

FINANCIAL SERVICES

## Luxury brands see mixed stock performance in May

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*Tiffany's new direction caused stocks to soar in May. Image credit: Tiffany & Co.*

By SARAH JONES

Tiffany & Co., Ralph Lauren and Burberry all saw their stock prices rise in May following better than expected financial results driven by brand reinventions.

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According to the Savigny Luxury Index, the share prices for the luxury business' top companies grew 4.4 percent, outpacing the average stock performance of global companies. While luxury stocks and sales were trending up, there was a divide between winners and losers, as some brands struggled to grow.

"What separates the winners from the losers are brand visibility and desirability," said Ludovic Granchamp, partner at [Savigny Partners](#), London.

### Stocks and sales

Tiffany saw the strongest stock growth in May, up 27 percent, which Savigny Partners attributes to rumors of the jeweler being scooped up by a conglomerate along with positive sales results.

Under the artistic direction of Reed Krakoff, Tiffany is putting out a new image, with marketing campaigns and designs that have been well received by consumers.

Similarly to Tiffany, Ralph Lauren is undergoing a reinvention. The apparel company has just announced a new "Writing Our Next Chapter" plan that will focus on a digital-first strategy and appealing to younger generations ([see story](#)).

Despite losses last year, the brand's stock has risen 100 percent in the last year, with a 22 percent growth throughout May.



*Ralph Lauren has seen positive stock performance. Image credit: Ralph Lauren*

Tiffany, Ralph Lauren and Burberry have all beat analyst expectations with their recent results.

Burberry's profits were up 4 percent in 2017. A slate of new leadership has led the British brand to revitalize itself and expand its presence into new markets ([see story](#)).

Brunello Cucinelli also saw strong growth, with stocks that rose 24 percent by the end of the month. Hermès and Moncler also saw positive results, with their stocks growing 13.6 percent and 4.9 percent, respectively.

Meanwhile, other brands are not seeing as much stock success. Tapestry Inc.'s share prices were down 18.7 percent, while Michael Kors' dropped 16 percent, as both of them have uncertainty surrounding their new multi-brand strategies.



*Image from Jimmy Choo's spring/summer 2018 campaign. Image credit: Jimmy Choo*

As Tod's tries to turn around its financial results, its stocks also fell 12.5 percent.

"We do anticipate the market to grow as some countries are bringing lots of new customers to the luxury party and in general consumers would rather own less but better products with proper craftsmanship and provenance," Mr. Grandchamp said.

Booming business

In its report, Savigny also points out the role sneakers are playing in driving luxury sales growth. Per Bain, sneaker sales grew 10 percent last year.

Previously a primarily utilitarian footwear choice, sneakers are now considered a fashionable option, with some designs costs reaching five digits. Brands including Chanel, Christian Louboutin and Balenciaga are in the sneaker game.

For instance, French fashion house Louis Vuitton explored wardrobe items that transcend time in a pop-up in New York's SoHo neighborhood.

The pop-up shop was dedicated to Louis Vuitton's "vintage-to-futuristic" sneakers, the Archlight. Included in the women's spring/summer 2018 collection, the Archlight sneakers, as with the rest of the ready-to-wear pieces, took inspiration from the clothing of "long-gone eras and infuse[s] them with the spirit of today" ([see story](#)).

Sports footwear is on point to become a major component of the luxury shoe market, according to new research from Fashionbi.

The subsegment of the footwear industry has seen a 7 percent compound annual growth rate, which is leading the entire footwear industry. This will likely continue to trend upward with demand and sales rising ([see story](#)).

"Casualization and streetwear are two mega trends, which Gucci has been surfing with tremendous success," Mr. Grandchamp said. "Same goes for Louis Vuitton, though more prudently through smart capsules."