

APPAREL AND ACCESSORIES

Herms hits 200B valuation on surging sales thanks to China's ultra-rich

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Between strong first-quarter sales, a renovated Beijing store, and a soaring market capitalization, Herms has a lot to celebrate this year so far. Image credit: Herms

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Following stellar [results from LVMH](#) last week, Herms is next in line to celebrate a strong start to the fiscal year.

In the first quarter of 2023, the group's revenue increased 23 percent year on year to 3.38 billion (\$3.69 billion), with sales across all regions growing.

Sales in Asia excluding Japan climbed 23 percent, attributable to a good Lunar New Year.

This week, the storied house also announced the reopening of its renovated store in Beijing's historic Peninsula Hotel, its first bricks-and-mortar location in mainland China.

Unveiled in 1997, the store is now double its original size and took design inspiration from the dragon statues of the Forbidden City.

"One of 27 Herms stores in the country, including three in Beijing, the redesign is a testament to the house's long-standing history and confidence in the Chinese market and its dynamic capital city," reads the [press release](#).

The Jing Take: Herms has been able to weather adverse demand trends thanks to its iconic products which are often seen as [investment pieces](#) and exposure to wealthy consumers who can handle economic crises.

When other brands took financial hits due to China's prolonged lockdowns, the French luxury giant managed to sustain sales growth in the country, recording [22 percent](#) year-on-year revenue growth in Asia in the fourth quarter of 2022.

Unlike its luxury competitors, Herms tends to shun [celebrity endorsements](#) and trend-chasing tactics to reach consumers in China. Instead it focuses on physical expansion.

Besides renovating its Beijing store, Herms also relocated and expanded its Nanjing store in January this year, reopened its store at Hong Kong International Airport with the addition of a private lounge in November last year, and unveiled a new Shanghai address the preceding month.

"The group has moved into 2023 with confidence, thanks to the highly integrated artisanal model, the balanced distribution network, the creativity of collections and the loyalty of clients," the company stated.

As brands rush to capitalize on China's reopening, Herms has been strategic about not expanding too quickly keeping its network targeted and exclusive.

Limiting marketing and distribution also allows the Birkin bag-maker to maintain pricing power. After raising prices 4 percent in 2022, the company plans to hike prices by **5 to 10 percent this year**, Eric du Halgouet, Herms' executive vice president, revealed in October last year.

Bucking market trends, Hermes is certainly living up to its brand theme this year of "Astonishment."

Passing a market capitalization of **200 billion** (\$218 billion) for the first time earlier this month, the maker of silk scarves continues to profit off China's ultra-rich and pull itself ahead of the pack.

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