

Global Powers of Luxury Goods 2022

A new wave of enthusiasm in luxury

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Welcome to the 9th edition of the report

Deloitte.



Global Powers of Luxury Goods 2022
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Key sections



NEW MARKET TRENDS

Description of the main trends and forces shaping the F&L scenario for the year ahead



GEOGRAPHIC ANALYSIS

Analysis of the performance of resident countries of the companies in the ranking



PRODUCT SECTOR ANALYSIS

Analysis of the performance by product sector. Companies are divided into 5 categories:

- Clothing and footwear
- Bags and accessories
- Cosmetics and fragrances
- Jewelry and watches
- Multiple products category



TOP 100 LIST

- Ranking of the first 100 F&L companies based on consolidated sales of luxury goods in 2021.
- Deep dive into Top 10 FY2021 players



FASTEST 20

Analysis of the fastest growing companies in the ranking



NEW ENTRANTS

Description of the companies that have made it to the top 100 in this edition

Methodology

Our definition of *luxury goods* in this report

Luxury goods for personal use

- Designer clothing and footwear (ready-to-wear)
- Luxury bags and accessories (including eyewear)
- Luxury jewelry and watches
- Prestige and luxury beauty (skincare, cosmetics and fragrances)

What categories are excluded

- Automobiles
- Travel and leisure services
- Boating and yachts
- Fine art and collectibles
- Fine wines and spirits
- Retailers that are mainly resellers of other companies' luxury brands

| | | |
|--|--|---|
| | <p>What kind of companies are included</p> | <p>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.</p> |
| | <p>How companies are ranked</p> | <ul style="list-style-type: none"> • Companies are included among the Top 100 according to their consolidated sales of luxury goods in their financial year 2021 • In order to provide a common base from which to rank companies, net sales for non-US companies are converted to US dollars. Exchange rates have an impact on the results |
| | <p>Sources</p> | <ul style="list-style-type: none"> • Annual reports • SEC filings • Information in company press releases and fact sheets or on company websites |
| | <p>Comparison with previous Global Powers of Luxury Goods reports</p> | <ul style="list-style-type: none"> • Global Powers of Luxury Goods reports since 2020 use a calendar year financial year definition e.g., FY2021 luxury goods sales includes company financial year end (FYE) dates from 1 January 2021 to 31 December 2021. • Global Powers of Luxury Goods reports from 2015 to 2020 used a mid-year financial year e.g., Global Powers of Luxury Goods 2019 reported FY2017 luxury goods sales for company FYE dates from 1 July 2017 to 30 June 2018. |

Top 100 quick statistics

US\$305 billion

Aggregate net luxury goods sales of Top 100



21.5%

Composite YoY growth rate



56.2%

Top 10 share of Top 100 luxury goods sales



\$3 billion

Average size per company in Top 100 list



\$240 million

Minimum LG sales required to be in the Top 100 list



12.2%

Composite net profit margin













5.2%

FY2018-2021 luxury goods sales CAGR

Top 10 luxury goods companies

The top 10 companies increased their share of Top 100 luxury goods sales to 56.2%, +4.8% from previous year

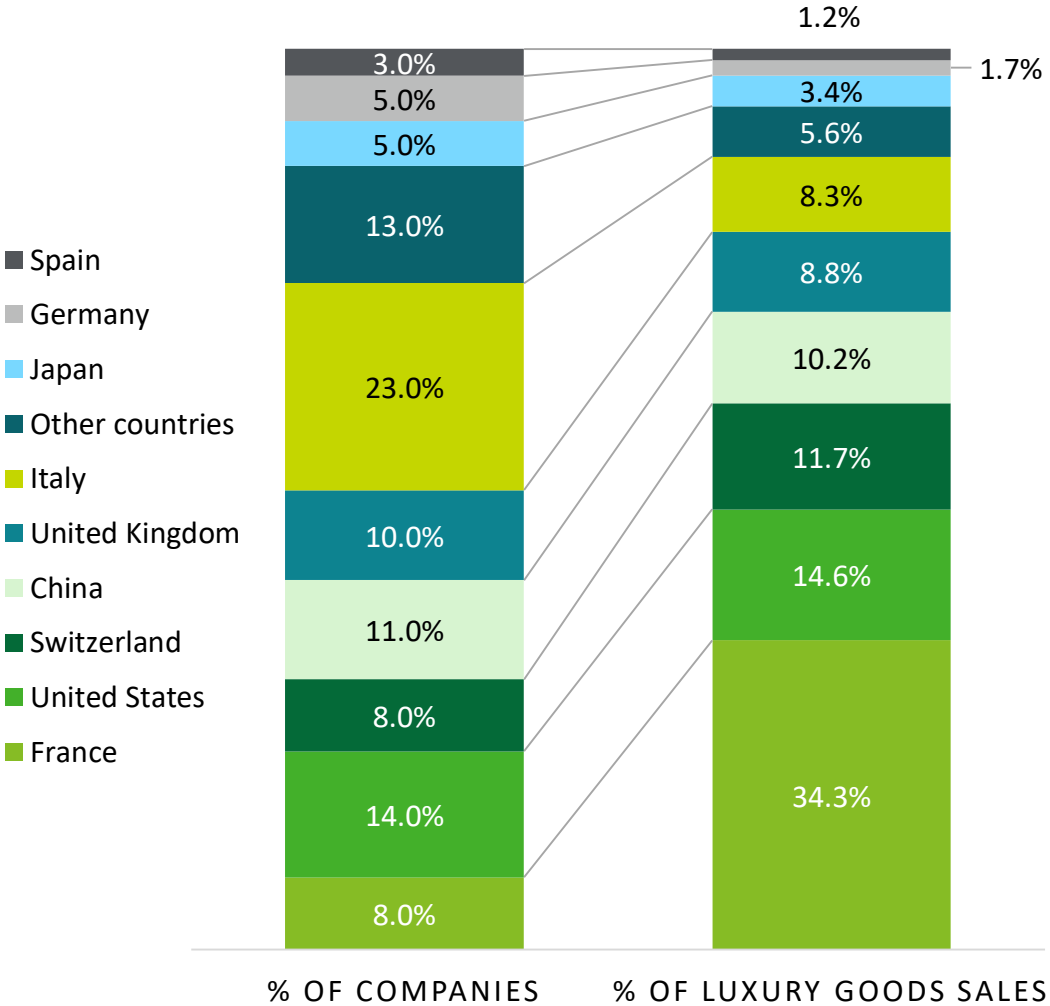
| | | | \$ | % | 📈 |
|---|---|------|-----------|-------|-------|
|  | #1 LVMH Moët Hennessy-Louis Vuitton SE | ↔ | \$54,938 | 55.9% | 19.8% |
|  | #2 Kering SA | ↔ | \$20,861 | 34.7% | 18.5% |
|  | #3 The Estée Lauder Companies Inc. | ↔ | \$16,215 | 13.4% | 17.7% |
|  | #4 Chanel Limited | ↑ +2 | \$15,639 | 54.7% | 25.7% |
|  | #5 L'Oréal Luxe | ↔ | \$14,597 | 21.3% | n/a |
|  | #6 Compagnie Financière Richemont SA | ↓ -2 | \$12,862 | -6.9% | 9.8% |
|  | #7 Hermès International SCA | ↑ +2 | \$10,619 | 40.6% | 27.3% |
|  | #8 Chow Tai Fook Jewellery Group Limited 周大福珠宝集团有限公司 | ↑ +2 | \$8,937 | 23.2% | 8.8% |
|  | #9 Rolex SA | ↑ +2 | \$8,750 | 37.9% | n/a |
|  | #10 China National Gold Group Gold Jewellery Co., Ltd 中国黄金集团黄金珠宝股份有限公司 | ↑ +7 | \$7,825 | 50.3% | 1.6% |
| Top 10 | | | \$171,243 | 34.5% | 18.1% |
| Top 100 | | | \$304,703 | 21.5% | 12.2% |

FY2021 Top 100 rank ↑↓ Change in rank \$ FY2021 sales (US\$ million) % Sales growth % 📈 Net profit margin %

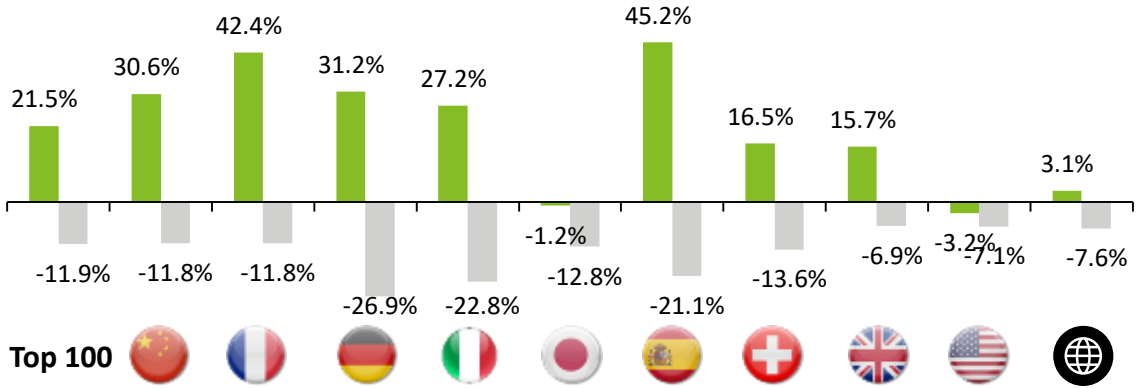
Geographic analysis

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

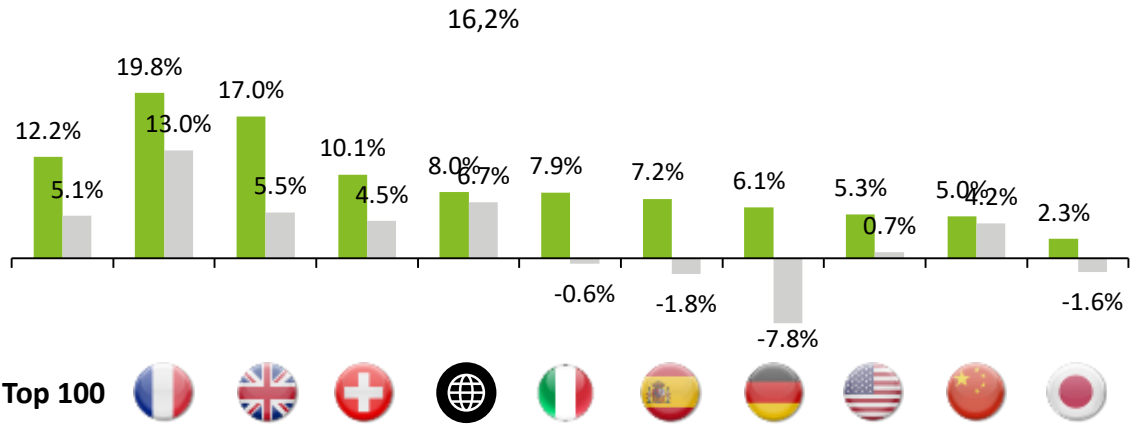
Top 100 share by country



Luxury goods sales YoY growth, by country



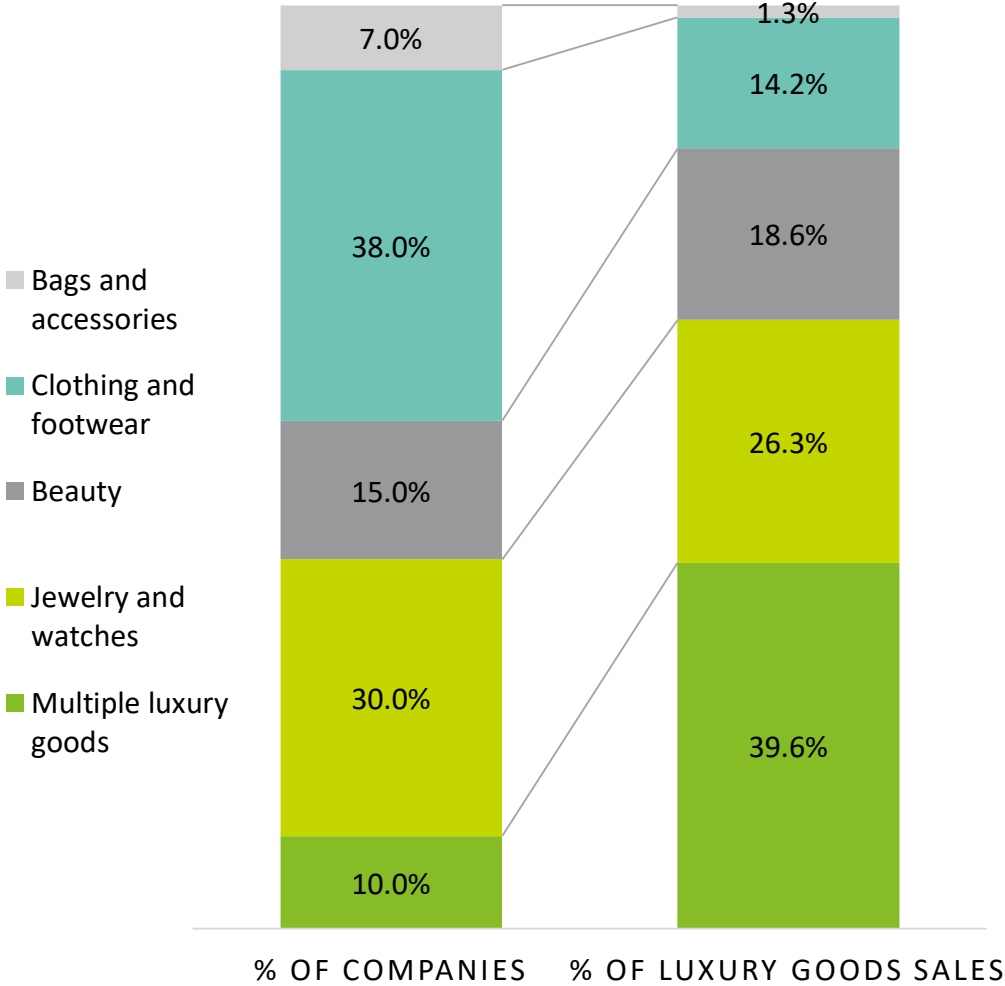
Net profit margin, by country



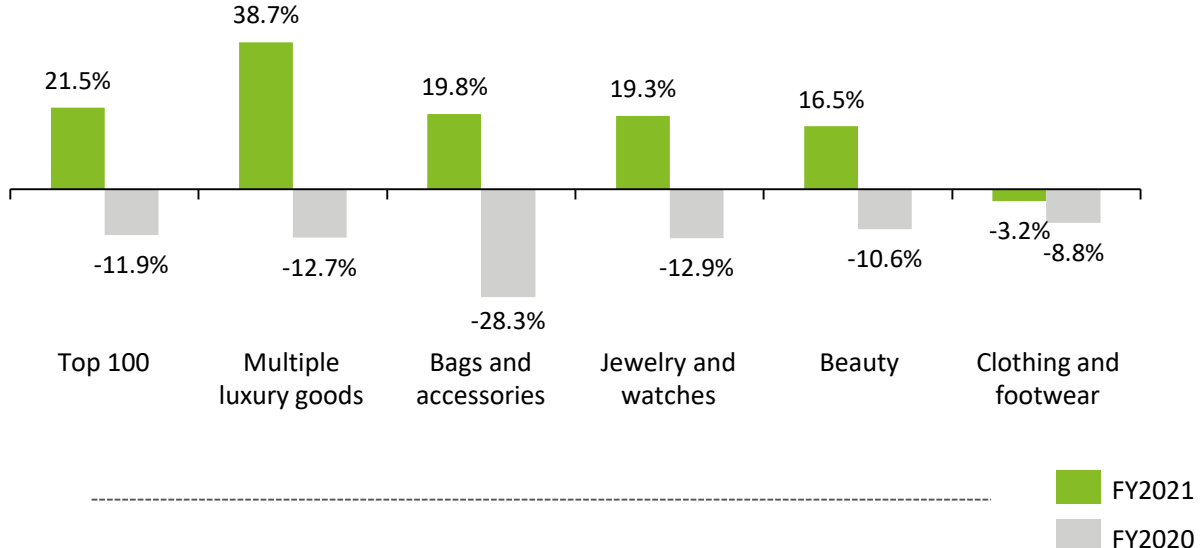
Product category analysis

In FY2021, luxury goods sales rebounded to beat pre-pandemic YoY growth rates in all product sectors except fashion

Top 100 share by product sector



Product sectors sales YoY growth %



Net profit margin, by product sector



Fastest 20

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

| CAGR ranking | | Top 100 ranking | FY2018-2021 CAGR | FY2021 Sales growth | CAGR ranking | | Top 100 ranking | FY2018-2021 CAGR | FY2021 Sales growth |
|-------------------|--|-----------------|------------------|---------------------|--------------|--|-----------------|------------------|---------------------|
| #1 | *Farfetch Limited - UK | 54 | 104,7% | 31,0% | #11 | Guangdong CHJ Industry CO.,LTD. - China 广东潮宏基实业股份有限公司 | 65 | 12,7% | 41,8% |
| #2 | *Richard Mille SA - Switzerland | 43 | 55,6% | 43,4% | #12 | Breitling SA - Switzerland | 59 | 12,3% | 41,7% |
| #3 | *Golden Goose SpA - Italy | 74 | 27,2% | 45,0% | #13 | Chanel Limited - UK | 4 | 12% | 54,7% |
| #4 | Grupo de Moda Soma S.A. - Brazil | 78 | 24,3% | 67,1% | #14 | Lao Feng Xiang Co., Ltd. - China 老凤祥股份有限公司 | 12 | 11,5% | 23,1% |
| #5 | *Chow Tai Seng Jewellery Co., Ltd. - China | 42 | 23,8% | 93,8% | #15 | Vivara Participações S.A. - Brazil | 95 | 11,4% | 40,0% |
| #6 | LVMH Moët Hennessy-Louis Vuitton SE - France | 1 | 17,5% | 55,9% | #16 | EuroItalia S.r.l. - Italy | 64 | 10,9% | 44,5% |
| #7 | *Canada Goose Holdings Inc. - Canada | 61 | 15,2% | -5,7% | #17 | Tory Burch LLC - US | 39 | 10,9% | 25,0% |
| #8 | Hermès International SCA - France | 7 | 14,6% | 40,6% | #18 | Puig S.L. - Spain | 23 | 10,2% | 68,2% |
| #9 | Audemars Piguet & Cie - Switzerland | 36 | 13,5% | 43,6% | #19 | Rolex SA - Switzerland | 9 | 10,1% | 37,9% |
| #10 | *Moncler SpA - Italy | 27 | 12,9% | 42,1% | #20 | L'Oréal Luxe - France | 5 | 9,6% | 21,3% |
| Fastest 20 | | | | | | | | 14,7% | 44,8% |
| Top 100 | | | | | | | | 5,2% | 21,5% |

*Companies among the 20 fastest-growing luxury goods companies in the Global Powers of Luxury Goods 2021 report

A new wave of enthusiasm in luxury

Global luxury market trends explored in 2022 edition

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



Sustainability and circularity are the new luxury imperatives



Pursuing circularity in luxury: the resale market for luxury goods



Beyond the environment: the social side of sustainability



The virtual reality of the metaverse



Luxury companies are among the pioneers of the metaverse



Metaverse opportunities and challenges for luxury brands



Making Luxury Greener

Sustainability and circularity are the new luxury imperatives

- Companies in the fashion and luxury industry 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”
- A further step in the direction of pursuing sustainability and a green transition in the luxury industry is the adoption of a circular economy model that would ensure 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.
- In this transition, innovation and digital technologies come in handy, introducing novelty and rapidity factors that support the evolution of luxury companies towards circularity

Pursuing circularity in luxury: the resale market for luxury goods

- 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.
- With the secondhand market growing and most of the transactions conducted online, the risk of a proliferation in counterfeited goods has increased. 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.

Beyond the environment: the social side of sustainability

- 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. 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.



The virtual reality of the metaverse and its implications for luxury

Luxury companies are among the pioneers of the metaverse

- 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 and worked to create immersive brand experiences on different virtual metaverse platforms.

Metaverse opportunities for luxury

- The potential that the metaverse offers to luxury brands is to reach a growing community of young consumers with no geographical, gender, or cultural barriers. 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.
- 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. Digital luxury may enable to cut clothing production costs and lead to a reduction in overproduction. Moreover, selling in the digital worlds could allow companies to be more creative and experimental in the design process or to discover old archives and bring them to new life.

Metaverse challenges for luxury

- The metaverse evolution will depend on consumer response, market fragmentation, 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 issues), and governance to regulate content and experiences.
- A huge challenge in the short-term will be applying conventional laws 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 and, in this sense, digital passports are helpful tools to protect the authenticity of digital products, as well as NFTs.



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