

MARKETING

Millennial, Asian outreach boosts value of Italian luxury brands

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Gucci's brand value increased by 50 percent. Image courtesy of Gucci

By SARAH RAMIREZ

Italian fashion labels contribute nearly 40 percent to the total value of the European country's top brands as they refine their brand experience.

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WPP and Kantar Millward Brown's **BrandZ Top 30 Most Valuable Italian Brands** report ranks Gucci as the most valuable Italian brand at \$24.4 billion, more than double telecommunications company TIM, which came in second. Fashion labels Prada, Armani and Fendi are also among the top 15 most valuable brands.

"The world is polarizing and despite the overall decreasing disposable income in Europe, there are places in the world where luxury brands are dramatically growing," said Federico Capeci, CEO of the Italy, Greece and Israel insights division at **Kantar**, Milan. "Their success is mainly driven by their expansion on specific areas like Asia, but also on specific niches of value like millennials and new affluent targets."

BrandZ uses consumer insights to measure the valuation of brands. To be considered, brands had to have originated in Italy with public financial data.

Italian heritage

Gucci's brand value increased by 50 percent over the last 12 months, making the fashion label the fastest growing brand as well as the most valuable.

Known as one of the most digitally savvy luxury brands, Gucci caters to millennials and younger affluents with luxury streetwear styles and unique experiences, both online and in-store.

Luxury automaker Ferrari is Italy's fifth most valuable brand at \$4.75 billion, an increase of 36 percent year-over-year.



Prada is the second-most valuable fashion label in Italy. Image credit: Prada

Seven high-end fashion brands, however, dominate the list and contribute more brand value than any other sector.

Fendi grew by 22 percent and is worth \$1.88 billion, while Armani grew by a more modest 5 percent for a brand value of \$2.59 billion. While Prada's value fell by 5 percent, it remains the second-most valuable fashion label in Italy with a value of \$3.89 billion.

In 2018, Prada saw growth across regions, however Asia-Pacific saw the steepest increase with a 10 percent lift in revenues at constant exchange. The group is also working to engage consumers through digital experiences ([see story](#)).

Fashion labels Bottega Veneta, Salvatore Ferragamo and Bulgari make appearances in the latter half of the top 30 list, with brand values between \$1.05 and \$1.76 billion.

Bulgari grew by 16 percent. However, Bottega Veneta and Ferragamo seem to be on the decline, with respective drops of 10 and 14 percent in brand value.



Bulgari has a brand value of \$1.05 billion. Image credit: Bulgari

Italian brands that have more than half of their exposure overseas including revenue, volumes sold and profitability saw their brand value grow by 20 percent year-over-year. Brands with less than 50 percent exposure abroad saw their value remain flat.

Collectively, Italy's Top 30 brands grew by 14 percent to a total value of \$96.9 billion. Twenty-nine brands carried over from 2018.

"The strongest Italian brands are growing faster than others, so increasing the divide' among good and bad brands," Mr. Capeci said.

European luxury

While Italy's fashion sector is booming, almost one-third of the country's fashion sales are generated by brands owned by foreign shareholders.

According to a recent report from Mediobanca, the Italian fashion industry had a growth rate of 4.5 percent in 2017. This includes 26 Italian-based, French companies, of which 11 are owned by Kering and nine by LVMH, such as Fendi and Bottega Veneta ([see story](#)).

France's Louis Vuitton, Chanel and Herms have ranked as the country's most valuable brands, leading Kantar Millward Brown's luxury-dominated BrandZ list of the top 50 labels in the nation in 2018.

Total brand value in France rose 12 percent for the 2018 edition of the list, with Louis Vuitton in the lead. Louis Vuitton saw its brand value reach \$46.4 billion in 2018, followed by Chanel with \$39.2 billion and Herms with \$31.5 billion ([see story](#)).

Luxury brands in both countries are expected to see further growth in value.

"There is already a good potential for luxury brands to expand globally and to gain traction on Asian markets, especially on younger targets such as millennials and centennials," Kantar's Mr. Capeci said. "Using digital, for both communication and ecommerce sales, those great brands will expand their sales"

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