RETAILX SECTOR ANALYST REPORT

LUXURY 2022

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INTRODUCTION

The world's Top 100 luxury goods companies generated revenues of $252bn in 2020, down 12% from the $261.13bn seen in 2019 and only marginally ahead of the $247bn recorded in 2018

The reopening of physical retail and travel are starting to feed into a tentative recovery for the sector, and RetailX predicts that at the current rate of growth, the luxury sector could be back to its 2019, pre-pandemic level by 2023

Growth is also set to come from younger shoppers who are turning to luxury brands as they look for uniqueness and quality, offering the luxury sector a range of new, younger shoppers to target to create growth worldwide

This younger generation is further driving the need for luxury retailers and brands to embrace digital technologies – especially mobile and social media – which has seen the industry become a leader in both, along with pioneering livestreaming sales and the rise of the metaverse

This cohort, however, also demands ethical and sustainable products, so to generate growth and cultivate this next generation of luxury shoppers, the luxury sector has had to rapidly adopt 'woke' production methods, materials and company ethos.

SHARELINES

- Luxury market sales shrink 12% to $252bn in 2020
- Gen X, Y and Z accounted for almost 84% of luxury sales in 2020
- The US accounted for €55bn of luxury sales in 2020, Europe €44bn and China €43bn

Welcome to the RetailX sector analyst reports, where we combine RetailX's five years of in-depth company performance research with analysis of the sector dynamics.

Our reports provide the strategic and commercial context in which the best retailers and brands perform in their market sectors.

We have two reports each year: The first is our Analyst Report, focusing upon the current performance and sector dynamics. The second is our Strategic Report, which looks through a strategic planning lens at the 2-5 year outlook – showing glimpses of the future in the current practice of the best.

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TL;DR

The internet abbreviation 'TL;DR' means 'Too Long; Didn't Read'. In that spirit, here are some consideration points from this report:

- The world's Top 100 luxury goods companies saw revenues shrink by 12% to $252bn in 2020, as the impact of the pandemic on physical retail and travel saw sales slump on the year's first half. Improvements across the second half of the year helped the industry reduce losses, but growth remains tentative
- As a result, M&A activity in the sector was at an all-time high, with 277 merger and acquisition deals across the fashion and luxury goods industry in 2020 as the industry consolidated to aid investment in new tech and new channels and large brands swallowed up struggling smaller ones
- Growth is set to come from the re-opening of physical retail and the travel industry, which are already starting to generate some recovery to pre-pandemic sales levels in 2021. However, stores are now part of an omni-channel model for most luxury retailers, who have to adapt their digital platforms developed to service locked down customers to ones that can also work with stores
- Tapping into consumer demand for ethical and sustainable products, along with embracing mobile, marketplaces and social media have also all accelerated sales for the sector
- The market for luxury goods is still dominated by the US and Europe, with China coming a close third. Chinese nationals shopping from all countries continue to be the biggest buyers of luxury goods
- The Middle East and South America likely to be the next regions to accelerate luxury purchasing driven by emerging middle class Gen Z shoppers that share many of the same ethical and environmental concerns as their developed-market peers
- To meet the demands of a new clientele and new geographies, luxury brands and retailers continue to need to partner with lifestyle brands, influencers, celebrities and even fast food outlets
- We look at the Top 100 luxury retailers and brands worldwide to assess how the sector is evolving
- Featuring: Burberry Group; Capri Holdings; Christian Dior; Estée Lauder Companies; FarFetch; Hermes International; LVMH Moet Hennessy Louis Vuitton; and TheRealReal

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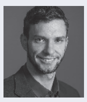

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REPORT CONTENTS

CONTENTS

CHARTS & TABLES

COMPANIES AND BRANDS

Throughout this report, we analyse and compare 8 companies in order to illuminate the sector. Listed, these companies are:
Burberry, Capri Holdings, Christian Dior, Estée Lauder, FarFetch, Hermes, LVMH and TheRealReal
We have also looked that the Top100 luxury retailers and brands globally.

Defining the luxury eCommerce customer experience

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Online sales were the saving grace of the luxury sector in 2021, and will likely continue to be so for the next several years as the industry recalibrates and embarks on a new post-pandemic future. Luxury brands, historically slower to embrace eCommerce than mainstream retail, used the disruption of COVID-19 as an opportunity to re-evaluate the status quo and take stock of its younger, more digitally savvy, more sustainability-focused clientele.

CHANNEL HYBRIDISATION TO THE RESCUE

What luxury brands have learned from this reset is that customers aren't averse to buying luxury goods online, and brands have wisely moved swiftly to capitalise on this. At the same time, however, brick-and-mortar luxury boutiques aren't going away anytime soon, and are in fact a critical part of the social discovery, trust-building and personalised attention that define the luxury experience.

As has become increasingly clear over the past few years, the apparent divide between online and in-store channels is not a divide at all, but an extension of one continuous relationship between brand and customer.

This shift to channel hybridisation was brought to the fore during the height of the pandemic. For many luxury brands, leveraging channel blending was what enabled them to stay afloat amid lockdowns.

For example, UK luxury leather goods brand Mulberry turned its closed shops into "dark stores," or mini-warehouses for fulfilling online orders, which allowed the brand to boost online sales despite the devastating blow of months-long lockdowns — with some shops even able to achieve their normal pre-pandemic sales levels.

This success story was only possible because Mulberry were committed to embracing channel hybridisation and had a single view of inventory across their digital and physical stores. The brand also found that this unified view allowed them to create more relevant marketing campaigns through hyper-personalised product recommendations.

REIMAGINING THE FUTURE OF COMMERCE

"Reinvention" could be the keyword for the current luxury environment. In addition to blending channels for a unified experience, luxury brands are increasingly driving growth and creating value by introducing their logos and products on the apps, social platforms and virtual worlds frequented by the Gen Y and Gen Z generations – the very age group on-track to make up 70% of the luxury market by 2025.

Luxury brands the likes of Prada, Gucci, Burberry and Louis Vuitton are pioneering new ways of reaching customers that stretch the boundaries of the term "eCommerce" and reimagining how customers engage with their products – from virtual try-ons and mobile apps that guide in-store shopping, to virtual worlds and branded non-fungible token (NFT) accessories that players can buy and sell within metaverse worlds.

These novel marketing and engagement platforms have become so popular that the British Fashion Council have added a new category to their annual fashion awards: "metaverse design."

Meanwhile, as luxury brands experiment and reinvent themselves, the customer relationship remains front and centre. With brands only a tap away on a smartphone, they now have the ability to embed themselves in their customers' lives like never before, developing a richer conversation that blurs the lines between entertainment, social connection and commerce.

The potential for understanding customers and gaining new audiences has skyrocketed. The question now becomes: How do luxury brands stay relevant and attract the next generation of customers – without alienating the traditional luxury shopper or compromising the legitimacy of their brand?

While there is no single answer, it's clear that the future belongs to those luxury brands that are willing and able to meld the expectations of a younger, more digitally engaged clientele with the traditional trappings of the luxury experience that remain as vital as ever — seamless ordering, product personalisation, high-end packaging and premium customer service.

At the most direct touchpoint and moment of truth – the moment when a customer unboxes their purchase – luxury brands have to ensure that everything about that experience upholds their brand promise.

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ABOUT PFS

PFS is the premier eCommerce order fulfilment provider. We facilitate each operational step of an ecommerce order in support of DTC and B2B retail brands. Our scalable solutions support customised pick/pack/ship services that deliver on brand ethos with each order. A proven order management platform, as well as high-touch customer care, reinforce our operation. With 20+ years as an industry leader, PFS is the BPO of choice for brand-centric omnichannel operations.

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MAKING GOOD ON BRAND PROMISES

The same overarching brand identity must come across at every touchpoint to avoid reputational damage. If a customer orders a luxury handbag through a high-tech virtual showroom, but has a mediocre shipping or unboxing experience, there is a disconnect, a dent in the trust established between brand and customer that will be very difficult to recoup.

Fulfilment shouldn't be the weak link in the chain – it should be the capstone of the entire customer journey, actualising the expectations that the brand has carefully nurtured. Each package is a culmination of the brand promise implicitly made during the shopping journey. If the unspoken questions behind an eCommerce order are "Does this brand value me? Do they understand my aspirations and share my values?", the fulfilment operation should deliver a resounding "Yes" again and again. This is where having a trusted eCommerce services provider that understands the value of the customer relationship can be invaluable.

It's clear that whatever the future holds for the luxury sector, exemplary fulfilment operations will remain a critical part of following through on brand promises and securing the loyalty of the next cohort of luxury shoppers. In the current era of innovation and reinvention, the most successful luxury brands will be those that offer a fulfilment operation every bit as a customer-oriented as the other facets of their omni-channel marketing strategy.

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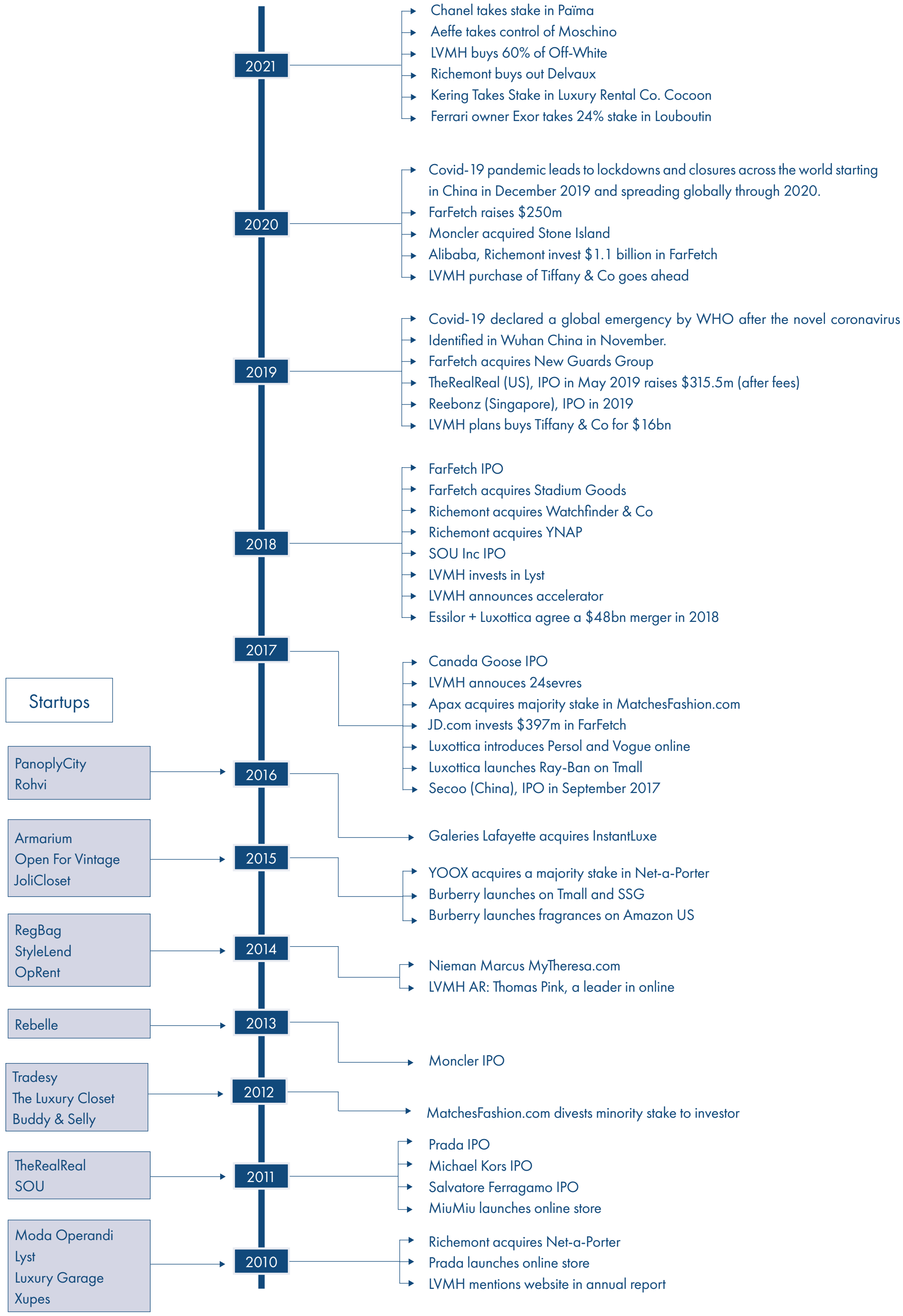
FIGURE 1: LUXURY SECTOR TIMELINE 2010-2021

To place the changes in the sector into context over time, it is important to map out key events by year including launches and start-ups, macro-economic events and more.



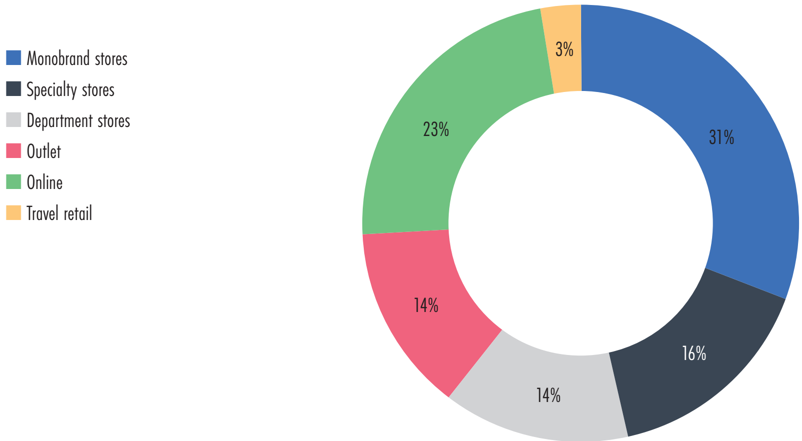
SOURCE: RETAILX

INDUSTRY UPDATE 2021

The world's Top 100 luxury goods companies generated revenues of $252bn in 2020 [1], down 12% from the $261.13bn seen in 2019 and only marginally ahead of the $247bn recorded in 2018.

By 2017 all luxury brands were increasingly talking about online in their annual reports. In 2020 that rocketed up by 46%, reflecting how the pandemic had suddenly focused attention on digital.

FIGURE 2: SHARE OF THE GLOBAL PERSONAL LUXURY GOODS MARKET IN 2020, BY SALES CHANNEL



SOURCE: Statista

This contraction can be squarely placed at the door of the pandemic, which radically shifted spending on all goods online and, with economic uncertainty globally across the first half of 2020, saw overall sales decline markedly [2].

The bulk of luxury retail takes place in stores – some 75% in 2020 (see Figure 2) – and within travel. The rolling lockdowns and consumer reluctance to go out had a large impact on sales. The near-cessation of travel, plus the cancellation of many events, also had a pivotal impact on the global luxury market, with sales through airports and luxury cruises seeing rapid and deep declines in early 2020.

That has started to reverse in 2021 and 2022 as international travel tentatively restarted. Shoppers slowly returning to physical retail leaves stores accounting for 75% of luxury retail sales globally, with online accounting for 23%. The remaining 2% comes from travel-based luxury retail [3].

This small slice is set to increase in significance to the luxury sector as international travel starts to reopen and those airport luxury retailers who leveraged online shopping in the pandemic continue to thrive through this channel as they fill a gap left by many retail outlets in shopping malls being closed.

Aside from dealing with the shifts in consumer habits generated by the pandemic, the industry has also seen a wealth of mergers and acquisitions (M&A) activity across 2020 and into 2021, with 65 deals in the apparel and accessories sector of the fashion and luxury goods industry worldwide in 2020. There were a total of 277 merger and acquisition deals across the fashion and luxury goods industry [4].

Some of the most notable have been LVHM's $16bn acquisition of Tiffany & Co at the very end of 2019. VF Corporation (VFC) acquired Supreme for $2.1bn and Moncler purchased Stone Island for $1.4bn. Exor, the Italian holding company for Italy's Agnelli family, invested €541 million in French shoemaker Christian Louboutin.

Many other luxury companies, including Richemont and Kering Group, are also on the acquisition trail [5].

This M&A activity is the result of the increasing shift to digital selling – both online and innovations in in-store retail – wrought by the pandemic. Luxury business tend to only thrive once they are scaled to a certain size: the larger the company, the more technology investment can be leveraged across multiple brands in multiple geographies.

Some of the M&A activity however has also been driven by opportunity. With some luxury marques suffering financially from the pandemic's impact on their over-reliance on physical retail, there is a ready stream of "buys" for those luxury companies that are still cash rich and looking to grow.

THE IMPACT OF BREXIT ON LUXURY

The implementation of the UK's withdrawal from the EU from 1 January 2021 has had a noticeable impact on both UK luxury and fashion, as well as on luxury brands based outside the UK.

The Brexit deal saw the end to both a VAT rebate on luxury goods, as well as a cessation of a zero-tariff and zero-quota trade for luxury goods between Britain and EU. This initiative was largely accepted and celebrated by the industry, as it drove trade among not just EU shoppers, but from tourists visiting the EU and the UK.

Removing the VAT rebate, which allowed foreign buyers to claim back the UK's 20% VAT on luxury purchases made in the UK has caused a major headache for UK brands and UK-based luxury brands from elsewhere.

While foreign shoppers can still buy UK luxury goods in the UK and claim the 20%, they have to have the goods shipped directly to their home country. According to the Centre for Economics and Business Research this has seen a huge drop in international visitors to UK luxury brands by nearly 7.3%, resulting in a £1.8bn loss.

The removal of tariffs has seen further impact on the sector, with UK brands taking a hit, while EU luxury sellers reaping the benefit.

Britain has an exposure of 4 to 5% in terms of international luxury brands. It relies more on domestic brands like Burberry, which brings about 10% of the overall domestic sales. However, the problem for UK luxury brands comes when shoppers are shopping elsewhere in the EU – they are likely to buy from EU brands in the EU where they can not only claim back their VAT, but they can also get a better price, as UK brands will be subject to quotas and tariffs for selling there.

This, believe the Centre for Economic and Business Research, will drive Asian luxury shoppers to buy European luxury brands.

The UK is in talks with the US and other markets to create Free Trade agreements, which could eventually off-set these issues, but they are likely to be a long time coming.

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GROWTH VECTORS 2020/21

While 2020 started poorly for all retailers with the world gripped by the global pandemic and its attendant lockdowns, the shrinkage in revenues for the luxury sector was not as large as it might have been.

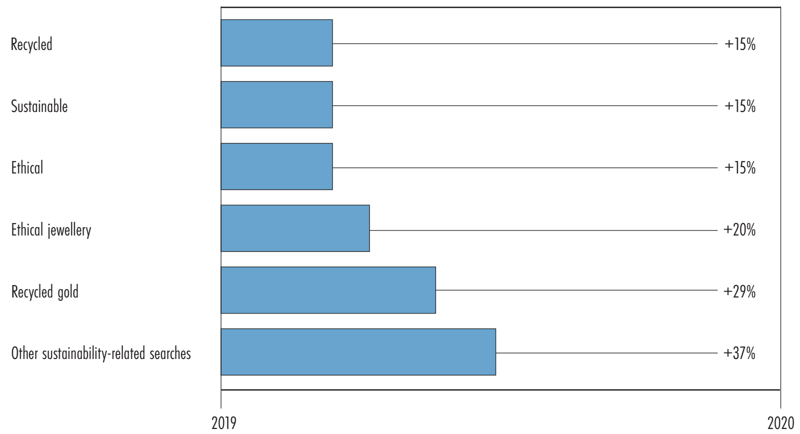
Changes in shopping habits caused some initial problems for brands and retailers, but most were very quick to adapt and have since seen growth in sales start to return, albeit often through different channels than pre-pandemic.

These changes have also coincided with some dramatic changes to retail independent of the pandemic, which have, for those that have embraced them, delivered new customers, new markets and new opportunities.

SUSTAINABILITY

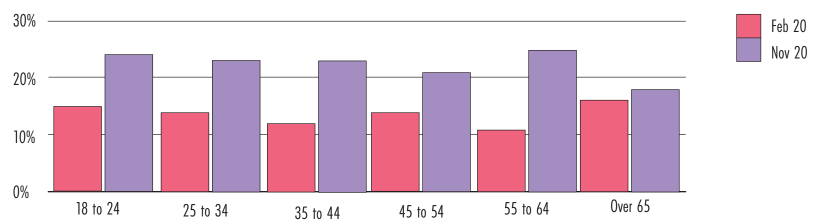
Consumer awareness of the environmental impact of the goods and services they buy has accelerated during the pandemic and has become firmly established as a key consumer driver for how they shop (see Figure 3). Pre-pandemic, sustainability was climbing the agenda, driven by 'woke' millennials and

FIGURE 3: INCREASE IN SEARCH TERMS ON LUXURY SITES IN 2020



SOURCE: Taylor & Hart

FIGURE 4: SHARE OF CONSUMERS BY AGE THAT CONSIDER SUSTAINABILITY A MANDATORY FACTOR IN CHOOSING A BRAND



November 2020, n=7,029 luxury consumers

SOURCE: Vogue Business

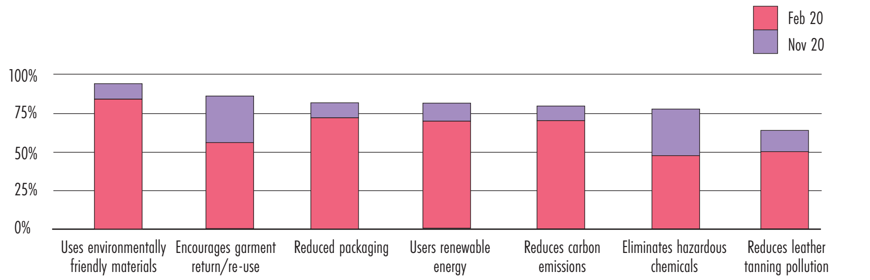
Gen Z and Gen Y. During the pandemic, with more pause for thought, this 'woke-ness' has spread wider into the general population and is starting to become a business differentiator for many (see Figure 4).

The personal luxury sector has not escaped. With more Gen Z and Gen Y shoppers coming to luxury brands to buy longer-lasting, timeless 'pieces', so there has been a rise in the expectations of those shoppers that these brands and merchants are also sustainable. This trend has increased through 2020, with some 25% of consumers in all age groups now considering it an important factor in choosing a brand to buy from.

Luxury brands have been quick to adapt to this and, as it has become more apparent that these shopping habits are here to stay, have been changing their mindset and strategies accordingly.

Part of this mindset change has been to sell luxury items as inclusive and long-lasting, rather than some exclusive and out of reach of many. This subtle yet important shift is a sea change for the industry and has not only aligned it more with shopper wants, but also has opened up the market to a larger swathe of consumers than ever before. Luxury brands are also responding to the shift to sustainability

FIGURE 5: GROWTH IN ADOPTION OF SUSTAINABLE POLICIES IN LUXURY BRANDS



October 2020, n=50 luxury brands featuring in both Indexes

SOURCE: Vogue Business

and are, in the main, adopting the sustainable approaches to manufacture that these consumers value. According to research, as of December 2020, more than 75% of 50 key luxury fashion brands were using environmentally friendly materials, while 75% were looking to reduce packaging, use more renewable energy and to cut carbon emissions.

Adopting these greener approaches to manufacturing is set to drive growth across the luxury sector as increasingly, all demographics will be looking to produce items sustainably as part of their product and brand differentiation strategies.

RECOMMERCE AND SUSTAINABILITY

Off the back of this shift to more sustainable luxury, there has been a groundswell among consumers for reusing, reselling and repurposing luxury items, especially across apparel, jewellery, accessories, furniture, cars and objet d'art.

The key to recommerce in luxury lies in residual value. Luxury goods tend to keep their value better than standard consumer goods, given extra impetus to the recommerce market in the sector.

The movement has been spurred by the emergence and growth of ecommerce and has spawned a number of dedicated sites such as TheRealReal, ThredUP, Vestiaire Collective, Depop and Poshmark, which have grown in popularity and now boast a wide range of items that encompasses everything from vintage sport brands to luxury fashion labels.

In fact, the luxury second hand market has grown by 27% since 2018 [1] and is set to hit around $60bn by 2025 [2].

Notably luxury brands tapping into this include Stella McCartney and Balenciaga teaming up to sell damaged pieces on TheRealReal as part of the latter's 'ReCollection' upcycling programme.

THE LUXURY SECOND-HAND CAR MARKET

The global luxury car market hit around €503bn in 2020, almost double where it was in 2010, largely thanks to growth in China. As interest in luxury cars has grown, so too has interest in secondhand luxury cars, again among younger, aspirational demographics worldwide.

One major growth area for 2021 and beyond lies in luxury electric vehicles, such as Tesla models S and X, along with the green offerings from luxury brands such as BMW, Mercedes Benz and even Porsche, Bugatti and Rolls-Royce.

Again, these are seen as items that have uniqueness and style, as well as longevity. They are also seen as an investment.

Marketplace Vestiaire Collective meanwhile is working with brands including Alexander McQueen and Mulberry to sell on verified pre-owned pieces to a new audience.

This circular economy is driven by millennials and continued by Gen Z and Gen Y shoppers who see recommerce as a way of expressing individuality through purchasing unique and often vintage and semi-vintage pieces – all while acting more ethically and sustainably.

With many more mainstream brands such as Nike, with its Nike Refurbished line already offering recommerce to these demographics, it is now a natural fit for luxury brands to use this channel to tap into sustainable shopping mindsets and cultivate the next generation of luxury consumers.

With this embrace by these demographics, recommerce offers a great deal of growth potential for the luxury market and online recommerce players have started to draw investor attention. Vestiaire Collective, for instance, raised €52.8m in a new funding round in April 2020, while second-hand bag and accessories e-portal Rebag pulled €12.3m in a Series D round of funding in May.

Huda Beauty's investment arm took an undisclosed stake in Dubai-based clothing resale company, The Luxury Closet and, more recently, online second-hand retailer, ThredUP filed for an IPO in the US in October 2020. While the number of shares and the price range of the offering has yet to be determined, the listing is estimated to raise between €150m to €250m for the company.

Another facet of the recommerce model increasingly being applied to luxury has been 'upcycling', where goods are either repurposed, reinvented or enhanced before being resold.

In apparel, there has been a wave of players offering clothing and accessories made from old clothing and accessories, or from reusing other materials from outside the apparel industry.

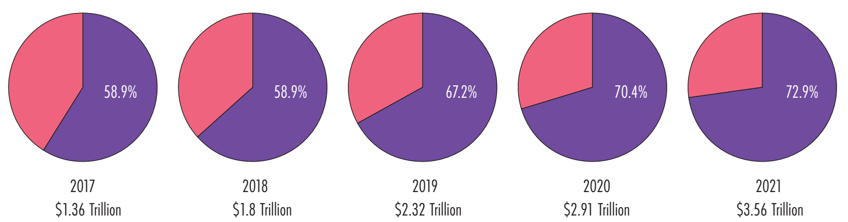
LA-based brand Reformation repurposes vintage clothing, rescues deadstock fabric from fashion houses that over-ordered and also simply uses eco-friendly fabrics to create new designer clothes. UK-based Elvis & Kresse, meanwhile, takes decommissioned fire hoses, boat sails, air traffic control flight strips, coffee sacks, cardboard and parachutes are all refashioned into bags, belts and accessories.

High-end consumer electronics brand B&O is also taking in older models of its speakers and retrofitting Bluetooth technology to them.

MOBILE CHANGES EVERYTHING

With the luxury sector forced to adopt more online selling techniques due to changing consumer shopping behaviour, there has also been a shift through 2020 to deliver a more mobile-optimised or even a mobile-first approach for many brands.

FIGURE 6: MOBILE SHARE OF ECOMMERCE



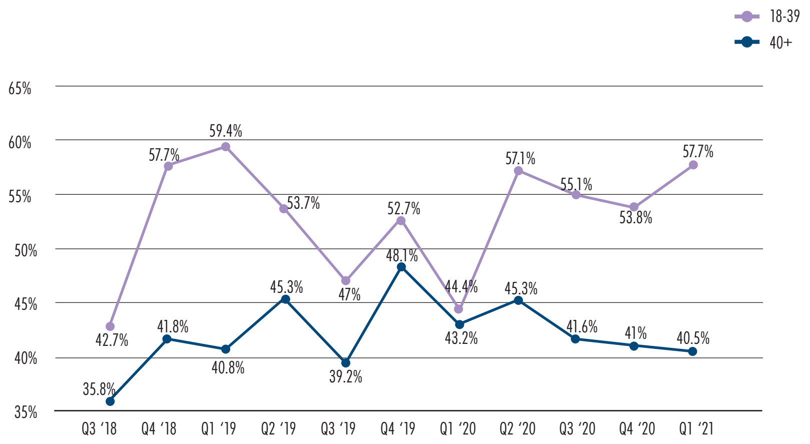
SOURCE: MerchantSavvy

As is seen across the broader ecommerce landscape, the share of mobile commerce has grown steadily, with acceleration seen in late 2019 through to 2021 (see Figure 6). This is reflected in the luxury sector, where a larger proportion of consumers have high-end smartphones – around 98% of luxury shoppers compared to around 70% of the general population.

The increasing feed-through of younger shoppers from Gen X, Y and even Z is also driving up the use of mobile to shop, as these are now very much mobile-first generations of consumers.

This has translated to an slow and steady increase in the number of mobile luxury shoppers. Data from

FIGURE 7: MOBILE SHARE OF LUXURY ECOMMERCE IN THE US 2018 TO 2021



SOURCE: Statista

the US suggests that younger demographics are rapidly accelerating their use of mobile in luxury shopping, the number of older shoppers has also grown over the lockdown.

The return to 'normal' post-pandemic has seen this older cohort shrink back, but it still remains way above where it was in 2018 (see Figure 7).

This has obvious implications for luxury ecommerce, but it also has an impact on in-store sales also. Many of these consumers, returning to physical retail after a two year absence, are looking for a real-world experience that features all the benefits of their online shopping habits built up over lockdown. This is also driving a move by luxury retailers to mobilise their store offerings and look for closer tie ups between store, mobile and social.

According to luxury seller FarFetch, its omnichannel sales have risen 40% in 2020. Luxury watch seller Breitling, meanwhile, has invested in 'headless commerce' – which allows for common content and data to seamlessly work across any platform, as it too moves into an omni-channel world.

The move to mobile by consumers has also had an impact on the use of technologies such as augmented and virtual reality, which are starting to see use in some areas of the luxury market to create more realistic online experience.

For example, tech company Perfect Corp has created AR technology to allow virtual try on of luxury watches.

This is all slowly feeding into the concept of the metaverse, which is set to be a key driver of luxury retail growth in years ahead (see page 35).

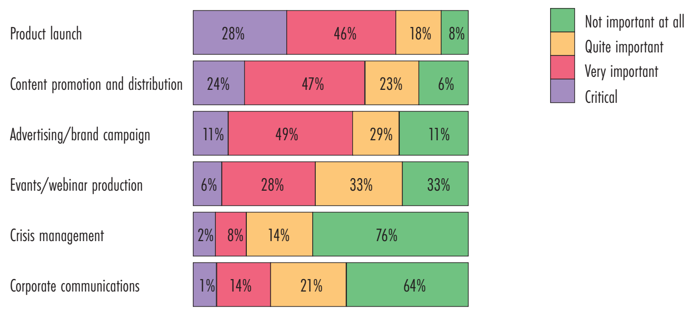
SOCIAL UNITES MARKETING AND COMMERCE

Allied to mobile's rise as a shopping tool has been the growing role that social media has played in increasing luxury sales in 2020. With an increasing younger audience looking at luxury purchases, the role of social – the domain of the young – has become more important to luxury retailers.

There are 3.6 billion social media users world wide and, during the pandemic, social media usage went up around 21% [3].

This has seen the luxury sector increase its use of social media as a marketing channel, driving up general ecommerce and store sales as part of the overall marketing mix (see Figure 8).

FIGURE 8: SOCIAL MEDIA INFLUENCER IMPACT ON LUXURY SALES 2020

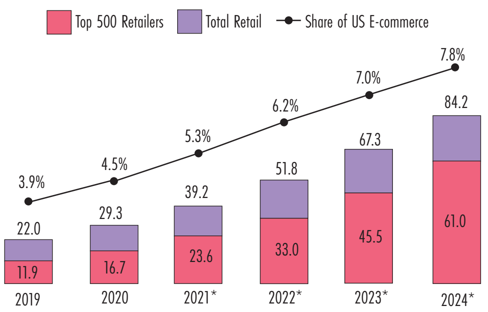


SOURCE: Econsultancy

The impact of social media influence is increasingly being felt right across the whole luxury sales process, not least in brand campaigns, content promotion and product launches.

However, social media is increasingly acting as a sales platform.

FIGURE 9: US SOCIAL COMMERCE SALES 2019 TO 2024 (US$BN)



*Forecasted

SOURCE: Business Insider/Global X ETFS

Figures from the US show that social commerce is growing rapidly, especially among Top 500 retailers, with consumers increasingly looking to be influenced on social media and directly buy therein without leaving the social media platform.

A quarter of all UK shoppers now use social media to discover and buy, which can be further broken down by age to again reveal that Gen Z is leading the way, with 43% of 18-24 year olds using social to shop. Even millennials are on it, with 47% of 25-34 year olds.

Purchasing directly through social media is more popular in the UK (33%) compared to other European countries, such as France (28%) or Germany (30%) [4].

INCREASING USE OF MARKETPLACES

Luxury brands, like all retail brands, are increasingly extending their online reach to marketplaces. Marketplaces – whether they be big, generic sites such as Amazon or eBay or specific niche fashion or luxury or segmented marketplaces – offer a growing range of benefits to brands.

Marketplaces are increasingly where consumers are heading to do their online shopping and to garner inspiration. Amazon and eBay can amplify reach for brands, potentially putting them in front of hundreds of millions of users.

More niche sites, such as YOOX Net-A-Porter for fashion, TheRealReal, FarFetch and Vestiaire Collective for other elements of the luxury sector can also extend reach, as well as introducing new business models to luxury retailers such as recommerce and other sustainability practices.

Luxury retailers and brands themselves may also look at setting up their own marketplaces, to extend the goods they sell, target new geographies and attract more users to their brand.

This 'enterprise marketplace' model is slowly gaining ground in the mainstream ecommerce market, with many retailers looking to sell complementary products to their core business via their own marketplace. As M&A activity in luxury continues, this is likely to one way that smaller luxury brands and retailers can seek to compete with the very large conglomerates that are taking shape post-pandemic.

Marketplaces such as italist are already aggregating the wares of some 250 independent boutiques worldwide to create a 'shop of shops' that helps give these smaller players scale.

Marketplaces are also set to be how European luxury retailers can extend their reach into the lucrative Chinese market. Chinese marketplaces JD.com and Tmall.com are both also increasingly seen as the go-to sites in China for European luxury brands, having invested in creating special shop fronts and even events to promote brands.

The downside is that luxury brands can lose control of their much-vaunted branding, as well as handing over their customers to a third party. Marketplaces can also be hugely competitive, placing one brand directly up against its rivals. Often the battle ground is price.

That said, marketplaces are already taking between a third and half of all ecommerce sales in Europe, so they may yet become a necessary evil for many luxury retailers.

REOPENING OF PHYSICAL RETAIL

The reopening of physical retail has also shifted how luxury looks to grow. With the bulk of sales coming from real world stores, there is still much to play for with physical retail. However, it has changed.

As the research reveals, the majority of luxury shoppers still prefer to use stores – even across 2020, when many were shut. According to Luxury Institute, this is most keenly felt in South Korea, France and China, where 82%, 71% and 70% respectively of shoppers say they prefer to shop luxury in store [5].

At the start of the pandemic, the luxury industry was poised to venture into a range of physical joint ventures that would take familiar lux brands into the realms of hotel ownership and cruises.

This was stalled by the lockdowns, but is still on the agenda. Bulgari, Versace and Armani all have put their names to five-star hotel projects and created the world of 'haute hospitality'. In 2018, this took on a whole new scale when LVMH agreed to buy Belmond, including its signature hotels, ships and trains.

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KEY PLAYERS

This year's list of key companies for this RetailX Sector Report has been streamlined from the 2021 report and contains a better spread of the different kinds of luxury retailers that are operating in the market. There has also been an attempt to focus on those companies that have a truly global reach and which are each impacted by regional fluctuations in sale relatively equally.

This year's list features eight companies: Burberry Group; Capri Holdings; Christian Dior; Estée Lauder Companies; FarFetch; Hermes International; LVMH Moet Hennessy Louis Vuitton; and TheRealReal.

REVENUES & PROFITS

RetailX's analysis of how these companies performed paints a good picture of how the whole luxury sector's fortunes have rollercoastered across the past five years.

Pre-pandemic, the whole sector saw slow and steady growth up until the pandemic struck. 2020 saw revenues and profits drop across the sector, taking the industry back to levels last seen more than a decade ago. RetailX's analysis of how these companies performed paints a good picture of how the

FIGURE 10: FULL YEAR REVENUES FOR RETAILX LUXURY SAMPLE 2016-2020

		2016	2017	2018	2019	2020	2021
Burberry Group plc	€m			3224.7	3046.6	3001.7	2836.1
Capri Holdings Ltd	€m	5220.1	5066.5	5552	5734.4	6301.9	
Christian Dior SE	€m		49342.6	55254.7	60110.4	50765.3	
Estée Lauder Companies Inc	€m	12420.9	13256	15865.1	16609.6	16147	
FarFetch Ltd	€m	268.7	436.1	710.8	1143.6	1908.3	
Hermes International SCA	€m		6270.5	7040	7709.4	7283.9	
LVMH Moet Hennessy Louis Vuitton SE	€m		48142.5	55227.5	60088	50885	
TheRealReal Inc	€m				356.2	341.9	

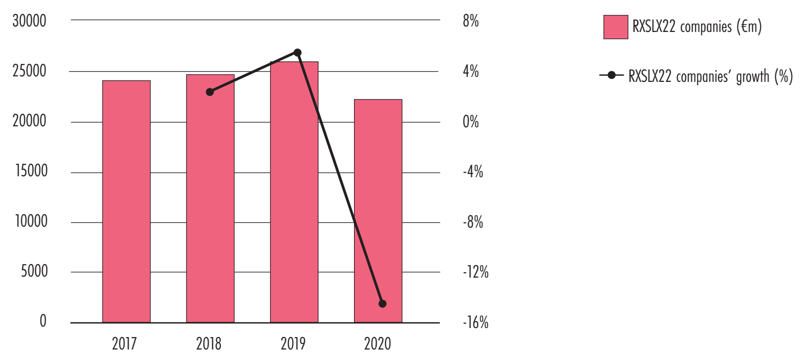
SOURCE: RetailX

FIGURE 11: FULL YEAR REVENUES GROWTH FOR RETAILX LUXURY SAMPLE 2016-2020

	2016	2017	2018	2019	2020	2021
Burberry Group plc				-5.5%	-1.5%	-5.5%
Capri Holdings Ltd	0%	-2.9%	9.6%	3.3%	9.9%	
Christian Dior SE			12%	8.8%	-16%	
Estée Lauder Companies Inc	0%	6.7%	20%	4.7%	-2.8%	
FarFetch Ltd		62%	63%	61%	67%	
Hermes International SCA			12%	9.5%	-5.5%	
LVMH Moet Hennessy Louis Vuitton SE		0%	15%	8.8%	-15%	
TheRealReal Inc				0%	-4%	

SOURCE: RetailX

FIGURE 12: AVERAGE GLOBAL REVENUE OF RETAILX LUXURY SAMPLE 2016-2020



SOURCE: RetailX

Revenues (see Figures 10, 11 and 12), have seen sharp declines for most of the sample across 2020, with Capri Holdings and FarFetch registering positive growth. For Capri, this has been driven by the breadth of its luxury offering, selling clothes, shoes, watches, handbags and accessories.

At FarFetch, revenues have grown steadily through the sample period as the platform, which uses a marketplace selling model to sell products from more than 700 boutiques worldwide, tapped into the growing consumer penchant for both affordable luxury and the easy of marketplace shopping across the pandemic. Being online before the pandemic also set the company up to continue to grow.

Together these two companies showcase how changing consumer habits – both in terms of what they want to buy, how much they want to spend and where they want to buy it – shifted rapidly in the pandemic and those that had the platform the meet these needs saw revenues continue to rise.

FIGURE 13: FULL YEAR PROFITS OF RETAILX LUXURY SAMPLE 2016-2020

		2016	2017	2018	2019	2020	2021
Burberry Group plc	€m			2238.9	2084.1	1944.3	2011.6
Capri Holdings Ltd	€m	3104.9	3007.4	3374	3561.6	3728.9	
Christian Dior SE	€m		32297.7	36817.2	39812.6	32672.4	
Estée Lauder Companies Inc	€m	5274.6	5578.2	6717.2	6767.6	6409.6	
FarFetch Ltd	€m	129.7	231.4	352.2	257.5	439.4	
Hermes International SCA	€m		4395.6	4926.6	5329.5	4988.9	
LVMH Moet Hennessy Louis Vuitton SE	€m		31437.7	36790	39790.2	32792.1	
TheRealReal Inc	€m				227.6	213.8	

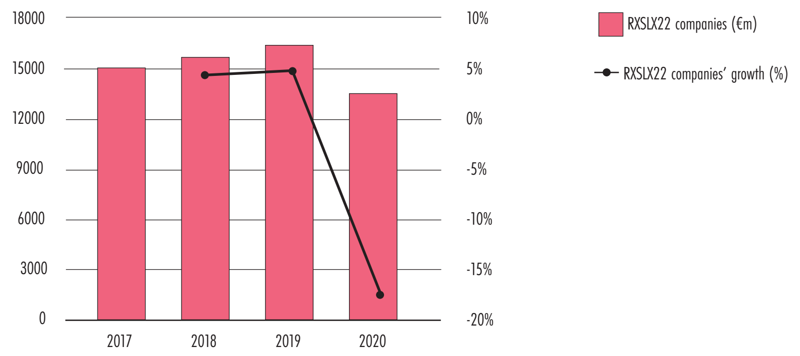
SOURCE: RetailX

FIGURE 14: FULL YEAR PROFITS GROWTH OF RETAILX LUXURY SAMPLE 2016-2020

	2016	2017	2018	2019	2020	2021
Burberry Group plc				-6.9%	-6.7%	3.5%
Capri Holdings Ltd	0%	-3.1%	12%	5.6%	4.7%	
Christian Dior SE			14%	8.1%	-18%	
Estée Lauder Companies Inc	0%	5.8%	20%	0.8%	-5.3%	
FarFetch Ltd		78%	52%	-27%	71%	
Hermes International SCA			12%	8.2%	-6.4%	
LVMH Moet Hennessy Louis Vuitton SE		0%	17%	8.2%	-18%	
TheRealReal Inc				0%	-6%	

SOURCE: RetailX

FIGURE 15: AVERAGE GLOBAL PROFITS OF RETAILX LUXURY SAMPLE 2016-2020



SOURCE: RetailX

From a profit point of view (see Figures 13, 14 and 15), those companies that had managed to be online pre-pandemic and which offered the breadth of product and/or the marketplace-like platform saw profits rise while the sector as a whole declined.

However, recovery has begun. Early data for 2021 indicates that grow is back in the positive for most retailers, with our published data showing that revenues are slowly coming back, but profits are more healthy.

This has been the result of consolidation and vigorous cost-cutting seen across the pandemic as all businesses strove to gain efficiencies. Profits have also been eased upwards by the investment in ecommerce slowly starting to bear fruit in operational savings too.

TRAFFIC

Back in 2019, ecommerce was viewed by most luxury retailers as something that they should look to invest in, yet saw no real immediate imperative nor much advantage. Sales from these brands and retailers came mainly from the physical retail footprint and the in-store customer service was all part of the exclusivity and luxurious experience that helped create brand and woo customers.

This can be seen in the low or negative traffic rates across the RetailX sample in 2019 (see Figure 16).

FIGURE 16: ANNUAL ECOMMERCE TRAFFIC LEVELS OF RETAILX LUXURY SAMPLE 2016-2020

	Visits				Change			% Change		
quarter	2018	2019	2020	2021	2019	2020	2021	2019	2020	2021
Q1	160,738,750	164,096,472	169,439,910	200,886,969	3,357,722	5,343,438	31,447,059	2%	3%	19%
Q2	134,361,291	155,062,550	179,506,187	14,272,863	20,701,259	24,443,637	-165,233,325	15%	16%	-92%
Q3	161,879,926	151,838,457	201,756,157	210,264,864	-10,041,469	49,917,700	8,508,707	-6%	33%	4%
Q4	6,909,951	7,370,173	235,825,037		460,222	228,454,865		7%	3100%	

SOURCE: RetailX

2020 changed all that. With stores closed from March of that year for many months, revenues and profits took a hit and the lack of meaningful ecommerce options for these brands is patently apparent in the data.

Where credit should be levelled at the luxury sector is in the rapid turnaround from low ecommerce to high that occurred across 2020. By Q2, the data shows that ecommerce traffic was seeing double digit growth in the same, up from 3% in Q1 to 16% in Q2. By Q3 this had hit 33% growth in traffic as more retailers got their ecommerce services fit for purposes and started to delight consumers. By Q4 growth exploded, with traffic levels up by 3100%.

This trend for growth – albeit more tempered – continued into 2021, with Q1 seeing a traffic rise by almost a fifth.

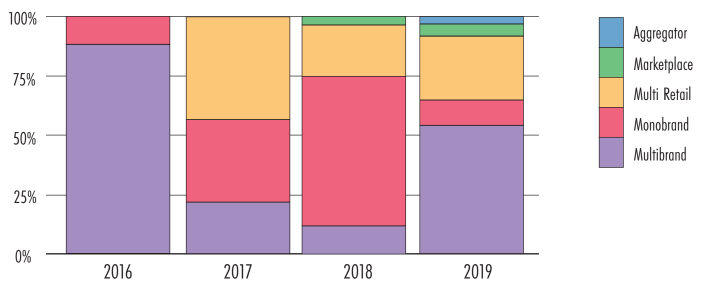
What is telling is that come Q2 2021, when lockdowns ended and many restrictions worldwide started to lift, luxury ecommerce traffic dropped considerably, falling 92% that quarter. In context, this fall looks large, but in fact comes nowhere near close to reversing the gains that luxury ecommerce made during 2020 and it continues to be a vital part now of all luxury retail businesses.

The drop in traffic more shows that consumers are now much more omni-channel in their behaviour, still looking for the in-store experience, but with the added dimension of the online – largely mobile – interaction that they can now also get. This partially explains why in Q3 of 2021, traffic again started to rise.

COMPANY TYPES: HOW ARE THEY SPLIT?

Within the RetailX sample of luxury retailers there are a number of sub-categories of company, each servicing the market in different ways and often servicing slightly different niches and demographics.

FIGURE 17: SHARE OF LUXURY MARKET BY COMPANY TYPE IN RETAILX SAMPLE



SOURCE: RetailX

MULTIBRAND OWNERS

Multibrand owners account for 79.2% of the combined revenues in this report, up from 74.8% last year.

This growth has come largely at the expense of monobrand owners and multibrand retailers.

For these multi-owner brands, online contributed €10.584bn from a combined total of €112.51bn, roughly 10% of earnings. Much of this data is based on sales from pre-pandemic times and was, at the time,indicative of the slow but growing prevalence on online sales in the luxury sector as a whole. Factoring in how the pandemic may have changed sales significantly. In the broader retail world, lockdowns saw online sales for many retailers double. Similar effects may also have been seen in luxury.

MONOBRAND OWNERS

Monobrand owners saw a contraction year-on-year in 2020, accounting for 18.7% of luxury retail sales, down from 21.5% the previous year. Much of this has likely been lost to multibrand owners and new entrants to the wider online retail market as consumer discovery across the channel has led to new opportunities to find luxury goods. The emergence of 'recommerce' and the sales of second-hand luxury brand items has also contributed.

This echoes what was observed in last year's report, which also saw monobrands contracting. This contraction has lead to a spate of mergers, acquisitions and the formation of more partnerships with other brands and other retailers to broaden their reach and appeal.

Online, monobrand owners saw 5% of their revenues come from online, which contributed some €1.334bn from total revenues of €26.629bn.

MULTIBRAND RETAILERS

Multibrand retailers that also sell luxury have also seen a drop in sales across the year, falling from a 2.8% slice of the luxury market to just 0.8%. Some of this slump in sales in the multibrand retail sector can be accounted for by the declining popularity of footfall for department store retailers in the real world, along with the problems these retail brands have with creating a compelling online offering that can compete with multibrand owners and even marketplaces offering 'recommerce' items for sale.

That said, online sales of €1.158bn from a total revenue for the multibrand retail sector of €1.117bn – or 98.3% – shows that already these outlets are almost entirely dependent on digital for sales.

MARKETPLACES

For the sake of this report, marketplaces largely sell used luxury items, though not exclusively – have remained static in their revenue contribution to the luxury market at 0.6%. Revenues from online account for 76.5% of sales, down from last year's 88.4%. This reflects a growing take-up by multibrand owners of the 'recommerce' idea as they look to capitalise on their reach and sell not only the new items from leading lux brands, but also to start to open up to this burgeoning new sector in the luxury market.

AGGREGATORS AND AFFILIATES

Reflecting the growing interest among consumers for retailers that bring together disparate luxury brands, as well as adding in second-hand sales, especially online, aggregation and affiliate sites have seen something of an uptick, rising from taking 0.3% of total revenues to 0.7%. These sites, which carry none of their own inventory, now account for 6.4% of the total online luxury sales – having grown from 2.6% in 2017.

This again reflects how consumers are shopping online for luxury goods, looking to aggregation sites and affiliate marketing offers to be shown what they might like to buy. This sector of the lux business is only set to grow across 2020 and 2021, as more consumers are turning to online, social and gaming sites for entertainment and are likely to see more marketing pushed at them for luxury by the brands and retailers that understand this new way of selling.

MONOBRAND: another name for a brand that mostly sells its own products in each of the channels it controls. The brands may be seen in the stores of multibrand retailers but in their own retail activities, they stock only their own products.

MARKETPLACE: a platform on which brands can list their products for sale. Examples include Vestiaire Collective and Secoo.

MULTIBRAND OWNER: corporations or groups that own multiple brands. One example being Kering.

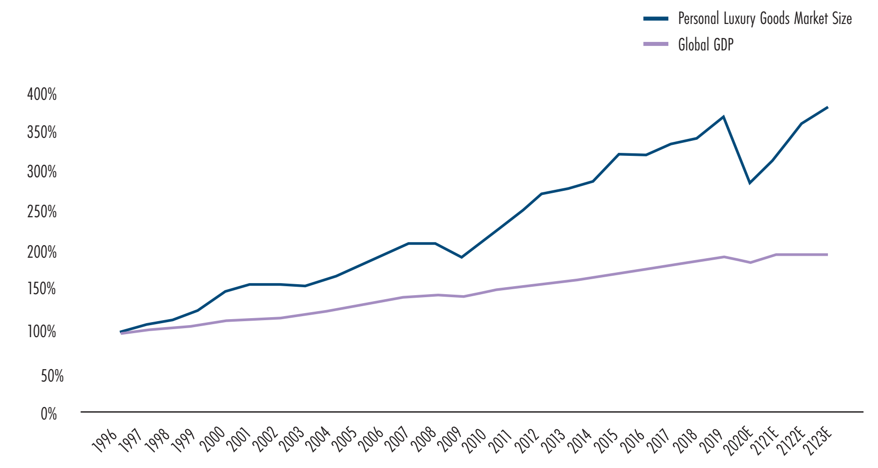
AGGREGATOR or AFFILIATE: a portal through which brands sell their goods. The portal delivers the experience but does not hold any stock, instead passing sales information to the brands which fulfil the order. Examples include Lyst and FarFetch.

A GLOBAL BUSINESS

The luxury industry is a global one, with reach into most countries – certainly in the developed world – and, more crucially, into most nationalities, regardless of geographical location. It is also an industry that is driven by wealth and so is closely impacted by the global economy.

The rate of growth of the luxury industry globally directly tracks the movement of the wider economy, with GDP rises and falls having a direct impact on positive and negative growth in luxury spending (see Figure 18).

FIGURE 18: GLOBAL PERSONAL LUXURY SPEND VERSUS GDP 1996-2023(E)



SOURCE: Altagamma, World Bank, Statista, Dominion analysis and estimates

What is of note is how the shifts in GDP up and down are greatly magnified in the spend on luxury items.

For example, the dent in GDP in 2020 from the world going into lockdown, saw a huge relative drop in spend on luxury. This was also seen in 2009 when the financial crash bumped the global economy – a few percentage points drop in GDP causes a much larger drop in luxury spending.

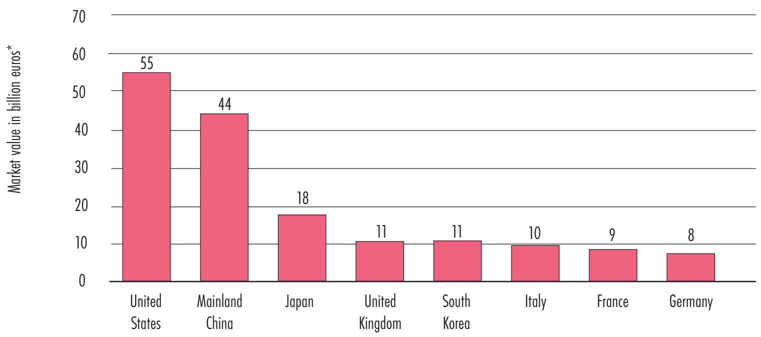
This shows how the luxury market, while strong and lucrative, is much more susceptible to economic changes – both good and bad – than other retail sectors. This is worth noting when looking at the years ahead. The uncertainty that surrounds how the world deals with a post-pandemic world will have a big impact on the luxury industry.

REGIONAL VARIATIONS

Drilling into the luxury market on a country-by-country basis reveals how the market is driven by shoppers. The US continues to lead the market in terms of spending, with a market cap for the luxury sector still well ahead of China.

Combining the main European markets of the UK, Italy, France and Germany brings Europe in third (see Figure 19).

FIGURE 19: VALUE OF PERSONAL LUXURY SPENDING BY COUNTRY 2020 (US$BN)



SOURCE: Statista

RetailX 2022

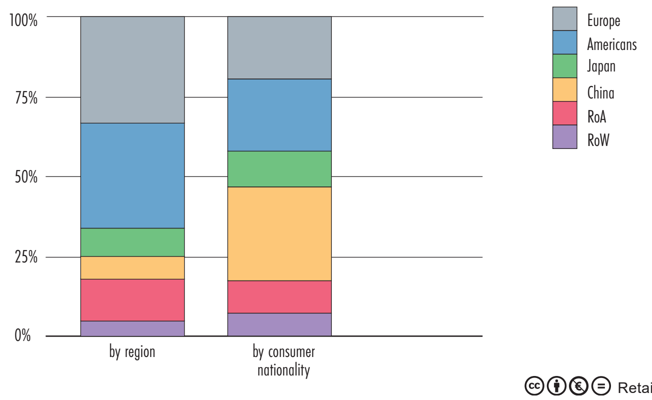
The US may be the biggest market for luxury in 2020, but the growth rate in China has been extraordinary over the past decade, more than doubling since 2010.

However, the largest new opportunity for brands and retailers lies in the broader Americas, which have added to the US's dominance and continue to grow and now together account for 31% of the market.

The Middle East was another bright spot with Dubai and Saudi Arabia leading the growth.

Europe, Japan and the rest of Asia only partially recovered during 2021 and have still not reached pre-Covid levels. Their comeback is linked to the resumption of global travel. Japan is expected to be back to pre-crisis levels by 2023 and Europe by 2024 [1].

FIGURE 20: PERSONAL LUXURY MARKET BY COUNTRY AND CONSUMER NATIONALITY



SOURCE: RetailX

RetailX 2022

However, this belies that nationality, rather than country, is also driving online luxury growth. By region, China isn't the largest market for luxury goods, falling behind both Europe and the US. Chinese nationals, on the other hand, spread around the world account for a far larger section of the personal luxury market. By country, China accounts for some 10% of personal luxury, but almost 30% by nationality (see Figure 20).

THE ECOMMERCE FACTOR

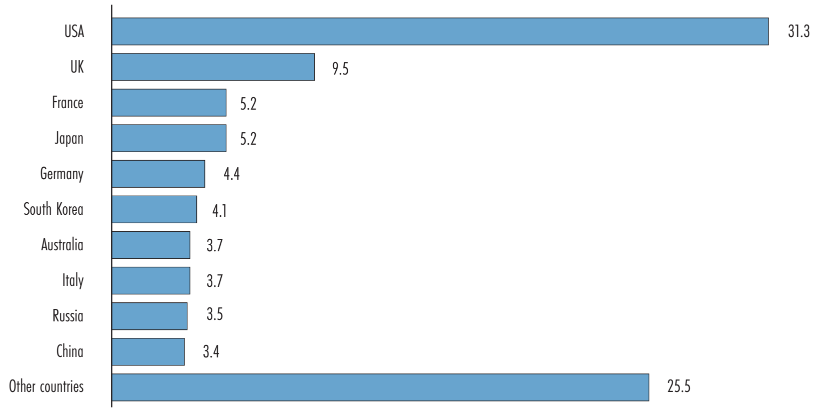
As we have seen, the luxury market has had to rapidly shift its digital transformation across 2020 and 2021, becoming a much more omni-channel business. This has seen traffic to the sites of key retailers change over the year and paints a picture again of regional variations in use of luxury websites by consumers.

Unsurprisingly, the highest website traffic levels are seen in the US. Interestingly, the UK, France and Germany are all showing strong traffic levels to our sample sites, together accounting for a similar level to that of the US.

China comes some way down the list, behind Russia, where there is a strong and growing taste for luxury items, many of which are now bought online from overseas.

The growing interest in luxury across the Middle East and Central and South America is seen in the data for 'Other countries', which now account for a quarter of all luxury ecommerce traffic (see Figure 21).

FIGURE 21: WEB TRAFFIC TO THE LARGEST 100 LUXURY RETAILERS, BASED ON WHERE THE COMPANIES ARE HQ-ED (%)

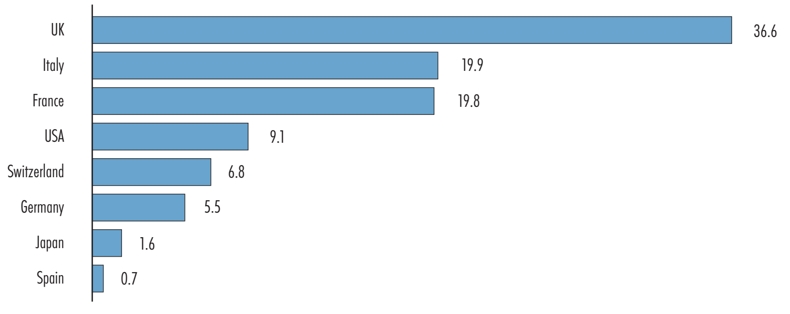


Note: retailers in the Largest 100 are selected for their significance to consumers worldwide irrespective of where they are headquartered

SOURCE: RetailX

When looking at how consumers shop on international luxury stores irrespective of where they are based, the UK comes out way ahead of all others (see Figure 22).

FIGURE 22: WEB TRAFFIC FROM OTHER COUNTRIES TO 100 LARGEST LUXURY RETAILERS (%)

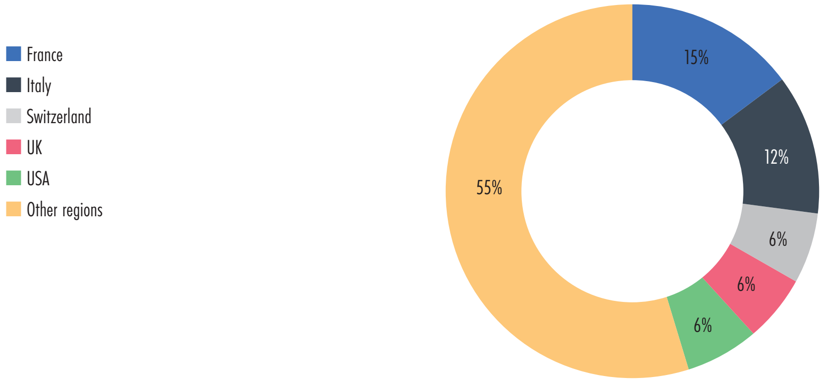


Note: retailers in the Largest 100 are selected for their significance to consumers worldwide irrespective of where they are headquartered

SOURCE: RetailX

The consumer side of luxury retail is set to be dominated by China for growth and by Europe and the US for stability. The location of luxury brands shows that while the internet is allowing them to become ever-more crucial to international success, where each brand originates is important to consumers.

FIGURE 23: COUNTRIES WHERE THE UNIVERSAL LARGEST 100 LUXURY RETAILERS ARE BASED



SOURCE: RetailX

To Chinese consumers in particular, these origin stories denote heritage, with the cultural markers of their brands being leveraged. Location of the companies' HQs in this report shows this clearly, with the majority still based in France.

While the French association with couture can be dated back to Louis XIV, the Sun King, it has maintained its position as the centre of luxury through the simple fact that Chinese shoppers, in the main, have a greater ability to travel and more money to spend. They see French luxury goods as authentic and are prepared to spend on them.

The arrival of ecommerce has opened this up to yet more consumers, who have money to spend on goods but who are currently denied the ability to physically travel, or who can't afford to. This has kept French luxury goods afloat in the Chinese market.

For the rest of the world, French glamour, Italian verve and even the UK's perceived quality all drive brands and retailers from these markets to continue to be popular across the world.

In fact, the UK luxury sector was one of the few to buck the downturn in UK exports resulting from the combined forces of Brexit and Covid-19 – especially from European consumers.

Luxury goods were the fastest growing cross-border ecommerce category in the first half of 2021, increasing by 50% compared to the end of 2020. With global demand for luxury being driven by shoppers from China, UAE, South Korea and India, increasingly consumers are now happy to forego the 'white-glove' in-store experience for online convenience [2].

Data reveals that, for 15,000 consumers across 14 countries, demand for luxury goods is strongest in four key markets: China (39%), UAE (33%), South Korea (28%), and India (21%). More than 70% of Millennials, GenX, and Baby Boomers in China and South Korea shop luxury online, compared to less than 45% of shoppers in the Americas and most of Europe.

The data also shows that, while a significant number of luxury shoppers (42%) still prefer to shop in-store, where they can touch and try on products, even more shoppers (43%) say they are happy to forego the in-store luxury experience for online convenience.

Just as many (42%) will make those purchases from brand websites outside their home country.

More than half of shoppers in Mexico (54%), China (61%), Russia (50%), and South Africa (57%) said they are comfortable buying luxury products online due to the lack of availability and variety of such goods locally.

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THE DIFFERENT FACES OF LUXURY

The luxury market is a diverse one, covering a rich and wide range of goods and services. For the sake of this report, we are looking primarily at affordable, personal luxury physical items (or metaphysical in terms of the metaverse). The items we are considering are also high-value/high-price point versions of stand goods, cheaper versions of which are also available.

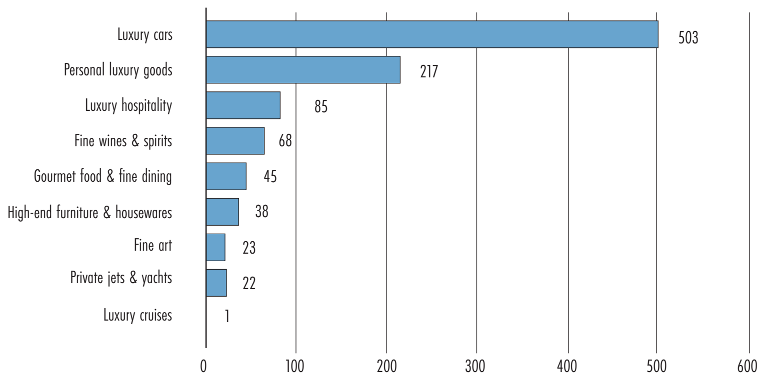
The luxury industry itself covers all this and more: touching on luxury hospitality, cruises, private planes, private yachts and fine dining.

For this report we are looking at goods, so we are concentrating on physical items, as opposed to these more 'experiential' purchases.

That said, these experiences are also starting to feed into how goods are also marketed and sold in the luxury space, so is starting to impact on sales too.

The luxury market is also dominated financially by the luxury car market, which accounts for more than half the market value. We have also discounted this from our research as it is such a large sector in its own right which needs to be assessed separately (see Figure 24).

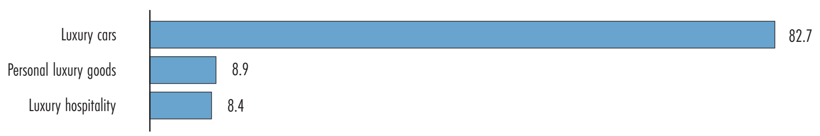
FIGURE 24: VALUE OF KEY GLOBAL LUXURY SECTORS 2020 (€BN)



SOURCE: Statista; Bain & Co; RetailX

Instead, this report's analysis focuses on the second largest segment of the luxury market: personal luxury items. This can typically be taken to mean luxury clothing, accessories, jewellery and cosmetics. It may also incorporate other items, including moveable furniture, lighting and so on. They are generally all goods at the higher end of the market in terms of price and quality.

FIGURE 25: WEB TRAFFIC TO LARGEST 100 LUXURY RETAILERS BY SECTOR (%)



Note: retailers in the Largest 100 are selected for their significance to consumers worldwide irrespective of where they are headquartered

SOURCE: RetailX, drawing on data from SimilarWeb

Figure 25 shows the split in terms of this personal luxury market within RetailX's top 100 largest luxury retailers. As can be seen, fashion dominates, accounting for 82% of the market. This includes both apparel and accessories, such as luxury handbags and shoes.

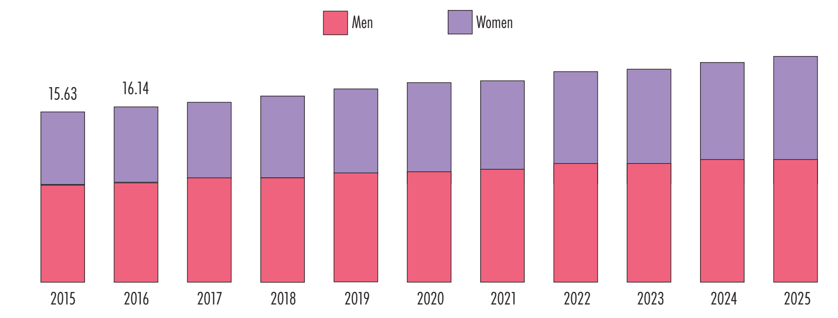
LUXURY FASHION AND APPAREL

The luxury fashion market has been valued at $110.64bn in 2020 and is growing at around 5.56% CAGR. Much of this growth has come from the rising number of high net-worth individuals worldwide and the growing popularity of luxury brands and one-off statement items among maturing millennials and some older Gen Z shoppers [1].

The luxury fashion industry also leads the luxury sector in terms of ecommerce penetration, having gone into the pandemic already seeing growing interest from these tech savvy shopper demographics in online shopping.

The leader in the sector is Gucci, while luxury clothing and accessories are most popular among shoppers in the UK and Germany.

FIGURE 26: US LUXURY APPAREL MARKET SIZE BY GENDER 2015-2025 (US$BN)



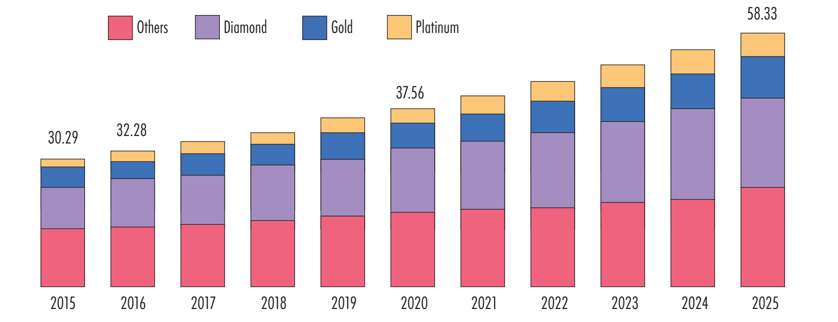
SOURCE: Grandview Research

LUXURY JEWELLERY

Jewellery and cosmetics account for similarly size proportions of the sector, with the former also including the burgeoning watch sector. This part of the market has seen significant growth in recent years, with the global luxury watch market size estimated at $7.18bn in 2019 and is expected to reach $7.48bn billion in 2020 [1].

Unsurprisingly, Rolex is the most popular luxury watch brand.

FIGURE 27: US JEWELLERY MARKETSIZE BY TYPE 2015-2025 (US$BN)



SOURCE: Grandview Research

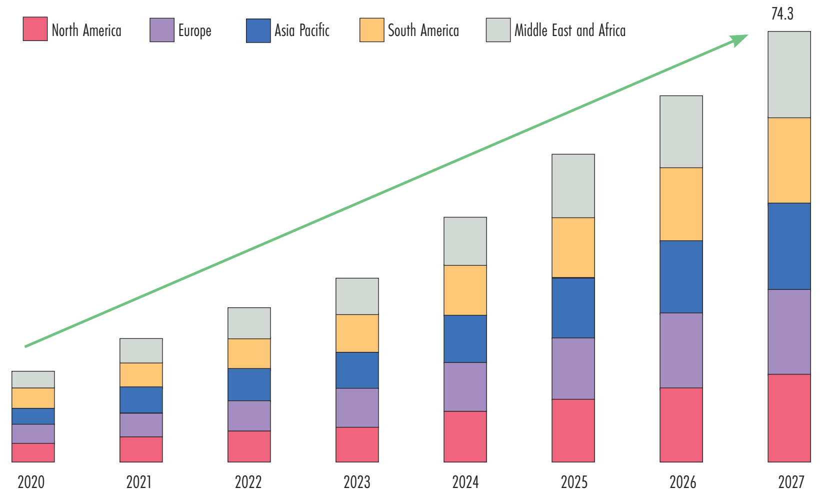
This has created significant interest in the luxury watch market and it is increasingly seen as an investment opportunity for tech companies, many of whom have seen the use of AR and virtual try-on services take flight in this sector before all others across the pandemic.

Many consumers also see luxury watches not only as a style statement – especially as a kick back against more utilitarian smart watches – but also as an investment. Consequently, there is a large second-hand market for luxury watches. In our analysis, however, market sizes and values are based on sale of new.

LUXURY COSMETICS

The luxury cosmetics market is set for dramatic growth across the coming years, building on a growing reputation built up in recent times (see Figure 28).

FIGURE 28: GLOBAL LUXURY COSMETICS MARKET BY COUNTRY 2020-2027 (US$BN)



SOURCE: Data Bridge

Defined as products used for cleansing and enhancing the physical features of humans, luxury cosmetics are products manufactured using premium and organic quality ingredients, sold at a high rate as compared to drugstore products.

Since these products are applied directly to the body, growing numbers of consumers are keen to only use products that are of the highest quality, which has driven up use of these items greatly.

Coupled with a growing market for high-end, sustainable, organic and cruelty-free products, the global luxury cosmetics sector is set for strong growth, especially from millennials as their earning potential increases with age (and as the effects of age increase with age), along with maturing Gen Z clients.

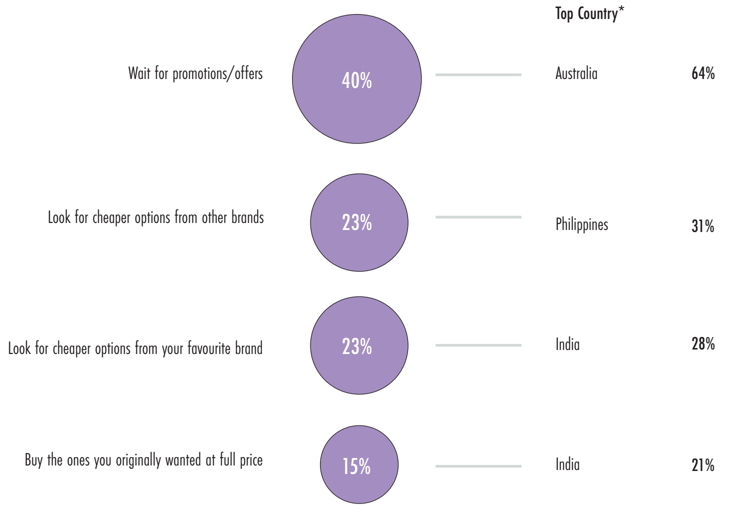
There is also set to be a surge in sales of Halal cosmetics in the Middle East, creating further developments in the market.

AFFORDABLE LUXURY

Within this, we are also looking at affordable luxury, which are items that have a higher than normal price, but which are, as the name suggests, affordable to a large segment of the population.

This section of the luxury market has grown significantly across recent years as younger consumers look to enter the luxury market and with a new brands cropping up to specifically service this sector.

FIGURE 29: PERCENTAGE OF INTERNET USERS WHO HAVE DELAYED LUXURY PURCHASES



*Not including France, Canada, New Zealand, Ireland, and Japan due to insufficient sample size

SOURCE: GlobalWebIndex

These consumers demand the high quality and branding of the goods in the personal luxury space, but at a price point that, which high-end compared to their earnings, is high, but not unobtainable.

The luxury industry has spent decades and millions of euros making itself exclusive and out of reach of the many. With the pandemic having halved the value of the industry in a matter of months and instigating a switch to online, the industry is now in a phase of looking for growth vectors. Affordable luxury – driven by increasingly young shoppers drawn to online via mobile and social media – is part of a reinvention that the industry must embrace.

As a result, affordable luxury has been one of the biggest growth areas for the industry and a market that has been driven by the increasing move to online by consumers, particularly at the younger end of the market. Between 2014 and 2016, the affordable range of the market grew 3.5%, followed by aspirational luxury – which is still more affordable than traditional absolute luxury – which grew at 3.1%. Both outstripped traditional absolute luxury in terms of growth.

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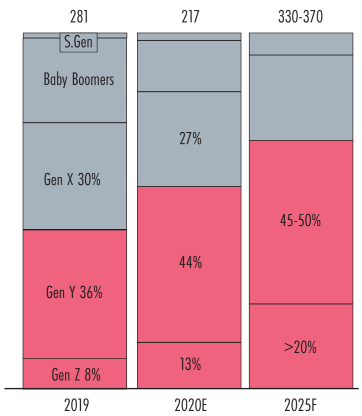
[2] Grandview Research https://www.grandviewresearch.com/industry-analysis/luxury-watch-market

CONSUMER SEGMENTATION

The luxury sector traditionally targeted its wares at older, highly affluent clients, with products that were out of reach of the many, aimed solely at the few. This model has shifted over the past decade, driven both by changing demographics and economic necessity.

FIGURE 30: PERSONAL LUXURY GOODS MARKET BY GENERATION 2019-2025



SOURCE: Bain & Co

The changing demographics of the target audience for luxury has two factors. Firstly there has been a rise across the decade of the number of millennial and younger affluent shoppers. A boom in entrepreneurship globally has seen more younger people with the kind of money that can afford true luxury items.

The second demographic factor is more profound. There has been a marked shift in younger people choosing to purchase luxury items as both a style statement and a means of being more sustainable.

Gen Y and Gen Z luxury consumers grew from 36 to 44% and 8 to 13% of the market, between 2019 and 2020. This reflects how younger shoppers are looking at luxury brands in a new way (see Figure 30).

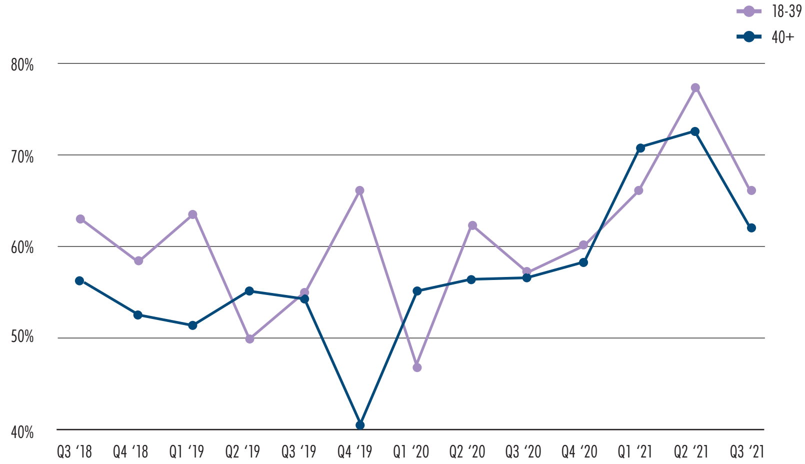
The drivers here are interesting. A shift towards increased online retail by luxury brands has no doubt aided this shift. The shift to online has also been driven by this increasingly young audience for luxury. The shift to more online across the pandemic is also likely to put luxury brands in front of these demographics and drive further growth.

The growth in 'recommerce' on luxury sites, marketplaces and aggregation sites is also playing a role. Younger consumers are more 'woke' and are increasingly seeing buying into luxury used goods as a way to be on-trend and to help create a more sustainable approach to their own fashion choices. This move is also going to be leveraged by these shoppers on social media sites, which will in turn feed back into increasing online sales of brands that have pulled their online presence into line with consumer expectations.

This will drive more younger users to look at the primary sources of luxury apparel, jewellery and accessories going forward. However, Gen Z and Gen Y have a different idea of what 'luxury fashion' means and will increasingly be drawn to new designers and new labels, opening up the market to a host of new entrants and partnerships.

Some 67% of Gen Z and 60% of millennial luxury purchases have bought a designer collaboration piece or special edition, particularly in China where 62% of young Chinese consumers have bought into this trend [1].

FIGURE 31: EUROPEAN CONSUMER LUXURY SPENDING ONLINE 2018-2021 BY AGE



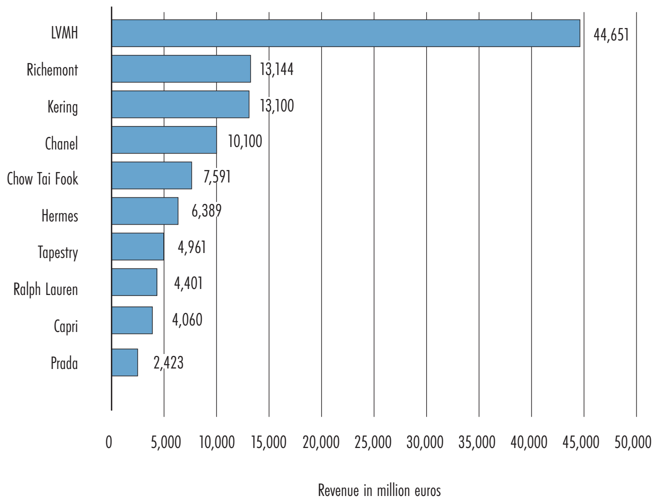
SOURCE: Statista

The other driver of this has been necessity. With more younger consumers having both the money and the drive to buy luxury, plus the shift to online driven by the pandemic, luxury retailers have been forced to move towards servicing these new demographics (see Figure 31).

It is also a necessity for them as they are having to look to drive growth and that means casting their net wider than they perhaps had to in the past. The Gen X, Y and Z – not to mention Gen Alpha – are the luxury big spenders of tomorrow.

THE WINNERS

FIGURE 32: LEADING LUXURY BRANDS BY REVENUE WORLDWIDE 2021 €M



SOURCE: Statista; Modaes.es

The luxury brands that are reaping the rewards of this are spread across a range of super-size luxury giants, the biggest – LVMH – spreading its luxury portfolio across a wide range of luxury sectors and, with annual revenues in excess of €40bn in 2020, is way ahead of all other players in the market.

The company operates a range of luxury brands – including Louis Vuitton, Christian Dior and Fendi – and covers everything from apparel to perfume, the latter being one of the biggest growth areas of the company.

Richemont and Kering, too, have gone down the route of also servicing a mixture of verticals within the luxury sector and reaps the rewards. Richemont currently operates some of the best known luxury brands across apparel, jewellery and more, including pens and leathergoods. Kering, meanwhile, similarly covers a range of bases with brands again in a range of luxury sectors.

This conglomerate approach to luxury has seen these top three luxury groups pull ahead of their rivals and have also stoked increased M&A activity across the sector as struggling brands have succumbed to economic pressures of the pandemic.

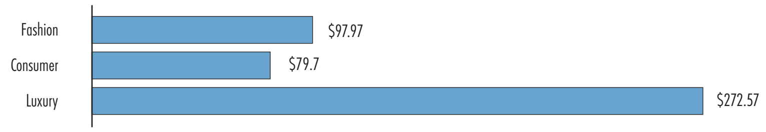
Other players in the top 10 by revenue (see Figure 32) are largely focused in fashion, which accounts for the lion's share of affordable luxury spending worldwide, even at the top three brands.

From a customer point of view, there is little tie-up between the group ownership and the brands, with shoppers tending to buy the brand itself, rather than having any real knowledge that it is part of the Kering, Richemont or LVMH group.

HOW CONSUMERS SHOP LUXURY

Consumers shopping luxury are big spenders. Unsurprisingly, average order value (AOV) for online luxury shoppers is almost three times that of non-luxury fashion retail, hitting $272.6 compared to fashion being just shy of $100. This itself compares to average online consumer AOV sitting at under $80 (see Figure 33).

FIGURE 33: RELATIVE AVERAGE ORDER VALUE ACROSS FASHION, CONSUMER AND LUXURY MARKETS

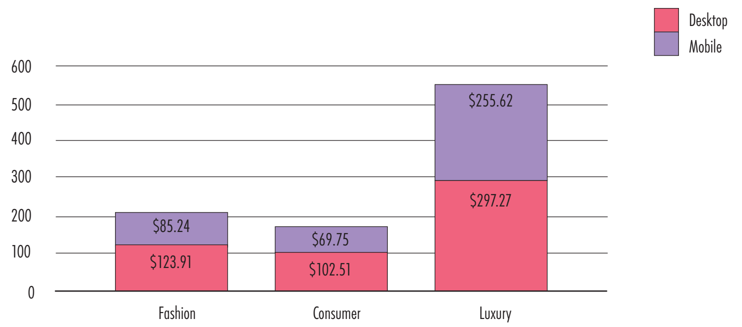


SOURCE: SaleCycle Data

Naturally, AOV is higher than other sectors due to the inherently higher cost of luxury goods. However, there is evidence that luxury shoppers also spend more overall when they do shop, especially online, being avid consumers.

The shift to a younger demographic of shopper pursuing luxury purchasing has seen this change however, with younger shoppers buying luxury items as an antidote to fast fashion and consumerism. What impact this will have on the fashion sector's growth and development longer term remains to be seen.

FIGURE 34: AVERAGE ORDER BY DEVICE FOR FASHION, CONSUMER AND LUXURY SECTORS

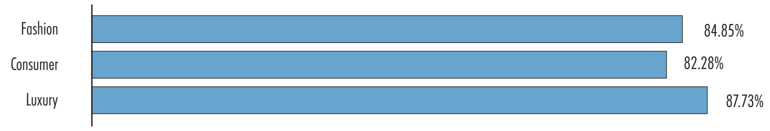


SOURCE: SalesCycle Data

What is clear is that luxury consumers are just as keen to shop digitally as they have been through traditional channels. Online spending is similarly almost three times that of fashion spending, as is that on mobile.

When combined, average order value on mobile and desktop for luxury items is nearly five times that of mainstream fashion (see Figure 34).

FIGURE 35: CART ABANDONMENT RATE ACROSS FASHION, CONSUMER AND LUXURY SECTORS



SOURCE: SaleCycle Data

While luxury consumers are clearly avid online and mobile shoppers, they are more likely to abandon their basket (see Figure 35). The reasons for this are less clear. The high price point of luxury could well lead to more shoppers balking at checkout and leaving, especially if they are younger shoppers who may realise upon clicking 'buy' that they don't have the funds.

There is also likely to be a last minute decision to want to actually see the items before committing to such a high-cost purchase, so carts are abandoned online, but may well lead to a sale in-store.

There may also be psychological factors at play, with luxury purchases being a more considered buy, so shoppers take several attempts to make the decision to proceed.

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GROWTH DRIVERS 2022

The luxury sector has seen contraction across 2020 due to pressures from the pandemic seeing stores close and shoppers shy away from big ticket purchases. As 2020 progressed, however, and luxury retailers pivoted towards a more digital-orientated approach to sales, some of the lost ground has been made up.

Across 2021 this work has continued and, as the year progressed and 2022 gets underway, a number of growth drivers are starting to emerge that are set to help the sector grow back in the years ahead.

THE POST-PANDEMIC LUXURY LANDSCAPE

As restrictions ease and, hopefully draw to a close, the retail industry is emerging into a changed world. Shoppers have embraced online and mobile shopping, have seen the rise of live streaming events and even started to shop direct from social media channels.

While stores, the life blood of the luxury sector, have reopened in most regions, consumers are keen to see real world retail also deliver the benefits and conveniences seen online. Mobile and social are likely to be key discovery and filtering tools for shoppers heading to stores or looking to make an in-store purchase.

The first half of 2021 saw 'more of the same' for retail: rolling lockdowns, social distancing and general disruption to luxury retail. However, thanks to vaccinations and tentative steps to release many of the restrictions in place across the summer and autumn of 2021 has encourage the beginnings of a return to some degree of normality.

The resultant explosion in people wanting to enjoy life outside their homes has push a surge in retail – with luxury 'treats' one of the key beneficiaries of this bounce back. Luxury and designer fashion apparel performed increasingly well across the latter half of 2021 as consumers looked to not only go out and enjoy, but to do so in style.

Jewellery and watches – which have both held up relatively well over the period –also saw an increase in sales for similar reasons.

However, these steps back into normality have been slow and tentative and, while they have led to growth in sales and revenues in 2021, the industry still has a long way to go to get back to its pre-pandemic growth curve.

Beyond 2021 and into 2022, the luxury industry will be driven by similar factors as those in the wider retail industry: hyper localisation, hyper personalisation and channel hybridisation.

The rise of social media as a sales channel will impact the luxury sector, which has a sizeable number of influencer marketers already. This will be extended as the luxury market becomes more digitally-centred and the line between what stores, websites, marketplaces and social media sites do becomes blurred.

Covid-19 is likely to become endemic, with ups and downs through the decade ahead. Growth will therefore be jagged, while the overall trend will be upwards.

With this in mind, RetailX anticipates that a recovery to 2019 levels will not occur until well into 2022 or even into 2023. Market growth will resume gradually from then on, reaching an estimated €320-330bn by 2025.

CHANGING DEMOGRAPHICS: MEET GENERATION ALPHA

The luxury market was, for many years, targeted at the older end of the market, however this had, pre-pandemic, already started to shift towards a much more inclusive model, with younger shoppers also being seen as ripe for sales.

A report in 2019 suggested that the ideal target audience for luxury was now the 25 to 44 year old cohort [1], with younger shoppers from Gen Z coming up alongside millennials to buy 'affordable luxury' items, defined as high quality goods that come at a higher, yet obtainable price.

This has in turn shifted the emphasis of many players in the luxury market to embrace affordable luxury goods and to target younger shoppers using social media, immersive marketing and more.

The thinking is that, firstly, it opens up a new raft of shoppers to luxury brands. Although the items are less valuable, they can sell more of them to more people. Secondly, affordable luxury also acts as an on-ramp to higher value purchases, particularly in the future as these shopper mature.

This then delivers the third benefit that it helps to cultivate the next generation of luxury shoppers.

While this shift in target age range is shaping the wider mores of the luxury industry – driving sustainability, marketing and technology investment – the industry also has a keen eye on the next generation of luxury shoppers: Generation Alpha.

Gen Alpha are defined as those born between 2010 and 2025 and are, essentially, the children of Millennials and older Gen Z-ers. They are the younger siblings of Gen Y and, by 2025 will outnumber Boomers. Many of them will also live to see the 22nd Century [2].

This bunch of youngsters are the most materially-endowed generation ever and are totally tech savvy, committed to sustainability and have, even at a young age, access to funds.

While not yet self-determining luxury shoppers, they are learning to see the value in luxury items and to covet them through gifting from their parents and seeing their older siblings and relatives in Gens X, Y and Z embracing affordable luxury.

According to the 2020 Children Economy Insights Report, parents spend between 30 and 50% of their household income on feeding, clothing and entertaining their children. Gen Alpha is also a greater part of the purchase-decision process today, directly or indirectly influences family spending on things like holidays or even cars [3].

Undoubtedly, Gen Alpha represents the future generation of luxury consumers. It will only be a matter of years before they can financially enter the luxury universe, and luxury brands must anticipate this opportunity to build lifelong relationships.

How can the luxury industry start to line up these next generation consumers? So far steps have been tentative and tend to centre around branding tie ups. Traditional luxury brands have already started partnering with streetwear designers and brands to create high-end collections aimed at new Gen Y, Gen Z and millennial customers. Recent examples include Louis Vuitton x Supreme, Off-White x Rimowa, Fendi x Fila and singer Rihanna becoming LVMH's first black, female designer with Fenty Maison.

A similar tactic is now being used to target Gen Alpha. One example is a partnership between Karl Lagerfeld and KFC, which saw Lagerfeld branding on KFC packaging, while the luxury company rolled out a range of KFC bucket shaped totes and handbags.

There is a risk of brand dilution, but overall the impact on recruiting this new generation of shoppers could be worth that risk.

LIVESTREAMING

Livestreaming has grown in popularity across the pandemic and is set for yet more growth in 2021 and into 2022. Between February and March 2020, Instagram saw a 70% rise in live stream viewership [4], while Facebook data suggests that 800 million people watch live videos every day across Instagram and Facebook together [5].

Many luxury brands have been quick to embrace this, swapping out glossy, high-quality video marketing for more live, advice-based content that taps into not only the shift in consumer attention to these videos, but also towards an increasingly young cohort of shoppers that are tuning into luxury brands.

Research suggests that the livestreaming market will be worth $70bn, driven primarily by eSports, but with entertainment services also growing in use [6].

When it comes to retail, livestreaming accelerates conversion and improves brand appeal; it doesn't often cause direct sales. In China, where livestreaming has been adopted relatively early by consumers, growth has been rapid and strong, hitting $171bn by 2020, up from $67bn in 2019 [7].

In the mainstream retail world, Clarins and Clarks Shoes have both been early adopters of livestreaming, with the former concentrating on skincare expert advice and the latter looking at showcasing shoes. Both made the video content directly shoppable [8].

Of the luxury brands that have adopted livestreaming, some prime examples are Marc Jacobs, Mulberry and Chanel. Others have started to leverage their other partnerships, such as Fenty running the Fenty Social Club with its brand ambassador Rhianna, while high-end cashmere designer Madeline Thompson has hosted special live sets with DJ Henri – the DJ spinning the wheels wearing one of Thompson's iconic rainbow-coloured knits.

One of the biggest brands to try live streaming has been Gucci. In 2020, it livestreamed a 12 hour-long digital fashion show. Alessandro Michele's Epilogue was broadcast on several digital platforms worldwide, including Gucci.com, YouTube, Twitter, Instagram, WeiBo, Facebook and the Gucci App.

Going forward, livestreaming is going to have an increasing role to play across omni-channel retailing generally, but in luxury it has the opportunity to create some interesting content that can engage younger shoppers through new channels and underpin growth and development in both digital and physical retail across the rest of 2022 and beyond.

THE METAVERSE AND BEYOND

Where livestreaming is the here and now of today's luxury ecommerce, the next generation of web access is starting to also come through. The metaverse is a hot talking point in many sectors, but it is in luxury where some early roll outs have given a potential taste of what this putative technology can deliver.

The term metaverse first appeared in a dystopian cyber punk novel called Snow Crash, written by Neal Stephenson in 1992. It described a 3D, virtual reality space accessed through VR goggles. Today, the metaverse pretty much matches this, acting as a VR-driven way to access the web.

Or as metaverse investor and expert Matthew Bell says: "The metaverse is a massively scaled and interoperable network of real-time rendered 3D virtual worlds which can be experienced synchronously and persistently by an effectively unlimited number of users with an individual sense of presence, and with continuity of data, such as identity, history, entitlements, objects, communications, and payments."

What does this offer the luxury industry? There are two ways in which luxury brands – or any brand or retailer come to that – can tap into the metaverse: selling virtual goods and selling real goods.

The former has so far been the limit of brand involvement in the metaverse, with luxury brands looking to sell virtual designer outfits and goods to use on characters in VR games.

The model works pretty much as it would in real life: the luxury brand releases a limited number of outfits or items as non-fungible tokens (NFTs) on the blockchain. These can then be bought and either worn or traded (creating a whole new secondhand market in virtual luxury goods, but that's another story).

Luxury brands have been quick to jump on this virtual world, with brands including Gucci, Tommy Hilfiger, Burberry, Balenciaga and Dolce & Gabbana all doing something in the space in 2021 (see panel).

The next stage in metaverse development will involve using the virtual world to buy real world goods, with the virtual world acting as a more realistic and interactive ecommerce platform. Here brands will be able to create rich and immersive experiences that lead directly to sales of goods, factoring in virtual try ons and more.

This is still a year or more away, but these early forays into virtual goods on the metaverse suggest that it will be an area that luxury brands are likely to look at with interest.

LUXURY BRANDS WORKING IN THE METAVERSE INCLUDE:

The Gucci Garden: a pop-up on Roblox that sells the brand's designs – sold a single bag for over $4,000 in real-world money.

Tommy Hilfiger's venture capital arm announced a partnership with viral marketing agency EWG Virtual to focus on "v-commerce."

Burberry created a string of unique playable NFT creations called Sharky B that live in Blankos Block Party from Mythical Games. The characters include accessories like armbands, jetpacks, and pool shoes. The creation collection sold out quickly for almost $400,000.

Balenciaga launched its collection of clothes in Fortnite. These "skins" (outfits for game characters) are purchased using V-Bucks, the Fortnite world currency. V-Bucks are purchased with real money.

Dolce & Gabbana sold its nine-piece 'Collezione Genesi' collection on the digital luxury marketplace UNXD for $5.7m.

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BURBERRY

Burberry is a stalwart of the luxury apparel market and has been one of the monobrands that was already well on its way with digital transformation before the pandemic. This has been accelerated by the pandemic and has generated growth across 2020, despite lockdowns.

Sales in 2020 ended just 1.5% down on 2019 – a remarkable feat considering the 50% contraction of the whole luxury market over that period.

The key for Burberry has been to rapidly adapt to the new ways consumers had to shop during lockdown and then to pivot again as stores started to reopen. It has done an impressive job of knitting together the old and the new to create a proper technology-led omni-channel offering.

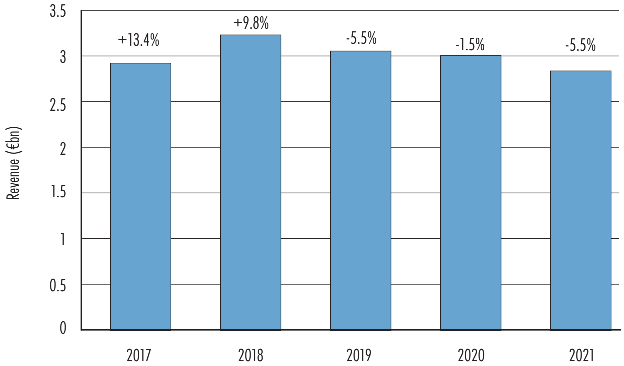
The luxury retail brand localised marketing campaigns to its strongest markets, including China and South Korea, and opened a social retail store in Shenzhen. Digital leadership, it says, drove double digit growth in full-price online sales across all of its regions despite a wider sales decline.

In 2021, sales were down by 9% on a like-for-like basis that excludes the effect of store openings and closures. Sales were down by 25% in the first half before recovering to growth of 5% in the second half of the year. And in the fourth quarter of the year alone, like-for-like sales grew by 32% on 2020, but fell by 5%. Full price sales alone were 8% ahead of the previous year as a new group of customers bought. Wholesale declined by 17%.

At the same time, its stores around the world were closed under Covid-19 lockdowns for an average of 18% of the time, while the impact of reduced tourist traffic also hit sales.

Pre-tax profits of £492.2m were ahead of the £168.5m reported a year earlier at the top line, but after one-off costs of £125m, bottom-line adjusted pre-tax profits came in at £365.7m, 12% down from £414.1m a year earlier.

Burberry chief executive Marco Gobbetti says: "In the last three years, we have transformed our business and built a new Burberry, anchored firmly in luxury. We have revitalised our brand image, renewed our product offer and elevated our customer experience while making further progress on our ambitious social and environmental agenda. In spite of Covid-19, we achieved our objectives for the period and delivered a strong set of results in FY21, ending the year with good full-piece sales growth. In this next chapter, supported by these foundations and the strength of our teams, we will accelerate our growth and deliver value creation while continuing to build a more inclusive and sustainable future."



SOURCE: BURBERRY

The brand has used digital to support both its online and offline sales. It opened 11 new shops during the year, and has developed a new store concept that will soon start to be rolled out. Burberry says an omni-channel focus has extended to in-person and virtual appointments and client events, mitigating the effect of reduced traffic.

Burberry plans to "supercharge" online sales through digital leadership and to invest in omni-channel experiences including the store while in building brand engagement and by focusing on its core luxury outerwear and leather categories. It will also focus on full price sales as it looks to improve its profitability.

The retailer says it continues to focus on becoming carbon neutral by 2022, and that all of its stores in mainland China are now carbon neutral. By the end of this year it expects to use 100% renewable electricity and to have a global carbon neutral footprint across its operations.

Burberry says it is continuing to adapt to the UK's post-Brexit trade and cooperation agreement with the EU in order to reduce the effect both on its operations and its customers. "We have initiated a number of actions to mitigate duty costs including collating evidence in support of claiming preferential duty rates," it says, "streamlining product flows to minimise movements of goods between the UK and EU, and establishing a customs warehouse."

CAPRI HOLDINGS

Capri Holdings Limited is a global fashion luxury group, consisting of iconic brands including Michael Kors, Versace, and Jimmy Choo. Founded in 1981 by US designer Michael Kors, the companies across the group sell clothes, shoes, watches, handbags, and other accessories. In 2015, the company had more than 550 stores and over 1500 in-store boutiques in various countries.

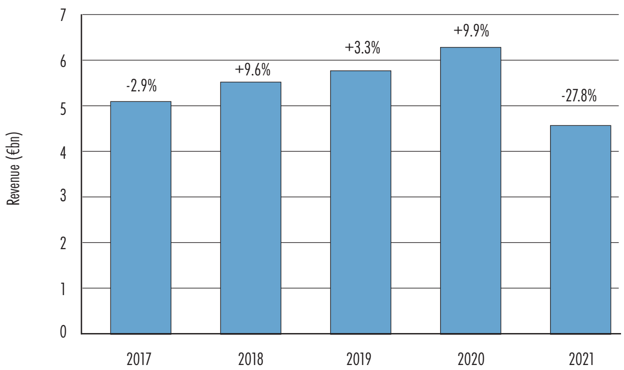
Originally called MKH (Michael Kors Holdings), the group purchased luxury shoe retailer Jimmy Choo for €900m in 2017 and took over Versace in 2018. After closing this deal, the company was renamed Capri Holdings.

The group has been growing strongly until the pandemic struck and, being heavily reliant on physical retail, was hit hard by the lockdowns and travel restrictions through 2020. This had played through into 2021 too, but recovery is underway.

The group's ecommerce did particularly well, with sales up 80% in the quarter. Retail sales were also up 13% globally, with growth across all three of its luxury houses.

Breaking it down by brand, Michael Kors – the group's biggest label – reported a 3.9% drop in revenue to $838m, while revenue at Jimmy Choo increased 15.9% to $124m and revenue at Versace was up 10.3% to $235m.

The improving performance of Versace in particularly is making 2022 look more appealing for the group. Analysts suggest that the company is now building on its M&A activity to create more brand momentum and, as a result the group's share price has climber 30% across the tail end of 2021.



SOURCE: CAPRI HOLDINGS

CHRISTIAN DIOR

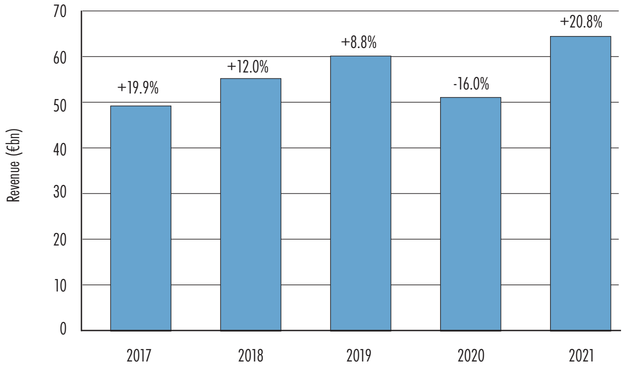
Christian Dior recorded revenue of €64.2 billion in 2021, up 44% compared to 2020 and up 20% compared to 2019. Organic revenue growth was 36% compared to 2020 and 14% compared to 2019.

The performance for the year confirms a return to strong growth momentum following the severe disruption to the first half of 2020 resulting from the global pandemic.

The group's organic revenue growth of 22% in the fourth quarter compared to 2019 reflects the accelerated growth of its activities. Fashion and leather goods notably reached record levels over the period, recording organic revenue growth of 51% compared to 2019.

The United States and Asia rose sharply over the course of the year, while Europe, which is experiencing a gradual recovery, returned to growth in the fourth quarter compared to 2019.

Profit from recurring operations stood at €17,bn for 2021, more than double 2020, and up 49% compared to 2019. Operating margin reached 26.7%, up eight points compared to 2020 and five points compared to 2019. Group share of net profit amounted to €4bn, up 156% compared to 2020 and up 68% compared to 2019. Operating free cash flow, which exceeded €13bn, was more than twice that of both 2020 and 2019.



SOURCE: CHRISTIAN DIOR

The company – part of the LVMH Group – saw particularly strong post-pandemic growth in fragrances and cosmetics more recently, showing that with the return of international travel is likely to rejuvenate sales across the brand.

ESTÉE LAUDER

Estée Lauder logged net sales of €16.15bn for its fiscal year ended June 30, 2020, a decrease of 2.8%% from €16.6bn in the prior-year period. Excluding the impact of currency translation, net sales decreased 3%.

This net sales decline was, unsurprisingly, driven by retail store closures as a result of the pandemic, but this was partially offset by the acceleration of online sales for the company. The company quickly pivoted to capture consumption online during the pandemic as retail stores around the world temporarily closed.

Net sales declined in virtually every market, led by the United Kingdom and the Western European markets, due to the effects from Covid-19 as the impact from retail door closures more than offset the 17% increase in net sales in the first half of the fiscal year. While gradual re-openings began in mid-June 2020, retail traffic remained slow.

Net sales online rose strong double-digits, reflecting the company's increased focus on reaching consumers digitally. The company continued to invest in its already strong online capabilities, positioning it well for the surge in online shopping as Covid-19 caused widespread retail door closures.

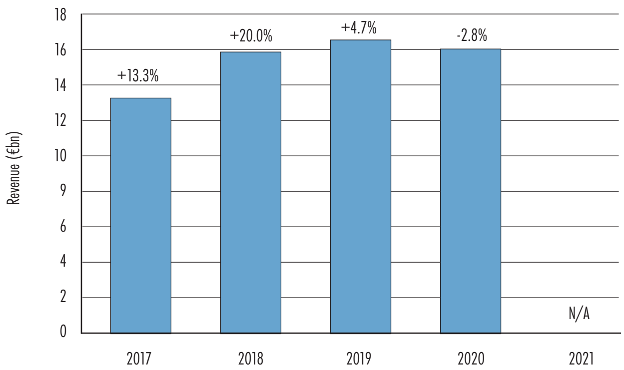
Net sales from the company's acquisition of Have&Be Co. Ltd. ("Dr. Jart+") contributed approximately 1 % of growth to reported net sales.

Fabrizio Freda, President and Chief Executive Officer says: "Fiscal 2020 was a year without parallel, as we delivered record sales and exceptionally strong adjusted EPS growth in our first half and navigated with agility through an unprecedented pandemic in our second half."

According to Freda, Asia Pacific was strong with organic sales growth in mainland China and several other markets driving prestige beauty share gains, with its skin care category growing, further boosted by the acquisition of Dr. Jart+, and the online surge.

Freda emphasises that, "We enter fiscal 2021 with cautious optimism, given the vibrancy of our skin care portfolio, acceleration in Asia Pacific, momentum online globally, and robust innovation pipeline, which includes the exciting launch this month of Estée Lauder's new Advanced Night Repair. We expect sales trends to improve sequentially each quarter."

Estee Lauder says that its strategic priorities for fiscal 2021 rightly balance investment in these engines with cost discipline amid the ongoing pandemic. Through the



SOURCE: ESTÉE LAUDER

Post-Covid Business Acceleration Program, announced at the end of 2021, the company is better aligning its brick-and-mortar footprint to improve productivity and invest for growth.

In fiscal 2021, the company will continue to pursue several long-term strategic initiatives, among them rationalising unproductive brick-and-mortar stores, increasing manufacturing capabilities, expanding the fulfilment capabilities of its online business, and investing in the growth opportunity of Asia Pacific. The Covid-19 pandemic has significantly accelerated certain trends—most notably consumers' adoption of the online channel—and as a result, the company plans to quickly reallocate resources from certain unproductive brick-and-mortar stores, primarily in Europe and in North America, to online and other new brand-building distribution opportunities. This reallocation will also make the remaining brick-and-mortar footprint more productive and sustainable for the long term. As part of this, the Company is launching a restructuring program, the Post-Covid Business Acceleration Program.

"We are well-positioned to drive growth as the market dynamics support it, yet remain equally mindful of the effects of Covid-19 on consumers, the retail sector and economics, in general, as well as geopolitical uncertainty," says Freda.

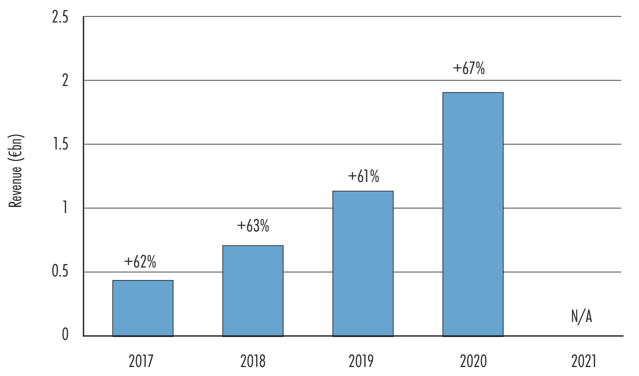
FARFETCH

FarFetch is a luxury retailer and platform created to provide boutiques and luxury brands with ecommerce and multichannel capabilities, as well as being a global marketplace for independent luxury stores. There are now more than 1400 brands connected to the FarFetch platform that add a wide variety of brands. As it has run out of independent stores to add, the model has subsequently pivoted towards partnering with brand owners directly (first-party businesses), which is reminiscent of the way that YOOX operates platforms for a number of luxury brands.

Its online leanings mean it has weathered the pandemic well and is seeing a paradigm shift in favour of online luxury that is enabling luxury customers and brands to take part in that shift. As a result, revenues, which have grown extraordinarily year-on-year across the decade managed even stronger growth through the pandemic, rising by nearly 70% in 2020.

José Neves, FarFetch Founder, Chairman and CEO comments: "We are seeing strong industry traction behind our platform strategy. More than 1,400 brands and retailers are not only listing more luxury products than ever, but also driving record media solutions revenue in recognition of our highly valuable customers. And with accelerating interest in our Luxury New Retail vision, FarFetch Platform Solutions is shaping up to revolutionise the digitisation of the luxury experience and unlock significant potential for FarFetch."

He adds: "What we are seeing is the acceleration of the secular trend of online adoption in luxury – an industry that is still very underpenetrated. The capabilities developed across the FarFetch platform over the past 13 years in anticipation of the eventual digitisation of the luxury industry uniquely position FarFetch to capture this opportunity today. And our recently announced partnership with Alibaba and Richemont further positions us to seize the opportunity to bring the luxury industry into the next generation and drive sustained growth and market share for many years to come."



SOURCE: FARFETCH

HERMÈS

Hermès, a leading European multi-brand luxury retailer, has seen strong growth for a number of years and, while hit like all retailers by the pandemic in 2020, its decline has been less than for most.

And things are already picking up. The group's consolidated revenue amounted to €4.2bn in the first half of 2021, up 77% at constant exchange rates and 70% at current exchange rates compared to 2020. This increase is up 33% at constant exchange rates compared to 2019, both in the first and second quarters. Recurring operating income amounted to €1.bn (41% of sales) at the end of June. Net income group share reached €1, 174 million (28% of sales).

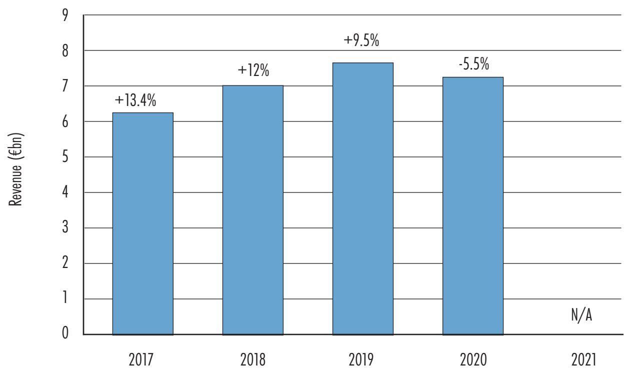
All the geographical areas confirmed their strong growth with an acceleration in America and recovery in Europe. Sales in the group's stores increased by 81% at constant exchange rates compared to last year, and by 41% compared to 2019.

The network continued to develop with store openings and extensions, and with growing online sales worldwide. Wholesale activities bounced back (+46%) but remained penalised particularly by travel retail.

Sales in the leather goods and saddlery division (+63% and +25% over two years) performed well, after being driven by the significant deliveries made at the end of 2020.

The ready-to-wear and accessories division (+98% and +40% over two years) pursued its dynamic growth, thanks to the success of the ready-to-wear and fashion accessories collections. The women's and men's ready-to-wear collection were unveiled both online and in person respectively in March at the Garde républicaine and in June at the Mobilier national in Paris.

Perfume and beauty (+65% and +17% over two years) posted growth, thanks to the success of the new men's perfume H24. A year after the launch of Rouge Hermès, the Beauty range has continued its development with the launch of Rose Hermès, a collection of blush and natural, refillable and sustainable lip enhancers.



SOURCE: HERMÈS

The watches business line (+121% and +80% over two years) confirmed its excellent performance, reflecting the technical watch-making expertise and creativity of the collections, with the success of the new men's watch Hermès H08, featuring a geometrical and sporty design.

Axel Dumas, Executive Chairman of Hermès, comments: "The results for the first half of the year have been exceptional in nature. But this performance also reflects the momentum and resilience of our model, which puts people, the source of creativity and innovation, as well as the requirement for absolute quality, at its core. These are the key factors of our artisanal approach and the desirability of our objects. We are equipped to cope with uncertainties while remaining faithful to our values."

LVMH MOËT HENNESSY LOUIS VUITTON

LVMH set new records in 2021 as shoppers returned in force to buy the luxury goods it sells online and in-store in 2021.

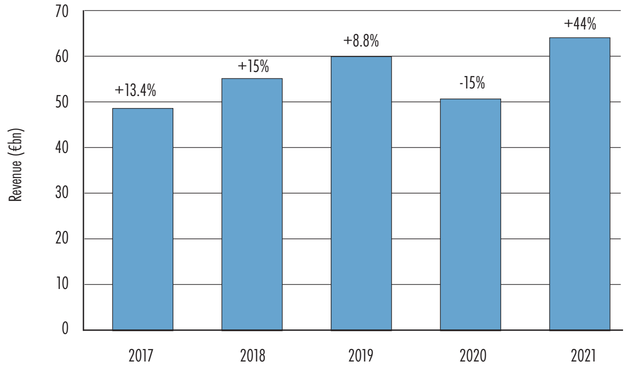
LVMH Moët Hennessy Louis Vuitton reported revenues of €64.2bn (£53.4bn) in 2021 – 44% up on 2020, which was hit by the pandemic – and 20% ahead of pre-pandemic 2019. Profit from recurring operations came in at €17.1bn (£14.2bn), more than double (+107%) the €8.3bn (£6.9bn) reported in 2021, and 49% up on 2019 and the group reported net financial income after expenses and before tax of €53m (£44m), an improvement from a loss of €608m (£505m) in 2020 and a loss of €559m (£464.6m) in 2019.

The group's brands include Louis Vuitton, ranked leading in RXUK Top500 research, Christian Dior, whose Dior website is ranked Top150, and Fendi, ranked Top500 as well as Celine and Loewe, which all achieved record sales and profitability. Online sales grew.

In its perfume and cosmetics division where organic revenue – a measure that combines like-for-like with constant currency – grew by 27% on last year and was stable on 2019. LVMH's major brands chose to continue a policy of selective distribution, limiting promotions and growing online sales on their own website. Christian Dior's Sauvage became the highest selling fragrance in the world, a first for a male fragrance – although that growth includes women's lines.

In its selective retailing division (organic revenue +18% on 2020, -18% on 2019), Sephora saw a strong rebound in its business, bought beauty pureplay Feelunique – which is ranked Top250 in RXUK research – during the year and signed a partnership with Zalando.

Bernard Arnault, chairman and chief executive of LVMH, says: "LVMH enjoyed a remarkable performance in 2021 against the backdrop of a gradual recovery from the health crisis. The Group's record results could not have been achieved



SOURCE: LVMH MOËT HENNESSY LOUIS VUITTON

without the efficiency and exceptional ability of our teams to adapt and notably to remain connected to our customers, continuing to inspire dreams, despite the crisis."

He paid tribute to Virgil Abloh, men's artistic director of Louis Vuitton since 2018, who died during 2021. He also said the group had worked to promote biodiversity, protect nature and preserve skills and craftsmanship during the year.

And he adds: "Despite the uncertainties that remain at the start of this new year, which continues to be disrupted by health concerns, we approach 2022 with confidence and are convinced that LVMH is in an excellent position to further strengthen its lead in the global luxury market."

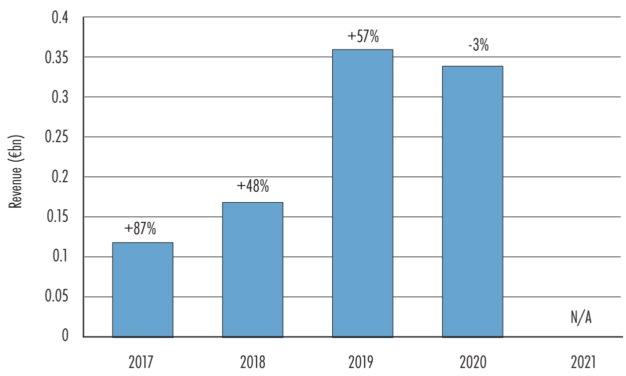
THEREALREAL

TheRealReal is the world's largest online marketplace for authenticated, consigned luxury goods that need a 'second life'. With a rigorous authentication process overseen by 150 experts, TheRealReal sells hundreds of brands, from Gucci to Cartier, supporting the circular economy. It has attracted customers with a free in-home pickup, drop-off service, virtual appointments and direct shipping for individual consignors and estates. Its physical stores in Chicago, Los Angeles, New York City and San Francisco have been impacted by lockdowns. However, its growing online business has pulled in some of the loss.

In the first half of 2021 the company reported strong top-line growth as well as solid bottom-line improvements. Gross merchandise value (GMV) increased 50% and 46% compared to the same periods in 2020 and 2019, respectively. Third quarter gross profit per order was approximately $94, an increase of $4 per order, or a 4% improvement year-over-year. In addition, the company achieved leverage in all major expense categories in the third quarter of 2021 compared to prior year.

"Our product supply has ramped nicely driven by at-home concierge appointments and our expanded retail footprint. Based on what we know today, we believe the operational and supply impacts to our business from Covid-19 are effectively behind us and we are well-positioned for a strong holiday season. Additionally, we believe TheRealReal's unique business model is largely insulated from the supply chain shortages and certain of the inflationary impacts many retailers are experiencing," says Julie Wainwright, founder and CEO of TheRealReal.

Wainwright continues: "Like many retailers, we experienced certain pressures to our operations during the third quarter, namely elevated shipping costs and staffing



SOURCE: THEREALREAL

challenges in our authentication centres. To address, we implemented multiple initiatives, including shipping diversification and last-mile optimisation as well as training and development programs and a continued focus on automation. The investments we made in 2019 and 2020 to move toward expanded automation in our authentication centres have already begun to show a strong return on investment."

TED BAKER LONDON

Ted Baker: Focused on digital to survive pandemic

Ted Baker says the Covid-19 pandemic made it a more digitally-focused business and it is now selling more online than before the pandemic – but that it is now less than it did a year earlier. In the UK and Europe, 56.2% of its retail sales took place online in the first 28 weeks of the 2021 financial year.

The luxury fashion and lifestyle brand says that, while its ecommerce sales have fallen since 2020's peak, its profitability has improved. At the same time, footfall to its stores in travel locations and in city centres remains lower than before the pandemic and it has now closed a net six of its own stores as well as 28 concessions in branches of House of Fraser, which it now supplies on a wholesale basis.

Ted Baker says its new ecommerce platform, part of its ongoing transformation plan, is now set to be relaunched early in 2022, following some technical delays. It says it now has an "ambitious digital roadmap" for both direct-to-customer online sales and those through third party businesses. That roadmap includes micro services and fast integration with marketplaces as it looks to boost mobile conversion.

Ted Baker, ranked Top50 in the RXUK Top500 research, reported revenues of £199.3m in the 28 weeks to August 14 2021. That's a 17.6% improvement on the same time in 2020, although sales are still more than a third lower (-36.4%) than the same time in pre-pandemic 2019. Retail sales improved by 10.4% to £136.9m, while ecommerce sales fell to £63.6m, down 14.2% on last year but 22% ahead of 2019. In the UK and Europe, 56.2% of its retail sales were online, as were 29.4% of sales in the US. Wholesale sales of £55.5m were 40.6% up on last year.

Pre-tax losses of £25.3m are more than halved (-70.7%) from losses of £86.4m a year earlier, although remain 10.1% behind where they were in the first half of 2019.

The retailer says it is making good progress towards its target of 75% of its cotton from sustainable sources this year, and that it has now set carbon and climate targets, representing a 46% in carbon emissions, and submitted them to the Science Based Targets initiative (SBTi). It is using recycled materials in its clothing and aims to use fully sustainable customer packaging by 2025.

It has mapped its supply chain and become a member of Sedex in order to monitor and improve global supply chain conditions. However, it says that it has turned to air freight recently as it looks to avoid the supply chain disruptions seen in shipping.

Ted Baker now sells online and from 377 stores and concessions around the world, including 97 in the UK.

The retailer expects that Brexit will hit its full-year profits by £5m. The main effects of Brexit on its business, it says, have been the flow of goods into the UK through ports, and from the UK into Europe. It has also been affected by EU rules of origin and by VAT rules.

It set up a customs warehouse in the UK, which became operational in April 2021, following the end of the transition period. This, it says, has "partially mitigated" the higher duties it now has to pay. It now plans to reflow the inventory that is destined for its EU shops.

Ted Baker chief executive Rachel Osborne comments: "I'm pleased with the continued progress we're making, as we return to revenue growth, and make big strides back towards profitability. The brand remains healthy, delivering a stronger full price mix alongside encouraging early reactions to the new collection. The pandemic continues to impact the global retail environment, yet despite this we are delivering against our Transformation Plan. I remain confident that our turnaround of this great global lifestyle brand is on course and that Ted will emerge as a stronger business."

Mulberry

Mulberry: how turning shops to warehouses boosted sales

Mulberry ecommerce sales were given a boost in 2021 when the luxury leather brand turned its closed shops into online warehouses during the Covid-19 pandemic and associated lockdowns.

Mulberry, ranked Top250 in RXUK Top500 research, used a single view of its global stock to add products stocked in its shops to its digital channels during lockdown, reducing issues with orders and enabling goods to be shipped faster. That led to an online sales boost for the business – with some shops achieving their normal sales levels via digital, despite Covid-19.

Mulberry reported in its results for the half-year to September 26 2021 that its digital business had helped to shield it from the worst of Covid-19. First-half sales of £48.9m were 29% down on the same time a year earlier, with in-store sales down by 55% at £19.4m. Digital sales of £23.4m were 68% ahead. However, the retailer had to cut a quarter of its global workforce in the first half of the year and as of September 26 had reduced its store estate to 111 shops.

The single view of the stock was already in place when shops had to close since Mulberry had previously worked with Google Cloud to make use of the data being produced through sales both in its shops and online.

When Mulberry solutions architect Neill Randall started working at the brand, he says that: "All the data at Mulberry was coming in at different times, from different silos, in different formats, into different systems, making it impossible to gain end-to-end visibility. To create a global view of our stock, products and customers we needed to bring all that information together."

The brand used a centralised data solution on Google Cloud to connect up data that was previously spread across several different systems.

"This extra capability would be useful at the best of times, but it proved to be even more lucrative when the brand had to shut its doors during the UK's lockdown in March 2020," says Google Cloud UK&I managing director Pip White in a blogpost.

"Transforming its closed bricks-and-mortar stores into warehouses for online sales, Mulberry was able to add all products still out on the shop floors to the company's digital channels. The benefits quickly made their way to customers, who now had an even larger selection of products to choose from when shopping online. Better still, with an improved view of each order status, issues were easier to resolve and customers received their favourite Mulberry items faster than expected."

The retailer's centralised view of the data meant that as well as being able to see where stock was located, it could also use its customer data to make marketing campaigns more relevant and to offer hyper-personalised product recommendations. That led to a 37% increase in the click-through rate from marketing messages, and a 110% increase to return on ad spend.

Mulberry sells to 25 countries through a clicks and bricks strategy.

Richemont: growth through partnerships help exploit China

Leading luxury group Richemont chose to target the lucrative Chinese affordable luxury market during and post-Covid through partnerships with luxury marketplace platform FarFetch and Chinese marketplace leader Alibaba.

The companies have teamed up to combine their expertise to improve luxury brand access to the Chinese market while helping them to sell direct to customers using the latest omnichannel technology.

The teaming up of the brands came as Richemont reports sales of €5.5bn (£4.9bn) in the six months to September 30, down by 26% from the same time last year. Bottom line profits of €159m (£141.5m) were 82% down on last year. Sales in Europe, the Americas and Japan were down by double digit percentages, but sales in China rose by 78%, and sales in Asia Pacific fell less sharply than elsewhere.

Online sales at Richemont's brands grew by triple digit percentages to account for 7% of group sales – although currency fluctuations meant that as a whole online retail sales fell by 4% on last year. Jewellery brands (+4% at actual exchange rates) were the most resilient.

Richemont chairman Johann Rupert said Richemont trading and operations had seen "unprecedented levels of disruption" in the first half of the year as a result of Covid-19.

"A strong presence in China and an acceleration in digital initiatives have partially mitigated the consequences of temporary store closures and a halt in tourism worldwide," he added. "Our Maisons were swift to build on past investments in digital infrastructure and maintain direct engagement with clients, contributing to our Maisons' resilience, with online sales growing at a triple digit rate. Our efforts to improve the quality of our distribution networks and inventories at our multibrand retail partners also helped lessen some of the negative impacts of the pandemic."

But he said that while its jewellery brands had showed resilience thanks to their online strength during the pandemic, its watchmaker brands saw sales fall as they relied more on third-party retailers. Its online distributor and fashion and accessories brands, however, suffered as fulfilment centres were temporarily closed and as rivals discounted.

Richemont recognised, however, that those brands that were more able to sell direct to customers via transactional websites and mobile apps fared better than those reliant on third-party retail partners, although its own online distributor businesses suffered as fulfilment centres closed temporarily as the pandemic hit and as competitors cut prices.

As a result, the three retailers are now working together on a Luxury New Retail (LNR) initiative to use omnichannel retail technologies from FarFetch and Alibaba to help luxury brands, such as those owned by Richemont, run state-of-the-art ecommerce websites and apps to sell direct to customers, as part of an omnichannel strategy.

Richemont's jewellery, watchmaker and fashion brands include Cartier, Baume & Mercier, Dunhill and Chloé, while its distribution platforms include Yoox Net-A-Porter.

FarFetch, the platform for boutique shops and other luxury retailers, is to launch a luxury shopping channel on Tmall's luxury pavilion. Brands will be able to connect to the FarFetch and Tmall Luxury Pavilion marketplaces via a single integration. And at the same time, Alibaba Group, Richemont and Artemis are investing $1.15bn (£0.86bn) in FarFetch.

José Neves, founder, chief executive and chairman of FarFetch, said at the time of the deal: "This announcement is a major step in our mission to connect the curators, creators and consumers of the luxury fashion industry. The new initiatives with Alibaba Group and Richemont extend FarFetch's strategy to power the digital transformation occurring across the luxury industry, which has been accelerated by the unprecedented challenges resulting from the Covid-19 pandemic. The Luxury New Retail initiative will explore ways we can help the wider industry move forward and thrive in the post-Covid world."

Breitling: Headless ecommerce drives sales comeback

Christmas 2020 was a bumper year for luxury Swiss watchmaker Breitling, with third-quarter sales of £272.6m in the 13 weeks to January 24 2021. That's 5.7% up on the same time last year. UK sales of £186.1m were 1.5% up on last year - including a 121.1% rise in ecommerce sales. In the US, sales of £86.5m were 19.2% up on last time, with ecommerce delivering "according to plan". Watch sales grew by 10.2% in the third quarter, while luxury jewellery sales were down by 20.1%.

To capitalise on this and as part of Breitling's growth strategy, the decision was made to replace its order management platform with a modern "headless architecture", so they were future ready to support peak season and growth, all while improving customer experience.

Immediate benefits for Breitling, and their customers, include the ability to open and manage orders from every sales channel and coordinate the fulfilment process across all customer touchpoints.

The rollout of the Fluent Commerce Distributed Order Management System has provided Breitling with real-time inventory, so the company knows exactly which products are selling and where. Additionally, customers can see what products are in stock before they visit a store or buy online.

Today, Breitling customers now have more delivery options, including home delivery (from warehouse or the boutiques) and click and collect. They can also choose when they receive their order.

Breitling Chief Digital and Technology Officer Antonio Carriero explains: "Digital has changed the way the business needs to respond to customers. The Fluent deployment to our key markets in less than four months is a tribute to the fact that Breitling has the ability, and the agility, to move fast -- from the vision to delivering superior solutions and experiences to all our customers, making our watches always available where they are. Any channel, anytime."

"Agile principles and a full DevOps approach of our combined teams made it possible to go live with Fluent Commerce in record time, including the integration with the newly activated ERP SAP S/4HANA. With headless commerce, we will further accelerate our ecommerce and retail solutions. Our products and customers are at the centre of our technology transformation," adds Rajesh Shanmugasundaram, Head of Omnichannel & System Integration, Breitling.

Ralph Lauren: courting younger shoppers with rental scheme

Ralph Lauren has joined a growing number of luxury retailers looking to tap into a burgeoning interest among younger consumers in designer brands with the launch of a subscription-based apparel rental scheme.

Starting at $125 a month, members of the 'Lauren Look' will be their favourite pieces from the brand's most recent lines and then receive ongoing shipments based on those preferences. Customers will have the choice to buy items or send them back before receiving a new shipment.

The subscription service also includes expert suggestions from expert stylists, as well as free unlimited shipping and returns and dry cleaning.

Once the used clothes have reached their rental cap, they will be donated to non-profit charity Delivering Good, which provides low-income consumers with new merchandise.

"The Lauren Look allows us to explore an entirely new model tapping into the growing focus on the sharing economy and revolutionising how we look at fashion consumption," says Ralph Lauren's chief innovation and branding officer David Lauren. "Launching with Lauren, our most widely distributed and accessible brand, is a testament to the growth we see in this space and will help us further anticipate the evolving needs and makeup of our consumers' future closet."

To grow, luxury brands need to invest in digital to keep up with locked down consumers' changing shopping habits. They also need to look at how to appeal to Gen X, Y and Z shoppers to drive growth in the years ahead.

This move by Ralph Lauren taps into this shift to younger, online shoppers, as well as courting their increasing interest in sustainable and ethical fashion and a love of recommerce.

Vestiaire Collective: investors back second-hand fashion to the tune of €178m

Testament to the power of second-hand fashion, Vestiaire Collective – the leading global platform for desirable second-hand fashion –raised €178m in new financing in 2021, backed by global French luxury group Kering and US investment firm Tiger Global Management.

Following a strong year that saw the platform's transaction volume grow more than 100% year-on-year, this financing round grants Vestiaire Collective unicorn status and ideally positions it for its next cycle of accelerated growth.

The pre-owned fashion sector has experienced rapid growth over the last three years with a further acceleration during the pandemic. This has been predominantly driven by younger consumers' increased focus on sustainability and a growing trend for social shopping and online communities.

The amount of second-hand pieces in people's closets is predicted to grow from 21% in 2021 to 27% in 2023 with the value of the second-hand sector forecasted to be worth over $60 billion by 2025.

Maximilian Bittner, Vestiaire Collective's CEO comments: "This latest round of investment confirms the incredible trajectory of Vestiaire Collective, founded during the 2008 crisis, the model has clearly demonstrated its ability to continue to thrive during challenging conditions. The resale sector as a whole is experiencing rapid growth, especially amongst Millennial and Gen Z consumers, which will come to shape the retail landscape of the future. We are incredibly excited to welcome Kering and Tiger Global Management, both of which will be instrumental in our mission to build a more sustainable fashion industry and further grow our incredible global community."

By investing in Vestiaire Collective and by being represented at the Vestiaire Collective Board of Directors, global Luxury Group Kering illustrates its pioneering strategy, supporting innovative business models, embracing new market trends and exploring new services to fashion and luxury customers.

François-Henri Pinault, Chairman and CEO of Kering, says: "Pre-owned luxury is now a real and deeply rooted trend, especially among younger customers. Rather than ignoring it, our wish is to seize this opportunity to enhance the value we offer our customers and influence the future of our industry towards more innovative and more sustainable practices. This fits naturally with our entrepreneurial spirit, our pioneering sustainability strategy, and our modern vision of luxury."

Secret Sales: A new approach to creating new markets for luxury

SECRET SALES

Creating new sales channels into new markets is essential for luxury brands and retailers and part of that has involved using bespoke marketplaces and partnerships. It has also involved tapping into new demographics, especially the younger end of the market, keen to get going with luxury, but not necessarily with the ready cash to do it at full price.

Similarly, luxury brands need to maximise their investment in stock and, as seasons and collections change, they need to realise the end-of-line stock they still have.

Bringing these two things together has been the mission of Secret Sales, which has carved out a niche where it can offer luxury brands and lucrative way to target this new demographic.

And so successful has it been, the marketplace has now signed 75 new contracts with multi-brand retail groups and standalone brands in 12 months, launching 687 new fashion, beauty and homeware brands on its ecommerce marketplace as the retail industry embraces a fresh approach to selling non full price inventory.

Tommy Hilfiger, Aquascutum, Regatta, Trespass, Hackett, Dsquared2, Diesel, Michael Kors and Quiz Clothing are among the roster of luxury and premium brands now featured on Secret Sales. The platform allows its partners to sell non full price inventory profitably in a brand-enhancing, upmarket environment, and helps introduce new customers to individual brands' full price channels via a GDPR compliant opt-in.

New multi-brand retail groups partnering with Secret Sales include global eyewear company Mondottica, and Inter City Watch Company, the worldwide timepiece designer and distributor.

Secret Sales launched a record number of 600,000 SKUs in 2021. 31 million unique shoppers visited the marketplace during the year.

"We are delighted to have partnered with Secret Sales as they offer a more aspirational channel for clearing sale stock without the need for aggressive discounting," says Sheraz Ramzan, Chief Commercial Officer at Quiz Clothing. "The ability to capture customer data provides a considerable advantage over other platforms and we look forward to growing our business with Secret Sales."

Secret Sales curates all categories to feature complementary product and brand adjacencies. Orders are shipped from the brand or retailer's warehouse directly to the consumer, so carbon footprint is reduced as there is no need to physically move stock to a third-party seller.

"When Secret Sales launched as a marketplace in March 2020, we set out to build a digital equivalent to designer outlet destinations and create a shift in industry thinking around discounting. We are now seeing phenomenal demand from hundreds of brands that are moving away from a sole cash-recovery focus and embracing our business model which offers a clean and profitable exit strategy for selling non full price inventory in a sustainable way," says Chris Griffin, CEO of Secret Sales. "Given our brand and product catalogue, we are fast becoming the largest marketplace for discount fashion in Europe."

More than 1,600 brands are currently showcasing non full price inventory on Secret Sales. Many are using the marketplace as their sole or primary discount channel in the UK.

ABOUT RETAILX

"Research, analysis and insight behind the performance of the world's best ecommerce and multichannel retailers and brands."

We research some 20,000 trading fascias across the UK, Europe and Australia, examining the trading performance, operating metrics, multichannel operational and customer-facing capabilities. We rank the retailers and brands in six Performance Dimensions to create the Top500 rankings for the UK and Europe, the AU250 for Australia, and the Growth2000 ranking for the UK.

Our ranking reports are distributed by InternetRetailing –

https://internetretailing.net/research.

In support of our research, we convene Leadership Dinners in London, Paris, Berlin, Copenhagen, Amsterdam and New York. Leaders from our Top500-ranked companies are invited as part of our RetailCraft Network.

For more information and to apply, see https://retailx.net/events/

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We publish two reports on each topic: an Analyst Report (this one) focused on the financials, performance and market context. This is the 'now and next' view. Secondly, a Strategic Report looks at the macro forces on the sector, giving a two-to-five-year overview.

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Ian Jindal and Martin Shaw are available for Board presentations and strategic briefings – by sector, by company, by market (UK, EU, Australia). To discuss your requirements, please contact ian@retailx.net

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Interviews, analysis and commentary on multichannel retail, ecommerce and digital business - with the leaders who are driving commercial success.

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In our Strategic Reports we consider the 2-5 year timeframe and through the lens of macro drivers, and how they will affect and shape the sector.

The drivers include:

- Infrastructure
- Economy
- Demographics
- Technology & Innovation
- Suppliers

SUGGESTIONS AND QUESTIONS

We welcome suggestions for improvement, questions and all conversation about performance in multichannel retail.

Let us know via research@retailx.net or @retailx on Twitter.

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