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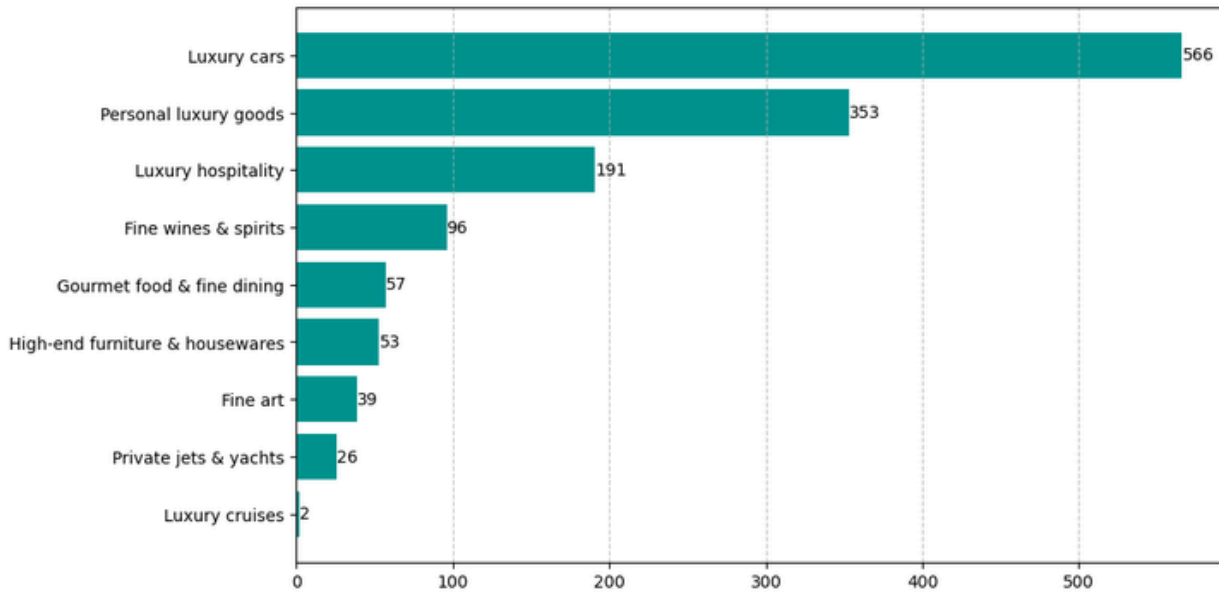
LUXURY GOODS
SECTOR ANALYSIS

DATE :
26th May 2024

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Personal luxury goods industry worldwide: **Market overview**

Value of various global luxury markets in 2022, by market type (in billion euros)

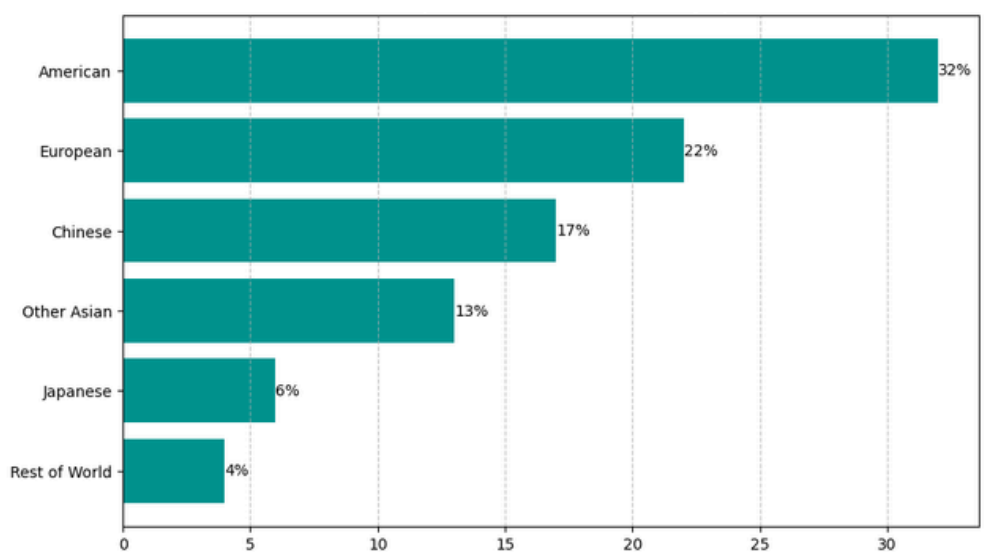


The chart delineates the value of different segments in the global luxury market for 2022. Luxury cars stand out as the largest segment at \$566 billion, emphasizing the demand for prestigious automobile brands like Ferrari and Rolls-Royce. Personal luxury goods rank second at \$353 billion, including fashion and accessories from brands like Louis Vuitton and Rolex. Luxury hospitality follows at \$191 billion, featuring high-end hotels such as Four Seasons. Other notable segments include fine wines and spirits, gourmet food and fine dining, high-end furniture, fine art, private jets and yachts, and luxury cruises. Overall, the summary illustrates the diverse array of luxury segments, from tangible goods to experiential services, each reflecting the growing scope of luxury in various aspects of life.

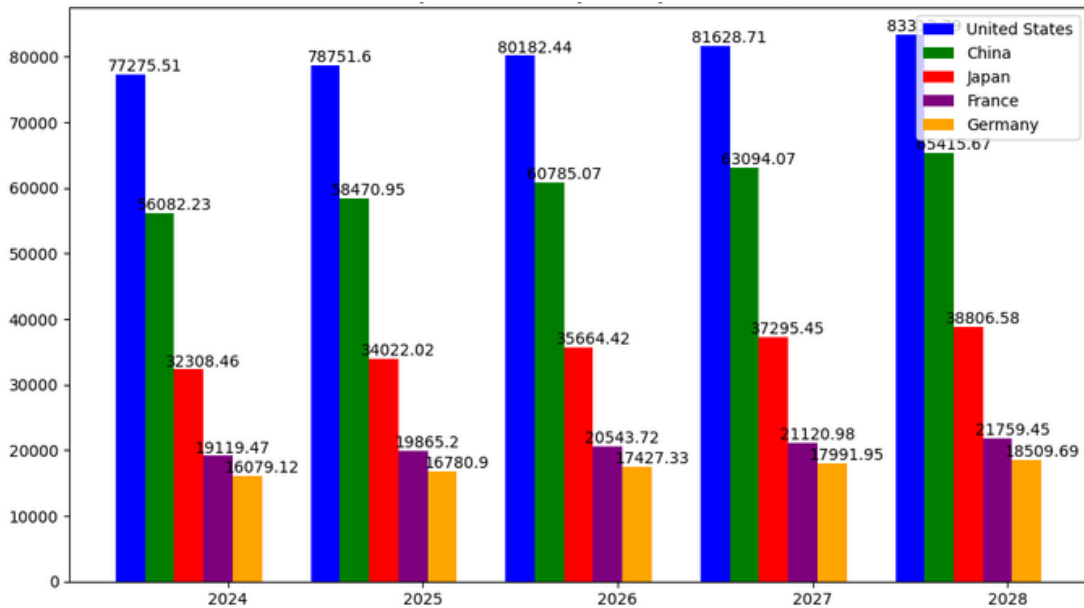
Share of the personal luxury goods market worldwide in 2022, by consumer nationality

Accordingly to the graph, europeans represent the largest share at 22%, followed by Americans at 32%, and Chinese at 17%. Other Asian, Japanese, and Rest of World consumers make up smaller portions at 13%, 6%, and 4%, respectively.

These estimates, provided by Bain & Company, offer valuable insights into the geographic distribution of luxury goods consumption globally. Please note that all figures are conservative estimates.



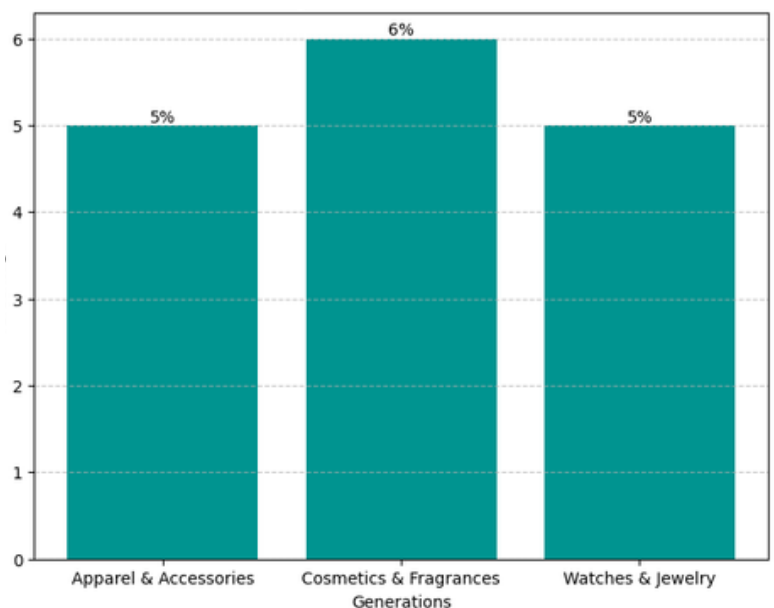
Revenue of the luxury goods industry Worldwide 2018-2028 (in billion U.S. dollars)



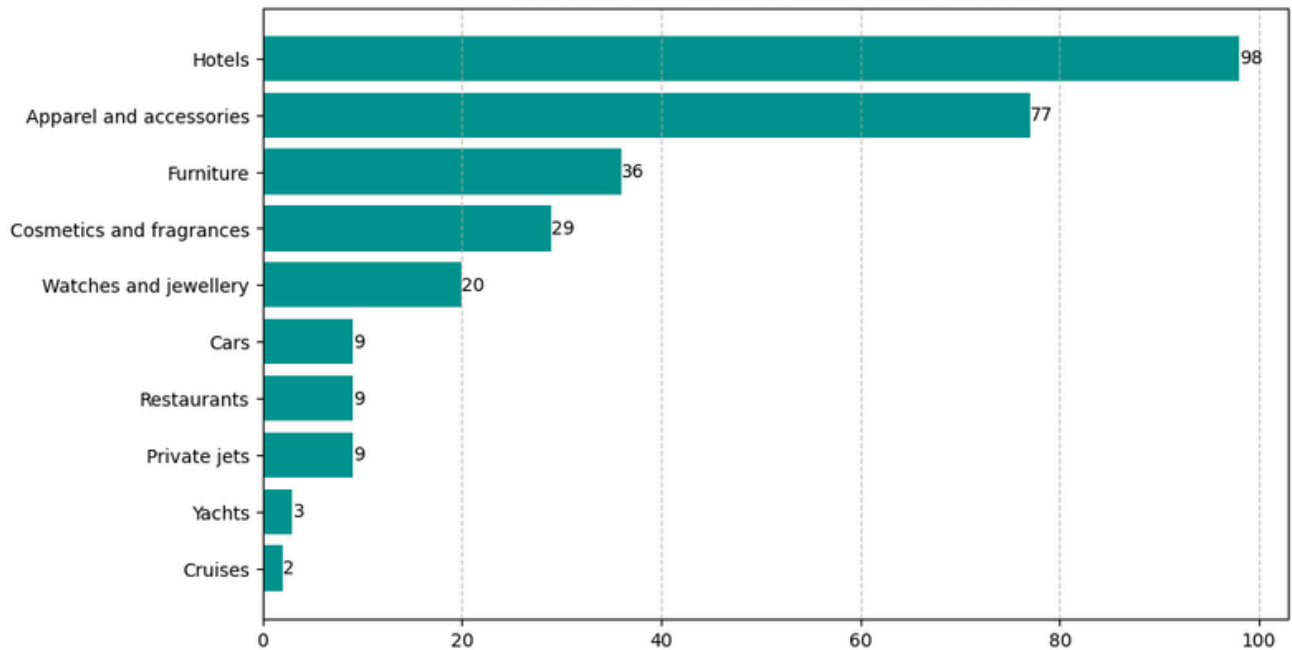
The chart illustrates the luxury market values for five countries (United States, China, Japan, France, Germany) from 2024 to 2028. The United States leads with values ranging from 77,275.51 to 83,312.79 billion USD, followed by China, with values ranging from 56,082.23 to 65,415.67 billion USD. Japan, France, and Germany follow with progressively lower values. These data highlight the dominant position of the United States in the luxury market, with China showing significant growth.

Expected CAGR of global personal luxury goods market from 2020 to 2025

The graph depicts the expected Compound Annual Growth Rate (CAGR) of the global personal luxury goods market from 2020 to 2025; divided in three categories: Apparel & Accessories, Cosmetics & Fragrances, and Watches & Jewelry. According to a recent survey, the market is forecasted to grow positively over the specified period. Cosmetics & Fragrances are expected to have the highest growth rate with a CAGR of six percent, while Apparel & Accessories and Watches & Jewelry are projected to grow at five percent each. This data suggests a promising outlook for the personal luxury goods market, reflecting potential shifts in consumer preferences and market dynamics.



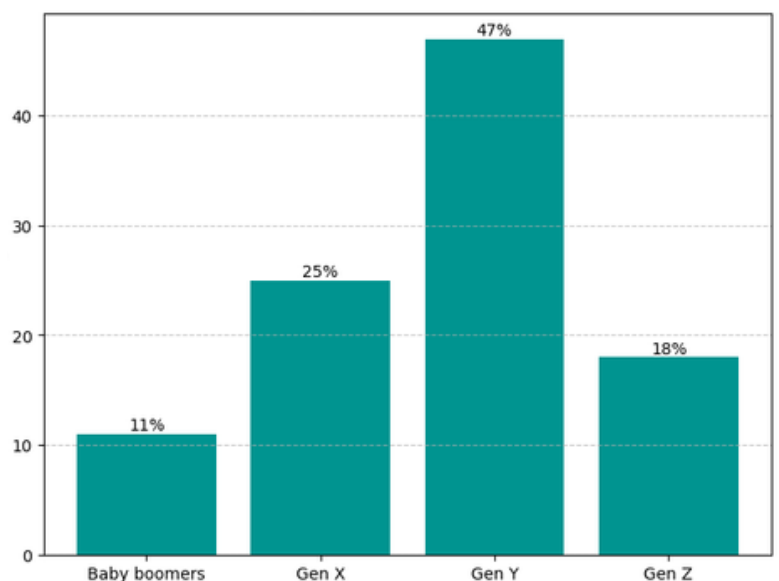
M&A deals in the fashion and luxury goods sector worldwide in 2022, by sector



In 2022, the fashion and luxury goods sector witnessed a total of 292 M&A deals globally. These deals were distributed across various product categories within the industry. The highest number of M&A deals occurred in the hotels sector, totaling 98 deals, followed by apparel and accessories with 77 deals. Other sectors such as furniture, cosmetics and fragrances, watches and jewellery, and restaurants also experienced notable M&A activity. Sectors like private jets, yachts, and cruises saw fewer deals in comparison. These insights, derived from data provided by Deloitte, offer a comprehensive view of M&A trends within the fashion and luxury goods industry, reflecting diverse levels of activity across different product categories.

Share of the personal luxury goods market worldwide in 2022, by generation

According to Bain & Company, Millennials (Gen Y) emerged as the dominant consumer group, representing nearly half of all luxury goods spending globally. This generation, born between 1961 and 1996, also held significant disposable income, particularly in the United States. These insights underscore the substantial influence of Millennials on luxury market dynamics. The data reflects global trends and highlights the importance of understanding generational preferences in luxury goods consumption.

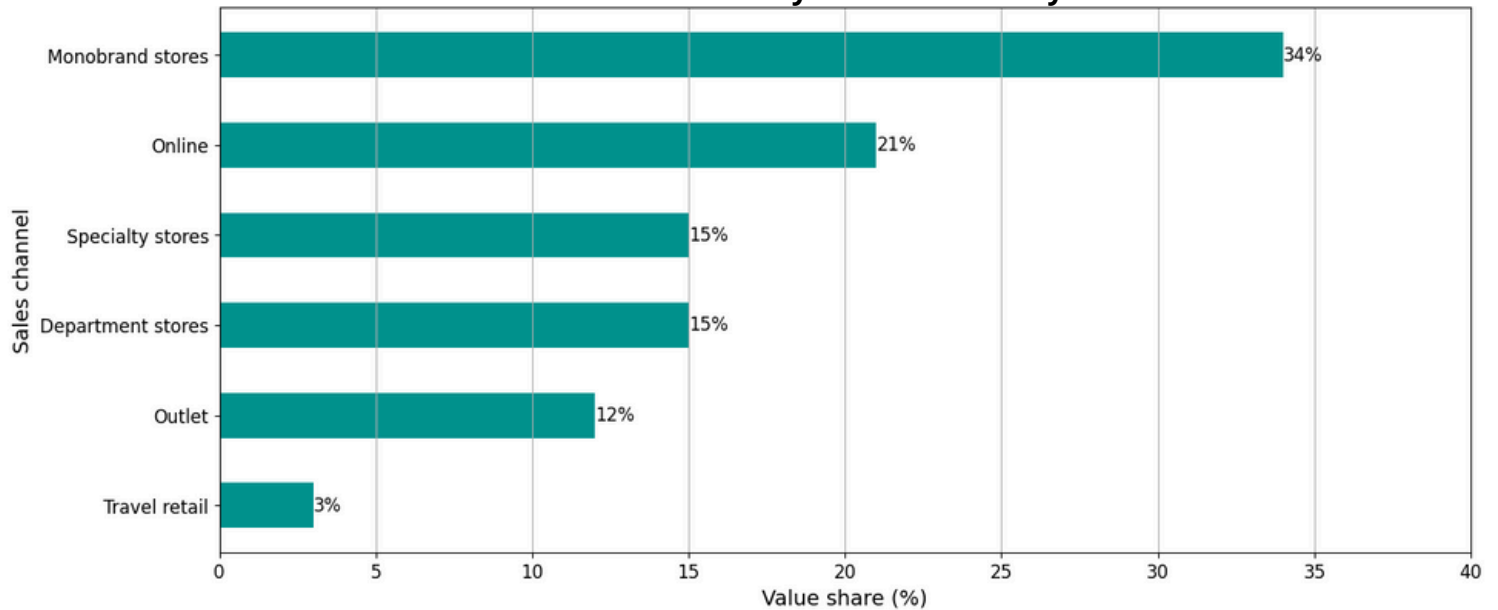


Personal luxury goods industry: Sales channels and formats

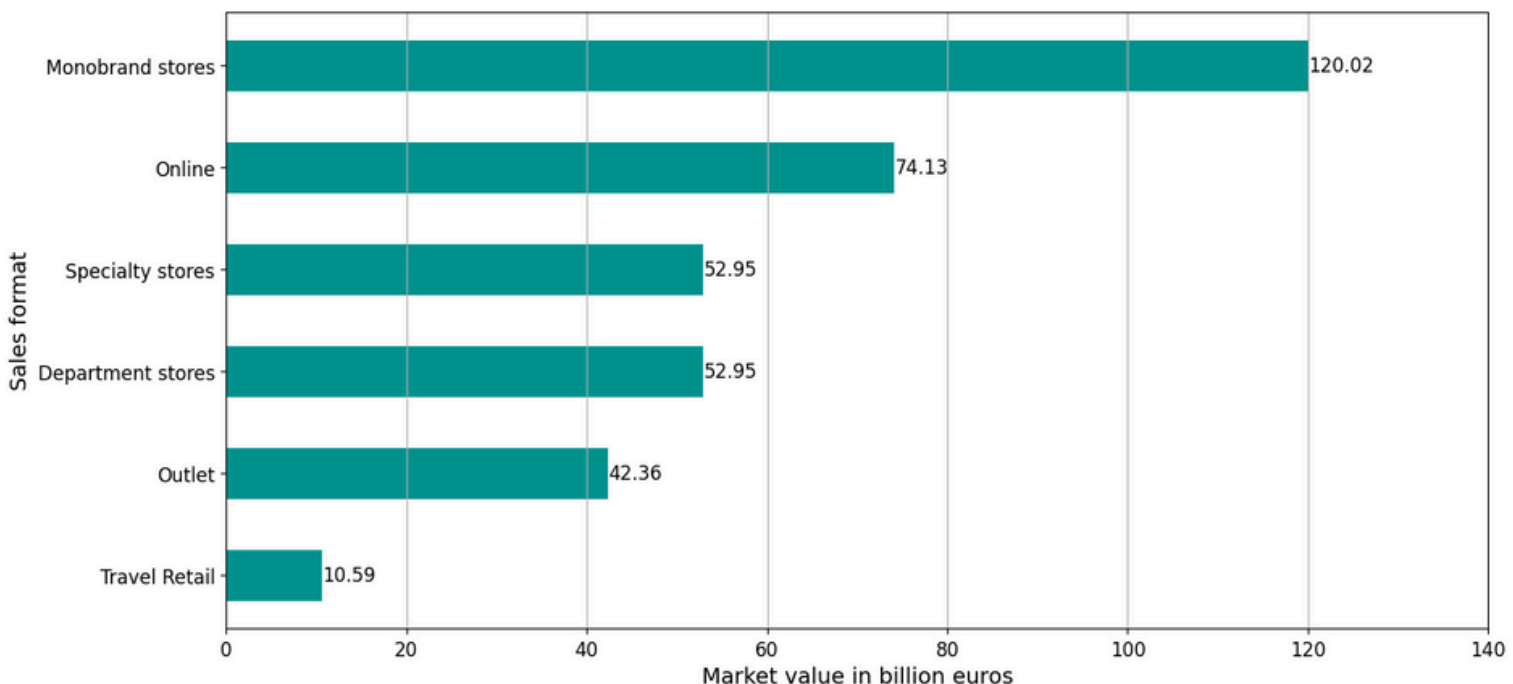
Here is an in-depth analysis of the **sales channels** and **formats** used in the global personal luxury goods industry in 2022, providing an overview of the **methods through which luxury goods are marketed and distributed**, highlighting key trends and market dynamics.

This first chart shows the market share breakdown of global personal luxury goods by sales channel in 2022. It highlights that monobrand stores dominate the market with a 34% share, followed by online sales, which account for 21% of the market.

Share of the Global Personal Luxury Goods Market by Sales Channel



This second chart illustrates the value of the global personal luxury goods market **by sales format** in 2022: monobrand stores emerge as the most valuable format with a market value of 120.02 billion euros. Online sales follow with 74.13 billion euros, while specialty stores and department stores each register a value of 52.95 billion euros.



Personal luxury goods industry: Sales channels and formats

The following chart provides an overview of the **growth trajectory of the online segment** within the global personal luxury goods market over an 18-year period.

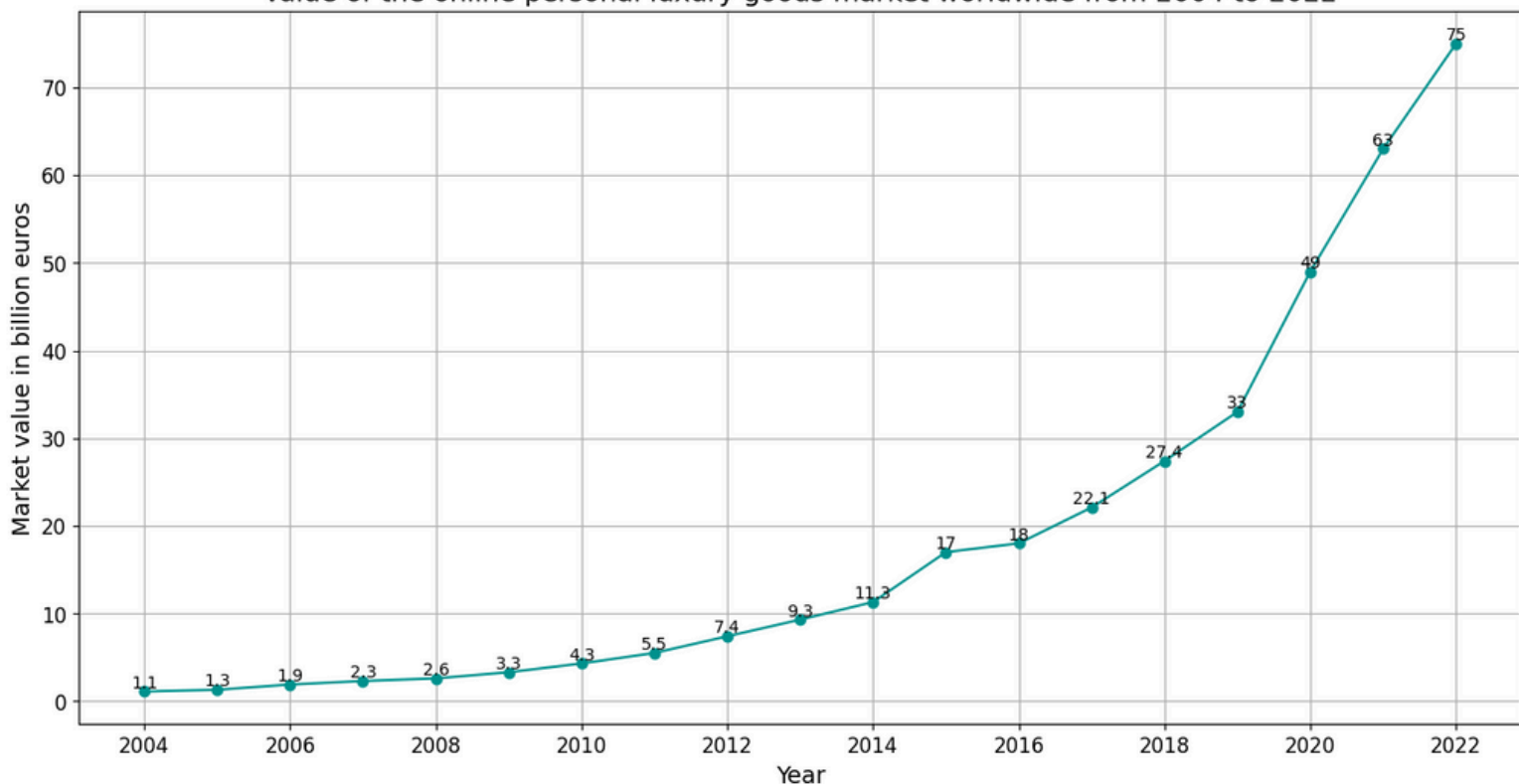
Beginning in 2004, the market was valued at a modest 1.1 billion euros. Over the years, this segment has experienced consistent and exponential growth, reflecting the increasing consumer preference for online shopping.

Significant milestones can be observed throughout the timeline. By 2009, the market value had tripled to 3.3 billion euros, showcasing the early adoption phase of online luxury shopping. The upward trend continued robustly, reaching 11.3 billion euros in 2014, which marked a pivotal period of accelerated **digital transformation among luxury brands**.

The surge in market value became more pronounced in the latter part of the decade. By 2019, the market had expanded to 33 billion euros, driven by advancements in e-commerce technology, enhanced online customer experiences, and broader internet penetration globally. The impact of the COVID-19 pandemic in 2020 further catalyzed the shift towards online shopping, with the market value skyrocketing to 49 billion euros as consumers increasingly turned to digital platforms for their luxury purchases.

By 2022, the online personal luxury goods market reached an impressive 75 billion euros. This final data point underscores the **substantial role of e-commerce** in the luxury sector, highlighting a **transformative shift in consumer behavior** and the strategic importance for luxury brands to invest in their online presence.

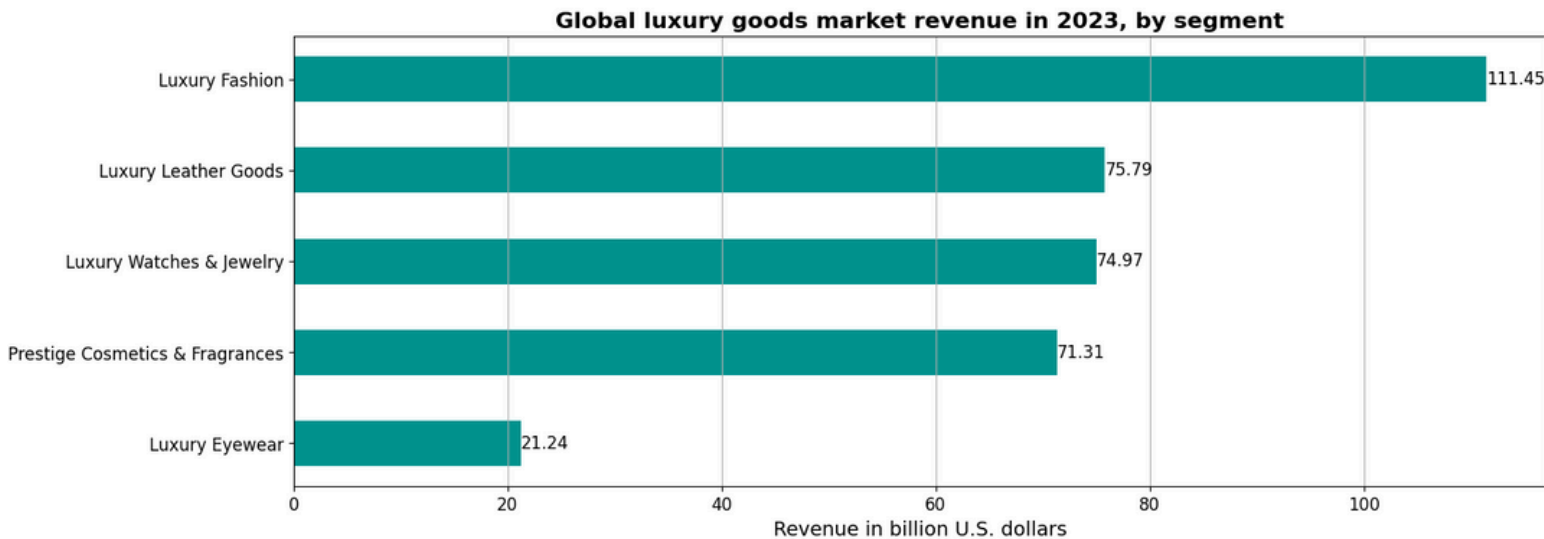
Value of the online personal luxury goods market worldwide from 2004 to 2022



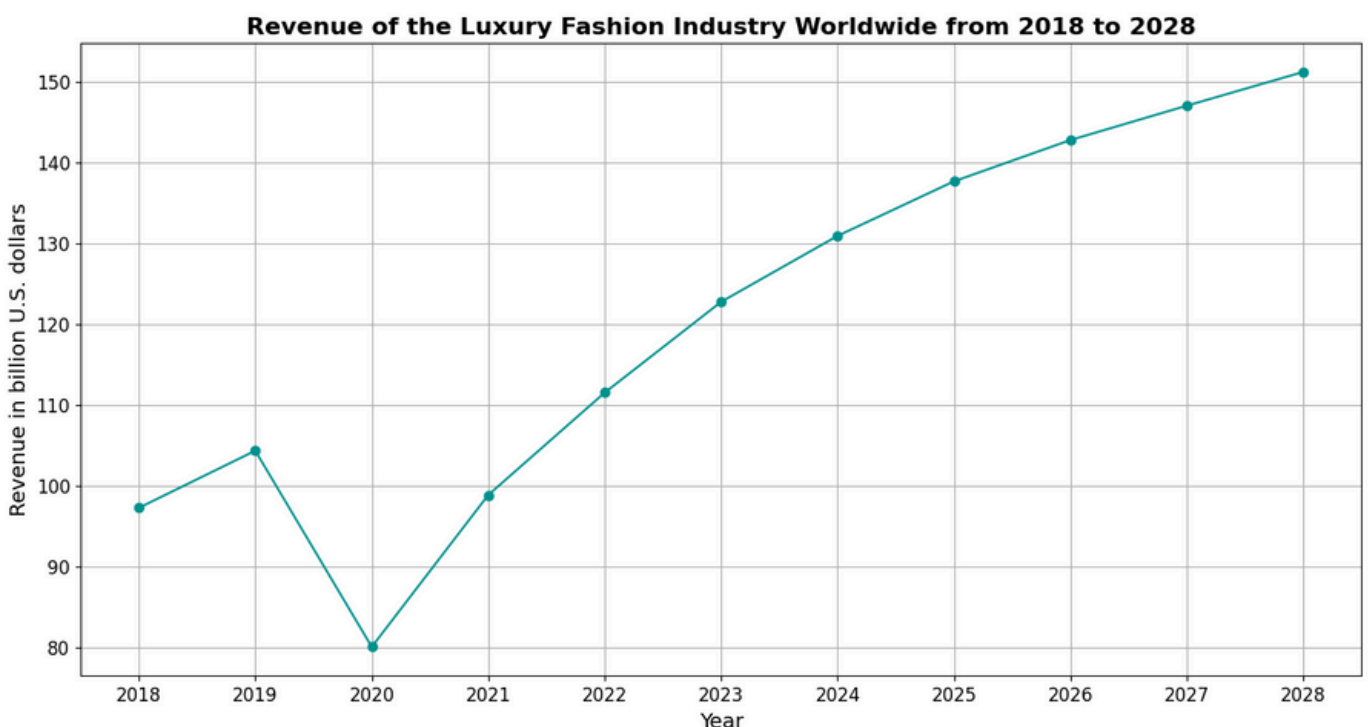
Personal luxury goods industry: **Luxury Product Markets by Category**

Now we delve into the analysis of the global luxury goods market, segmented **by product categories** for the year 2023. This analysis highlights the revenue distribution across various luxury segments, offering valuable insights into market size and growth trends for each category.

The following chart shows a **breakdown of revenue across different segments** of the luxury goods market for the year 2023. The data highlights the dominance of the luxury fashion segment, which leads the market with a substantial revenue of \$111.45 billion.



The following chart illustrates the **historical and projected revenue trends** within the luxury fashion segment over a decadethe. The impact of the COVID-19 pandemic in 2020 led to a significant decline, with revenues dropping to \$80.01 billion. This downturn reflects the widespread economic disruptions and reduced consumer spending on luxury goods during the global crisis. The industry quickly rebounded in 2021, with revenues climbing to \$98.82 billion, followed by a substantial rise to \$111.5 billion in 2022. This recovery highlights the **resilience of the luxury fashion market** and its ability to adapt to changing circumstances.



Personal luxury goods industry: **Leading Companies**

The **luxury goods** sector is dominated by three leading companies: **LVMH Group**, **Kering Group**, and **Richemont Group**. Each of these giants has shown remarkable growth and resilience in the face of global economic challenges.

LVMH Moët Hennessy Louis Vuitton SE, commonly known as LVMH, is one of the world's leading luxury groups. The group encompasses **75 luxury houses**, with a diverse portfolio that includes fashion and leather goods, wines and spirits, perfumes and cosmetics, watches and jewelry, and selective retailing. Over the past decade, LVMH has experienced significant growth, reaching a revenue of **86.15 billion euros in 2023**, up from **17.19 billion euros in 2008**. This growth trajectory underscores LVMH's strategic acquisitions and organic growth across various segments.

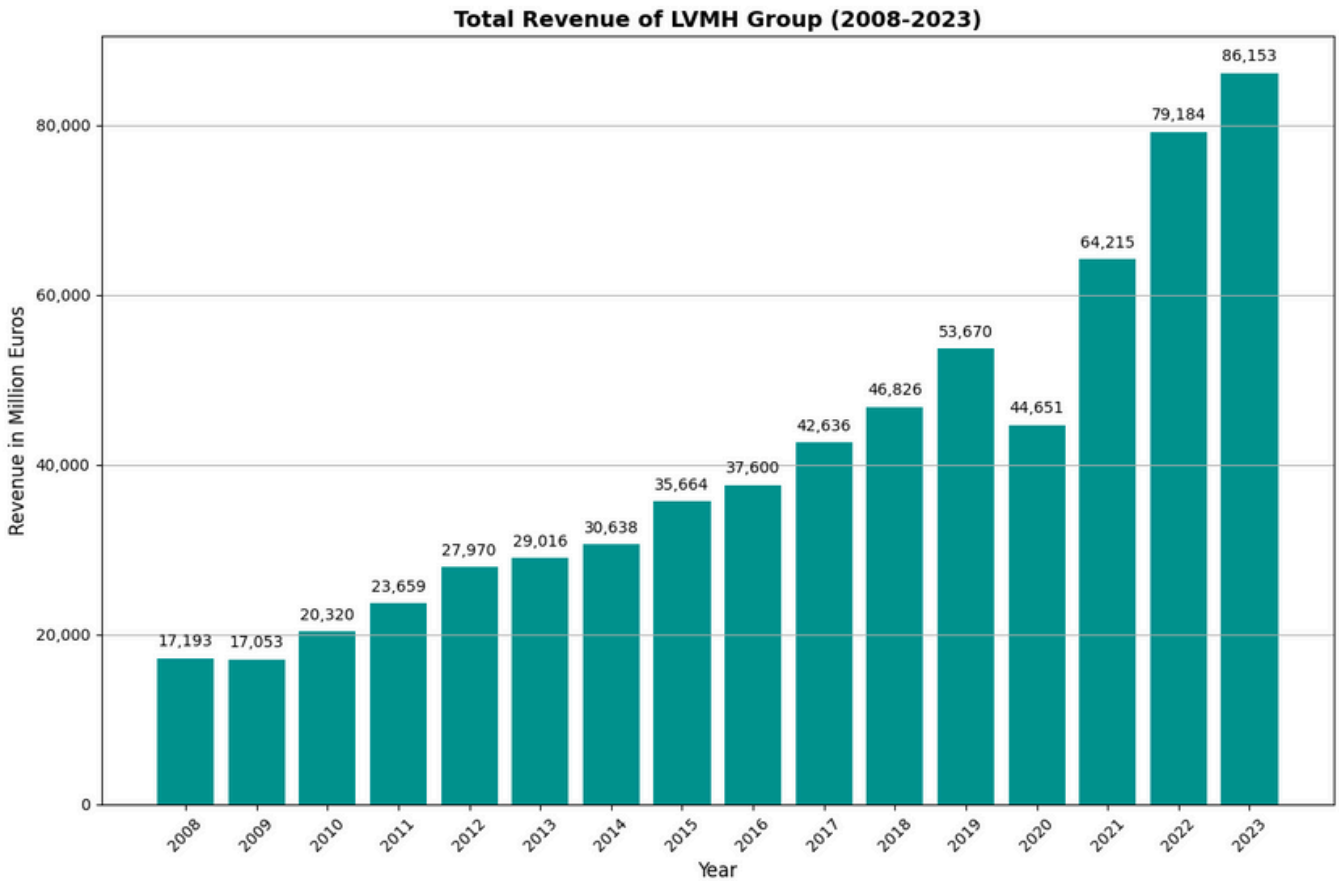
Kering Group, another major player in the luxury goods market, reported a revenue of **19.57 billion euros in 2023**, demonstrating a steady growth from **9 billion euros in 2008**. The group's portfolio includes renowned brands such as **Gucci, Saint Laurent, and Bottega Veneta**. Gucci alone accounted for 51% of Kering's total revenue in 2023, highlighting its significance within the group.

Richemont Group, known for its **luxury jewelry and watch brands**, reported total sales of **19.95 billion euros in 2023**, up from **5.29 billion euros in 2008**. The group's major brands include **Cartier, Van Cleef & Arpels, and Jaeger-LeCoultre**. Richemont's jewelry maisons are the most significant contributors to its revenue, accounting for around 43% of the total sales in 2022.

LVMH leads the market with its diverse portfolio and significant presence in the fashion and leather goods segment. **Kering's growth** is driven by the success of brands like **Gucci**, while **Richemont maintains a strong position in the jewelry and watch market**. The geographical analysis reveals the importance of the **Asia-Pacific region** for these luxury giants, emphasizing the global nature of the luxury goods industry.

Personal luxury goods industry: LVMH GROUP

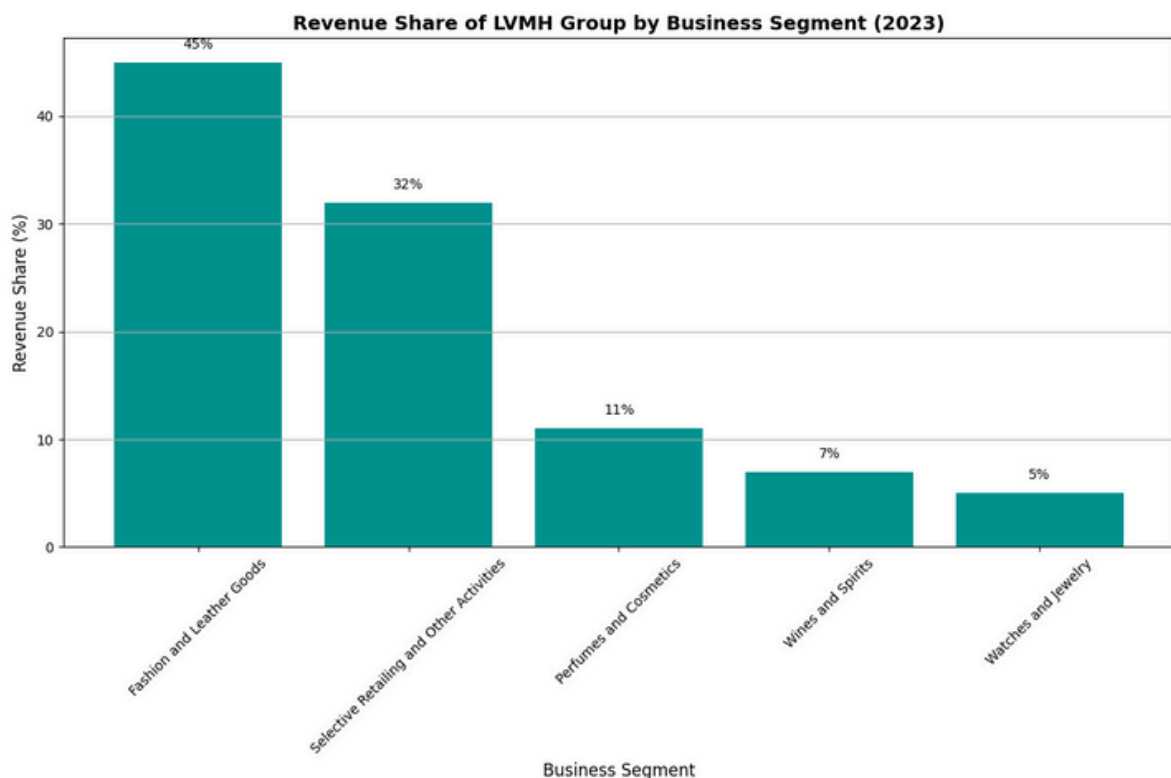
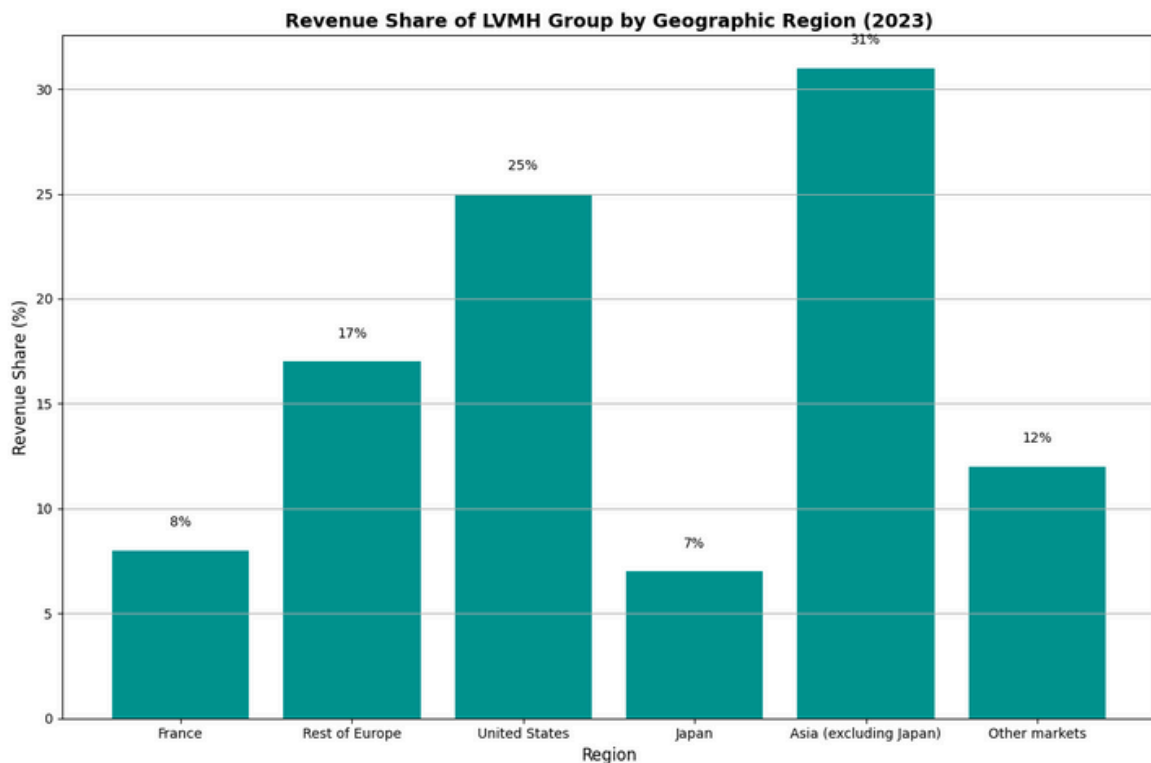
The **LVMH Group** has demonstrated a robust growth trajectory over the years, with significant increases in revenue, especially notable between 2021 and 2023. For example, the revenue jumped from **53.7 billion euros in 2019** to **79.2 billion euros in 2022** and further to **86.2 billion euros in 2023**. This trend indicates the group's successful strategies in expanding its market reach and diversifying its luxury portfolio.



Personal luxury goods industry: LVMH GROUP

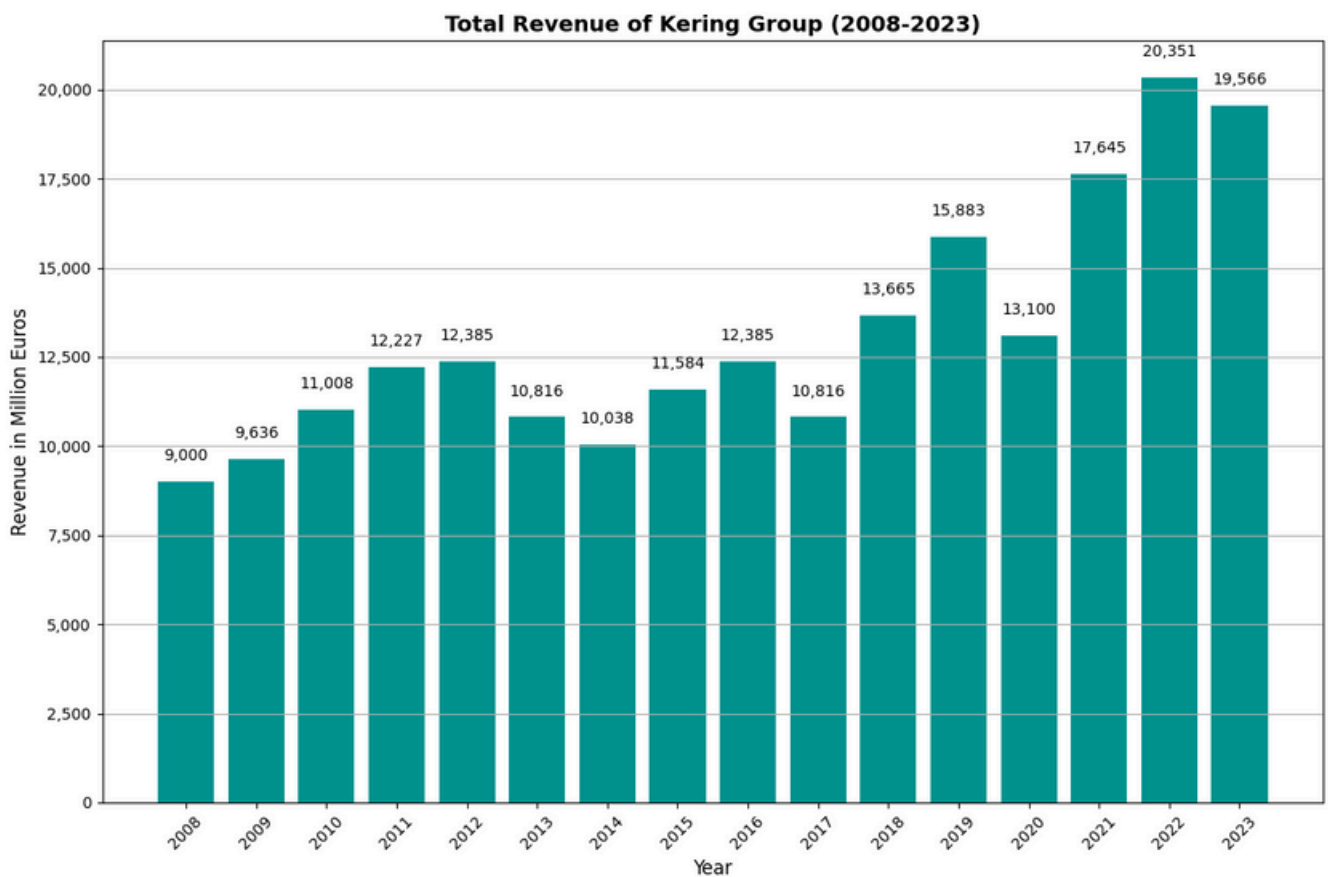
The geographic distribution of LVMH's revenue shows a strong presence in **Asia, contributing 31%**, followed by the **United States at 25%**. Europe (excluding France) and other markets each contribute significantly with shares of 17% and 12%, respectively. **France itself accounts for 8%**, while Japan adds another 7%. This indicates a well-diversified revenue stream across various global markets.

The majority of LVMH's revenue comes from the **fashion and leather goods segment, representing 45% of total revenue**. This is followed by **selective retailing and other activities at 32%**. Perfumes and cosmetics account for 11%, wines and spirits for 7%, and watches and jewelry for 5%.



Personal luxury goods industry: KERING GROUP

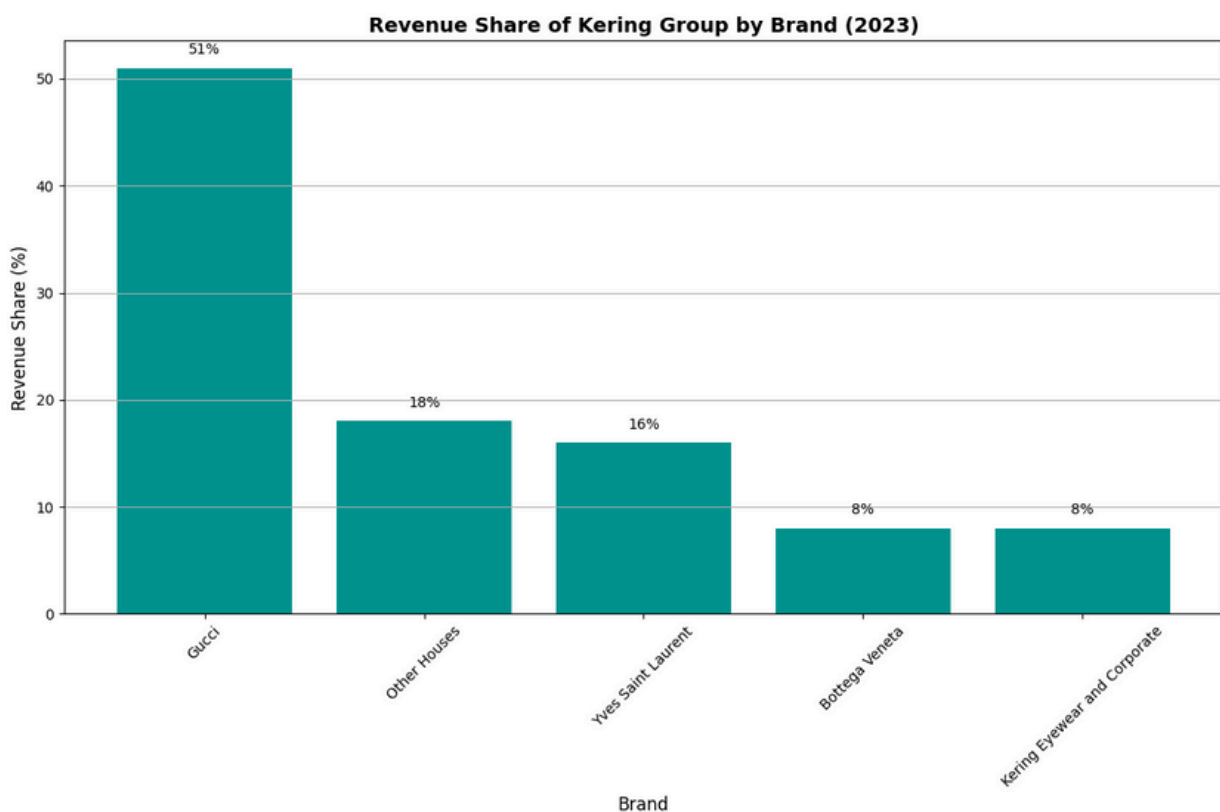
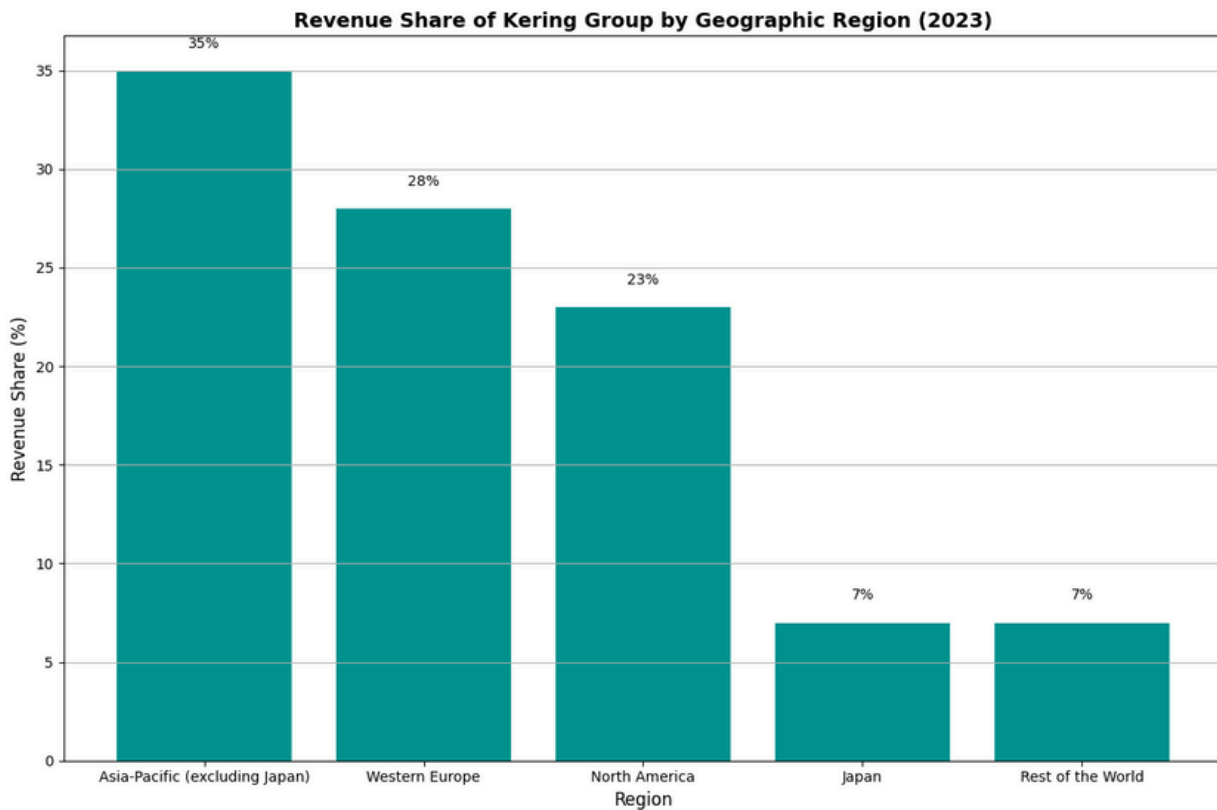
Kering Group's revenue growth exhibits significant peaks, particularly noticeable between 2020 and 2021. For instance, revenue increased from **13.1 billion euros in 2020 to 17.6 billion euros in 2021**, reaching a peak of **20.3 billion euros in 2022** before slightly declining to **19.6 billion euros in 2023**. The dip in 2020 to 9.7 billion euros was likely due to the pandemic's impact, but the company quickly rebounded.



Personal luxury goods industry: **KERING GROUP**

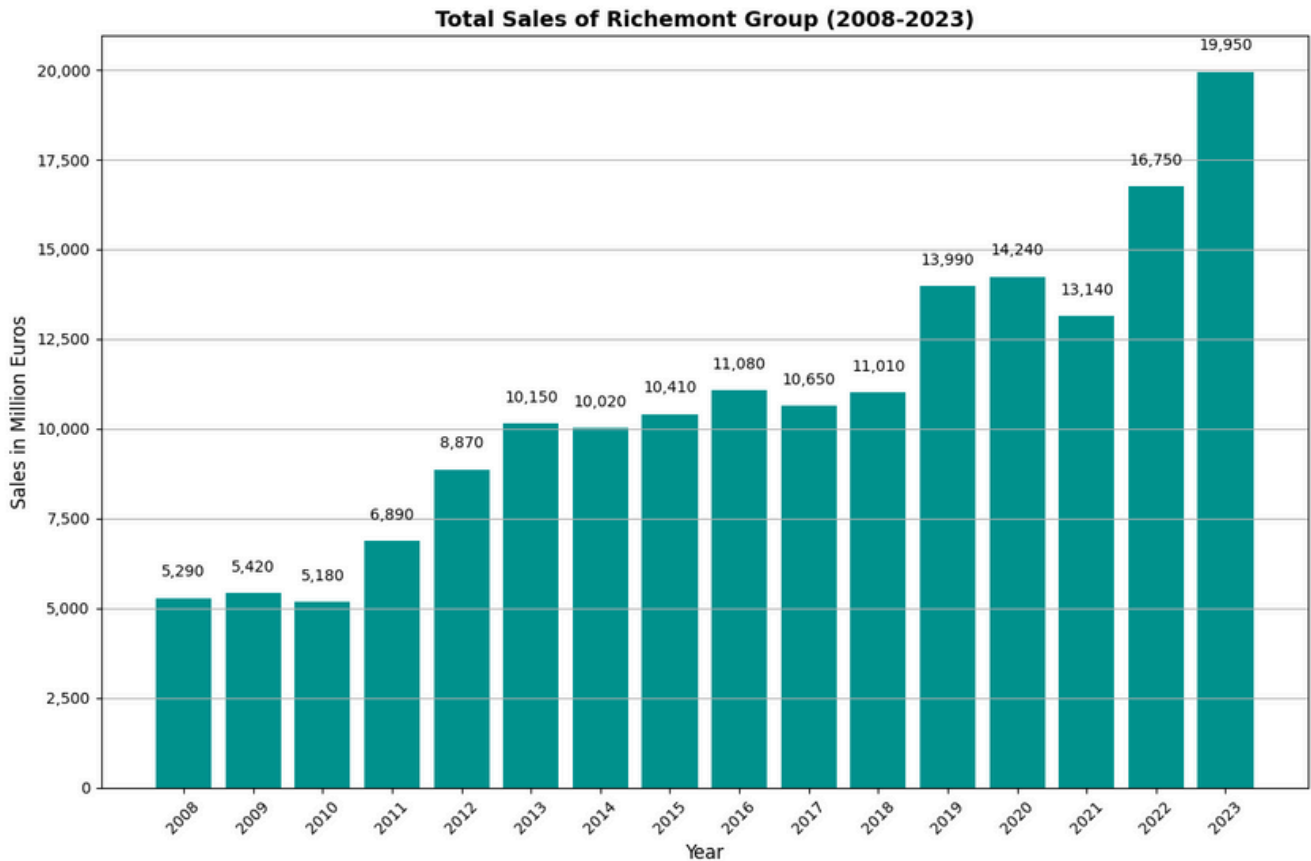
Kering's revenue distribution is heavily weighted towards the **Asia-Pacific region**, which accounts for **35% of total revenue**. **Western Europe** follows with **28%**, and **North America** with **23%**. Japan and the rest of the world each contribute 7%.

Gucci stands out as the most significant contributor to Kering's revenue, accounting for **51%**. **Yves Saint Laurent** follows with **16%**, and **other houses** contribute **18%**. Bottega Veneta and Kering Eyewear and Corporate each account for 8%.



Personal luxury goods industry: RICHEMONT GROUP

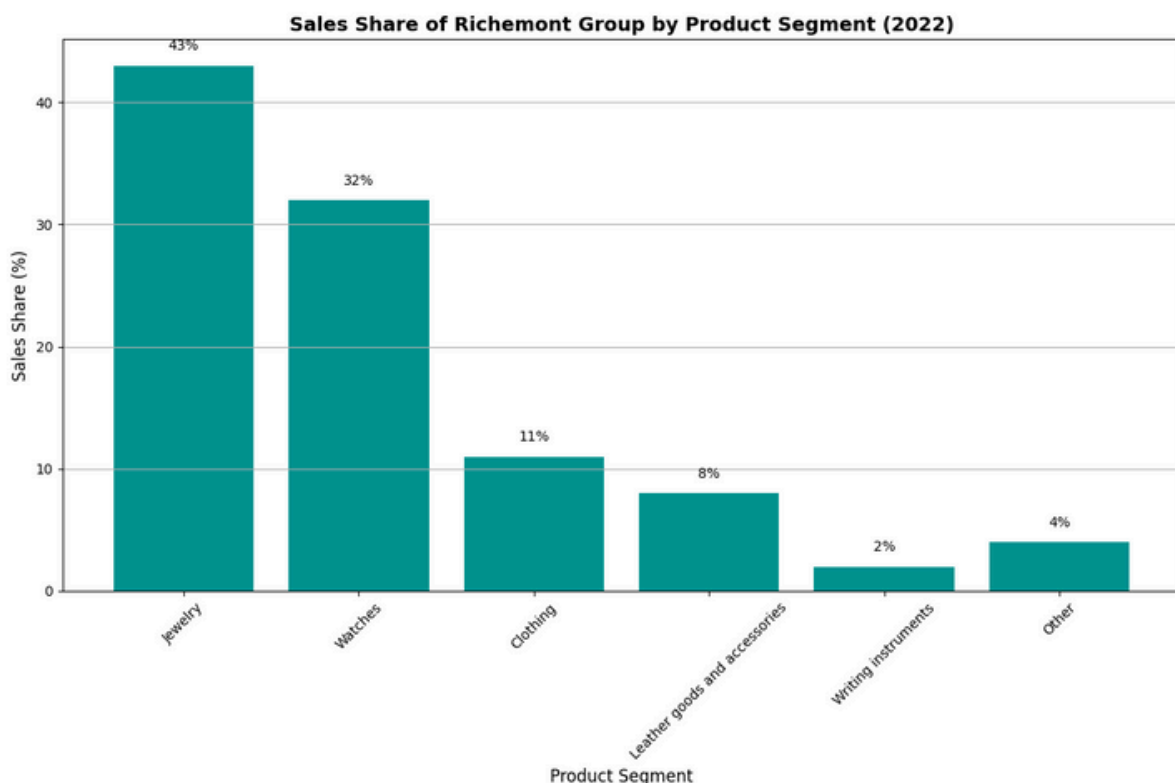
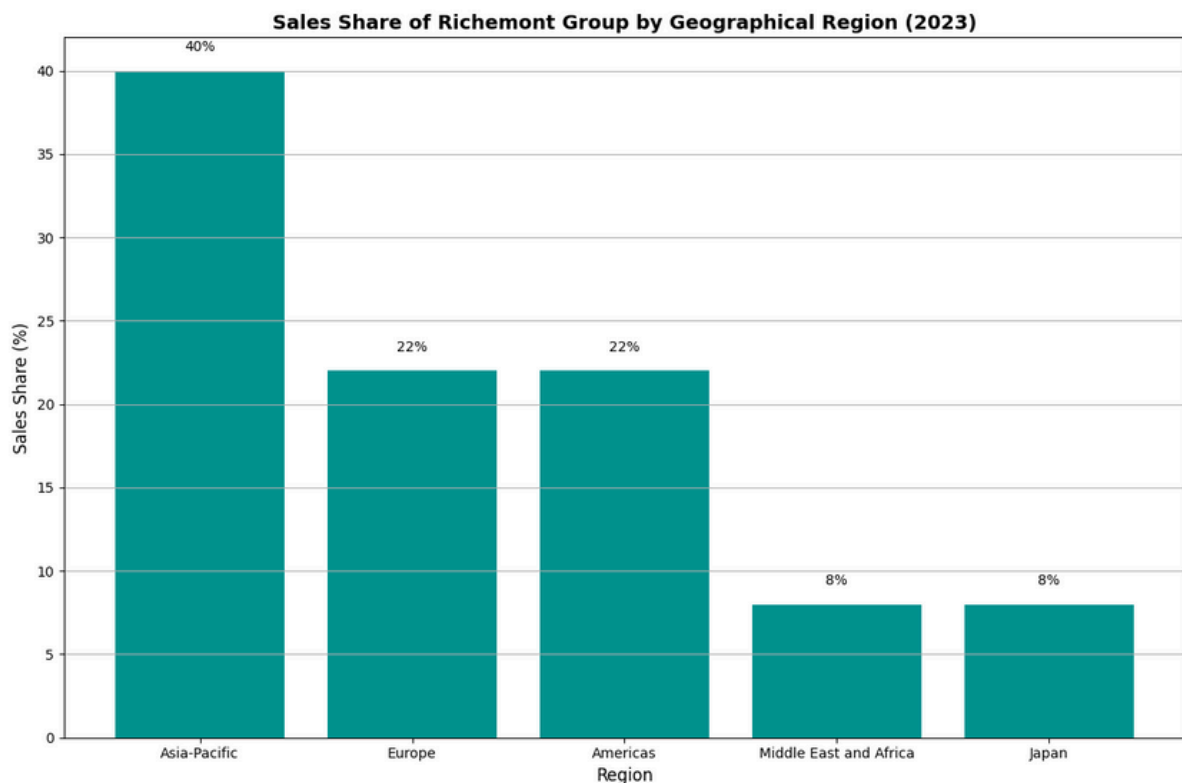
Richemont Group's sales have shown a steady increase over the years, with a notable rise between 2017 and 2018, from **11.0 billion euros to 13.9 billion euros**. The growth continued, reaching a **peak of 19.9 billion euros in 2023**. The significant increase from 13.1 billion euros in 2020 to 16.8 billion euros in 2022 highlights the group's strong performance and recovery post-pandemic.



Personal luxury goods industry: RICHEMONT GROUP

The **Asia-Pacific** region contributes the largest share to Richemont's sales, accounting for **40%**. **Europe and the Americas each contribute 22%**, while the **Middle East and Africa**, along with **Japan**, each account for **8%**. This distribution emphasizes Richemont's strong foothold in the Asia-Pacific market and its balanced presence in other key regions.

Jewelry is the dominant product segment for Richemont, **accounting for 43%** of sales. **Watches follow with 32%**, while **clothing and leather goods and accessories** account for **11% and 8%**, respectively. Writing instruments and other products contribute smaller shares, at 2% and 4%. This highlights Richemont's strength in high-value luxury goods, particularly **jewelry and watches**.



Personal luxury goods industry: **THE MOST VALUABLE BRANDS**

Louis Vuitton leads the luxury market with an impressive brand value of **124.8 billion USD**, reflecting its strong market presence and consumer preference. This substantial valuation underscores **Louis Vuitton's effective brand management, high-quality products, and robust global distribution network.**

Hermès follows as the second most valuable brand, with a valuation of **76.3 billion USD**. Known for **its timeless designs and superior craftsmanship**, Hermès continues to be a preferred choice among luxury consumers.

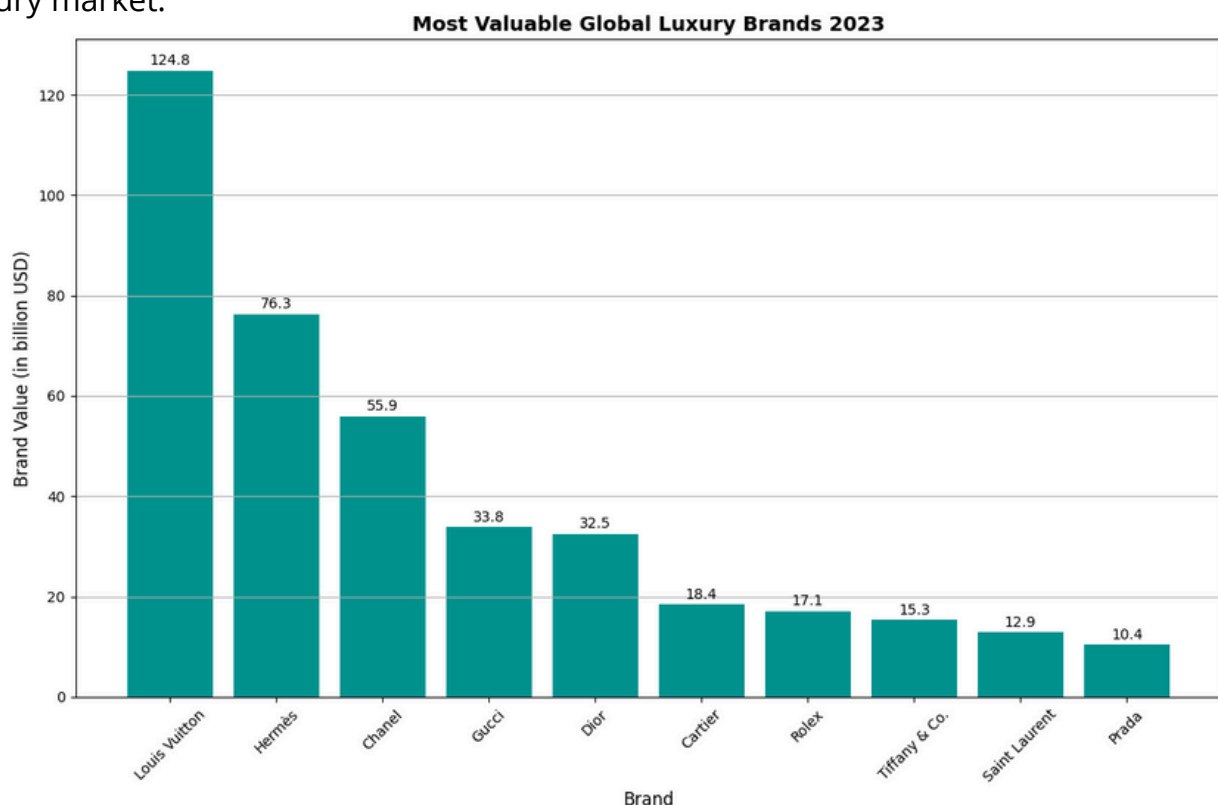
Chanel, valued at **55.9 billion USD**, holds the third position. Chanel's brand strength lies in its **iconic fashion lines, fragrances, and a consistent brand image** that resonates well with luxury buyers.

Gucci and Dior rank fourth and fifth, with brand values of **33.8 billion USD and 32.5 billion USD, respectively**. Both brands have seen significant growth, driven by **innovative designs and a strong online presence.**

Cartier, Rolex, and Tiffany & Co. are notable for their **high-value jewelry and watches**, with valuations of **18.4 billion USD, 17.1 billion USD, and 15.3 billion USD**. These brands maintain a strong position in the luxury market due to their **heritage and exclusivity.**

Saint Laurent and Prada complete the **top ten**, with brand values of **12.9 billion USD and 10.4 billion USD**. Both brands have a distinct appeal and continue to attract a **loyal customer base.**

The **significant gap between the top three** and the **rest** highlights the **competitive advantage and brand loyalty** that Louis Vuitton, Hermès, and Chanel command in the luxury market.



Personal luxury goods industry: **BRAND VIEW AS SUSTAINABLE**

Chanel is perceived as the most sustainable luxury brand, with **18%** of respondents viewing it as a **sustainable brand** and **30%** recognizing it as a **leader in luxury fashion sustainability**.

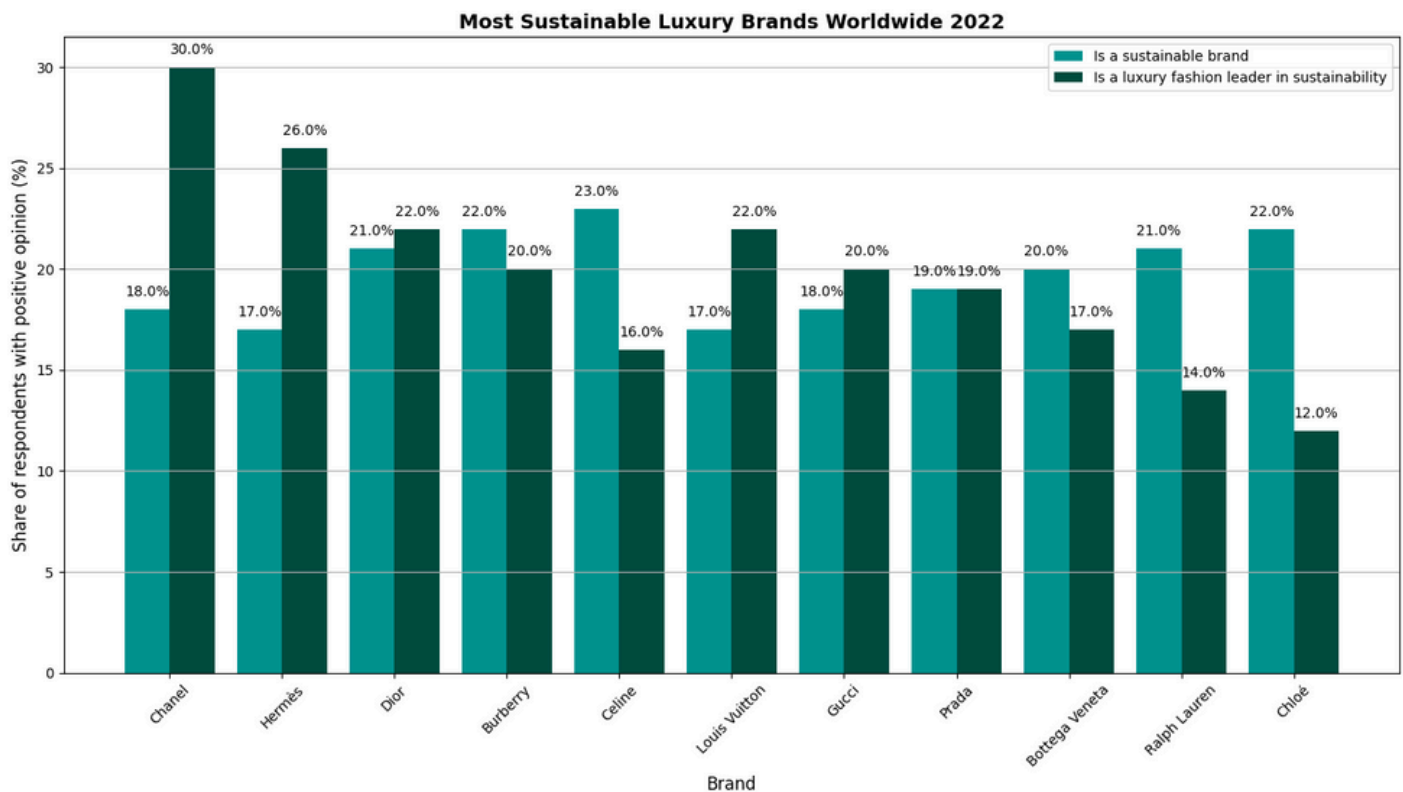
Hermès and **Dior** also rank highly, with **17%** and **21%** of respondents, respectively, viewing them as **sustainable brands**. Moreover, **Hermès** is seen by **26%** as a **sustainability leader**, while **Dior** is recognized by **22%** in the same regard.

Burberry and **Celine** are perceived as sustainable by **22%** and **23%** of respondents, respectively. **Burberry** is viewed as a **sustainability leader** by **20%**, and **Celine** by **16%**.

Louis Vuitton and **Gucci** show strong sustainability perceptions, with **17%** and **18%** of respondents viewing them as **sustainable brands** and **22%** and **20%** recognizing them as **leaders in sustainability**.

Prada, **Bottega Veneta**, and **Ralph Lauren** also feature prominently, with positive sustainability perceptions from **19%**, **20%**, and **21%** of respondents, respectively.

Chloé rounds out the list with **22%** of respondents viewing it as **sustainable** and **12%** recognizing it as a **leader in sustainability**.



5,647 respondents in early 2022

Personal luxury goods industry: BRANDS OMNICHANNEL AVAILABILITY

Omnichannel availability refers to the seamless integration of various shopping channels, including **physical stores, online platforms, and mobile apps**, providing a cohesive and flexible shopping experience for consumers.

Tommy Hilfiger leads the ranking with a score of **85**, demonstrating its robust omnichannel strategy. This high score reflects Tommy Hilfiger's strong online presence, efficient mobile apps, and well-integrated physical store network, allowing consumers to shop seamlessly across different channels.

Michael Kors and Versace follow with scores of **80** and **75**, respectively. Both brands have invested significantly in enhancing their digital infrastructure and improving the integration between their online and offline channels. This effort ensures a consistent and convenient shopping experience for their customers.

Prada and Gucci also score highly, with **70** and **65**, respectively. These brands have focused on expanding their e-commerce capabilities and leveraging technology to enhance customer engagement and satisfaction. Their omnichannel strategies are designed to meet the evolving needs of tech-savvy luxury consumers.

Burberry, with a score of **60**, has been a pioneer in digital innovation within the luxury sector. Burberry's commitment to digital transformation has helped it maintain a strong omnichannel presence, offering personalized experiences and seamless transitions between online and offline shopping.

Dior and Louis Vuitton score **55** and **50**, respectively. Both brands have made significant strides in integrating their online and offline operations, providing a unified brand experience. Their efforts include interactive digital platforms, virtual shopping assistants, and enhanced mobile functionalities.

Hermès and Chanel round out the list with scores of **45** and **40**, respectively. While these brands are traditionally known for their exclusive in-store experiences, they are gradually enhancing their digital capabilities to cater to the growing demand for online luxury shopping. Their focus is on maintaining the high level of service and exclusivity associated with their brands while expanding their omnichannel presence.



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