

Is the luxury industry really a financier's dream ?

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June 29,2010

## SUMMARY OR ABSTRACT

Although modest in terms of sales , compared to most other sectors, luxury does get a high share of investors' , financial analysts' and media attention .

Why would this sector receive a share of attention much bigger than its actual , weight ? Is it because of its glamorous image, or the incredible prices attached to its products , now displayed in all the media for mass desire ? Are the financiers dreaming too ?

An analysis of published financial accounts shows that Luxury Groups' performance does not appear exceptional. Companies from the internet economy exhibit much greater profitability. Of course not all luxury groups are equal : some, such as Hermes, show outstanding financial performance but many others do not. Though, luxury groups appear to make financial market dream when considering their valuation multiple.

What then fuels the dream ? First, the expectations based on these best of class companies . They make believe that their success can be emulated as long as one follows the discipline of a real luxury strategy Another explanatory factor is that Luxury groups brand portfolios exhibit themselves a wide variance of results. Most brands are at pain, while some show remarkable results. It is these \ exceptions which carry the dream of the sector. Most investors do believe that, with flair and the right turn-around , each small or ailing luxury brand will have its chance. Just as Dior or Louis Vuitton were small and unexciting , once they were bought by LVMH they have now reached the sky and become the stars of the luxury world.