

RESEARCH

Louis Vuitton continues to raise brand value despite industry challenges: report

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Karl Lagerfeld's collection for Louis Vuitton

By JEN KING

Of the top 10 luxury brands analysed by Millward Brown and WPP for the “BrandZ Top 10 Luxury Brands” ranking, only Chanel and Louis Vuitton showed growth from the year-ago period.

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Luxury Daily

The value of luxury brands as a whole has declined by \$7 billion since the 2014 survey as maintaining exclusivity in a changing marketplace has presented the industry with challenges. Beyond struggling to remain accessible through means such as social media, while upholding an air of rarity, the decline of luxury may be due to the dip in spending from China and Russia.

"After the global recession, luxury made a strong comeback, and in fact was the biggest growth category in 2013," said Greg Christoforides, senior partner at [Millward Brown Vermeer](#), New York. "Since then, there have been slowdowns in emerging markets like China, Brazil and Russia, all of which are growth engines for luxury brands.

"The anti-corruption laws in China have affected many luxury brands and there is also the

grey market (i.e. price differences between geographic markets, which lead to shopper tourism), something that brands are starting to address," he said.

"China continues to show impressive growth – mainly at Europe's expense. China was represented by 14 brands in the 2015 report, up from one in the inaugural report in 2006. It will be interesting to see how Chinese marketers seize the opportunity to expand on the global stage."

Now in its tenth year, Millward Brown's **BrandZ report** ranks among the top 100 most valuable global brands across categories. The study measures brand equity based on interviews with more than 3 million global consumers regarding consumer-facing and business-to-business brands ([see story](#)).

The BrandZ Top 10 Luxury Brands is an excerpt from the "Top 100 Most Valuable Global Brands" ranking that examines only labels in the luxury industry. For the purpose of these rankings, luxury was defined as high-end clothing, leather goods, fragrances, accessories and watches.

Top of the top

Since the BrandZ ranking began 10 years ago, French apparel and accessories maker Louis Vuitton has found itself listed as the world's most valuable brand in the luxury category. In the overall global ranking of 100, Louis Vuitton is placed at 34, while most of its peers do not even make the list.

Although the luxury industry saw a decline of 6 percent, a decrease of \$7.1 billion to \$104.6 billion, the LVMH brand has stayed the course with a branded value of more than \$27.4 billion.

In 2014, Louis Vuitton had a brand value of \$25.873 billion, a 14 percent growth from 2013. Year-over-year, Louis Vuitton has shown innovations that fueled consumer interest but maintained the allure and exclusive narrative of the French house.

For instance, the apparel label took consumers to warmer climes with its Spirit of Travel campaign for spring/summer 2015.

Louis Vuitton's effort shows its handbags and trunks against the vivid backdrop of the Caribbean, with photographer Patrick Demarchelier capturing models beachside. This campaign enables Louis Vuitton to celebrate travel's place within its DNA ([see story](#)).



Spirit of Travel campaign by Louis Vuitton for spring/summer 2015

The label has also not shied away from social media advances and has departed from traditional print efforts to embrace the possibilities mobile applications such as Snapchat provide.

For instance, Louis Vuitton exclusively teased the opening of its exhibit in Rome through Snapchat to garner attention from younger fashion enthusiasts.

The brand's Snapchat username was shared on Twitter with the brand's ghost for consumers to use the Snap to Add feature on the network. A Snapchat Story has been shared by the brand featuring different images of Rome to build up the anticipation for "Louis Vuitton Series 2 – Past, Present, Future" in the Italian city ([see story](#)).



Louis Vuitton's Snapchat Story

In a statement, Elspeth Cheung, global BrandZ valuation director at Millward Brown added that Louis Vuitton, along with Chanel, are “masters of doing things differently.” She also added that “Louis Vuitton has successfully revitalized its brand by going back to its original ‘LV’ monogram in a new way ([see story](#)), while other brands were leaving the classic canvas for more luxurious leather and fabrics to justify their premium position.”

Parisian fashion house Chanel, which ranks as fourth on the BrandZ Top 10 Luxury Brands, showed growth of 15 percent, bringing its value to \$9 billion. Similar to Louis Vuitton, Ms. Cheung equates the house’s success to “Chanel’s iconic, self-aware and less serious marketing, supported by edgy models like Cara Delevingne and Diane Kruger, provid[ing] a different view on femininity.”

An example of Chanel not taking itself too seriously was its fall/winter 2014-15 runway show held in a venue styled as if it were a supermarket. Models walked down the aisles or in between the checkout lanes, pushing shopping carts or toting wire baskets. By using such a plebeian setting for a fashion show, the brand took away some of the fantasy, while adding a layer of fun to its presentation ([see story](#)).



Chanel fall/winter 2014-15 runway finale

New to the list is U.S. fashion label Michael Kors. The label often ranks highly in market research due to Michael Kors' adoption of social and digital tactics.

Michael Kors received the highest Q ratio, a measure of how valuable intangible assets such as brand equity and innovation are, in the first annual Global Powers of Luxury Goods report by Deloitte ([see story](#)).

Millward Brown and WPP found that Michael Kors has a brand value of \$3.815 billion and was number nine of the Top 10 brands on the luxury listing.

The full ranking of brands in the top 10 are, in order of appearance, Hermès, Gucci, Chanel, Rolex, Cartier, Prada, Burberry, Michael Kors and Tiffany & Co.

Top 10 Luxury

		Brand Value 2015 \$M	Brand Contribution	Brand Value % Change 2015 vs 2014
1	Louis Vuitton	27,445	5	6%
2	Hermès	18,938	5	-13%
3	Gucci	13,800	5	-14%
4	Chanel	8,987	5	15%
5	Rolex	8,532	5	-6%
6	Cartier	7,612	4	-15%
7	Prada	6,540	5	-35%
8	Burberry	5,722	5	-4%
9	Michael Kors	3,815	3	N/A
10	Tiffany	3,232	3	N/A

Source: Millward Brown (including data from BrandZ™ and Bloomberg)
Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 to 5, 5 highest.

BrandZ infographic by Millward Brown and WPP

Luxury apples to apples

On the BrandZ Top 100 Most Valuable Global Brands, Apple secured the number one spot with a value of \$247 billion, a rise of 67 percent from the year-ago. Although the Apple Watch did contribute to the rise in value, the iPhone 6 launch was seen as a primary factor for the technology brand's success.

There has been debate over if Apple and its product line can be considered luxury, especially since the Apple Watch has been disruptive, if not intimidating, for the Swiss watch industry.

Luxury goods are described as made by the hands of skilled artisans, but Sir Jonathan Ive of Apple argued at the Condé Nast International Luxury Conference April 22 that all devices, even those in the technology space, have handcrafted elements. Apple extensively researched the materials for the watch, especially its gold components, and feels that it is a false assumption to assume those in the technology space do not dedicate the same sense of quality to products as traditional luxury houses ([see story](#)).

"While historically a tech brand, Apple has always played in the higher end of the category," said Mr. Christoforides. "The iPhone was premium priced, highly designed and highly desired.

"The introduction of the Apple gold watch, though, has pushed Apple firmly into the luxury space," he said. "The premium in Apple's gold watch is not driven by its utility, but rather by status and prestige."

Final Take

Jen King, lead reporter on Luxury Daily, New York

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