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MARKETING

Porsche No. 1 valued luxury brand worldwide, as Cartier swaps with Louis Vuitton for second place

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The Porsche 964: a classic whose DNA runs through contemporary vehicles from the marque. Image credit: Porsche

By MICKEY ALAM KHAN

German automaker Porsche was named the world's most valuable luxury and premium brand, growing its brand value by 54 percent to $29.3 billion.

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The latest report from independent brand valuation specialist Brand Finance said French jeweler Cartier swapped second place with compatriot Louis Vuitton.

"The brands that have performed well in this year's Brand Finance Luxury & Premium 50 2019 ranking have shown their strength in the face of a struggling luxury market," said Alex Haigh, director of Brand Finance, London. "However, their ability to continue to thrive shows just how loyal the luxury customer base really is."

Quality stands out

Adherence to quality, brand positioning, innovation and sales growth seem common factors to the brands in the top 50 list.

Porsche's focus on quality sports car manufacturing and consistent sales growth over 70 years won its plaudits. The automaker recently launched its first purely electric production car, the Taycan, as it boosts its eco credentials.

Cartier's brand value went up 39 percent to $13.6 billion versus Louis Vuitton's 29 percent increase to a similar valuation.

Known as jeweler to royalty, Cartier boasts 300 boutiques worldwide.

With its newly renovated flagship London store opening doors at last year's end, Cartier has successfully recovered from the recent sector slump, cementing its position as the crme de la crme of luxury jewelry, Brand Finance said.

At No. 4, French brand Chanel was up 95 percent to $11.5 billion. Chanel designer Karl Lagerfeld, who passed away earlier this year, is credited with introducing ranges of affordable cosmetics to target consumers who aspire to wear

Chanel apparel but can only buy a fragrance or lipstick.

Brand Finance said the jury is still out where Lagerfeld's successor, Virginie Viard, can continue the brand's journey.

Brexit-headed United Kingdom was represented on the list by its automakers, accounting for four out of the five most valued luxury and premium brands on the Brand Finance list.

Aston Martin was down 8 percent to $3.3 billion, Bentley Motors down 8 percent to $2.3 billion, Rolls-Royce Motor Cars up 52 percent to $1.6 billion and McLaren up 66 percent to $1.3 billion.

"There is no denying the desirability and international appeal of British luxury brands, particularly in the United States," Mr. Haigh said.

"Take, for example the role of the Royal Family in showcasing the Best of British' dresses worn by the Duchess of Cambridge, which often sell out within minutes of the pictures hitting the press," he said. "Or our homegrown brand, Goat, whose Web site crashed after Meghan Markle was spotted wearing a Goat dress for Prince Charles' birthday bash. We like to call this the Markle Effect.'"

Burberry, up 2 percent to $4.7 billion, spoke for British fashion and led the list of most valuable U.K. luxury and premium brands.

"[It] is a testament to its success using iconic British faces like Cara Delevingne," Mr. Haigh said.

Per Brand Finance, Italian brands dominated this year's luxury and premium ranking, with 15 brands represented. Italy's deep roots in luxury help maintain its allure and growth in international markets.

France was the second-most represented nation in the ranking, with 11 French brands claiming spots.

The country competes with Italy for luxury goods production and sales, with Paris known as the worldwide capital of luxury given its numerous store openings year after year.

Innovation key
New entrants that made it to the list this year were Montblanc with a brand value of $925 million, Bobbi Brown at $786 million and Fendi at $573 million.

Brand Finance Luxury & Premium 50: Top 10 rankings

The highest new entrant, Montblanc at 38th position, debuted the first luxury smartwatch, the Montblanc Summit, at the end of 2018. This showed Montblanc's commitment to digital innovation, according to Brand Finance.

Meanwhile, Procter & Gamble Co.-owned Japanese skincare brand SK-II saw its brand value increase by 117 percent, marking it as the biggest winner in the Brand Finance rankings.

The brand is being used as a guinea pig for P&G's new, more digital-focused, marketing tactics as a result of marketing budget cuts, Brand Finance said.

Also the fastest-growing brand of this year, SK-II avoids images of opulence and glamour, as preferred by luxury brands such as Chanel and Louis Vuitton, instead favoring more un-staged celebrity appearances on social media.

There were prominent losers in the Brand Finance rankings, both Italian brands.

Salvatore Ferragamo was down 20 percent to $1.6 billion and Versace slipped 19 percent to $857 million.

Brand Finance said Ferragamo had a difficult 2018, recording drops in both sales and profits largely as a result of unfavorable performances in Europe, Middle East Africa and the United States.

Ferragamo is growing in Asia, which could help to boost its brand value in the coming year.

It is a similar story for Versace, with the brand posting a sales drop last year. Capri Holdings, owner of Michael Kors, bought Versace last December to modernize and expand Versace, which is heavily reliant on celebrity endorsements to grow sales.

Celebrity endorsements seem to be en vogue with luxury brands. But there are a couple of standouts from the Brand Finance top 50.

Both France's Herms, up 14 percent to $10.9 billion, and the U.S.' Tom Ford, up 34 percent to $633 million, reject A-list stars. Celebrities and influencers are largely absent from their formal campaigns. But both benefit from their products being bought by celebrities or, in Tom Ford's case, the man himself hanging out celebrity friends.

WHILE CALCULATING overall brand value, Brand Finance also gauges the relative strength of brands through a balanced scorecard of metrics evaluating marketing investment, stakeholder equity and business performance, the company said. Alongside revenue forecasts, brand strength is a crucial driver of brand value.

Based on these criteria, Ferrari up 27 percent to $8.3 billion is the world's strongest luxury and premium brand with a Brand Strength Index (BSI) score of 94.8 out of 100 and an elite AAA+ brand strength rating, Brand Finance said.

Indeed, since its founding, Ferrari has remained synonymous with style and performance, enabling the brand to successfully extend into other sectors from merchandise, such as hats and sunglasses, to theme parks, and even the Maranello Village, a Ferrari-themed hotel without losing its appeal as a luxury brand, Brand Finance pointed out.

Please click here to access the PDF of the Brand Finance Luxury & Premium 50 2019 report

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