Deloitte Global report finds seventy-six percent of the Top 100 luxury goods companies reported sales growth





• US$247 billion in revenues generated by Top 100 luxury goods companies
• Luxury goods companies are making significant investments in digital marketing and using social media to engage their customers

The world's Top 100 luxury goods companies generated aggregated revenues of US$247 billion in fiscal year 2017, representing composite growth of 10.8 percent, according to the 2019 edition of Global Powers of Luxury Goods, a new report from Deloitte Global.

Despite the recent slowdown of economic growth in major markets including China, the Eurozone and the US, the luxury goods market looks positive.

"In an age of fast changing trends, luxury companies are re-examining the value of brand heritage and history and are adopting an omni-personal approach focusing solely on the new age consumer," says Patrizia Arienti, Deloitte EMEA Fashion & Luxury Leader. "To accomplish this, they are committed to making significant investments in digital technologies."

The emergence of a new luxury segment
A new consumer class who is likely to become or remain affluent or ultra-affluent in the future has begun to emerge across the globe: the HENRYs (High-Earners-Not-Rich-Yet). With significant discretionary income, HENRYs are likely to become some of the wealthiest and present twofold benefits to luxury brands: securing valuable present customers, and building client relationships with the most affluent customers in the future.

Within Southeast Asia, luxury brands also need to keep on eye on the rise of the young and savvy mass affluent consumer. "The mass affluent Southeast Asian consumer is unlike the traditional luxury consumer that is typically associated with excessive consumerism, elitism, and guilty pleasures," comments Eugene Ho, Deloitte Southeast Asia's Consumer Industry Leader.

"Rather, these consumers are looking to trade up to premium products in certain product categories, and seek greater value for money, regarding brand history and heritage as much less important than attributes such as quality, customer service, and design. This aspirational demographic is also heavily influenced by social media, and are more socially and environmentally conscious, placing high expectations on brands to be sustainable and ethical."

Global Powers of Luxury Goods Top 100
The world's Top 100 luxury goods companies generated aggregated revenues of US$247 billion in FY2017, up from US$217 billion in the previous year (an increase of US$30 billion). Annual growth also jumped to 10.8 percent, on a currency-adjusted composite basis, much higher than the previous year's 1.0 percent growth. Seventy-six percent of the companies reported growth in their luxury sales, with nearly half of these recording double-digit year-on-year growth.

The minimum revenue threshold required to enter the world's Top 100 list of luxury goods

companies in FY2017 was US$218 million, up by US$7 million from FY2016, with an average company size of US$2.47 billion.

The Top 10 companies accounted for nearly half (48.2%) of the total luxury goods sales of Top 100 companies. Among these, while the top three companies maintained their positions, the remaining ones moved up or down by one position.
Growth of the Top 10 outpaced that for the Top 100 companies, at 14.2 percent and 10.8 percent respectively. The Top 10 also improved their composite net profit margin to 11.6 percent.

Cosmetics and fragrances was the top-performing sector in FY2017 with 16.1 percent sales growth, which was mainly due to the double-digit year-on-year growth of seven companies out of the total 11 in the sector.

Eighty-eight of the Top 100 luxury goods companies are headquartered in nine countries, and they account for 93.4% of Top 100 luxury goods sales. France has the largest companies with an average size of US$8.29 billion, which is much higher than the average Top 100 size of US$2.47 billion. France was also the best-performing country, achieving 18.7 percent composite sales growth in luxury goods in FY2017, and also contributed the largest share to the total sales of Top 100 luxury goods companies. Although Italy has the highest number of companies (24), it had the lowest sales growth rate.

About Global Powers of Luxury Goods
The report identifies the 100 largest luxury goods companies globally, based on the consolidated sales of luxury goods in FY2017 (for fiscal years ending through 30 June 2018), using publicly available data, and evaluates their performance across geographies and product sectors. It also provides a global economic outlook and discusses the key trends shaping the luxury market.

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