

## Press release

Zurich/Geneva, 21 May 2018

### **Luxury goods sales growth bottoms out – Swiss companies recovering from setback in FY2016**

**The world's 100 largest luxury goods companies generated sales of US\$217 billion in FY2016, but have been growing at a slower pace than in previous years: The average growth rate stands at 1%, which is 6pp lower than one year earlier, according to the annual [Global Powers of Luxury Goods](#) report issued by Deloitte. Switzerland remains one of the strongest luxury goods markets, with three companies in the top 12, excelling especially in luxury watch-making. However, the three largest Swiss companies – Richemont, Swatch and Rolex – have all dropped in the ranking, mainly due to the strong Swiss Franc and a downturn in tourism. To succeed in a quickly changing context and in new markets, luxury players are increasingly shifting their focus on digital connectivity, upwardly mobile consumers and bold business models.**

The new report examines and lists the 100 largest luxury goods companies globally, based on publicly available data for consolidated sales of luxury goods in FY2016 (which we define as financial years ending within the 12 months to 30 June 2017). It also discusses the key trends shaping the luxury market and provides a global economic outlook.

The world's 100 largest luxury goods companies generated sales of US\$217 billion in FY2016; this is a slow growth of US\$5 billion (1%) compared to the year before<sup>1</sup>. The industry is marked by a high economic concentration: The ten largest companies account for 47% of the total turnover of all 100 companies. The top five largest players – LVMH, Estée Lauder, Richemont, Luxottica and Kering – retained their positions on the leader board.

"Though we've seen a dip in the growth of luxury goods sales in the past years, FY2016 seems to mark the bottom of the downturn for most companies. And growth in the luxury goods industry will continue, unlike in several other industries," says Karine Szegedi, Head of Fashion & Luxury at Deloitte Switzerland. "The essence of luxury is changing from an emphasis on the physical to a focus on the experiential and how luxury makes you feel. However, premium quality remains a 'must have' and consumers retain a keen eye for craftsmanship and hand-made products."

#### **Swiss market dominated by Richemont, Swatch, and Rolex**

There are nine Swiss companies in the Top 100 this year. Switzerland's luxury good sales are still dominated by Richemont, Swatch, and Rolex, which together account for 87% of FY2016 luxury goods sales for the nine Swiss companies in the ranking.

All three Swiss luxury goods giants, each with sales in excess of US\$5 billion, dropped one place in the ranking on the back of falling sales. Richemont is in 3rd position, Swatch Group was overtaken by L'Oréal and now ranks 7th, while Rolex dropped to 12th.









"A large part of Swiss luxury goods companies' business is generated outside of Switzerland. They thus continued to feel the impact of the strong Swiss franc as well as the decrease in tourist traffic in Switzerland and Europe. But with the franc's strength easing, the macroeconomic climate improving, and companies moving towards digital technologies and more agile business models, we are optimistic for the coming years," says Karine Szegedi.

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<sup>1</sup> The 1.0% year-on-year growth is based on currency-adjusted composite retail revenue for the FY2016 group of Top 100 companies. This growth rate was adjusted for fluctuations in currency exchange rates from FY2015 to FY2016, thus representing true growth.

Such tendencies are confirmed by the positive sales and operating margin growth reporting by Swatch end of January 2018 for fiscal 2017 and last Friday by Richemont on their fiscal year ended March 31, 2018.

Overall, the report shows that Swiss companies had indeed a low composite luxury goods sales performance in FY2016, with sales down 5.1%% after a growth of 3.6% in the last period, but it is to be highlighted that the Swiss watchmaker Richard Mille achieved an impressive 21.6% sales growth in FY2016; the second time in a row a double digit growth.

Country profiles	Number of companies	Average size of companies by luxury goods sales (US\$m)	FY2016 Luxury goods sales growth	Share of top 100 luxury goods sales
 China	9	\$1,928	-9.4%	8.0%
 France	9	\$5,843	5.8%	24.3%
 Germany	5	\$886	-4.3%	2.0%
 Italy	24	\$1,409	1.0%	15.6%
 Spain	4	\$741	6.2%	1.4%
 Switzerland	9	\$3,138	-5.1%	13.0%
 United Kingdom	10	\$1,126	3.2%	5.2%
 United States	13	\$3,351	1.7%	20.1%
Other countries	17	\$1,351	5.8%	10.3%

Results reflect Top 100 companies headquartered in each country.  
Source: Deloitte analysis of published company data and industry estimates.

### Switzerland is all about watches

Just as Italy is the global leader in fashion, Switzerland is second to none in luxury watch-making: Eight out of the nine Swiss companies in the Top 100 are watchmakers. The strength of their brands can be seen in their presence in jewelers and other distribution outlets for luxury watches around the world, as well as in their own growing store networks. Multiple luxury goods company Richemont for example obtains nearly 30% of its sales from its portfolio of luxury watch brands such as Vacheron Constantin or Jaeger-LeCoultre.

“The Swiss luxury industry and specifically the watch industry is back on the path for growth. The resilience of Swiss luxury goods companies comes down to their positioning in fine watchmaking and their strategy of not only being present in most geographic regions but as well by tackling the on-line market by strongly developing their presence on the e-commerce platforms. The barriers to entry created by the brand heritage and the technical and design excellence of the Swiss luxury watchmakers are proving very hard to overcome,” says Karine Szegedi.

## The leading luxury good companies in the world

FY2016 Luxury goods sales ranking	FY2015 Luxury goods sales ranking	Company name	Selection of Luxury Brands	Country of origin	FY2016 Luxury goods sales (US\$ m)	FY2016 Luxury goods sales growth*
1 ↔	1	LVMH Moët Hennessy- Louis Vuitton SE	Louis Vuitton, Fendi, Bulgari, Loro Piana, Emilio Pucci, Acqua di Parma, Loewe, Marc Jacobs, TAG Heuer, Benefit Cosmetics	France	23,447	5.0%
2 ↑	3	The Estée Lauder Companies Inc.	Estée Lauder, M.A.C., Aramis, Clinique, Aveda, Jo Malone; Licensed fragrance brands	US	11,824	5.0%
3 ↓	2	Compagnie Financière Richemont SA	Cartier, Van Cleef & Arpels, Montblanc, Jaeger-LeCoultre, Vacheron Constantin, IWC, Piaget, Chloé, Officine Panerai	Switzerland	11,677	-3.9%
4 ↔	4	Luxottica Group SpA	Ray-Ban, Oakley, Vogue Eyewear, Persol, Oliver Peoples; Licensed eyewear brands	Italy	10,051	2.8%
5 ↔	5	Kering SA	Gucci, Bottega Veneta, Saint Laurent, Balenciaga, Brioni, Sergio Rossi, Pomellato, Girard-Perregaux, Ulysse Nardin	France	9,369	7.7%
6 ↑	7	L'Oréal Luxe	Lancôme, Biotherm, Helena Rubinstein, Urban Decay, Kiehl's; Licensed brands	France	8,476 e	6.0%
7 ↓	6	The Swatch Group Ltd.	Omega, Longines, Breguet, Harry Winston, Rado, Blancpain; Licensed watch brands	Switzerland	7,413	-10.7%
8 ↔	8	Ralph Lauren Corporation	Ralph Lauren, Polo Ralph Lauren, Purple Label, Double RL, Club Monaco	US	6,653	10.2%
9 ↑	10	PVH Corp.	Calvin Klein, Tommy Hilfiger	US	6,646	5.6%
10 ↓	9	Chow Tai Fook Jewellery Group Limited	Chow Tai Fook, CHOW TAI FOOK T MARK, Hearts on Fire	Hong Kong SAR	6,604	-9.4%
11 ↑	12	Hermès International SCA	Hermès, John Lobb	France	5,755	7.5%
12 ↓	11	Rolex SA	Rolex, Tudor	Switzerland	5,379 e	-3.6%
45 ↓	40	Patek Philippe SA	Patek Philippe	Switzerland	1,192 e	-1.3%e
51 ↓	50	Audemars Piguet & Cie	Audemars Piguet	Switzerland	888 e	6.7%e
53 ↓	49	Le Petit-Fils de L.-U. Chopard & Cie SA	Chopard	Switzerland	771 e	-5.0%e
73 ↓	71	Breitling SA	Breitling	Switzerland	424 e	1.7%e
86 ↓	80	Franck Muller Group	Franck Muller	Switzerland	269 e	-7.0%e
96 ↑	97	Richard Mille SA	Richard Mille	Switzerland	228	21.6%

Source: Published company data and industry estimates (e = estimate)

\*Top 100 sales growth rates are sales-weighted, currency-adjusted composites

### Geographical split: Italy and France in the lead

Italy is once again the leading luxury goods country in terms of the number of companies, while France has the highest share of sales, followed by the US and Switzerland. China, France, Germany, Italy, Spain, Switzerland, the UK and the US together made up 83% of the Top 100 luxury goods companies and 90% of Top 100 luxury goods sales.

### Rapidly changing markets and customer needs

The luxury goods industry has faced deep changes over the past two decades. Varying economic trends, rapid digital transformation and evolving consumer preferences and tastes are creating a new competitive landscape where traditional strategies are under threat. The growing importance of non-western markets for the luxury goods industry has been supported by supply chain leadership, technological innovation, international investment and adjustments to demographic changes. These factors will help maintain further strong growth in these geographical markets.

Given ever-evolving customer preferences, the growing importance of the younger generations and the increasing use of mobile platforms, the ability to switch seamlessly among different channels has become essential for personal luxury brands. If they are too slow to implement digital supply networks, they risk to be left behind.

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**About the Global Powers of Luxury Goods report**

The Global Powers of Luxury Goods report identifies the world's top 100 largest luxury goods companies based on publicly available data and analyses them from multiple perspectives. It also examines industry trends and global economic conditions. Full details about the Global Powers of Luxury Goods report are available [here](#).

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