had a free cash flow of nearly €4 billion in 2021 and almost zero debt. In an interview in February 2022, Kering CEO Pinault said "For sure, acquisitions could make sense in the near future for the group", adding that jewelry was an area with high potential.[54]

3 Estée Lauder

Luxury goods sales of US-based giant Estée Lauder Group grew by 13.4%, with sales up in every region, as stores gradually reopened after the enforced closures during the pandemic. The prestige skincare and fragrance categories, and the Asia Pacific region, performed exceptionally well. The demand for makeup continued to be weak compared to the pre-COVID-19 period, given fewer occasions to use makeup and ongoing requirements for mask wearing. Eight Estée Lauder brands reported double-digit sales growth, led by Estée Lauder, La Mer and Jo Malone London.

Skincare was again the best-performing category. Net sales grew in every region, particularly mainland China, to deliver 28% year-on-year growth. The strongest brand growth came from Estée Lauder, La Mer and Clinique. Incremental net sales from the FY2020 acquisition of South Korean brand Dr. Jart+ and the increase in ownership of DECIEM contributed approximately 4 percentage points to skincare net sales growth. FY2021 makeup net sales declined by 12% but rose in the second half of the financial year in every region. Declines across nearly all makeup brands, led by M·A·C and Clinique, were partially offset by growth at Too Faced and La Mer. Net sales from the company's luxury and artisanal fragrance brands were up by 23%, largely due to increases from Jo Malone London, Tom Ford Beauty, Le Labo, Kilian Paris, certain designer fragrances, and Editions de Parfums Frédéric Malle. In 2021, the company rationalized its fragrance range, terminating its licenses for Michael Kors, Donna Karan and DKNY.[55]

Growth was again strongest in the Asia Pacific region (up 29%), driven by increases in China and South Korea, and growth in prestige beauty market share. EMEA sales rose 11% year-on-year, reflecting the company's increased focus on reaching consumers digitally, including the launches of new brand sites in India and several other countries, as well as launches on additional pure play retailers. Overall sales in the Americas were flat, although online sales grew to 40% of sales in the region.

FY2021 operating margin and net profit margin both recovered to above pre-pandemic (FY2019) levels. Operating margin, at 16.1% of net sales, was up from 4.2% in FY2020, while net profit margin increased to 17.7% (the ninth-highest in the Top 100) from 4.9% in FY2020.

Estée Lauder's current strategy is primarily for organic growth, with relatively small investments in brands which complement its existing luxury beauty portfolio. Its only acquisition in 2021-2022 (to date) was in May 2021, when the company increased its investment in Deciem Beauty Group Inc. from 29% to approximately 76%. It has agreed to purchase the remaining interests after three-years at a price that will be determined by the future performance of Deciem. Known as "The Abnormal Beauty Company," Deciem is a Canadian vertically integrated multi-brand beauty company with a consumer-focused and functional approach. Its portfolio includes The Ordinary, an ingredient-focused brand, and NIOD, a science-driven skin care brand.[56]

4 Chanel

Chanel Limited reported the strongest organic sales growth among the Top 10 companies in FY2021, with net sales up 54.7% (49.6% at constant currency exchange rates). It overtook L'Oréal Luxe and Richemont to become the fourth-largest global luxury goods company.

Chanel sales reached record highs in FY2021 across all product categories. Fashion sales recovered, with double-digit growth in all product lines. Leather goods and Ready-to-Wear were particularly strong. Watches & Fine Jewellery also reported double-digit sales growth across all regions, driven by the success of the Watches, Precious Jewellery and High Jewellery ranges. Precious Jewellery, supported by the iconic COCO CRUSH brand, showed outstanding results, while J12 continued to drive an increase in watch sales. High-end business reached record levels, driven by High Jewellery pieces and the success of Haute-Horlogerie.

Chanel's Fragrance & Beauty category gained market share in key countries, with demand (both in boutiques and online) from local clientele as travel retail remained impacted by restrictions. The continued success of BLEU and COCO MADEMOISELLE also boosted Fragrance sales while Skincare was again a key contributor to growth of the Beauty segment.

Geographically, the Americas was the best-performing region in FY2021, with sales up 79.5%. The Asia Pacific region, which contributes more than half of Chanel's revenue, saw sales grow by 53.5%. Sales in Europe were up 40.1%.

Chanel's profitability soared in FY2021, delivering an operating profit of nearly US$5.5 billion and the company's highest-ever reported net profit margin, 25.7%. This was the third-highest net profit margin among the Top 100 companies and was driven by the company's revenue growth from volume and price increases, as well as a focus on cost control as it came out of the COVID-19 pandemic. Chanel increased its investments in brand support activities by 32% to US$1.8 billion in FY2021 and made significant capital investment in its retail distribution network and supply facilities.

Chanel's M&A strategy is focused on vertical integration of the supply chain, and innovation in sustainable materials. Chanel states that it is not planning any acquisitions of big luxury brands.

In a May 2022 interview, Group CFO Philippe Blondiaux revealed that Chanel has already acquired 46 companies (mainly small factories and specialists essential to the supply of its luxury products) to develop its expertise. In August 2021 Chanel acquired a majority stake in Italian fine knitwear specialist Paima, and in November 2021 it disclosed that it had bought leather goods specialist Ateliers De May the previous year.[57, 58, 59]

5 L'Oréal Luxe

L'Oréal Luxe FY2021 sales grew by 21.3%, recovering to above pre-COVID-19 levels as it gained market share in all three of its beauty categories. It became the largest division of the L'Oréal Group. Balanced growth was achieved across all product sectors and regions, as well as in both online and offline sales.

In skincare, the ultra-premium brands Lancôme Absolue and Helena Rubinstein, and anti-aging innovations such as Retinol Skin-Renewing Daily Micro-Dose Serum by Kiehl's performed well. L'Oréal Luxe consolidated its leadership in the fragrances sector, driven by the strength of established brands like Libre by Yves Saint Laurent and by new launches like Alien Goddess by Mugler and Luna Rossa Ocean by Prada. It also included the first full year of sales from the acquisition of the fragrance division of Clarins (Mugler and Azzaro brands) by L'Oréal on 31 March 2020. In a less dynamic makeup market, performance was driven by Lancôme and Shu Uemura.

L'Oréal Luxe made further acquisitions in the skincare product sector. The company completed the acquisition of the Japanese Takami prestige skincare brand on 1 February 2021, and the acquisition of Youth to the People, a skincare company based in California inspired by superfood, in December 2021.[60, 61, 62] The long-term license agreement for the creation, development and distribution of luxury beauty products for the Prada brand, announced in December 2019, came into effect on 1 January 2021.[63]

In 2022, L'Oréal Luxe announced strategic partnerships to advance its precision beauty tech strategy. The January partnership with Verily aims to decode and discover the links between exposome, skin aging, and deep biology of the skin, and to explore the development of new technologies and tele-diagnosis solutions such as sensors and AI algorithms for dermatology and skincare, that can form the basis for new services.[64] The March 2022 partnership with neurotechnology company Emotiv will offer consumers a unique fragrance consultation experience by connecting neuro responses to fragrance preferences through a multi-sensor EEG-based headset.[65]

6 Richemont

Switzerland-based Richemont's FY2021 luxury goods sales fell by 7% year-on-year. The company's financial year end is 31 March, so its results reflected less of the recovery from the pandemic than companies with later financial year end dates. Group sales declined by 26% in the first half of the financial year, but recovered in the second half, accelerating to 30% growth in Q4 (January-March 2021). This acceleration continued into FY2022 (year end March 2022), with Richemont reporting 50.1% sales growth from its luxury goods brands. (This excludes sales of third-party brands in Richemont's Online Distributors segment through its e-commerce platforms Yoox Net-A-Porter (YNAP) and Watchfinder.) Due mainly to this timing difference in reporting, Richemont was overtaken by Chanel and L'Oréal Luxe, dropping to sixth place in the Top 10 ranking.

Online sales of Richemont's luxury jewelry and watch brands recorded triple-digit growth, contributing 7% of group sales (excluding Online Distributors).

Jewellery Maisons contributed 68% of luxury goods sales for Richemont brands in FY2021, growing by 3.3% year-on-year. Growth came from double-digit sales increases in Asia Pacific and the Middle East and Africa, but with lower sales in other regions. The Cartier, Van Cleef & Arpels and Buccellati brands achieved a resilient performance.

Specialist Watchmakers sales fell 21.6%, due largely to the impact of COVID-19. A double-digit sales increase in Asia Pacific only partially mitigated contraction in other regions. The quality of the Specialist Watchmakers retail network improved, with 73% of the division's sales coming through internal and franchise stores. Retail sales to local clientele grew by double digits, partly offsetting falls due to the decline in tourism. Online sales grew by triple digits driven by a sharp acceleration of all digital initiatives, including the opening of five flagship stores on Tmall Luxury Pavilion for IWC Schaffhausen, Jaeger-LeCoultre, Panerai, Piaget and Vacheron Constantin. Other Maisons (Montblanc, and the Group's Fashion & Accessories brands Alfred Dunhill, Chloé, Purdey, Peter Millar, Alaïa and Serapian) posted sales down 25%, due mainly to lower wholesale sales, reflecting a sharp contraction in travel retail. 17% of sales were online, up from 9% in the previous year.

The Group's wholesale business, including sales to franchise partners, fell by 27%, reflecting exposure to travel retail, as well as multi-brand retailers' lower exposure to online retail and relatively longer temporary store closures in Europe compared to other regions.

Group net profit for the year increased by 38%, despite a 3% decline in operating profit due to the impact of the pandemic.

In June 2021, Richemont acquired Belgian luxury leather goods Maison Delvaux.[66] In August 2022, Richemont finally agreed a deal to sell a majority of its online fashion retailer YNAP. Richemont stated that this is a significant step toward its vision of an independent online platform for the luxury industry. Under the deal, Farfetch and Alabbar (Richemont's Gulf States partner) will acquire stakes of 47.5% and 3.2% respectively in YNAP's share capital from Richemont, making YNAP a neutral platform with no controlling shareholder. Farfetch has an option to acquire 100% of YNAP in three to five years after the initial transaction. Industry commentators note that this will enable Richemont to focus on its core luxury brands, and improve profitability, as YNAP is a loss-making business. Richemont will adopt Farfetch Platform Solutions to advance the realization of its Luxury New Retail vision, and open e-concessions on the Farfetch Marketplace.[67]

7 Hermès International

Hermès International went up two places to seventh position in the Top 10 rankings, thanks to 40.6% sales growth in FY2021. The highest growth was in Asia excluding Japan (+45%) and America (+57%), followed by Europe (+37%).

Revenue from the group's store network increased by 44% at constant exchange rates, while wholesale sales increased by 24% (despite constraints faced by travel retail), due to strong growth in the fourth quarter (+21%) and in Asia and Japan. Hermès continued selective development of its distribution network, and online sales increased worldwide, with operations in twenty-nine countries.

Hermès International achieved double-digit growth in all its product sectors. The largest product category, Leather Goods and Saddlery (primarily the iconic luxury Hermès bags such as the Birkin bag), delivered 45.5% of the company's revenue in FY2021, with sales growth of 27.5%. The Ready-to-Wear and Accessories division is the second largest sector for Hermès, contributing 24.7% of company revenue, with sales up 57.5%. Watches reported the strongest growth in sales, up 72.0%, driven by the success of the new men's watch H08 and other classic watches. Jewelry continued its strong momentum.

Hermès International achieved industry-leading net profit margins. In FY2021, it had the second-highest net profit margin of all companies in the Top 100, at 27.3%, and has consistently been one of the most profitable companies in the Top 100, delivering net profit margins of more than 20% in each of the past six years FY2016-FY2021.

Hermès did not report any M&A activity in 2021 to 2022.

8 Chow Tai Fook

China's Chow Tai Fook Jewellery Group moved up to eighth place in the Top 10 list in FY2021, with luxury goods net sales up 23.2%. Growth was driven by new store openings, as well increased same-store sales as the pandemic situation eased. E-commerce and online-to-offline (O2O) related business recorded growth in retail sales value (RSV) of 91.8%, contributing 7.1% of Group RSV and 14.7% of RSV in Mainland China. Wholesale sales to franchisees and retailers increased by 67.7%, while retail sales were up 7.6%.

Sales in Mainland China rose by 46.5%, supported by new openings, improving consumer sentiment and a softening in the gold price in the second half of FY2021. However, revenue from Hong Kong, Macau and other markets fell by 34.5% as the challenging macroeconomic environment, pandemic and closure of major border crossings adversely affected consumer spending.

The company saw growth in all product categories in FY2021. Sales of gold jewelry and products increased by 26.3%. Despite the increase in the international gold price deterring retail demand during the first half of FY2021, sales of this product category rebounded and grew by 74.9% in the second half of the year. Gem-set, platinum and K-gold jewelry sales increased by 8.4%. Watches showed the strongest sales growth, up 55.4% as buoyant domestic demand in Mainland China offset international travel restrictions.

Chow Tai Fook continued to expand its owned and franchised retail network in FY2021, with more than 746 net additional points of sale (POS) in Mainland China. Around two-thirds of these POS are franchised.

Chow Tai Fook, like Richemont, has an early financial year end date of 31 March. The company's FY2021 growth accelerated in FY2022, with sales for the year ending 31 March 2022 up 41%. The company did not announce any M&A activity in 2021 to 2022.

In 2021, there were reports of a significant shortage of Rolex watches. This was due partly to factory shutdowns during the COVID-19 pandemic, but the supply problem pre-dated the pandemic. Unusually, Rolex made an official comment about the shortage, saying: "The scarcity of our products is not a strategy on our part. Our current production cannot meet the existing demand in an exhaustive way, at least not without reducing the quality of our watches–something we refuse to do as the quality of our products must never be compromised….it should be noted that Rolex watches are available exclusively from official retailers, who independently manage the allocation of watches to customers".[69] This shortage further increased the resale value of Rolex watches.

9 Rolex

Swiss company Rolex re-entered the Top 10 for the first time since the first edition of the Global Powers of Luxury Goods report. Privately-owned Rolex does not publish its financial results or make official comments about its business. Net sales for its iconic Rolex watch brand, and its smaller sister watch brand Tudor, are estimated at around CHF8 billion for FY2021. Industry analysts estimate strong growth in Rolex brand sales during 2021, and the prices of its watches have been increasing over the past few years. These growth estimates are supported by published figures from Rolex official retailers such as Watches of Switzerland, which estimated US retail sales of luxury watches up by over 50% year-on-year in 2021, with Rolex taking the leading position in this market.[68] Rolex's distribution strategy is based on a network of exclusive dealers, selling through both monobrand Rolex boutiques, and selected multi-brand official retailers. They do not sell direct to consumers.

10 China National Gold Group Gold Jewellery Co., Ltd

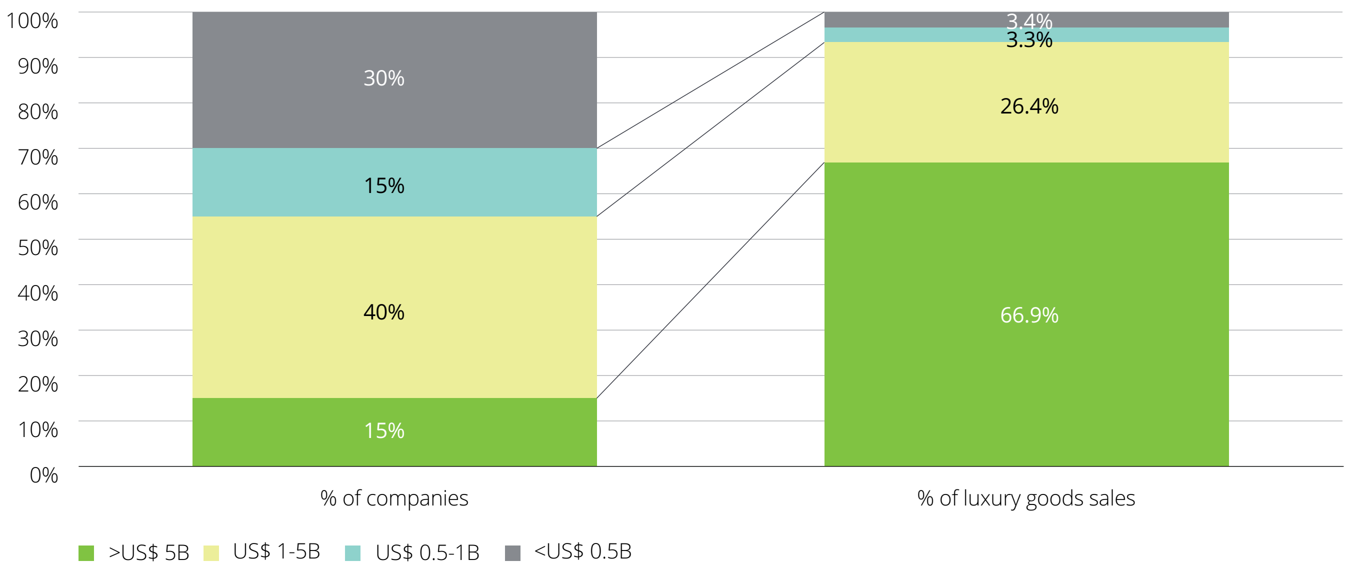
China National Gold Group Gold Jewellery Co. entered the Top 10 for the first time. The company is a controlled subsidiary of the only central state-owned enterprise in China's gold industry–China National Gold Group. Following an IPO, the company listed on the Shanghai Stock Exchange in February 2021. In FY2021, gold jewelry net sales soared by more than 50%, driven by increasing consumer demand and rapid growth in its mainly franchised store network, with 3,721 stores across China at the end of 2021. The company has also seen strong growth in its relatively new e-commerce channel. The core "China Gold" brand has a high brand awareness and reputation and is complemented by the accessible luxury "Jin·Rujin" brand. China saw growth of 29.8% in its domestic jewelry market in 2021, as travel restrictions in Mainland China compelled local consumers to make their jewelry purchases in their home market.[70]

Global Powers of Luxury Goods Top 100

Luxury goods company sales rebound to beat pre-pandemic levels

The world's Top 100 luxury goods companies generated personal luxury goods revenues of US$305 billion in FY2021 (financial years ending between 1 January and 31 December 2021), rebounding from US$252 billion in the previous year, and exceeding the US$281 billion Top 100 sales in FY2019 (before the impact of the COVID-19 pandemic). The importance of the leading luxury goods companies is clear: the 15 companies with luxury goods sales of more than US$5 billion contributed more than two-thirds of the total Top 100 luxury goods sales. The 45 companies with sales of US$1 billion or less contributed only 6.7%. The minimum revenue threshold to enter the Top 100 was US$240 million.

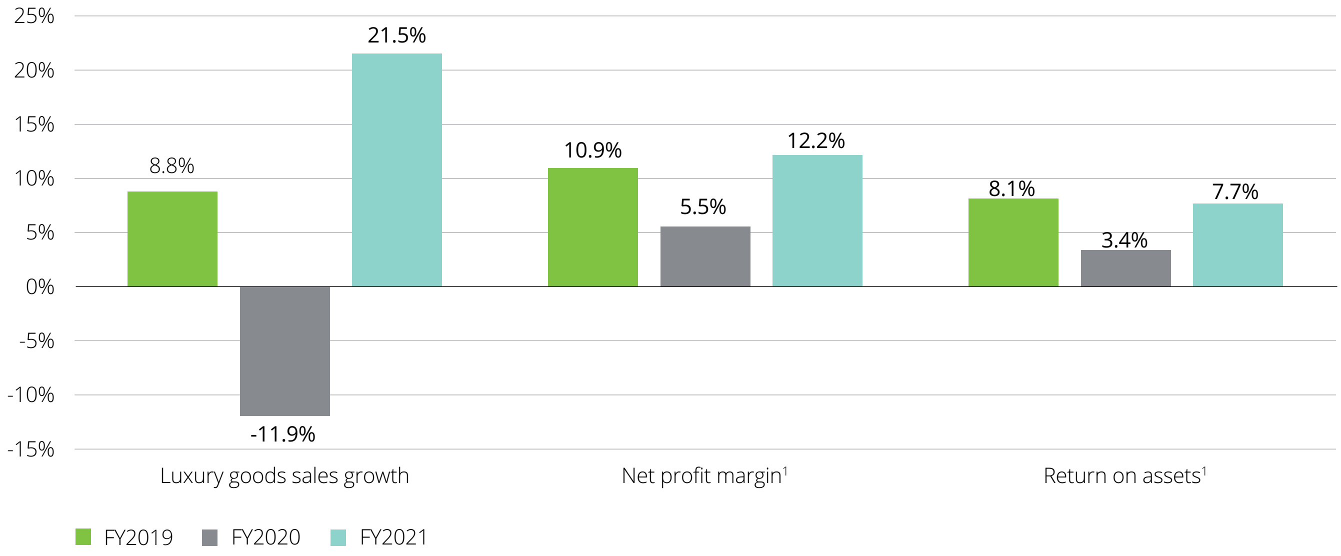
Top 100 companies by size: luxury goods sales in US$, FY2021



Source: Deloitte Touche Tohmatsu Limited. *Global Powers of Luxury Goods* 2022. Analysis of financial performance and operations for financial years ending from 1 January to 31 December 2021 using company annual reports, industry estimates, and other sources.

The composite performance of the Top 100 companies in FY2021 reflects a rebound as the impact of the COVID-19 pandemic lessened, with store re-openings and recovery in consumer demand (see separate box on the Impact of COVID-19 pandemic and company financial year end date on FY2021 Top 100 ranking). Luxury goods sales growth for the Top 100 jumped by 21.5% year-on-year. The FY2021 composite net profit margin for the 78 Top 100 companies reporting net profits more than doubled to 12.2% year-on-year, higher than pre-pandemic levels.

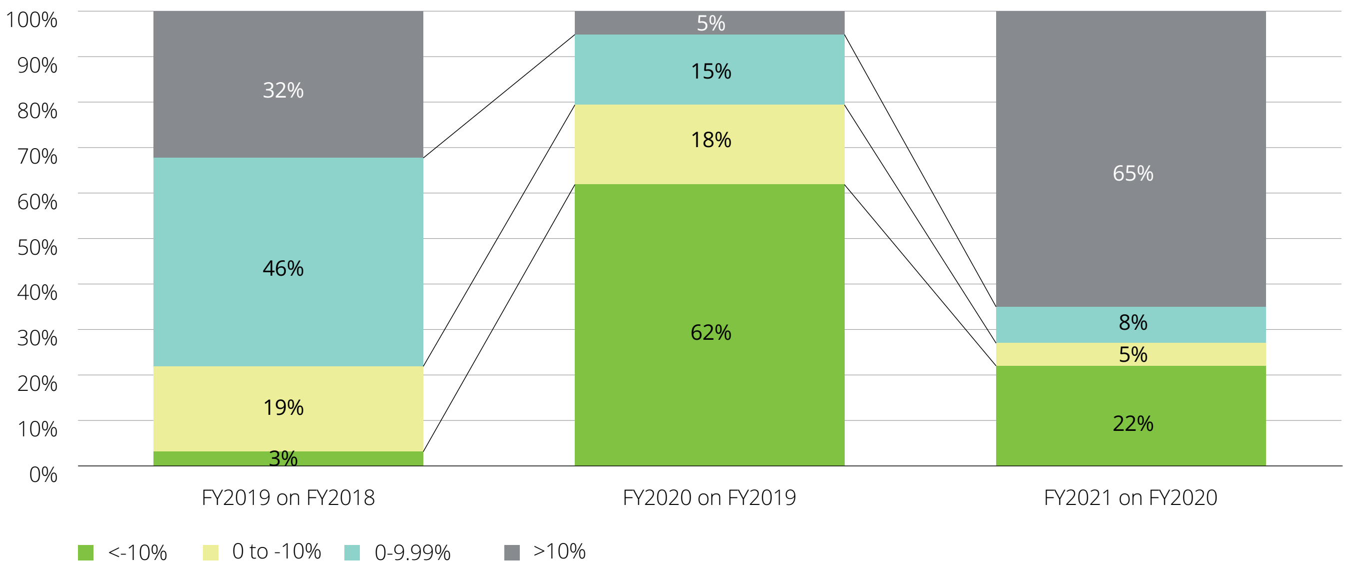
Top 100 companies: luxury goods sales YoY growth, net profit margin, return on assets, FY2019-2021



[1] Analysis of the FY2021 Top 100 companies reporting net profits and/or total assets in each year

Source: Deloitte Touche Tohmatsu Limited. *Global Powers of Luxury Goods 2022*. Analysis of financial performance and operations for financial years ending from 1 January to 31 December 2021 using company annual reports, industry estimates, and other sources.

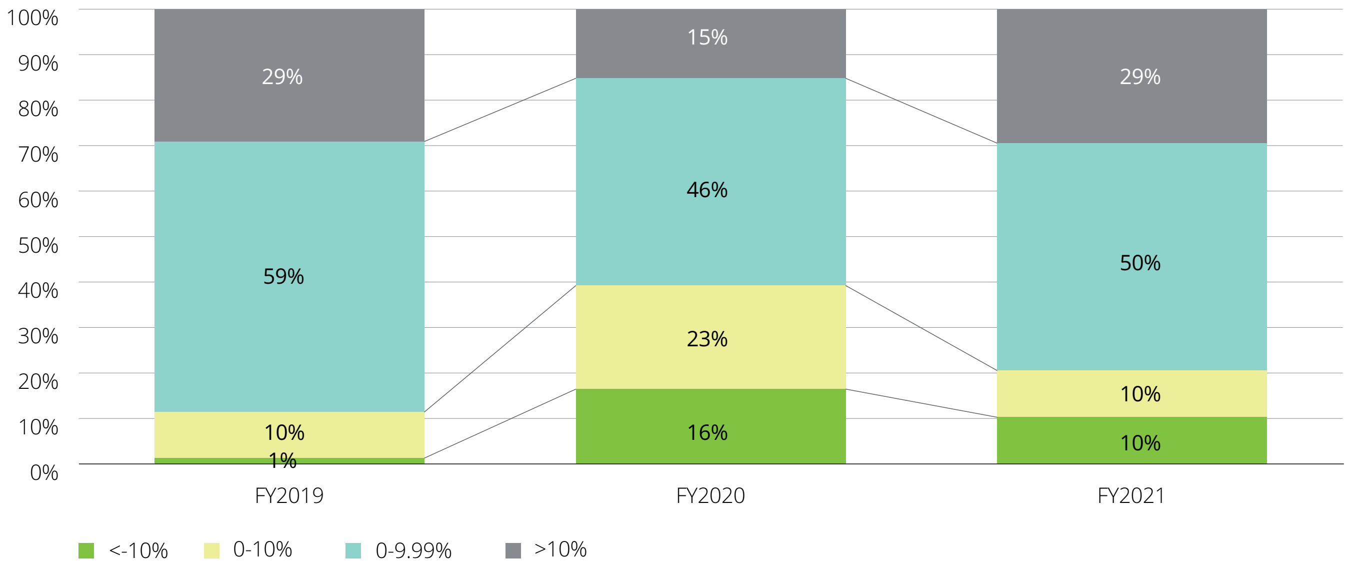
Top 100 companies by growth: % of companies with double/single digit growth or decline in luxury goods sales YoY



Source: Deloitte Touche Tohmatsu Limited. *Global Powers of Luxury Goods 2022*. Analysis of financial performance and operations for financial years ending from 1 January to 31 December 2021 using company annual reports, industry estimates, and other sources.

Seventy-three of the Top 100 companies reported growth in luxury goods sales in FY2021, compared to only twenty in FY2020. LVMH, Chanel, Chow Tai Seng, Inter Parfums and new entrant Grupo de Moda Soma all saw luxury goods sales jump by more than 50%. Twenty-two companies saw double-digit sales declines, compared to 62 in the previous year. All these 22 companies had financial year end dates in the first half of 2021, with the majority reporting financial years ending in the first quarter of 2021. This meant that their annual results reflected a greater negative impact of the COVID-19 pandemic than companies with financial year end dates nearer the end of 2021.

Top 100 companies by net profit margin: % of companies with double/single digit net profit margin gain or loss, FY2019-2021



Analysis of the FY2021 Top 100 companies reporting net profits in each year

Source: Deloitte Touche Tohmatsu Limited. *Global Powers of Luxury Goods 2022*. Analysis of financial performance and operations for financial years ending from 1 January to 31 December 2021 using company annual reports, industry estimates, and other sources.

Net profit margins also recovered in FY2021. Nearly 80% of the Top 100 were profitable in FY2021, compared with 61% in the previous year. Twenty-three companies reported double-digit net profit margins. Nearly 85% of FY2021 net profit for the Top 100 companies came from the Top 10 global luxury companies—which are leaders in both luxury goods sales and in profitability.

Overall high performers

Eighteen companies reported both double-digit luxury goods sales growth and double-digit net profit margins in FY2021. These included half of the Top 10 luxury giants, as well as Italy's Moncler. LVMH, Kering, Chanel and Moncler have all reported double-digit sales growth and net profit margins in each of the past five years (excluding FY2020 due to the pandemic). Hermès International is also a consistently high performer for both sales growth and profitability.

M&A, disposals, and partnership activity

M&A activity took off again in 2021 and 2022, after a hiatus during the pandemic. The appeal of resilient high margins and high awareness luxury brands with strong pricing power was reconfirmed, as luxury goods companies sought out opportunities to grow their brands, increase control of supply chains and distribution channels, and enhance their digital capabilities.

As companies refocused on their core luxury brands, and sought to enhance profitability and financial stability, there were also some major disposals of non-core businesses, to consumer goods and private equity companies.

Significant acquisitions, disposals, and partnerships by luxury goods companies below the Top 10 in 2021-2022 include:

- The Aura Blockchain Consortium was created in April 2021 by LVMH, Prada Group and Cartier (Richemont), to "develop the applications of blockchain technology and raise the standards of luxury...to accelerate the transition to a circular business model, trust and transparency for customers, innovation and sustainability." OTB Group joined the consortium in October 2021 and Mercedes-Benz joined in May 2022.[71]

- Farfetch made a series of acquisitions and investments which confirmed its position as the leading global platform for the luxury fashion industry. In August 2022, it acquired 47.5% of Richemont's YOOX NET-A-PORTER (YNAP) online platform, with an option to acquire the remainder. YNAP will adopt Farfetch Platform Solutions to advance growth and shift toward a hybrid business model.[72] Farfetch also acquired luxury B2B resale platform Luxclusif in December 2021, and plans to accelerate its resale capabilities through its own resale service Farfetch Second Life.[73] In January 2022, the company announced it was acquiring US-based B2B luxury beauty retailer Violet Grey, and in April 2022 announced the launch of Beauty across Farfetch companies, Browns, Farfetch.com and Off-White™ to "provide a curated edit of the best luxury beauty products to serve customers across ages, races, cultures, and genders in an 'Only on Farfetch' way".[74, 75] Farfetch also acquired the remaining shares in Palm Angels, to take full ownership of the company. During 2021, the company made a number of digital technology-related acquisitions and signed an agreement to enter into a strategic arrangement with Alibaba and Richemont. As part of the agreement, Alibaba and Richemont invested US$500 million in return for a combined 25% stake in Farfetch China Holdings Ltd.[76]

- Puig reorganized its business structure with the creation of three divisions from 1 January 2021:[77] Beauty and Fashion, Charlotte Tilbury, and Derma, which incorporates previous acquisitions Uriage and Apivita, in which Puig has a majority stake, in addition to a 50% stake in Isdin. In 2022, as part of its international expansion strategy, Puig acquired majority stakes in several local luxury companies: Sweden's Byredo, Colombia's Loto del Sur (which offers a complete range of natural products made from Latin American flora), and India's leading authentic Ayurvedic brand of beauty and personal care products, Kama Ayurveda. [78, 79, 80]

- Tiffany & Co. was finally acquired by LVMH in January 2021, after modifying the merger price and agreeing to settle pending litigation in the Delaware Chancery Court.[81]

- Zegna deconsolidated its Agnona luxury womenswear business, following its sale to "a related party" in January 2021. During 2021, Zegna further strengthened its presence in the Italian textiles business with the acquisition of a 60% stake in Tessitura Ubertino, a business specializing in high-end fabrics for women, and a 40% stake in cashmere producer Filati Biagioli Modesto (together with Prada).[82]

- Coty acquired a 20% stake in the Kim Kardashian West business in January 2021, and the license for Orveda, an ultra-premium French skincare brand, in November 2021.[83, 84]

- Onward Holding implemented global business reforms that included withdrawing from and contracting the scale of underperforming businesses and closing unprofitable stores. In March 2021, it sold 100% of the Jil Sander brand to OTB.[85]

- Moncler completed its acquisition of Sportswear Company, the owner of the Stone Island brand, in March 2021.[86, 87]

- India's Titan Company completed the divestment of its 49% equity stake in joint venture company Montblanc India to Montblanc Services BV, as part of the company's consolidation strategy to focus on its primary business and proprietary brands, in March 2021.[88]

- Brunello Cucinelli acquired control of its Dubai monobrand stores partner, Brunello Cucinelli Middle East LLC, in March 2021.[89] A year later, it acquired 43% of its supplier of cashmere yarn for knitwear, Lanificio Cariaggi Cashmere.[90]

- Ralph Lauren continued its brand portfolio review, selling the Club Monaco brand in May 2021, and transitioning the Chaps brand to a fully licensed business model, consistent with its long-term brand elevation strategy.[91, 92]

- Prada continued to rationalize its wholesale business, following the strategic decision to downsize the group's exposure. In June 2021, Prada partnered with Ermenegildo Zegna, each acquiring 40% of Italian cashmere producer Filati Biagioli Modesto "to secure a domestic supply chain and luxury-goods manufacturing expertise".[93] The company also made a number of minority investments in 2021, to take full ownership of companies including Pelletteria Ennepì, Hipic Prod Impex and the "Travel Retail Shop" companies, which had been managed in a joint venture with the DFS Group.[94] In September 2022, Prada acquired 43.65% of Tuscan calfskin tannery Superior SpA, which it said was "another important step in the strategic direction toward vertical integration of the Prada Group's supply chain".[95]

- Morellato Group signed a worldwide licensing agreement to produce and distribute its first line of jewelry and watches under the Chiara Ferragni brand, in June 2021.[96]

- Canada's Aritizia acquired a 75% stake in premium athletic wear company Reigning Champ, in June 2021.[97]
- Aeffe acquired the remaining 30% of Moschino it did not already own, for €66.6 million, taking its holding to 100%, in July 2021.[98]
- Etro (Gefin) announced in July 2021 that LVMH-affiliated private equity company L Catterton will acquire a majority stake in Etro. The Etro family will retain a significant minority shareholding.[99]
- Shiseido continued its fundamental business transformation "WIN 2023 and Beyond", positioning premium skin beauty as its core business. It has carried out a series of disposals of its non-core businesses. It completed the sale of the majority share in its Personal Care business to CVC Capital Partners for US$1.5 billion in July 2021. Shiseido will retain a 35% stake in the new business.[100] In December 2021, it completed the transfer of its prestige makeup brands bareMinerals, BUXOM and Laura Mercier to Advent International, the majority owner of Europe's biggest beauty retailer, Douglas.[101] In February 2022, it announced the transfer of its Professional Business to Henkel, retaining a 20% share in the company.[102] Shiseido also announced in August 2021 that it will partially terminate its global license with Dolce & Gabbana regarding the product development, manufacturing, distribution and marketing of its beauty products.[103] Shiseido has also been pursuing its strategy to "build a digitally driven business model", partnering and making investments to develop its digital expertise. In May 2021, Shiseido and Accenture established a joint venture company, Shiseido Interactive Beauty, to provide digital marketing and digital/IT-related services to Shiseido.[104] In December 2021, Shiseido announced a three-year global strategic partnership with Tencent, to build a D2C (Direct to Consumer) model and strengthen its social commerce business to provide new services to Chinese consumers globally.[105] In March 2022, the company made a minority investment in Taiwan's Perfect Corp., a leading augmented reality and artificial intelligence provider of virtual makeup experiences.[106] In September 2022, Shiseido agreed to acquire Gallinée Ltd, a UK-based microbiome skincare focused brand.[107]
- Safilo's brand portfolio overhaul strategy, implemented in 2020-2021, enabled the group to compensate for the loss of licenses terminated at the end of 2020 and in June 2021 (Diesel). Safilo gained new brand licenses for Chiara Ferragni, Carolina Herrera and Dsquared2 in 2021, and increased its controlling stake in Privé Revaux to 81.9% in January 2022.[108, 109]
- PVH continued its strategy of focusing on its powerhouse luxury brands, Tommy Hilfiger and Calvin Klein, and completed the sale of its Heritage Brands business to Authentic Brands Group in August 2021.[110]
- Unilever Prestige Beauty completed the €1,818 million acquisition of 100% of the shares of Paula's Choice Inc., a US-based prestige skin care company, with a digitally-led cruelty-free brand, in August 2021.[111]
- South Korea's Amore Pacific acquired 38.4% of COSRX, a K-beauty hypoallergenic skincare brand, focused on Gen Z/millennial consumers, for US$153 million in September 2021, with an option to buy a further 57.6% in 2024-25.[112] The companies plan a number of joint projects. In September 2022, Amore Pacific announced it had agreed to acquire US luxury clean beauty brand Tata Harper, in a move that further signals the company's intention to continue its penetration of global markets, with a focus on consumers in North America.[113]
- In September 2021, Euroitalia extended its fragrance licenses for Capri Holdings brands, with a new license for Michael Kors and a 15-year extension for Versace.[114]
- Inter Parfums acquired fragrance licenses for a number of major luxury brands. It acquired the Salvatore Ferragamo fragrance business and license in October 2021, and gained worldwide license agreements for Moncler and Emmanuel Ungaro, effective from 2022.[115, 116] It also signed a licensing agreement with G-III Apparel for Donna Karan and DKNY fragrances from 1 July 2022, as Estée Lauder rationalized its designer fragrances license range.[117]
- G-III Apparel, owner of the DKNY and Donna Karan brands, acquired European luxury fashion brand Sonia Rykiel in October 2021, and took full ownership of Karl Lagerfeld in June 2022.[118, 119] Around half of G-III Apparel's sales come from exclusive distribution agreements with PVH for a range of Calvin Klein and Tommy Hilfiger product categories in North America.
- In December 2021 Marcolin sold its 49% share of the Thélios eyewear joint venture to its partner LVMH, and bought back LVMH's 10% stake in Marcolin, as provided for in the original joint venture agreement. Marcolin will continue to distribute Thélios products in certain countries which Thélios does not consider strategically important.[120]
- Pandora's M&A activity was driven by its Phoenix growth strategy, which includes expanding in core markets with particular focus on United States and China (which represent more than 50% of the global jewelry market). It acquired franchisees in the United States (29 concept stores in 2021, Ben Bridge Jeweler's 37 Pandora franchise store locations in the United States and Canada in March 2022) and in 2022 announced a partnership with Macy's for a nationwide rollout of Pandora shop-in-shops in key market locations across the United States.[121, 122] In June 2022, Pandora acquired 34 locations from its distributor Visão do Tempo to assume full ownership of its Portuguese business.[123]
- De Rigo signed license agreements for eyewear for luxury brands Philosophy di Lorenzo Serafini (owned by Aeffe), Roberto Cavalli and Just Cavalli in 2022.[124, 125] The company also extended its strategy for direct distribution control in key markets, with the opening of De Rigo Baltics in March 2022. The Group now directly oversees the distribution of its products globally through 18 companies.[126]

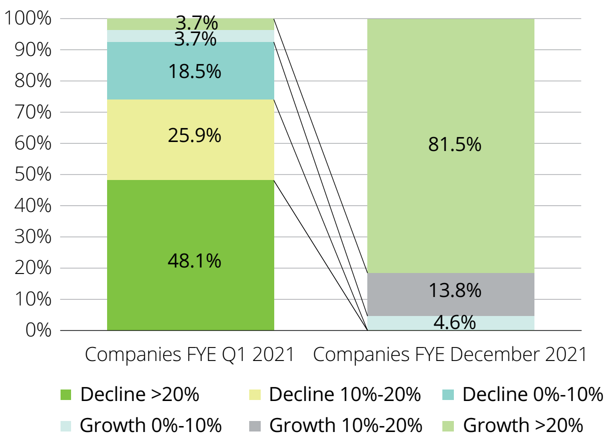
- Famille C, the holding company of the Courtin-Clarins family, completed its acquisition of US "clean beauty" brand Ilia Beauty, announced in February 2022.[127]
- Authentic Brands Group agreed to buy Ted Baker for £211 million (US$254 million) in August 2022. Authentic Brands has made multiple brand acquisitions in recent years.[128]
- Tod's will be taken private, as the Della Valle founding family announced in August 2022 an offer to buy out its remaining shares for up to €388 million. LVMH will keep its 10% stake in the company.[129]

Impact of the COVID-19 pandemic and company financial year end dates on FY2021 Top 100 ranking

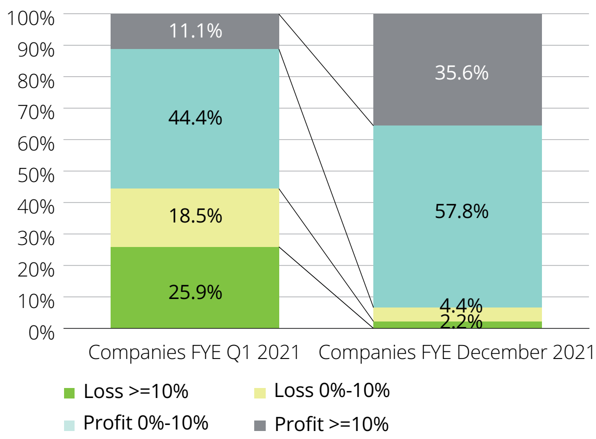
The impact of the COVID-19 pandemic eased in 2021, as lockdowns were lifted, stores re-opened, travel gradually resumed, and consumer demand rebounded. Companies reporting at the end of 2021 experienced the benefit of this recovery throughout their financial year, while the results of companies with 2021 financial year end dates early in the year still reflected much of the impact of the pandemic.

Most companies in the Top 100 have financial year end dates (FYE) January-March (26 companies) or in December (66 companies). Analysis of the results for these two groups of companies shows the differing impact of the pandemic on each of them.

COVID-19 impact of 2021 FYE date on YoY luxury goods sales growth, FY2021



COVID-19 impact of 2021 FYE date on net profit margin, FY2021



All the companies with December 2021 FYE reported growth in luxury goods sales, with most up by more than 20% year-on-year. In contrast, nearly all the companies with a FYE in Q1 2021 reported falling sales, with nearly three-quarters experiencing double-digit declines. As a consequence, there are much bigger changes than usual in companies' positions in the rankings, and the FYE date should be taken into account when judging company performance.

Net profit margins were also impacted, but to a lesser extent. Nearly all the companies with a December FYE date were profitable, with over a third reporting double-digit net profit margins, while nearly half the companies with a FYE in Q1 2021 reported losses.

Impact of exchange rates on Top 100 ranking

The Top 100 companies in the Global Powers of Luxury Goods report have been ranked according to their FY2021 luxury goods sales in US dollars (US$). Changes in the rankings from year to year are generally driven by increases or decreases in company sales. However, a stronger currency vis-à-vis the dollar in FY2021 means that companies reporting in that currency may rank higher in FY2021 than they did in FY2020, all other things being equal. Conversely, companies reporting in a weaker currency may rank lower.

In FY2021, currencies for most companies in this report strengthened slightly against the US$. The currencies with the biggest increases against the US$ were the British pound, Swedish krona, Chinese yuan, and Canadian dollar, which all saw gains of around 7%. The Danish krona was up 4.0%, the euro up 3.7%, the South Korean won up 3.0%, and the Swiss franc up 2.7%.

The biggest faller against the US$ was the Brazilian real, down 4.5%, and the Japanese yen was the other main faller, down 2.8%. Other currencies for companies in this report were virtually unchanged against the US$.

For companies, the impact of these exchange rate movements on sales depends on their reporting currency, the geographic spread of their business, and the resulting exposure to different currencies.

Impact of data availability on Top 100 ranking

There were eight new entrants and two re-entrants to the Top 100 in FY2021. For more information, see the New entrants section.

Many luxury goods companies are privately-owned. Some of these file official reports containing financial information; estimates for other companies are made from information sources such as press interviews, news articles and industry analysts. A small number of companies do not disclose any financial information and therefore could not be included in the Top 100 in FY2021.

In this year's study, no reasonable estimates could be made for two companies that were featured in last year's Global Powers of Luxury Goods 2021 Top 100: EssilorLuxottica and Swarovski Crystal Business.

Global Powers of Luxury Goods Top 100, FY2021

FY2021 Luxury goods sales ranking	Change in ranking from FY2020[3]	Name of company	Country of origin	Selection of luxury brands	FY2021 Luxury goods sales (US$M)	FY2021 Total revenue (US$M)	FY2021 Luxury goods sales growth	FY2021 Net profit margin[1]	FY2018-FY2021 Luxury goods CAGR[2]
1	↔ 0	LVMH Moët Hennessy-Louis Vuitton SE	France	Louis Vuitton, Christian Dior, Fendi, Tiffany & Co., Bvlgari, Loro Piana, Emilio Pucci, Off-White, Acqua di Parma, Loewe, Marc Jacobs, TAG Heuer, Benefit Cosmetics	54,938	75,920	55.9%	19.8%	17.5%
2	↔ 0	Kering SA	France	Gucci, Saint Laurent, Bottega Veneta, Balenciaga, Alexander McQueen, Brioni , Boucheron, Qeelin	20,861	20,861	34.7%	18.5%	8.9%
3	↔ 0	The Estée Lauder Companies Inc.	United States	Estée Lauder, Bobbi Brown, La Mer, Jo Malone London, Aveda, Dr Jart+; Licensed beauty & fragrance brands inc Tom Ford Beauty	16,215	16,215	13.4%	17.7%	5.8%
4	↑ 2	Chanel Limited	United Kingdom	Chanel	15,639	15,639	54.7%	25.7%	12.0%
5	↔ 0	L'Oréal Luxe	France	Lancôme, Kiehl's, Biotherm, Urban Decay, IT Cosmetics, Mugler, Azzarro Licensed brands including Giorgio Armani, Yves Saint Laurent, Valentino	14,597	14,597	21.3%	n/a	9.6%
6	↓ -2	Compagnie Financière Richemont SA	Switzerland	Cartier, Van Cleef & Arpels, Buccellati, Piaget, Montblanc, Jaeger-LeCoultre, Vacheron Constantin, IWC, Chloé, Panerai	12,862	15,314	-6.9%	9.8%	0.1%
7	↑ 2	Hermès International SCA	France	Hermès, John Lobb	10,619	10,619	40.6%	27.3%	14.6%
8	↑ 2	Chow Tai Fook Jewellery Group Limited 周大福珠宝集团有限公司	China/HK SAR	Chow Tai Fook, Hearts on Fire, T Mark, Enzo, Soinlove, Monologue	8,937	9,050	23.2%	8.8%	6.2%
9	↑ 2	Rolex SA	Switzerland	Rolex, Tudor	8,750 e	8,750 e	37.9%	n/a	10.1%
10	↑ 7	China National Gold Group Gold Jewellery Co., Ltd 中国黄金集团黄金珠宝股份有限公司	China	China Gold, Jin-Rujin, Jin-ShangYin	7,825	7,865	50.3%	1.6%	7.4%
11	↑ 2	The Swatch Group Ltd.	Switzerland	Omega, Longines, Breguet, Harry Winston, Rado, Blancpain; Licensed watch brands	7,668	7,998	31.4%	10.6%	-5.1%
12	↑ 3	Lao Feng Xiang Co., Ltd. 老凤祥股份有限公司	China	Lao Fengxiang	7,261	9,094	23.1%	4.2%	11.5%
13	↓ -5	PVH Corp.	United States	Calvin Klein, Tommy Hilfiger	6,275	7,133	-25.1%	-15.9%	-5.2%
14	↑ 2	Tapestry, Inc.	United States	Coach, Kate Spade, Stuart Weitzman	5,746	5,746	15.8%	14.5%	-0.8%
15	↑ 3	Shiseido Company, Limited	Japan	SHISEIDO, clé de peau BEAUTÉ, IPSA, Drunk Elephant, NARS, Benefique; Licensed fragrance brands	5,655 e	9,425	20.4%	4.3%	1.5%
16	↓ -4	Ralph Lauren Corporation	United States	Ralph Lauren, Polo Ralph Lauren, Lauren Ralph Lauren	4,401	4,401	-28.6%	-2.8%	-10.7%
17	↓ -3	Capri Holdings Limited	United Kingdom	Michael Kors, MICHAEL Michael Kors, Jimmy Choo, Versace	4,060	4,060	-26.9%	-1.6%	-4.9%
18	↑ 5	Prada Group	Italy	Prada, Miu Miu, Church's, Car Shoe	3,979	3,979	38.9%	8.8%	2.3%
19	new	Amore Pacific Corporation	South Korea	Sulwhasoo, Amore Pacific, Hera Laneige, Mamonde	3,731 e	4,245	11.6%	3.7%	-2.3%
20	↑ 1	Pandora A/S	Denmark	Pandora	3,719	3,719	23.1%	17.8%	0.9%
21	↑ 5	Hugo Boss AG	Germany	BOSS, HUGO	3,294	3,294	43.2%	5.2%	-0.1%
22	↓ -2	Burberry Group plc	United Kingdom	Burberry	3,060	3,060	-11.0%	16.0%	-5.0%

[1] Net profit margin based on total consolidated revenue and net income. May include results from non-luxury goods operations if these are <50% of group revenue.
[2] Compound annual growth rate
[3] Change in ranking vs FY2020 ranking from the *Global Powers of Luxury Goods 2021* report
*Top 100 sales growth rates are sales-weighted, currency-adjusted composites
**Top 100 net profit margin and return on assets are sales-weighted composites

e=estimate
n/a=not available

Source: Deloitte Touche Tohmatsu Limited. *Global Powers of Luxury Goods 2022*. Analysis of financial performance and operations for financial years ending within the 12 months from 1 January to 31 December 2021 using company annual reports, industry estimates, and other sources.

Global Powers of Luxury Goods Top 100, FY2021

FY2021 Luxury goods sales ranking	Change in ranking from FY2020[3]	Name of company	Country of origin	Selection of luxury brands	FY2021 Luxury goods sales (US$M)	FY2021 Total revenue (US$M)	FY2021 Luxury goods sales growth	FY2021 Net profit margin[1]	FY2018-FY2021 Luxury goods CAGR[2]
23	7	Puig S.L.	Spain	Paco Rabanne, Carolina Herrera, Jean Paul Gaultier, Nina Ricci, Penhaligon's, Charlotte Tilbury, Dries Van Noten; Licensed fragrance brands	3,056	3,056	68.2%	9.1%	10.2%
24	0	Coty Inc.	United States	philosophy, JOOP!, Lancaster; Licensed fragrance brands including Hugo Boss, Gucci, Calvin Klein, Burberry	2,719	4,630	4.3%	-4.4%	-5.4%
25	-3	Titan Company Limited	India	Zoya, Favre-Leuba, Nebula, Xylys, Tanishq	2,705	2,943	-3.3%	4.5%	7.9%
26	6	Chow Sang Sang Holdings International Limited 周生生集团国际有限公司	China/HK SAR	Chow Sang Sang	2,563	2,829	52.1%	2.9%	5.2%
27	6	Moncler SpA	Italy	Moncler, Stone Island	2,419	2,419	42.1%	19.2%	12.9%
28	1	Giorgio Armani SpA	Italy	Giorgio Armani, Emporio Armani, A|X Armani Exchange	2,387	2,398	26.3%	8.4%	-1.4%
29	-4	Kosé Corporation	Japan	DECORTÉ, SEKKISEI, ADDICTION, JILL STUART, KOSÉ, ALBION, Tarte	2,060[e]	2,635	-13.3%	4.2%	-1.6%
30	new	G-III Apparel Group, Ltd.	United States	DKNY, Donna Karan, Karl Lagerfeld Paris, Sonia Rykiel Licensed brands including Calvin Klein, Tommy Hilfiger	2,055	2,055	-35.0%	1.1%	-9.9%
31	8	Max Mara Fashion Group Srl	Italy	MaxMara, SportMax, Marina Rinaldi, Max & Co, PennyBlack	1,805	1,847	27.4%	13.8%	-1.5%
32	2	Fossil Group, Inc.	United States	Fossil, Michele, Relic, Skagen, Zodiac; Licensed brands	1,804[e]	1,870	17.3%	1.4%	-9.7%
33	-5	L'Occitane International SA	Luxembourg	L'Occitane en Provence, Elemis, Limelife, Melvita, erborian, L'Occitane au Brésil	1,792	1,792	-6.5%	10.2%	5.2%
34	2	OTB SpA	Italy	Diesel, Maison Margiela, Marni, Viktor&Rolf, Jil Sander	1,759	1,963	17.3%	8.6%	1.9%
35	0	Clarins SAS	France	Clarins, myBlend	1,755	1,755	15.1%	6.4%	-2.5%
36	9	Audemars Piguet & Cie	Switzerland	Audemars Piguet	1,728[e]	1,728[e]	43.6%	n/a	13.5%
37	4	Patek Philippe SA	Switzerland	Patek Philippe	1,673[e]	1,673[e]	27.5%	n/a	1.8%
38	6	Ermenegildo Zegna N.V.	Italy	Zegna, THOM BROWNE	1,528	1,538	27.4%	-9.8%	3.0%
39	3	Tory Burch LLC	United States	Tory Burch, Tory Sport	1,500[e]	1,500[e]	25.0%	n/a	10.9%
40	8	Valentino SpA	Italy	Valentino, Valentino Garavani,	1,450	1,455	39.5%	10.2%	0.1%
41	6	Salvatore Ferragamo SpA	Italy	Salvatore Ferragamo	1,340	1,342	24.0%	7.1%	-5.3%
42	20	Chow Tai Seng Jewellery Co., Ltd.	China	Chow Tai Seng	1,241	1,419	93.8%	13.3%	23.8%
43	8	Richard Mille SA	Switzerland	Richard Mille	1,236[e]	1,236[e]	43.4%	n/a	55.6%
44	5	SMCP SAS	France	Sandro, Maje, Claudie Pierlot, De Fursac	1,228	1,228	19.0%	2.3%	0.7%
45	-2	Pola Orbis Holdings Inc.	Japan	Pola, Jurlique, Three, Itrim, Amplitude, Fiveism x Three	1,191	1,627	3.6%	6.6%	-10.1%
46	new	Unilever Prestige Beauty	United Kingdom	dermalogica, Hourglass, Murad, Ren, Tatcha	1,182[e]	1,182[e]	42.9%	n/a	n/a
47	-16	Onward Holdings Co., Ltd.	Japan	Nijyusanku, Joseph, Kashimaya, ONWARD DD	1,166[e]	1,645	-34.3%	-13.0%	-14.7%
48	-11	Kalyan Jewellers India Limited	India	Mudhra, Tejasvi, Nimah	1,152	1,162	-15.4%	-0.1%	-6.8%
49	1	Safilo Group SpA	Italy	Smith, Safilo, Carrera, Blenders, Privé Revaux; Licensed eyewear brands	1,146	1,146	24.3%	2.1%	0.2%
50	-10	Dolce & Gabbana	Italy	Dolce&Gabbana	1,139	1,169	-15.4%	2.6%	-8.8%
51	-13	Luk Fook Holdings (International) Limited 六福集团(国际)有限公司	China/HK SAR	Luk Fook, Goldstyle, Dear Q	1,129	1,143	-21.3%	11.5%	-14.2%

[1] Net profit margin based on total consolidated revenue and net income. May include results from non-luxury goods operations if these are <50% of group revenue.
[2] Compound annual growth rate
[3] Change in ranking vs FY2020 ranking from the *Global Powers of Luxury Goods 2021* report
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Source: Deloitte Touche Tohmatsu Limited. *Global Powers of Luxury Goods 2022*. Analysis of financial performance and operations for financial years ending within the 12 months from 1 January to 31 December 2021 using company annual reports, industry estimates, and other sources.

Global Powers of Luxury Goods Top 100, FY2021

FY2021 Luxury goods sales ranking	Change in ranking from FY2020[3]	Name of company	Country of origin	Selection of luxury brands	FY2021 Luxury goods sales (US$M)	FY2021 Total revenue (US$M)	FY2021 Luxury goods sales growth	FY2021 Net profit margin[1]	FY2018-FY2021 Luxury goods CAGR[2]
52	3	Le Petit-Fils de L.-U. Chopard & Cie SA	Switzerland	Chopard	1,094[e]	1,094[e]	38.9%	n/a	3.0%
53	-7	Joyalukkas India Limited	India	Pride, Eleganza, Apurva, Ratna	1,087	1,091	0.5%	5.8%	3.0%
54	-2	Farfetch Limited	United Kingdom	Off-White, Palm Angels, Stadium Goods, Heron Preston, Marcelo Burlon County of Milan, Browns, Ambush	1,078	2,257	31.0%	n/a	104.7%
55	1	TOD'S SpA	Italy	Tod's, Roger Vivier, Hogan, Fay	1,064	1,064	39.2%	-0.7%	-1.8%
56	-3	Revlon, Inc/Elizabeth Arden & Fragrances	United States	Elizabeth Arden; Licensed fragrance brands	932	932	14.4%	n/a	-2.4%
57	7	Inter Parfums, Inc.	United States	Lanvin, Rochas; Licensed fragrance brands	880	880	63.2%	12.5%	9.2%
58	3	Brunello Cucinelli SpA	Italy	Brunello Cucinelli	842	854	30.9%	7.8%	8.8%
59	6	Breitling SA	Switzerland	Breitling	744[e]	744[e]	41.7%	n/a	12.3%
60	8	Graff Diamonds International Limited	United Kingdom	Graff	698	704	47.4%	12.8%	5.2%
61	-3	Canada Goose Holdings Inc.	Canada	Canada Goose, Baffin	683	683	-5.7%	7.8%	15.2%
62	new	Gerhard D. Wempe GmbH & Co. KG	Germany	Wempe, Wempe Glashütte, By Kim	667[e]	667[e]	28.4%	n/a	2.5%
63	new	Aritzia Inc.	Canada	Wilfred, Babaton, TNA	643	643	-12.6%	2.2%	4.9%
64	5	EuroItalia S.r.l.	Italy	Reporter, Naj-Oleari, Atkinsons 1799, I Coloniali; Licensed Fragrance brands: Moschino, Versace, Missoni, Dsquared2, Michael Kors	637[e]	637[e]	44.5%	n/a	10.9%
65	9	Guangdong CHJ Industry Co., Ltd. 广东潮宏基实业股份有限公司	China	CHJ, VENTI	629	718	41.8%	7.7%	12.7%
66	1	MCM Group	Germany	MCM	551	551	15.2%	14.3%	-1.9%
67	12	Zhejiang Ming Jewelry Co., Ltd. 浙江明牌珠宝股份有限公司	China	Ming	550	555	41.5%	3.8%	-4.6%
68	9	Marcolin Group	Italy	Marcolin; Licensed eyewear brands	538	540	33.9%	33.4%	-1.9%
69	13	Samsonite International S.A./Tumi brand only	United States	Tumi	507	507	57.5%	n/a	-12.7%
70	-10	Movado Group, Inc.	United States	Concord, EBEL, Movado, Olivia Burton, MVMT; Licensed watch brands	506	506	-27.8%	-22.0%	-3.8%
71	4	De Rigo SpA	Italy	Police, Lozza, ST!NG, Yalea Licensed eyewear brands	493	508	22.3%	6.4%	-0.9%
72	8	Liu.Jo SpA	Italy	Liu.Jo	486	504	35.2%	4.1%	3.8%
73	-1	Marc O'Polo AG	Germany	MARC O'POLO	463	463	2.3%	3.3%	0.5%
74	12	Golden Goose SpA	Italy	Golden Goose	456[e]	456[e]	45.0%	n/a	27.2%
75	8	S Tous SL	Spain	Tous	454	454	36.9%	6.3%	0.3%
76	-22	Ted Baker plc	United Kingdom	Ted Baker	453	461	-44.2%	-24.1%	-16.9%
77	-18	Cole Haan, Inc.	United States	Cole Haan	450[e]	450[e]	-37.5%	n/a	-9.2%
78	new	Grupo de Moda Soma S.A.	Brazil	Animale, FARM, Fábula, A. Brand, Foxton, Cris Barros, Maria Filó, NV	385	517	67.1%	10.7%	24.3%
79	6	Aeffe SpA	Italy	Moschino, Pollini, Alberta Ferretti, Philosophy di Lorenzo Serafini	384	394	20.6%	3.6%	-2.2%
80	-23	PC Jeweller Ltd.	India	PC Jeweller	381	384	-45.7%	2.2%	-33.5%
81	new	Lanvin Group	China	Wolford, St. John Knits, Lanvin, Sergio Rossi, Caruso	365	365	38.7%	-24.8%	n/a
82	-1	Furla SpA	Italy	Furla	362	362	5.2%	0.4%	-15.3%
83	-20	Sanyo Shokai Ltd.	Japan	Mackintosh, Paul Stuart	358	358	-35.7%	-13.2%	-13.7%
84	-13	Vera Bradley, Inc.	United States	Vera Bradley	356	468	-17.1%	2.3%	-7.8%

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[2] Compound annual growth rate
[3] Change in ranking vs FY2020 ranking from the *Global Powers of Luxury Goods 2021* report
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e=estimate
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Source: Deloitte Touche Tohmatsu Limited. *Global Powers of Luxury Goods 2022*. Analysis of financial performance and operations for financial years ending within the 12 months from 1 January to 31 December 2021 using company annual reports, industry estimates, and other sources.

Global Powers of Luxury Goods Top 100, FY2021

FY2021 Luxury goods sales ranking	Change in ranking from FY2020[3]	Name of company	Country of origin	Selection of luxury brands	FY2021 Luxury goods sales (US$M)	FY2021 Total revenue (US$M)	FY2021 Luxury goods sales growth	FY2021 Net profit margin[1]	FY2018-FY2021 Luxury goods CAGR[2]
85	-9	Zadig & Voltaire	France	Zadig & Voltaire	349	349	2.5%	n/a	2.4%
86	-8	Tse Sui Luen Jewellery (International) Limited TSL｜謝瑞麟	China/HK SAR	TSL｜謝瑞麟	334	342	-9.5%	-1.7%	-11.7%
87	3	Fashion Box SpA	Italy	Replay	328	338	23.1%	1.8%	6.6%
88	new	ICCF Group	China	Icicle, Carven	307 e	307 e	19.8%	n/a	n/a
89	new	Mannai Corporation/Damas International Limited	Qatar	Damas	289	3,933	32.6%	n/a	-8.0%
90	-6	J Barbour & Sons Ltd	United Kingdom	Barbour	287	287	-10.2%	13.4%	2.5%
91	5	Gefin SpA	Italy	Etro	283 e	288 e	24.9%	n/a	-5.7%
92	8	Cris Conf SpA	Italy	Pinko	281	287	49.3%	2.4%	6.3%
93	new	Falke KGaA	Germany	Falke, Burlington	279 e	279 e	10.0%	n/a	0.1%
94	-1	Acne Studios Holding AB	Sweden	Acne Studios	276	278	1.1%	10.8%	4.4%
95	2	Vivara Participações S.A.	Brazil	Vivara, Life By Vivara	272	272	40.0%	20.4%	11.4%
96	-2	Laboratoire Nuxe SA	France	Nuxe, Resultime	260 e	260 e	10.0%	n/a	0.0%
97	-31	TFG Brands (London) Limited	United Kingdom	Hobbs, Whistles, Phase Eight	256	256	-49.7%	-96.6%	-14.2%
98	-28	Kurt Geiger Limited	United Kingdom	Kurt Geiger London, KG Kurt Geiger, Carvela, Carvela Comfort	247	247	-44.6%	-8.1%	-16.0%
99	-26	Sociedad Textil Lonia SA	Spain	Purificación García; Licensed brand : CH Carolina Herrera	242 e	242 e	-44.5%	-15.0%	-14.7%
100	-13	Morellato Group	Italy	Morellato, Sector, Philip Watch, licensed brands	240	253	-18.5%	7.2%	5.4%

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[2] Compound annual growth rate
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Geographic analysis

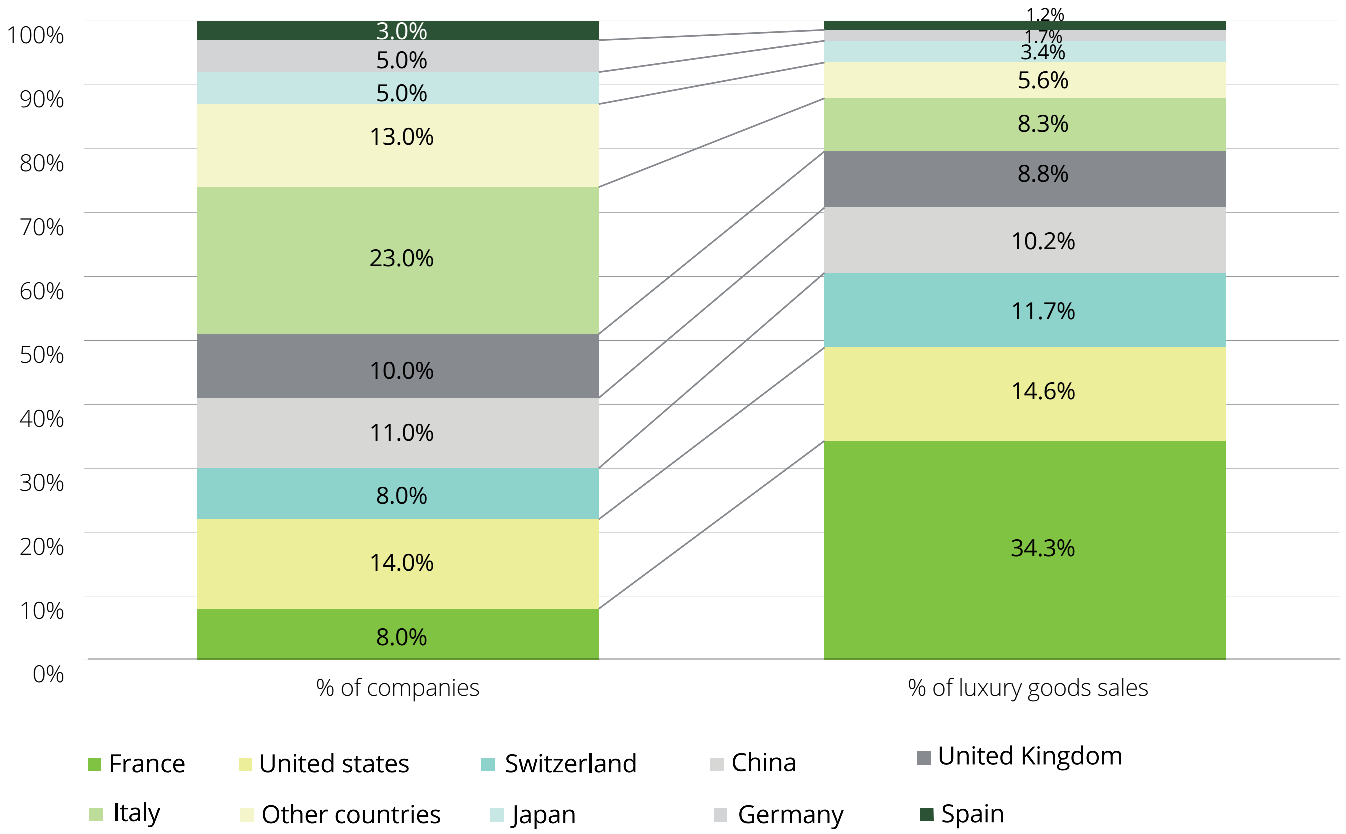
Given the high concentration of luxury goods companies headquartered in Europe, the United States, and the largest markets in Asia, this geographic analysis focuses on individual countries. Companies are assigned to a country according to the location of their headquarters, which often does not coincide with where they derive the majority of their luxury goods sales.

Although sales for many companies come from outside their country of origin, for the purpose of this analysis, 100% of each company's sales are attributed to that company's domicile country. This analysis is based on the Top 100 companies only.

The nine countries analyzed in this section are:

- China (including Hong Kong SAR)
- France
- Germany
- Italy
- Japan
- Spain
- Switzerland
- United States
- United Kingdom

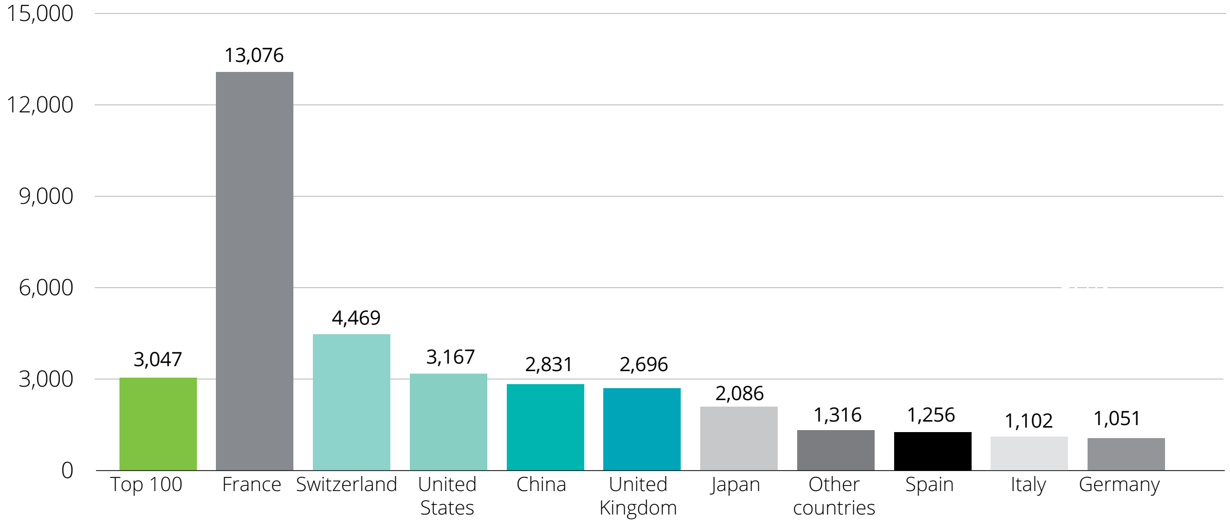
Top 100 share by country, FY2021



Results reflect Top 100 companies headquartered in each country

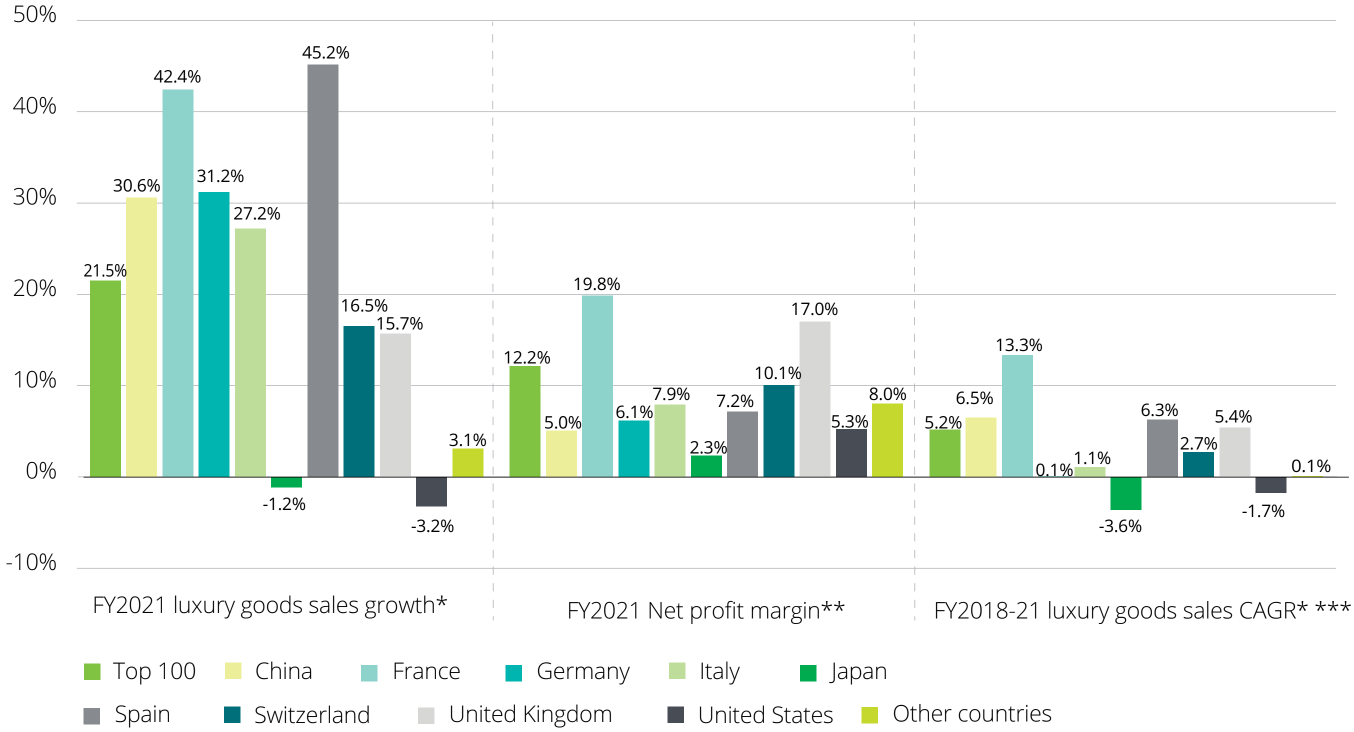
Source: Deloitte Touche Tohmatsu Limited. *Global Powers of Luxury Goods 2022*. Analysis of financial performance and operations for financial years ending within the 12 months from 1 January to 31 December 2021 using company annual reports, industry estimates, and other sources.

Average size of companies by luxury goods sales (US$M), FY2021



Source: Deloitte Touche Tohmatsu Limited. *Global Powers of Luxury Goods 2022*. Analysis of financial performance and operations for financial years ending within the 12 months from 1 January to 31 December 2021 using company annual reports, industry estimates, and other sources.

Performance by country, FY2021



* Sales-weighted, currency-adjusted composites

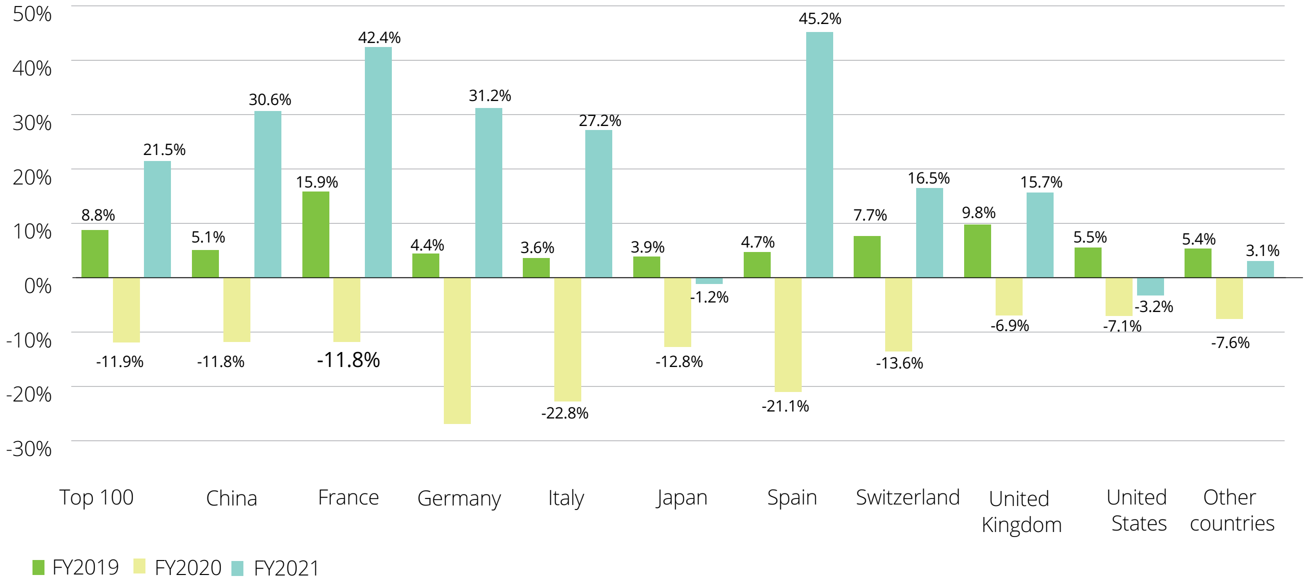
** Sales-weighted composites

*** Compound annual growth rate

Switzerland: Net profit margin based on data from two companies

Source: Deloitte Touche Tohmatsu Limited. *Global Powers of Luxury Goods 2022*. Analysis of financial performance and operations for financial years ending within the 12 months from 1 January to 31 December 2021 using company annual reports, industry estimates, and other sources.

Luxury goods sales YoY growth* % by country for Top 100 companies, FY2019-2021



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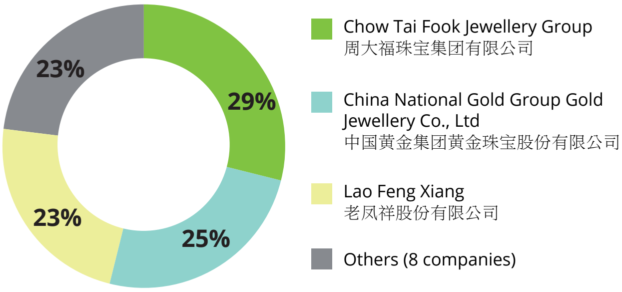
For each country: % of companies by product sector, FY2021

	Clothing and footwear	Bags and accessories	Beauty	Jewelry and watches	Multiple luxury goods
China	18%			82%	
France	25%		38%		38%
Germany	60%	20%		20%	
Italy	65%	17%	4%	4%	9%
Spain	33%		33%	33%	
Switzerland				100%	
United Kingdom	50%		10%	10%	30%
United States	29%	14%	29%	14%	14%
Japan	40%		60%		
Other countries	31%		15%	54%	

France's share of Top 100 luxury goods companies jumps as sales and profits rebound

The eight French companies contributed over one-third of the Top 100 luxury goods sales in FY2021—a jump of 6.2 percentage points on the previous year. Top 100 luxury goods companies in all countries except the United States and Japan saw their composite year-on-year luxury goods sales growth rebound in FY2021 as the impact of the COVID-19 pandemic decreased. Companies based in France, Spain, China, Germany, and Italy all reported composite sales growth higher than the 21.5% composite growth for the Top 100. FY2021 net profit margins also improved, with all country composites showing profits, and French and UK-based companies beating the Top 100 performance, with 19.8% and 17.0% composite net profit margins respectively.

Top 3 companies share of FY2021 luxury goods sales

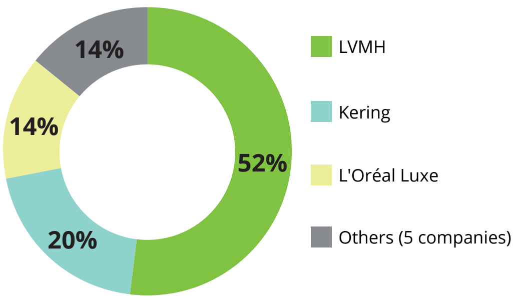


China

There were 11 companies from China in the Top 100, two more than in last year's report. These include two newly-formed Chinese-owned fashion companies, Lanvin Group and ICCF Group. The other nine companies are vertically integrated jewelers, reflecting China's importance in this product sector. They reported the highest composite FY2021 year-on-year growth, 30.6%, with all except two companies (whose financial year ended in Q1 2021) achieving double-digit growth. Chow Tai Seng Jewellery Co. reported the highest year-on-year growth out of all the Top 100 companies, at 93.8%, as gold prices pulled back from their record 2020 highs, and buoyant domestic demand in Mainland China offset international travel restrictions. Many of the vertically integrated jewelers are also continuing rapid expansion of their mainly franchised store networks.

The eight largest Chinese companies were profitable. China's composite net profit margin of 5.0% was 0.8 percentage points higher than in last year's report.

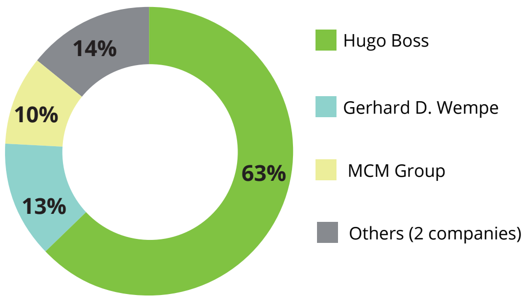
Top 3 companies share of FY2021 luxury goods sales



France

The eight French companies had an outstanding performance in FY2021. They contributed 34.3% of the Top 100 luxury goods sales in FY2021—a jump of 6.2 percentage points on the previous year. They also reported the highest composite net profit margin, 19.8%, up 6.8 percentage points, and the highest three-year CAGR growth in luxury goods sales, 13.3%. This performance is driven by the four global luxury powerhouses based in France—LVMH, Kering, and Hermès (multiple luxury goods companies) and beauty sector leader L'Oréal Luxe. Most of this growth is organic, but with some contribution from acquisitions such as LVMH's purchase of Tiffany & Co. and L'Oréal Luxe's acquisition of the fragrance division of Clarins (Mugler and Azzaro brands). The average size of the French companies is US$13.1 billion, more than four times greater than the average for the Top 100.

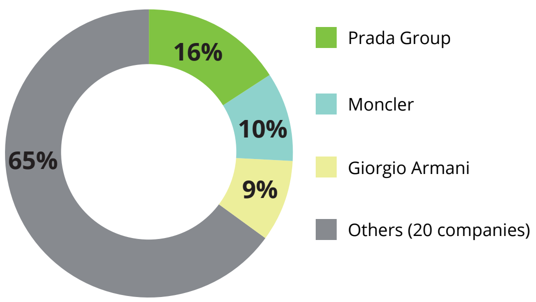
Top 3 companies share of FY2021 luxury goods sales



Germany

The five German companies in this year's report saw a great recovery in year-on-year sales, turning round a 26.9% sales decline in FY2020 into 31.2% growth in luxury goods sales in FY2021. Their performance continues to be dominated by Germany's luxury goods leader, Hugo Boss, which saw sales jump 43.2%, with digital sales up 55%, as stores re-opened and consumer demand picked up. Hugo Boss also returned to profitability, contributing to the 6.1% German composite net profit margin.

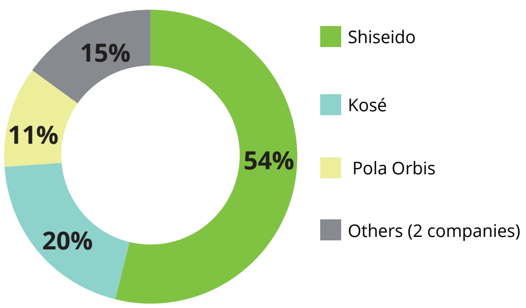
Top 3 companies share of FY2021 luxury goods sales



Italy

Italy is home to 23 of the Top 100 luxury goods companies, but only has an 8.3% share of luxury goods sales. Their average sales, US$1.1 billion, are much smaller than the Top 100 average of US$3.0 billion. The majority of the companies are still privately-owned, often by their founding families. While Emenegildo Zegna had an IPO at the end of 2020, TOD's founding family plans to take their company private again in 2022. Leading company EssilorLuxottica had to be excluded from this year's report, as its luxury goods sales could not be estimated following a change in its financial reporting. Fifteen of the Italian companies are luxury fashion houses. Nearly all the 21 companies with a 31 December financial year end reported double-digit growth in luxury goods sales, of between 17.3% and 49.3%, resulting in higher-than-average year-on-year composite growth of 27.2%. Nearly all companies were profitable, with Moncler, Max Mara, Valentino, and Marcolin reporting double-digit net profit margins.

Top 3 companies share of FY2021 luxury goods sales



Japan

The 1.2% fall in composite FY2021 year-on-year luxury goods sales for the five Japanese companies is due primarily to the fact that three of them have financial year end (FYE) dates in Q1 2021, and reported double-digit sales declines, impacted by prolonged lockdowns.

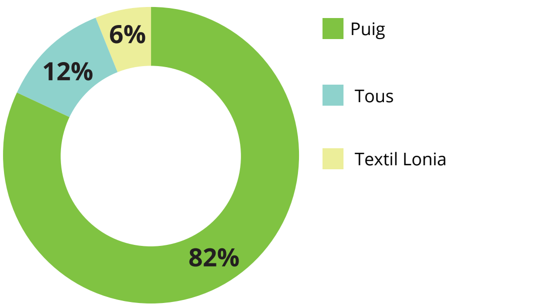
Leading beauty company Shiseido, with a December 2021 FYE date, reported 20.4% sales growth from its prestige beauty and fragrance brands, as sales recovered in all regions except Japan, and the company returned to profit.

Spain

The two leading luxury goods companies based in Spain, Puig and Tous, reported a strong recovery in both sales and net profits in FY2021 and composite luxury sales growth at 45.2% was the highest of all the countries.

Puig had the second-highest year-on-year sales growth in the Top 100, 68%, due partly to its 2020 acquisitions of the Charlotte Tilbury, Uriage, and Apivita brands. Textil Lonia's FY2021 FYE date of February 2021 means that its figures, with sales down 44.5%, did not reflect most of the recovery from the pandemic. Profits followed the same pattern, with Puig and Tous reporting single-digit net profit margins, while Textil Lonia made a loss.

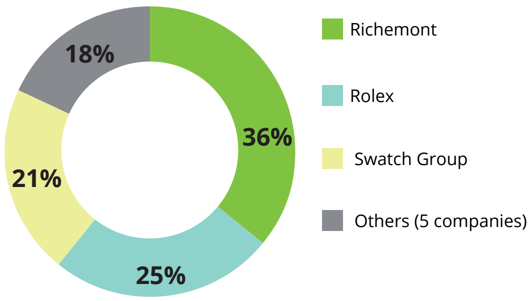
Top 3 companies share of FY2021 luxury goods sales



Switzerland

There are eight Top 100 companies based in Switzerland, two fewer than in last year's report, as Swarovski Crystal Business had to be excluded as no revenue data was available, and Franck Muller was too small to appear in the Top 100. All of these companies are owners of iconic Swiss luxury watch brands, with leader Richemont achieving two-thirds of its luxury goods sales from its Maisons jewelry business. The Swiss companies saw composite year-on-year growth in luxury goods sales recover to 16.5% in FY2021. The seven companies with a December FYE date saw growth of around one-third or more. Richemont, with a March 2021 FYE date, increased sales from its Jewelry Maisons, but reported double-digit declines in Specialist Watchmakers and Other Maisons, due to pandemic-related store and supply chain closures, and the fall in tourism, resulting in an overall sales decline of 6.9%. In FY2022 (FYE March 2022), Richemont saw its sales soar by 46%. Richemont and Swatch Group are the only Swiss companies that publish financial reports. Their composite FY2021 net profit margin more than doubled, to 10.1%.

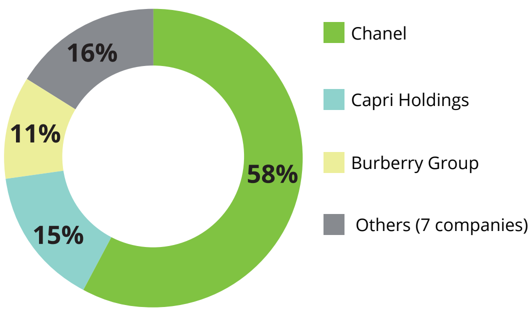
Top 3 companies share of FY2021 luxury goods sales



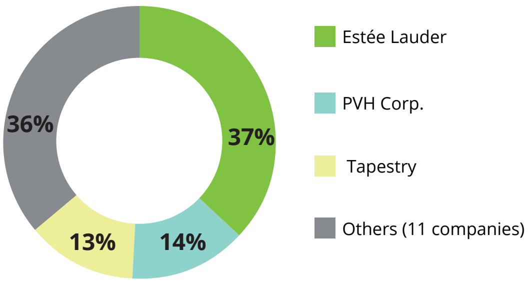
United Kingdom

The ten UK companies are dominated by global luxury leaders Chanel and Capri Holdings, which have their headquarters in London, together with the British Burberry brand. The fourth largest UK-based company is new entrant Unilever Prestige Beauty. British companies Paul Smith and Mulberry both dropped out of the Top 100, with declining sales in FY2021. The four UK companies with FYE dates in December 2021, Chanel, Unilever, Farfetch, and Graff Diamonds, reported year-on-year sales growth of between 31% and 55%. The other six companies, with FYE dates January-April 2021, saw sales fall between 11% and 50%. Chanel, Burberry, Graff Diamonds, and Barbour all achieved double-digit net profit margins, while the other companies reported net losses.

Top 3 companies share of FY2021 luxury goods sales



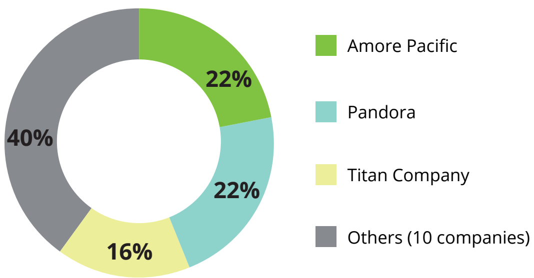
Top 3 companies share of FY2021 luxury goods sales



United States

The United States has the second highest number of companies in the Top 100, but their share of Top 100 luxury goods sales fell from 18.8% in last year's report down to 14.6%. Tiffany & Co. disappeared from the Top 100, following its acquisition by LVMH, while G-III Apparel Group was a new entrant. Composite year-on-year luxury goods sales fell for the second year in succession in FY2021, by 3.2%, the poorest country performance. This is mainly due to six companies, including PVH and Ralph Lauren, reporting sales down between 17% and 37.5%. All these companies had a FY2021 FYE date in January-May 2021, and their results reflect less of the recovery from the pandemic. The other eight companies reported double-digit growth, with Inter Parfums sales up 63.2%, the fourth-highest growth rate in the Top 100. The composite net profit margin for US companies in FY2021 was 5.3%. Estée Lauder, Tapestry and Inter Parfums all reported double-digit net profit margins in FY2021

Top 3 companies share of FY2021 luxury goods sales



Other countries

Seven of the 13 luxury companies based in other countries are jewelers. These include the first Middle East entrant into the Top 100, Damas International, four vertically-integrated jewelry retailers from India, Denmark's Pandora and Brazil's Vivara. There are four fashion companies. New entrants Canada's Aritzia and Brazil's Grupo de Moda Soma join outerwear specialist Canada Goose and Sweden's Acne Studios. The last two companies are prestige beauty specialists—South Korea's Amore Pacific, which enters as the largest member of this group, and Luxembourg-based L'Occitane. Soma achieved the third-highest year-on-year luxury goods sales growth in the Top 100, 63.2%, with Vivara, Damas, Pandora, and Amore Pacific also reporting double-digit growth. Three of the Indian jewelers saw falling sales. Nearly all of the companies in this group were profitable, giving a FY2021 composite net profit margin of 8.0%.

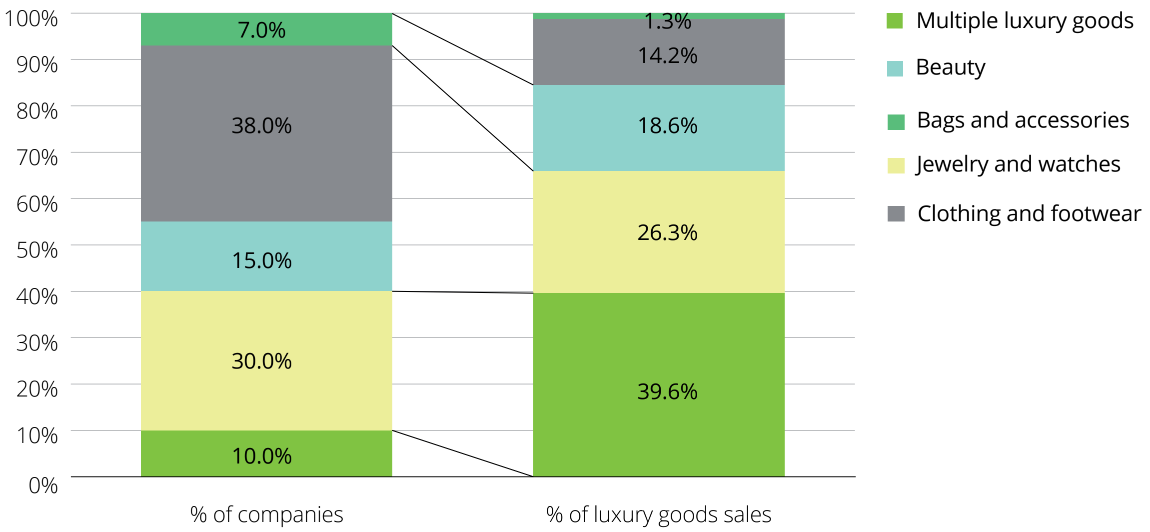
Product sector analysis

This section of the *Global Powers of Luxury Goods* report provides an analysis by the following five luxury goods product sector groups:

- Bags and accessories (including eyewear)
- Beauty (skincare, cosmetics and fragrances)
- Clothing and footwear
- Jewelry and watches
- Multiple luxury goods

A company is assigned to one of the five specific product sectors if a high percentage of its luxury goods sales is derived from that product sector. Multiple luxury goods companies are those with substantial sales in more than one of the luxury goods product sectors. This analysis is based only on the Top 100 companies.

Top 100 share by product sector, FY2021

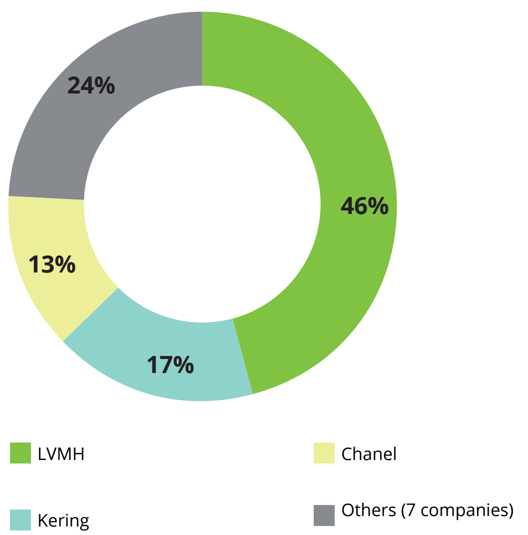


Source: Deloitte Touche Tohmatsu Limited. *Global Powers of Luxury Goods 2022*. Analysis of financial performance and operations for financial years ending within the 12 months from 1 January to 31 December 2021 using company annual reports, industry estimates, and other sources.

Luxury goods sales rebounded to beat pre-pandemic growth rates in all product sectors except fashion. Multiple luxury goods companies' sales and profitability soared.

In FY2021, luxury goods sales rebounded to beat pre-pandemic year-on-year growth rates in all product sectors except fashion. Although declines were smaller in FY2021, the 38 fashion companies still saw their sales fall by 3.2%. This was in contrast to the buoyant multiple luxury goods sector companies, whose sales soared by 38.7% from FY2020 levels. The jewelry and watches and prestige beauty sectors also achieved double-digit growth of 19.3% and 16.5% respectively. The bags and accessories sector, which experienced the worst impact of the COVID-19 pandemic in FY2020, returned to 19.8% growth in FY2021.

Top 3 companies share of FY2021 luxury goods sales

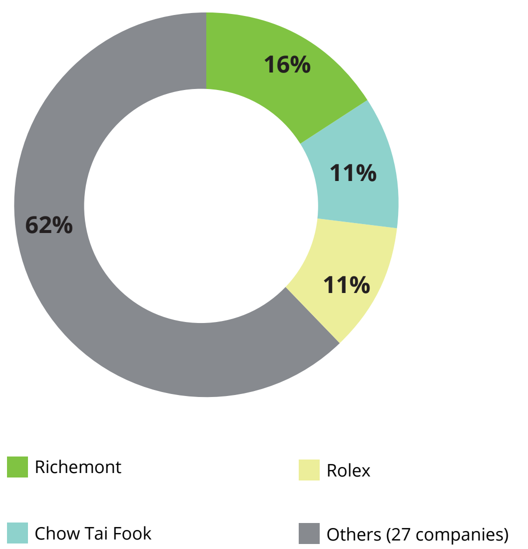


Multiple luxury goods

The ten multiple luxury goods companies saw their share of the total Top 100 luxury goods sales jump in FY2021 to 39.6%, as sales rebounded with year-on-year growth of 38.7%.

This group includes seven out of the leading 20 luxury goods companies. LVMH, Kering, Chanel, Hermès, and Prada all increased their luxury goods sales by more than one-third. The three companies with early (first half of 2021) financial year end dates—Capri Holdings, Burberry, and Cole Haan—experienced double-digit falls in luxury goods sales, as their figures did not include much of the post-pandemic recovery in the second half of 2021. Multiple luxury goods companies also increased their profitability performance in FY2021. Their composite net profit margin nearly doubled compared with FY2020, to 19.5%, with six companies reporting double-digit net profit margins. Only Capri Holdings reported a loss.

Top 3 companies share of FY2021 luxury goods sales



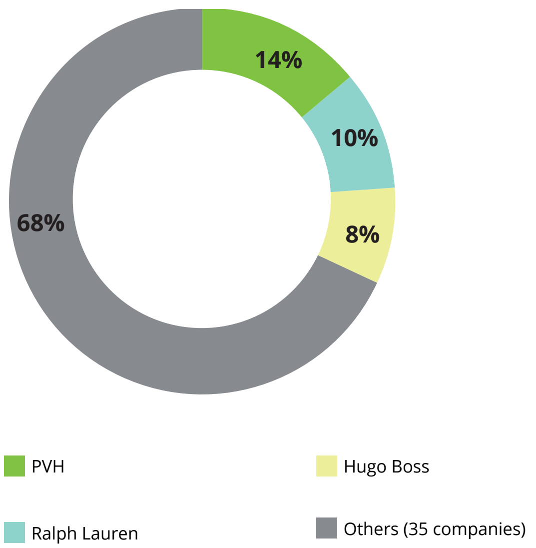
Jewelry and watches

The jewelry and watches sector contributes the second largest number of companies to the Top 100. The sector is dominated by companies from China, Switzerland and India. For the first time, there were more Top 100 jewelry and watches companies from China (nine vertically-integrated jewelry retailers) than from any other country. The Swiss companies include six privately-owned global luxury watch brands (Rolex, Patek Phillipe, Audemars Piguet, Richard Mille, Chopard, and Breitling), as well as the luxury jewelry and watch sector global leader Richemont and Swatch Group.

The 30 jewelry and watches companies achieved 19.2% year-on-year composite sales growth in FY2021. Growth was polarized into two groups, defined by the impact of the pandemic during their reporting year. Twenty-one companies reported double-digit sales growth, all with financial year end dates of December 2021, except for China's Chow Tai Fook. Eight companies, all with Q1 2021 financial year end dates, reported declining sales.

The composite FY2021 net profit margin for the 22 companies reporting net profits increased by 2.5 percentage points, to 7.3%. Nineteen companies were profitable, with Swatch Group, Pandora, Chow Tai Seng, Luk Fook, Graff, and Vivara all achieving double-digit net profit margins.

Top 3 companies share of FY2021 luxury goods sales



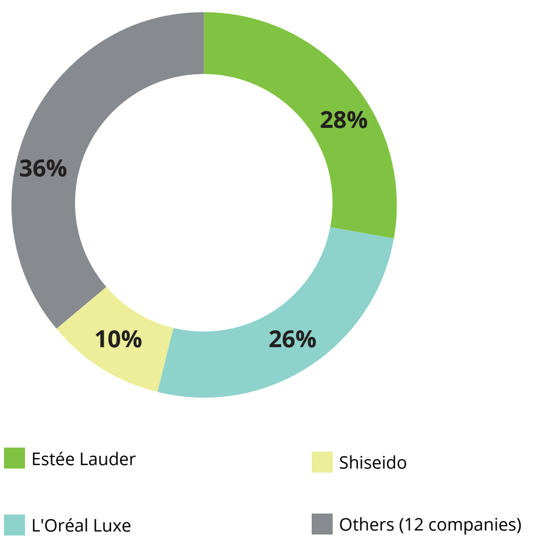
Clothing and footwear

The clothing and footwear sector continues to contribute the largest number of companies to the Top 100, but they have the smallest average size of just US$1.2 billion. More than half these 38 companies are still privately-owned, often by their founding families. It is the most international product sector, although nearly 40% of the companies are Italian, reflecting Italy's influence as the home of luxury fashion.

Clothing and footwear was the only sector where composite luxury sales fell in FY2021, by 3.2%. This was mainly due to the fact that 13 companies in this sector (including leaders PVH and Ralph Lauren) reported a fall in sales in their FY2021 financial year ending in January-April 2021, having experienced a prolonged impact of the pandemic. The luxury goods sales of all the 22 companies with a financial year end of December 2021 grew by between 10% and 67% year-on-year.

Clothing and footwear was the only sector reporting a composite net loss in FY2021, of 0.9%. This was mainly due to the US$1.1 billion net loss reported by sector leader PVH. Excluding PVH, the other 30 companies reporting net profits had a composite net profit margin of 2.3%, with those of Moncler, Max Mara, Valentino, Soma, Barbour, and Acne all in double-digits.

Top 3 companies share of FY2021 luxury goods sales



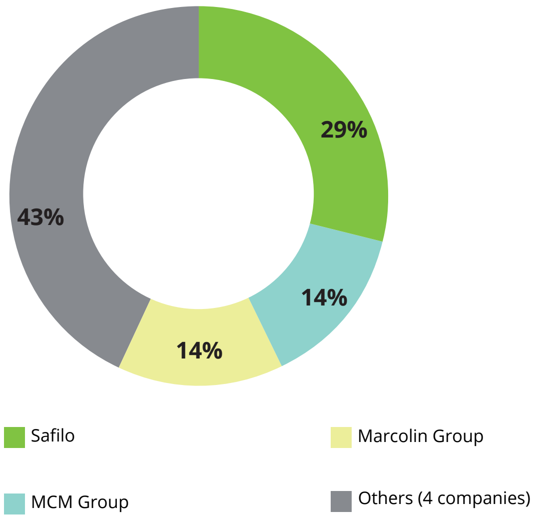
Beauty

Of the 15 beauty companies, ten are based in the United States, France, and Japan. Most companies experienced a strong recovery in luxury goods sales in FY2021, with 11 companies reporting double-digit growth.

Beauty companies are bigger than the Top 100 average, with average luxury goods sales of US$3.8 billion.

All of the ten beauty companies reporting net profits were profitable, except for Coty, which continued to have higher costs related to the company's Transformation Plan.

Top 3 companies share of FY2020 luxury goods sales



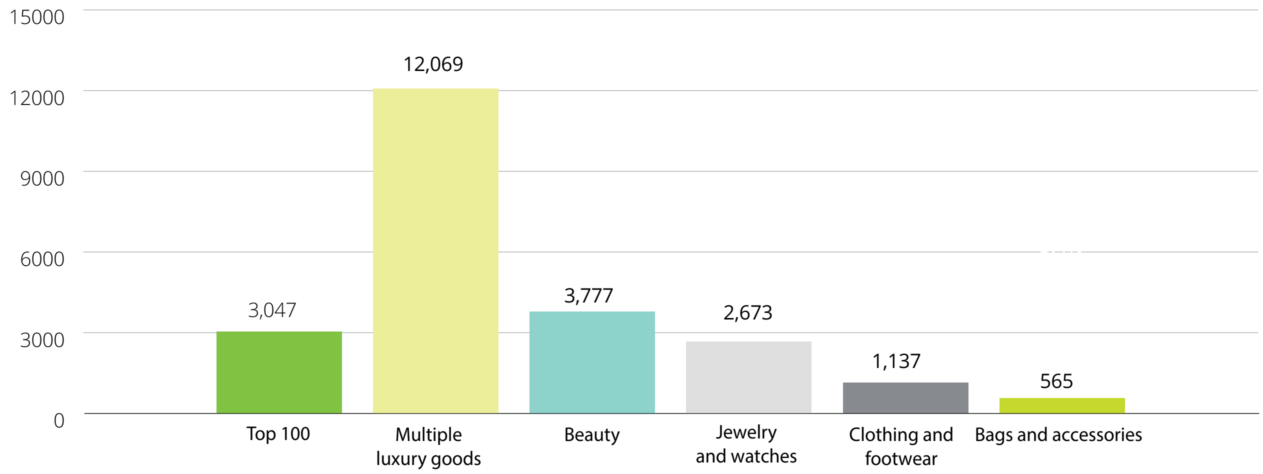
Bags and accessories

Bags and accessories is the smallest luxury goods product sector, with just seven companies in the Top 100 and average company sales of US$565 million. Sector leader EssilorLuxottica is not included in this year's report, as the group's luxury goods sales could not be estimated following a reporting change.

The bags and accessories sector had the second-highest year-on-year luxury sales growth, 19.8%, with the leading five companies achieving double-digit growth of between 22.3% and 57.5%.

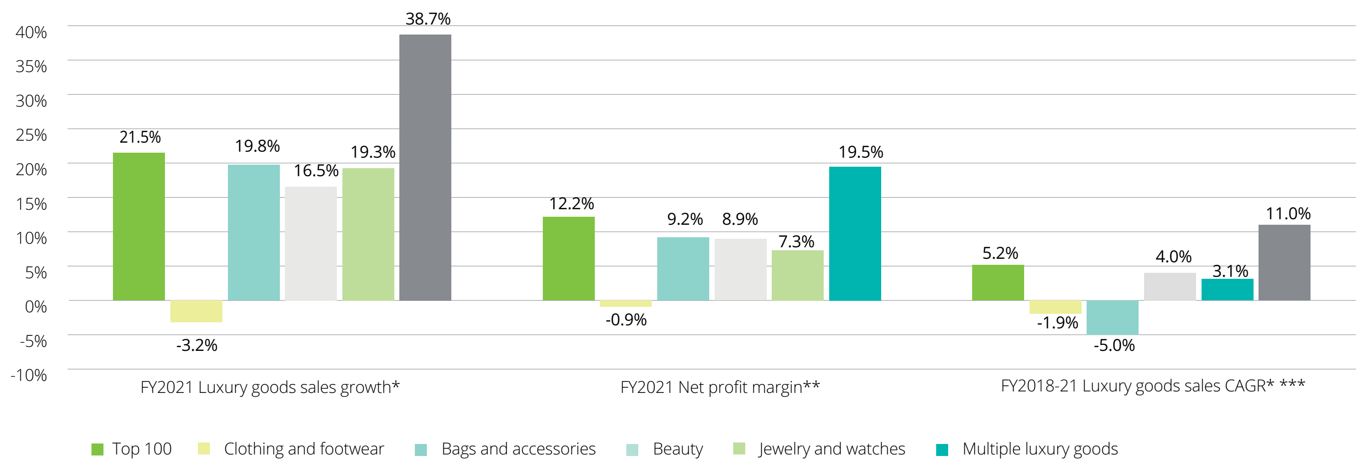
Bags and accessories companies also achieved the second-highest composite net profit margin, 9.2%. This was mainly due to Marcolin Group's profits being boosted by a €167 million gain following the termination of their investment in the Thélios eyewear joint venture with LVMH in December 2021.

Average size of companies by luxury goods sales (US$M), FY2021



Source: Deloitte Touche Tohmatsu Limited. *Global Powers of Luxury Goods 2022*. Analysis of financial performance and operations for financial years ending within the 12 months from 1 January to 31 December 2021 using company annual reports, industry estimates, and other sources.

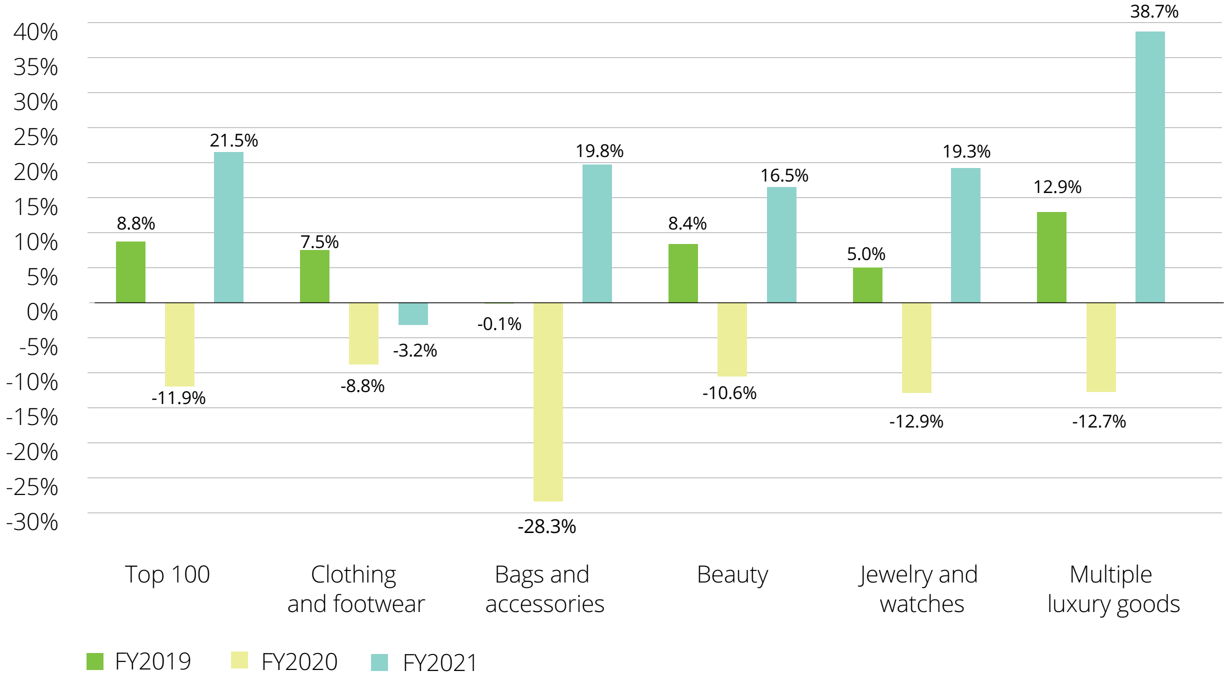
Performance by product sector, FY2021



* Sales-weighted, currency-adjusted composites
** Sales-weighted composites
*** Compound annual growth rate

Source: Deloitte Touche Tohmatsu Limited. *Global Powers of Luxury Goods 2022*. Analysis of financial performance and operations for financial years ending within the 12 months from 1 January to 31 December 2021 using company annual reports, industry estimates, and other sources.

Luxury goods sales YoY growth* % by product sector for Top 100 companies, FY2019-2021



* Sales-weighted, currency-adjusted composites

Source: Deloitte Touche Tohmatsu Limited. *Global Powers of Luxury Goods 2022*. Analysis of financial performance and operations for financial years ending within the 12 months from 1 January to 1 December 2021 using company annual reports, industry estimates, and other sources.

For each product sector, % of companies by country, FY2021

	Clothing and footwear	Bags and accessories	Beauty	Jewelry and watches	Multiple luxury goods
China	5%			30%	
France	5%		20%		30%
Germany	8%	14%		3%	
Italy	39%	57%	7%	3%	20%
Spain	3%		7%	3%	
Switzerland				27%	
United Kingdom	13%		7%	3%	30%
United States	11%	29%	27%	7%	20%
Japan	5%		20%		
Other countries	11%		13%	23%	

New entrants

New entrants, FY2021

FY2021 Luxury goods sales ranking	Company	Country of origin	Product sector	FY2021 Luxury goods sales (US$M)	FY2021 Luxury goods sales growth
19	Amore Pacific Corporation	South Korea	Beauty	3,731 e	11.6%
30	G-III Apparel Group, Ltd.	US	Clothing and footwear	2,055	-35.0%
46	**Unilever Prestige Beauty**	UK	Beauty	1,182 e	42.9%
62	**Gerhard D. Wempe GmbH & Co. KG**	Germany	Jewelry and watches	667 e	28.4%
63	Aritzia Inc.	Canada	Clothing and footwear	643	-12.6%
78	**Grupo de Moda Soma S.A.**	Brazil	Clothing and footwear	385	67.1%
81	**Lanvin Group**	China	Clothing and footwear	365	38.7%
88	**ICCF Group**	China	Clothing and footwear	307 e	19.8%
89	Mannai Corporation/Damas International Limited	Qatar	Jewelry and watches	289	32.6%
93	**Falke KGaA**	Germany	Clothing and footwear	279 e	10.0%

Companies in **bold** type are newcomers due to sales growth (in US$) or company reorganization, or have appeared in the Top 100 in previous reports.
Other companies have entered the Top 100 due to improved data.
e=estimate
Source: Deloitte Touche Tohmatsu Limited. *Global Powers of Luxury Goods 2022*. Analysis of financial performance and operations for financial years ending within the 12 months from 1 January to 31 December 2021 using company annual reports, industry estimates and other sources.

There were ten new entrants to the Top 100 in FY2021—six clothing and footwear companies, and two companies from each of the jewelry and watches and beauty product sectors.

Two prestige beauty companies entered the Top 100 as a result of improved data coverage and availability. **Amore Pacific Corporation**, entering in at position 19, is the leading South Korean "K-Beauty" company. Most of its brands are in the luxury and premium beauty sectors. South Korea is the third-largest exporter of beauty products in the world, particularly in the growing skincare segment, after France and the United States.[130] UK-based global consumer goods company Unilever's prestige beauty business, which was launched in 2014, has been powering its global growth in recent years. Its nine predominantly skincare brands achieved turnover of more than €1 billion for the first time in FY2021, with more than half of this coming from online sales. This growth has come from both acquisitions and organic growth.[131] **Unilever Prestige Beauty** enters at position 46.

US-based **G-III Apparel Group Ltd.**, entering in at position 30, obtains nearly two-thirds of its sales from licensed luxury fashion brands. Its five global power brands are DKNY, Donna Karan, Karl Lagerfeld Paris (owned brands), and licensed brands Calvin Klein and Tommy Hilfiger. The company's most significant licensor is PVH Corp., with licenses for Calvin Klein wholesale sales, and Tommy Hilfiger womenswear sales, in the United States and Canada. It acquired European luxury fashion brand Sonia Rykiel in October 2021, and took full ownership of Karl Lagerfeld in June 2022.[132, 133]

Canada's **Aritzia Inc** is a vertically-integrated designer and retailer of everyday luxury fashion brands, focused mainly on its own exclusive brands. The company entered in at position 63. Its growth is driven primarily by e-commerce, product development, and geographical expansion of its boutique network in Canada and the United States. It acquired a 75% stake in premium athletic wear company Reigning Champ, in June 2021.[134] Brazilian company **Grupo Soma** creates and markets premium fashion brands such as Farm and Animale. It has made multiple acquisitions in the past decade: it raised BRL 1.8 billion (US$348 million) from its July 2020 IPO, and plans to use the proceeds mainly to acquire new brands. It entered the Top 100 at position 78.

Lanvin Group and **ICCF Group** are both newly-formed clothing and footwear companies based in China, entering in at positions 81 and 88 respectively. Lanvin Group was created by China's Fosun Fashion Group as a new global luxury fashion business operating in over 80 countries with 1,200 points of sale, including more than 300 retail stores. It brings together five premium and luxury owned brands: French couture house Lanvin, Italian luxury shoemaker Sergio Rossi, Austrian skinwear specialist Wolford, American womenswear brand St. John Knits, and premium Italian menswear maker Caruso. The company plans to go public with a NYSE IPO by the end of 2022.[135] Privately-owned ICCF Group was also created in 2021, bringing together Chinese eco-friendly luxury womenswear brand ICICLE, and French fashion house CARVEN. Growth has been driven by the buoyant Chinese market and expansion of its partly-franchised retail store network.

Mannai Corporation's **Damas International Limited** is the first company based in the Middle East to enter the Top 100, at position 89, as a result of improved data coverage and availability. Damas is one of the oldest and most prestigious jewelers in the Middle East, selling its own collections, as well as a few exclusive international luxury jewelry brands such as Graff and Mikimoto.

The final new entrants are both based in Germany and have appeared in the Top 100 in previous reports. Jewelry retailer **Gerhard D. Wempe** re-entered the Top 100 at position 62 and legwear specialist **Falke** re-entered in at position 93, after an absence from last year's report due to missing data.

Fastest 20

20 Fastest-growing luxury goods companies, FY2018-2021 CAGR[2]

CAGR ranking	Top 100 ranking	Name of company	Country of origin	FY2021 Luxury goods sales (US$M)	FY2017-2021 Luxury goods sales CAGR[2]	FY2021 Luxury goods sales growth	FY2021 Net profit margin[1]
1	54	**Farfetch Limited**	United Kingdom	1,078	104.7%	31.0%	n/a
2	43	**Richard Mille SA**	Switzerland	1,236 e	55.6%	43.4%	n/a
3	74	**Golden Goose SpA**	Italy	456 e	27.2%	45.0%	n/a
4	78	Grupo de Moda Soma S.A.	Brazil	385	24.3%	67.1%	10.7%
5	42	**Chow Tai Seng Jewellery Co., Ltd.**	China	1,241	23.8%	93.8%	13.3%
6	1	LVMH Moët Hennessy-Louis Vuitton SE	France	54,938	17.5%	55.9%	19.8%
7	61	**Canada Goose Holdings Inc.**	Canada	683	15.2%	-5.7%	7.8%
8	7	Hermès International SCA	France	10,619	14.6%	40.6%	27.3%
9	36	Audemars Piguet & Cie	Switzerland	1,728 e	13.5%	43.6%	n/a
10	27	**Moncler SpA**	Italy	2,419	12.9%	42.1%	19.2%
11	65	Guangdong CHJ Industry Co., Ltd. 广东潮宏基实业股份有限公司	China	629	12.7%	41.8%	7.7%
12	59	Breitling SA	Switzerland	744 e	12.3%	41.7%	n/a
13	4	Chanel Limited	United Kingdom	15,639	12.0%	54.7%	25.7%
14	12	**Lao Feng Xiang Co., Ltd.** 老凤祥股份有限公司	China	7,261	11.5%	23.1%	4.2%
15	95	Vivara Participações S.A.	Brazil	272	11.4%	40.0%	20.4%
16	64	EuroItalia S.r.l.	Italy	637 e	10.9%	44.5%	n/a
17	39	Tory Burch LLC	United States	1,500 e	10.9%	25.0%	n/a
18	23	Puig S.L.	Spain	3,056	10.2%	68.2%	9.1%
19	9	Rolex SA	Switzerland	8,750 e	10.1%	37.9%	n/a
20	5	L'Oréal Luxe	France	14,597	9.6%	21.3%	n/a
Fastest 20* **				127,867	14.7%	44.8%	19.5%
Top 100* **				304,703	5.2%	21.5%	12.2%

Companies in **bold** type were also among the 20 fastest-growing luxury goods companies in the *Global Powers of Luxury Goods 2021* report
[1] Net profit margin based on total consolidated revenue and net income.
[2] Compound annual growth rate.
e=estimate n/a=not available
*Sales growth rates are sales-weighted, currency-adjusted composites
**Net profit margin is a sales-weighted composite

Source: Deloitte Touche Tohmatsu Limited. Global Powers of Luxury Goods 2022. Analysis of financial performance and operations for financial years ending within the 12 months from 1 January to 31 December 2022 using published company data, industry estimates, and other sources.

Fastest growth in jewelry and watches companies, and half the Top 10 luxury leaders

The Fastest 20 rankings are based on the compound annual growth rate (CAGR) in luxury goods sales over a three-year period. For this year's study, the Top 100 companies have been ranked based on their CAGR performance from FY2018 to FY2021.

Between FY2018 and FY2021, composite luxury goods sales for the Fastest 20 companies achieved a CAGR of 14.7%, nearly three times the composite CAGR for the Top 100 as a whole. Six of the companies in the Fastest 20 list experienced consistently high growth, having also appeared in last year's Global Powers of Luxury Goods 2021 report. Note that these are shown in bold type in the Fastest 20 list.

The top two companies in the Fastest 20 are unchanged from last year. The highest growth company, **Farfetch**, is best known as a leading luxury e-commerce player, but it is also a leading luxury brand owner. Its triple-digit growth from sales of owned and licensed luxury brands comes mainly from continuing growth in its 2019 acquisition, streetwear luxury company New Guards. **Richard Mille** has seen rapid growth in luxury goods revenue from strong consumer demand for the company's high luxury Swiss watches (the average Richard Mille watch is estimated to cost around US$200,000), and an expanding global retail network of monobrand boutiques, which were integrated into the company in 2020.

Two Italian companies in the Fastest 20 continued to see growth from consumer demand for casual luxury in 2021. **Golden Goose**, known for its luxury sneakers such as the "Superstar" brand, moved up one place from last year's Fastest 20 rankings. **Moncler**, best known for its luxury outerwear and skiwear, in 2021 acquired fast-growing **Sportswear Company**, owner of the casual luxury sportswear and streetwear Stone Island brand.

Brazilian new entrant **Soma**, with growth from its acquisitions of multiple premium fashion brands in the past decade, including Maria Filó and ByNV in 2020, and expansion of its network of boutiques, takes fourth place in the Fastest 20 list.

Chow Tai Seng Jewellery takes fifth place, with the highest year-on-year growth among the Top 100 companies. It continued rapid expansion of its network of over 4,500 mainly franchised stores. All three of the Chinese jewelers in the list saw rapid growth in the sales of gold jewelry in FY2021, with demand rebounding strongly as the impact of the pandemic lessened, driven both by China's economic recovery and by lower gold prices.

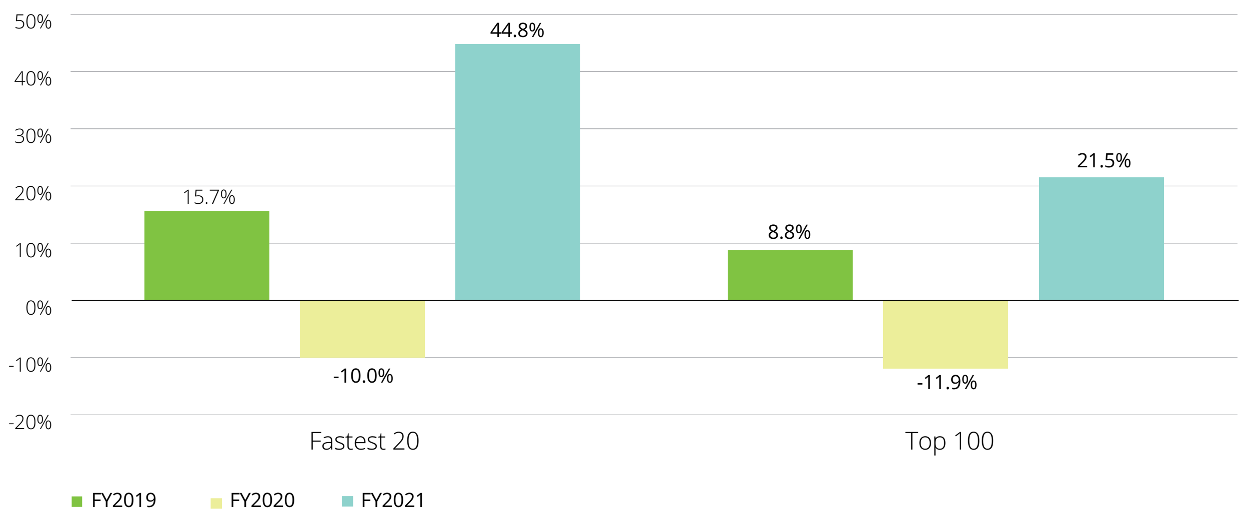
Five of the Top 10 luxury companies returned to the Fastest 20 in FY2021. The three multiple luxury goods companies, LVMH, Hermès and Chanel, all achieved year-on-year growth of 40-55%, mainly organic. LVMH's growth was boosted by its acquisition of Tiffany & Co. L'Oréal Luxe also saw its growth enhanced by acquisitions, including Mugler, Azzaro and Takami.

Three Swiss watchmakers joined Richard Mille in the Fastest 20 in FY2021, with strong consumer demand for their high luxury brands—Rolex, Audemars Piguet and Breitling.

The composite net profit margin for the 11 companies in the Fastest 20 that reported their bottom-line soared from 5% in last year's report, to 19.5% in FY2021. This is mainly due to the return of the highly profitable leading global luxury goods companies (LVMH, Hermès, and Chanel) to the Fastest 20. These companies have some of the highest net profit margins in the Top 100. As a result, the Fastest 20 composite net profit margin was 7.3 percentage points higher than the Top 100 composite net profit margin, and the Fastest 20 companies' average luxury goods FY2021 sales more than doubled, to US$6.4 billion. Thirteen companies in the Fastest 20 recorded revenue of more than US$1 billion.

Composite year-on-year growth for the Fastest 20 rebounded in FY2021, to 44.8%, more than double the comparable growth for the Top 100.

Fastest 20 companies: Luxury goods sales YoY growth*, FY2018-2021



* Sales-weighted, currency-adjusted composites

Number of Fastest 20 companies by product sector and country, FY2021

	Clothing and footwear	Bags and accessories	Beauty	Jewelry and watches	Multiple luxury goods	Fastest 20
China				3		**3**
France			1		2	**3**
Italy	2		1			**3**
Spain			1			**1**
Switzerland				4		**4**
United Kingdom	1				1	**2**
United States	1					**1**
Other countries	2			1		**3**
Fastest 20	**6**	**0**	**3**	**8**	**3**	**20**

In FY2021, the Fastest 20 list was again dominated by jewelry and watches and fashion companies. The number from this sector grew from six companies last year to eight, including four iconic luxury Swiss watchmakers and three Chinese integrated jewelry retailers. The number of fashion companies in the Fastest 20 fell from ten last year to six in FY2021. There were again three beauty companies—although these were different companies to the previous year—and three Top 10 multiple luxury goods companies. No bags and accessories companies achieved a high enough CAGR to make the Fastest 20 list.

The geographic mix of countries in the Fastest 20 changed significantly again in FY2021. Four companies were based in Switzerland, followed by China, France, and Italy (with three each). Brazil and the United Kingdom each had two companies. There was only one United States company in the list this year, and the remaining companies were based in Canada and Spain.

Study methodology and data sources

'Luxury goods' in this report refers to luxury for personal use and is the aggregation of designer clothing and footwear (ready-to-wear), luxury bags and accessories (including eyewear), luxury jewelry and watches, and prestige and luxury beauty (skincare, cosmetics and fragrances). The term excludes the following luxury categories: automobiles; travel and leisure services; boating and yachts; fine art and collectibles; and fine wines and spirits. Retailers who are mainly resellers of other companies' luxury brands are also excluded.

To be considered for the Global Powers of Luxury Goods Top 100, a company must first be designated as a luxury goods company according to the definition of luxury categories included in this report.

The companies considered for inclusion in the Top 100 rankings range from traditional ultra-luxury, through super premium and aspirational luxury, down to affordable/accessible luxury—a relatively new luxury category of products at prices more affordable for middle class consumers but available at the higher end of retail. They all have strong consumer brands. Factors affecting the positioning of companies on this luxury spectrum include:

- Price premium
- Quality/rarity of raw materials
- Quality of craftsmanship
- Product exclusivity and authenticity
- Service and personalization
- Quality and exclusivity of points of sale

Each company is assessed to determine if the majority of its sales are derived from luxury goods products in the four categories of luxury goods: designer and premium clothing and footwear (ready-to-wear); bags and accessories (including eyewear); fine jewelry and watches; and prestige and luxury beauty (skincare, cosmetics and fragrances). Broadly defined, these are products made for and purchased by the ultimate consumer and marketed under well-known luxury brands. Companies which report sales for a large luxury segment or brand (e.g., L'Oréal Luxe) are also included. Some companies do not disclose any financial information and so cannot be included in the rankings.

Companies are included among the Top 100 according to their consolidated sales of luxury goods in financial year 2021, which we define as financial years ending within the 12 months from 1 January to 31 December 2021.

A number of sources are consulted to develop the Top 100 list. The principal sources of financial and other company information are annual reports, SEC filings, information found in company press releases and fact sheets, or on company websites. If company-issued information is not available, other sources in the public domain are used, including trade journal estimates, industry analyst reports, business information databases, and press interviews. Each year a small number of privately-owned luxury goods companies cannot be included in the ranking, because there is insufficient data from any source to make a reasonable estimate of their luxury goods sales.

In order to provide a common base from which to rank companies, net sales for non-US companies are converted into US dollars. Exchange rates therefore have an impact on the results. OANDA.com is our source for the exchange rates. The average daily exchange rate corresponding to each company's financial year is used to convert that company's results into US dollars. Individual companies' FY2021 year-over-year growth rate and FY2018-2021 compound annual growth rate (CAGR), however, are calculated in each company's local currency.

Only data linked to those companies in the Top 100 are used in the geographic and product sector analyses. Although they represent a substantial share of the market, they are not all-inclusive. All composite growth comparisons are calculated for the Top 100 ranking companies in FY2021, unless stated otherwise.

Group financial results

This report uses sales-weighted composites rather than simple arithmetic averages as the primary measure for understanding group financial results. The results of larger companies therefore contribute more to the composites than the results of smaller companies. Because the data is converted into US dollars for ranking purposes, and to facilitate comparison among groups, composite growth rates are also adjusted for currency movements. While these composite results generally behave in a similar fashion to arithmetic averages, they provide better representative values for benchmarking purposes.

Group financial results are based only on companies with data. Not all data elements are available for all companies.

It should also be noted that the financial information used for each company in a given year is accurate as of the date that the financial report was originally issued. Although a company may have restated prior year results to reflect a change in its operations, such restatements are not reflected in this data. The only exceptions are some changes in segment reporting (not due to M&A), to allow consistent growth comparisons, and changes in major external accounting rules (e.g., from local GAAP to IFRS).

This study is not an accounting report. It is intended to provide a reflection of market dynamics and the impact on the luxury goods industry over a period of time. As a result of these factors, growth rates for individual companies may not correspond to other published results.

Comparison with previous Global Powers of Luxury Goods reports

Global Powers of Luxury Goods reports 2020, 2021 and 2022 use a calendar year financial year definition e.g., FY2021 luxury goods revenue includes company financial years ending within the 12 months from 1 January to 31 December 2021.

Global Powers of Luxury Goods reports from 2014 to 2019 used a mid-year financial year definition e.g., the Global Powers of Luxury Goods Report 2019 reported “FY2017” luxury goods revenue which was actually revenue for company financial years ending within the 12 months from 1 July 2017 to 30 June 2018.

Top 100 luxury goods companies in alphabetical order

Company	Top 100 ranking	Change in rank*
Acne Studios Holding AB	94	-1
Aeffe SpA	79	4
Amore Pacific Corporation	19	new
Aritzia Inc.	63	new
Audemars Piguet & Cie	36	12
Breitling SA	59	8
Brunello Cucinelli SpA	58	1
Burberry Group plc	22	-2
Canada Goose Holdings Inc.	61	2
Capri Holdings Limited	17	0
Chanel Limited	4	2
China National Gold Group Gold Jewellery Co., Ltd 中国黄金集团黄金珠宝股份有限公司	10	7
Chow Sang Sang Holdings International Limited 周生生集团国际有限公司	26	4
Chow Tai Fook Jewellery Group Limited 周大福珠宝集团有限公司	8	0
Chow Tai Seng Jewellery Co., Ltd.	42	19
Clarins SAS	35	3
Cole Haan, Inc.	77	-19
Compagnie Financière Richemont SA	6	-2
Coty Inc.	24	-3
Cris Conf SpA	92	8
De Rigo SpA	71	5
Dolce & Gabbana	50	-13
Ermenegildo Zegna N.V.	38	3
EuroItalia S.r.l.	64	10
Falke KGaA	93	2
Farfetch Limited	54	-2
Fashion Box SpA	87	1
Fossil Group, Inc.	32	-3
Furla SpA	82	-13
Gefin SpA	91	-5
Gerhard D. Wempe GmbH & Co. KG	62	2
G-III Apparel Group, Ltd.	30	-4
Giorgio Armani SpA	28	new
Golden Goose SpA	74	12
Graff Diamonds International Limited	60	6
Grupo de Moda Soma S.A.	78	new
Guangdong CHJ Industry Co., Ltd. 广东潮宏基实业股份有限公司	65	9
Hermès International SCA	7	4
Hugo Boss AG	21	2
ICCF Group	88	new
Inter Parfums, Inc.	57	0
J Barbour & Sons Ltd	90	0
Joyalukkas India Limited	53	-4
Kalyan Jewellers India Limited	48	-5
Kering SA	2	0
Kosé Corporation	29	-2
Kurt Geiger Limited	98	-19
Laboratoire Nuxe SA	96	-9
Lanvin Group	81	new
Lao Feng Xiang Co., Ltd. 老凤祥股份有限公司	12	4

Company	Top 100 ranking	Change in rank*
Le Petit-Fils de L.-U. Chopard & Cie SA	52	1
Liu.Jo SpA	72	6
L'Occitane International SA	33	3
L'Oréal Luxe	5	0
Luk Fook Holdings (International) Limited 六福集团(国际)有限公司	51	-20
LVMH Moët Hennessy-Louis Vuitton SE	1	0
Mannai Corporation/Damas International Limited	89	new
"Marc O'Polo AG "	73	4
Marcolin Group	68	2
Max Mara Fashion Group Srl	31	1
MCM Group	66	-1
Moncler SpA	27	6
Morellato Group	100	new
Movado Group, Inc.	70	-10
Onward Holdings Co., Ltd.	47	-13
OTB SpA	34	1
Pandora A/S	20	2
Patek Philippe SA	37	3
PC Jeweller Ltd.	80	-33
Pola Orbis Holdings Inc.	45	-3
Prada Group	18	1
Puig S.L.	23	5
PVH Corp.	13	-4
Ralph Lauren Corporation	16	-3
Revlon, Inc/Elizabeth Arden & Fragrances	56	-4
Richard Mille SA	43	11
Rolex SA	9	3
S Tous SL	75	5
Safilo Group SpA	49	1
Salvatore Ferragamo SpA	41	-2
Samsonite International S.A./Tumi brand only	69	-13
Sanyo Shokai Ltd.	83	-12
Shiseido Company, Limited	15	0
SMCP SAS	44	2
Sociedad Textil Lonia SA	99	-17
Tapestry, Inc.	14	0
Ted Baker plc	76	-21
TFG Brands (London) Limited	97	-25
The Estée Lauder Companies Inc.	3	0
The Swatch Group Ltd.	11	-1
Titan Company Limited	25	0
TOD'S SpA	55	-4
Tory Burch LLC	39	6
Tse Sui Luen Jewellery (International) Limited TSL | 謝瑞麟	86	-13
Unilever Prestige Beauty	46	new
Valentino SpA	40	4
Vera Bradley, Inc.	84	-3
Vivara Participações S.A.	95	-6
Zadig & Voltaire	85	-1
Zhejiang Ming Jewelry Co., Ltd. 浙江明牌珠宝股份有限公司	67	8

* Change in Top 100 ranking vs FY2020 ranking from the *Global Powers of Luxury Goods 2021* report

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