



Today's topic:

# Luxury Retail: Investing in Indulgence

Upcoming FOFs:

Tuesday, October 28, 2025

Tuesday, November 18, 2025

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**Ms. Jinal Jain**

Manager - Research





















**PPFAS Asset Management Pvt Ltd**























\$815.46B



\$430.99B

1		NVIDIA NVDA	\$4.097 T
2		Microsoft MSFT	\$3.703 T
3		Apple AAPL	\$3.530 T
4		Alphabet (Google) GOOG	\$2.831 T
5		Amazon AMZN	\$2.515 T
6		Meta Platforms (Facebook) META	\$1.889 T
7		Broadcom AVGO	\$1.625 T
8		Tesla TSLA	\$1.117 T
9		Berkshire Hathaway BRK-B	\$1.064 T
10		Walmart WMT	\$815.46 B
11		JPMorgan Chase JPM	\$805.42 B
12		Oracle ORCL	\$669.84 B
13		Visa V	\$664.38 B
14		Eli Lilly LLY	\$662.15 B
15		Mastercard MA	\$530.29 B
16		Netflix NFLX	\$528.93 B
17		Exxon Mobil XOM	\$468.31 B
18		Costco COST	\$430.99 B
19		Johnson & Johnson JNJ	\$428.99 B
20		Home Depot HD	\$418.00 B

Rank	Name	Market Cap
1	 SAP SAP	\$314.82 B
2	 ASML ASML	\$313.08 B
3	 LVMH MC.PA	\$290.34 B
4	 Prosus PRO.AS	\$273.09 B
5	 L'Oréal OR.PA	\$252.62 B
6	 Hermès HMS.PA	\$252.45 B
7	 Novo Nordisk NVO	\$241.85 B
8	 Siemens SIE.DE	\$212.82 B
9	 Deutsche Telekom DTG.DE	\$175.79 B
10	 Airbus AIR.PA	\$174.21 B
11	 Allianz SE ALV.DE	\$160.20 B
12	 Accenture ACN	\$159.18 B
13	 Inditex ITX.MC	\$157.31 B
14	 Schneider Electric SU.PA	\$150.06 B
15	 Spotify SPOT	\$147.80 B
16	 Santander SAN	\$144.83 B
17	 EssilorLuxottica EL.PA	\$142.34 B
18	 Safran SAF.PA	\$139.49 B
19	 Eaton ETN	\$136.05 B
20	 TotalEnergies TTE	\$133.32 B

**LVMH**  
MOËT HENNESSY · LOUIS VUITTON

\$290.34B

  
**HERMÈS**  
PARIS

\$252.45B

**INDITEX**

\$157.31B

# LVMH's Fashion And Leather Goods Sales Plunge 12%, Signaling A Broader Luxury Slowdown

By [Pamela N. Danziger](#), Senior Contributor. © Pam Danziger reports on retail,...

[Follow Author](#)

Published Jul 27, 2025, 05:00am EDT

[BUSINESS](#) | [RETAIL](#)

## Gucci Owner Kering Logs Weak Sales as Slowdown in Luxury Spending Persists

Sales at Gucci slumped 25%, as CEO Pinault cites 'macroeconomic headwinds'

By [Mauro Orru](#) [Follow](#)

Updated April 23, 2025 12:35 pm ET

[BUSINESS](#) | [RETAIL](#) | [HEARD ON THE STREET](#) [Follow](#)

## Luxury Brands Are Getting Hit by a Vibe Shift

Expensive labels are trying to figure out why sales have weakened so much outside a recession


By [Carol Ryan](#) [Follow](#)

July 27, 2025 6:30 am ET

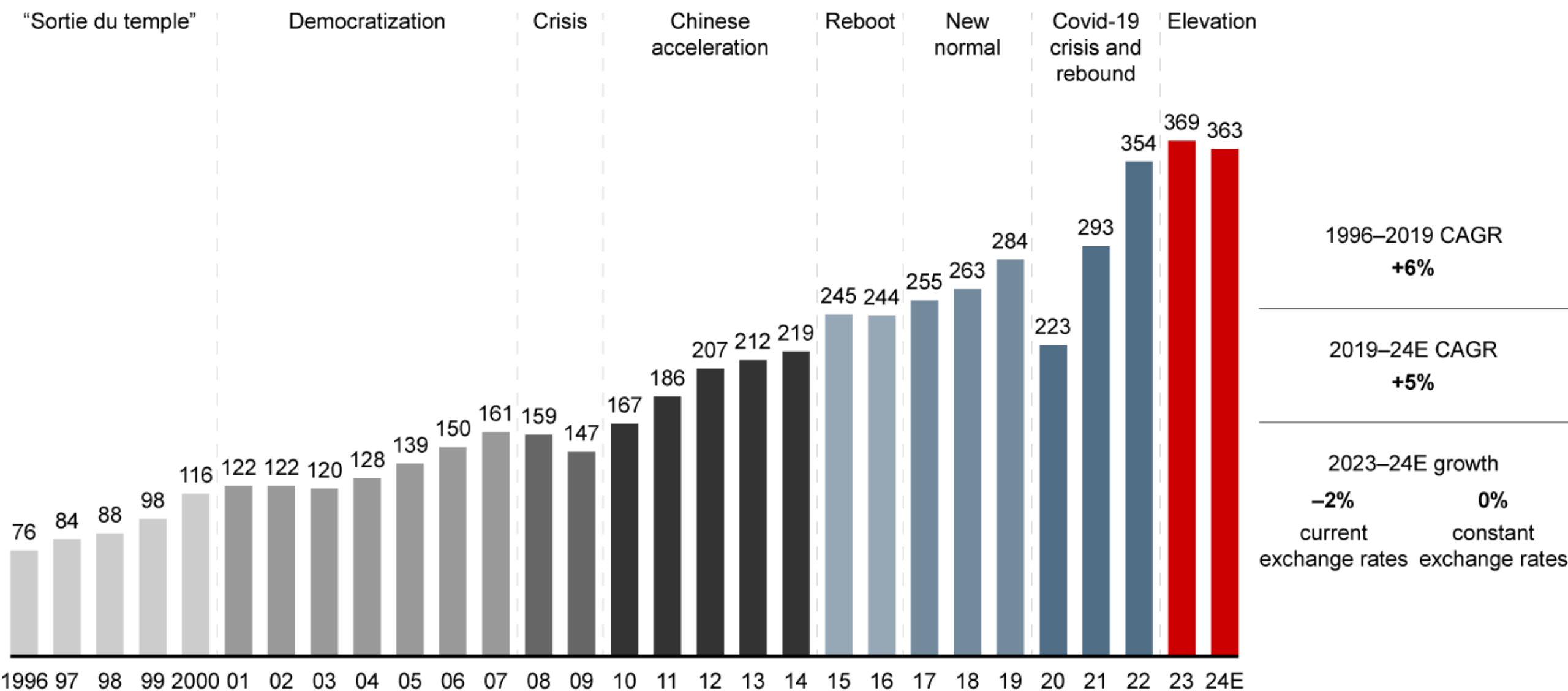
BUSINESS

## Luxury Market Faces First Slowdown in 15 Years, Study Estimates 2 to 5% Decrease

The spring 2025 Luxury Goods Worldwide Market study was presented by Bain and Altagamma in Milan and highlighted the uncertainties the industry is facing amid global pressures.

By [LUISA ZARGANI](#)  JUNE 19, 2025, 8:57AM

# Global personal luxury goods market (€ billions)



Notes: E indicates estimated value; some historical data restated in line with the incorporation of more brands in our 2024 market definition

Source: Bain & Company



BUSINESS | RETAIL

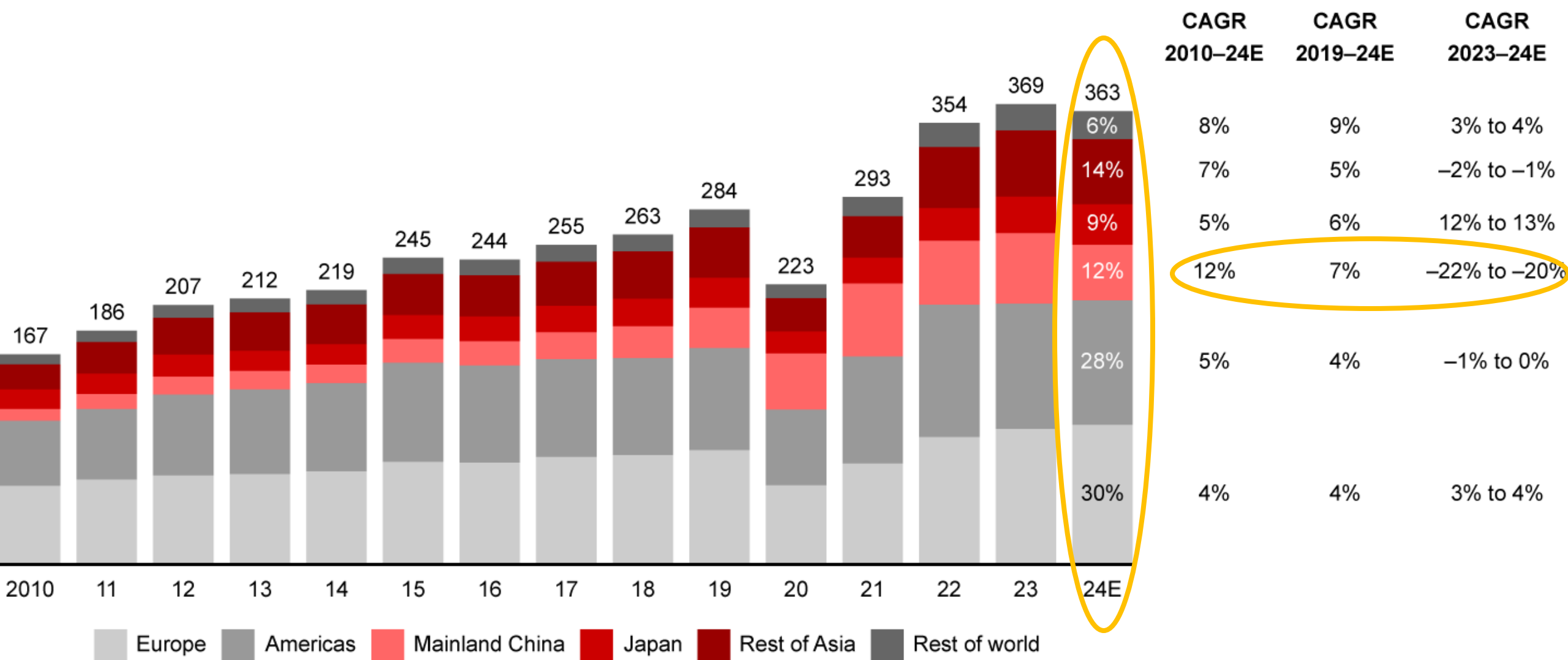
# China's Love Affair With Luxury Has Cooled

LVMH, Kering see double-digit declines in Asia, hurt by economic slowdown and irritation at high prices

By *Yoko Kubota* [Follow](#)

*Feb. 17, 2025 11:00 pm ET*

# Global personal luxury goods market, by region (€ billions)



Notes: E indicates estimated value; growth shown at current exchange rates; India included in Rest of Asia; some historical data restated in line with the incorporation of more brands in our 2024 market definition

Source: Bain & Company



The “Wealth” Effect





Executive Memo

# Luxury Has a Pricing Problem. What Now?

By Robert Williams  
December 2024

Steep price hikes have put pressure on big luxury's value proposition, contributing to the sharp downturn in demand for luxury megabrands this year. Smart executives will take action to rebalance the price-value equation — and fast.

## Luxury is too expensive. What should brands do?

In 2025, the price has to be right. To weather the slowdown, luxury brands need to rethink their price and product strategies.

BY MADELEINE SCHULZ

January 13, 2025

 The New York Times

### Opinion | Obscene Prices, Declining Quality: Luxury Is in a Death Spiral

Luxury brands have triggered their own death spiral by selling overpriced, overexposed and lower-quality products.

19 Dec 2024



## Luxury Brands Are Paying for Over-the-Top Price Hikes

Companies that raised prices the most during the pandemic are now reporting disappointing numbers

By *Carol Ryan* [Follow](#)

May 28, 2025 5:30 am ET

# Chanel, Louis Vuitton and Prada have raised prices on core products by more than 90% since 2019

Price increase in EUR



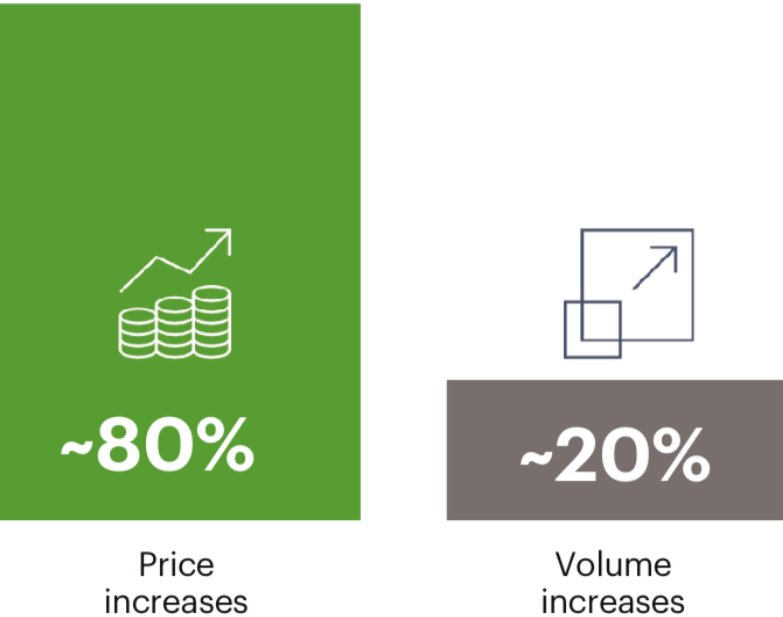
Source: HSBC; BoF Analysis

**BOF**



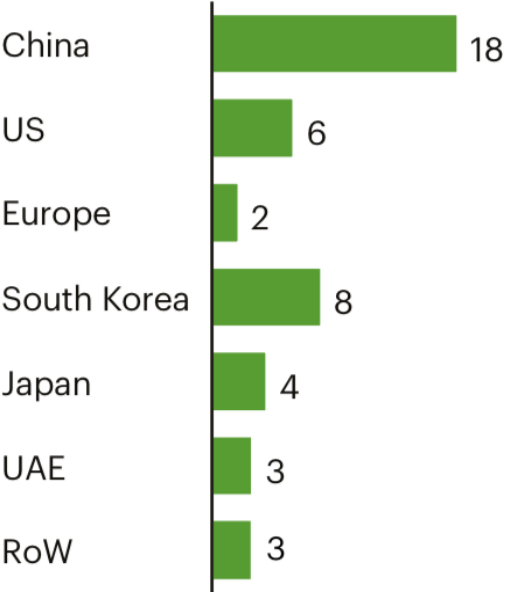
# What drove the Exception Growth 2019-2023?

Global luxury goods market growth drivers, 2019-2023,<sup>a</sup> %



a. Includes apparel, footwear, leather goods, beauty, and watches and jewellery  
 Source: McKinsey analysis based on Euromonitor, BofA Global Research, Julius Bär Global Wealth Report 2024, Citi Research estimates

2019-2023 CAGR,<sup>b</sup> %

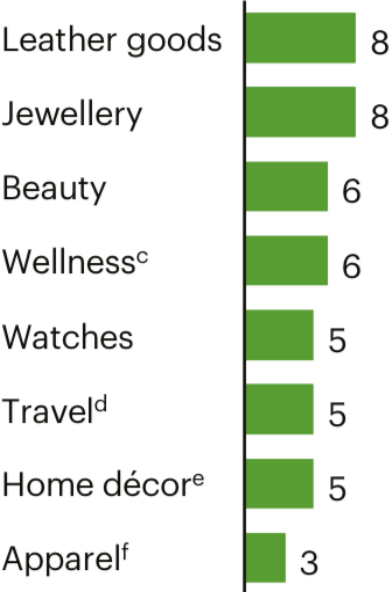


b. Includes apparel, footwear, leather goods, and watches and jewellery  
 Source: Euromonitor

Retail sales 2023, USD (billion)



2019-2023 CAGR, %



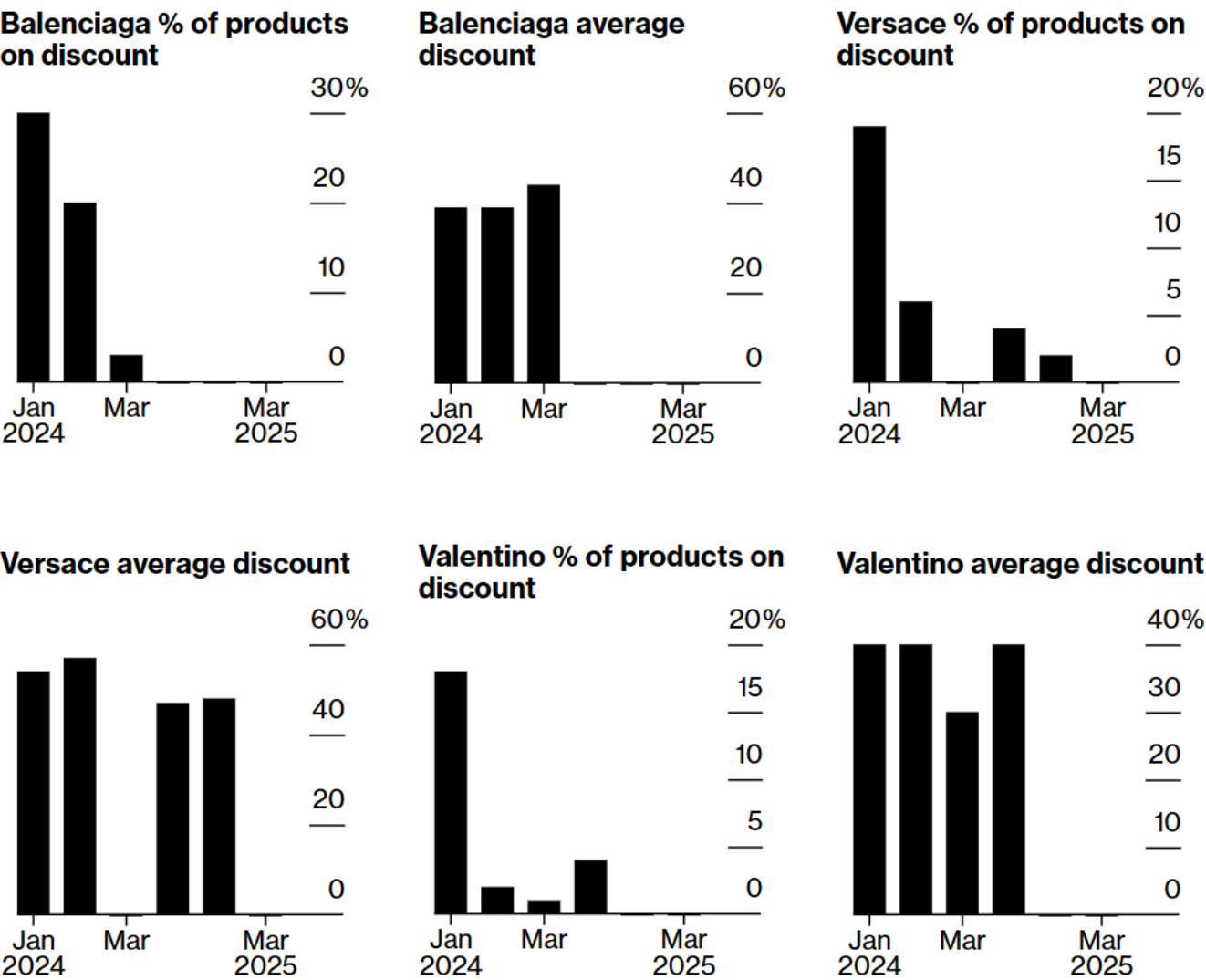
Retail sales 2023, USD (billion)



c. Includes only luxury spas  
 d. Luxury accommodation (>\$500 per night)  
 e. Global luxury furniture market, incl. residential and commercial  
 f. Includes ready-to-wear (+3% 2019-23 CAGR) and footwear (+2%)  
 Source: McKinsey State of Luxury analysis based on MGFI in The State of Fashion 2025, McKinsey State of Tourism and Travel 2024, Global Wellness Institute, Euromonitor

# Shifting Strategy

Some luxury brands are curbing discounts in China to uplift image

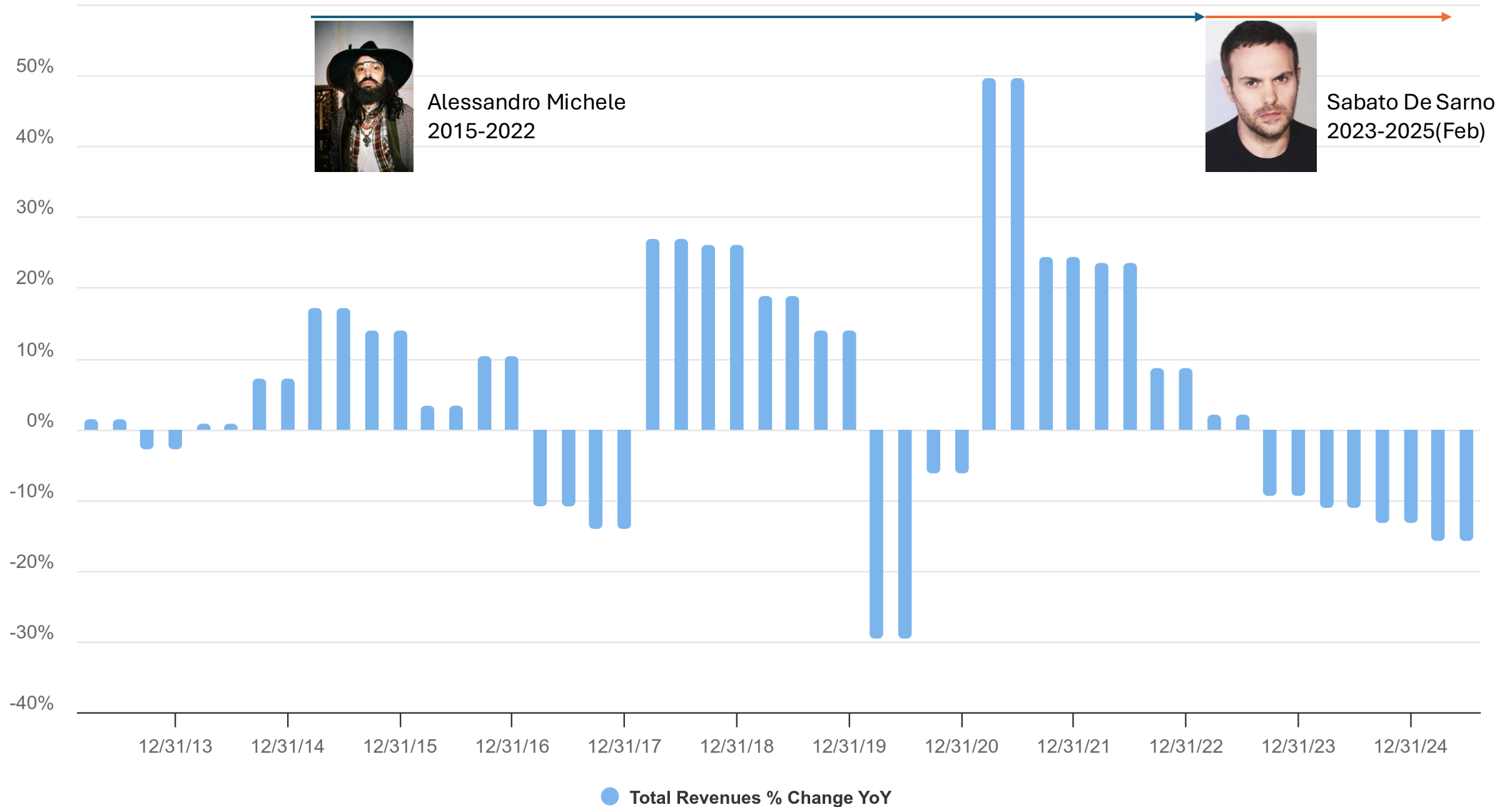


“It’s a move from chasing traffic and short-term revenues to cultivating long-term brand affinity,” Re-Hub’s Chief Executive Officer Max Peiro said. “This shift is not merely operational—it’s foundational. Brands are investing in relevance, desirability, and premium experiences to foster long-term loyalty.”

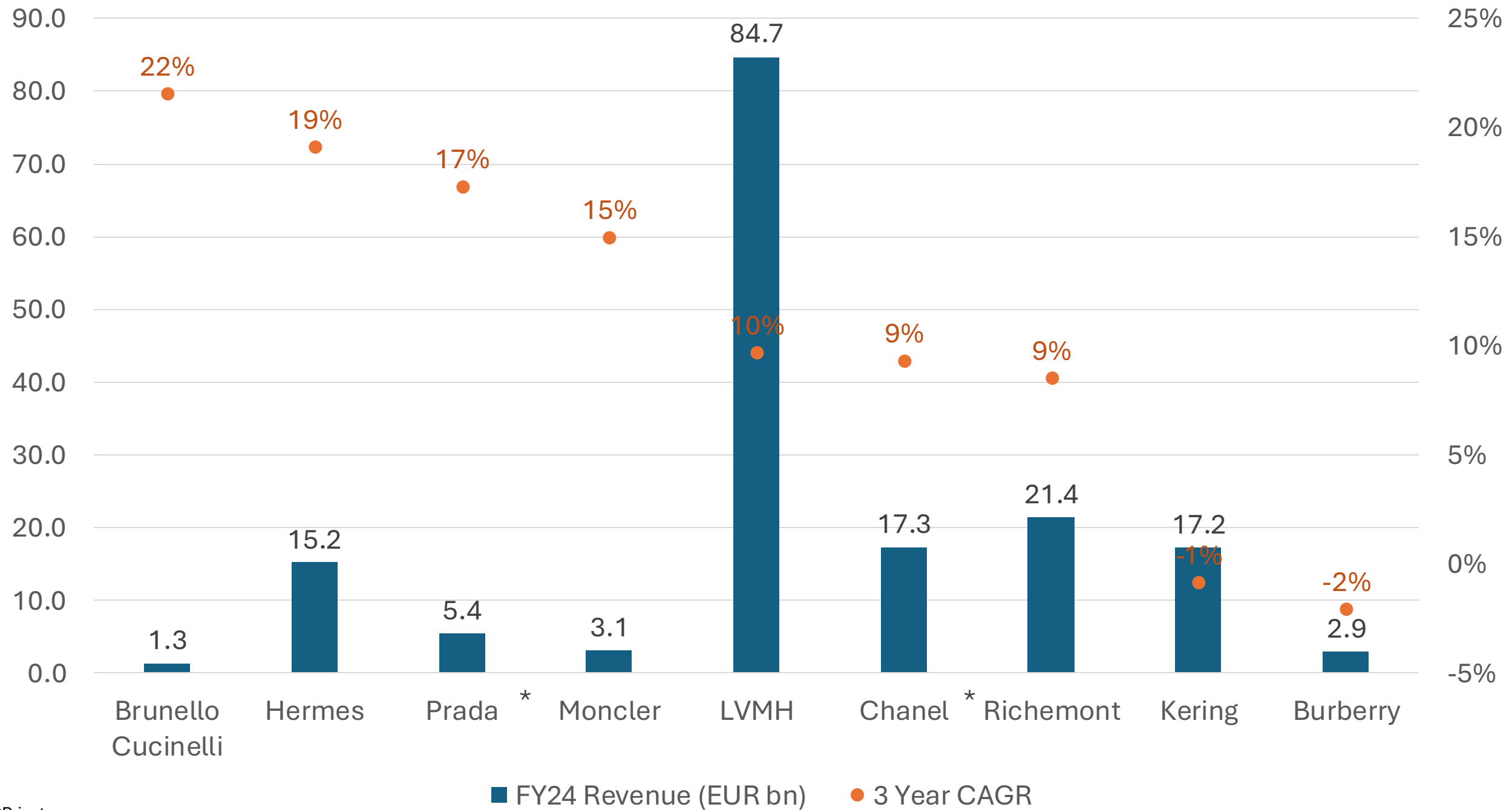
# The Creative Director Reshuffle: Recap



# Kering SA (KER)



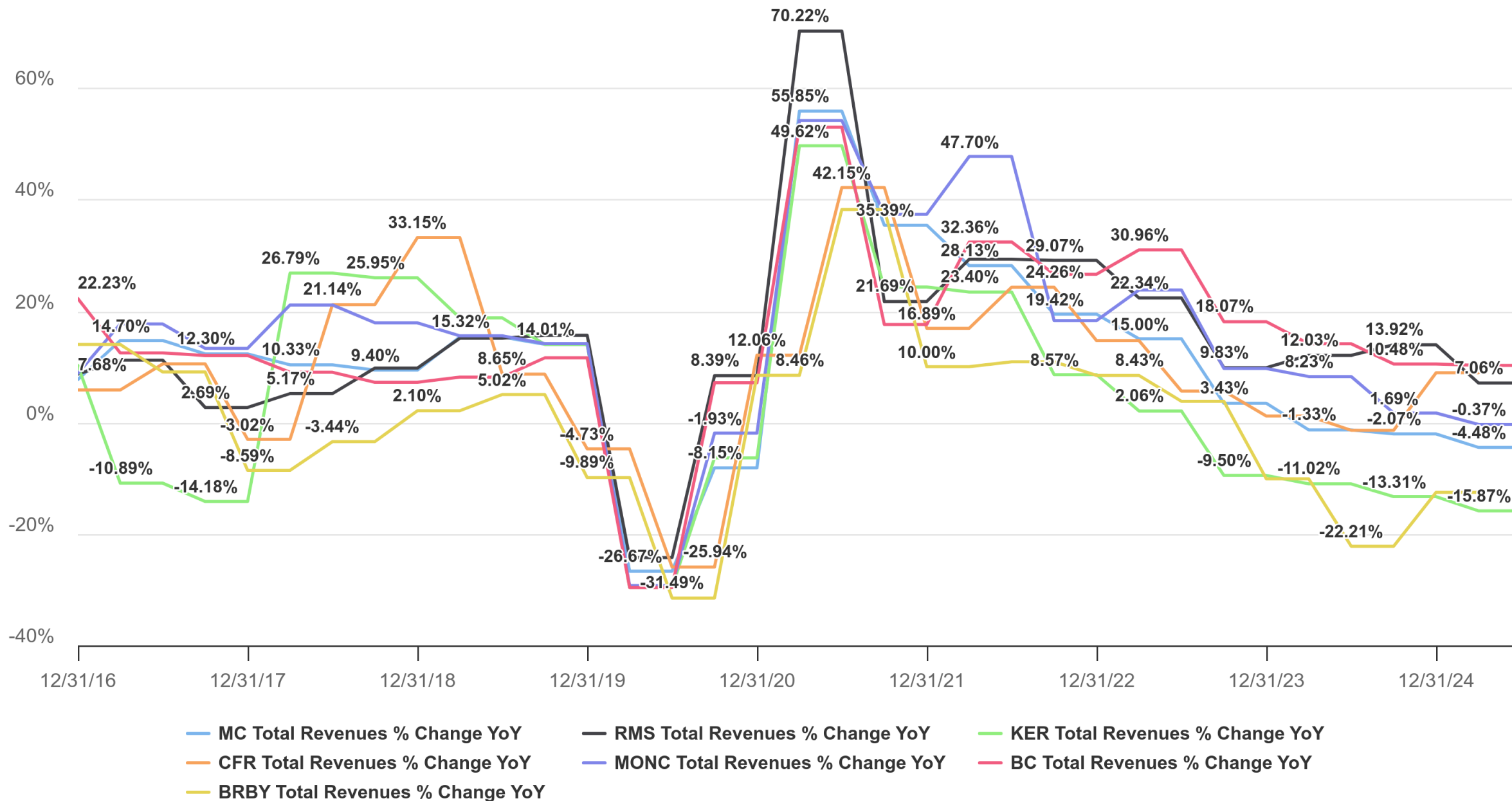




\*Private company  
Source: Company disclosures



# YoY Revenue Growth



Note: MC: LVMH; RMS: Hermes; KER: Kering; CFR: Richemont; MONC: Moncler; BC: Brunello Cucinelli; BRBY: Burberry

**3rd Edition**



# THE LUXURY STRATEGY

Break the rules of  
marketing to build  
luxury brands

**Jean-Noël Kapferer**  
and **Vincent Bastien**



# Anti-Laws of Luxury

Does your product have enough  
flaws?





# INTERIOR FEATURES



## Colin Leather Tote/Crossbody

★★★★★ [664 Reviews](#)

~~\$320.00~~ \$240.0



EXCLUSIVE

## Martini Twist

\$5,795.00

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QTY

—	1	+
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Forget about 'positioning', luxury  
is not comparative



# Can't Beat The Real Thing.



**CHANEL**

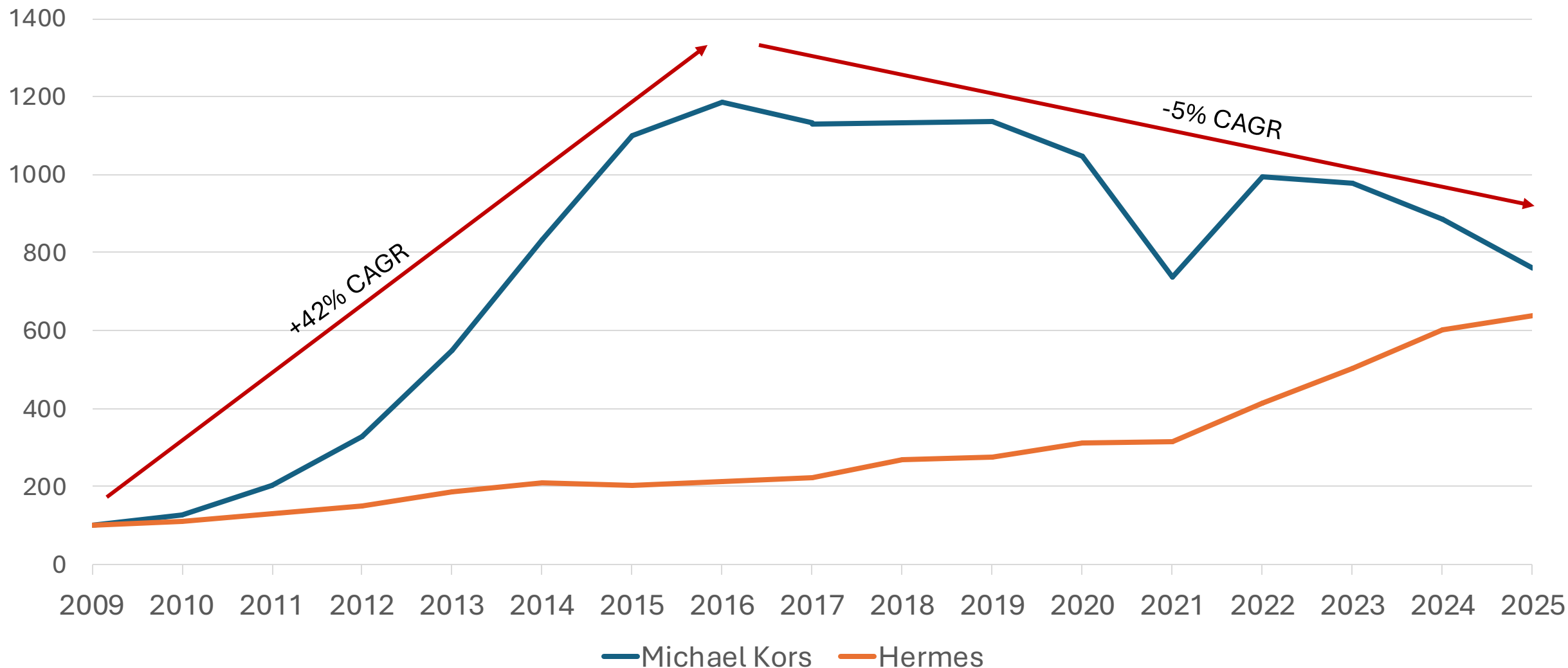




Don't respond to rising demand

# The Perils of Ignoring the Scarcity Principle

Micheal Kors vs. Hermes Indexed Sales (2009=100)



Make it difficult for clients to buy



**meet Bagwati.**



**Birkin 25 – Togo**  
**~ € 8,950**



**Mini Kelly 20 Matte Gator**  
**~ € 30,000**



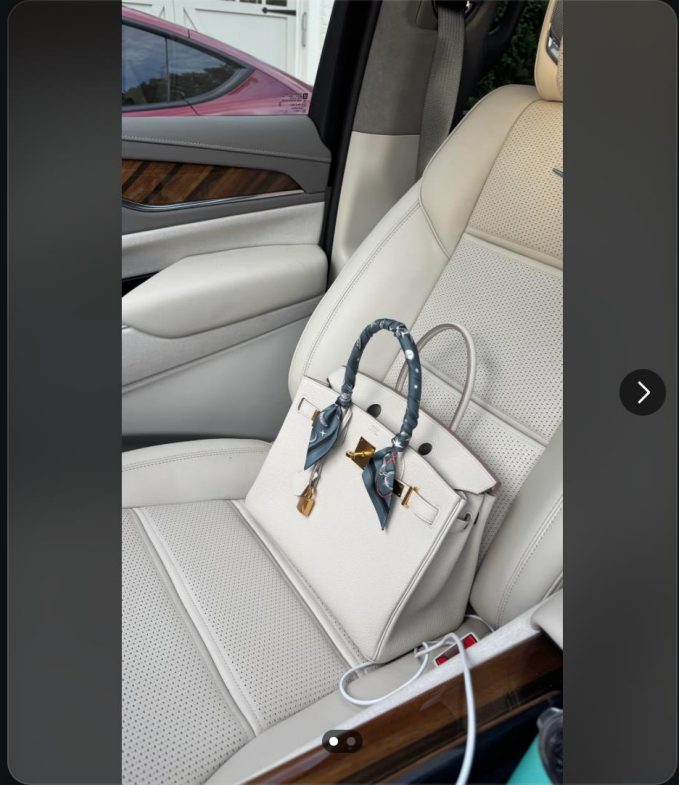


r/TheHermes

r/TheHermesGame · 2 days ago  
Ok\_Concept3805

First QB!

Handbags



r/TheHermesGame

TheHermesGame · 3 days ago  
estyclose-Wasabi854

ed & annoyed

æ Hermes journey for 2 years now and have not been offered a bag yet.  
er 30k on RTW, shoes, fine jewelry, home, and accessories. You name  
æ wishlists multiple times with really only one bag I really want and with  
options and hardware options.

ng wrong? Most I've spent in one visit is 11k. Most visits I spend  
€. I understand I am in a competitive store and genuinely enjoy my SA  
I have bought. However, the wait is feeling a little too long. My SA has  
get me everything I wanted even when certain items had a long wait  
t feel like they're totally leading me astray but I'm running out of items I  
it to buy.

ed it to my SA multiple times and they are very apologetic but  
should throw in the towel and try at a different store or to stick it out.

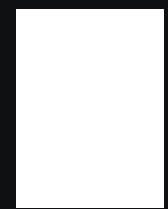
r/TheHermesGame · 2 days ago  
StandardSimple9919

Do I need to buy a non-QB as part of my pre-spend?

Handbags

Hi, new to the game here! 🙋 I just met with a wonderful SA this weekend at the Meatpacking store in NYC while my husband and I were shopping and we hit it off immediately. We chatted for almost an hour while looking at dinnerware, SLGs for my husband, and I got a peek at a Picotin that wasn't for me but my SA kindly let me try on for size. I was originally thinking I'd buy a Picotin as part of my pre-spend to get my dream bag (Birkin Togo 30!) but I've been thinking about it more and I'm just not in love with the Picotin, or any other bag for that matter. My heart is simply set on th Birkin, and I'm really particular with my bags. There's plenty I'm happy to buy in othe departments (jewelry, RTW, SLGs, shoes, homeware, etc) but do I need to buy a noi QB as part of my pre-spend? Or is it possible that my first bag purchase would be a Birkin that's offered to me?

Also — side question! After spending such a lovely time with the SA, he said he'd te: me as he has my number from when he looked up my account (I've bought a couple of scarves in Europe and bought a hand towel once as a gift at the Madison Ave sto: in NYC) but I never got a text from him. This happened to me once before with an S. at the Madison Ave store. Is this normal? Should I go back and try to connect with him again?



r/TheHermesGame · 2 days ago

Hermes C

? Questions

I have spent over 3 pairs of womer cup, 1 pair of gol: fashion bracelet,

I have my eye on necklace and a p SA's openness, it

Is this the same s that have a 1:1 pr

I owe this thread a ton for sharing all your favorite colors, leathers.. purchases etc!

I started my Hermes journey December of last year and have spent about 1.7:1. I've bought shoes, jewelry, scarves, home ware (tea set & tray) and was recently invited to a RTW event wear I purchased a cashmere sweater and bomber. The call came a week after the RTW event.

I've had a wish list with my SA for a while but just said neutrals. We didn't discuss this color but I am SO glad this is the one she offered!! I am truly in love.

Beton Birkin 30 GHW!! I rushed to the store the day after she texted.

13

557 57 Share

Protect clients from non-clients, the  
big from the small



The image shows a modern, minimalist interior space, likely a retail store or a high-end residential setting. The room features a large, round wooden dining table with six white upholstered chairs. A large, ornate crystal chandelier hangs from the ceiling. The walls are a mix of white brick and smooth white panels. Large windows on the left side offer a view of a city skyline. A built-in white brick shelving unit holds various decorative items, including books, a plant, and framed art. In the background, a large black wall features a mounted television and a fireplace. The floor is made of light-colored wood. The overall atmosphere is warm and sophisticated.

New York

Casa Cucinelli



# Don't pander to your customers' wishes

There are 2 ways to go bankrupt: Not listening to your client, but also listening to them too much

# Communicate to those whom you are not selling

Luxury has two value facets:

Luxury for oneself

Luxury for others

The presumed price should  
always seem higher than the  
actual price

Raise your prices as time goes on  
in order to increase demand

Keep stars out of your advertising



Don't relocate your factories

# LVMH

**MCap: €246.6Bn**

Multi Brand

- Revenue: €82.8bn
- Operating Margins: 21.6%
- Net Profit: €10.9bn
- ROCE: 15.7%
- P/E: 22.5



**MCap: €214.3Bn**

Single Brand

- Revenue: €15.7bn
- Operating Margins: 41.2%
- Net Profit: €4.4bn
- ROCE: 34.6%
- P/E: 47.89

The image features a dark brown background with a repeating pattern of the Louis Vuitton monogram in a lighter brown color. The monogram consists of the letters 'LV' inside a diamond shape, which is further enclosed by a circle with a cross inside. The pattern is dense and covers the entire background. In the center of the image, the letters 'LVMMH' are written in a large, white, serif font. The letters are bold and have a classic, elegant appearance. The 'L' and 'V' are connected, as are the 'M' and 'H'. The overall composition is centered and balanced.

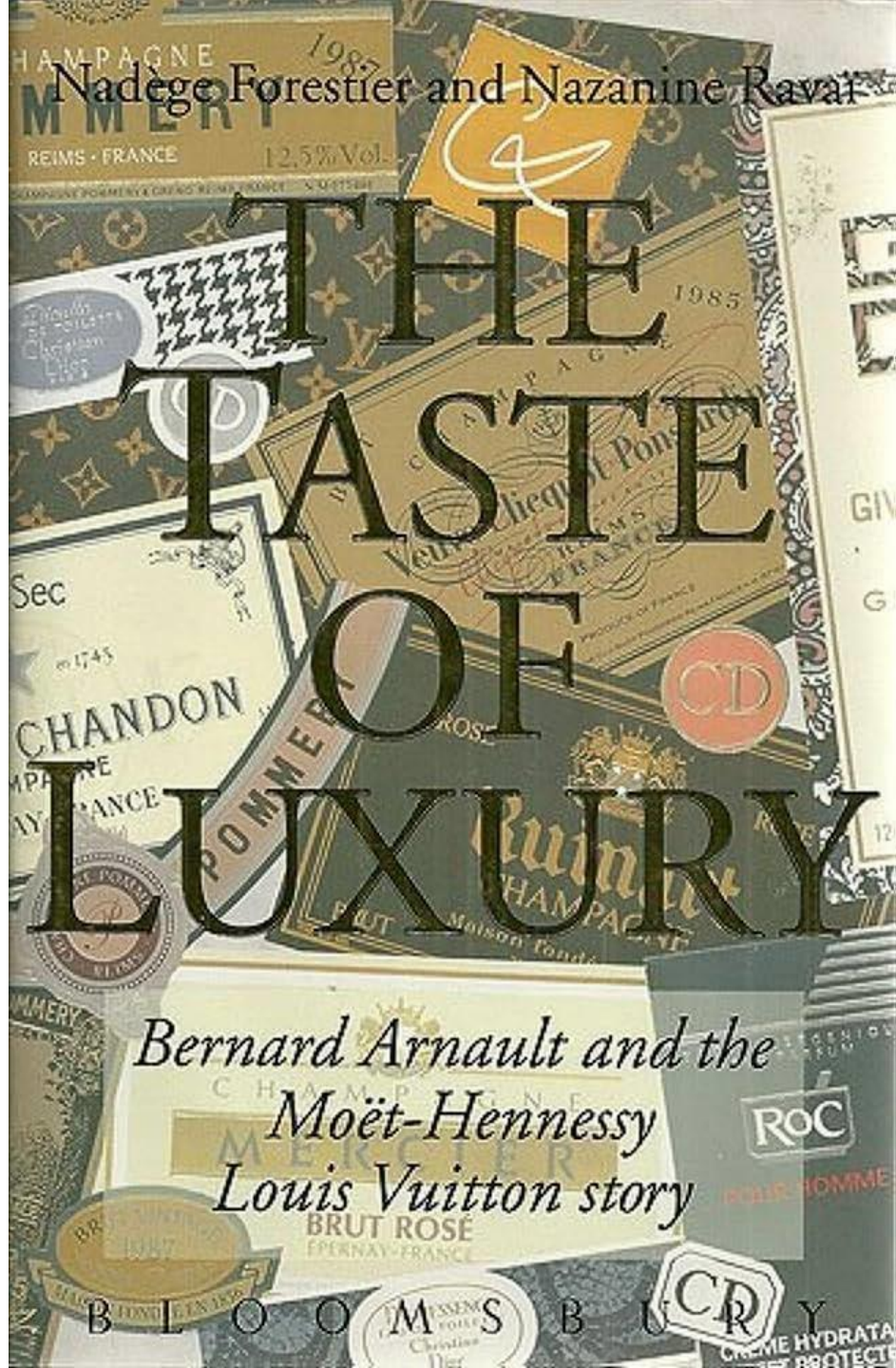
LVMMH



# The Wolf in Cashmere







Businessweek | The Big Take

# The HOUSE of ARNAULT

His company, LVMH, bought up many of the world's major luxury brands. And he's not finished shopping.

BY BRAD STONE AND ANGELINA RASCOUET

PHOTOGRAPHS BY RUVEN AFANADOR

June 25, 2024 at 5:00 AM GMT+5:30









# LVMH Strategy

- Acquire high quality brands and create synergies
- Vertical integration
- Leverage economies of scale
- Digitalization
- Collaborations



# Current Challenges

FT Financial Times

## Moët Hennessy's crisis: dubious deals, soaring prices and hubris

Moët Hennessy, the wine and spirits empire owned by France's LVMH, went from generating €1bn in cash in 2019 to burning through €1.5bn last year.

13 May 2025



WSJ The Wall Street Journal

## China's Love Affair With Luxury Has Cooled

LVMH, Kering see double-digit declines in Asia, hurt by economic slowdown and irritation at high prices.



CNN CNN

## Dior to pay \$2.3 million to help victims of labor exploitation after investigation in Italy

Dior has agreed a number of remedies to settle an Italian competition authority investigation into whether the luxury brand and two of its...

21 May 2025



F Forbes

## Italian Court Reprimands Loro Piana Over Worker Abuse Allegations

Loro Piana is the fifth luxury brand implicated in Italy's crackdown on unethical subcontracting, revealing systemic issues in the...

1 month ago



# Succession???



Delphine Arnault (50)



Antoine Arnault (47)



Alexandre Arnault (33)



Frédéric Arnault (29)



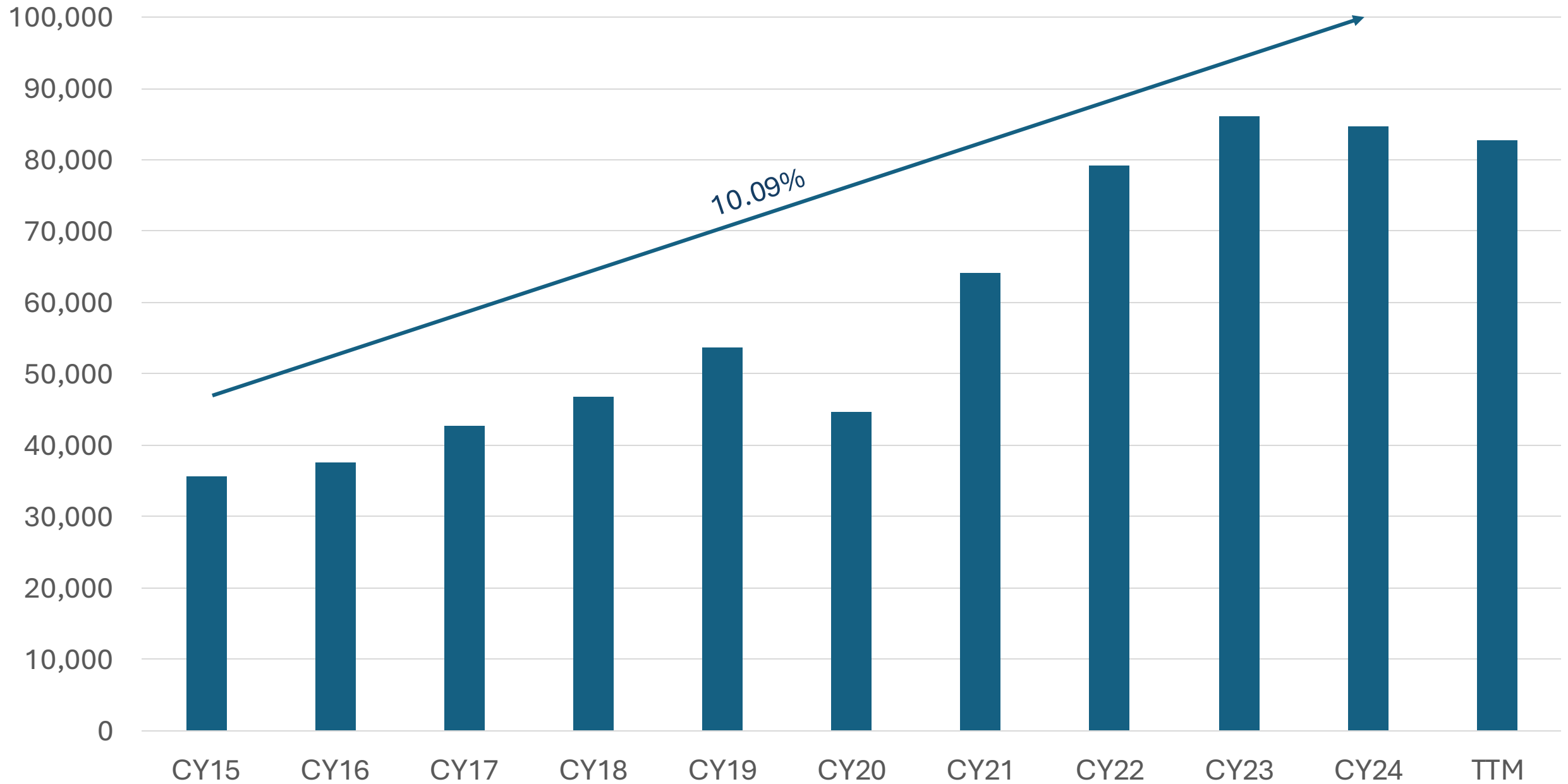
Jean Arnault (26)





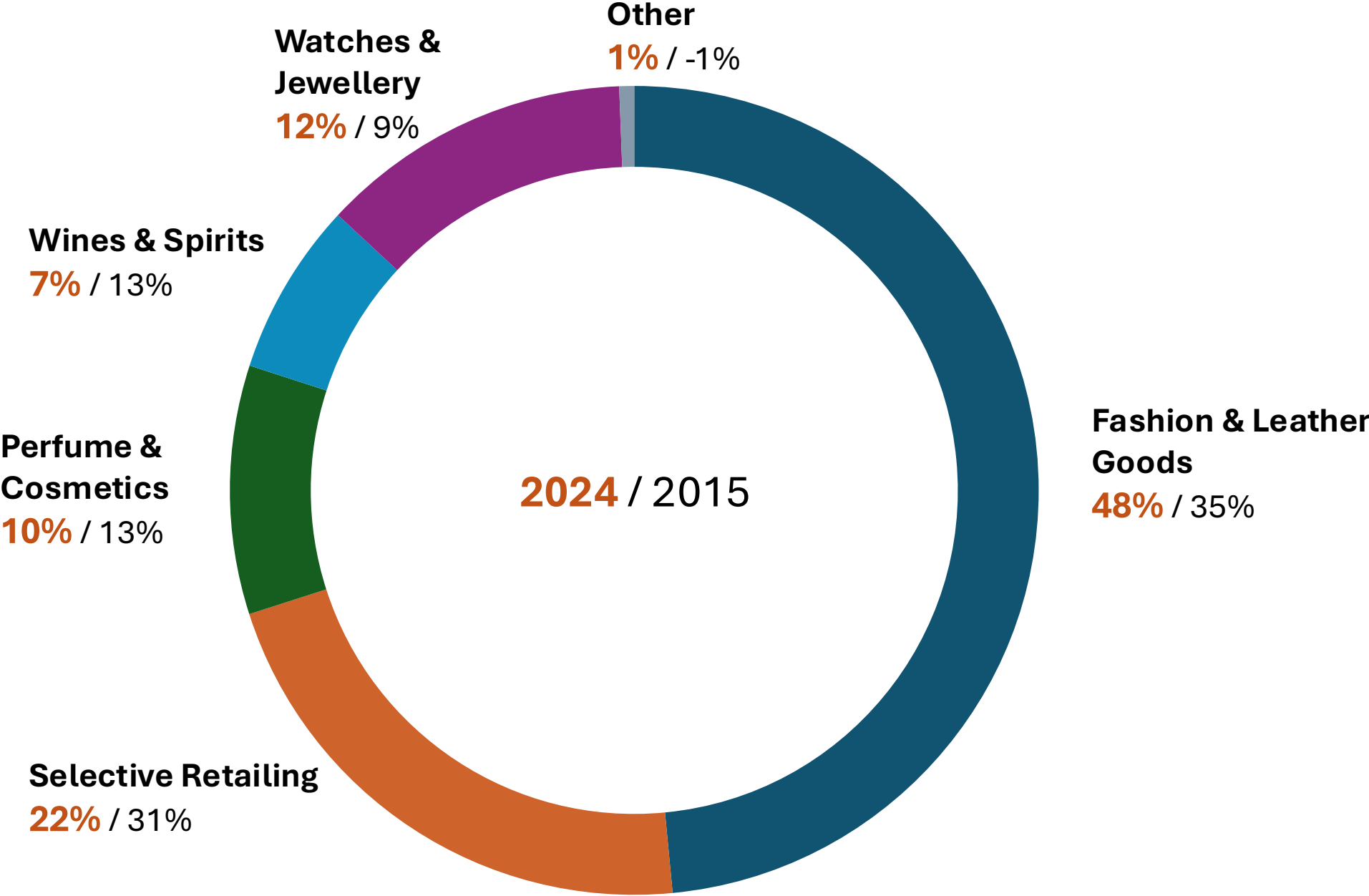
# Iconic Designs

# LVMH Revenue (in EUR mn)



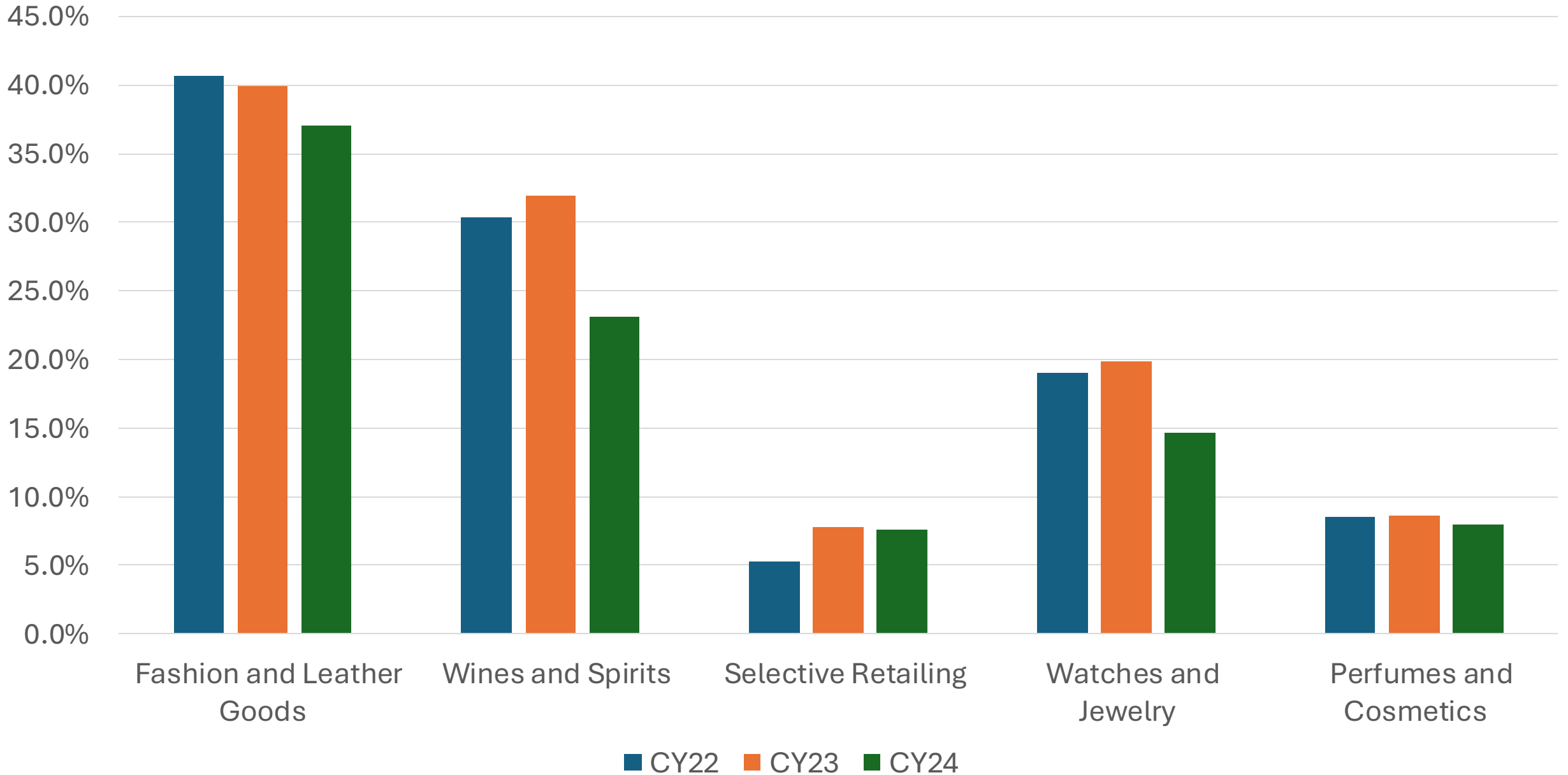
Source: Company disclosures

# LVMH Revenue by Sector



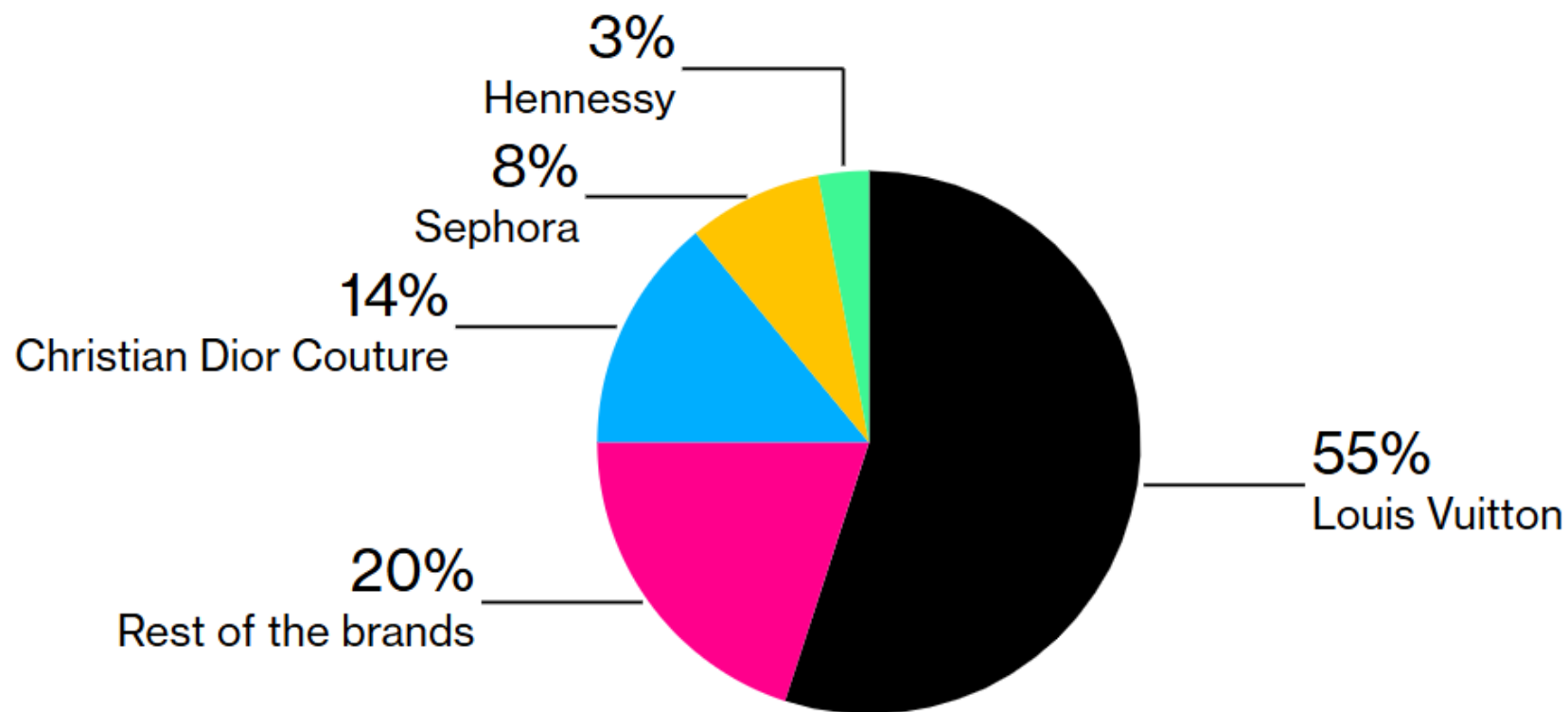
Source: Company disclosures

# LVMH Margin by Category



# Heavyweights

Four LVMH labels likely generated 80% of group profit last year

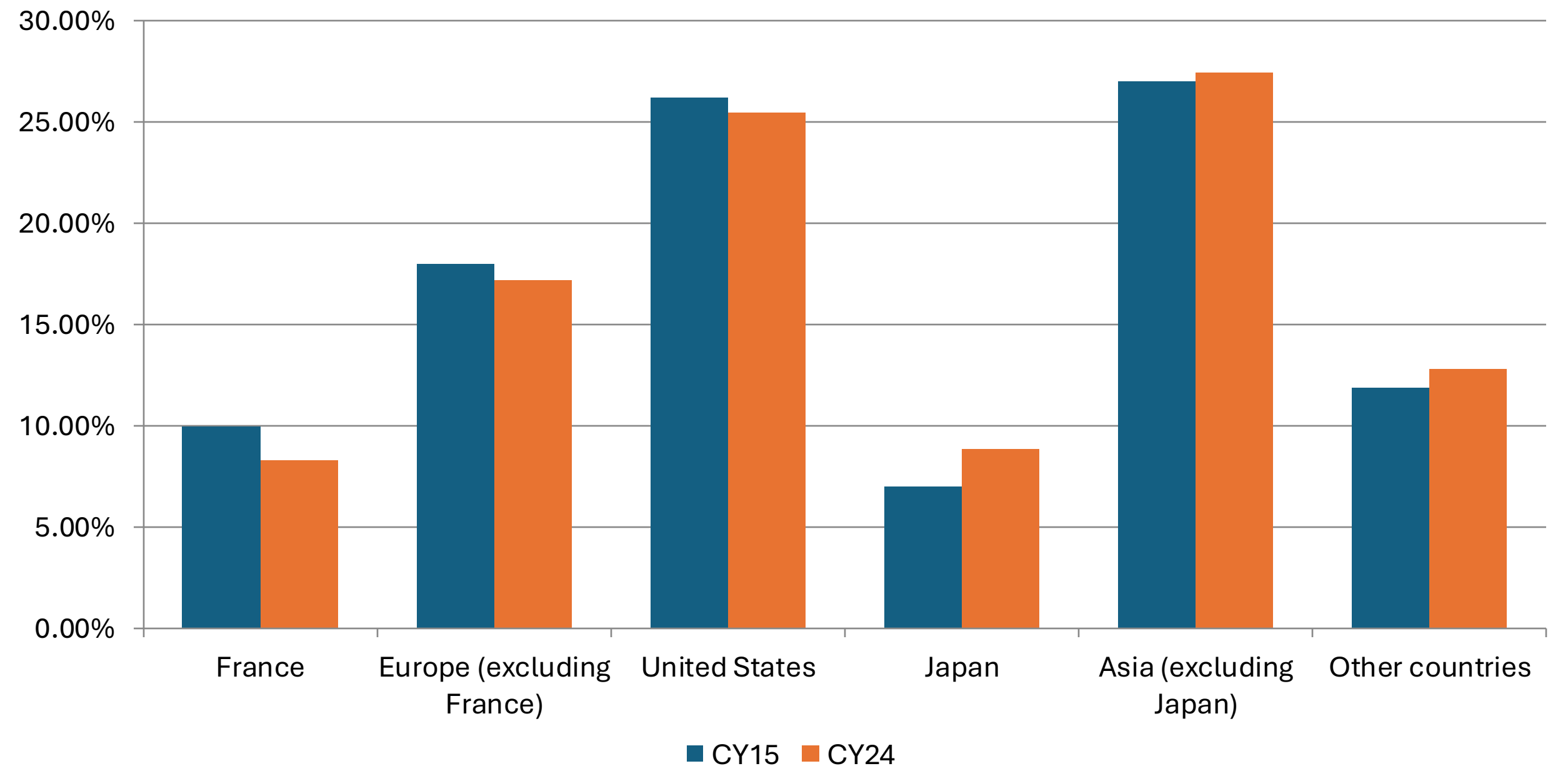


Source: HSBC estimates for the four labels' contributions to group earnings before interest and taxes for 2024

Note: LVMH doesn't provide financial performance by brand

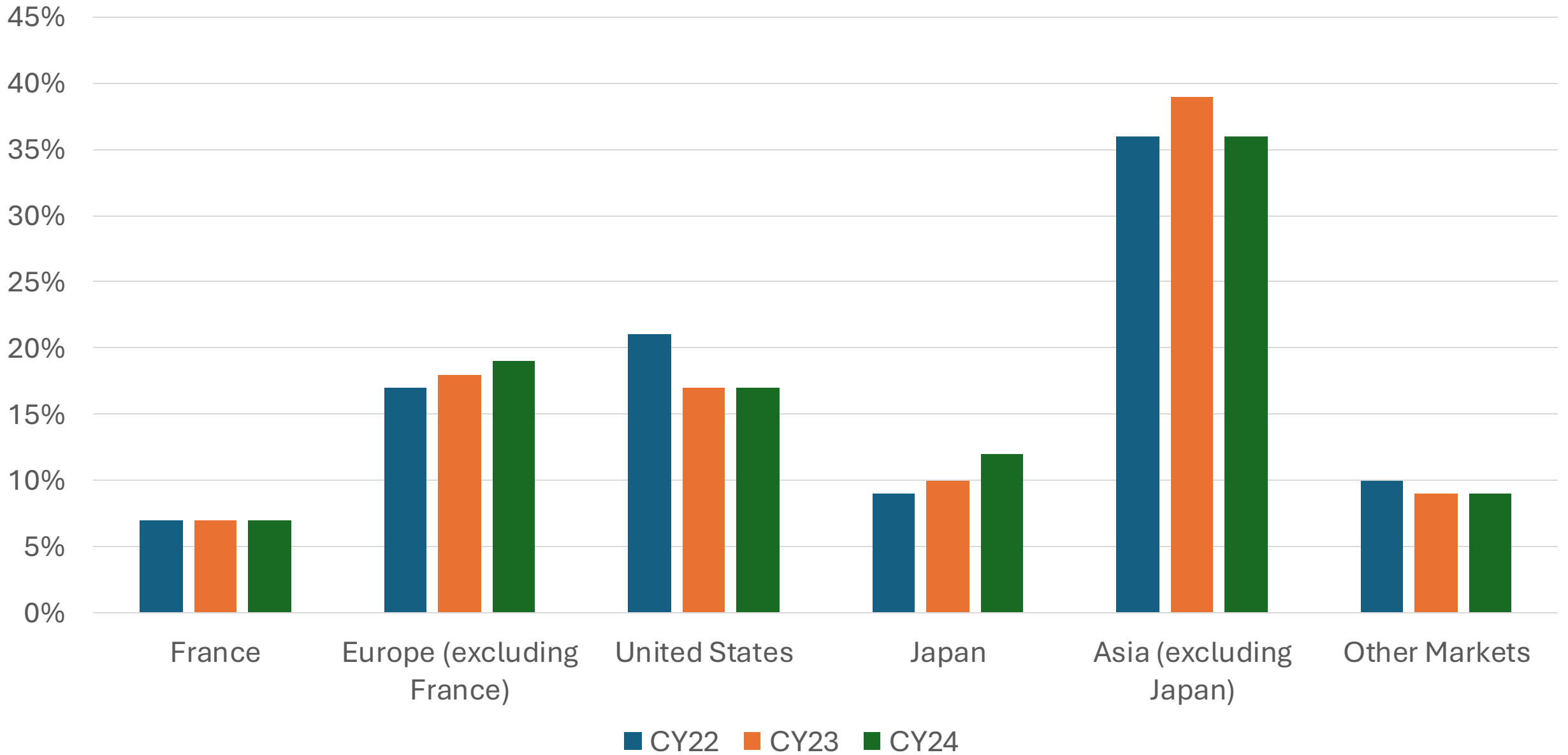


# LVMH Revenue by Geographic Activity



Source: Company disclosures

# F&LG Revenue By Geography



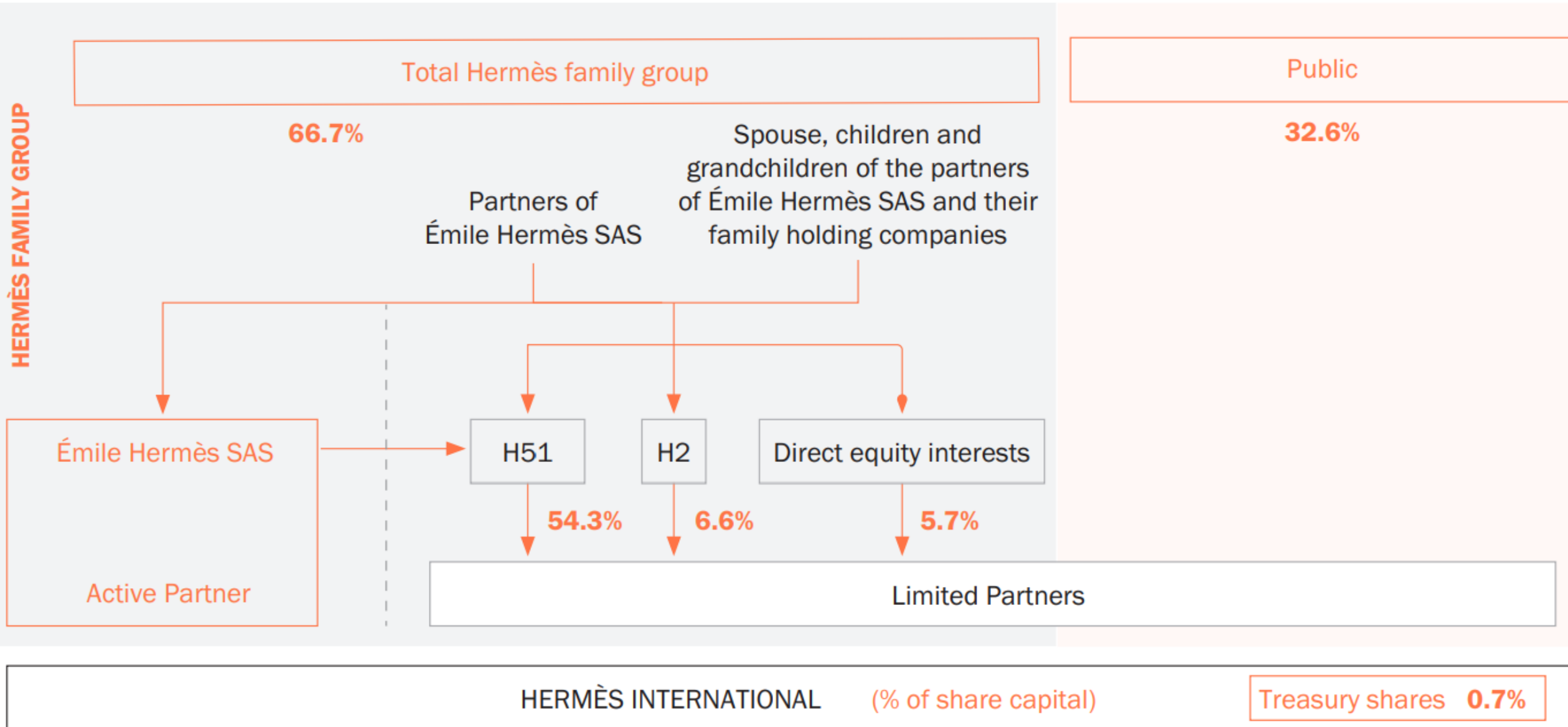


HERMÈS  
PARIS

# Six Generation of Legacy

- **Thierry Hermès** – Founded Hermes in 1837 as a harness and saddle workshop
- **Charles-Émile Hermès** – Moved the workshop to 24 Rue du Faubourg Saint-Honoré, where it remains the company's global headquarters
- **Émile Hermès** – Took the company global, introduced RTW and the first leather bag
- **Robert Dumas** – Son-in Law of Emile – The Kelly bag and Hermès Scarf became an icon
- **Jean-Louis Dumas** – Created the Birkin
- **Alex Dumas** (Chairman) & **Pierre-Alexis Dumas** (Artistic Director)
- Other Descendants – Guerrand, Puech, etc.

# Hermes Group Structure





# Value Chain Visualized



# Collectibles



Sold at auction for 230,000\$



Sold at auction for 450,000\$





## The Original Birkin Bag Sells for \$10.1 Million at Auction

A private collector from Japan bought the prototype made for and owned by Jane Birkin

Sotheby's

# Hermes Strategy

- Craftsmanship tradition & quality
- Exclusivity & desirability
- Mono brand distribution
- Pricing power
- Vertical integration

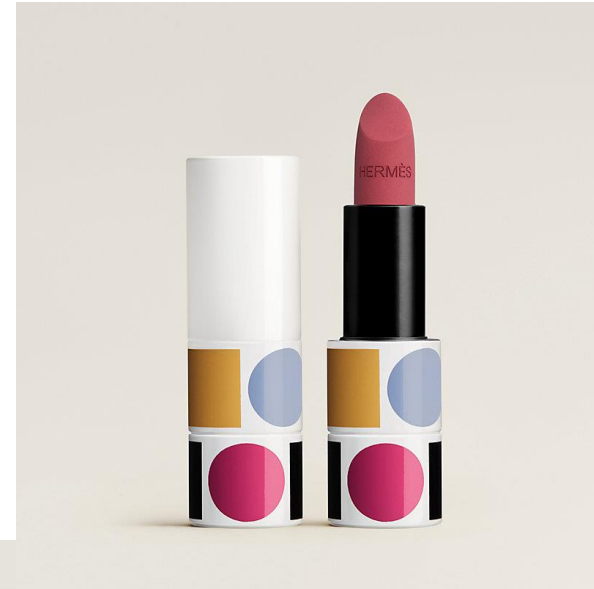
# Brand Stretching



Mini Kelly 20  
Matte Gator  
~£30,000



Oran sandal  
£610



Light matte lipstick  
£66



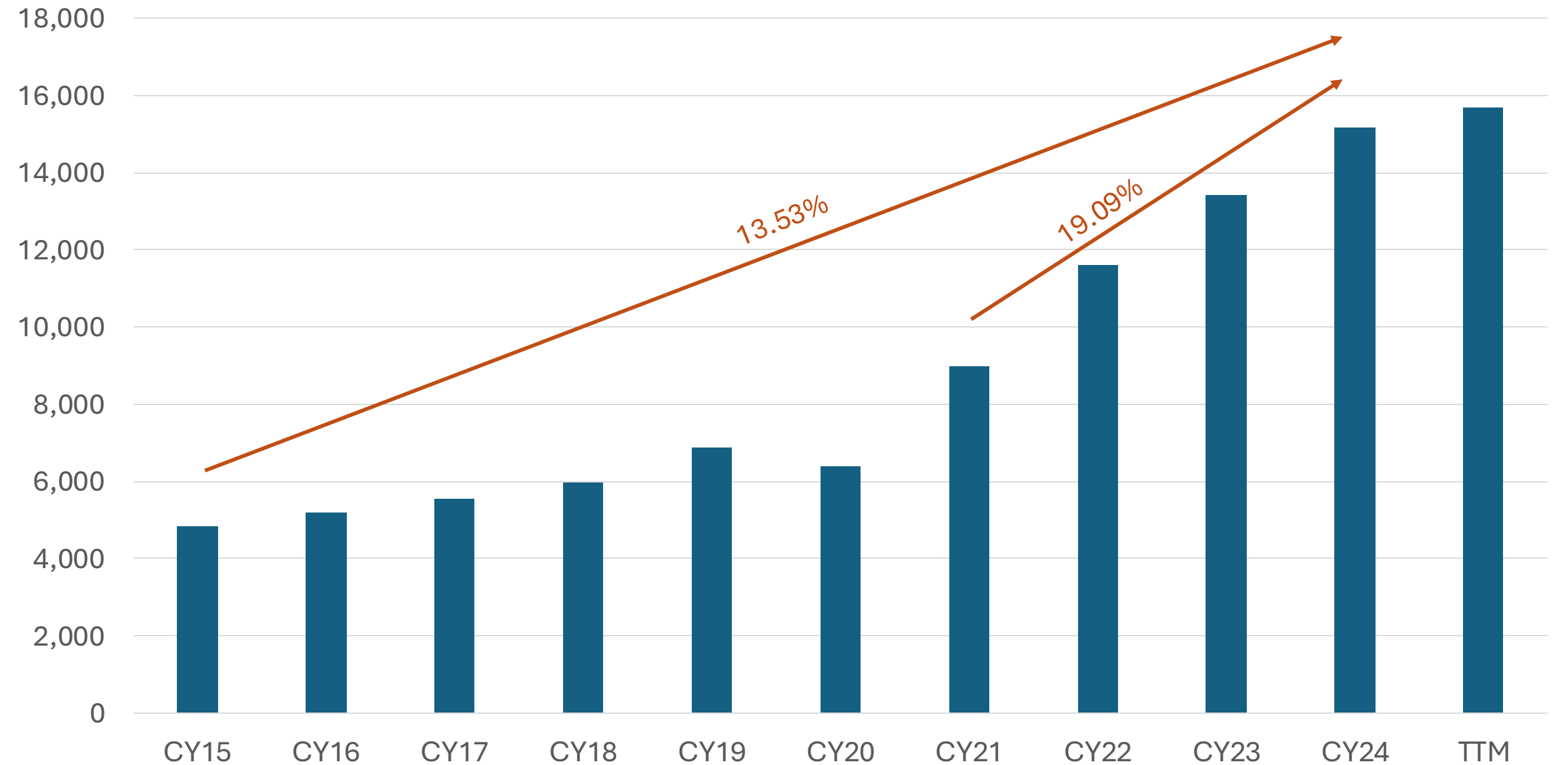
"Palefroi Remix" buttoned long dress  
£6,170



Academia Hippica scarf 90  
£470

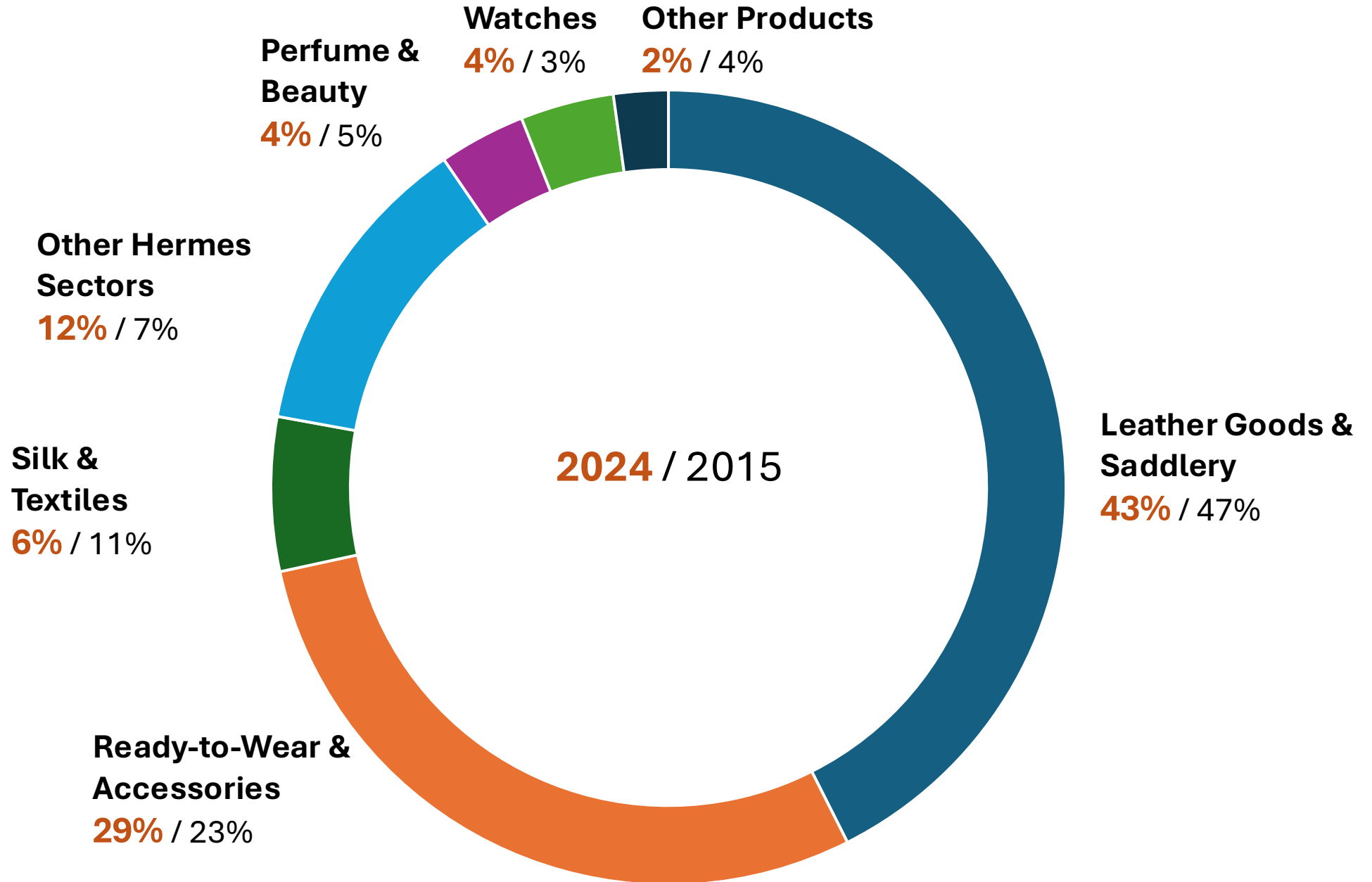


# Hermes Revenue (EUR mn)

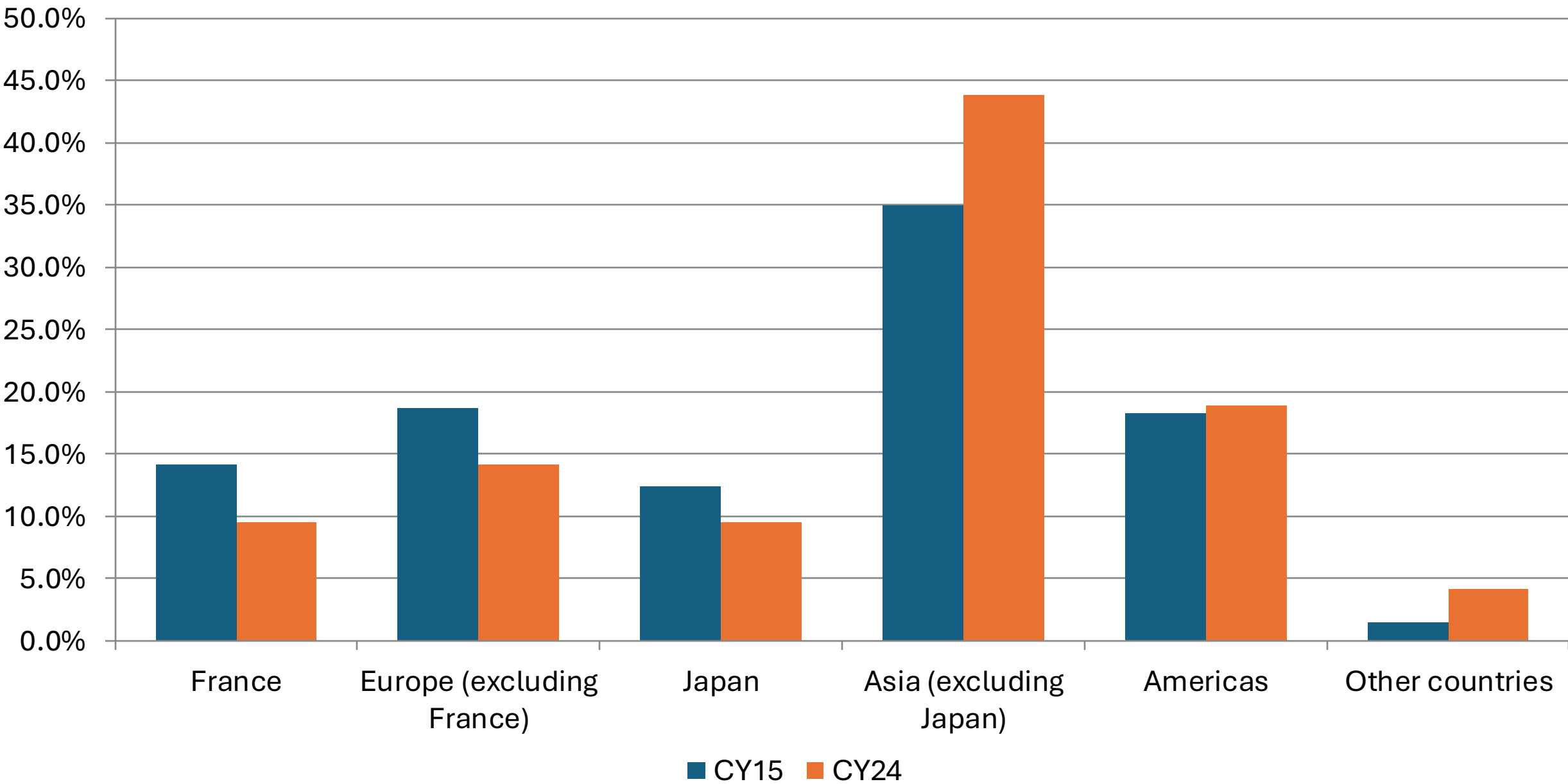


Source: Company disclosures

# Hermes Revenue By Sector



# Hermes Revenue by Geographic Activity



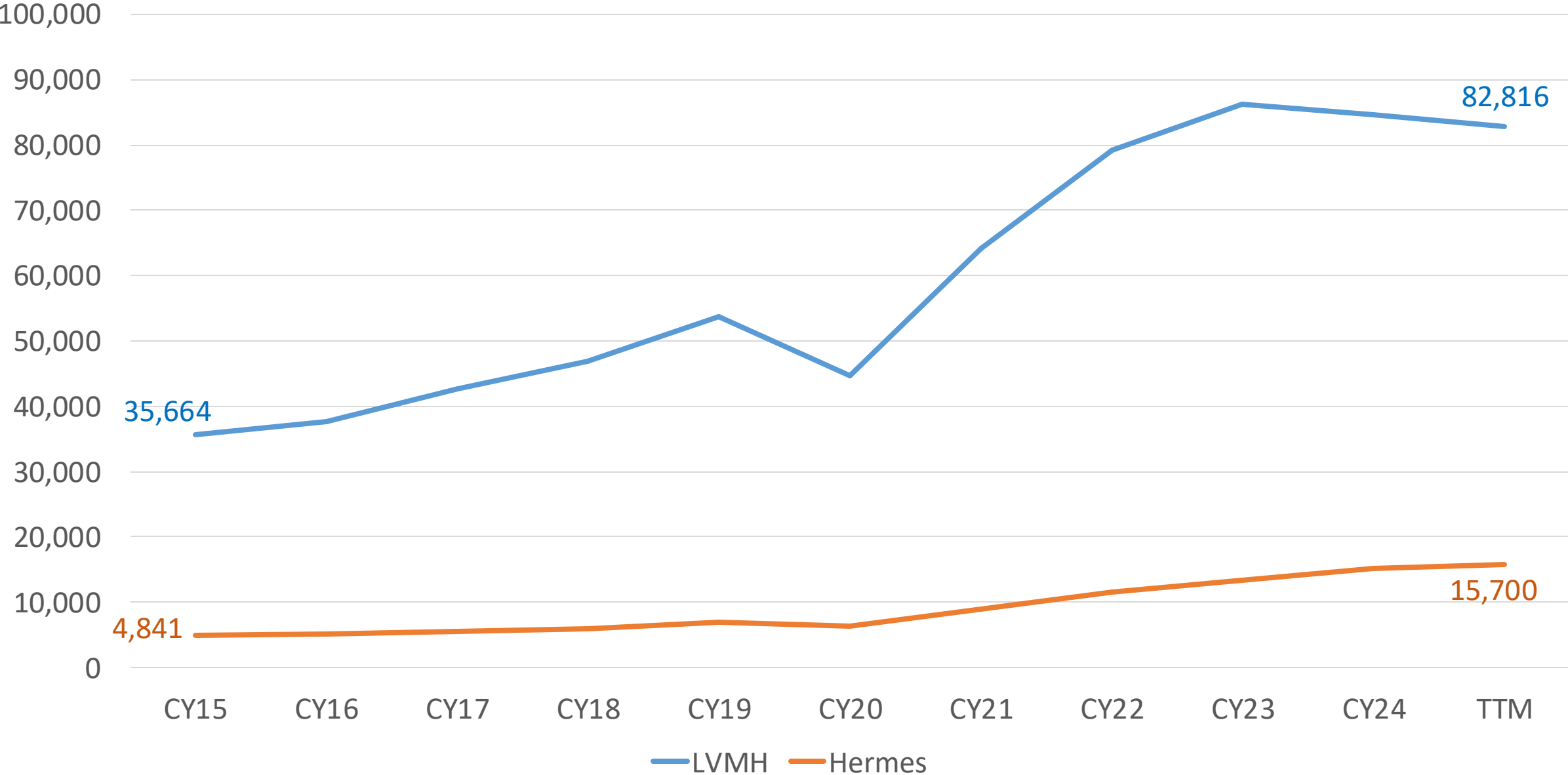
Source: Company disclosures

# Comparative Analysis

LVMH & Hermes

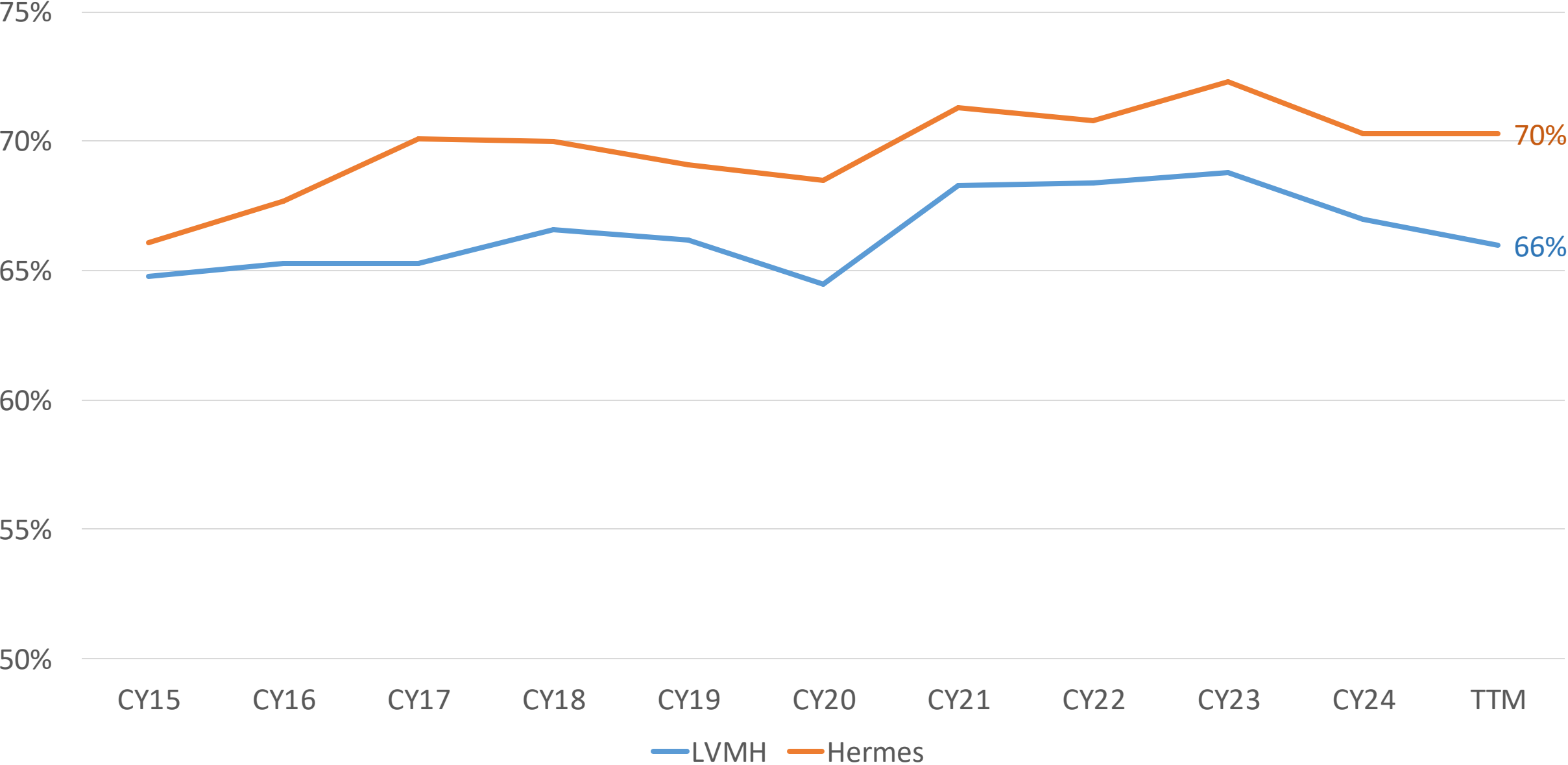


# Revenue (EUR mn)



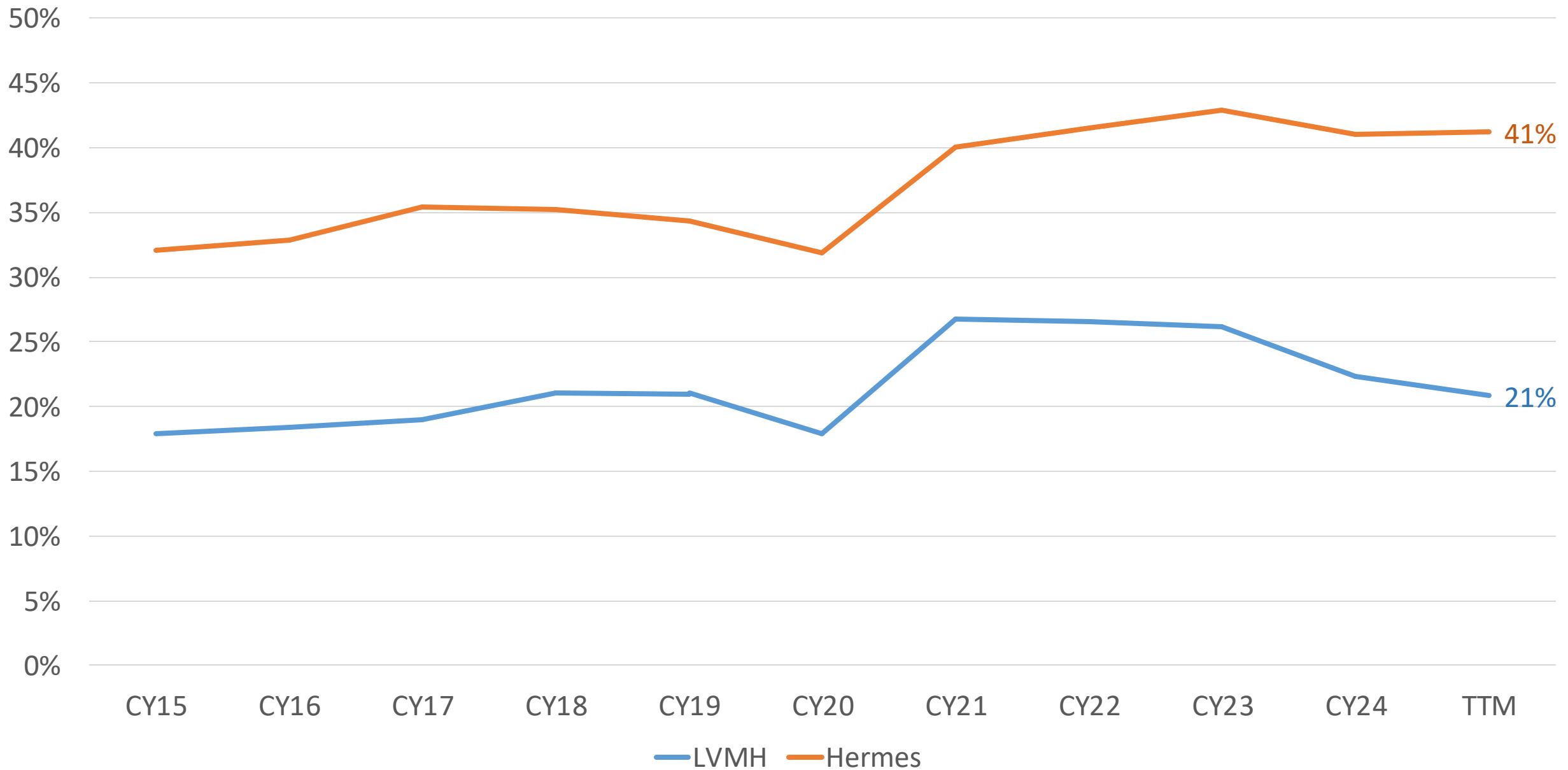
Source: Company disclosures

# Gross Margins (%)

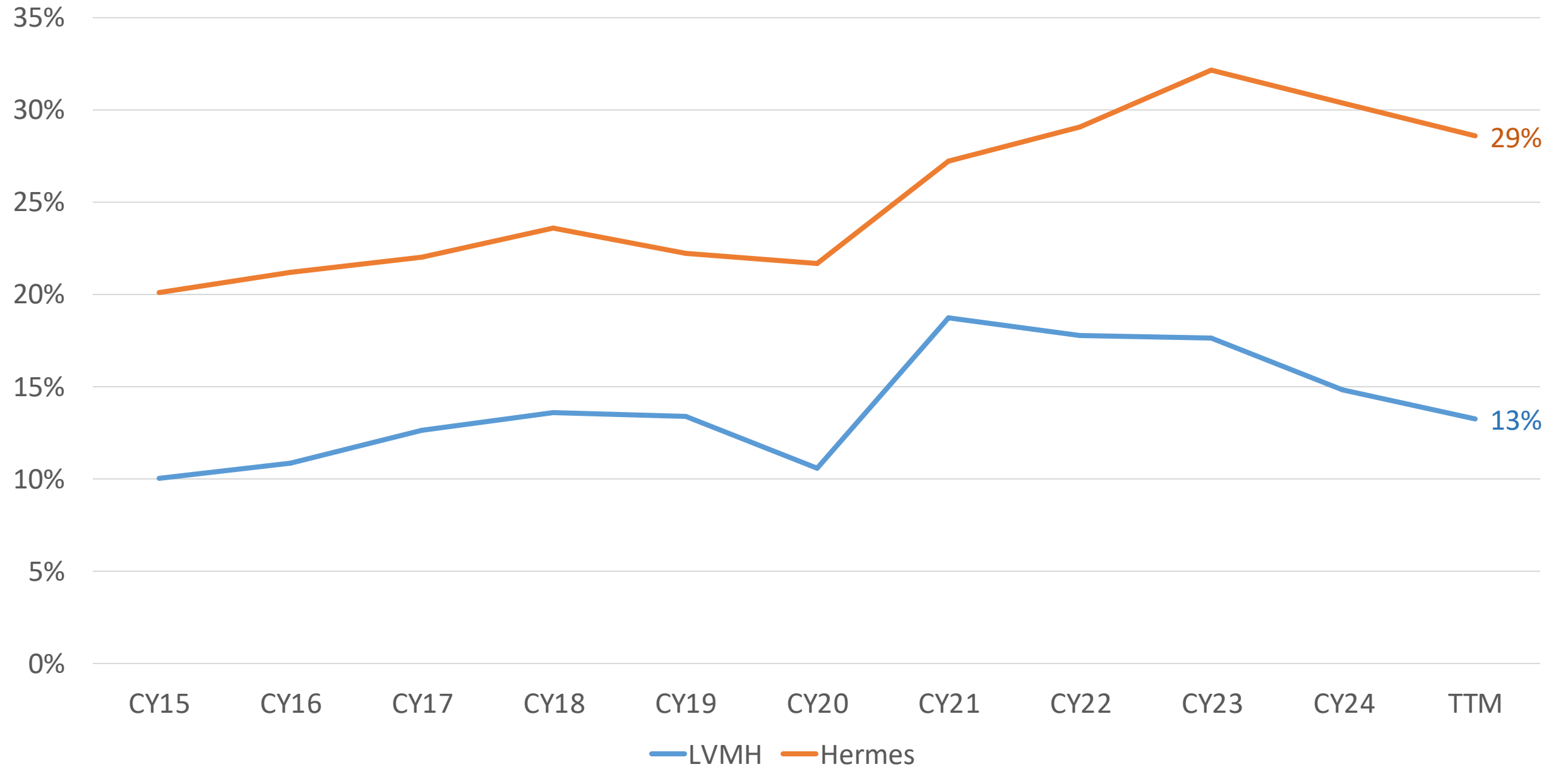


Source: Company disclosures

# Operating Margins (%)

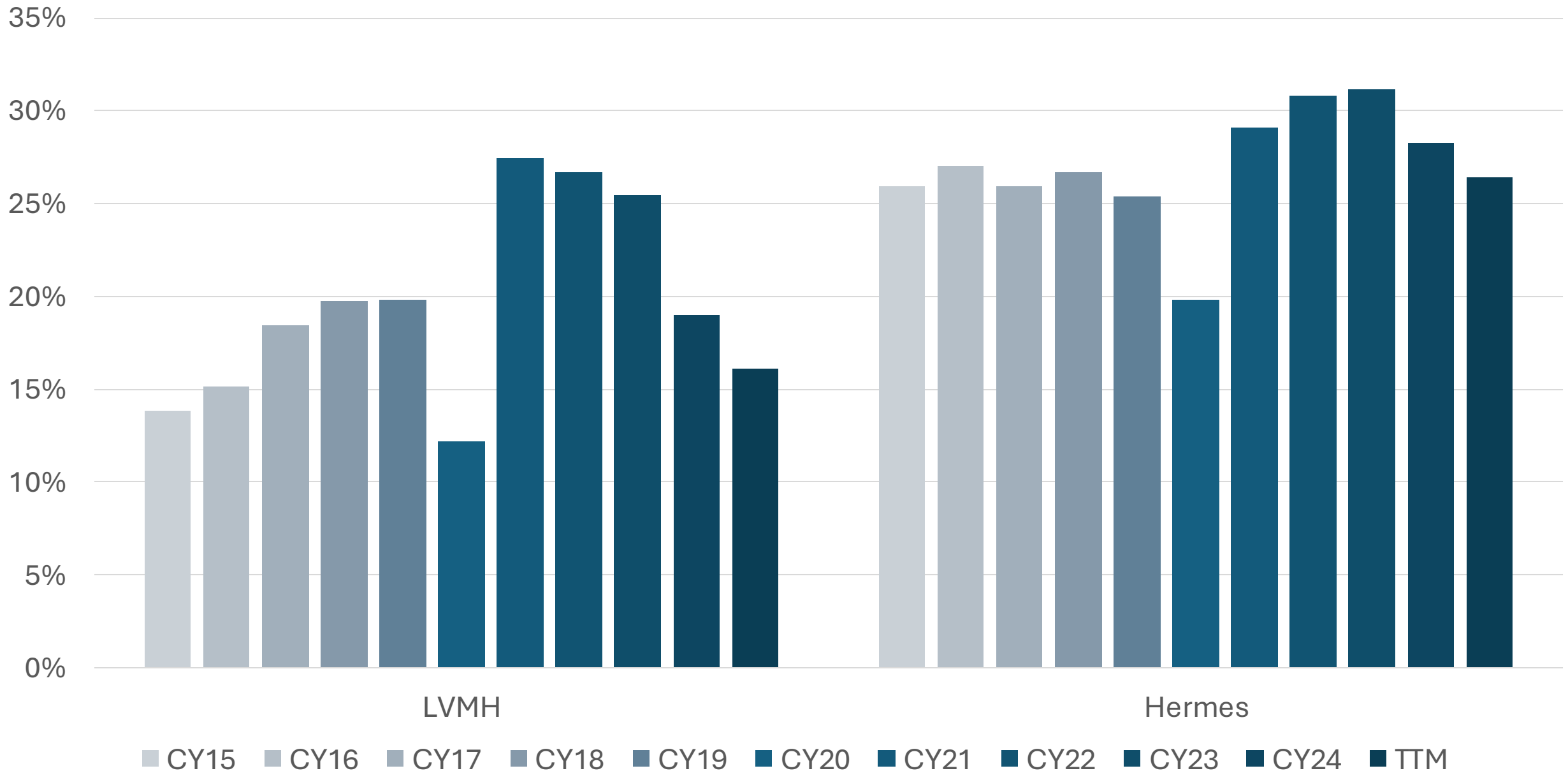


# Net Profit Margin (%)



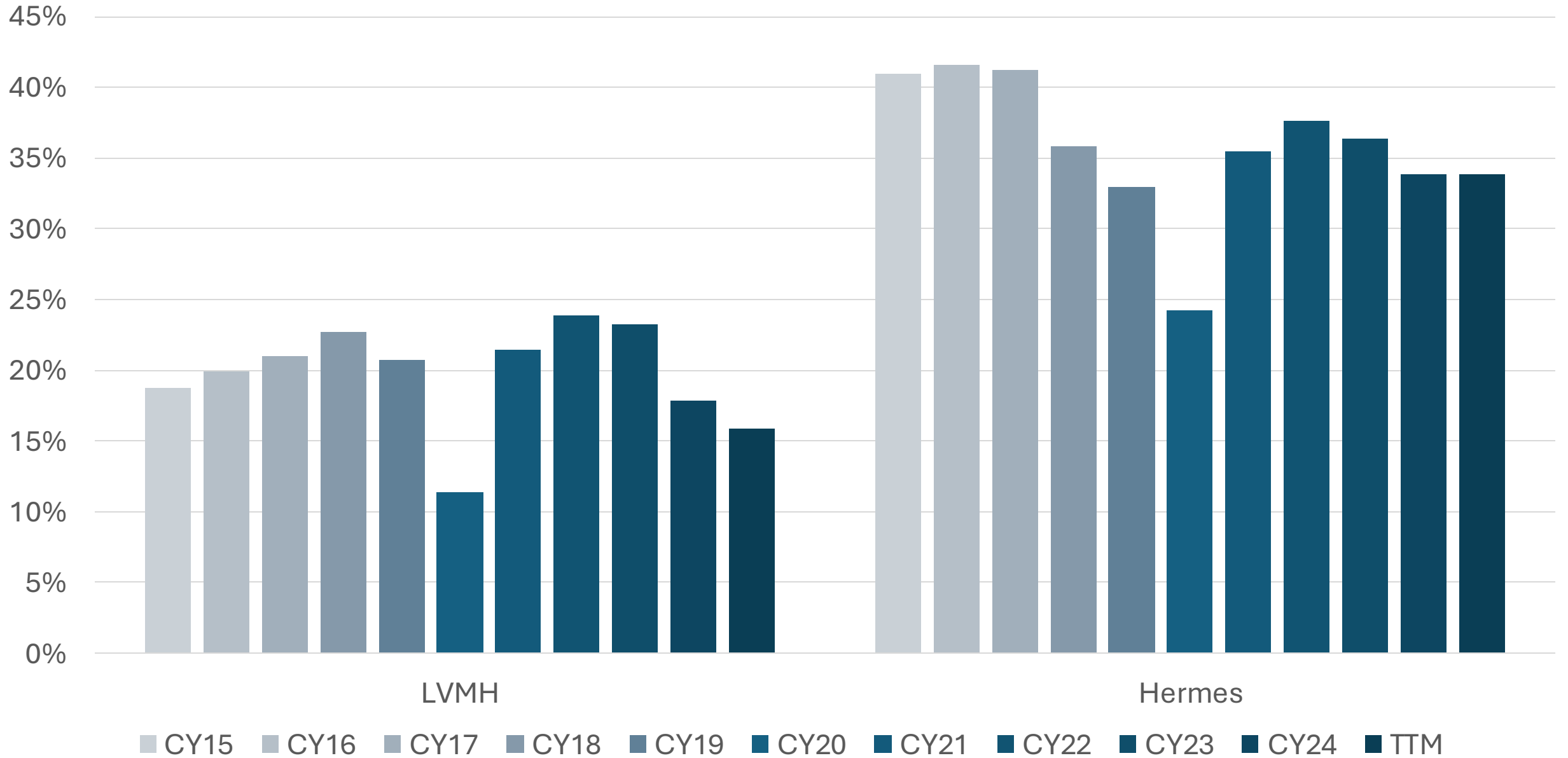
Source: Company disclosures

## ROE (%)





## ROCE (%)



# Comparable P/E

● MC LTM Price / Diluted EPS (P/E): Mean: 28.51x High: 73.74x Low: 11.88x Last: 22.55x  
● RMS LTM Price / Diluted EPS (P/E): Mean: 51.19x High: 98.07x Low: 32.92x Last: 47.89x

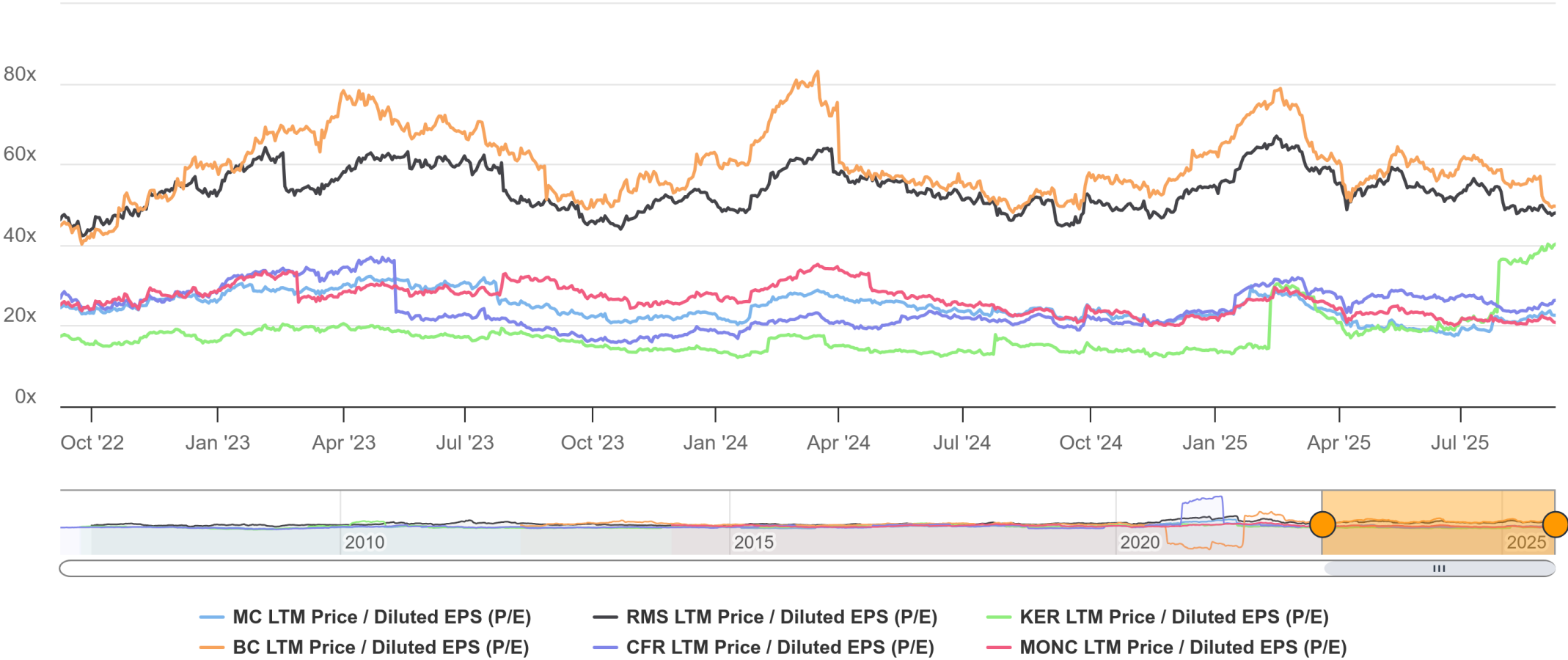
Zoom 3m 6m ytd 1yr 3y 5y 10y all



# Comparable P/E

- MC LTM Price / Diluted EPS (P/E): Mean: 24.62x High: 32.18x Low: 17.42x Last: 22.55x
- RMS LTM Price / Diluted EPS (P/E): Mean: 53.68x High: 66.89x Low: 42.22x Last: 47.89x
- KER LTM Price / Diluted EPS (P/E): Mean: 17.54x High: 40.21x Low: 12.12x Last: 40.21x
- BC LTM Price / Diluted EPS (P/E): Mean: 59.97x High: 82.90x Low: 40.17x Last: 49.54x
- CFR LTM Price / Diluted EPS (P/E): Mean: 24.16x High: 36.92x Low: 15.69x Last: 26.26x
- MONC LTM Price / Diluted EPS (P/E): Mean: 26.45x High: 35.17x Low: 19.99x Last: 20.75x

Zoom 3m 6m ytd 1yr 3y 5y 10y all



# India as the Next Growth Driver?

- Projected to grow from 8 Billion to 14 Billion by 2032 (Kearney)
- Great market response to localized go to market approach
- Substantial increase in UHNI across all of India
- Developing retail infrastructure

# Challenges

- High level of bureaucracy
- High prices
- Indian consumption overseas
- Local luxury culture



How can you play the luxury theme in India?

Questions?