

RESEARCH

## Luxury loses \$7.6B in value, Porsche remains on top: report

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*Porsche has the highest brand value among the world's top 50 luxury brands. Image credit: Porsche*

By NORA HOWE

As the world continues recovering from the COVID-19 pandemic, the total value of the world's top 50 luxury and premium brands declined by more than 3 percent year-over-year, from \$227.1 billion in 2020 to \$219.5 billion in 2021, according to Brand Finance's "[Luxury and Premium 50 2021](#)" annual report.

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Despite the negative effects of the pandemic, German automaker Porsche retains its top spot with a brand value of \$34.3 billion. Although falling substantially behind Porsche, apparel brands dominate the rankings, with 30 brands accounting for 62 percent of total brand value and seven landing among the top 10 brands.

"Porsche's top position in the ranking reflects its ability to position itself as a luxury car competing against its other luxury peers, including Ferrari, Lamborghini and Aston Martin, as well as being able to deliver 270,000+ cars a year," said Annie Brown, associate at [Brand Finance](#), London.

"In the premium to luxury spectrum the brand is uniquely positioned, being able to compete equally with Mercedes and BMW as well as Ferrari and Aston Martin," she said. "Porsche is the status symbol that never gets old as you can see from the sales trend performance of their classic models.

"On top of that, they are managing their EV transition with great success as the Taycan model sales success suggests, so we are expecting it to keep thriving in the years to come."

For the report, Brand Finance calculated brand value using the Royalty Relief brand valuation method. Additionally, its Brand Strength Index assessment operates as a predictive tool of future brand value changes by following four steps: measuring brand impact; measuring brand strength; multiplying brand impact by brand strength; and calculating brand value.

Luxury 50

Rounding out the top 10 most valuable luxury brands of 2021 are: Gucci, Louis Vuitton, Chanel, Cartier, Herms, Ferrari, Rolex, Dior and Guerlain.

Among luxury and premium apparel brands, Coach and Burberry recorded the largest drops in brand value, falling

31 percent and 25.7 percent, respectively. Fashion houses Dolce & Gabbana, Valentino and Dior saw growth of 35.3 percent, 17 percent and 13.9 percent, respectively.

Although it did not break the top 30 brands, Celine jumped an impressive 13 spots, from 47 in 2020 to 34 in 2021, recording brand value growth of 118 percent.



Top 10 most valuable luxury and premium brands. Image courtesy of Brand Finance

For the first time, the ranking includes two hotel brands: Shangri-La, valued at \$2 billion, and Intercontinental, valued at \$1.5 billion. The hotel brands ranked 29 and 35 on the index, respectively.

The hospitality sector saw devastating losses over the past year as the pandemic restricted both domestic and international tourism, resulting in an overall decrease in brand value across the industry. However, luxury properties within the Shangri-La group are showing signs of recovery across mainland China as demand for domestic travel increases.

In addition to measuring overall brand value, Brand Finance also evaluated the strength of brands, based on factors like marketing, customer familiarity, staff satisfaction and corporate reputation.

According to these criteria, Ferrari is the world's strongest luxury and premium brand with a Brand Strength Index (BSI) score of 93.9 out of 100 and a corresponding elite AAA+ brand strength rating.

For several years, Ferrari tapped into merchandise to support brand awareness and diversify revenue streams, but now is focused on preserving brand exclusivity by reducing licensing agreements by 50 percent and product categories by 30 percent.



Ferrari debuted its first apparel and accessories collection in June. Image credit: Ferrari

In June, Ferrari went from race track to runway with the launch of its first in-house fashion collection, indicating a major step in its strategy to expand the brand beyond the automotive sector.

Produced by creative director and former Giorgio Armani designer Rocco Iannone, the collection debuted on a V12 assembly line catwalk at the Ferrari production plant in Maranello on June 13. Items from the collection will be released for purchase in six drops throughout this year, both online and in select Ferrari stores (see story).

Filling out the top five strongest brand reputations are: Rolex, Moncler, Gucci and Hermès.

Reputation by sector

The brand evaluations are designed to facilitate broader comparisons with brands across markets and both within

and across industries.

According to Brand Finance, brands with a strong reputation also have licensing opportunities in new sectors. This year's sector reputation rankings included a significantly larger number of product categories, with scores for over 2,500 brands.

While technology is admired by many people, especially younger consumers, the sector fell slightly among the reputation ranking.

Brands like YouTube, Google and Apple continue to enjoy strong reputations; however, not all consumers love them.

Brand Finance noted that Amazon ranks high in some markets like the United States and Spain, but is not as popular in markets like Sweden and France.

The ecommerce giant is still trying to broaden its appeal, however, with products and services aimed at all consumers.

Last month, Amazon partnered with pay-over-time provider Affirm to provide consumers new payment flexibility at checkout. With Affirm's services, Amazon shoppers will have the choice to break up the total cost of purchases \$50 or more into monthly payments ([see story](#)).

To tap the in-store shopping market, it was also [reported](#) that Amazon will be expanding its presence into physical retail with plans to open large retail locations resembling department stores in the United States ([see story](#)).

The drop in reputation could signify that consumers are increasingly in favor of regulating big tech.

To appeal to the luxury consumer market, brands must redefine their priorities and invest in in-store experience, reconnect with local customers and listen to their consumers.

"This means adapting a brand to specific preferences based on geographies, from consumers who are interested in showing off logos to those who care about subtle luxury and sustainability," Ms. Brown said.

"Although it is a new strategic challenge, it's also a real opportunity for luxury brands to redefine their priorities as we are seeing an increased appreciation for local consumption resulting from the pandemic," she said. "In the luxury and premium sector, being relevant and socially conscious is the new legacy.

"Consumers have new expectations for transparency and sustainability changing the way people around the world choose to purchase luxury products."