

RESEARCH

Louis Vuitton, Hermes and Gucci named most powerful luxury brands

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Luxury brands around the world are adopting unique marketing strategies to bounce back after the spending slump of the recession.

A study by Millward Brown titled "Top 100 Most Valuable Global Brands 2010" ranked the world's most powerful luxury brands from an economic perspective.

"Brands that leverage digital and emerging media to deliver a personalized brand experience will find great success," said Pierre Dupreelle, vice president of Millward Brown Optimor, New York.

"The most successful brands will differentiate themselves by pursuing opportunities to deliver online services," he said.

Millward Brown is a global brand strategy and financial consultancy firm.

Here are the top 10 luxury brands. They were ranked by brand value, contribution and momentum:

1. Louis Vuitton - Considered the most valuable luxury brand over the last five years, Louis Vuitton continued to position itself as timeless and authentic. The brand increased prices,

invested in creativity and heightened the focus on quality rather than compromising its brand value during the recession. Louis Vuitton's overall brand value went up 2 percent to \$19.78 billion.

2. Hermés - The brand chose to focus on its heritage, since the majority of Hermés is still family-owned, by sponsoring a horse competition in Paris. Hermés' overall brand value went up 8 percent to \$8.46 billion.

3. Gucci - The Italian luxury brand teamed up with Christie's to appraise vintage Gucci luggage and handbags to give the brand a lead on its competitors. Gucci's overall brand value increased by 2 percent to \$7.59 billion.

4. Chanel - The brand's value decreased 11 percent to \$5.55 billion. This dip is a sign of the times. While Chanel still attracted affluent consumers with its classic quilted bags, cosmetics and fragrances, many consumers stayed away from the ready-to-wear.

5. Hennessy - The LVMH-owned cognac brand's value decreased 1 percent to \$5.37 billion, but remains extremely popular in China.

6. Rolex - The luxury watchmaker, along with other high-end jewelry makers, suffered greatly throughout the recession. Rolex's overall brand value went down 14 percent to \$4.74 billion.

7. Moët and Chandon - Moët still remains the top champagne brand, even though its brand value decreased 12 percent to \$4.28 billion.

8. Cartier - The Richemont-owned brand reported lower sales throughout its own boutiques and to third party retailers. Cartier's overall brand value decreased 19 percent to \$3.96 billion.

9. Fendi - Well-known for its collection of "It" bags in the U.S., Fendi has a huge luxury presence in Asia. LVMH is looking to reposition the brand. The brand's overall value went down 8 percent to \$3.2 billion.

10. Tiffany & Co. - The luxury jewelry maker did not even rank on Millward Brown's list last year, but its brand value increased 6 percent to \$2.38 billion. Tiffany & Co. plans to expand in both Asia and Western Europe.

The 2011 ranking results will be released by Millward Brown in April.

New ways to stay relevant

According to the study, some of the prestige brands cut back on fashion-forward merchandise to concentrate instead on the classics that established their brands and shaped their brand heritage.

"Brands that emphasized heritage and enhanced exclusivity, such as Hermés, did better than brands that pursued the mass market," Mr. Dupreelle said.

As the economy begins its recovery, luxury brands are likely to focus on their core consumers. The brands will be less likely to offer lower-end merchandise that serves

merely as a badge souvenir.

Online will continue to be an important outlet for luxury sales. The experience of exclusivity and refinement that signals luxury must be up to par.

Looking ahead

In the next 12 to 18 months, brands will emphasize substance over style and craftsmanship and heritage over bling, according to the study.

Brands will use digital media to convey a personal and exclusive luxury experience for their consumers.

Consumers in developed markets will be on the prowl for investment pieces rather than frivolous indulgences.

"Focusing on substance (e.g., craftsmanship, heritage) and subtlety (discrete packaging) will continue to drive growth for luxury brands in developed markets, where consumers will continue to "invest" in their luxury purchases," Mr. Dupreelle said. "In Asia, brands that use bling and "badge status" to appeal to consumers will broaden their reach in the mass market."

Final take

Louis Vuitton men's spring/summer 2011

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