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Global Powers of Luxury Goods 2020

The new age of fashion and luxury

Contents

Foreword	3
Quick statistics	4
The new age of fashion and luxury	5
Top 10 highlights	17
Top 100	24
Geographic analysis	31
Product sector analysis	37
New entrants	42
Fastest 20	43
Study methodology and data sources	45
Endnotes	47
Contacts	50

Foreword

Welcome to the seventh edition of *Global Powers of Luxury Goods*.

At the time of writing, the COVID-19 pandemic has inflicted many losses: human, social and economic. What we are now experiencing is an unprecedented moment of crisis in modern history. However, it is during uncertain times that companies often come up with new ideas, converting the crisis into an opportunity, and adopting a long-term vision of future challenges.

This prolonged disruptive situation is creating profound changes in consumer behavior and how companies are responding to these changes—prompting a debate about the future of the fashion and luxury industry. There is a general feeling of rethinking luxury and driving it in new directions, considering which business models will be feasible and more relevant in the new normal.

Tradition and responsiveness, two elements that have always characterized luxury companies, will both be required to face great challenges in the post-COVID environment.

We see the pandemic acting as a divider between the old way of doing business and the new scenario that is taking shape, characterized by changing consumer behavior. Hence, in this report, we talk about a new age for fashion and luxury and will explore the main trends that will drive the industry in the coming months.

The report also presents the 100 largest luxury goods companies globally, based on the consolidated sales of luxury goods in FY2019, which we define as financial years ending within the 12 months to 31 December 2019.

Over the past year, the luxury goods market has increased its overall value, but registered a lower growth rate. Among the causes impacting growth in FY2019, the effect of protectionist policies and trade restrictions might be the most important, with big luxury goods markets such as China and the United States both registering lower year-on-year growth. The world's Top 100 luxury goods companies generated revenues of US\$281 billion in FY2019, up from US\$247 billion in the previous year (an increase of US\$34 billion), and achieved annual growth of 8.5% on a currency-adjusted composite basis, lower than the previous year's 10.8%.

From the FY2019 data we can see a general shift toward concentration in the industry. For the first time in seven editions, the Top 10 luxury companies contributed more than half of the total luxury goods sales of the Top 100 companies. For the third year in a row, the companies making up the Top 10 list stayed the same. Moreover, the multiple luxury goods product sector proved to be the top-performing sector in FY2019 with 12.8% sales growth, and contributed more than one-third of the total Top 100 luxury goods sales, although it comprises just 10 companies out of 100. The financial impact of the pandemic is yet to be assessed, and whether the concentration of the luxury industry will continue its trajectory is also an unknown question.

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



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Top 100 quick statistics, FY2019



**US\$281
billion**

Aggregate
luxury goods sales



**US\$2.8
billion**

Average size of
Top 100 companies
(luxury goods sales)



Minimum luxury goods
sales required to be on
Top 100 list

**US\$238
million**



8.5%

Composite year-over-
year sales growth



Composite
net profit margin

11.2%



FY2016-2019 Compound
annual growth rate in
luxury goods sales

8.0%



7.4%

Composite return
on assets



51.2%

Top 10 share of
Top 100 luxury
goods sales

The new age of fashion and luxury

Luxury goods manufacturers have been hit hard by the COVID-19 pandemic. For several months, people have faced restrictions on traveling abroad and there is still uncertainty about when it will be possible to travel more easily between countries. There has been a collapse in inbound tourism across the globe during the lockdown, causing massive falls in traditional retail sales.

Duty-free shops that generate sales mainly at airports have been hit badly by the collapse in global travel.¹ In August, the world's biggest travel retailer, Dufry, announced a negative 60.6% year-on-year organic decline.² Retailers' performance was negative across most locations, but the summer provided a small uplift for Europe, Asia Pacific and the United States. While the COVID-19 pandemic has disrupted global travel, Chinese shoppers' appetite for luxury imported products has not changed. Therefore, policymakers plan to expand access to duty-free shopping by creating ad hoc tax-free new locations, in the hope of revamping tourist flows in the country.³

Almost all of the most important events and runway shows scheduled for 2020 were cancelled or rescheduled to later in the year and many of them were changed into a virtual format.

With consumers forced to stay home, online retail sales increased during the first half of the year, reaching a peak in April of +209% globally⁴ compared to the previous year, prompting many brands to accelerate digitization and provide digital e-commerce solutions including "see now, buy now" live streaming. For example, Prada collaborated with Tmall, Alibaba's online business channel, and Dolce & Gabbana launched its own video boutiques.

During this difficult time, the fashion industry has demonstrated its resilience and social responsibility in measures that it has taken to combat the COVID-19 pandemic. LVMH and Kering⁵ made substantial donations to hospitals and charities; Hermès made a huge donation to Paris hospitals (Assistance Publique-Hôpitaux de Paris),⁶ while Dolce & Gabbana have supported efforts by Humanitas University, an Italian private college, to research immune system responses to the virus.⁷

To contribute and face this disruptive situation, many companies have made temporary changes in their manufacturing operations. Giorgio Armani converted all four of its Italian production sites to making single use protective overalls for medical personnel, while also donating to Italian hospitals.⁸ Christian Dior, Guerlain and Givenchy factories switched to producing disinfectant gel for distribution to French hospitals.⁹

How are consumers reacting to the pandemic?

Following the lead from China, during late spring, many shops reopened in Western countries and factories resumed normal activities, but with restrictions varying widely, depending on location.

According to Deloitte's Global State of the Consumer Tracker, consumers have been deeply affected by COVID-19. As countries struggle to bring the pandemic under control, health concerns are still felt universally. Results from the Tracker (2 November 2020) show that 57% of consumers interviewed across 19 countries still have moderate-to-high concerns about health. These are greatest among the world's most populous countries, China, India and Mexico, and least in the Netherlands.

Consumers' concerns about their well-being have obvious implications for retailers and luxury brands.

On average across all the countries in the survey 30% of respondents expressed concern about making upcoming payments. This was most evident in Mexico (54%), Chile (53%), and India (46%). Respondents in India (63%) and China (47%) were the most likely to delay large purchases. In comparison, respondents in the Netherlands, South Korea, Japan and Germany felt the most secure about their finances and health.

A significant proportion of consumers in most major economies worldwide remain uneasy about the future of the economy, an element that influences the net spending intentions of consumers. As isolation and quarantine measures remain in many countries, the extent to which purchasing intentions fluctuate for more discretionary items may be a good indicator of future demand. Among all the countries in the survey only

consumers in China, where lockdown measures were eased before the rest of the world, seem more inclined to increase their spending on discretionary goods, particularly apparel and clothing (26%).

The pandemic crisis could act as an accelerator for brands to adopt new paradigms of value creation

Now more than ever, luxury goods companies are seeking new ways to connect with their customers. They are reinventing and re-imagining themselves in ways that were previously unimaginable. Sustainability will be one of the main areas that fashion and luxury goods companies will rely on for their recovery. Global luxury brands have been investing significantly in 'green' technologies and other measures to reduce emissions from their factories. They are using carbon offsetting to contribute to the fight against climate change—compensating for emissions arising from their own industrial activities by participating in other schemes to make equivalent reductions. But being sustainable is not limited to innovations in the supply chain, it also means embracing new values and perspectives in response to the evolving needs of consumers and the planet.

The COVID-19 pandemic has also stimulated the adoption of online shopping channels by both companies and customers. Although the luxury sector was initially slow to adapt to the digital revolution, companies have made big investments to catch up with disruptive technologies. Most brands are now comfortable selling their luxury products online, as shown by the increased number of transactions via online platforms in 2019. They can now use digital channels to amplify their vision, convey their messages, and develop an intimate connection with consumers that avoids the restraints of social distancing. An example of this new approach was seen in September 2020, when the luxury world teamed up with Amazon for the very first time, to launch a 'shop in shop' platform for luxury products which was reserved for a selected audience and accessible by invitation only.

However, physical stores which offer a unique customer experience will not be replaced completely by digital. An agile omnichannel sales approach will make it possible to overcome the restraints imposed by social distancing rules—by ensuring that stores follow safety and hygiene rules, customers can continue to enjoy the in-store experience.

'Woke' fashion, a rising trend among luxury brands

Millennials and Generation Z, the current market definers, look for culturally sensitive brands. They expect retailers to be 'woke', a millennial term meaning 'awake'. The use of non-sustainable raw materials in products has a negative influence on decisions by customers in their choice of brand.

Corporate social responsibility issues were important even before the pandemic for a large group of consumers, mostly millennials and Generation Z, who had already adopted them as basic and essential principles in their purchasing choices. These generations are expected by 2025 to account for approximately half of all global personal luxury goods sales,¹⁰ and as present and future clients they are outlining the rules for the luxury goods market. They are very much aware of the sustainability and environmental impact, issues that are likely to affect their purchasing decisions. According to a recent report, 75% of millennial respondents agreed to change their buying habits because of environmental concerns, whereas only 34% of baby boomers did so.¹¹ These consumers tend to have strong ethical beliefs and are influenced by the cultural attitudes and practices adopted by brands such as LGBTI issues, female empowerment, racism, unconscionable behavior, as well as the environment.

In response to this emerging trend, luxury brands have begun to include social and cultural themes in their collections, for example by displaying slogans on T-shirts or runways ("The Future is Female", "Save the Planet", etc.). A precursor of this trend, Dior included a T-shirt slogan "We Should All Be Feminists" already in its spring/summer 2017 collection.

The question, "Who made my clothes?" is pushing the industry's leaders to be part of a global 'Great Awakening' campaign. Brands are becoming sensitive about ethical practices such as the use of child labor and animal testing, while embracing vegan manufacturing and gender equality.

'Wokeness' is not restricted to the materials used by luxury labels to make their products and create their legendary pieces. The collections themselves and the models chosen to display them, also embody the spirit of the fashion house, and can influence the opinions that people have of the brands.

To be 'woke', luxury brands must be aware, culturally diverse, non-racist, sustainable, socially authentic, politically correct, and behave ethically, by adopting fair business practices. Some fashion brands have begun to disclose information about ethical labor and environmental practices in their supply chains that was not previously disclosed to the public. For example, Chanel recently published its first Report to Society, listing its manufacturing practices and other supply chain information. Similarly, Hermès discloses key information about its Tier 1 suppliers and processing facilities, and Tommy Hilfger has begun publishing lists of Tier 1 suppliers. The percentage of brands publishing a Tier 1 list rose from 12.5% in 2016 to 35% in 2019¹².

Unlike the economic crises faced in the past decades, the COVID-19 crisis is changing people's behavior very deeply. As the world will emerge from the pandemic, many people will review their criteria and priorities for buying products, including luxury goods. Contributing to the protection of the planet, adopting more ethical and responsible lifestyles, and being more attentive to the origin and provenance of the products they buy will certainly be important concerns for an increasing number of consumers.

Many countries are adopting laws and regulations that prompt luxury goods companies to be "woke"

France, home of some of the most well-known luxury and fashion houses, already in 2017 required all models to produce a doctor's certificate confirming their physical health prior to their acceptance for assignments. France has announced plans to outlaw the destruction of unsold clothing, accessories, and cosmetics by 2023.

In China many luxury brands have joined the Clean by Design program, which focuses on improving process efficiency to reduce waste and emissions and improve the environment.¹³ Bangladesh has a Partnership for Cleaner Textile (PaCT) program to reduce the carbon footprint of the textile and apparel industry through cooperation between buyers, factories, financial institutions, governments and local communities.¹⁴

In the United Kingdom, business organizations (including brands) must disclose information about infractions of human rights (i.e., slavery or human trafficking) detected in their supply chains.

A current initiative in the United States is a ban on furs in West Hollywood and Los Angeles, a measure that may possibly be extended to cover the rest of the country in the near future.

More than 190 countries signed the United Nations Sustainable Development Goals, which include commitments to ensure sustainable consumption and production by the fashion industry. Key targets include gender equality, clean water and sanitation, responsible production and consumption, and better climate control.

The path toward a more ethical luxury

Kering Group, owner of Gucci, Balenciaga, Saint Laurent and Bottega Veneta, will only hire models who are at least 18 years old. Gucci has signed the United Nations Standards of Conduct for Business to tackle discrimination against LGBTI people,¹⁵ and was the first luxury goods company to appoint a Global Head of Diversity, Equality and Inclusion.

LVMH, which includes Louis Vuitton, Fendi, Christian Dior and Givenchy, is part of a French Task Force initiative to set out three-year plans that incorporate defined gender equality targets. The group's LIFE program aims to reduce CO₂ emissions and energy consumption and ensure full supply chain transparency and traceability by 2020.

Kering and **LVMH** have created a joint website providing key advice on physical and mental health for fashion models.¹⁶

Chanel and **Michael Kors** operate Gender Pay Gap Reporting procedures that track average pay differentials between men and women across all corporate roles.

To promote green technology, **Chanel** has invested in Evolved by Nature, a company that creates high-performing textiles from liquid silk, providing a natural alternative to the toxic chemicals that are often used in manufacturing processes.

Since January 2020, **Armani Group** and **Valentino Fashion Group** have set a target of zero discharges of harmful waste, by seeking to eliminate all hazardous chemicals from their production processes.

Armani's chemical test management system, adopted in all its factories, uses a group-wide test request form to enable real-time tracking of such materials. The company has also devised a Restricted Substance List (RSL) for use by its suppliers, laboratories and technical departments, to reduce or eliminate potentially hazardous chemicals throughout the supply chain.

Moncler operates a mandatory Supplier Code of Conduct for all its suppliers and subcontractors, setting various standards and requiring full transparency for material sourcing, factories and manufacturing processes. The Code also states that suppliers must not employ anyone under the age of 15 or below the legal age for employment in the country concerned—whichever is higher.¹⁷ Many brands have started to make 'woke' decisions also in terms of materials used for their creations. For example, **Michael Kors, Coach, Burberry, Chanel, Gucci, Armani, Furla, Prada** and **Versace** exclude animal fur from their collections.

Ralph Lauren has promised to use 100% sustainably-sourced key materials and to increase the proportion of female employees by 25% by 2025.¹⁸

Beyond banning fur from its future collections, **Prada** is also very committed to the use of recycled materials¹⁹ and is a pioneer in talking about societal changes—the brand has been hosting 'Shaping the future,' a series of conferences designed to stimulate the debate on the most significant shifts taking place in contemporary society.²⁰

Carbon neutrality now embodies a core value for luxury goods companies

Sustainability programs that target carbon movement across supply chains are the new green goal that luxury companies are aiming at. It is now even a vital factor for consumers to associate with the brand.

Luxury fashion houses aspiring to achieve carbon neutrality are investing heavily in green technologies and projects to reduce carbon emissions globally. Brands are using carbon offsetting measures to market themselves as environmentally-conscious businesses, especially to young consumers, who, as previously seen, are very attentive to environmental issues. According to the United Nations Framework Convention on Climate Change, about ten percent of the world's greenhouse gas emissions are produced by the fashion industry, something that is likely to increase the pressure on fashion companies to minimize their carbon footprint.²¹

The commitment to switch to renewable electricity by joining the RE100 campaign of the non-governmental climate group is another recent initiative for achieving a more sustainable future.²² Companies joining the campaign have a target of sourcing 100% of their electricity from renewable suppliers by 2050. Many luxury goods brands, such as Kering, Chanel, Estée Lauder, Ralph Lauren and Burberry have already joined the initiative.

Prada is also committed to reducing its environmental impact. In 2019, using Guarantees of Origin it ensured that 100% of the electricity consumed in all its Italian offices came from sustainable sources. In the same year, it achieved Gold certification in Leadership in Energy and Environmental Design (LEED) for 36 of its stores (18 in the Asia Pacific region) and for its factory in Scandicci, Italy.²³

Fashion designers and companies are starting to consider sustainability as part of their corporate strategies, prompting a mindset change in the industry. On the path toward a greener production, technology plays an important role, offering digital platforms and solutions that contribute to sustainable product lifecycle management.

Sustainability: The ultimate goal for luxury goods brands

Many luxury conglomerates, such as **Chanel** and **Armani**, have pledged to become carbon neutral by 2050 and have announced climate neutral programs across their supply chains.

In 2018, **LVMH** raised US\$12.9 million to finance 112 projects to offset the group's greenhouse gas emissions. The portfolio of projects included LED re-lamping, building insulation, energy consumption monitoring systems, and the production of renewable energy.²⁴

Kering Group has stated that the entire group will offset 2.4 tons of carbon dioxide through REDD+ conservation projects (reducing emissions from deforestation and forest degradation).²⁵ It has also partnered with the Savory Institute, a nonprofit organization that supports regenerative agriculture, to incorporate Savory's Ecological Outcome Verification (EOV) methodology in its leather, wool and cashmere supply chains. This system monitors the condition of land and farming systems associated with the production of these materials. In late 2019, **Gucci** claimed to have achieved 100% carbon neutrality in its supply chain and operations, mainly through carbon offsetting measures, such as investing in third-party certified offset projects in Peru, Indonesia, Kenya and Cambodia.²⁶

Burberry purchased carbon offsets for its spring/summer 2020 show in London,²⁷ to complement its other sustainability measures.

Luxottica, the premium eyewear brand, now uses solar panels at its factories to reduce the company's carbon footprint. In 2018, it opened a solar thermal plant for

producing hot water at its factory in China; and in 2017 it began a project to measure CO₂ emissions generated by logistics operations in distributing its finished products.²⁸

Moncler has designed a carbon-neutral jacket made entirely from castor beans. Emissions generated during its manufacturing are offset using REDD+ certified projects to achieve carbon neutrality and preserve the Amazon rainforest.²⁹

The Prada Group considers sustainability as a pillar of its culture and a fundamental part of its strategy. The company joined the G7 fashion pact with the aim of reducing its impact on the climate, biodiversity and oceans. The company has policies for improving energy efficiency, using renewable energy sources and reducing waste. In partnership with Aquafil, it launched a pioneering project called Re-Nylon: a sustainable line of iconic Prada bag silhouettes made of a unique new regenerated nylon ECONYL. In 2019, the company was also the first in the luxury goods industry to arrange a Sustainability Linked Loan with Crédit Agricole—this facility loan includes an annual pricing adjustment arrangement for rewarding the achievement of sustainability targets by the borrower. In 2020, it arranged a similar ESG loan with the Japanese bank Mizuho.³⁰

Ermenegildo Zegna uses Techmerino a material developed by the company itself, to create its collections, including Techmerino Wash & Go summer suits, launched in spring/summer 2018. Techmerino is a fabric made from pure merino wool that has been subjected to special finishing techniques to make it water resistant, more elastic and quick drying.³¹

Luxury resale: Not an oxymoron but a pre-owned boom

With a change of name from 'Used goods' to 'Unlimited destination', the secondhand luxury goods market is augmenting the demand for products in the primary market. To encourage the circular economy, legacy brands are embracing resellers.

The characteristic of luxury goods as a long-lasting status item is making them highly attractive to buyers in a secondhand market. The market is forecast to increase at a CAGR of 15.5%, from US\$16.2 billion in 2018 to US\$68.5 billion in 2026.³²

Contradicting a belief that it will damage demand in the primary market, growth in the resale market is helping to increase it. Affluent millennial and Generation Z consumers are purchasing in both the primary and secondhand markets. Generation Z customers use resale sites such as Depop, which experienced triple-digit growth between April and June 2020 compared to the same period in the previous year.³³

Another reason for the popularity of the resale market is that, according to consumers, it is perceived as more sustainable: 25% of buyers bought pre-owned items due to environmental concerns, while 35% of millennials did so.³⁴ For companies, the secondhand market is a way to foster the circular economy.

Online distribution has accelerated the growth of the secondhand market. Smartphones and online platforms are convenient sales channels for first-time owners, and online platforms offer a well-crafted taxonomy, vast catalogue of goods, price transparency, home deliveries and repair services. It is forecast that 25% of personal luxury goods sales, primary and secondhand, will occur online by 2025.³⁵

Although some luxury houses may express doubts about the resale market, it is here to stay. Luxury goods companies need to adapt to the realities of the market, by promoting product scarcity and exclusivity, appealing to young luxury purchasers, or creating legendary and iconic products. Luxury goods create status that is resistant to the passing of time; and this makes luxury goods, handbags and watches in particular attractive to personal collectors and a secondhand market. In times of uncertainty luxury collectibles are considered a secure longer-term investment.

Entering the realm of luxury resale

Luxury retailers and brands are both entering the growing resale market. **Richemont** and **Farfetch** have acquired resale platforms Watchfinder and Stadium Goods respectively.³⁶

An example of the importance of the resale market for luxury goods is a pre-owned **Hermès** Birkin bag, which generates an annual return of 14.2%, according to Baghunter.³⁷

Resale values are boosted by artificially engineered scarcity, such as limited edition releases or high-profile collaboration, like the Supreme x **Louis Vuitton** shoulder bag which in 2019 was marked up by 150% from its launch price in 2017.³⁸

Burberry has partnered with luxury resale website "The RealReal" to support the circular economy,³⁹ and in 2017, **Stella McCartney** collaborated with the same reseller to promote its "make well, buy well, resell" model. Fashion group **Kering** now sells unsold goods (previously destroyed if not sold) through The RealReal store.⁴⁰

Digitalization is fueling major industry opportunities across the value chain

In order to track continually-evolving consumer behavior, luxury brands are developing an appetite for analyzing big data through artificial intelligence (AI) and augmented reality (AR) applications. As customers use more channels for purchasing, large fashion groups are seeking to develop more extensive client relationships by refurbishing retail stores and providing an omnichannel presence.

Many fashion houses are now using a variety of channels to promote and display their new collections, engage customers and increase their loyalty, sometimes using endorsements from selected influencers.

The global COVID-19 pandemic has been disruptive for the luxury industry, and has contributed to accelerating the adoption of technology to compensate for store closures and the consequent reduction in customer engagement due to lack of touchpoints.

During the pandemic, social media has been used to obtain indicators of customer sentiment toward luxury brands. The ability to detect changes in sentiment enables companies to improve their understanding of the needs of their customer base and guide the creation of effective communication campaigns.

Virtual initiatives to get close to customers during the global lockdown

LVMH has used social media for its various brands to tap into the interest of customers around the world through 'virtual escapades'. Louis Vuitton has taken followers on a journey into the past with 1980s photos taken by French photographer Jean Larivière; while the Foundation Louis Vuitton launched a series of virtual exhibitions and a cultural agenda to entertain audiences in isolation or quarantine.⁴¹

Burberry, in partnership with Google, recently launched an AR shopping tool that allows customers to experience and buy the brand's products in its virtual shop. Through AR, products can be seen against other real-life objects, enabling the customer to get a better understanding of the items in a simulated in-store experience before deciding whether to buy.⁴²

Dolce & Gabbana filmed detailed webcasts, recreating the interactions between customer and sales assistant, to better explain products online.⁴³

Gucci designed a new app to engage with customers during the COVID-19 crisis. This has a variety of digital features including wallpapers, video games, stickers, emojis and motifs, and AR virtual try-on and virtual 'interior decorating' capabilities. The brand also launched Spotify playlists for customers with 'music to cook to' while in self-isolation or quarantine.

The Prada Group opened two flagship stores on Tmall in March during the pandemic: one for the Prada brand and one for Miu Miu. The two stores attracted 47,000 and 24,000 followers respectively within a couple of weeks after launch.

In the future new normal world, regulated by social distancing and health surveillance social media, virtual technologies will become increasingly important for brands to keep in touch with consumers and listen to their needs. They will be used to create winning go-to-market strategies for delivering an exclusive purchasing experience to customers, a distinctive feature that has always characterized luxury brands.

The digital revolution is not meant to erase the tradition and heritage of luxury goods, but should provide analytical tools and technologies to help strengthen brands and make them responsive to the needs of the contemporary world.

An example of the role of technology in the new normal was the holding of the 2020 London Fashion Week Men's which was held in a virtual, gender-neutral platform.⁴⁴ Milan and Paris followed this example adopting virtual formats for their shows. These

events mark a revolution: virtual/hybrid will be the future for fashion shows (a view expressed by Carlo Capasa, president of the National Chamber for Italian Fashion).⁴⁵

In view of regulatory limitations on social gatherings, luxury brands have been forced to redesign and re-think completely the fashion show experience, replacing the traditional catwalk and giving access to a much larger audience, involving also fashion fans, and shifting from a B2B to a B2C mindset.

The idea is to go beyond the classic new collections display and create less structured but unique experiences enriched by art, music, film and design. The focus of luxury marketing may be less on selling items and more on creating a value added customer experience based on brand storytelling to strengthen customer loyalty and reinforce brand identity.

2020 European virtual fashion weeks

London Fashion Show

The London Fashion Week in June was the first big European fashion event since the beginning of the pandemic. Through collaboration with big tech companies, London Fashion Week virtual fashion shows were displayed via platforms that gave the public, as well as trade professionals, access that had previously been restricted to a professionals-only audience. Interviews, podcasts, webinars and digital showrooms were made available to everyone. Consumers were allowed to buy from existing collections and retailers were allowed to order for next season. Looking to provide more flexibility for designers in hard times, London Fashion Week was gender-neutral and season-unspecific.⁴⁶

Paris Fashion Week

Fédération de la Haute Couture et de la Mode, French fashion's governing body, hosted the digital men's fashion

week in July. The virtual event was open to a wide audience including professionals, and events were broadcast online. The spring/summer women's fashion week that took place in September had a combination of physical and digital shows.⁴⁸

Milan Digital Fashion Week

Milan Digital Fashion Week in September promoted men's and women's collections.⁴⁷ Camera Nazionale della Moda Italiana organized a calendar of physical and virtual events featuring photographic and video content, with dedicated slots for brands. There were also private industry webinars, live streaming keynotes and live performances. The platform included a section dedicated to showrooms. These events encouraged audience participation and gave visibility not only to the most famous 'Made in Italy' brands, but also to the new generations of designers.

Despite the explosive growth in online shopping volumes, bricks-and-mortar outlets still deliver the exclusive emblematic experience offered by luxury brands.

A recent survey found 63% of Generation Z respondents prefer physical shopping channels to online platforms, as they offer a better and more personal customer service, and a better shopping experience.⁴⁹

As consumers feel safer⁵⁰ going back to physical stores in many parts of the world, luxury brands need to combine customer safety in their stores (the application of sanitization rules) with the provision of a distinctive customer in-store experience.

They need to devise solutions that preserve the VIP experience of luxury while virtual technologies come in handy. In this moment, when it is important to preserve brand identity despite healthcare restrictions and reduced foot traffic, brands must increase their digital capabilities for virtual bonding with consumers.

The role of the store will evolve from a simple point of sale to a touchpoint for consumer engagement: less tied to sales and more to attracting customers through measures such as introducing entertainment into the experience or through one-to-one personalized shopping expeditions. The store will then become a critical touchpoint for offering exclusivity to the customer.

More than stores: Omnichannel strategies are upgrading luxury outlets in the ultimate experience destination

In 2018, **Tiffany & Co.** opened a blue-colored concept store in London, The Style Studio. Its interactive theme included a vending machine dispensing Tiffany perfume, and a 'Make It Tiffany' personalization bar for creating jewelry customized to each shopper's personal style.⁵¹ The brand's Blue Box Café with a 'Breakfast at Tiffany's' theme based on Truman Capote's 1958 novella, was opened in 2017 to target millennials.

Louis Vuitton, collaborating with the famous architect Peter Marino, has redesigned its Bond Street store in London to showcase the work of 43 artists, in the process becoming a destination for design lovers,⁵² and it has opened its first-ever café and restaurant, Le Café V, on the top floor of its flagship store in Osaka, Japan.

In 2019, **Moncler** opened temporary House of Genius concept stores in Milan, Paris, Tokyo and Los Angeles. Remaining open until January 2020, these outlets aimed to offer an interactive experience by merging offline and online concepts. Each store hosted a series of live events including talks, art and live musical performances, and creative sessions such as floral design workshops, VR sculpture and zine making.⁵³

Giorgio Armani Beauty operates Armani Box, a pop-up store providing personalized, engraved cosmetics products, and a digital mirror that saves each client's personal makeup video to help recreate later a given appearance. It also offers a 'Look Book' and a photo booth.⁵⁴

Prada Group, owner of brands such as Prada, Miu Miu, Church's, Car Shoe and Marchesi 1824, offers Wi-Fi facilities throughout its 600-plus stores worldwide.⁵⁵ Prada started its digital transformation in 2017, and in 2019 made an arrangement with Adobe⁵⁶ to deploy advanced customer experience solutions on a global scale. This collaboration

with Adobe has seen the adoption of specific solutions, like Analytics Cloud and Marketing Cloud, to support Prada's focus on improving the customer experience. The Group is now able to analyze the interactions between brands and consumers across all of its online properties, including its social networks and global retail network, with the objective of improving marketing and multichannel communications with consumers and integrating its offline and online channels.

In June 2017, **Dolce & Gabbana** began to combine online and offline shopping experiences. It sent bespoke virtual invitation cards to selected customers in China to try out its new perfume, Floral Drops. The e-cards were redeemable at the brand's offline stores for limited edition gifts. These personalized virtual cards were also useful to monitor each influencer's results.⁵⁷ The brand's store in New York has a luxurious 'Instagrammable clubhouse' or 'cultural hub' for attracting young buyers, which organizes monthly events including a music concert, and a 'drink and draw' night.⁵⁸

In 2018, **Valentino** partnered with Alibaba to leverage online-offline platform combinations, launching a 3D online virtual store on Alibaba's online luxury shopping channel, Tmall Luxury Pavilion. This outlet is similar to Valentino's physical Candystud Factory pop-up store that operates in Beijing.⁵⁹

Hermès' 'Carré Club' is a pop-up store, located in five cities worldwide, that showcases the brand's heritage in an accessible and entertaining way, selling its scarves while offering free entertainment including clicking on photos, karaoke, complimentary refreshments, and on-set streaming of work by various designers.

Coach offers its experiential 'Life Coach' self-discovery pop-up for customers in multiple entertainment rooms in New York.

Post COVID-19, shoppers will no longer distinguish between offline and online channels. Both 'showrooming' and 'webrooming' are now integral parts of omnichannel shopping for luxury and fashion goods.⁶⁰ So fashion companies need to enhance their interconnectivity as much as possible, for example with experience-based services such as Click & Collect, Localized Inventory, Click & Return, Click & Try, Seek & Send, in-store Wi-Fi access, and tech-driven luxury concierge services.

Progressive luxury brands use analytics and machine learning to tailor products and services to meet each individual client's expectations. Big data analysis and AI have transformed customer profiles from periodic to real-time interactive. To target marketing initiatives, luxury brands seamlessly collect and analyze customer transactions and behavioral changes in their purchases and on all social media platforms.

Today, fashion powerhouses such as Louis Vuitton, Gucci and Coach are leveraging RFID, trend forecasts, and monitoring social media activity (social listening) to track brand equity.⁶¹

Nowadays, in the luxury world, digital transformation is no longer the preserve of big brand conglomerates. More and more companies in the market are using advanced technologies to enhance relationships between consumers and to explore new forms of content for brand marketing. As physical stores were generating about 90% of their luxury sales before COVID-19, brands are now working hard to refocus their marketing strategies and using big data is crucial to better understand consumer behavior.

Evolving beyond the present, and thinking about the future with the support of technologies

Farfetch has partnered with **Gucci** to launch 'The Store of the Future', a concept that employs Farfetch's retail and online fashion technologies to enable retail staff to send smartphone recommendations to in-store shoppers. In addition, staff may review customer profiles, purchase histories, and wish lists.⁶² Gucci also offers scannable advertisements and has introduced an AR app feature with frictionless 'Visualization' and 'Try' options for evaluating its sneakers and eyewear. Shoppers interested in the firm's GG Marmont bags can also enjoy an immersive 3D experience.⁶³ In its 2018 'Gucci Hallucination' spring campaign, the brand partnered with Genies to install in-store AR and virtual reality (VR) systems.⁶⁴

Furla operates an app installed in tablets available from its retail stores. This product allows sales associates to enjoy cloud-based real-time access to the company's centralized database, and obtain data about stock, customer histories, loyalty programs and purchase preferences. The app provides a range of key indicators of demand based on channel or geographical area, enabling Furla to manage all its stores centrally.⁶⁵

In 2019, **D&G** launched its Assist app at its 11 GCC regional stores: this helps store staff input and access product information, obtain customer insights, and access real-time data about their KPIs.⁶⁶ **Tommy Hilfiger, Dior, Gucci, Louis Vuitton,** and **Estée Lauder** have each built their own chat bots.

Louis Vuitton incorporates Natural Language Processing in its chatbot to emulate authentic human interaction.

Dior's chatbot uses emojis and GIFs. **Tommy Hilfiger** has partnered with IBM to develop tools that allow shoppers to customize the company's online products. **Montblanc** has employed video analytics in various offline formats to generate heat maps based on shoppers' in-store behavior.⁶⁷

Hugo Boss set an example for the whole luxury fashion industry by installing AI and tablets in its factory in Izmir, Turkey. It has established a network of employees, machines and processes using robotics and automation to obtain insights for improving its production processes, collecting data from its 3,500 machines and 4,000 workers. The company has deployed 1,600 tablets on the shop floor to

notify errors immediately to the person who made them. This helps to reduce the number of mistakes further down the production line, by spotting and dealing with them earlier. Additionally, with the help of big data, predictive analytics is being used to avoid future errors, to track attrition in the company and to carry out timely maintenance on the machines.⁶⁸

Valentino has partnered with **Yoox Net-a-Porter Group** to create an AI-backed omnichannel business model, 'Next Era', which enables customers to check the availability of inventory at all its fulfillment centers and stores; and its in-store features include quick checkout and detailed product information. The model also includes Click & Collect, return-in-store, on-site personalization, contextual search and live chat assistance services, powered by natural language programming.⁶⁹

Balmain showcased 3D computer-generated imagery models in its Pre-Fall 2018 collection on Instagram. **Kate Spade New York** launched its 'Make It Mine' service through Perch Interactive, allowing users to customize the firm's convertible handbag with any outfit. Using AR, shoppers can personalize any bag by selecting desired straps, tassels, charms and other features. **Dior's** 'Dior Eyes' is a VR headset that shows behind-the-scenes footage of the brand's ready-to-wear runway shows.⁷⁰

In 2018, **Moncler**, the luxury fashion icon best known for its stylish outerwear launched its Genius collection using an AI-based marketing campaign,⁷¹ which included a sponsored story connecting humans and machines. Designs were showcased by humanoid robot Sophia and actress and musician Ryan Destiny. The humanoid robot was programmed to offer companionship through interactive and realistic experiences, by combining images, pop-culture and algorithms.

In the same year, **Giorgio Armani Beauty** joined with ModiFace to launch a 3D AR makeup try-on application using its WeChat Mini Program. The app also offers a makeup screenshot, an image saving facility, split-screen before/after image comparison, and the ability to purchase products.⁷²

Top 10 highlights

Top 10 luxury goods companies by sales, FY2019

FY2019 Luxury goods sales ranking	Change in ranking from FY2018	Name of company	Country of origin	FY2019 Luxury goods sales (US\$M)	FY2019 Total revenue (US\$M)	FY2019 Luxury goods sales growth*	FY2019 Net profit margin ^{1**}	FY2019 Return on assets ^{**}	FY2016- 2019 Luxury goods CAGR ^{2*}
1	↔	LVMH Moët Hennessy- Louis Vuitton SE	France	37,468	60,069	16.8%	14.5%	8.1%	16.5%
2	↔	Kering SA	France	17,777	17,777	16.2%	14.7%	8.6%	23.3%
3	↔	The Estée Lauder Companies Inc.	United States	14,863	14,863	8.6%	12.1%	13.6%	9.7%
4	↔	Compagnie Financière Richemont SA	Switzerland	13,822	16,188	8.5%	19.9%	9.9%	2.4%
5	↑ 1	L'Oréal Luxe	France	12,334	12,334	17.6%	n/a	n/a	12.9%
6	↓ -1	Chanel Limited	United Kingdom	12,273	12,273	10.4%	19.6%	17.9%	12.5%
7	↔	EssilorLuxottica SA	Italy	10,624	19,463	6.0%	6.8%	2.3%	ne
8	↑ 1	Chow Tai Fook Jewelry Group Limited 周大福珠宝集团有限公司	China/Hong Kong SAR	8,411	8,500	13.9%	7.0%	7.5%	5.2%
9	↑ 1	PVH Corp.	United States	8,076	9,657	9.8%	7.7%	6.3%	8.7%
10	↓ -2	The Swatch Group Ltd.	Switzerland	8,014	8,294	-3.0%	9.1%	5.5%	2.9%
Top 10				143,662	179,418	11.9%	13.3%	7.6%	11.7%
Top 100				280,640	320,291	8.5%	11.2%	7.4%	8.0%
Top 10 share of Top 100				51.2%	56.0%		71.7%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 79 companies reporting net profits
e=estimate n/a=not available ne=not in existence (created by reorganization)

*Top 10 and Top 100 sales growth rates are sales-weighted, currency-adjusted composites

**Top 10 and Top 100 net profit margin, return on assets and asset turnover ratio are sales-weighted composites

Source: Deloitte Touche Tohmatsu Limited. *Global Powers of Luxury Goods 2020*. Analysis of financial performance and operations for fiscal years ended through 31 December 2019 using company annual reports, industry estimates, and other sources.

Top 10 luxury companies: Sales and profitability leaders

For the first time, in FY2019 the Top 10 luxury companies contributed more than half of the total luxury goods sales of the Top 100 companies. These luxury giants outperformed the composite Top 100 luxury goods companies in both sales growth and net profit margin. All nine of the Top 10 companies that report net profits were profitable, contributing a remarkable 71.7% of the total Top 100 net profits in FY2019 (as reported by 79 companies). LVMH, Kering, Richemont and Chanel were also among the Top 10 highest net profit margin companies in the Top 100.

Top 10 share of Top 100 FY2019 luxury goods sales, growth, net profit

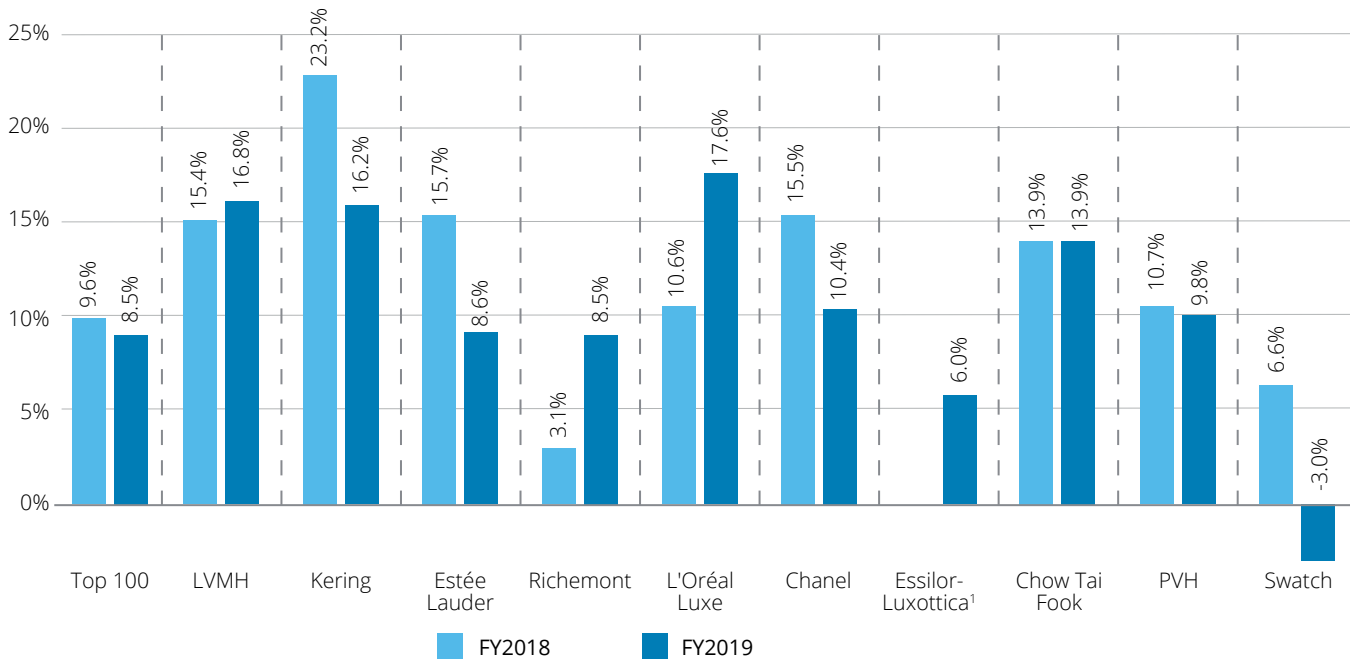


¹ For 79 companies in the Top 100 reporting net profit, and for nine companies in the Top 10 reporting net profit

The Top 10 companies were the same as in FY2018 and FY2017. Fast-growing Kering is now in second place, with annual luxury goods sales nearly 90% higher than in FY2016. EssilorLuxottica and Swatch Group have been overtaken by other companies with higher growth.

In FY2019, the minimum sales threshold for a company to enter the Top 10 list was over US\$8 billion. Half the Top 10 companies achieved double-digit year-on-year sales growth; only Swatch Group reported a fall in sales.

Luxury goods sales YoY growth % FY2018 and FY2019 for Top 10 companies



Number of Top 10 luxury goods companies by country and product sector, FY2019

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

1 LVMH

LVMH consolidated its position as the world's leading luxury goods company, with personal luxury goods sales up 16.8% in FY2019 to US\$37.5 billion. Strong organic growth was enhanced by favorable exchange rates. LVMH sales grew faster than both the composite Top 10 and the Top 100.

All three LVMH luxury business segments continued their organic growth (constant scope of consolidation and constant currency). Sales in the fashion and leather goods segment soared, up by 20% year-on-year, with €3.8 billion of additional sales driven by the continuing momentum of LVMH's leading luxury brands Louis Vuitton and Christian Dior Couture—as well as by Loewe, Rimowa, Loro Piana and Fendi. At the end of 2019 this segment had over 2,000 stores, and the contribution of retail sales to fashion and leather goods revenue climbed to 71%. The perfumes and cosmetics segment contributed 20.4% of LVMH's personal luxury goods sales, and was 12% higher than the previous year, with significant revenue growth in Asia, particularly in China, despite competitive pressures. The Bvlgari and Hublot brands were the strongest contributors to the jewelry and watches segment's 7% year-on-year sales growth. TAG Heuer continued its repositioning, and Asia and Europe were the most buoyant regions.

Net profits rose again in all three personal luxury segments, with fashion and leather goods contributing nearly two-thirds of LVMH's Group profit from recurring operations. Louis Vuitton maintained its exceptional level of profitability, while continuing its ongoing investment policy.

LVMH personal luxury goods M&A activity in 2019 had little impact on sales, with the Group taking or increasing stakes in relatively small fashion companies Stella McCartney (from Richemont), Fenty (from Rihanna) and Gabriela Hearst, and Repossi jewelry. The company's US\$3.3 billion 2019 acquisition of luxury hotel/travel group Belmond is not classified within personal luxury goods for the purpose of this report.

LVMH's acquisition of Tiffany & Co. was originally announced in November 2019. In the summer of 2020, a public dispute between the two companies, triggered by Tiffany's management of its business during the COVID-19 pandemic, and LVMH's view that the originally agreed share price was too high, led to threatened legal action. The disagreement was resolved at the end of October 2020, with LVMH agreeing to pay around US\$15.8 billion for Tiffany, slightly lower than the original price of US\$16.3 billion.

2 Kering

Kering continued its remarkable run of double-digit organic luxury sales growth, with sales up 16.2% year-on-year to just under US\$18 billion, driven primarily by organic growth across all brands and regions, and through its expanding directly operated retail network (78% of total Kering sales, 14% year-on-year sales growth, 1,381 directly operated stores at the end of 2019). Online sales grew by more than 20% in FY2019. The e-commerce activities handled since 2012 through the Yoox Net-A-Porter (YNAP) joint venture (which was fully acquired by Richemont in 2018) returned to the Group during the first half of 2020.

Kering's leading luxury brand, Gucci, accounted for 63% of Kering's revenue in FY2019. It has more than doubled its sales between 2016 and 2019, achieving revenue of over US\$10 billion for the first time in FY2019. Gucci's growth strategy was once again centered on ensuring the quality and exclusivity of its distribution, with 85% of the brand's total revenue coming from its directly operated stores. The Group's second largest brand, Yves Saint Laurent, passed the €2 billion revenue mark, with revenue growth of 17.5%. It enlarged its retail network around the world, and saw dramatic e-commerce growth in YSL.com. Creative director Daniel Lee was appointed in mid-2018 (from LVMH's Céline) to turn around the decline of Kering's €1 billion brand, Bottega Veneta. His first collections became available in-store from Q2 2019, a major factor driving the brand's year-on-year growth of 5.3%.

Kering maintained its double-digit net profit margin (14.7%). It did not make any significant acquisitions in either 2018 or 2019.

3 Estée Lauder

US-based luxury giant Estée Lauder Group reported growth of 8.6% in FY2019 (11% at constant currency exchange rates). Growth was driven primarily by the prestige skincare category (up 17.1%), and by sales in the EMEA and Asia Pacific regions. International net sales growth saw increases in mainland China and Hong Kong SAR, which also contributed to continuing growth in online sales (primarily through third-party online malls), while growth in the travel retail business continued to benefit from an increase in international passenger traffic, particularly by Chinese travelers. Sales in the Americas were down by 5.5%, with lower numbers of consumers visiting US department and freestanding stores. There were also falls in some Western European markets, reflecting challenging macroeconomic conditions and competitive pressures.

The strongest brand growth came from the prestige Estée Lauder and La Mer brands, with contributions from M.A.C. and licensed brand Tom Ford. Net profit margin improved to 12.1%.

Estée Lauder made its first acquisition of an Asia-based beauty brand in 2019, after losing out to Shiseido in the battle for control of the US-based Drunk Elephant brand. The company's US\$500 million purchase of South Korea-based global skincare company Have & Be Co. Ltd., with brands Dr. Jart+ and Do The Right Thing, was completed in December 2019. Estée Lauder's reported sales in H1 FY2020 (July-December 2019) showed improved growth of 15%.

4 Richemont

Switzerland-based Richemont continued its recovery in luxury goods sales in FY2019, with year-on-year growth of 8.5%, up by 5.4 percentage points on the previous year. The luxury goods sales included in this report exclude the new online distributors segment (sales of third-party brands), reported by Richemont following the completion of its 2018 acquisition of online luxury retailers Yoox Net-A-Porter (YNAP) and Watchfinder (a leading UK-based online pre-owned premium watch specialist) to boost its luxury sales through e-commerce platforms.

Both the Jewellery Maisons and Specialist Watchmakers achieved sales growth of 10%. Asia Pacific (led by mainland China), the Americas and Japan all saw double-digit growth. EMEA performance was subdued due to unfavorable currency movements and reductions in the wholesale distribution network. Retail sales through the Maisons' directly operated boutiques grew by 8%, contributing over 60% of luxury goods sales. The Group's wholesale business, including sales to franchise partners, recovered from FY2017-2018 watch inventory management initiatives, and grew by 7%.

The reported FY2019 19.9% net profit margin makes Richemont the most profitable company in the Top 10. Group net profits of €2,787 million included a post-tax non-cash gain of €1,378 million from the revaluation of YNAP shares. Excluding this gain, net profits increased by 15%, driven by higher operating profit, with gains from both jewelry and watches.

Richemont's growth in FY2020 was severely affected by COVID-19 in its fourth quarter. Group sales growth of 8% to the end of Q3 FY2020 turned into an 18% fall in Q4 (January-March 2020), with sales in Asia Pacific down by 36%.

5 L'Oréal Luxe

L'Oréal Luxe was the fastest-growing Top 10 company in FY2019, with net sales increasing by 17.6% to over US\$12 billion. It became the fifth-largest luxury goods company, outperforming the market average in all three luxury beauty categories (skincare, fragrances and cosmetics). L'Oréal Luxe's four US\$ billion brands—Lancôme, Yves Saint Laurent, Giorgio Armani and Kiehl's—all recorded double-digit growth.

L'Oréal Luxe continued its strategic investment in the direct-to-consumer channel, to provide "a unique experience online and in stores", opening flagship stores in select major capitals, and pop-up stores designed as brand events. The first Lancôme flagship store opened in Paris in December 2019. L'Oréal Luxe e-commerce grew spectacularly by 52.6%, and travel retail continued its strong momentum.

Asia Pacific is the largest market and the number one growth engine for the company, driven primarily by Chinese consumers, both in China and also as tourists in travel retail and other countries.

L'Oréal Luxe gained a number of key global luxury brands to drive future growth. The company agreed to acquire the Mugler brands and Azzaro fragrances (annual revenue around €340 million) from Clarins' fragrance division in 2019, finalizing the acquisition in March 2020. Its Giorgio Armani beauty and fragrance license was renewed up to 2050. It also won the fragrance and beauty licenses for major luxury brands Valentino (effective from 2019) and Prada (effective from 2021) from Puig.

6 Chanel

FY2019 net sales for Chanel Limited were up year-on-year by 10.4% (and by 13% at constant currency exchange rates).

The fashion segment had an outstanding year, with double-digit growth in all regions and across all product lines. Ready-to-wear again delivered very strong results. For the watches and fine jewelry collections, 2019 was a year of accelerated double-digit growth, supported by the launch of the J12 watch. In precious jewelry, Coco Crush again achieved double-digit growth across all regions.

Growth in fragrance and beauty was supported by the launch of CHANCE Eau Tendre Eau de Parfum; gains in market share in makeup were boosted by the success of ROUGE COCO FLASH and ULTRA LE TEINT; and growth in skincare was driven by SUBLIMAGE and LE LIFT.

Geographically, Asia Pacific was again the main growth driver, after becoming Chanel's biggest sales region in 2018. FY2019 sales were up by 14.7% to over US\$5.4 billion.

The company invested heavily in its boutique portfolio, including: the opening of a flagship boutique in Seoul; piloting an interactive video-tech solution in its high jewelry salon in Hong Kong for real-time connectivity with the jewelry creation team based in Paris; and continuing to develop its own fragrance and beauty retail network, which consisted of 144 boutiques around the world at the end of 2019. Chanel also continued to increase its investment in brand advertising, promotion and demonstration activities, up 7.1% to over US\$1.7 billion.

Chanel's net profit margin increased for the fourth year in succession, to 19.6%.

Chanel's M&A strategy is predominantly around supply chain investments to enhance know-how, and to ensure the highest quality of raw materials, or to add complementary brands to its portfolio. In 2018 and 2019, it made a number of relatively small acquisitions and minority investment partnerships. In leather goods, it acquired European manufacturers Colomer Leather Group for US\$90 million and Conceria Samanta, and took 40% stakes in both Renato Corti and high-end handbag maker Mabi. At the end of 2018, Chanel announced that it would not use any more exotic skins in its collections. In the luxury watches sector, it took 20% stakes in watch movement expert Kenissi and luxury watch brand F.P. Journe. In fashion, Chanel acquired men's apparel and swimwear company Orlebar Brown for US\$44.1 million in September 2018, and partnered with specialist manufacturers Grandis and Evolved by Nature, taking minority stakes in both companies. Following Chanel's 2018 innovation partnership with global e-commerce platform Farfetch, the first store of the future augmented retail fitting room opened in its Paris flagship store at the end of 2019, with roll-out to further stores planned in 2020.

7 EssilorLuxottica/Luxottica Luxury Retail and Wholesale

Luxottica's €50 billion merger with lens maker Essilor was finally completed in FY2019. Essilor became Luxottica's parent company and was renamed EssilorLuxottica in October 2018. In March 2019, Luxottica became a 100%-owned subsidiary of EssilorLuxottica and its ordinary shares were de-listed from the Milan Stock Exchange. The EssilorLuxottica luxury goods sales included in this report are for the new company's operating segment activities of retail and wholesale distribution of high-end luxury and sports eyewear operated by Luxottica Group entities. Growth is calculated using restated pro forma EssilorLuxottica reported figures for FY2018.

EssilorLuxottica luxury goods net sales were up 6.0%, due partly to favorable currency exchange rates. Wholesale net sales (mainly to franchise stores) were up by 3.7%, the highest growth rate since 2015. Growth was achieved in all regions, but the rate decelerated in the second half of 2019 in Asia, Oceania and Africa and Latin America, due mainly to poor trends in Hong Kong SAR and travel retail, and a weaker performance in Mexico. The retail division net sales rose by 8.0%, with accelerating momentum in the company's fourth quarter. Direct e-commerce delivered double-digit growth across all platforms in FY2019, driven mostly by North America.

EssilorLuxottica continued to acquire other retail and manufacturing companies whilst implementing its own merger. Retail M&A acquisitions and partnerships from 2018-2020 include: Spectacle Hut, one of Singapore's largest optical retail chains (60% stake); Optical House, the leading optical retailer and wholesaler in the Ukraine (51% stake); German online eyewear retailer Brille24; and a partnership with Bass Pro in the United States to open around 160 Sunglass Hut shop-in-shops inside Bass Pro Shops and Cabela's stores.

Its biggest deal was the acquisition of HAL's 76.7% interest in global optical retailer GrandVision (annual revenue €3.7 billion), for €7.1 billion. This was announced in 2019 and completion is expected in 2020/21 after passing anti-trust scrutiny, since Luxottica is seeking to add GrandVision's 7,200 optical retail stores to its network. Despite some disputes between the two companies regarding GrandVision's business management during the COVID-19 crisis, EssilorLuxottica have confirmed that they still plan to complete the deal.

8 Chow Tai Fook

Chow Tai Fook Jewellery Group regained eighth place on the Top 10 list in FY2019, with 13.9% growth in luxury sales. However, the sales recovery in H1 FY2019 weakened in H2, in a volatile economic environment. Mainland China sales were up 15.3%, with the strongest growth from wholesale sales to franchised stores, up 37.9% due partly to a net addition of 539 stores (22%). Revenue in Hong Kong SAR, Macau SAR and other markets rose by 8.4%, with retail revenue up 11.8%, but wholesale down nearly 32% due to lower sales in jewelry trading. All product categories reported growth, led by a 13.3% increase in sales of gold products, due to an increase in the average weight per product sold.

In January 2020 Chow Tai Fook announced that it had acquired Enzo Jewelry, which it describes as “a colored gem specialist complementary to the Group’s multi-brand strategy.” Enzo has around 60 points-of-sale in Mainland China.⁷³

Chow Tai Fook’s FY2020 sales continued to weaken, down 0.6% in the first half of FY2020, due primarily to weak performance in Hong Kong SAR. Ongoing demonstrations and protests, and declining visitor numbers from Mainland China, led the company to plan the closure of about one in five of its Hong Kong stores, the majority of them in prime tourist areas. The problems multiplied in the second half of FY2020, due mainly to the impact of the COVID-19 pandemic in the fourth quarter of FY2020, and a surge in the international gold price that dampened retail demand for gold products. Group revenue for the full year ending 31 May 2020 was down 14.9%.

9 PVH Corp.

US-based luxury goods company PVH Corp. regained its ninth position in the Top 10 list, with 9.8% FY2019 revenue growth from its Calvin Klein (8%) and Tommy Hilfiger (12%) brands. Tommy Hilfiger saw continuing strong performance across all regions and distribution channels, with online sales up by more than 20%. Both brands saw outstanding growth in Europe, with Tommy Hilfiger achieving revenues of US\$2.2 billion and Calvin Klein reaching its US\$1 billion target ahead of plan. Tommy Hilfiger also grew at a double-digit rate in China, due partly to purchases of franchisees’ businesses in several Tier 1 and Tier 2 cities. The Calvin Klein North America wholesale business achieved solid growth, particularly during the first half of FY2019.

PVH’s 2018-19 luxury M&A activity centered on licensing partnerships and taking direct control of brand regional licensed businesses. In 2019 it acquired its Australian joint venture partner Gazal, and the Tommy Hilfiger brand licensee in Central and South Asia. The socks and hosiery businesses for all brands in North America were consolidated in a 49%-owned joint venture, PVH Legwear LLC, and the international Calvin Klein socks and hosiery wholesale businesses were brought in-house. PVH continued its partnership with G-III, which already held the license for a number of its businesses, when it discontinued its directly-operated Calvin Klein North America women’s jeanswear wholesale business in 2019, granting the license to G-III.

PVH’s FY2020 growth slowed to 2.6% (4.8% on a constant currency basis). The performance of its two luxury brands differed markedly. Tommy Hilfiger continued its growth trajectory, up 8.5% (11.4% at constant currency), due partly to acquisitions; but Calvin Klein sales were down by 1.7% (up 0.6% at constant currency), with weakness in its Asia sales.

10 Swatch Group

Swatch Group dropped down the luxury goods ranking for the fourth year in succession, to tenth place, being overtaken by higher-growth companies. It was the only company in the Top 10 to record a FY2019 decline in luxury goods net sales, down 3.0%. The weakening of the US dollar, the euro and other currencies against the Swiss franc, and poor sales in Hong Kong SAR, had a negative impact on results. All other markets saw growth in the second half of the year. Swatch Group’s worldwide retail network was reduced by about 60 stores year-on-year.

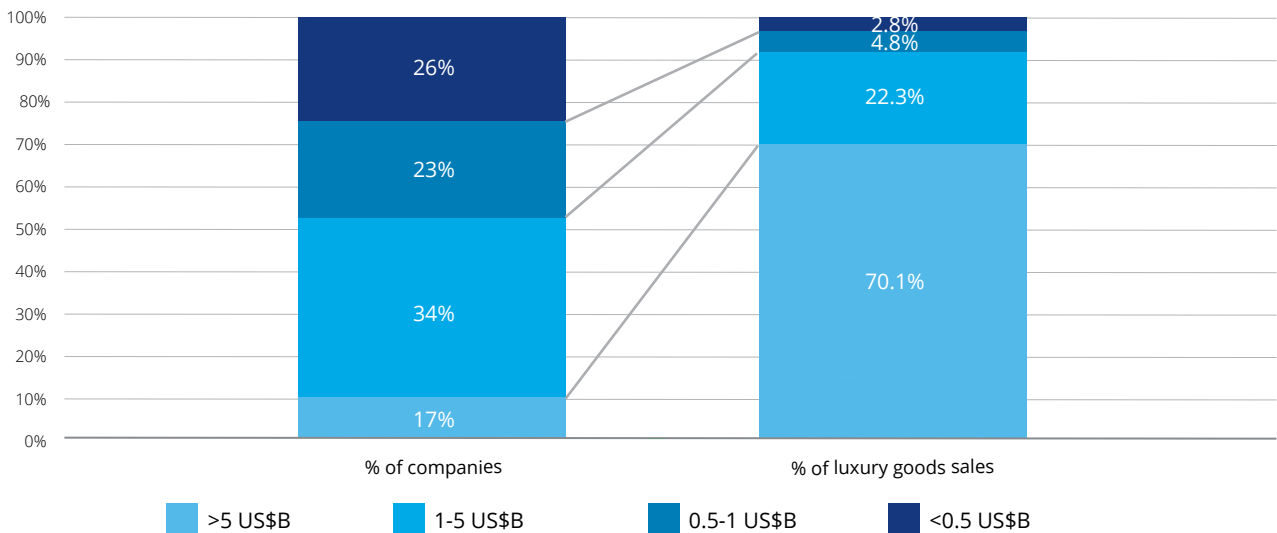
Swatch Group had no significant M&A activity in 2018-2019.

Top 100

Luxury goods companies continue to deliver strong results

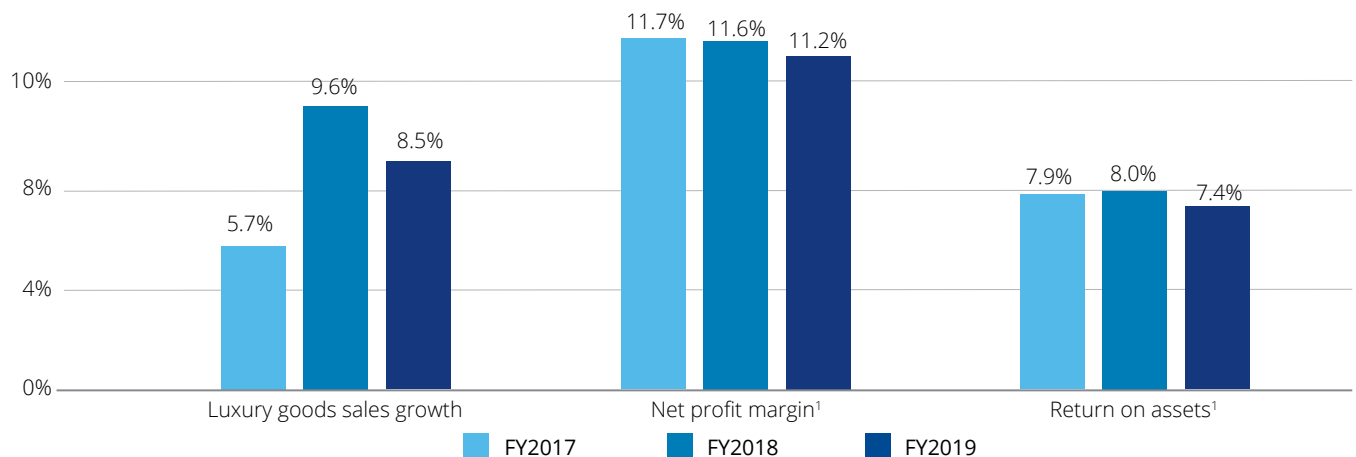
The world's Top 100 luxury goods companies generated luxury goods revenues of US\$281 billion in FY2019 (fiscal years ended 31 December 2019), up from US\$266 billion in the previous year. The importance of the leading luxury goods companies is clear: the 17 companies with luxury goods sales of more than US\$5 billion contributed 70.1% of the total for the Top 100. The 49 companies with sales of US\$1 billion or less contributed only 7.6% of the total. The minimum revenue threshold to enter the Top 100 was US\$238 million.

Top 100 companies by size: FY2019 luxury goods sales in US\$B



The composite performance of the Top 100 companies has been relatively stable from FY2018-2019. Annual sales growth and net profit margins continued strongly in FY2019.

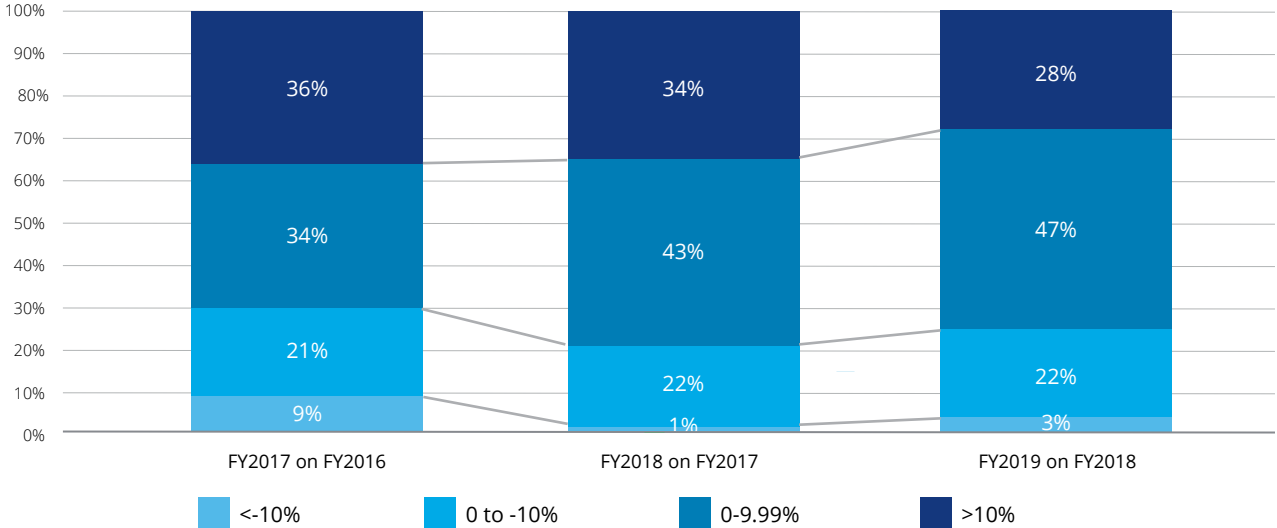
Top 100 companies: luxury goods sales YoY growth, net profit margin, return on assets FY2017-2019



¹ Analysis of the Top 100 companies reporting net profits and/or total assets

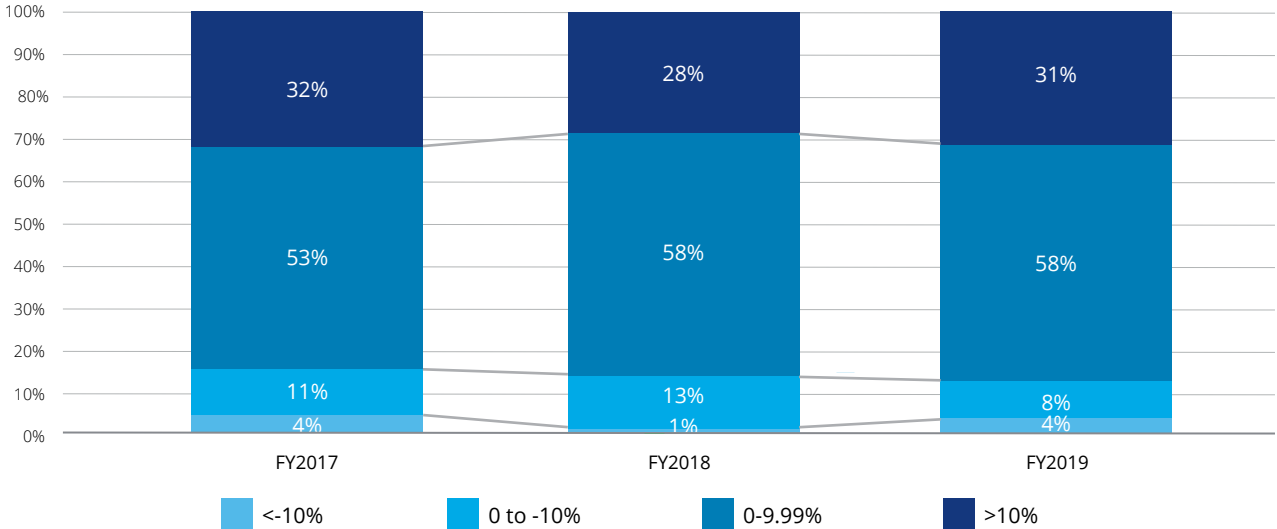
Luxury goods sales growth among the Top 100 companies has become less polarized over the period of FY2017-2019. Fewer companies achieved double-digit growth, compared to previous years. Nearly half of the Top 100 saw single-digit growth, and one-quarter lost sales.

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



For the 79 Top 100 companies reporting net profits, the composite net profit margin in FY2019 was 11.2%, down by just 0.4 percentage points on FY2018. More companies achieved double-digit net profit margins, and fewer reported losses.

Top 100 companies by net profit margin: % of companies with double/single-digit net profit margin gain or loss, FY2017-2019



The only Top 100 company listed in the *Global Powers of Luxury Goods* report to be acquired was Gianni Versace. Its acquisition by Michael Kors was completed in December 2018, when Michael Kors Holdings Limited changed its name to Capri Holdings to reflect that it is now “one of the leading global fashion luxury groups in the world.”

Chinese jeweler Eastern Gold Jade disappeared from the Top 100 due to a catastrophic decline in FY2019 net sales following major financial irregularities and losses.

M&A, disposals and partnership activity

Other significant acquisitions, disposals and partnerships by luxury goods companies not in the Top 10 in the years 2018 to 2020 include:

- Ermenegildo Zegna acquired 85% of US company Thom Browne, and majority stakes in Bonotto SpA and Dondi Group (leader in jersey fabrics) in 2018.
- Coty Luxury acquired the Burberry Beauty business and divested the Cerruti license in FY2018.
- Canada Goose acquired winter footwear maker Baffin in November 2018.
- L'Occitane acquired the ELEMIS beauty brand in January 2019.
- SMCP acquired De Fursac, a French leader in menswear affordable luxury in September 2019.
- Clarins sold the Mugler brands and Azzaro fragrances to L'Oréal in October 2019.

- Liu.Jo founder Marco Marchi acquired Blufin through his holding company Eccellenze Italiane Holding (EIH) in November 2019. Blufin's major brands are Blumarine, Blugirl, Anna Molinari and Be Blumarine.
- Richard Mille completed the total integration of its retail operations (42 boutiques worldwide with no third-party distribution) in 2019.
- Fossil Group's watch licenses for Burberry and Marc Jacobs were terminated in 2019.
- Safilo acquired Blenders (December 2019), a fast-growing US surf and ski sunglasses brand, and the Privé Revaux brand (February 2020), as well as gaining the eyewear licenses for Missoni, Levi's, David Beckham and Under Armour in 2019. It exited its retail business in July 2019, selling the US Solstice chain. It started to see the impact of the loss of LVMH brand eyewear licenses (which are being taken in-house by LVMH over the next few years) in Q4 FY2019.
- Shiseido completed the acquisition of the fast-growing US-based Drunk Elephant prestige skincare brand for ¥92,863 million (US\$845 million) in November 2019. Shiseido acquired the global license to develop, produce, market and sell Tory Burch beauty products, effective from the beginning of 2020.
- Puig acquired the Charlotte Tilbury makeup and skincare business in June 2020, and majority shares in Dries van Noten and Eric Buterbaugh in 2018. It lost the beauty and fragrance licenses for major luxury brands Valentino (effective from 2019) and Prada (effective from 2021) to L'Oréal.
- De Rigo acquired the eyewear licenses for Phillip Plein and Tumi in September 2020.
- Inter Parfums acquired the worldwide license for fragrances for Moncler, effective from 2022.

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 FY2019 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 FY2019 means that companies reporting in that currency may rank higher in FY2019 than they did in FY2018, all other things being equal. Conversely, companies reporting in a weaker currency may rank lower.

In FY2019, currencies for most companies in this report weakened against the US dollar. The only currency that strengthened was the Japanese yen, up 1.3%. The biggest

fall against the US dollar was the Swedish krona, down 8%, followed by the Brazilian real down 7.4%, the South Korean won down 5.6%, the Danish krone down 5.3%, the euro down 5.1%, the British pound down 4.3% and the Chinese yuan down 4.2%. All other currencies saw changes of less than 3%.

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.

Global Powers of Luxury Goods Top 100, FY2019

FY2019 Luxury goods sales ranking	Change in ranking from FY2018	Name of company	Country of origin	Selection of luxury brands	FY2019 Luxury goods sales (US\$M)	FY2019 Total revenue (US\$M)	FY2019 Luxury goods sales growth	FY2019 Net profit margin ¹	FY2016- 2019 Luxury goods CAGR ²
1	↔ 0	LVMH Moët Hennessy-Louis Vuitton SE	France	Louis Vuitton, Christian Dior Couture, Fendi, Bvlgari, Loro Piana, Emilio Pucci, Acqua di Parma, Loewe, Marc Jacobs, TAG Heuer, Benefit Cosmetics	37,468	60,069	16.8%	14.5%	16.5%
2	↔ 0	Kering SA	France	Gucci, Saint Laurent, Bottega Veneta, Balenciaga, Alexander McQueen, Pomellato, Girard-Perregaux, Boucheron, Ulysse Nardin	17,777	17,777	16.2%	14.7%	23.3%
3	↔ 0	The Estée Lauder Companies Inc.	United States	Estée Lauder, Bobbi Brown, La Mer, Jo Malone London, Aveda; Licensed beauty & fragrance brands inc Tom Ford Beauty	14,863	14,863	8.6%	12.1%	9.7%
4	↔ 0	Compagnie Financière Richemont SA	Switzerland	Cartier, Van Cleef & Arpels, Montblanc, Jaeger-LeCoultre, Vacheron Constantin, IWC, Piaget, Chloé, Officine Panerai	13,822	16,188	8.5%	19.9%	2.4%
5	↑ 1	L'Oréal Luxe	France	Lancôme, Kiehl's, Biotherm, Urban Decay, IT Cosmetics; Licensed brands including Giorgio Armani, Yves Saint Laurent, Valentino	12,334	12,334	17.6%	n/a	12.9%
6	↓ -1	Chanel Limited	United Kingdom	Chanel	12,273	12,273	10.4%	19.6%	12.5%
7	↔ 0	EssilorLuxottica SA	Italy	Ray-Ban, Oakley, Vogue Eyewear, Persol, Oliver Peoples; Licensed eyewear brands	10,624	19,463	6.0%	6.8%	ne
8	↑ 1	Chow Tai Fook Jewellery Group Limited 周大福珠宝集团有限公司	China/HK SAR	Chow Tai Fook, CHOW TAI FOOK T MARK, Hearts on Fire, Monologue, Soinlove	8,411	8,500	13.9%	7.0%	5.2%
9	↑ 1	PVH Corp.	United States	Calvin Klein, Tommy Hilfiger	8,076	9,657	9.8%	7.7%	8.7%
10	↓ -2	The Swatch Group Ltd.	Switzerland	Omega, Longines, Breguet, Harry Winston, Rado, Blancpain; Licensed watch brands	8,014	8,294	-3.0%	9.1%	2.9%
11	↔ 0	Hermès International SCA	France	Hermès, John Lobb	7,704	7,704	15.4%	22.3%	9.8%
12	↑ 1	Rolex SA	Switzerland	Rolex, Tudor	6,741 ^e	6,741 ^e	11.7%	n/a	8.1%
13	↓ -1	Ralph Lauren Corporation	United States	Ralph Lauren, Polo Ralph Lauren, Ralph Lauren Purple Label, Double RL	6,313	6,313	2.1%	6.8%	-5.2%
14	↔ 0	Tapestry, Inc.	United States	Coach, Kate Spade, Stuart Weitzman	6,027	6,027	2.5%	10.7%	10.3%
15	↔ 0	Shiseido Prestige & Fragrance	Japan	SHISEIDO, clé de peau BEAUTÉ, NARS, bareMinerals, IPSA, Laura Mercier, Benefique, Drunk Elephant; Licensed fragrance brands	5,812 ^e	5,812 ^e	6.8%	n/a	16.0%
16	↔ 0	Lao Feng Xiang Co., Ltd. 老凤祥股份有限公司	China	Lao Fengxiang	5,369	7,182	9.8%	3.7%	5.4%
17	↔ 0	Capri Holdings Limited (formerly Michael Kors Holdings Limited)	United Kingdom	Michael Kors, MICHAEL Michael Kors, Jimmy Choo, Versace	5,238	5,238	11.0%	10.3%	3.6%
18	↔ 0	Tiffany & Co.	United States	Tiffany & Co., Tiffany	4,442	4,442	6.5%	13.2%	2.7%
19	↔ 0	Prada Group	Italy	Prada, Miu Miu, Church's, Car Shoe	3,610	3,610	2.7%	8.0%	-3.1%
20	↔ 0	Burberry Group plc	United Kingdom	Burberry	3,568	3,568	-0.5%	12.5%	2.7%
21	↑ 2	Coty Luxury	United States	philosophy, JOOP!, Lancaster; Licensed fragrance brands: Hugo Boss, Gucci, Calvin Klein, Burberry etc	3,294	3,294	2.6%	n/a	21.5%
22	↓ -1	Pandora A/S	Denmark	Pandora	3,278	3,278	-4.1%	13.5%	2.5%
23	↓ -1	Hugo Boss AG	Germany	BOSS, HUGO	3,228	3,228	3.1%	7.1%	2.3%
24	↔ 0	Swarovski Crystal Business	Switzerland	Swarovski	3,022	3,022	0.0%	n/a	1.3%
25	↑ 2	Titan Company Limited	India	Zoya, Favre-Leuba, Nebula, Xylys, Tanishq, Titan	2,715	2,753	20.1%	7.2%	19.8%
26	↔ 0	Giorgio Armani SpA	Italy	Giorgio Armani, Emporio Armani, Armani, A X Armani Exchange	2,417	2,417	2.2%	5.5%	-5.1%
27	↑ 4	Kosé Corporation	Japan	DECORTÉ, SEKKISEI, ADDICTION, JILL STUART, ALBION, Tarte	2,299 ^e	3,003	11.0%	11.7%	12.3%

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² Compound annual growth rate
e = estimate

n/a = not available

ne = not in existence (created by merger or divestiture)

^=2018 data as 2019 data or estimate n/a

Source: Deloitte Touche Tohmatsu Limited. *Global Powers of Luxury Goods 2020*. Analysis of financial performance and operations for fiscal years ended through 31 December 2019 using company annual reports, industry estimates, and other sources.

Global Powers of Luxury Goods Top 100, FY2019

FY2019 Luxury goods sales ranking	Change in ranking from FY2018	Name of company	Country of origin	Selection of luxury brands	FY2019 Luxury goods sales (US\$M)	FY2019 Total revenue (US\$M)	FY2019 Luxury goods sales growth	FY2019 Net profit margin ¹	FY2016- 2019 Luxury goods CAGR ²
28	↑ 1	Puig S.L.	Spain	Carolina Herrera, Jean Paul Gaultier, Nina Ricci, Paco Rabanne, Penhaligon's; Licensed fragrance brands	2,271	2,271	5.0%	11.1%	4.3%
29	↑ -1	Fossil Group, Inc.	United States	Fossil, Michele, Misfit, Relic, Skagen, Zodiac; Licensed brands	2,117 ^e	2,218	-13.4%	-2.3%	-10.3%
30	↔ 0	Chow Sang Sang Holdings International Limited 周生生集团国际有限公司	China/Hong Kong SAR	Chow Sang Sang	2,075	2,264	-5.1%	3.6%	5.0%
31	↑ 4	Luk Fook Holdings (International) Limited 六福集团(国际)有限公司	China/Hong Kong SAR	Luk Fook	2,007	2,022	13.5%	9.5%	3.9%
32	↔ 0	Max Mara Fashion Group Srl	Italy	MaxMara, SportMax, Marina Rinaldi, Max & Co, PennyBlack	1,859	1,859	1.3%	12.6%	4.5%
33	↑ 4	Moncler SpA	Italy	Moncler	1,822	1,822	14.6%	22.0%	16.1%
34	↔ 0	Onward Holdings Co., Ltd.	Japan	Nijyusanku, Joseph, jil Sander, gotairiku	1,801 ^e	2,179	-0.1%	2.4%	1.8%
35	↑ 1	OTB SpA	Italy	Diesel, Marni, Maison Margiela, Viktor&Rolf	1,713	1,713	6.3%	0.1%	-1.0%
36	↑ 5	L'Occitane International SA	Luxembourg	L'Occitane en Provence, Melvita, erborian, L'Occitane au Brésil, Elemis	1,651	1,651	8.1%	8.2%	3.6%
37	↑ 5	Dolce & Gabbana	Italy	Dolce & Gabbana	1,648	1,648	8.9%	1.0%	5.0%
38	↓ -5	Clarins SAS	France	Clarins, My Blend	1,646	1,646	-8.2%	10.2%	-1.1%
39	↑ 1	Salvatore Ferragamo SpA	Italy	Salvatore Ferragamo	1,536	1,541	2.8%	6.3%	-1.2%
40	↑ 4	Patek Philippe SA	Switzerland	Patek Philippe	1,509 ^e	1,509 ^e	3.4%	n/a	4.9%
41	↑ 5	Ermenegildo Zegna Holditalia SpA	Italy	Ermenegildo Zegna, Z Zegna, Agnola, Thom Browne, Dondi	1,509	1,509	11.2%	2.7%	5.8%
42	↓ -3	Pola Orbis Holdings Inc.	Japan	Pola, Jurlique, Three, Itrim, Amplitude, Fiveism x Three	1,506	2,017	-8.9%	9.0%	3.8%
43	↓ -5	Kalyan Jewellers India Pvt. Limited	India	Mudhra, Tejasvi, Glo	1,397	1,397	-7.4%	0.0%	-2.6%
44	↑ 1	Valentino SpA	Italy	Valentino, REDValentino	1,374	1,374	-0.2%	2.7%	1.6%
45	↑ 7	Tory Burch LLC	United States	Tory Burch, Tory Sport	1,300 ^e	1,300 ^e	18.2%	n/a	7.4%
46	↑ 1	SMCP SAS	France	Sandro, Maje, Claudie Pierlot, De Fursac	1,267	1,267	11.3%	3.9%	12.9%
47	↓ -4	PC Jeweller Ltd.	India	PC Jeweller, AZVA	1,241	1,253	-9.7%	0.0%	5.8%
48	↑ 3	Audemars Piguet & Cie	Switzerland	Audemars Piguet	1,187 ^e	1,187 ^e	9.3%	n/a	10.5%
49	↓ -1	Joyalukkas India Pvt. Limited	India	Collections: Pride, Eleganza	1,157 ^e	1,157 ^e	10.0%	1.7%	11.9%
50	↓ -1	Safilo Group SpA	Italy	Safilo, Carrera, Smith, Blenders; Licensed eyewear brands	1,051	1,051	-2.5%	-35.0%	-9.2%
51	↓ -1	TOD'S SpA	Italy	Tod's, Hogan, Fay, Roger Vivier	1,038	1,038	-2.4%	4.9%	-3.8%
52	↑ 1	Revlon, Inc/Elizabeth Arden & Fragrances	United States	Elizabeth Arden; Licensed fragrance brands	973	973	-2.9%	n/a	n/a
53	↑ 1	Le Petit-Fils de L.-U. Chopard & Cie SA	Switzerland	Chopard	936 ^e	936 ^e	1.6%	n/a	4.3%
54	↑ 36	Richard Mille SA	Switzerland	Richard Mille	906 ^e	906 ^e	200.0%	n/a	58.7%
55	↔ 0	Ted Baker plc	United Kingdom	Ted Baker	848	850	4.3%	3.8%	10.8%
56	↔ 0	Samsonite International S.A./Tumi brand only	United States	Tumi	767	767	0.6%	n/a	n/a
57	↑ 1	Inter Parfums, Inc.	United States	Larvin, Rochas; Licensed fragrance brands	714	714	5.6%	10.7%	11.0%
58	↑ 6	Cole Haan, Inc.	United States	Cole Haan	687 ^e	687 ^e	14.1%	4.8%	5.5%
59	↔ 0	Brunello Cucinelli SpA	Italy	Brunello Cucinelli	681	681	9.8%	8.7%	10.0%
60	↑ 9	Movado Group, Inc.	United States	Concord, EBEL, Movado, Olivia Burton; Licensed watch brands	680	680	19.7%	9.1%	4.5%
61	↓ -1	Chow Tai Seng Jewelry Co., Ltd.	China	Chow Tai Seng	666	787	9.1%	18.2%	22.5%
62	↓ -5	David's Bridal, Inc	United States	David's Bridal	650 ^e	650 ^e	-9.1%	n/a	-5.0%

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² Compound annual growth rate

e = estimate

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^=2018 data as 2019 data or estimate n/a

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Global Powers of Luxury Goods Top 100, FY2019

FY2019 Luxury goods sales ranking	Change in ranking from FY2018	Name of company	Country of origin	Selection of luxury brands	FY2019 Luxury goods sales (US\$M)	FY2019 Total revenue (US\$M)	FY2019 Luxury goods sales growth	FY2019 Net profit margin ¹	FY2016- 2019 Luxury goods CAGR ²
63	↑ 12	Canada Goose Holdings Inc.	Canada	Canada Goose	633	633	40.5%	17.3%	41.9%
64	↓ -2	Gerhard D. Wempe KG	Germany	Wempe, Wempe Glashütte, By Kim	629 ^e	629 ^e	7.4%	n/a	6.5%
65	↑ 2	MCM Group	South Korea	MCM	617	617	11.8%	3.4%	7.4%
66	↓ -1	Graff Diamonds International Limited	United Kingdom	Graff	615	615	2.6%	2.0%	2.6%
67	↑ 5	Breitling SA	Switzerland	Breitling	584 ^e	584 ^e	20.8%	n/a	11.5%
68	↓ -5	Longchamp SAS	France	Longchamp, Le Pliage	581 [^]	581 [^]	0.0%	n/a	0.6%
69	↓ -3	Furla SpA	Italy	Furla	562	562	-0.3%	6.4%	5.4%
70	↓ -2	Marcolin Group	Italy	Marcolin; Licensed eyewear brands	545	545	0.9%	-3.0%	3.3%
71	↓ -1	Sanyo Shokai Ltd.	Japan	Mackintosh, Paul Stuart	537	537	-0.9%	0.0%	-4.7%
72	↑ 11	TFG London	United Kingdom	Whistles, Hobbs, Phase Eight	536	536	31.3%	n/a	33.0%
73	↔ 0	Tse Sui Luen Jewelry (International) Limited	China/Hong Kong SAR	TSL 謝瑞麟	511	518	6.5%	1.3%	4.2%
74	↔ 0	Euroitalia S.r.l.	Italy	Reporter, Naj-Oleari; Licensed Fragrance brands: Moschino, Versace, Missoni, Dsquared2	501	501	10.4%	12.8%	16.6%
75	↓ -14	Zhejiang Ming Jewelry Co., Ltd. 浙江明牌珠宝股份有限公司	China	Ming	496	496	-16.2%	1.6%	0.8%
76	↓ -5	De Rigo SpA	Italy	Police, Lozza, Sting; Licensed eyewear brands	488	488	-0.2%	-2.9%	1.1%
77	↓ -1	Marc O'Polo AG	Germany	MARC O'POLO	483	483	9.1%	9.4%	0.9%
78	↑ 2	Liu Jo SpA	Italy	Liu Jo	447	447	6.2%	7.2%	8.0%
79	↑ 2	Kurt Geiger Limited	United Kingdom	Kurt Geiger London, KG, Miss KG, Carvela	444	444	3.1%	8.3%	5.9%
80	↓ -2	S Tous SL	Spain	Tous	442	442	3.7%	7.3%	5.9%
81	↓ -4	Vera Bradley, Inc.	United States	Vera Bradley	416	416	-8.5%	5.0%	-6.1%
82	↑ 3	Sociedad Textil Lonia SA	Spain	Purificación García; Licensed brand: CH Carolina Herrera	411 ^e	411 ^e	4.5%	11.1%	1.9%
83	↓ -1	Aeffe SpA	Italy	Moschino, Pollini, Alberta Ferretti, Philosophy	405	405	2.7%	3.3%	7.9%
84	↔ 0	Zadig & Voltaire	France	Zadig & Voltaire	398 ^e	398 ^e	4.5%	n/a	n/a
85	↑ 3	Franck Muller Group	Switzerland	Franck Muller	322 ^e	322 ^e	0.0%	n/a	6.5%
86	↔ 0	Gefin SpA	Italy	Etro	322	322	-1.3%	-1.0%	-2.1%
87	new	Laboratoire Nuxe SA	France	Nuxe, Resultime	308 ^e	308 ^e	25.0%	n/a	9.6%
88	↑ 4	Fashion Box SpA	Italy	Replay	299	299	9.7%	3.0%	6.3%
89	↑ 2	Vivara SA	Brazil	Vivara	297	297	10.5%	27.2%	7.1%
90	↑ 8	J Barbour & Sons Ltd	United Kingdom	Barbour	294	294	11.3%	13.8%	13.3%
91	↑ 9	Paul Smith Group Holdings Limited	United Kingdom	Paul Smith	278	278	8.9%	1.7%	6.4%
92	↓ -3	Marc Cain Holding GmbH	Germany	Marc Cain	278 ^e	278 ^e	-9.7%	n/a	-0.8%
93	new	Acne Studios Holding AB	Sweden	Acne Studios	276	276	23.0%	10.4%	13.0%
94	↓ -1	TWINSET SpA	Italy	Twinsset Milano, SCEE	269	269	1.1%	1.2%	-0.7%
95	↔ 0	Falke KGaA	Germany	Falke, Burlington	263 [^]	263 [^]	0.0%	5.7%	0.6%
96	↔ 0	Tribhovandas Bhimji Zaveri Limited	India	tbz	253	253	0.4%	0.9%	2.2%
97	new	Trinity Limited 利邦控股有限公司	China/Hong Kong SAR	Cerruti 1881, Kent & Curwen, Gieves & Hawkes	250	250	13.9%	2.6%	3.4%
98	↑ 1	Charles Tyrwhitt Shirts Limited	United Kingdom	Charles Tyrwhitt	244	244	-4.2%	-40.1%	2.4%
99	↓ -12	Restoque Comércio e Confecções de Roupas S.A.	Brazil	Le Lis Blanc, Dudalina, Bo.Bó, John John	242	242	-23.3%	-20.2%	-5.4%
100	new	K.Mikimoto & Co., Ltd.	Japan	Mikimoto	238	238	-4.2%	n/a	-2.0%

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² Compound annual growth rate
e = estimate

n/a = not available

ne = not in existence (created by merger or divestiture)

[^]=2018 data as 2019 data or estimate n/a

Top 100 high performers

The number of 'high performer' companies in the Top 100 increased in FY2019—12 companies reported both double-digit year-on-year luxury goods sales growth and a double-digit net profit margin. Four out of the Top 11 companies were high performers. There were four multiple luxury goods companies, all with luxury goods sales of more than US\$5 billion. Clothing and footwear was also well represented among the high performers, with four (mostly smaller) companies in the list. Half the high performing companies were headquartered in France or the United Kingdom as a base for their global operations.

High performers: Companies with double-digit YoY luxury goods sales growth and double-digit net profit margin, FY2019

FY2019 Luxury goods sales ranking	Name of company	Country of origin	FY2019 Luxury goods sales (US\$M)	FY2019 Luxury goods sales growth	FY2019 Net profit margin ¹
64	Canada Goose Holdings Inc.	Canada	633	40.5%	17.3%
94	Acne Studios Holding AB	Sweden	276	23.0%	10.4%
1	LVMH Moët Hennessy-Louis Vuitton SE	France	37468	16.8%	14.5%
2	Kering SA	France	17777	16.2%	14.7%
11	Hermès International SCA	France	7704	15.4%	22.3%
34	Moncler SpA	Italy	1822	14.6%	22.0%
91	J Barbour & Sons Ltd	United Kingdom	294	11.3%	13.8%
28	Kosé Corporation	Japan	2299 ^e	11.0%	11.7%
17	Capri Holdings Limited (formerly Michael Kors Holdings Limited)	United Kingdom	5238	11.0%	10.3%
90	Vivara SA	Brazil	297	10.5%	27.2%
75	Euroitalia S.r.l.	Italy	501	10.4%	12.8%
6	Chanel Limited	United Kingdom	12273	10.4%	19.6%

e = estimate

¹ Analysis of the Top 100 companies reporting net profits

Three luxury fashion companies are the most consistent high performers over the years FY2017 to FY2019.

Moncler has been the most consistent overall high performer, achieving double-digit year-on-year luxury goods sales growth and net profit margin in all three years FY2017 to FY2019. Its annual revenues have more than doubled (134%) in FY2019.

Canada Goose is, like Moncler, known for its luxury outerwear. It has achieved the highest consistent growth of all the Top 100 companies in FY2017 to 2019. Its annual revenue in FY2019 was over five times higher than in FY2014.

Iconic luxury brand **Hermès** has been the most consistent high performer among the Top 100 companies, with a net profit margin above 20% in all three years from FY2017 to FY2019.

Geographic analysis

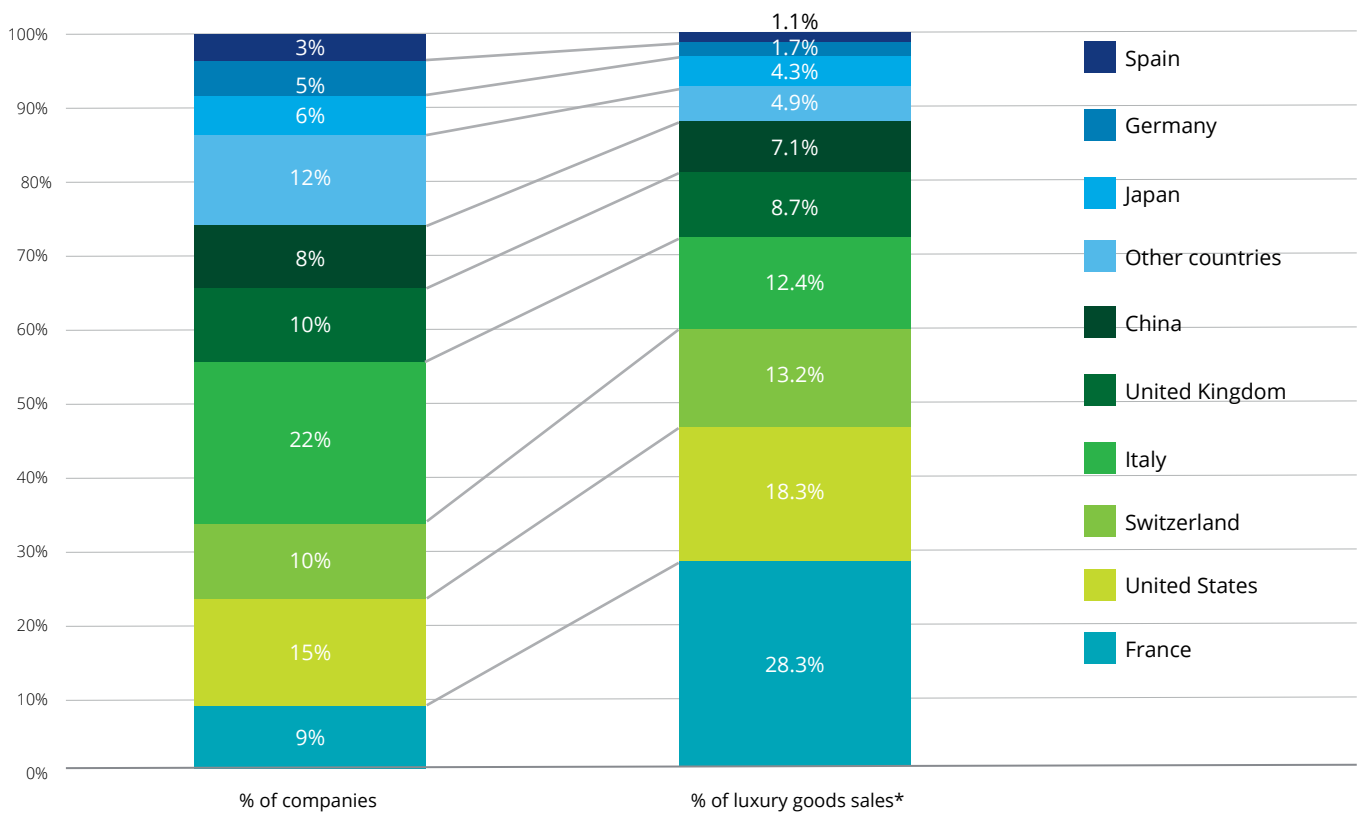
Given the high concentration of luxury goods companies headquartered in Europe, the United States, and the largest markets in Asia, this geographic analysis focuses on individual countries. Companies are assigned to a country according to the location of their headquarters, which often does not coincide 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, FY2019

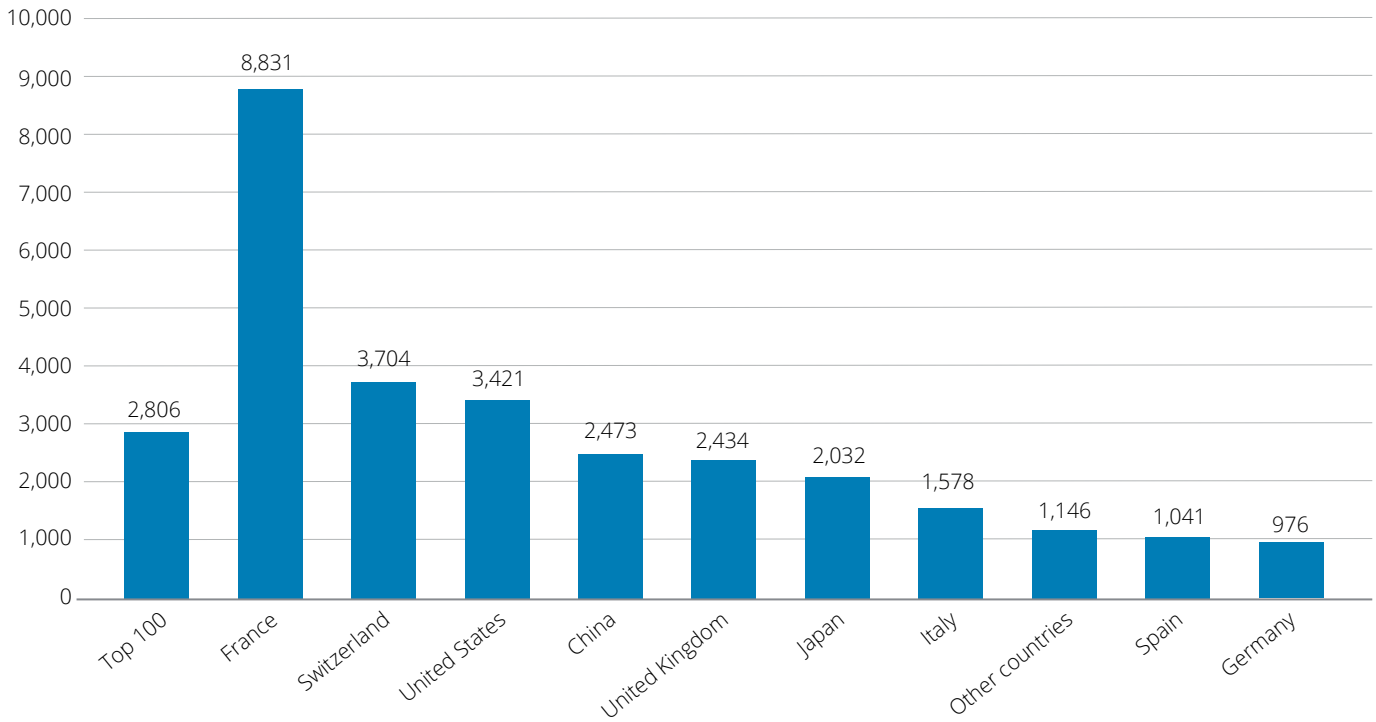


Results reflect Top 100 companies headquartered in each country.

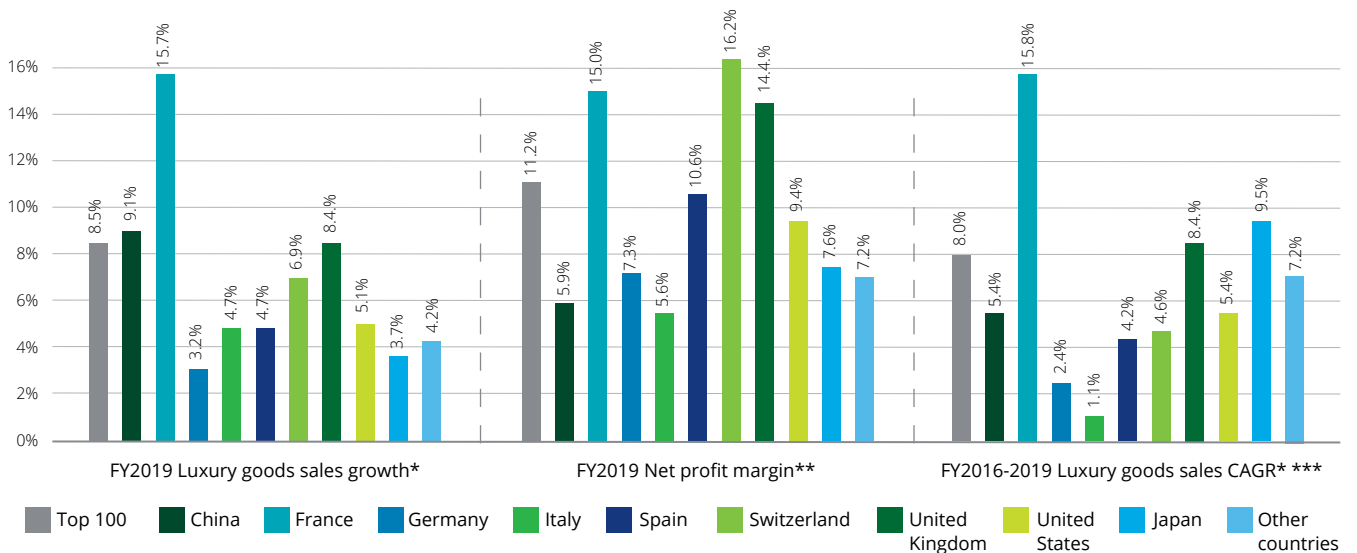
* Sales-weighted, currency-adjusted composites

Source: Deloitte Touche Tohmatsu Limited. *Global Powers of Luxury Goods 2020*. Analysis of financial performance and operations for fiscal years ended through 31 December 2019 using company annual reports, industry estimates, and other sources.

Average size of companies by luxury goods sales (US\$M), FY2019



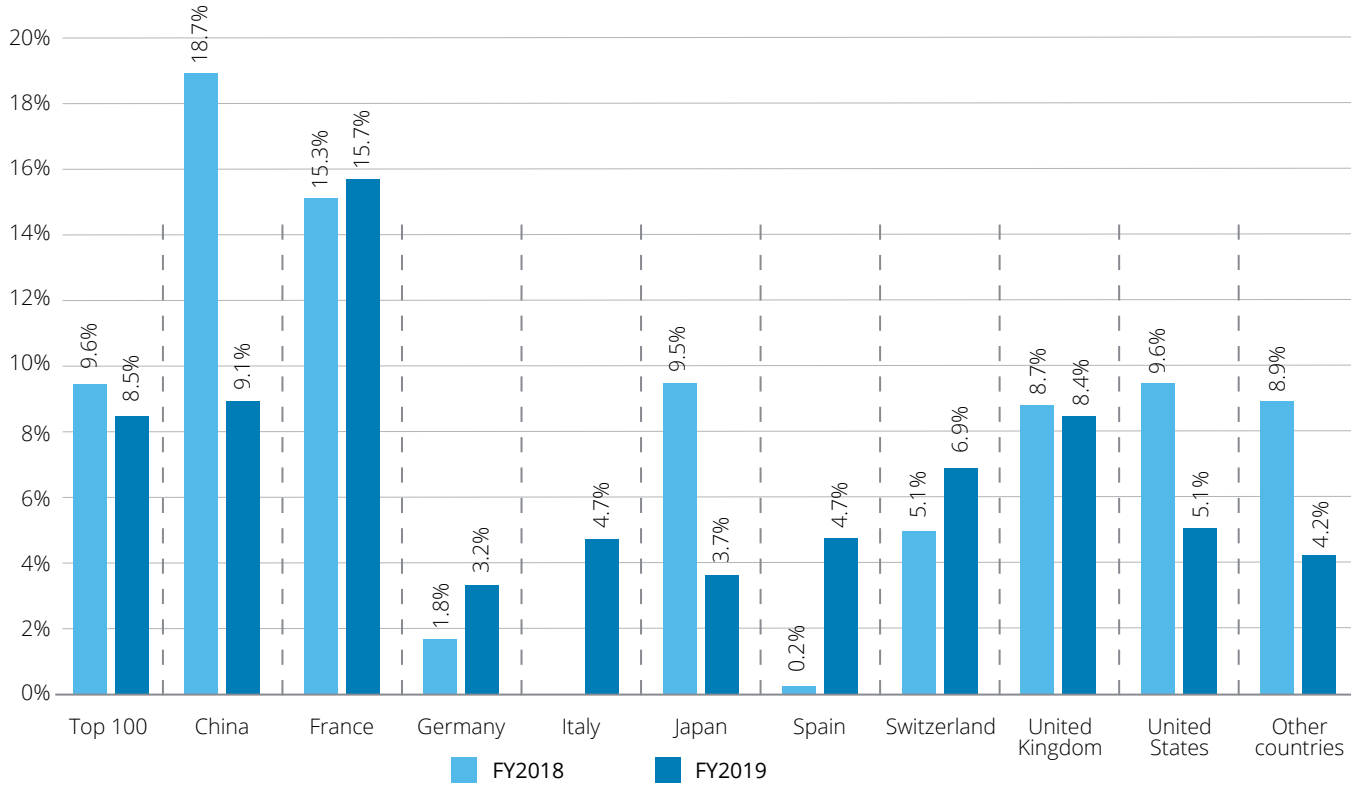
Performance by country, FY2019



* 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 2020*. Analysis of financial performance and operations for fiscal years ended through 31 December 2019 using company annual reports, industry estimates, and other sources.

Luxury goods sales YoY growth % by country for Top 100 companies, FY2018 and FY2019



Note : Companies excluded from FY2018 growth calculation as comparable FY2017 data n/a:
 Italy: EssilorLuxottica France: Clarins United States: Cole Haan

% of companies by product sector for each country, FY2019

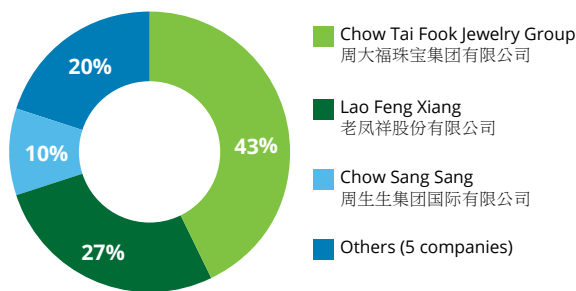
	Clothing and footwear	Bags and accessories	Cosmetics and fragrances	Jewelry and watches	Multiple luxury goods
China	13%			88%	
France	22%	11%	33%		33%
Germany	80%			20%	
Italy	64%	23%	5%		9%
Spain	33%		33%	33%	
Switzerland				100%	
United Kingdom	60%			10%	30%
United States	27%	13%	27%	20%	13%
Japan	33%		50%	17%	
Other countries	25%	8%	8%	58%	

French companies achieve the highest all-round performance, driven by global luxury leaders

Year-on-year growth declines in all countries outside Europe

Top 100 luxury goods companies based in China, Japan and the United States saw their composite year-on-year rate of sales growth drop sharply in FY2019 from the high levels achieved in FY2018. Companies based in Europe increased their composite year-on-year growth rate, with the exception of the United Kingdom, which saw a small fall. Companies based in Switzerland, France and the United Kingdom achieved composite net profit margins of 11.2%, higher than the Top 100 composite average.

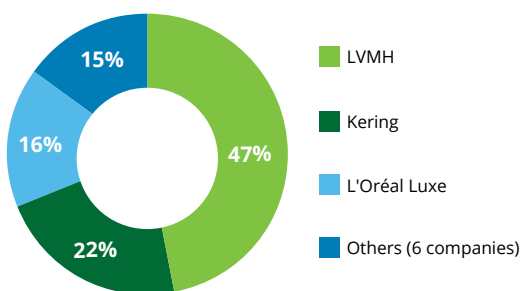
Top 3 companies share of FY2019 luxury goods sales



China

Chinese luxury goods companies' composite FY2019 year-on-year revenue growth was the second highest among the countries, at 9.1%, although this was down by more than half from the very high FY2018 level. Seven of the eight companies are vertically integrated jewelers, with Ruyi Group's menswear specialist Trinity Limited the only fashion company. Chow Tai Fook, Luk Fook and Trinity all achieved double-digit year-on-year growth in luxury goods sales in FY2019, but Chow Sang and Zheijiang Ming saw sales decline. Most companies experienced weaker sales in the second half of 2019, against a backdrop of China-US trade tensions and social unrest in Hong Kong SAR which led to a substantial fall in tourist numbers. All companies were profitable, but the composite net profit margin was the second lowest among the nine countries, at 5.9%, with only Chow Tai Seng reporting a double-digit net profit margin.

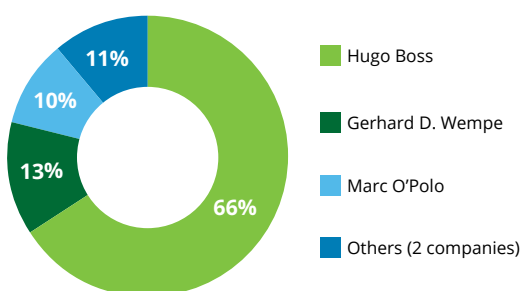
Top 3 companies share of FY2019 luxury goods sales



France

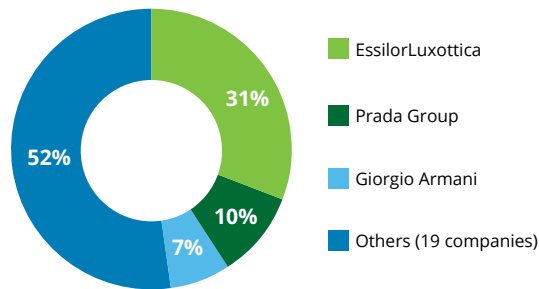
The nine companies based in France were the strongest performers in FY2019, with the highest composite year-on-year and three-year CAGR growth in luxury goods sales. Their 15.7% growth was slightly higher than in FY2018, and they contributed the highest share of Top 100 luxury goods sales, at 28.3%. This performance is driven by the double-digit growth of the global luxury leaders based in France—LVMH, Kering and L'Oréal Luxe in the Top 5, plus Hermès in 11th place. The average size of the French companies, at US\$ 8.8 billion, is more than three times greater than the Top 100 average. The five companies' reporting net profits achieved the second highest FY2019 composite net profit margin at 15.0%.

Top 3 companies share of FY2019 luxury goods sales

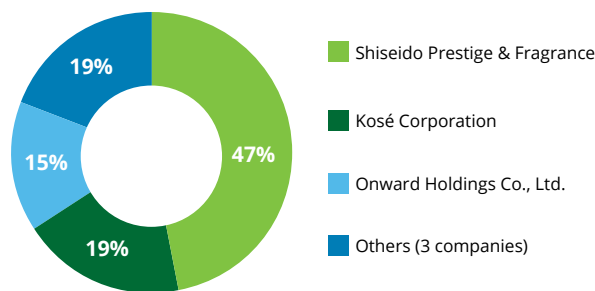


Germany

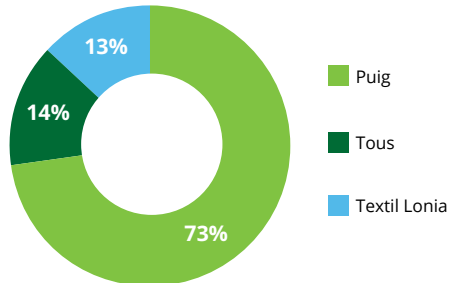
The five German companies reported the lowest composite FY2019 year-on-year luxury goods sales growth among all the countries, at 3.2%, up 1.4 percentage points on FY2018. Their performance was driven mainly by the 3% growth of the leading German luxury player, Hugo Boss, whose retail growth was offset partly by a decline in wholesale, mainly in the difficult US environment. German companies have the smallest average size, just under US\$1 billion. The three companies reporting profits had single-digit FY2019 net profit margins, with a composite net profit of 7.3%.

Top 3 companies share of FY2019 luxury goods sales**Italy**

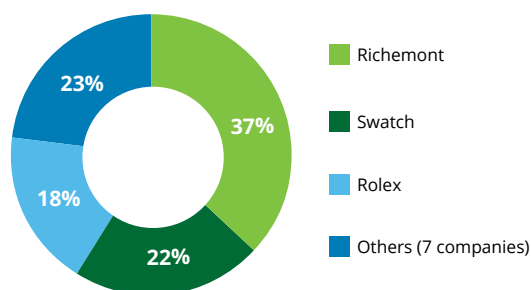
With 22 in the Top 100, Italy is home to the largest number of companies, of which 14 are luxury fashion companies. Their FY2019 composite year-on-year luxury goods sales growth was 4.7%, better than zero sales growth in FY2018. Moncler, Zegna and Euroitalia reported double-digit sales growth, and six fashion companies returned to growth in FY2019: Armani, OTB, Dolce & Gabbana, Ferragamo, Zegna and Twinset. Italian companies had the lowest FY2019 composite net profit margin at 5.6%.

Top 3 companies share of FY2019 luxury goods sales**Japan**

Composite FY2019 year-on-year luxury goods sales growth among the six Japanese companies fell by 5.8 percentage points, to 3.7%. The leading companies, cosmetics and fragrance specialists Shiseido and Kosé, continued to increase sales. Shiseido acquired the US-based fast-growing Drunk Elephant prestige skincare brand in November 2019, and saw strong growth in China, EMEA and travel retail. Onward Holdings, Pola Orbis and Sanyo Shokai reported a fall in sales. The FY2019 composite net profit margin for the five reporting companies was 7.6%.

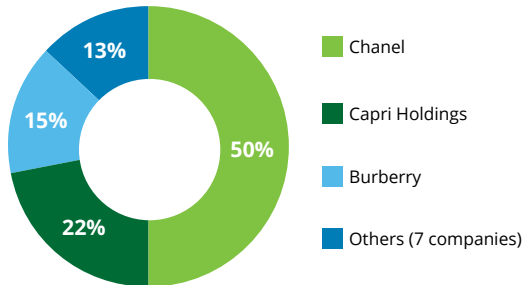
Top 3 companies share of FY2019 luxury goods sales**Spain**

The three leading luxury goods companies based in Spain all increased their sales to give a composite FY2019 year-on-year luxury goods sales growth of 4.7%, up 4.5 percentage points on the previous year. Puig's growth was driven primarily by favorable results in both Europe and North America, as well as by the impact of the first full year of sales from its 2018 acquisition of Dries Van Noten. Both Puig and Textil Lonia achieved double-digit net profit margins, giving the Spanish companies a composite FY2019 net profit margin of 10.6%.

Top 3 companies share of FY2019 luxury goods sales**Switzerland**

The ten companies based in Switzerland are all jewelry and watch companies. The Swiss companies' composite year-on-year luxury goods sales growth rate increased by 1.8 percentage points in FY2019, to 6.9%. Rolex, Richard Mille and Breitling all saw estimated double-digit growth in FY2019 luxury goods sales. Richard Mille's sharp rise in estimated FY2019 sales was due mainly to the total integration of its retail operations. It is worth noting that some other privately-owned luxury watchmakers, such as Breitling, are also integrating their retail operations. However, since these companies do not disclose any financial information, their sales figures are based only on estimated brand sales. Swatch Group was the only company with declining sales in FY2019. Richemont and Swatch Group are the only companies that publish financial reports. Their composite FY2019 net profit margin was the highest among all the countries, at 16.2%.

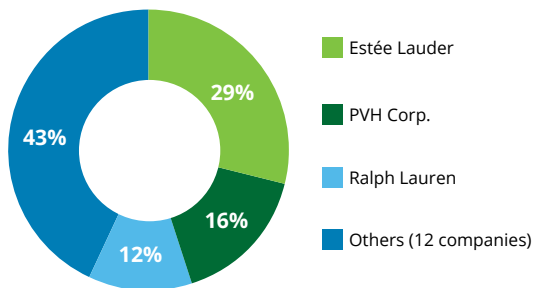
Top 3 companies share of FY2019 luxury goods sales



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. In FY2019 UK companies had the third highest composite year-on-year luxury goods sales growth at 8.4%. Chanel, Capri Holdings, Barbour and new entrant TFG London all achieved double-digit FY2019 luxury goods sales growth. Growth at Capri Holdings (formerly Michael Kors) came from its major acquisitions of Jimmy Choo in November 2017 and Gianni Versace at the end of 2018. Burberry sales were down as a result of its 2018 sale of the Burberry beauty wholesale licence to Coty. UK companies had the third highest composite FY2019 net profit margin at 14.4%, with Chanel, Capri Holdings, Burberry and Barbour all reporting double-digit net profit margins, and only Charles Tyrwhitt Shirts recording a loss.

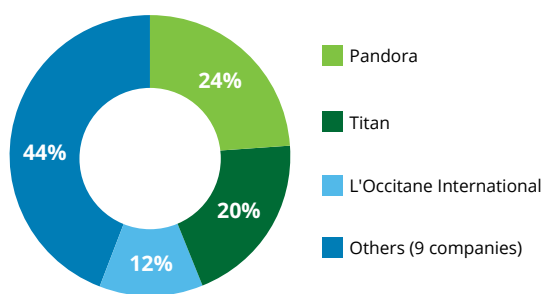
Top 3 companies share of FY2019 luxury goods sales



United States

The 15 US companies contributed the second highest proportion of the Top 100 luxury goods sales, at 18.3%. Composite FY2019 year-on-year luxury goods sales growth was 5.1%, down 4.5 percentage points from the high growth levels achieved in the previous year. Ralph Lauren saw its 'Way Forward Plan' finally deliver results, with luxury goods sales growth for the first time in four years; and Tory Burch, Cole Haan and Movado all achieved double-digit growth. At the other end of the spectrum, Fossil Group's net sales have declined every year from FY2015-19. The composite net profit margin for US companies in FY2019 was higher than the Top 100 composite average, at 9.4%.

Top 3 companies share of FY2019 luxury goods sales



Other countries

The 12 luxury companies based in other countries were generally smaller, with composite average luxury goods sales of US\$1.1 billion. Their composite FY2019 year-on-year luxury goods sales growth was 4.2%, down 4.7 percentage points from FY2018. This figure conceals diverse performance between different companies. Five of these companies are vertically integrated Indian jewelry retailers. The top Indian company, Titan, continued its strong growth trajectory, with FY2016-2019 CAGR of 19.8%, but revenues fell at Kalyan Jeweller and PC Jeweller. Luxembourg-based beauty company L'Occitane reversed its sales decline in FY2019. The largest company in this group, Denmark's Pandora, saw the first positive results of its turnaround program "NOW" in Q4 2019, but its sales still fell in FY2019. Canadian outerwear company Canada Goose, South Korea's MCM Group, Brazilian jeweler Vivara, and Sweden's Acne Studios all delivered double-digit FY2019 year-on-year luxury goods sales growth. Brazilian fashion company Restoque saw its sales fall by 23% as it implemented its strategy to reduce discounted price brand sales. The FY2019 composite net profit margin for this group of companies was 7.2%.

Product sector analysis

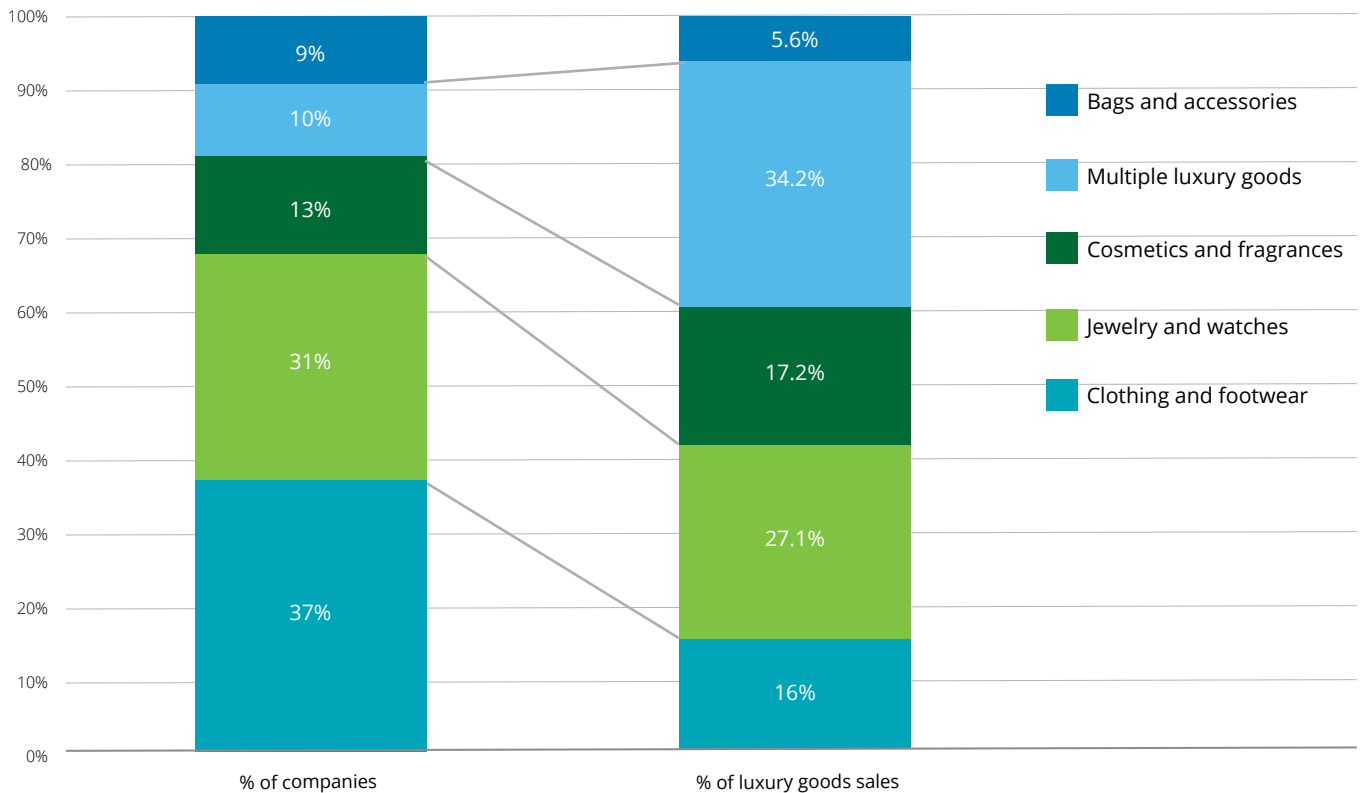
This *Global Powers of Luxury Goods* report analyzes performance by luxury goods product sectors as well as by geography. The five luxury goods product sectors used for this analysis are:

- Bags and accessories (including eyewear)
- Clothing and footwear
- Cosmetics and fragrances
- Jewelry and watches
- Multiple luxury goods

sectors if a high percentage of its luxury goods sales are 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.

A company is assigned to one of the five specific product

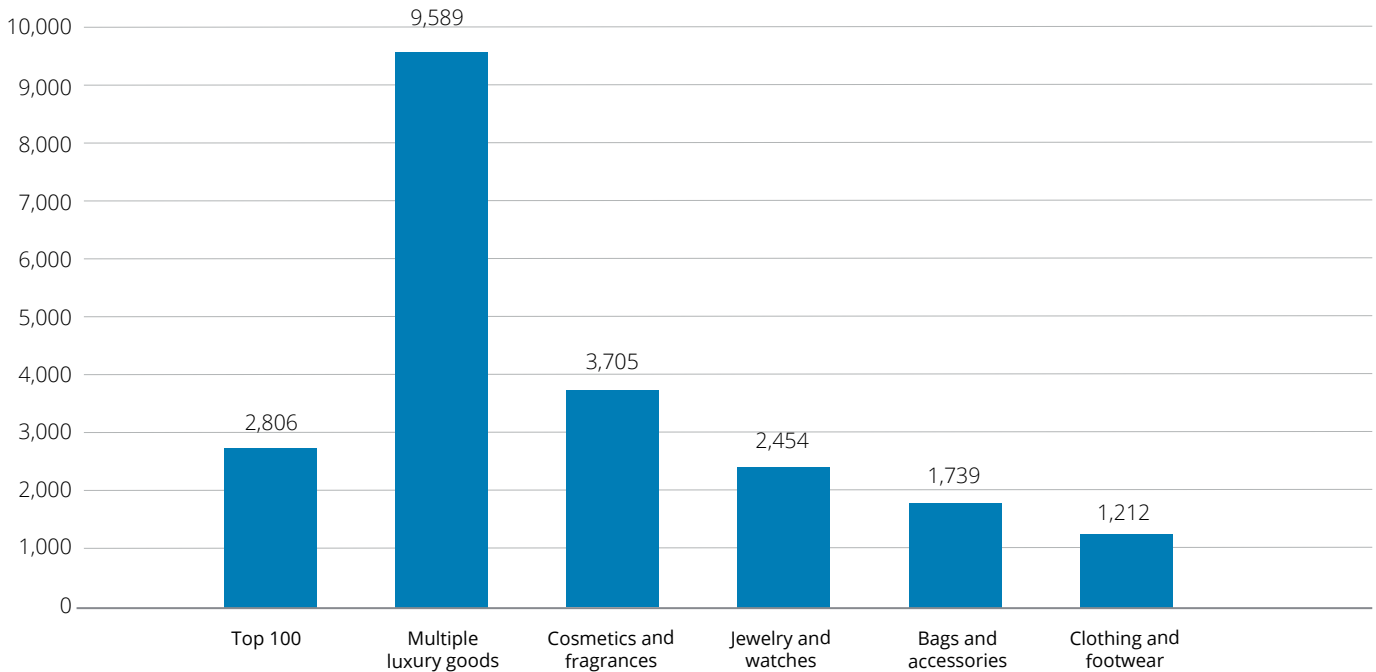
Top 100 share by product sector, FY2019



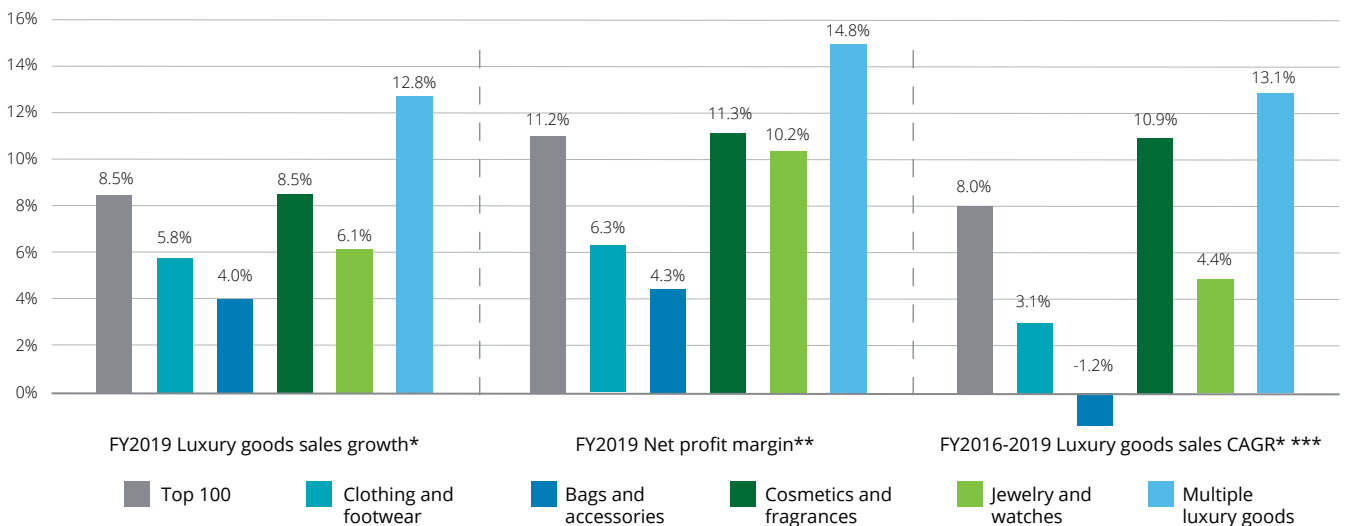
* Sales-weighted, currency-adjusted composites

Source: Deloitte Touche Tohmatsu Limited. *Global Powers of Luxury Goods 2020*. Analysis of financial performance and operations for fiscal years ended through 31 December 2019 using company annual reports, industry estimates, and other sources.

Average size of companies by luxury goods sales (US\$M), FY2019



Performance by product sector, FY2019



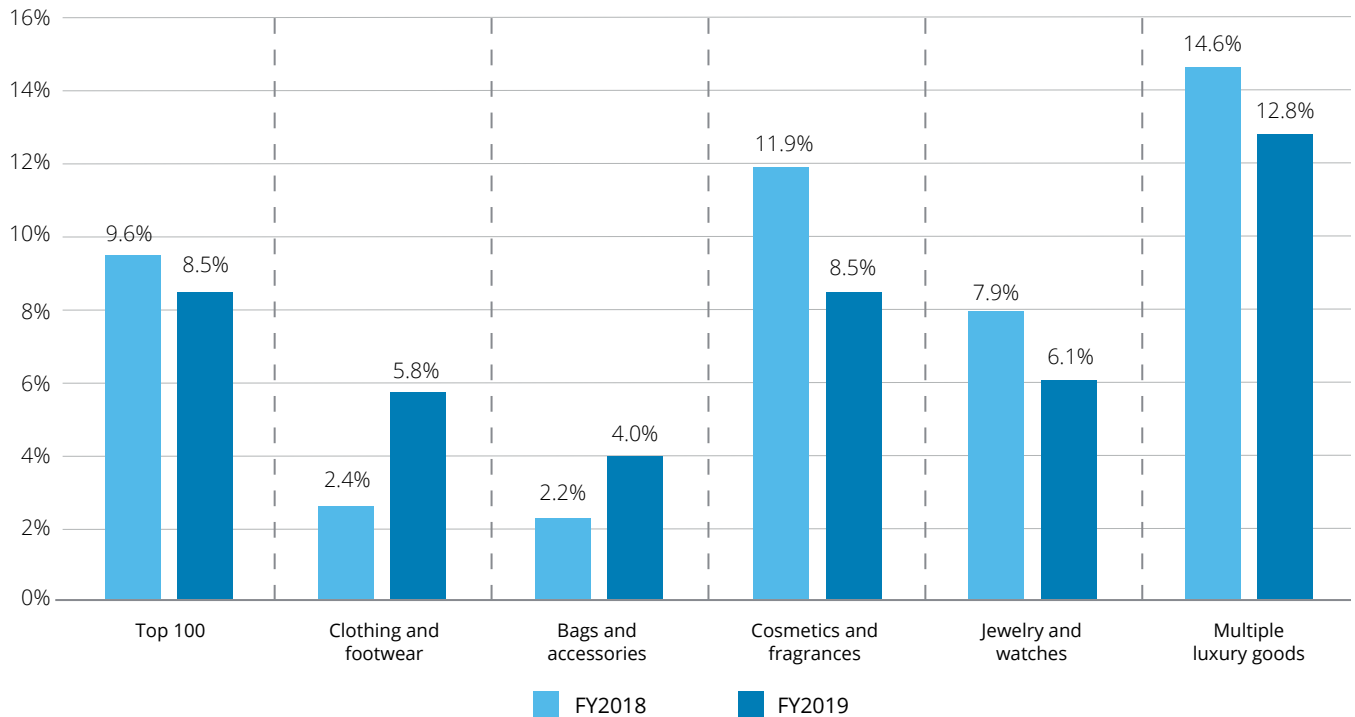
* Sales-weighted, currency-adjusted composites

** Sales-weighted composites

*** Compound annual growth rate

Source: Deloitte Touche Tohmatsu Limited. *Global Powers of Luxury Goods 2020*. Analysis of financial performance and operations for fiscal years ended through 31 December 2019 using company annual reports, industry estimates, and other sources.

Luxury goods sales YoY growth % by product sector for Top 100 companies, FY2018 and FY2019



Note: Companies excluded from FY2018 growth calculation as comparable FY2017 data n/a:

Bags and Accessories: EssilorLuxottica Cosmetics and Fragrances: Clarins Multiple luxury goods: Cole Haan

For each product sector, % of companies by country, FY2019

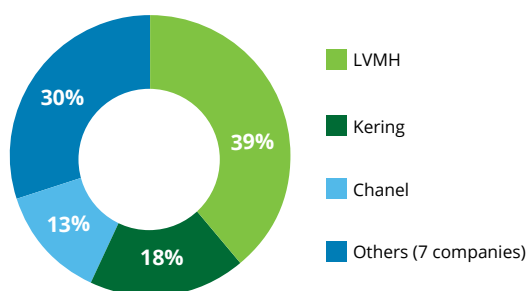
	Clothing and footwear	Bags and accessories	Cosmetics and fragrances	Jewelry and watches	Multiple luxury goods
China	3%			23%	
France	5%	11%	23%		30%
Germany	11%			3%	
Italy	38%	56%	8%		20%
Spain	3%		8%	3%	
Switzerland				32%	
United Kingdom	16%			3%	30%
United States	11%	22%	31%	10%	20%
Japan	5%		23%	3%	
Other countries	8%	11%	8%	23%	

Multiple luxury goods companies have the highest share of luxury goods sales, sales growth and the highest net profit margin

Clothing and footwear companies still contribute the highest number of companies

Luxury goods sales growth among the product sectors became less polarized in FY2019. The growth rate was lower in FY2019 among the sectors that showed the largest growth in FY2018, and higher among those with lower growth rates in FY2018—clothing and footwear, and bags and accessories.

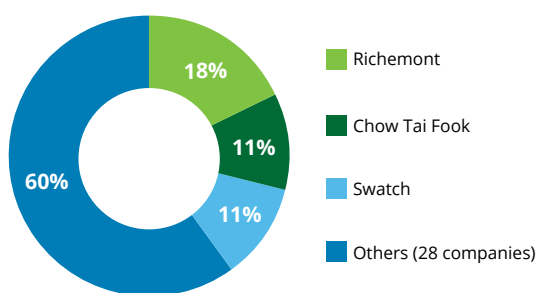
Top 3 companies share of FY2019 luxury goods sales



Multiple luxury goods

The importance of the ten multiple luxury goods companies is clear—they contributed more than one-third of the total Top 100 luxury goods sales in FY2019, with the highest average amount per company—approaching US\$10 billion. They also achieved the highest sales growth and net profit margin among the product sectors, although year-on-year growth was down by 1.8 percentage points compared with FY2018, at 12.8%. The leading companies in this sector, LVMH, Kering, Chanel and Hermès, together with Capri Holdings and Cole Haan, achieved double-digit year-on-year sales growth. Only Burberry saw a decline, as a result of its 2018 sale of the Burberry Beauty license to Coty. All the companies were profitable, with five reporting double-digit net profit margins—LVMH, Kering, Chanel, Capri Holdings and Burberry—and their composite net profit margin was 14.8%.

Top 3 companies share of FY2019 luxury goods sales

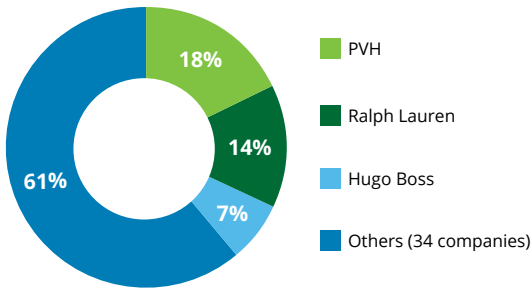


Jewelry and watches

Switzerland is the home country for 10 of the 31 companies in this product sector, among which are the luxury jewelry and watch sector global leader Richemont, Swatch Group, and seven privately-owned global luxury watch brand icons including Rolex. Among the 31 companies, 12 are vertically integrated jewelry retailers in China (mainland and Hong Kong SAR) and India.

Results for the companies in this sector in FY2019 varied widely, with nine (including Chow Tai Fook and Rolex) reporting double-digit sales growth, and seven companies (including Fossil and Zhejiang Ming) a fall in sales. Jewelry and watches was the third-highest performing product sector on all composite metrics in FY2019, with year-on-year luxury goods sales growth down 1.8 percentage points, at 6.1%. The composite FY2019 net profit margin for the 22 companies reporting net profits was 10.2%, just one percentage point lower than the Top 100 composite average.

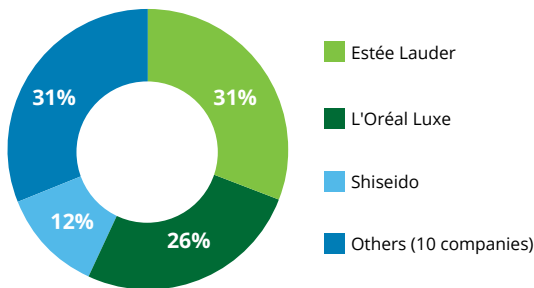
Top 3 companies share of FY2019 luxury goods sales



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 of these 37 companies are still privately-owned, often by their founding families. It is the most international product sector, although more than one-third of the companies are Italian, reflecting Italy's influence as the home of luxury fashion. Clothing and footwear saw the biggest increase in composite year-on-year growth in FY2019, up by 3.4 percentage points to 5.8%. It was the fourth highest performing sector for all metrics in FY2019. The composite net profit margin was 6.3%—six companies reported double-digit net profit margins, while only three reported losses.

Top 3 companies share of FY2019 luxury goods sales

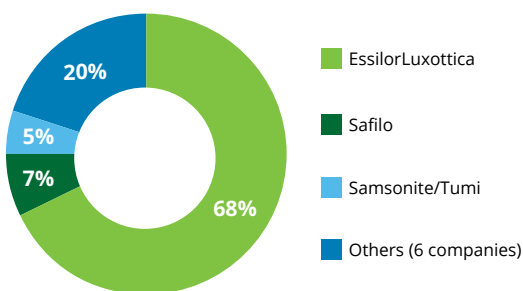


Cosmetics and fragrances

Of the 13 cosmetics and fragrance companies, nine are based in the United States, France and Japan. L'Oréal Luxe, Kosé Corp and Euroitalia posted double-digit year-on-year sales growth in FY2019, while Clarins, Pola Orbis and Revlon's Elizabeth Arden and luxury fragrances saw a decline in sales. Clarins' fall in was due to the sale of its Mugler and Azarro brands to L'Oréal. Cosmetics and fragrance companies are larger than the Top 100 average, with luxury goods sales averaging US\$3.7 billion.

While this sector achieved the second-highest FY2019 year-on-year growth of 8.5%, it also saw the largest fall in growth rate compared to FY2018, down by 3.4 percentage points. The eight cosmetics and fragrances companies reporting net profits had the second-highest composite FY2019 net profit margin of all the product sectors, 11.3%, and the highest FY2019 return on assets, 11.4%.

Top 3 companies share of FY2019 luxury goods sales



Bags and accessories

This smallest luxury goods product sector is dominated by the newly-merged company EssilorLuxottica. Five of the nine companies in this group are based in Italy. Year-on-year luxury sales growth improved by 1.8 percentage points in FY2019, although at 4%, this was still the lowest among the product sectors. South Korea's MCM Group was the only company reporting double-digit growth.

Bags and accessories were also the worst-performing sector for profitability, with a FY2019 composite net profit margin of 4.3% from the seven companies reporting net profits. EssilorLuxottica reported the highest net profit margin, at 6.8%; but three companies reported losses, with Safilo's particularly poor results due mainly to their exit from its retail business, the Solstice chain in the United States, and the initial impact of its loss of the LVMH brand eyewear licenses.

New entrants

New entrants, FY2019

FY2019 Luxury goods sales ranking	Company	Country of origin	Product sector	FY2019 Luxury goods sales (US\$M)	FY2019 Luxury goods sales growth
39	Clarins SAS	France	Cosmetics and fragrances	1,646	-8.2%
63	David's Bridal, Inc	United States	Clothing and footwear	650 ^e	-9.1%
66	MCM Group	South Korea	Bags and accessories	617	11.8%
73	TFG London	United Kingdom	Clothing and footwear	536	31.3%
88	Laboratoire Nuxe SA	France	Cosmetics and fragrances	308 ^e	25.0%
90	Vivara SA	Brazil	Jewelry and watches	297	10.5%
94	Acne Studios Holding AB	Sweden	Clothing and footwear	276	23.0%
98	Trinity Limited 利邦控股有限公司	China/Hong Kong SAR	Clothing and footwear	250	13.9%
100	K.Mikimoto & Co., Ltd.	Japan	Jewelry and watches	238	-4.2%

Companies in **bold** type are newcomers due to sales growth (in US\$) or new company organisation, or 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 2020*. Analysis of financial performance and operations for fiscal years ended 31 December 2019 using company annual reports, industry estimates, and other sources.

This year's new entrants are: companies that were not large enough for the FY2018 Top 100, based on their FY2018 results (fiscal years ended 31 December 2018) and companies that were not in the Top 100 in the *Global Powers of Luxury Goods 2019* report, based on results for FY2017 (fiscal years ended 30 June 2018).

There were nine new entrants to the Top 100 in FY2019—four clothing and footwear companies, two companies in each of the cosmetics and fragrances and the jewelry and watches sectors, and one bags and accessories company.

Two companies entered the Top 100 as a result of improved data coverage and availability—**David's Bridal** and **Vivara**.

David's Bridal, the US-based global bridal luxury brand rival to Spain's Pronovias, has more than 300 stores in the United States, Canada and the United Kingdom, as well as franchise locations in Mexico. The company completed a financial restructuring in 2018 after filing for Chapter 11 bankruptcy, and emerging in January 2019.

Leading Brazilian jeweller **Vivara** released data for the first time, as its privately-owned parent company Tellerina sold 40% of the shares in the company. Vivara raised BRL453.5 million from its 2019 IPO, to fund expansion and investments in branding and technology.

TFG London, owned by South African retailer The Foschini Group, grew rapidly from a series of acquisitions from 2015 to 2017 of UK premium womenswear brands (Phase Eight, Whistles, Damsel in a Dress and Hobbs).

The remaining companies are 're-entrants' that have previously appeared in the *Global Powers of Luxury Goods* Top 100.

Laboratoire Nuxe, **Acne**, **Trinity** and **Mikimoto** returned to the Top 100 in FY2019, having been just too small for inclusion in FY2018; while **Clarins** and **MCM Group** (previously entered as Sungjoo D&D) re-entered the Top 100 after a one-year absence due to missing data.

Fastest 20

20 Fastest-growing luxury goods companies, FY2016-2019 CAGR²

CAGR ranking	Top 100 ranking	Name of company	Country of origin	FY2019 Luxury goods sales (US\$M)	FY2016-2019 Luxury goods sales CAGR ²	FY2019 Luxury goods sales growth	FY2019 Net profit margin ¹
1	55	Richard Mille SA	Switzerland	906 ^e	58.7%	200.0%	n/a
2	64	Canada Goose Holdings Inc.	Canada	633	41.9%	40.5%	17.3%
3	73	TFG London	United Kingdom	536	33.0%	31.3%	n/a
4	2	Kering SA	France	17,777	23.3%	16.2%	14.7%
5	62	Chow Tai Seng Jewelry Co., Ltd.	China	666	22.5%	9.1%	18.2%
6	21	Coty Luxury	United States	3,294	21.5%	2.6%	n/a
7	26	Titan Company Limited	India	2,715	19.8%	20.1%	7.2%
8	75	Euroitalia S.r.l.	Italy	501	16.6%	10.4%	12.8%
9	1	LVMH Moët Hennessy-Louis Vuitton SE	France	37,468	16.5%	16.8%	14.5%
10	34	Moncler SpA	Italy	1,822	16.1%	14.6%	22.0%
11	15	Shiseido Prestige & Fragrance	Japan	5,812 ^e	16.0%	6.8%	n/a
12	91	J Barbour & Sons Ltd	United Kingdom	294	13.3%	11.3%	13.8%
13	94	Acne Studios Holding AB	Sweden	276	13.0%	23.0%	10.4%
14	47	SMCP SAS	France	1,267	12.9%	11.3%	3.9%
15	5	L'Oréal Luxe	France	12,334	12.9%	17.6%	n/a
16	6	Chanel Limited	United Kingdom	12,273	12.5%	10.4%	19.6%
17	28	Kosé Corporation	Japan	2,299 ^e	12.3%	11.0%	11.7%
18	50	Joyalukkas India Pvt. Limited	India	1,157 ^e	11.9%	10.0%	1.7%
19	68	Breitling SA	Switzerland	584 ^e	11.5%	20.8%	n/a
20	58	Inter Parfums, Inc.	United States	714	11.0%	5.6%	10.7%
Fastest 20* **				103,326	16.9%	15.3%	14.7%
Top 100* **				280,640	8.0%	8.5%	11.2%

Companies in **bold** type were also among the 20 fastest-growing luxury goods companies in the *Global Powers of Luxury Goods 2019* report.

¹Net profit margin based on total consolidated revenue and net income

²Compound 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 2020*. Analysis of financial performance and operations for fiscal years ended through 31 December 2019 using published company data, annual reports, industry estimates, and other sources.

Big and fast: LVMH & Kering achieve Top 10 and Fastest 10

Canada Goose is overtaken by Richard Mille

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 Top 100 companies have been ranked based on their FY2016-2019 CAGR.

Between FY2016 and FY2019, the composite rate of luxury goods sales growth for the Fastest 20 companies was 16.9%, more than double the composite CAGR for the Top 100. Among the Fastest 20 in FY2019, 14 have exhibited consistently high growth and appeared in the previous year's Fastest 20 in the *Global Powers of Luxury Goods 2019* report. Note that these are shown in bold type in the Fastest 20 list.

Canada Goose lost the top position in the list that it had held for the previous two years, despite continuing strong year-on-year growth of 40.5%. It was overtaken by Swiss luxury watchmaker Richard Mille, whose sharp rise in estimated FY2019 sales was due mainly to the full integration of its retail operations. Excluding this reorganization, Richard Mille's organic sales growth was around 20%. It is worth noting that some other privately-owned luxury watchmakers, such as Breitling, are also integrating their retail operations; but since they do not reveal their financial results, the estimated sales used for this report are based on the available information for brand sales.

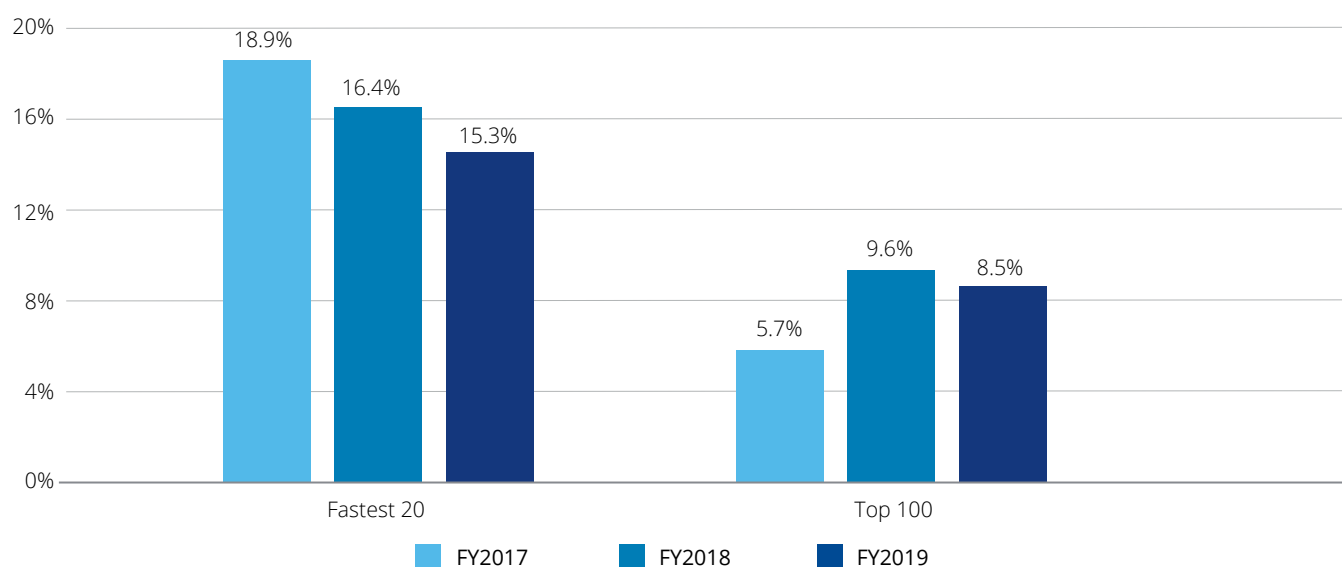
Fashion newcomer TFG London, a subsidiary of the South African Foschini Group, jumped into third place in the list. Growth was driven by a series of acquisitions from 2015 to 2017

of UK premium womenswear brands—Phase Eight, Whistles, Damsel in a Dress and Hobbs. Five other companies were new entrants in the Fastest 20 list in FY2019—LVMH, L'Oréal Luxe, Euroitalia, Chanel and Breitling.

Denmark's Pandora and Italy's Furla both dropped out of the Fastest 20 list this year, as their previously rapid rate of growth slowed down significantly. This leaves Italian fashion company Moncler as the most consistent luxury goods high performer. It has not only appeared in the Fastest 20 for the past five years, but also has the third-highest net profit margin in the Top 100 in FY2019, at 22.0%.

Yet again, the fastest-growing companies also achieved above average profitability. All 14 of the companies ranked in the Fastest 20 that disclosed their bottom-line performance in FY2019 were profitable, and together achieved a composite net profit margin of 14.7%, 3.5 percentage points higher than the composite net profit margin for the Top 100. Average luxury goods sales for the Fastest 20 in FY2019 more than doubled, to over US\$5 billion. Although the top three companies in the list had luxury goods sales of less than US\$1 billion, other companies demonstrated that it is possible to be both big and fast-growing. Five companies in the Fastest 20 recorded revenue of more than US\$5 billion, including four of the six leading global luxury goods companies—LVMH, Kering, L'Oréal Luxe and Chanel, which all achieved double-digit sales growth in each of the three years from FY2017 to 2019.

Fastest 20 companies: Luxury goods sales YoY growth, FY2017-2019



Number of Fastest 20 companies by product sector and country

	Clothing and footwear	Bags and accessories	Cosmetics and fragrances	Jewellery and watches	Multiple luxury goods	Fastest 20
China				1		1
France	1		1		2	4
Italy	1		1			2
Switzerland				2		2
United Kingdom	2				1	3
United States			2			2
Japan			2			2
Other countries	2			2		4
Fastest 20	6	0	6	5	3	20

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 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 that 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
- 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 clothing and footwear (ready-to-wear); bags and accessories (including eyewear); fine jewellery and watches; and prestige 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 (e.g., L'Oréal Luxe) are also included. Some companies do not disclose 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 their financial year 2019 (which we define as financial years ending within the 12 months from 1 January to 31 December 2019).

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 and 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 to US dollars. Exchange rates, therefore, have an impact on the results. OANDA.com is the 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' FY2019 year-on-year growth rate and FY2016-2019 compound annual growth rate (CAGR), however, are calculated in each company's local currency.

Only data linked to those companies in the Top 100 ranking 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 year-on-year and CAGR growth comparisons are for the Top 100 ranking companies in this report. They are not comparisons with Top 100 ranking companies in previous *Global Powers of Luxury Goods* reports, unless stated otherwise.

Group financial results

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

Group financial results are based only on companies for which data is available. 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 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.

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.

FY2019 changes

Since the first *Global Powers of Luxury Goods* report was produced in 2014, a mid-year fiscal year has been used, i.e., for the *Global Powers of Luxury Goods* 2019 report, FY2017 meant fiscal year end dates from 1 July 2017 to 30 June 2018.

For the *Global Powers of Luxury Goods* 2020 report, we have changed to a calendar year fiscal year definition, i.e., FY2019 means fiscal year end dates from 1 January to 31 December 2019. As a result the data in the report is more up to date, and easier to understand. Growth calculations (CAGR and year-on-year) are also based on calendar year data for financial years FY2016 to FY2018. For a small number of companies where FY2019 data is not yet available, FY2018 data has been used (these are footnoted).

Accounting standard IFRS16/US GAAP-ASC 842 was adopted by many (but not all) companies in FY2019. The main impact for the purpose of this report is on total assets. Operating leases must now be included within assets on the balance sheet, resulting in significant increases in the reported total assets of many companies compared to previous years. This reduces the return on assets ratio.

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