



LUXURY IN THE MIDST OF CHANGE

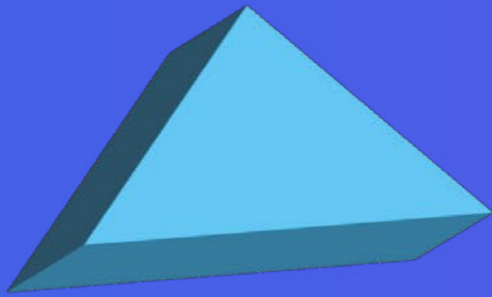
CURRENT CHALLENGES AND
FUTURE PATHWAYS

KPMG. Make the Difference.

2025



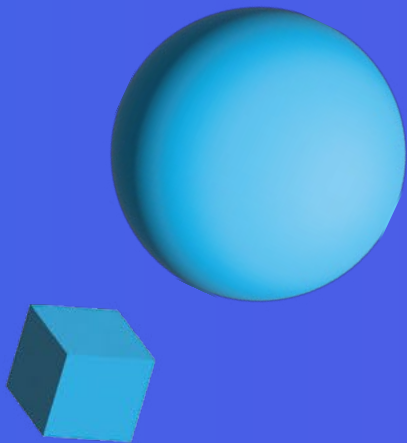
EDITORIAL



For several months, the global luxury industry has been navigating a turbulent period, and this is raising fundamental questions. What is this turbulence a symptom of? Is the industry experiencing a temporary cyclical slowdown or a deeper structural crisis? In this context, Luxury brands must reflect on how they can respond effectively while preparing for recovery and future growth. How can they build greater resilience? Which opportunities should they seize to remain relevant today and high-performing tomorrow? Why and how should they continue to innovate?

To address these questions, we, once again, engaged with a wide range of professionals and experts in the field, including entrepreneurs, analysts, and designers. Beyond data and statistics, which we also draw upon, these diverse perspectives convey lived experience, intuition, and insights from individuals for whom luxury is an everyday endeavor, sometimes spanning generations. We hope their point of view will bring a fresh perspective to a debate that must continually question — and re-question — what makes this industry unique.

Although this industry is still often seen as resisting conventional economic logic, it is today facing unprecedented macroeconomic, cultural, and societal challenges.



GUILLAUME DES ROTOURS

Partner,
Global Head of Luxury
KPMG in France

TABLE OF CONTENTS

01

05 - 28

THE SHORT TERM

Some thoughts on how to deal with current challenges

I. A Pricing Strategy in Need of Review? 07 - 13

II. A New Approach to Profitability and Costs 14 - 23

III. External Growth: Opportunities Ahead? 24 - 28

02

29 - 46

THE LONG TERM

How to prepare for the future?

I. Diversification Strategies or the Expansion of the Luxury Realm 31 - 34

II. Traditional Players and Newcomers...
How is the Luxury Industry Reinventing Itself? 35 - 42

III. Second-Hand Luxury: Risk or Growth Lever for Luxury Maisons? 43 - 46

INTRODUCTION

While up until recently, nothing seemed to be able to hinder the growth of luxury goods, the sector is currently experiencing a period of turbulence. There are half-hearted results, a downturn in Asian markets, and consumers who are increasingly difficult to win over. All signs indicate that the idyllic period for major brands in the sector, that began in the aftermath of the pandemic, is coming to an end.

In 2024, sales of luxury goods declined for the first time since the pandemic. With the exception of ultra-luxury products, such as watches and jewelry – for certain brands – all products are affected. Early 2025 results confirm this trend. Luxury brands are caught in this turmoil and are being forced to rethink their strategies, although they are affected to varying degrees. Amidst numerous changes in artistic direction, and governance and strategic shifts, each company is seeking its own path to cope with the slowdown and prepare for the "aftermath", which, according to sources and involved parties, is expected to begin in late 2025 and continue through 2027.

How can they bounce back? What strategic choices should they make in the short term? How can they cope with the current turbulence without compromising future growth? Which opportunities should they seize? How can they win back a sometimes-disenchanted clientele? How can they gain new market share? Should they focus on affordable luxury, or reinforce their image of exclusivity? Should they embrace innovation or return to their roots?

This 2025 edition of our study on the luxury sector seeks to explore these questions.

The study is structured around two distinct timeframes, and reflects the concerns of the decision makers in the sector we work with on a daily basis:

- The first, dedicated to the short term, offers areas for reflection on how to meet the current challenges facing luxury players;
- The second, devoted to the long term, deals with the underlying trends in the sector, the more or less strong signals that are already shaping the contours of tomorrow's luxury sector and can clarify the choices being made today.

To carry out this study, we interviewed numerous luxury experts and professionals in France and abroad (Italy and Switzerland in particular), who shared their feelings about and analyses of the sector in these troubled times.

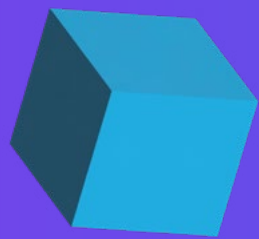


These interviews were supplemented by a quantitative survey conducted with our partner, the Potloc Institute, of 180 luxury professionals. Coming from companies of all sizes, in France and abroad, across all sectors of activity, they were invited to express their views on topics as diverse as cost management, AI, diversification, and operational excellence. Their responses and the resulting analyses are incorporated throughout our study, providing additional insight into our findings.

In a context dominated by geopolitical and economic uncertainty, no one can predict how the market will evolve.

One thing is certain, however: periods of slowdown are essential moments of transition for companies. Luxury brands must therefore seize the current period as an opportunity to build greater resilience to meeting the challenges they face, but also to ask themselves crucial questions about the foundations of their identity, their value proposition, and their strategy for looking to the future with confidence.

Through this study, we hope to contribute to this reflection and stimulate the ever-fascinating discussion on the future of luxury.



01

THE SHORT TERM



Some thoughts on how to deal with current challenges

Faced with a period of slowdown, what priorities should Maisons focus on in the coming months? Constrained by declining revenues and an uncertain environment, how much leeway do they have to mitigate the effects of the crisis and prepare for recovery? How and where can they optimize costs and cash flow without compromising quality, experience, and perceived value? What strategic investments should be made? Although the issues vary depending on the sector and size of the company, the current situation invites us to explore several avenues for reflection.



01

A PRICING STRATEGY IN NEED OF REVIEW?

Many observers attribute the slowdown in demand for luxury goods in 2024 to the price increases implemented by luxury Maisons in recent years.

According to HSBC, prices of leading luxury brands have risen 54% since 2019¹. This strategy has been profitable for a long time, with 80% of market growth between 2019 and 2023 resulting from price increases and only 20% resulting from higher sales volumes.



In a context of **rising inflation** and declining purchasing power, luxury brands may be reaching the limits of their **pricing power**, excluding ultra-luxury customers. Since this rise in prices has not always been accompanied by an increase in perceived value, it has undoubtedly damaged the bond of trust between brands and their consumers, accentuating the new phenomenon of "luxury fatigue". When these price increases are too rapid or too high, they can lead to product and brand rejection and/or a shift of customers toward a more affordable premium offering.



The luxury industry, unlike the consumer goods industry, has significant power over pricing. It is often misunderstood by economists because its social, semantic, and psychological dimensions are so strong and largely irrational.



FRÉDÉRIC GODART

Professor
and Luxury Expert
INSEAD



54%

increase in the prices of leading luxury brands' products since 2019, according to HSBC.

¹https://www.lemonde.fr/economie/article/2025/01/24/de-shanghai-a-venise-l-industrie-du-luxe-reduit-ses-couts-et-cherche-a-relancer-ses-ventes_6513870_3234.html

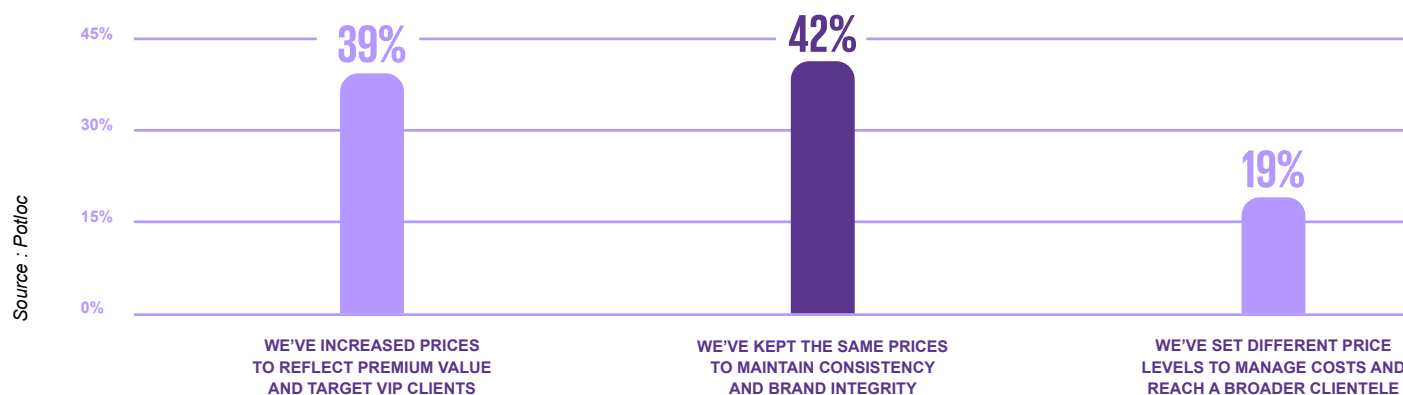


Champagne Maisons recently experienced this **"bashing"** when they increased **their prices by more than 40% since 2022**. This led distributors and consumers, particularly in France, to turn away from **a product deemed too expensive**. This phenomenon has also affected cognac, which has been replaced by less expensive spirits, particularly in the United States.

So, what pricing strategy should be adopted?

The responses of participants in our quantitative survey reflect a variety of strategic approaches². In response to recent economic trends, 42% of the surveyed companies have chosen to maintain their prices, and 39% have chosen to increase them to target a premium customer base. Together, these two strategies account for 81% of the decisions made, illustrating the priority given to high-end, exclusive positioning.

WHAT IMPACT HAVE THE CURRENT ECONOMIC TRENDS (INFLATION, RISING COSTS) HAD ON YOUR PRICING STRATEGY OVER THE PAST TWO YEARS?



40%

increase in prices
by Champagne Maisons
since 2022.

²Please note that our quantitative study was conducted before the new US administration announced changes to customs duties. Therefore, our study does not address the potential impact of these changes on companies' pricing strategies.



While price elasticity varies from one sector to another and the issue does not arise in the same way in high-end watchmaking, spirits, or fashion, neither a rise nor a fall in prices seems desirable in the short term. Rather, the sector needs to strike a fairer balance between the perceived value and prices of its products.

What's at stake for brands?

The key challenge for brands lies in attracting a wider customer base through a broader price range — from ultra-luxury to accessible luxury — without compromising quality or perceived value. Other avenues to explore include in-depth pricing analysis to identify price increase opportunities (specific products or subcategories) and refining price positioning between countries in the face of currency fluctuations.

“

It's interesting that the same brand can offer bottles at €50 and a barrel at €20 million. ”

THOMAS MORADPOUR

Group Head of Brands
& Strategy
Campari Group



Marco Tedeshi, Founder and Creative Director of the young Swiss luxury watch brand Kross Studio, shares this strategic choice in a completely different sector: *"From the beginning, we decided to offer an ultra-premium price segment, as well as an affordable line of accessories, to introduce the brand and its world to as many people as possible."*

RETHINKING "AFFORDABLE LUXURY"

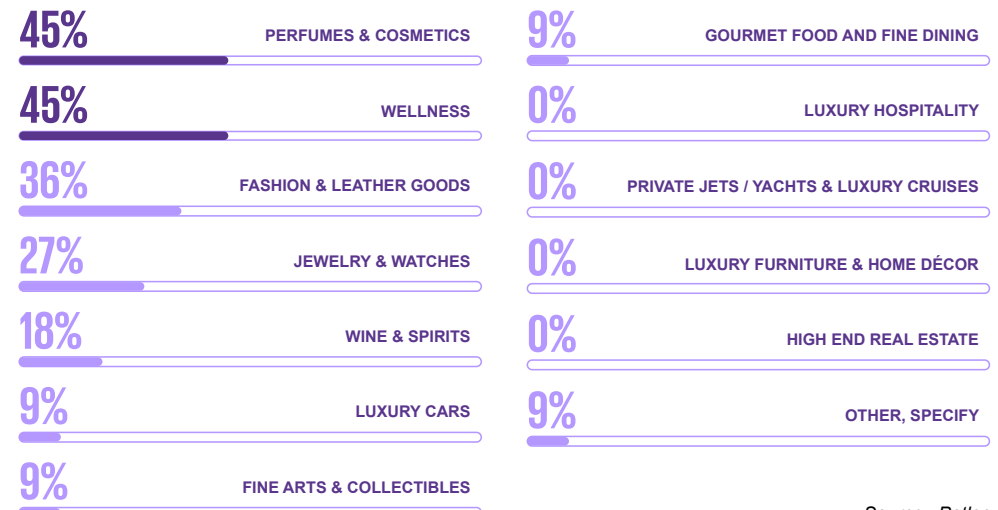
To avoid alienating the middle class and attract young, new customers, some Maisons are (re)considering **accessible luxury** and their range of **"affordable"** products to offset the slowdown in price increases with an increase in sales volumes. This strategy must be handled carefully, as Maisons must strike a delicate balance between making products accessible to a wider customer base and preserving their exclusive image.



Burberry recently changed its store layout to emphasize "scarf bars" to boost sales of these products, which start at a few hundred euros. Louis Vuitton has also significantly increased the proportion of small leather goods in its selection and will soon offer makeup in addition to its range of perfumes.

Kering and Richemont are seeking to reintegrate their perfume and cosmetics lines following consumer enthusiasm for these affordable products. Our panel confirms this strategy, with **45% of surveyed professionals planning to introduce wellness, perfume, and cosmetics products**

MORE PRECISELY, WHICH TYPE OF NEW PRODUCTS DO YOU PLAN TO INTRODUCE?



Source : Potloc

TAKING CARE OF VIC (VERY IMPORTANT CUSTOMERS)

However, luxury Maisons are not abandoning the hyper-luxury market; on the contrary, in fact. **Very Important Customers (VICs)** remain key drivers of their growth. Although VIPs represent **less than 2% of the customer base**, they account for **nearly 40% of revenue**³, reflecting growing polarization in the sector. The **LVMH Group** publicly acknowledged this strategy of focusing on the highest-end products and enhancing quality to maintain the desirability of their brands when it published its latest quarterly results. The **Hennessy Maison** confirmed this upmarket move when it recently unveiled a new format for its Paradis cognac: a three-liter jeroboam designed by **Ferruccio Laviani** and presented in an oak box, priced at €9,900. Other examples include Christofle, which offers unique, bespoke pieces worth several million euros, and Guerlain, whose "Pièces d'Exception" (Exceptional Pieces) — unique creations designed by an artisan based on the brand's iconic bee bottle — can fetch several hundred thousand euros.

Martin Hurel, Head of Maison HUREL, a manufacturer for haute couture Maisons, points out that the power of hyper-luxury is not only economic. According to him:

The image of rarity and exclusivity specific to luxury is created and maintained today through the products and experiences designed for this "very happy few" clientele says Fabien Perrinjaquet, Partner at KPMG in Switzerland and Head of the Swiss luxury sector. He advises many clients in the high-end watchmaking sector.

“

Hyper-luxury drives the sector. It has always played a leading role, setting the standards and inspiring the luxury sector as a whole. ”



MARTIN HUREL

Chief Executive Officer
Maison HUREL

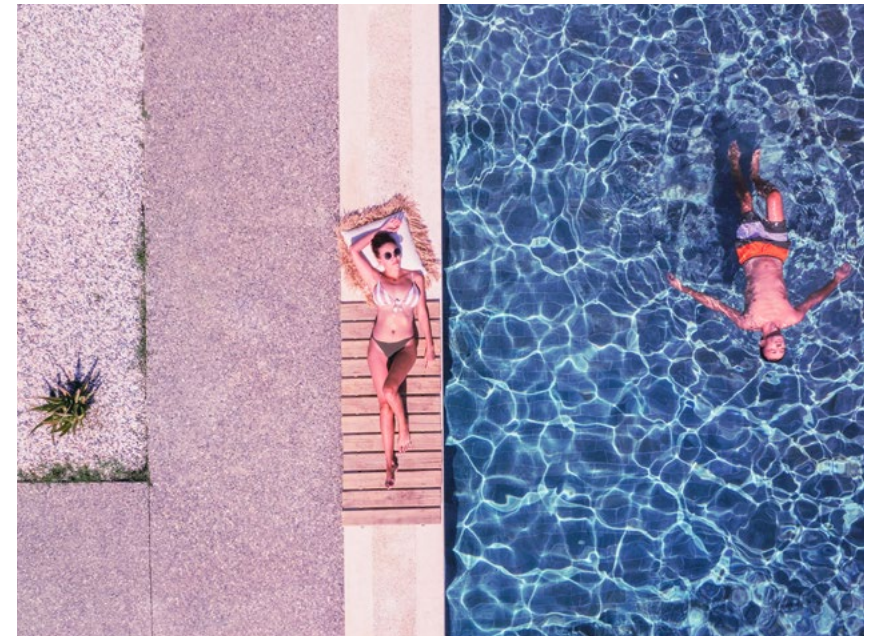
“

The personalized retail experience offered to collectors is essential. It goes beyond stores and products. The impression left on these most important customers influences the entire clientele. ”



FABIEN PERRINJAQUET

Partner,
Global Head of Luxury
KPMG in Switzerland



³"Selling Luxury to the 1%", Case Study, The Business of Fashion, January 2024



53%

of professionals surveyed in our study consider enhancing loyalty and engagement through personalized experiences, whether in-store or online, to be a top strategic priority.

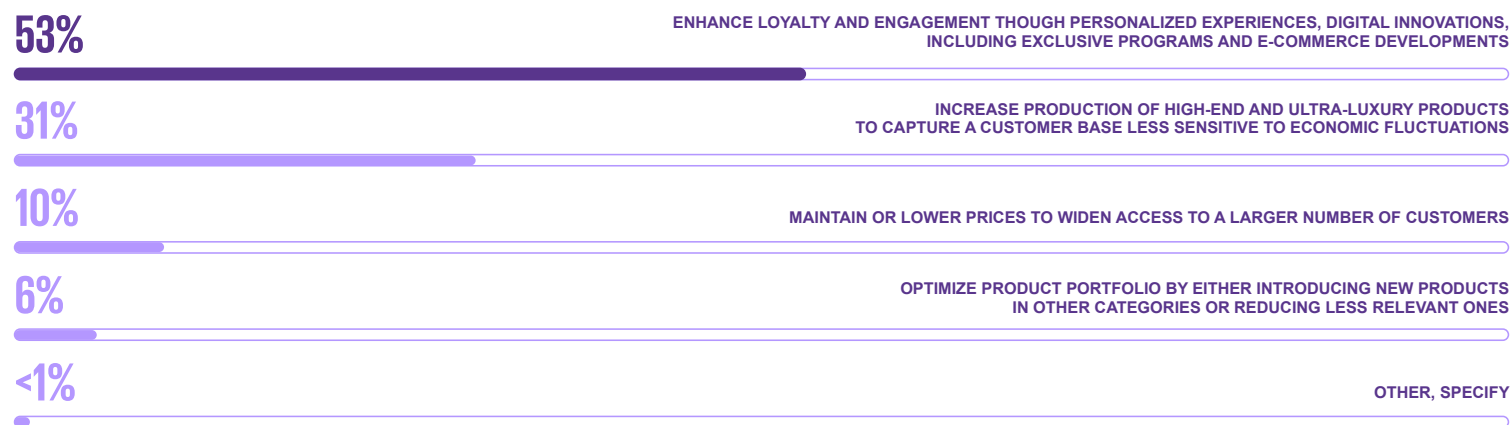


In the fashion and leather goods industry, many brands, including Gucci, Chanel, Dior, Bottega Veneta, Louis Vuitton, or even Jacquemus, have opened **private salons or boutiques aimed** at ultra-premium consumers in recent months. These stores are designed to maximize customer **loyalty** and reinforce **brand desirability**.

In early 2024, Louis Vuitton opened an ultra-exclusive boutique in Singapore. Called The Apartment, this store is accessible by appointment only and dedicated to customers representing the top 1% of the brand's clientele. Located in a unique spot and decorated like a Parisian apartment, the store also serves as an exhibition space that showcases the brand's heritage. It offers an ultra-personalized and exclusive retail experience.

Our panel confirms this trend, with 53% citing the strengthening of loyalty and engagement through personalized experiences, in-store or online, as a priority strategy. Additionally, 31% are targeting Premium and VIC customers specifically, as they are considered less sensitive to economic fluctuations.

WHAT IS YOUR MAISON'S MAIN STRATEGY IN RESPONSE TO CURRENT ECONOMIC FLUCTUATIONS?



Source : Potloc

Anne-Marie Clais, an industry expert and Founder of BBA (Brand Behavior & Assets), issues a warning about the polarization taking place within the sector, which could lead to the over-polarization of luxury. *"Luxury Maisons must be vigilant. Focusing on the ultra-rich or neglecting their domestic market would be a costly mistake, resulting in disaffection and alienation among a significant portion of their clientele. It would create a rift that would be difficult to repair. In the luxury industry, all entry points to a brand are important, and no customer should feel penalized based on their purchasing power."*, she specifies.

CUSTOMS DUTIES AND TRADE WAR: VERY CONCRETE EFFECTS ALREADY

At the time this study was published, there was still uncertainty about the outcome of the ongoing negotiations between the United States and the European Union regarding the tariff increases decided by the Trump administration. A 10% tariff on all European products on top of the usual customs duties is already being targeted and the grace period for reaching an agreement to limit the rate will expire in a few weeks.

To date, the escalation of tariff rates applied by the Trump administration to Chinese products for several months has had a limited impact on luxury Maisons, as many of them have relied for some years on "Made in Europe" (France, Italy) and have turned away from Chinese production.

However, if negotiations between the US administration and the European Union fail, luxury goods could be targeted by specific additional tariffs as symbolic products.

The impact of higher tariffs also varies depending on the value chains of individual Maisons — and sometimes even within the same Group.

As a result, all Maisons are currently examining their value chains and their "customs profile" in the United States to quantify this impact and see what they can do to define the most appropriate strategy to minimize it: relocate their production to the United States (a choice that assumes that American know-how, technologies and supply chain allow it), increase their prices (as announced by Hermès⁴), play on the value for duty, and so on.



⁴https://www.franceinfo.fr/monde/usa/droits-de-douane/le-groupe-de-luxe-hermes-va-augmenter-ses-prix-aux-etats-unis-pour-compenser-les-droits-de-douane_7194654.html

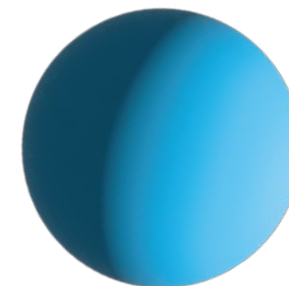
02

A NEW APPROACH TO PROFITABILITY AND COSTS

Since the "price" lever can only be used marginally in the short term, can luxury Maisons reduce their costs? The luxury industry is known for incurring significant fixed costs, such as store operations, in-store staff, production in France, communications and advertising. What levers does the industry have at its disposal to achieve savings without compromising product quality?



STRENGTHENING OPERATIONAL EXCELLENCE



Strengthening operational excellence⁵ is certainly an area in which luxury Maisons, whose operating methods have not always adapted to the sector's rapid growth, can improve significantly. Although the terms "optimization" and "rationalization" may seem daunting in a sector where time and craftsmanship are core values, there are several actions that can be taken to improve efficiency while maintaining expertise and quality.

Purchasing: Cut to the Essentials

The current context presents an opportunity to conduct a thorough review of indirect spending at headquarters and manufacturing sites across all Maisons within a given group. The goal is to reduce overall costs through supplier rationalization and pooled procurement strategies. Using a Zero-Based Budgeting (ZBB) approach to reassess these expenditures also requires questioning

their actual utility and whether current purchase volumes are justified. *"Periods of economic slowdown,"* says Olivier Loth, Head of Operations & Performance Strategy at KPMG in France, *"are an opportunity for luxury Maisons to regain control over general and administrative spending, renegotiate contracts, reduce outsourcing, and return to a more disciplined and sustainable spending model."*

Supply Chain: Respond Quickly, Consolidate for the Long Term

“ On the supply chain front, most luxury Maisons recognize that there is significant room for improvement. ”

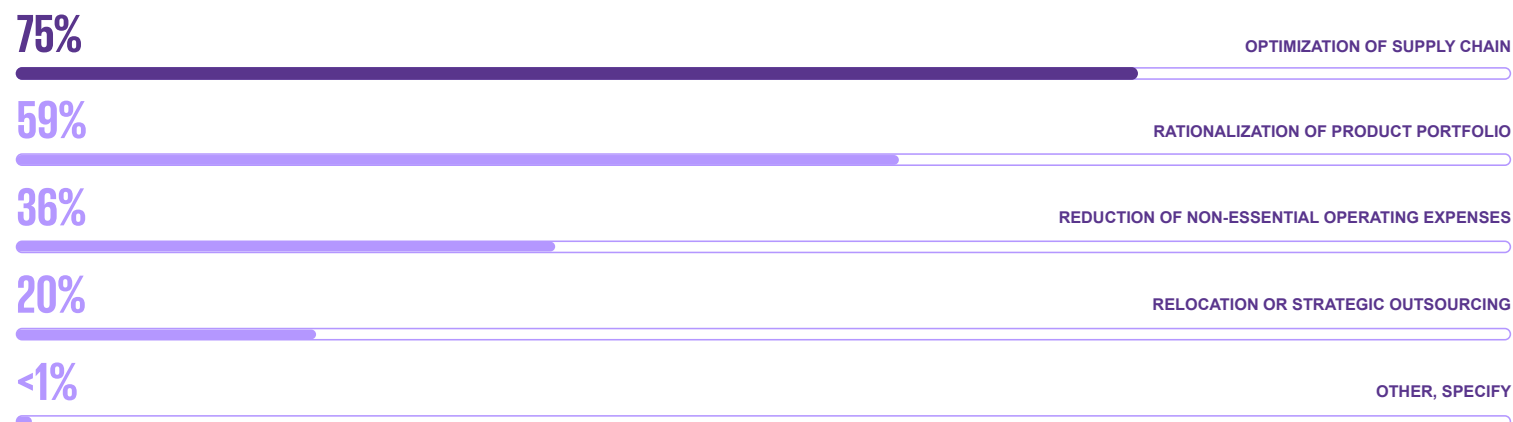


**OLIVIER
LOTH**

Director,
Operations and Performance
Strategy, Luxury
KPMG in France

In total, 75% of respondents in our study share this view and cite supply chain optimization as the top priority for reducing costs without compromising brand perception.

IN THE CURRENT MARKET SITUATION, WHAT PRIORITY LEVERS ARE YOU USING TO MANAGE COSTS WHILE PRESERVING YOUR BRAND'S IMAGE OF LUXURY?



Source : Potluc

⁵This section is based on the article "Le secteur du Luxe en crise, Comment les Maisons peuvent-elle rationaliser leurs coûts sans compromettre leur avenir ?" published on December 12, 2024 by KPMG in France



In the short term, actions can be taken to adjust inventories of finished products, components, and raw materials more rapidly in order to reduce working capital requirements (WCR) and logistics costs. Lower volumes can also be used as an opportunity to improve lead times and reduce the use of express transport, particularly airplanes, which are costly and carbon-intensive. Another avenue to consider is improving the performance of logistics providers to enhance service quality at an equivalent cost or, initially, aligning cost with the level of service provided.

Technological advances, particularly AI, hold great promise in this area, notably by enabling better inventory sizing and improved assortment management.



However, few Maisons today have the maturity needed to truly benefit from AI-based solutions. To serve as a relevant tool for operations, such technologies require high-quality data and a certain degree of process automation — two elements that are still lacking in the sector, especially among subcontractors and third-party manufacturers.



**OLIVIER
LOTH**

Director,
Operations and Performance
Strategy, Luxury
KPMG in France

Our survey confirms this observation 64% of surveyed professionals report using new technologies, such as artificial intelligence, but say they need support to leverage them fully.

DO YOU USE NEW TECHNOLOGIES (AI) AND ARE YOU COMFORTABLE WITH THEM?

31%

YES, WE USE IT DAILY AND ARE COMFORTABLE WITH THESE TECHNOLOGIES. OUR TEAMS IS WELL-TRAINED, AND WE ARE ALREADY SEEING SIGNIFICANT IMPROVEMENTS IN OUR OPERATIONAL PROCESSES

64%

YES, WE USE IT BUT WE NEED HELP TO MAXIMIZE THE POTENTIAL OF THESE TECHNOLOGIES

4%

NO, WE HAVE NOT INTEGRATED THESE TECHNOLOGIES, AND WE ARE NOT COMFORTABLE WITH THEM

Source : Potloc

Manufacturing: Adjusting Capacity and Increasing Efficiency

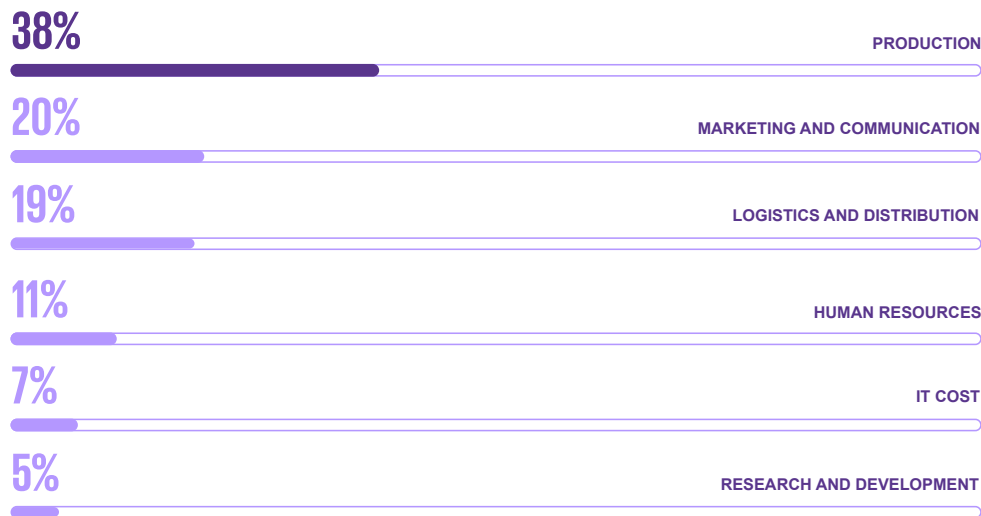
To optimize production operations, Maisons should consider reducing their reliance on first- and second-tier subcontractors. They can also reinternalize certain manufacturing steps that were previously outsourced, as the necessary expertise, equipment, and resources are now available in-Maison. Additionally, Maisons can improve performance in specific production stages to eliminate defects, increase "right-the-first-time" output, reduce waste of materials and time, and enhance productivity.

In the medium and long term, Maisons will face the challenge of strengthening their control over operations at every stage of the value chain by implementing solutions that industrialize processes such as subcontractor management, new product development, and inventory management, while preserving artisanal know-how, which is a core pillar of their reputation and value proposition. While these changes lead to rapid performance gains, they are also essential to ensuring product quality and excellence in the customer experience.

THE DIGITAL REVOLUTION AS A DRIVER OF MARKETING COST REDUCTION

According to the professionals surveyed in our study, marketing and communications are the second-ranked area where luxury companies could optimize costs without compromising perceived value (just after production). Although significant savings could be achieved in this area, luxury companies are often reluctant to do so because they primarily view brand image as an investment rather than a cost. In this regard, the digital revolution, which has profoundly transformed the sector in recent years, proves to be a powerful ally.

IN WHICH AREAS DO YOU SEE THE GREATEST POTENTIAL FOR OPTIMIZING COSTS WITHOUT COMPROMISING CUSTOMER-PERCEIVED QUALITY?



Source : Potluc



The digitalization of marketing and communications in luxury brands not only enables companies to reach and build connections with new generations of consumers, but also allows them to optimize their spending in this area. This is not about reducing communications efforts, even in the current context, but rather, optimizing them.

Thanks to increasingly advanced automation systems and AI-based tools, a revolution has taken place in marketing campaigns within the sector. These new targeted and segmented campaigns, which optimize message delivery based on real-time data collection and analysis, are proving far more effective than the broad, generalist campaigns of the past.

Synchronization across different platforms allows for sequenced operations throughout various digital channels, enabling more precise consumer targeting. Sophisticated behavioral models, developed using data collected online and in-store (e.g., age, location, interests, and purchasing behaviors), make it possible to deliver highly personalized suggestions, thereby enhancing the customer experience and multiplying purchase opportunities.



In our study, 72% of respondents viewed the impact of AI technologies on sales or customer engagement positively, although the effects on sales are still developing. Meanwhile, 22% of respondents have observed AI's strong impact on personalization and recommendations, significantly boosting sales and customer engagement.

HAVE YOU OBSERVED A DIRECT AND MEASURABLE IMPACT OF AI TECHNOLOGIES ON SALES OR CUSTOMER ENGAGEMENT?



Source : Potloc

During the launch of its latest fragrance, Chanel created customized content tailored to each customer's digital profile, including immersive videos, personalized storytelling, and product recommendations. This individualized approach yielded striking results: engagement rates on social media jumped by 45%, and online sales increased by 30%⁶.

Additionally, algorithms now enable continuous adjustment of campaign parameters based on performance, optimizing content and budget allocation.

For smaller Maisons, shifting to online marketing, particularly social media, also represents a significant change.

“Without making significant investments, a young Maison can easily gain visibility and create a direct, personalized connection with its audience on social platforms.”

PATRICIA PEREDA

Founder and Designer
Rosa Maïtea



explains Patricia Pereda, Founder and Designer of the sustainable jewelry brand Rosa Maïtea. Her brand relies on CRM tools and the customer insights they provide for its communications.

Lastly, the rise of these new digital tools — especially generative AI solutions — allows brands to produce marketing content faster and more cheaply in multiple languages.

These tools are rapidly evolving from image to sound to video generation, and the race is already on among major advertisers' marketing teams to adopt them or secure the right technology partnerships before their competitors do.

72%

of respondents in the study view positively the impact of AI technologies on sales or customer engagement, even though the effects on sales are still developing.

⁶Comment l'intelligence artificielle transforme l'industrie du luxe en 2025 : innovations et défis, ESG Luxury, February 2025

AI, a Major Asset at Every Stage of the Luxury Value Chain

"AI and generative AI are transforming the entire value chain of the luxury industry — from R&D operations to marketing, including product development, merchandising, and supply chain," explains Axel de Goursac, Partner and AI Lead at KPMG in France.

Today, three main areas of application are emerging:

Customer Experience:

This is the leading area of AI application in the luxury sector and where the benefits are most immediately apparent. As the industry increasingly focuses on customer experience, AI enables more advanced personalization of interactions. Examples include ultra-targeted recommendations based on precise analysis of behaviors and preferences, as well as enhanced customer service, both online and in-store, through next-generation chatbots, digital stylists, and smart mirrors. When these solutions are intelligently integrated — without replacing human interaction, which remains central to the luxury world — they embody the promise of a seamless, tailor-made customer experience.

Operational Excellence:

AI can play a key role in improving operational efficiency by enhancing sales volume forecasts and optimizing inventory allocation across sales channels. For example, Kering reportedly reduced overstock levels by 30% through the deployment of intelligent systems that automatically adjust supply levels. At LVMH, digital twins integrated into distribution centers allow for real-time optimization of logistics flows. Meanwhile, the L'Oréal Group recently announced a technological partnership with IBM to use generative AI to rethink cosmetic formulations and steer them toward more sustainable outcomes, demonstrating that AI can be relevant at every stage of the value chain.

Creativity:

"Though it's still often a taboo topic, AI can offer valuable support to creative processes," says Axel de Goursac. Certain generative AI tools now enable designers to delve into entirely new visual realms by generating thousands of variations from a simple text prompt. For example, Gucci used AI to generate original patterns for its Spring 2025 capsule collection, training algorithms on the Brand's historical archives. AI can also streamline product design processes by generating virtual prototypes, shortening development time and reducing material waste. However, Axel de Goursac emphasizes that, "Human creativity remains essential because AI alone cannot truly invent anything new. Luxury Maisons are built on craftsmanship and exceptional know-how — professions where the hand and mind are indispensable, even if they can now be 'augmented' or 'supported' by technological innovations." Ultimately, humans retain the power to interpret, arbitrate, and decide among AI-generated proposals.

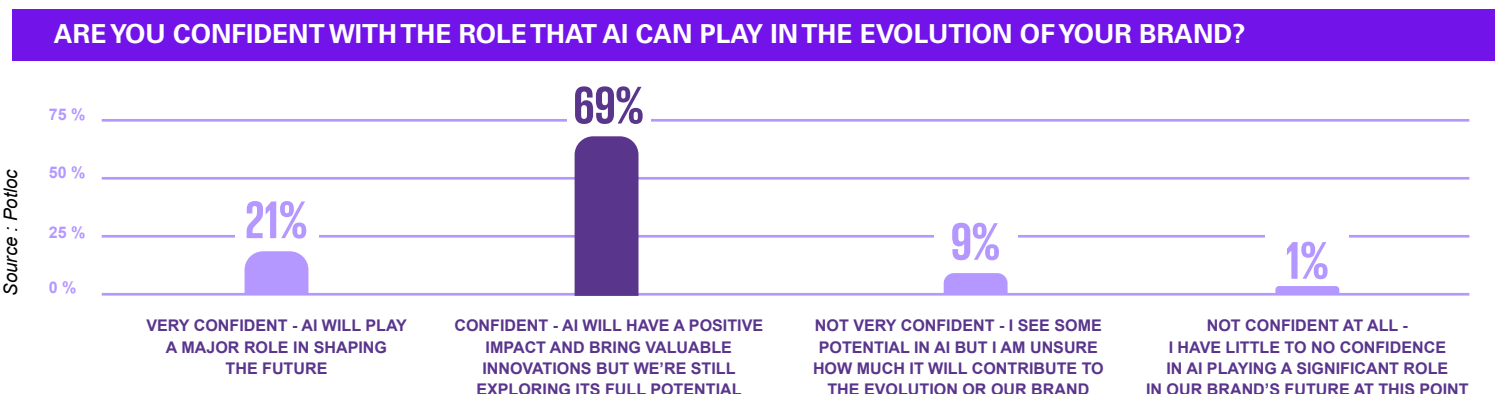
“ Human creativity remains essential because AI alone cannot truly invent anything new. Luxury Maisons are built on craftsmanship and exceptional know-how — professions where the hand and mind are indispensable, even if they can now be ‘augmented’ or ‘supported’ by technological innovations. ”



**AXEL
DE GOURSAC**

Partner AI Lead
KPMG in France

Although the adoption of these new solutions varies significantly depending on a brand's size, resources, and technological maturity, their potential is substantial. In fact, 90% of the professionals surveyed in our study expressed confidence in the role AI will play in the future of their brand: 69% were confident and 21% were very confident.



SUSTAINABILITY: AN ETHICAL CHOICE ... AND ECONOMIC ONE?

In recent years, sustainable development (or ESG) has become a core concern for luxury Maisons, which are being asked to reconsider their business models and reduce the environmental and social impact of their activities. Although commitments often lag in the form of concrete actions, sustainability can serve as a lever for value creation and preservation.

When sustainability criteria are fully integrated into business models, they can optimize resource use and consequently reduce waste. Although recycled or circular-economy materials are often more expensive today, they can be powerful differentiators in a competitive landscape, as demonstrated by Patricia Pereda, Founder of the sustainable jewelry brand Rosa Maïtea. Although waste is virtually nonexistent in her industry, since diamonds and gold can be endlessly reused, she chooses to work exclusively with traceable, existing materials.

Though this eco-design choice is restrictive from a design perspective, it is fully embraced for its positive impact on the environment and society.

Beyond energy-efficiency measures such as low-energy factories and LED lighting, eco-design is gradually emerging as a key strategy for improving operational and energy efficiency while reducing financial and environmental impacts. Rethinking products and packaging from the design stage makes it possible to lower their overall footprint by limiting

the number of materials used, reducing weight, and optimizing the quantity of raw materials required. Although this approach requires an initial investment in research and development, it can generate long-term cost savings, especially in manufacturing and transportation.





Adopting lower-carbon transportation solutions, such as rail or sea freight instead of air, can also generate significant savings. Luxury brands are also exploring low-impact maritime transport solutions. For example, starting in July 2025, the 136-meter Neoliner Origin sailing cargo ship will begin operating between Saint-Nazaire and Baltimore, United States, for the cognac Maison Hennessy (LVMH). The vessel is powered by wind energy and will reduce CO₂ emissions by 80% to 90% compared to a conventional cargo ship⁷. Other luxury brands, particularly in the spirits sector, are following suit, including Martell, Mumm, Perrier-Jouët, and the champagne Maison Drappier.

Additionally, implementing sustainable innovations directly within production processes (e.g., vegetable tanning, alternative materials, biotechnology, and upcycling) can optimize resource use and reduce the environmental and social impact of materials sourced from far away. Several companies, including Kering, are actively pursuing this path by establishing partnerships with startups and specialized laboratories.

Adopting ambitious ecological standards not only allows companies to avoid environmental penalties or taxes, but also enables them to sidestep major adaptation costs should regulations become more strict. The young watchmaking brand Kross Studio understands this strategy well, having developed lead-free machining in its workshops.

“

This expertise is part of our pursuit of excellence, and something we now offer to other brands. It allows us to anticipate future environmental standards.”

MARCO TEDESCHI

Founder
and Creative Director
Kross Studio



A brand's commitment to sustainable development is also a powerful asset for its image, especially among younger generations who are highly attentive to the environmental and social impact of their consumption. Attracting younger consumers is a critical challenge for the luxury sector. This is evident to Patricia Pereda, whose ethical and environmental commitment inspired her to create the jewelry brand Rosa Maïtea. *"Young people are curious and ask many questions about the origin and impact of raw materials. They discover the brand through their demand for ethics and traceability. Beyond the product itself, they seek an experience tied to the piece's socio-environmental story."*

⁷<https://www.lvmh.com/fr/les-actualites-lvmh/hennessy-et-neoline-sengagent-ensemble-pour-un-avenir-maritime-plus-durable>



REAL ESTATE STRATEGY: LOCATION FIRST

In an unfavorable economic climate, real estate can serve as a financial buffer for companies seeking liquidity and flexibility. Kering recently made this choice. Despite having multiplied its real estate acquisitions on the world's most sought-after retail arteries, the Group signed an agreement with the private investment firm Ardian. Under this agreement, Kering is selling 60% of the value of three of its Paris addresses.

Many luxury Maisons have also chosen to close multiple retail locations, particularly in Asia, due to declining demand in the region. Recently, a dozen Marni, Maison Margiela, and Jil Sander boutiques (part of the OTB Group) closed in Hong Kong, Shanghai, and Chengdu.

However, major groups have not abandoned their most ambitious retail projects, such as the opening of the Dior Gold Maison in Bangkok in early 2024; the inauguration of the world's largest Balenciaga store in Shanghai later that year; Hermès's €300 million purchase of its 17 Rue de Sèvres store; and Chanel's continued acquisition of properties in Paris, New York, Tokyo, and Chengdu.

While real estate markets are in decline, leading luxury Maisons have invested nearly €6.5 billion in Paris real estate alone in recent years⁸.

For luxury companies, when feasible — even during periods of slowdown — investing in real estate serves both to secure their presence in iconic locations and to make long-term, value-generating investments. Boutiques act as powerful brand vehicles, offering prestige and enabling an enhanced customer experience through immersive and sensorial spaces.



For luxury brands, the location and scale of retail spaces are a strategic priority. In cities like Paris, Milan, and New York, brands are willing to pay well above market value for properties in key central districts or on iconic retail streets, such as Faubourg Saint-Honoré, Fifth Avenue, Via Monte Napoleone, and New Bond Street, where sale prices and rents continue to break records.



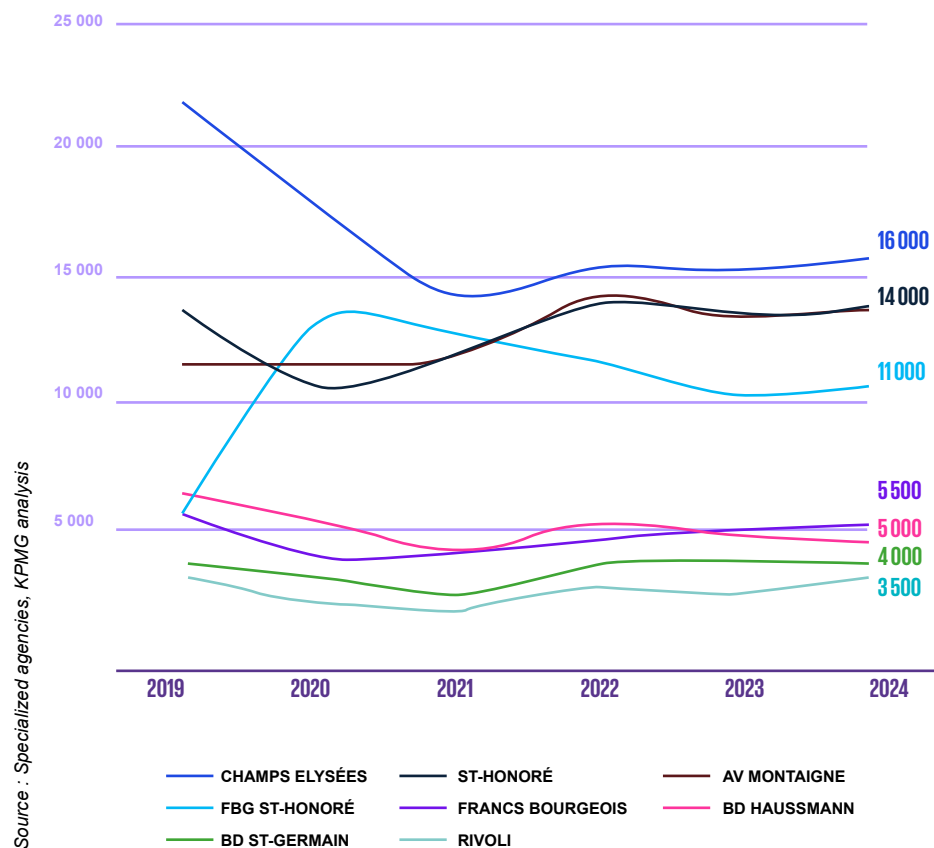
**TANNEGUY
DE GUERPEL**

Director Corporate
Finance Real Estate
KPMG in France

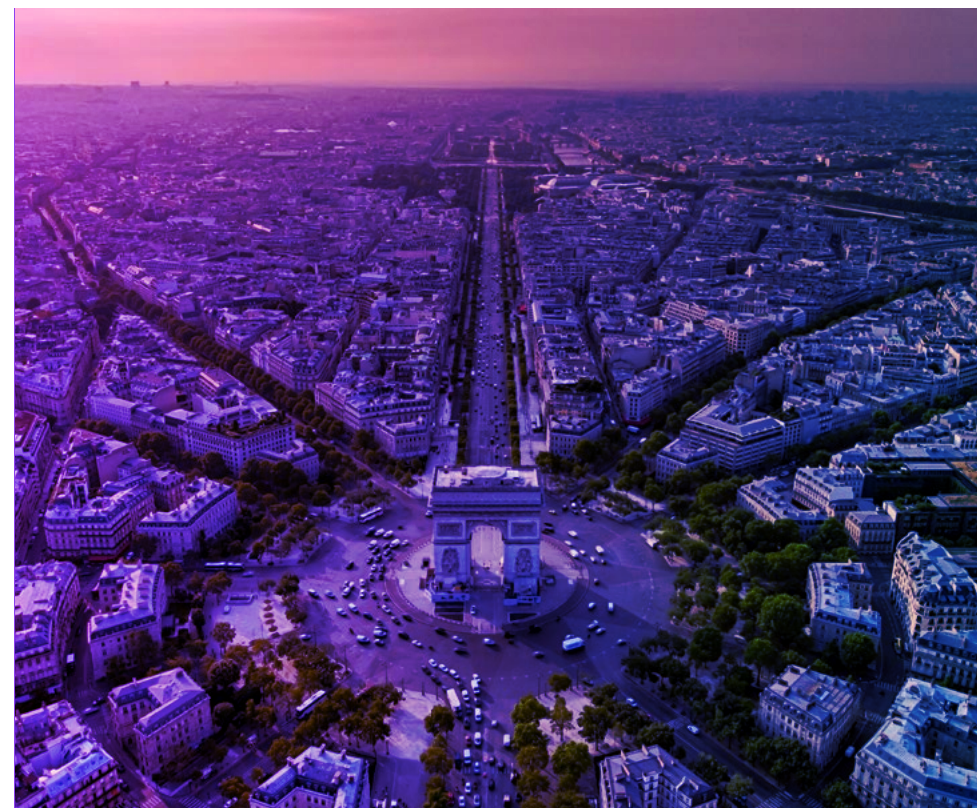


⁸CFNEWS IMMO data

PRIME MARKET RENTAL VALUE - RETAIL - PARIS (€ /M²/YEAR)



In real estate, luxury groups and Maisons appear to make strategic choices driven more by questions of image and prestige than by short-term economic or financial factors. These luxurious flagship locations, situated in iconic luxury hubs recognized by local and international audiences, reinforce brand image and help sustain the brand's long-term desirability.



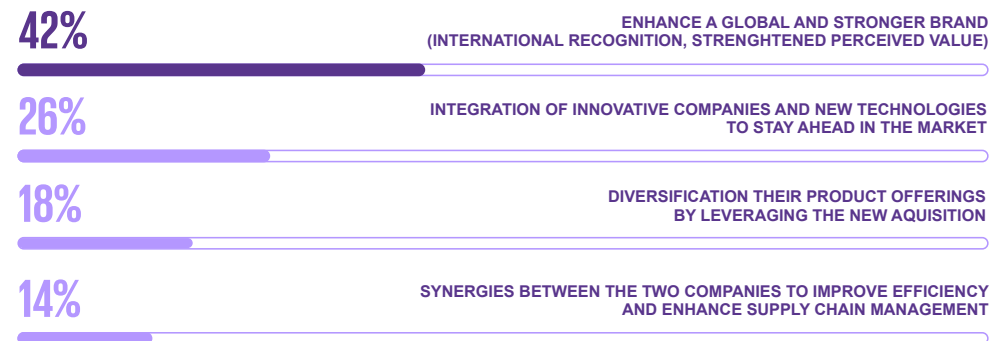
03

EXTERNAL GROWTH: OPPORTUNITIES AHEAD?

Slowdowns can also provide luxury brands with the opportunity to gain a competitive advantage through acquisitions. Mergers and acquisitions have shown notable momentum in recent months, driven by favorable economic conditions, notably the drop in interest rates that facilitates financing transactions. Several significant deals have been announced, such as the acquisition of Versace by Prada for €1.25 billion in early April 2025. What trends do these transactions reflect? What strategies do they illustrate?

When asked about the motivations behind their merger and acquisition strategies, 42% of the professionals who responded to our survey cited strengthening their global brand's solidity. This is essential for maintaining their image and building loyalty among high-end clients. This is followed by integrating innovative technologies (26%) and diversifying products to adapt to market fluctuations (18%). Finally, 14% of respondents said that mergers or acquisitions are a way to generate synergies between companies to improve operational efficiency and value chain management.

WHAT ARE LUXURY MAISONS MOST LOOKING FOR WHEN CONSIDERING MERGERS OR ACQUISITIONS?



Source : Potloc

ACQUISITION OPPORTUNITIES SERVING DIFFERENT OBJECTIVES

Strengthening Control Over Value Chains

Several years ago, luxury Maisons and groups began to vertically integrate.



Through these operations, brands secure their production capacities and strengthen control over their value chains by acquiring strategic raw material suppliers or companies with specific expertise.

ALESSANDRO MANZO

Partner, Customer & Operations, Fashion & Luxury leader for Italy
KPMG in Italy



In 2024, following its acquisition of a 20% stake in Leo France, a company specialized in the production of costume jewelry and metal accessories, Chanel took a stake in the watchmaker MB&F and acquired the Italian footwear manufacturer Grey Mer, which has been collaborating with the brand for 13 years on Studio Chanel collections.

The Rue Cambon Maison considers preserving these small, specialized sectors essential. It has built a broad network of companies to ensure the viability of its offerings and the traceability of its production. These operations now need to be "professionalized". Chanel has announced nearly 600 million dollars in investments in this area for 2025, indicating that these efforts will continue⁹.

Many luxury Maisons share this strategy, including Hermès and LVMH. Through its LVMH Métiers d'Art network, LVMH brings together various types of craftsmanship from France, Japan, Italy, and Africa.

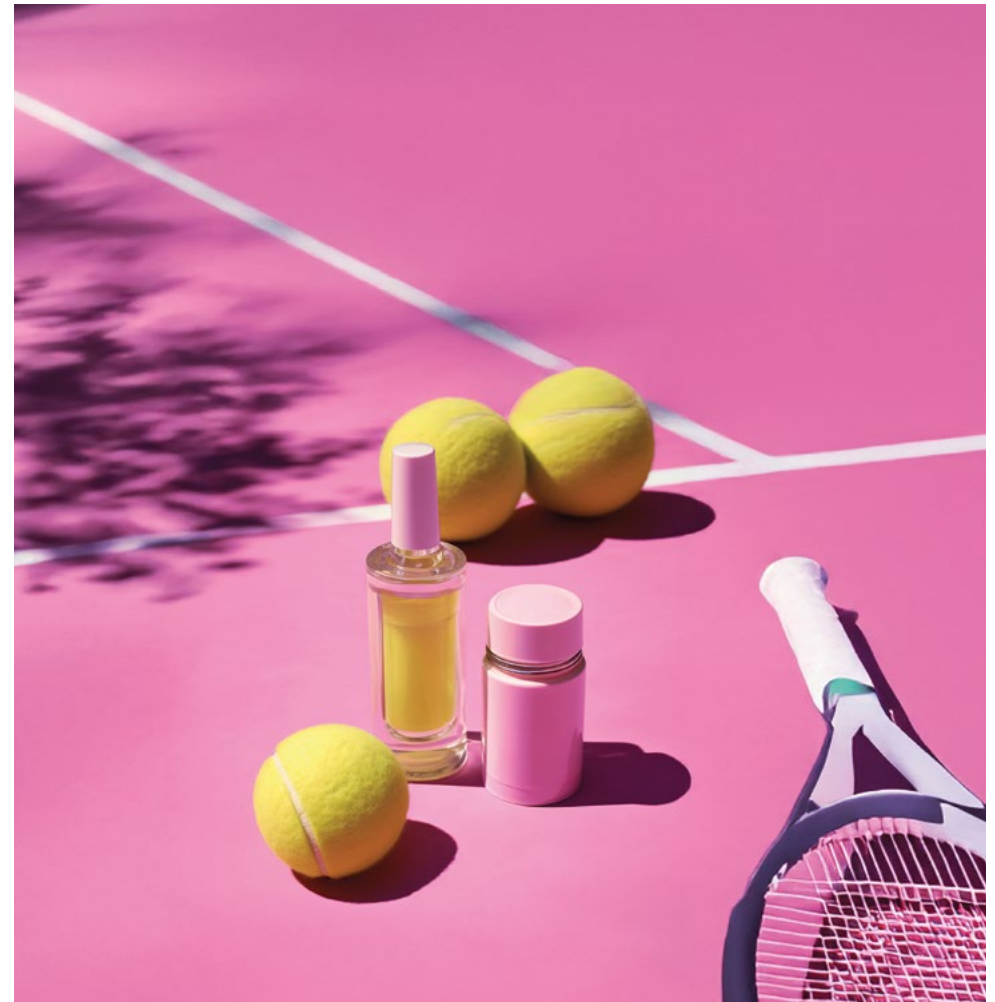
For newer brands, mastering and integrating artisanal know-how is also essential. The young brand Kross Studio has made it the core of its model.



Vertical integration is very important. Beyond controlling our costs, it allows us to master artisanal techniques. To offer exceptional products, you must master this know-how.

MARCO TEDESCHI

Founder and Creative Director
Kross Studio



⁹<https://www.voguebusiness.com/story/companies/we-expect-ebbs-and-flows-channels-ceo-on-why-its-investing-despite-the-downturn>

Reaching New Territories

Acquisitions are also a way for luxury Maisons to expand their presence in new geographic territories.



Acquiring local brands in high-potential markets, such as China or the Middle East, is less costly than establishing one's own brand there.



OLIVIER BOUMENDIL

Partner and Co-Head
of Transaction Services
KPMG in France

L'Oréal's acquisition of the Korean skincare brand Dr.G and its minority stake in the Omani luxury perfume company Amouage fall within this strategy of geographic expansion and market conquest; L'Oréal will support these brands in their international development. However, such operations can be lengthy and no without some risk.

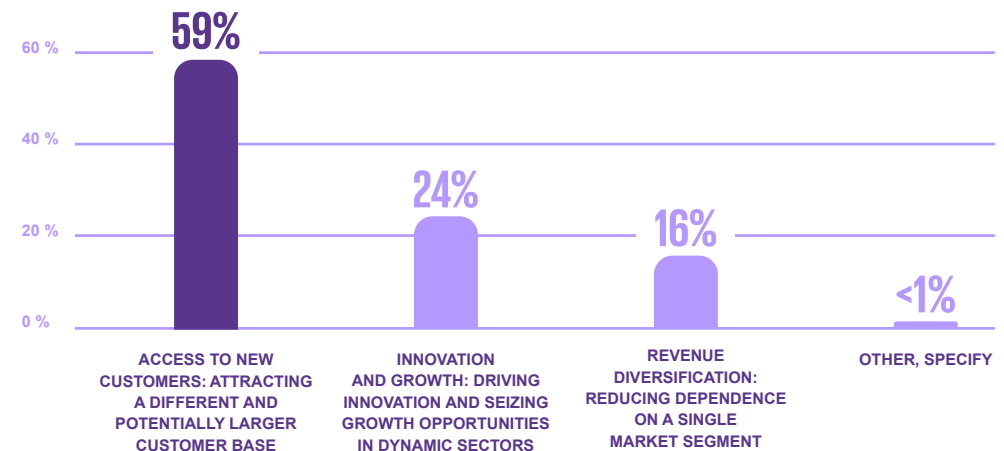
Creating Synergies Within Similar Product Categories

Another trend in the acquisition market is purchasing or investing in emerging brands within similar product categories. For more established luxury Maisons, these operations represent a way to tap into rising consumer trends, create synergies, and reach new customer segments.

Recent examples include L'Oréal's acquisition of Aesop; LVMH's investments in the up-and-coming leather goods brands Polène and Our Legacy; the owners of Chanel and L'Oréal's investment in The Row; and Simon Porte Jacquemus' search for partners to accelerate his brand's international growth.

Claiming stakes in these young Maisons offers major Groups access to an aspirational market segment at a time when a growing number of consumers are turning toward new brands that promise luxury-like quality at more accessible prices.

WHAT IS THE MAIN BENEFIT FOR MAJOR BRANDS OF ACQUIRING BRANDS IN SEGMENTS OR MARKETS LESS EXPOSED TO THE SLOWDOWN (FOR EXAMPLE, AFFORDABLE LUXURY OR E-COMMERCE)?



Source : PwC

Our study's results support this strategy, with 59% of surveyed professionals citing access to new clients as the main benefit of mergers and acquisitions. Innovation and diversification are also important but secondary motivations (24%).

Through these acquisitions, acquiring Maisons aim to elevate the brands they partner with by transferring expertise built over decades of experience in the luxury industry. However, to ensure successful integration, it is essential to first verify that the acquired brand's DNA is compatible with that of the parent company.



Investing in Technological Innovation

Finally, the current slowdown may present an opportunity for companies in the sector to strengthen their competitive advantage in new technologies, a field set to play an increasingly important role in supporting operations.

A significant portion of these investments relates to data management, a key value driver for companies in the sector in terms of both sales, through improved forecasting and customer experience, and internal operations, thanks to the harmonization of data structure and quality across various functions.

Consequently, competition among luxury giants is intensifying in the field of advanced technological solutions, particularly artificial intelligence. From Kering to LVMH and L'Oréal, the major players are investing in specialized, innovative startups.

This strategy presents new challenges for luxury companies, as Frédéric Godart (INSEAD) points out.



Since luxury Maisons' competitive advantage is based primarily on creativity and craftsmanship, integrating tech companies into a luxury brand's portfolio can be very complex. As a result, a collaboration model may be preferable to acquisition in this area.



**FRÉDÉRIC
GODART**

Professor
and Luxury Expert
INSEAD



“NON-LUXURY” ACTIVITIES: AMPLIFYING A BRAND’S SOFT POWER

In recent years, many luxury Maisons have invested in "non-luxury" activities, particularly in entertainment. This expansion into creative, cultural, and sports industries strengthens these Maisons' "soft power". This is a co-creative power that encourages connectivity and persuades customers to identify with the Maisons' beliefs and values. Soft power also creates synergies between overlapping sectors, and enhances luxury's cultural role.

When asked about initiatives to expand their customer base, 56% of surveyed professionals cited arts, culture, and design.

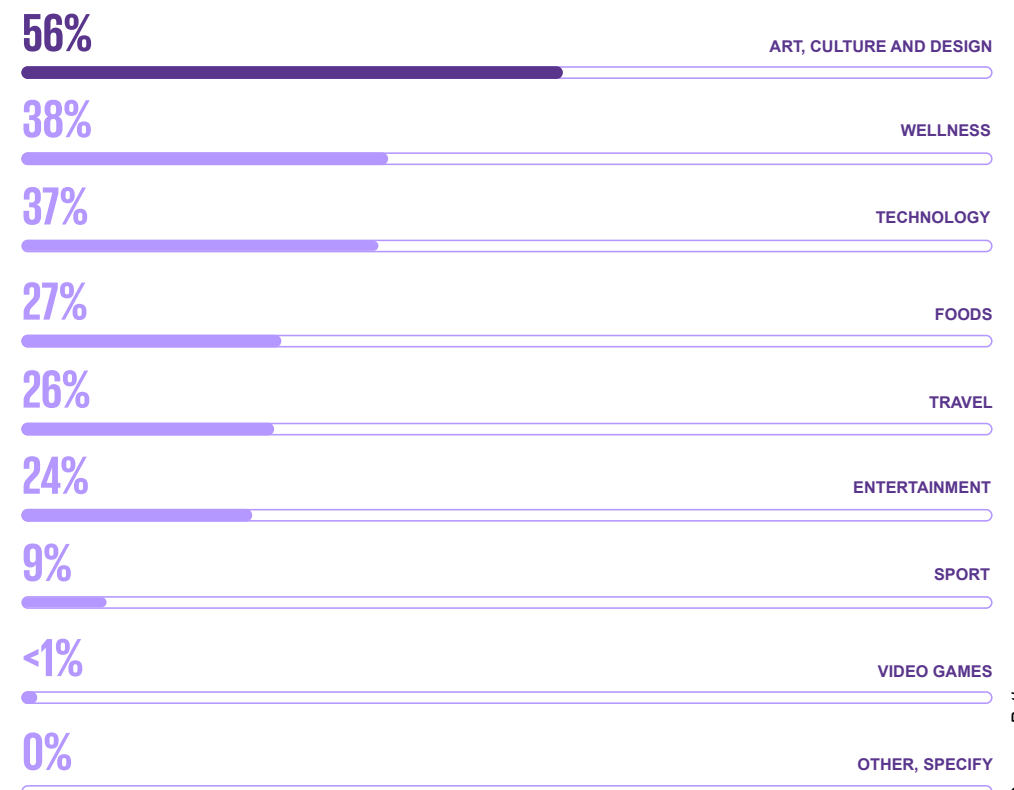
The alliance between luxury and cinema has given rise to numerous initiatives. Examples include the recent acquisition of the prestigious Hollywood talent agency CAA by Artemis (Kering); Saint Laurent's entry into film production with projects like *Emilia Pérez* and *Parthenope*; and LVMH's creation of 22 Montaigne Entertainment, an entertainment company developed to create film, television, and audio content centered on its Maisons. Recently, Ami Paris associated its name with the glamorous world of cinema by sponsoring the Semaine de la Critique at the Cannes Film Festival, just weeks before Prada announced its entry into film production.

These connections between the luxury and entertainment industries can also lead to innovative business models. For example, Kross Studio is disrupting the codes of high-end watchmaking by collaborating with Warner Bros., Disney, and DC Comics.

56%

of professionals surveyed in our study were planning to invest in art, culture, and design to grow their clientele.

WHAT OTHER INITIATIVES IS YOUR COMPANY CONSIDERING INVESTING INTO GROW ITS CLIENTELE?



Source : Potloc

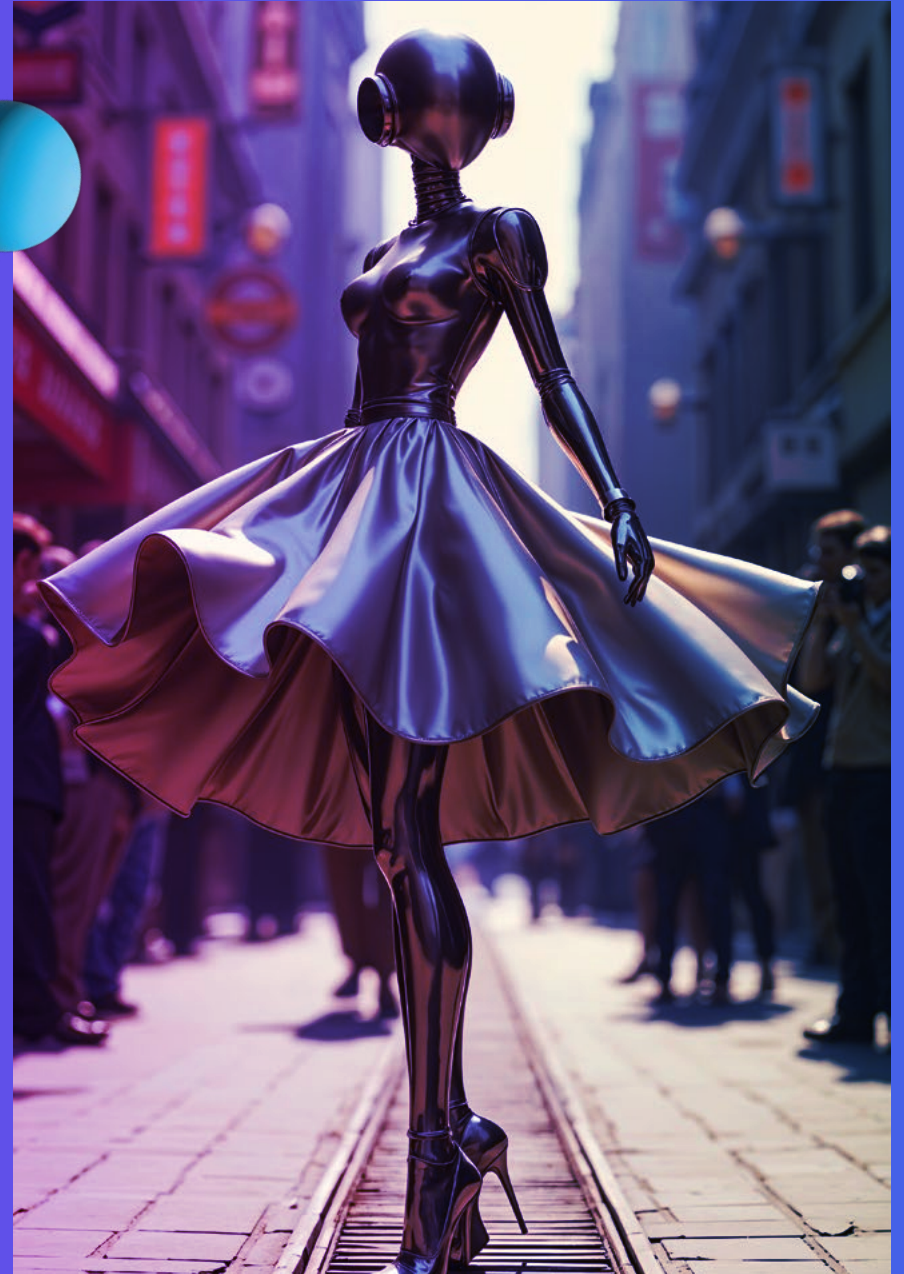
02

THE LONG TERM



How to prepare for the future?

To look beyond the current economic climate and prepare for the future, luxury brands must take a stance on underlying trends and reflect on how to support evolving consumer behaviors. Although their legitimacy often depends on traditional craftsmanship and historical heritage, a significant challenge for these companies is knowing how to stay relevant in a changing world and continue attracting and retaining a younger clientele. To remain desirable, luxury Maisons must make strategic choices that will allow them to find the right balance between past and present in the long term. These choices include diversifying their offerings, embracing the rise of second-hand markets, and considering the role of innovation.



01

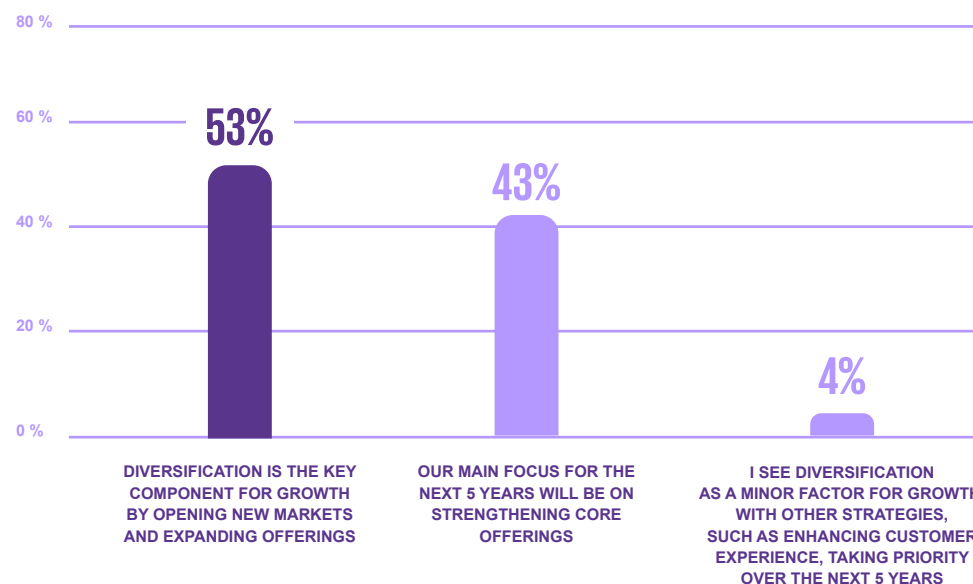
DIVERSIFICATION STRATEGIES OR THE EXPANSION OF THE LUXURY REALM

When asked about diversifying into other sectors, 53% of professionals surveyed in our study considered it important for future growth. However, it is worth noting that multinational companies (67%) seem to prioritize this issue more than small- and medium-sized enterprises, who believe it is more important to focus on their core offering (51%) than on diversification (41%).

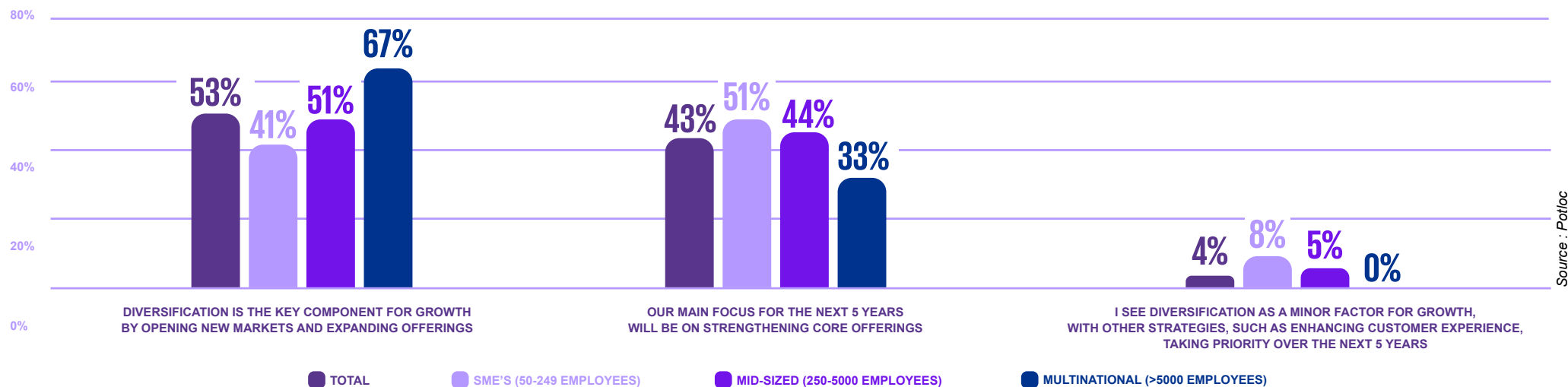
**53%**

of professionals surveyed
in our study consider diversification
into other sectors as important.

HOW IMPORTANT DO YOU BELIEVE DIVERSIFICATION
WILL BE AS A KEY GROWTH DRIVER FOR YOUR MAISON
OVER THE NEXT 5 YEARS?



Source : Pottoc



The main motivation behind their diversification strategies is to attract new customers and increase brand visibility, according to 41% of respondents. 26% of respondents highlight the importance of fostering creativity by exploring new trends and products, indicating a willingness to innovate and remain at the forefront of the market.

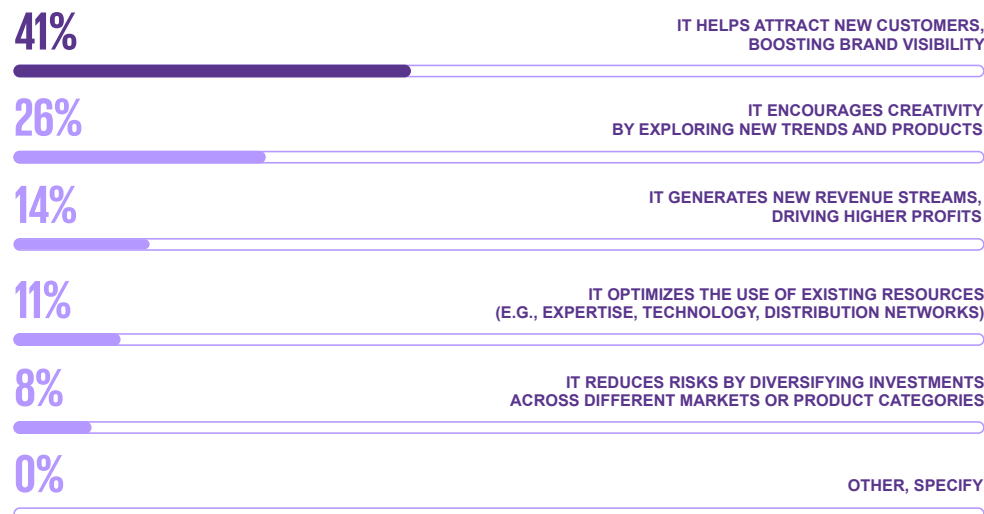
Three sectors currently stand out as particularly attractive for companies considering diversification: luxury hospitality; beauty; and wellness.

These industries are driven by consumers' growing appetite for experiences.

41%

cite attracting new customers and boosting brand visibility as key to successful diversification.

WHAT IS THE MAIN MOTIVATION BEHIND INCLUDING DIVERSIFICATION IN YOUR COMPANY'S STRATEGY?



Source : Potloc



HOSPITALITY: LUXURY AS AN EXPERIENCE ABOVE ALL

While luxury Maisons expanding into the high-end hospitality sector is not new, this trend has accelerated notably in recent months.

The LVMH Group, which already owns the Belmond and the Cheval Blanc luxury hotel collection, recently announced an equity stake in Les Domaines de Fontenille hotel group. The Bvlgari Maison, another company in the Group, is rapidly expanding its presence through its Bvlgari Hotels and Resorts branch with new openings from Shanghai to Milan as well as in Bodrum and the Maldives. Even more significant is the fact that the global luxury leader announced in March 2025 the launch of a new training program in partnership with EHL (the leading hospitality school based in Lausanne): Executive Master's in Leading Sustainable Excellence in Luxury Retail & Hospitality.

From Roederer to Baccarat and Armani, Elie Saab, and Versace, many brands are expanding into the booming hospitality sector, as tourism flows in 2024 have surpassed pre-COVID levels and new destinations, particularly in the Asia-Pacific and Middle East regions, are emerging¹⁰. This growing interest in hospitality and

luxury tourism is also driven by a powerful consumer trend: people are increasingly drawn to the experience of luxury rather than mere ownership of luxury goods.

As luxury boutiques increasingly adopt hospitality practices and prioritize customer experience, the synergies between the two activities become more apparent.

Through luxury residences, gourmet restaurants or cafes in partnership with world-renowned chefs, exclusive travel experiences (e.g., cruises and luxury trains), and more, luxury Maisons are expanding the scope of their brands' expression and positioning hospitality as the ultimate luxury experience.

However, establishing legitimacy in this new segment is a long-term endeavor for luxury Maisons — one that demands rigor and high standards to be truly sustainable. As Anne-Marie Clais, brand consultant and founder of BBA (Brand Behavior & Assets), rightly points out.



If luxury Maisons want to develop a genuine growth driver through these initiatives, and not just generate buzz, then long-term investment is essential. This includes respecting the professions and expertise that are specific to the luxury hospitality sector and that form the foundation of its culture.



ANNE-MARIE CLAIS

Founder and Brand Expert
BBA (Brand Behavior & Assets)



¹⁰World Tourism Barometer published by UN Tourism, January 2025



BEAUTY, WELL-BEING, AND MUCH MORE...

Many Maisons are entering the luxury and ultra-luxury cosmetics market, allowing them to offer more affordable products and reach a broader customer base. This is also a way to capitalize on an extremely dynamic market that, according to some estimates, could double in size by 2027, growing from \$20 billion to \$40 billion¹¹.

Several years after Chanel and Hermès, Louis Vuitton (LVMH), already active in the fragrance segment, announced in March the launch of its cosmetics line for fall 2025. Earlier, Jacquemus publicly revealed its upcoming foray into the beauty sector through a partnership with the L'Oréal Group — a strategy already adopted by Miu Miu, which signed a licensing agreement with the Group in 2024. Balenciaga (Kering) is also expected to release a makeup line this year, while Balmain Beauty, launched in 2022 in collaboration with The Estée Lauder Companies, continues to strengthen its presence in the complementary high-end fragrance sector.

Chanel recently exemplified this drive to accelerate in the beauty segment by opening a new space entirely dedicated to this domain in late 2024. Located in the Passy neighborhood of Paris, the three-story Maison of Beauty marks a major milestone for Chanel's Fragrance & Beauty division.

It offers an immersive, high-end showcase for the Brand's perfumes, makeup, and skincare lines.

Through these developments, *"a kind of semantic link is being made between the know-how of luxury brands,"* notes Frédéric Godart, an INSEAD professor.

“ They are asking consumers to trust their ability to transfer their expertise to the new sectors they are entering. ”



**FRÉDÉRIC
GODART**

Professor
and Luxury Expert
INSEAD

The wellness sector, closely related to beauty, is also generating increasing interest from luxury Maisons, driven by the post-Covid "self-care" trend. Positioned at the intersection of beauty and experience, this segment is particularly attractive to the LVMH Group, which is opening increasingly luxurious spas and creating exceptional wellness retreats, such as those offered aboard Belmond-operated trains.

Beyond spas, which have become standard in luxury hospitality, clients today are looking for longer, personalized retreats, targeted treatments for conditions like insomnia, preventive care and longevity programs.

By expanding its scope, luxury is embracing the promise of "inner beauty" and "better living", moving away from superficiality to a more essential vision of luxury.

¹¹"Le marché de la beauté luxe et ultra luxe pourrait doubler d'ici 2027", *Le Journal du Luxe*, June 12, 2023

02

TRADITIONAL PLAYERS AND NEWCOMERS...

HOW IS THE LUXURY INDUSTRY REINVENTING ITSELF?



Although the luxury sector is traditionally associated with exceptional craftsmanship and the legacy of heritage Maisons, it has nonetheless undergone a profound transformation over the past decade. Luxury companies have invested heavily in innovation to adapt to changing consumer habits and the rise of a younger, more connected clientele. Our study shows that innovation plays a central role in the strategy of 57% of luxury companies, while 43% of these companies also emphasize enhancing the value of their iconic products. Caught between celebrating timeless luxury and the need to win over a new generation of consumers, how are luxury brands reinventing themselves? What role does innovation play in supporting their future growth? How are newcomers managing to carve out a place in a sector where heritage has long been the dominant paradigm?

HOW DO YOU CURRENTLY PRIORITIZE INNOVATION IN NEW PRODUCTS VERSUS STRENGTHENING YOUR EXISTING FLAGSHIP PRODUCTS?

57%

INNOVATIVE PRODUCTS

43%

FLAGSHIP PRODUCTS

Source : Potloc



A RETURN TO CORE VALUES

In a shift that appears to counter the enthusiasm of recent years, when luxury Maisons eagerly explored new digital frontiers such as Web3 and the metaverse, many are now returning to their roots. They seek to reconnect with their core identity, foundational values, and heritage. The initial excitement surrounding NFTs, once touted as the future of luxury, has drastically and suddenly faded. Far from their original promise, NFTs now appear to have limited utility, largely confined to critical functions such as product authentication and traceability.



Frédéric Godart (INSEAD) observes, *"While the pandemic spurred a proliferation of digital and tech-driven initiatives, the current period of uncertainty may usher in a kind of retreat — a renewed focus on iconic products."* According to this fashion and luxury expert, it would not be surprising if this new era of instability also fosters *"the emergence of a kind of stylistic nationalism, a return to the notion of 'national style.'"* This trend is particularly noticeable in key consumer markets, such as Asia.

Many Maisons are already shifting their focus from launching new products to investing in the iconic products that define their identity, with the stated ambition of enhancing their brand heritage.

Examples abound in the fragrance sector. Acqua di Parma, for instance, has just reintroduced its century-old bestseller, Colonia, with a new twist. Christian Dior Parfums continues to reinterpret its classics, most recently with a new version of Dior Homme. A similar trend is visible in fashion and leather goods. Ferragamo is refocusing on its core expertise in leather craftsmanship, and Burberry's turnaround strategy relies heavily on reinvesting in its most iconic products.

Luxury Maisons are celebrating emblematic models, honoring their heritage, and drawing from their archives. They are betting on a return to their origins to reinforce the timeless nature of their creations — and, in turn, the desirability of their brands.

This is a relatively recent phenomenon in the sector, as noted by Martin Hurel (Maison HUREL), an avid observer of haute couture.



Archives, like the old wardrobes in family homes, were long discarded in favor of newness.

The awareness of the value of this heritage is quite recent. It's only since the 2000s that luxury Maisons have realized that a key part of their image is linked to having a history.



**MARTIN
HUREL**

Chief Executive Officer
Maison HUREL



INNOVATION AS A MEANS, NOT AN END IN ITSELF

In a context where Maisons are loudly reaffirming their intent to return to their fundamentals, how should innovation be approached? Most likely, it should be approached by embracing a vision of innovation that contrasts with so-called "gadget innovation" — the kind that blindly follows trends or rushes brands into new technological territories without strategic alignment. Therefore, innovation in the luxury sector should be understood as primarily serving its original promise of quality, creativity, preservation of craftsmanship, and customer experience.

Innovation at the Service of Quality and Craftsmanship

Cutting-edge technologies can enhance the precision of certain techniques and the performance of specific products while respecting artisanal know-how. In this sense, innovation has always been an integral part of craftsmanship, whose methods continuously evolve over time.

In the world of fine watchmaking, Fabien Perrinjaquet (KPMG in Switzerland) says, "Innovation today is a race for complexity."



What's interesting is that this race involves startups and niche brands. The real challenge is innovating without undermining the brand's or watch family's identity. The design evolution of a watch must build on a strong, pre-established identity.



FABIEN PERRINJAQUET

Partner, Global Head of Luxury
KPMG in Switzerland



The same logic applies to high-precision 3D printing, now used in fine jewelry, or the development of innovative fabrics in haute couture. Rather than betraying a brand's heritage or threatening traditional craftsmanship, technological innovation integrates with it to enrich and elevate the quality of the final product. Hublot (LVMH), for example, developed Magic Gold, an unscratchable gold alloy, in its metallurgy lab. When combined with artisanal expertise, technological innovation pushes the boundaries of excellence.



Innovation at the Service of Creativity and Brand Identity

Innovation is also essential for luxury Maisons to stay relevant, keep up with the times, and attract new consumers.

According to Anne-Marie Clais, a brand identity and luxury sector expert, *"Innovation must be well-understood and rooted in a continuous reinterpretation of what defines the brand's identity. It must also align with its core assets. Following trends, which are by nature short-lived, can undermine the brand's foundational identity."* Thus, ambitious, long-term innovation is meant to build future brand equity, not simply chase a short-term buzz, which often lacks legitimacy and does not contribute to sustainable growth. It must be distinguished from contingent novelty or brand animation, which may stimulate attention but fail to deliver lasting value.

At the same time, brands must align with the zeitgeist and resonate with the contemporary cultural and social environment. This is the key challenge for luxury Maisons with a strong heritage, as spirits sector specialist Thomas Moradpour points out:



A brand that has existed for 200 years must still exist 200 years from now. That is the responsibility of continuity and transmission for those who are its custodians.



THOMAS MORADPOUR

Group Head of Brands
& Strategy
Campari Group



Fulfilling this mission means weaving history into narratives that captivate new generations.

One way luxury Maisons are meeting this challenge is by reinterpreting their most emblematic creations. *"By rewriting their fundamentals, brands create something recognizable, yet not identical, translating the spirit of their origins into a contemporary vocabulary,"* continues Anne-Marie Clais.



When Bvlgari reimagines its Serpenti line following its acquisition by LVMH, or when Cartier launches Les Musts or reintroduces its Juste un Clou line, originally created in the 1970s, these brands create a rupture in the product's form — but not in its meaning.



ANNE-MARIE CLAIS

Founder
and Brand Expert
BBA (Brand Behavior & Assets)



Innovation at the Service of Elevating the Customer Experience

Innovation also plays a crucial role in elevating the customer experience, a foundational pillar of luxury that is now experienced more than it is merely purchased.

Technological innovation, particularly artificial intelligence, enables a more refined understanding of customers and their preferences. This enhances personalization, bespoke offerings, and seamless service.

Innovation can also foster an emotional connection to a brand by providing access to its world and craftsmanship. With the launch of the Bvlgari Infinito app, the LVMH-owned Maison uses immersive technology to showcase its iconic pieces and artisanal expertise in a new way. As Benjamin Comar, Piaget CEO, points out:



Explaining our know-how and showing how the jewelry is crafted in our workshops has become an essential part of the luxury customer experience — one in which we must strike the right balance between mystery and transparency.



BENJAMIN COMAR

Chief Executive Officer
Piaget

Moreover, innovation can reshape the customer's relationship with the product itself. *"Experience can lead to a new dimension of more authentic luxury,"* says Edouard de Broglie, Dans le Noir ? Founder (restaurants, spas, and sensory spaces). This conviction inspired him to create "Dans le Noir ?" workshops centered around wine and, more recently, fragrance. Temporarily deprived of their sense of sight, visitors are invited to engage with and rediscover their other senses.



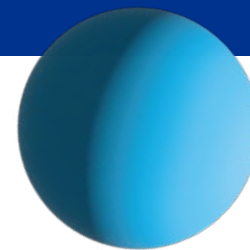
In a world where fragrance is often bought through brand imagery rather than smell, we aim to foster a sensual and physical relationship with the product by freeing the consumer from the excesses of mass marketing.

Where vision confines us to a frame, darkness liberates emotion and imagination.



EDOUARD DE BROGLIE

Founder
and Chairman
Dans le Noir ?



The elevation of the customer experience is also increasingly reflected in physical boutiques, which are becoming much more than mere points of sale — they are evolving into full-fledged living spaces where cultural and gastronomic dimensions play an increasingly central role.

In these environments, technological innovation enhances immersion in the brand universe while also freeing up time and space to focus on human interaction and personalized service. This evolution has been observed by Fabien Perrinjaquet (KPMG in Switzerland), who notes :

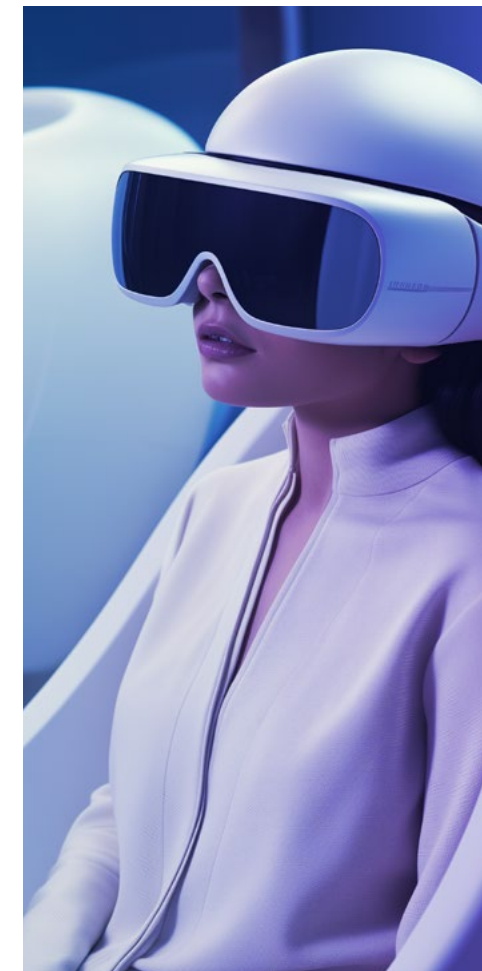


A growing adoption of hospitality codes within these meeting places of fine watchmaking.



FABIEN PERRINJAQUET

Partner,
Global Head of Luxury
KPMG in Switzerland



A Luxury Brand Tops KPMG's "Customer Experience Excellence" Barometer¹².



Two luxury brands are among the top ten in the sixth edition of KPMG's Customer Experience Excellence study, which identifies important trends in customer experience. For the first time, CHANEL takes the top spot, standing out for its increasingly immersive and personalized customer experience, which is designed to strengthen emotional connections and address current expectations around innovation and sustainability. Dior is ranked fifth and reflects a comprehensive strategy in which e-commerce and omnichannel experiences, the implementation of AI solutions, and a strong commitment to environmental, social, and governance (ESG) issues all play central roles. One of the most notable developments observed in the study is the emergence of empathy as a key differentiating factor. This trend reflects a growing consumer expectation to feel understood and listened to by the brands. The ability to capture, understand, and respond to emotions transforms a simple transaction into a memorable experience. Leading brands no longer merely meet their customers' explicit needs. They now aim to engage with their customers' emotions throughout the entire journey, creating interactions enriched with a sense of soul.

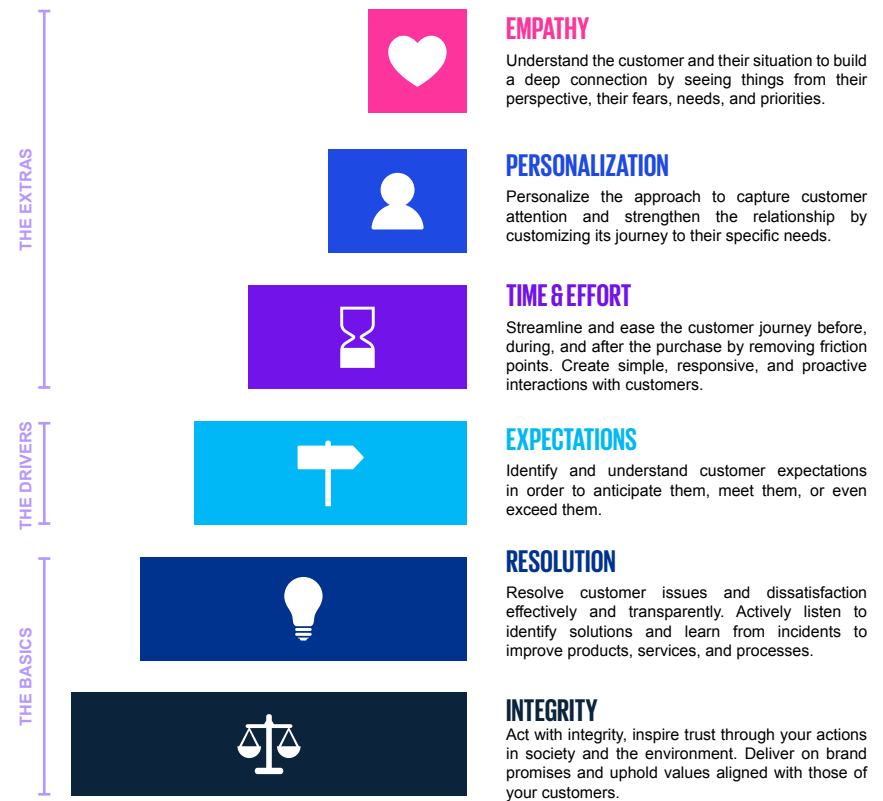
FRANÇOIS-XAVIER LEROUX

Partner,
Digital Customer
KPMG in France



KPMG uses a robust and proven analytical model based on six customer experience pillars to produce this barometer. These pillars can be organized hierarchically in the form of a pyramid inspired by Maslow's hierarchy of needs:

CUSTOMER EXPERIENCE PYRAMID



Source : KPMG in France

¹²From Consideration to Emotion: Re-enchanting the Customer Experience – Customer Excellence Experience Study n°6, 2024-2025, KPMG

NEWCOMERS: WHAT ROOM TO MANOEUVRE?

In the face of today's economic and geopolitical uncertainties, how can new brands, which are, by definition, without heritage, hope to establish themselves in an industry that is becoming more and more dominated by companies that establish their legitimacy through time-honored legacy? Even in a constrained environment, some still manage to succeed. What do they have in common? What lessons can be drawn from their success?



Investing in Exceptional Craftsmanship

Marco Tedeschi made exceptional craftsmanship the cornerstone of his business model when he launched his brand, Kross Studio, in the highly conservative world of fine watchmaking. By establishing a small, fully integrated workshop on the shores of Lake Geneva, Tedeschi offers a distinct form of luxury watchmaking, one that is deeply rooted in artisanal excellence and the purest Swiss horological tradition, yet separate from the sector's leading players. "The product is everything. Without watchmaking legitimacy, the model cannot work," he affirms.

Artisanal know-how also lies at the heart of the eyewear brand Jacques Marie Mage. Its luxury frames, produced in limited editions, are handmade in Japan. According to the brand, each pair requires the involvement of around one hundred artisans on average.

The recent entry of the young brand Gemmyo into the world of high-end jewelry

further illustrates the importance of these new players who are embracing — and even reviving — the timeless codes of luxury, starting with respect for craftsmanship and excellent manual skills.

Thus, despite lacking heritage, these emerging brands succeed in positioning themselves within a lineage of historical savoir-faire. Designers who choose to revive dormant brands share this approach. One example is the great early 19th-century fan maker Duvelleroy, which was recently brought back to life by a young and creative leadership team. Drawing on the Maison's legacy, they reinterpret the fan through the lens of a new era.

Embodiment Through a Founder

In addition to focusing on quality and excellence in craftsmanship, the embodiment of a brand by its founder is another key factor that enables newcomers to establish themselves in today's luxury landscape.

By personifying the original vision behind the brand — the creative drive that gave it life — embodiment fosters a unique emotional connection between customers and the brand. The success of recent brands such as Gabriela Hearst and Jacquemus is closely tied to the unique spirit infused by their founders. In fact, the brands carry their founders' names.



For collectors, the connection and proximity to the creator is essential, beyond rarity.



**MARCO
TEDESCHI**

Founder
and Creative Director
Kross Studio

Confirms Marco Tedeschi (Kross Studio), who recently agreed to sign certain models of his brand at the request of his clients.



03

SECOND-HAND LUXURY: RISK OR GROWTH LEVER FOR LUXURY MAISONS?



The second-hand market, once seen as a niche alternative, now represents a major shift in consumer habits, largely driven by younger generations. The luxury resale market, estimated at €48 billion in 2023 (+7%)¹³ is expanding rapidly. In the watchmaking sector alone, the number of consumers likely to purchase a pre-owned watch doubled between 2020 and 2024¹⁴. What explains such strong growth? Is it sustainable? How are luxury Maisons responding?

The primary driver behind the rise of secondhand luxury is frequently cited as consumers' desire to adopt more sustainable purchasing behaviors, reduce waste, and support the development of a circular economy. The results of our quantitative study confirm this.

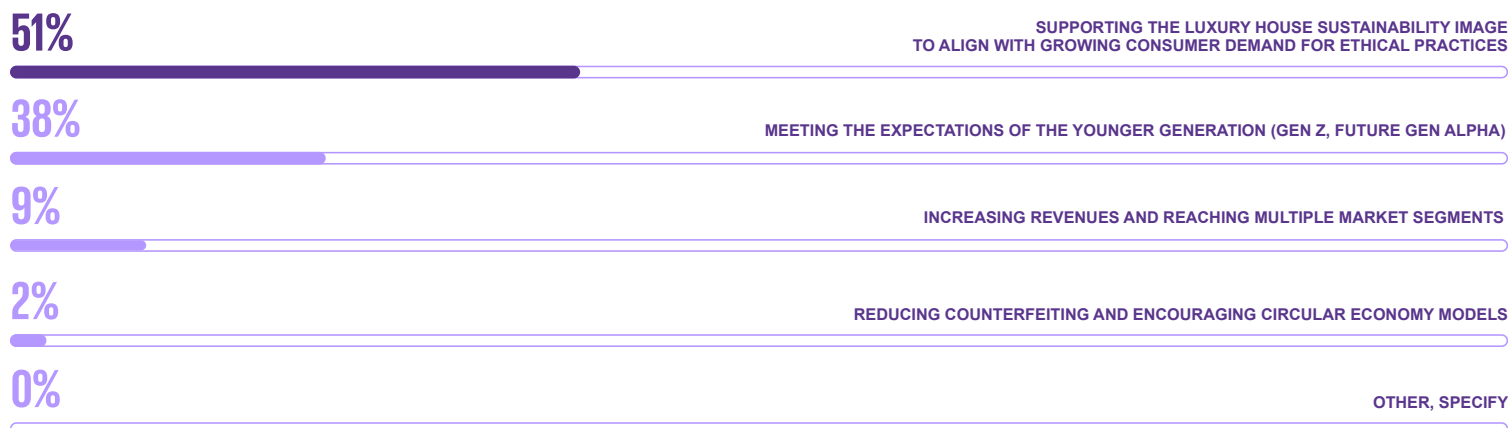
Fifty-one percent of the professionals surveyed cited "supporting their Maison's sustainability (ESG) image" as the main reason for incorporating secondhand products into their company's strategy, ahead of "meeting the expectations of younger generations" (38%).



¹³<https://www.luxurytribune.com/luxe-et-seconde-main-les-nouvelles-priorites-des-consommateurs-partie-1>

¹⁴<https://fr.fashionnetwork.com/news/Apres-une-bulle-speculative-le-marche-des-montres-d-occasion-se-normalise-selon-une-etude,1692991.html>

WHAT IS THE MAIN REASON FOR INCLUDING SECOND-HAND PRODUCTS IN YOUR COMPANY'S STRATEGY?



Source : Potloc

The second main reason luxury clients turn to the secondary market is the unavailability of certain products on the primary market, either due to limited production capacities — as was the case during the pandemic — or due to scarcity orchestrated by luxury Maisons.



While the secondary market can offer lower prices in some cases, some clients are willing to pay significantly more on the secondhand market for an authentic watch that isn't immediately available on the primary market.

FABIEN PERRINJAQUET

Partner,
Global Head of Luxury
KPMG in Switzerland



Consequently, the presence and resale value of certain products on the secondary market can sustain, or enhance, the desirability of a brand. Forty years after its creation, the popularity of Hermès's iconic Birkin bag continues to rise, with certain models reselling for an average of 250% of their original price on the resale market.

Another key driver of entry into the secondhand luxury market is the appeal of vintage items and the added value that comes from a product's history and provenance.



The story a piece carries adds value to the product.

ANNE-MARIE CLAIS

Founder and Brand Expert
BBA (Brand Behavior & Assets)



In such cases, clients seek technical and artisanal excellence, as well as historical meaning. According to Patricia Pereda (Rosa Maïtea), this explains the growing enthusiasm for secondhand jewelry, particularly among younger consumers, who are drawn to jewelry's strong emotional dimension — pieces that *"have a past, endure, and are passed down."*

In response to these shifts, luxury Maisons are moving quickly to stake their position in this fast-growing market. They are doing so through partnerships with resellers, acquisitions, investments in existing platforms (e.g., Watchfinder for Richemont and Vestiaire Collective for Kering), and the launch of their own resale solutions (e.g., Valentino Vintage and Balenciaga Re-sell). While their strategies vary, they all reflect a common objective: to gain greater control over this rapidly emerging market.



Beyond potential profits, it is crucial for brands to maintain control over the secondary market, including pricing, product flow, and counterfeiting. These factors can significantly influence perceived value and brand image.

"As soon as we create products designed to be infinitely repairable, our relationship with them cannot end at the workshop door. We have to follow them well beyond the final customer," explains Marco Tedeschi of Kross Studio. *"It is essential to know exactly to whom we are selling in order to avoid degrading the brand's perceived value,"* he adds.

In line with this thinking, Fabien Perrinjaquet (KPMG in Switzerland) explains, *"Players in fine watchmaking are now trying to better control the second-hand market, not only*

to detect counterfeits, but also to ensure a consistent quality standard with the brand."

On the secondary market, product traceability has therefore become a crucial issue, prompting numerous initiatives from luxury Maisons. One notable example is Bucherer's (Rolex) Certified Pre-Owned (CPO) label, which certifies that a timepiece has been inspected, serviced, and authenticated by an expert, retailer, or brand.

HOW IMPORTANT IS SECOND-HAND TO YOUR COMPANY'S OVERALL STRATEGY?

51%

SECOND-HAND PRODUCTS ARE NOT PART OF OUR STRATEGY, AS WE FOCUS ON NEW ITEMS AND MAINTAINING BRAND EXCLUSIVITY

42%

WE ARE INTERESTED IN THE SECOND-HAND MARKET, BUT WE'RE STILL UNCLEAR ABOUT HOW TO INTRODUCE IT IN OUR GLOBAL STRATEGY

7%

SECOND-HAND ITEMS ARE KEY TO OUR STRATEGY, OFFERING SUSTAINABLE OPTIONS AND TAPPING INTO THE GROWING PRE-OWNED LUXURY MARKET

Source : Potlloc





Finally, despite this growing momentum, however, the secondary market is still far from being fully integrated into luxury Maisons' strategies. Only 7% of our survey respondents view the secondary market as a key asset for their development. Furthermore, 51% do not currently consider secondhand products part of their business strategy. Additionally, 42% are interested in the market but uncertain about how to incorporate it into their strategic roadmap.

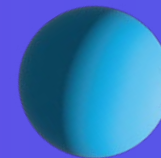
These findings confirm the need for caution in a market that, despite its rapid growth, is still in its infancy. *"While the second-hand market presents an attractive opportunity due to its expansion, it operates under fundamentally different business models that involve numerous risks for brands. They have yet to find the right formula to enter it effectively,"* summarizes Alessandro Manzo of KPMG in Italy.

To navigate this new territory with confidence, it is essential to develop robust business cases from the pilot phase onward, carefully assessing costs, projected benefits, and — critically — the cost of inaction, or the risks associated with failing to participate or adapt too slowly to these new market dynamics.

42%

of professionals surveyed are interested in the second-hand market but remain uncertain about how to incorporate it into their strategic roadmap.

CONCLUSION



After several years of exponential growth, the luxury industry is entering a turbulent period. It is unclear whether this marks the beginning of a true crisis or merely a temporary slowdown. Nonetheless, the current period and the changes it is prompting may signal the start of a new cycle for the sector.

The current context compels luxury Maisons to rigorously reflect on their weaknesses and strengths, seek solutions to today's challenges, and reinforce their foundations in the hope of returning to a path of sustainable growth in the future.

As this study has shown, luxury brands have many tools at their disposal to confront current difficulties and strengthen their resilience. They can mitigate the impact of the downturn by optimizing costs, and by reassessing operations, pricing strategies, market positioning, and their physical footprint.

Beyond these essential short-term adjustments, our analysis looks

further ahead to explore whether deeper structural changes are reshaping a sector in search of renewed momentum.

It is a fact that the luxury industry has undergone profound transformation over the past two decades in response to sweeping economic, political, and social shifts. From the digital revolution to the opening of new markets, the growing influence of younger generations, and the integration of environmental and social issues... luxury has continuously reinvented itself to remain relevant and expand.

Yet, in this race, many have lost their way. Blinded by the surge in sales driven by a new clientele, some Maisons have distanced themselves from more discerning customers — those for whom quality and exclusivity are paramount — while simultaneously alienating potential customers. Escalating prices, often considered excessive or unrelated to product value, may have further

eroded the trust that defined the relationship between Maisons and their customers. This erosion is perhaps most clearly reflected in the recent rise of "fakes" — lower-cost imitations of luxury goods that are flaunted on social media as an act of defiance against a model that is seen as outdated and out of touch.

How can this broken bond be repaired? How can the desire for luxury be reignited?

All those we interviewed agreed on this point: in today's difficult market, luxury Maisons must offer reassurance and restore meaning to rediscover the path to growth. The introspective process that many brands are currently undergoing is not only necessary but also inevitable if they are to prepare for the future.

In an era when traditional value markers are being challenged, the brands most likely to stand out are those that remain consistent with their values. By honoring their roots while listening closely to their

clients' needs and the imperatives of their era, luxury Maisons can rekindle desire for their products and their brand. By reinforcing their fundamentals, they can rebuild trust and reignite the machinery of aspiration.

How? They must reaffirm what makes them unique and reconnect with the original promise of luxury: an unwavering commitment to quality supported by exceptional craftsmanship, extraordinary creativity, and exclusive experiences. These pillars — seemingly obvious yet absolutely essential — must now be amplified by innovation and reconciled with the non-negotiable demands of environmental and social responsibility. It is through this balance that luxury Maisons will reignite the spark of luxury and ensure that it continues to shine for years to come.

ACKNOWLEDGMENTS



**EDOUARD
DE BROGLIE**

Founder
and Chairman
Dans le Noir ?



**ANNE-MARIE
CLAIS**

Founder and Brand Expert
BBA
(Brand Behavior & Assets)



**BENJAMIN
COMAR**

Chief Executive
Officer
Piaget



**FRÉDÉRIC
GODART**

Professor
and Luxury Expert
INSEAD



**MARTIN
HUREL**

Chief Executive
Officer
Maison HUREL



**ROBERTO
MASSARDI**

Chief Business
Developer Officer
Prada Group



**THOMAS
MORADPOUR**

Group Head of
Brands & Strategy
Campari Group



**PATRICIA
PEREDA**

Founder
and Designer
Rosa Maïtea



**MARCO
TEDESCHI**

Founder
and Creative Director
Kross Studio





STUDY LEADS



**GUILLAUME
DES ROTOURS**

Partner,
Global Head of Luxury
KPMG in France



**RAQUEL
NAVALON
DE LA ROSA**

Senior Manager
Advisory, Luxury
KPMG in France



**ERIC
ROPERT**

Partner,
Head of Consumer
and Retail
KPMG in France

CONTRIBUTORS



**OLIVIER
BOUMENDIL**

Partner & Co-Head
Transaction Services
KPMG in France



**TANNEGUY
DE GUERPEL**

Director Corporate
Finance Real Estate
KPMG in France



**AXEL
DE GOURSAC**

Partner AI Lead
KPMG in France



**FRANÇOIS-
XAVIER
LEROUX**

Partner, Digital
& Customer Advisory
KPMG in France



**OLIVIER
LOTH**

Director, Operations
and Performance
Strategy, Luxury
KPMG in France



**ALESSANDRO
MANZO**

Partner, Customer
& Operations, Fashion
& Luxury leader for Italy
KPMG in Italy



**FABIEN
PERRINJAQUET**

Partner,
Global Head of Luxury
KPMG in Switzerland



**JACOPO
STRIZZOLO**

Partner,
Global Strategy Group
KPMG in Italy

ABOUT POTLOC

Potloc is a survey technology platform that leading consulting firms and investment funds use to gather primary data, enhancing their decision-making and expertise. Using AI-powered tools and guidance from our market research experts, Potloc streamlines survey creation, sampling, analysis, and data visualization.

METHODOLOGY

Potloc gathered responses from 180 participants through social media and its partner network. The sample comprises managers, directors, and founders located in Europe, the United States, and Asia. The sectors vary widely and include wine, fashion, and jewelry, among others. Through rigorous data quality controls, we eliminated over 1,000 respondents, ensuring the cleanest quality sample. www.potloc.com





CONTACTS

Guillaume des Rotours

Partner, Global Head of Luxury, **KPMG in France**
gdesrotours@kpmg.fr

Raquel Navalon de la Rosa

Senior Manager Advisory, Luxury, **KPMG in France**
rnavalondelarosa@kpmg.fr

KPMG. Make the Difference.

2025

© 2025 KPMG S.A., a French audit and accounting limited liability company and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a Private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization. The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation. KPMG S.A. is member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a Private English company limited by guarantee. KPMG International and its related entities provide no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm.

Design and production: Agence MadameMonsieur, July 2025

