

APPAREL AND ACCESSORIES

Luxury sees fastest brand value growth: BrandZ

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Louis Vuitton recently transformed its heritage luggage division. Image credit: Louis Vuitton

By BRIELLE JAEKEL

French fashion label Louis Vuitton has retained its top position in BrandZ's rankings of the most valuable luxury brands due to its ability to capture a blend of modernity and tradition needed in today's luxury segment.

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Louis Vuitton has clenched its 14th year in a row as the most valuable brand in the luxury segment of BrandZ's list, growing 15 percent in brand value over the past year. But it is not just Louis Vuitton that is seeing substantial growth, as luxury as a whole grew more than any other category on BrandZ's Top 100 Most Valuable Brands with a jump of 29 percent.

"While the number of people able to purchase luxury products remains limited, social media is expanding the opportunity for more people to appreciate luxury brands as they make themselves more relatable by enhancing and fine-tuning their social media engagement and innovating physical stores," said Elspeth Cheung, global BrandZ valuations director at Kantar.

Growing luxury's value

The top 10 luxury brands together have added \$38 billion in value in the past year, reaching a total of \$171.3 billion.

As a whole, France is taking command of the luxury list, with six of the top 10 luxury brands being French.



Sofitel's Live the French Way campaign. Image courtesy of Sofitel

Louis Vuitton, Chanel and Hermès make up the top three luxury brands as well as the top three most valuable French brands across all sectors.

Dior saw the fastest leap in brand value, jumping up 29 percent to \$4.66 billion thanks to its growth in China and the United States, especially in beauty.

Chinese consumers are an important segment of luxury, as their consumption remains reliable despite the country's economic slowdown.

In addition to Dior, Saint Laurent, Chanel and Gucci are also seeing growth in China thanks to their ability to cater to young Chinese consumers. The use of social platforms such as WeChat and Instagram is vital in catering to this segment.

Gucci continues to be an important figure in luxury as younger consumers not just in China but all over the world flock to the fashion label. The label came in fourth on the luxury list, with brand value growth of 13 percent.



Still from Saint Laurent's The Arrangement. Image credit: Saint Laurent

Not all luxury brands on the list saw growth.

Following Gucci on the top 10 was Rolex, whose brand value actually fell 4 percent. Cartier was behind Rolex, falling 15 percent in brand value.

BrandZ explains that brands created after 1996 are at an advantage in value growth rate. These brands saw almost four times more value added than brands created between 1977 and 1995.

For luxury brands, many of which are heritage houses, this is something to keep an eye on.

Leading brands

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

WPP and Kantar Millward Brown's BrandZ Top 30 Most Valuable Italian Brands in March report ranked 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 ([see story](#)).

For last year, Louis Vuitton, Chanel and Hermès ranked as France's most valuable brands, leading Kantar Millward

Brown's luxury-dominated BrandZ list of the top 50 labels in the European nation.

Luxury brands continue to prove to be an integral part of French retail, representing 47 percent of the total value of BrandZ's previous France ranking. Total brand value in France rose 12 percent for the 2018 edition of the list, with Louis Vuitton in the lead ([see story](#)).

"The industry's obsession with looking backwards is a ticking time bomb," Mr. Cheung said. "Brands now need to translate the brand equit."

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