

SILENT LUXURY

# THE MAGIC IS SPENT

WHAT THE Q1 2026 RESULTS OF LVMH, KERING, HERMÈS AND BRUNELLO CUCINELLI REALLY SAY ABOUT THE STRUCTURAL REORDERING OF LUXURY.

BERNARD ARNAULT'S MOST POLITE ADMISSION

TRUE LUXURY  
The question Luca de Meo cannot yet answer

LOCAL SOUL  
Why the next luxury is already here

THE HOURGLASS ECONOMY  
Why 70 million luxury consumers left the market

HERMÈS VS. GUCCI  
Same market, fourteen percent apart

# The Recalibration of Excellence: The End of Industrial Luxury Deception

In the second week of April 2026, four of the five leading listed luxury conglomerates published their first-quarter results. Within five days, LVMH on the 13th, Kering on the 14th, Hermès on the 15th of April, the figures produced a picture that financial analysts described as broadly in line with expectations, and that stock markets acknowledged with double-digit declines.

Brunello Cucinelli had already opened the season on the 9th of April: with fourteen percent growth at constant exchange rates, and a self-assessment the founder described as the finest moment in the history of the house. The financial press read this week as a crisis signal. The Silent Luxury reads it as a structural diagnosis.

## What the 2026 quarterly results really show

The Q1 2026 results of the major luxury conglomerates reveal a structural divergence in the luxury market rather than a sector-wide crisis. Brunello Cucinelli grew fourteen percent organically, Hermès six percent, while Gucci declined eight percent — in the same market, with the same consumers, under the same macroeconomic conditions. This divergence reflects the difference between houses built on craftsmanship, provenance and controlled scarcity, and those that pursued volume, visibility and aspirational expansion over the past decade.

The figures of that week are best read as a spectrum, like a thread with two ends, between which a range of possibilities unfolds. At one end stands Brunello Cucinelli with fourteen percent organic growth and a confirmed outlook of ten percent for 2026 and 2027. At the other end stands Gucci with minus eight percent organically. Between these two poles lie fundamentally different models of what luxury must deliver today, and for whom. The simplified reading of analysts falls short here.

Does Cucinelli truly represent Quiet Luxury as a lived conviction, or as a marketing label? This question is decisive for understanding what Q1 2026 actually shows. The answer develops from what Gucci has experienced over the past years.

“LVMH REMAINS  
VIGILANT YET  
CONFIDENT AT THE  
START OF THE YEAR.”

BERNARD ARNAULT,  
CHAIRMAN AND CEO, LVMH  
(Q1 2026 PRESS RELEASE)

The phrase "vigilant yet confident" is, in the language of luxury industry communications, the most polite way of saying: we know the model is reaching its limits.

## Why Gucci Became the Symbol of Disenchantment

A brief look into recent history is necessary. For the past two decades, Gucci represented the grammar of a dominant luxury model: logo-driven, over-staged, influencer-fuelled, culturally saturated. Alessandro Michele operated this model with a talent and consistency that has few equals in the luxury industry. He understood that luxury in the era of social media no longer needs to sell exclusivity. It needs to sell a form of meaning that people want to share. The maximalist aesthetic, the postmodern references, the accessibility of the semiotic: anyone could enter the Michele code, even without owning the desired piece. That was the strategy.

The problem is that this code exhausted itself because it was exhaustible. It was itself a consumable. A cultural offer built on surprise and excess must reinvent itself the moment it becomes ordinary. That is where the brand stands today. The aspirational middle that carried this model has collapsed. Gucci recorded a decline of 14.3 percent in reported terms in the first quarter of 2026, minus eight percent organically. Kering acknowledged in a remarkably candid self-diagnosis that the result was attributable to over-distribution and low cultural relevance, particularly in China. The brand was everywhere and was therefore no longer perceived as something special anywhere.

"What is happening now is the end of a transactional model. Luxury was understood for decades as a purchasing act: buy, wear, replace, buy. Customers are increasingly following a different logic."

Eva Winterer,  
Publisher The Silent Luxury



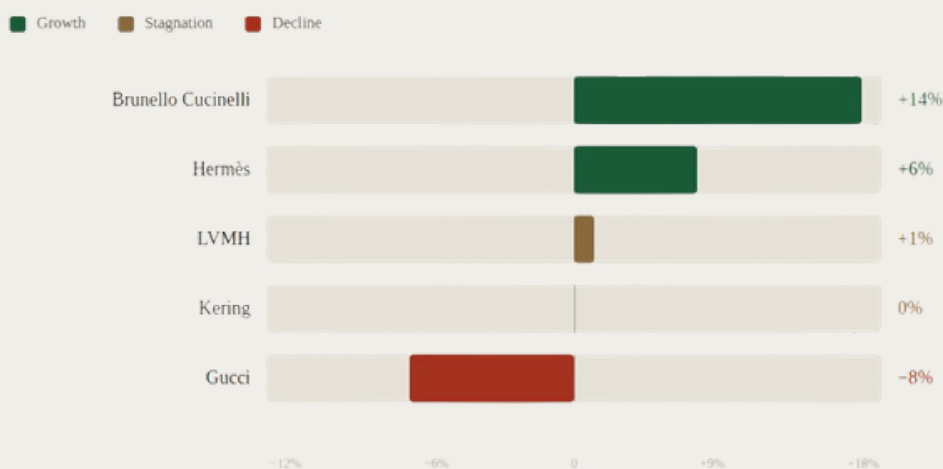
# Are Stock Prices a Valid Indicator for the Luxury Market?

A Stock prices are not a reliable indicator for the operational state of the luxury market. Hermès grew 5.6 percent organically in Q1 2026 while its share price fell double digits on the day of results. LVMH recorded the largest share price decline in its history, minus 28 percent in the first quarter, more than during the financial crisis of 2008, more than during the pandemic quarter of 2020, while the group's organic growth stood at one percent. These discrepancies reflect investor expectations built during the boom years of 2021 to 2023, not the underlying performance of the businesses.

This raises a fundamental question that was barely posed in the week's reporting: are stock prices and quarterly figures a reliable indicator of the state of the luxury goods industry? Or do they reflect a portfolio reallocation, while the real market develops differently? A house that grows organically by six percent while losing its share price in double digits presents a contradiction that the raw quarterly numbers alone cannot resolve. It requires a deeper reading of the underlying structures of the business models involved.

## Organic Growth at Constant Exchange Rates

January to March 2026 · Selected luxury groups



Source: The Silent Luxury | LVMH, Kering, Hermès International, Brunello Cucinelli | Earnings Releases April 2026 · © Silent Communications GmbH

# Geopolitics as Explanation: What China Really Shows?

In every quarterly season of the past three years, the same explanation has appeared for weak results: China. China is recovering too slowly. The geopolitical situation makes forecasts uncertain. The Middle East conflict is dampening consumer sentiment. China is an example of this pattern, the most convenient one, because it is the largest.

China is a fig-leaf argument for structural issues that predate the geopolitical disruptions of 2026. Hermès and Brunello Cucinelli both grew in China in Q1 2026, while LVMH Fashion and Gucci declined. The difference lies in the depth of the relationship each house has built with its products, its provenance and its customers. "This is a fig-leaf argument," says Eva Winterer, Publisher of The Silent Luxury. "Hermès is growing in China. Brunello Cucinelli is growing in China. When the houses that have remained true to their production philosophy, their provenance logic and their commitment to controlled availability are growing in China, the more pertinent question is whether the conglomerates have truly understood what the Chinese market has been communicating through its purchasing decisions since at least 2025. Consumer behaviour has changed.

Different here means more deliberate, more selective, guided by different criteria. Hermès records a gain of 2.2 percent in Asia excluding Japan, driven by local customers who purchase in their own cities because they want a specific object. In a growing segment of Chinese society, a changed understanding of value is emerging under the concept of New Luxury: one built on permanence, on relationships, on quality that can be passed on across generations.

Geopolitics, currency turbulence, the Middle East conflict, all of this is real. LVMH CFO Cécile Cabanis estimated the effect of the conflict at approximately one percentage point of organic growth, and currency effects reduced reported revenue for most groups by seven percentage points. Hermès operates under the same conditions. To explain the Q1 2026 results primarily through short-term geopolitical disruptions would be to miss the point. The figures presented are the result of strategic decisions taken quarters ago, decisions that were maintained even as the market was already shifting. The numbers of the past week expose a structural issue, a tectonic shift in the luxury industry that has been under way for some time. They are a consequence, not a cause.

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# Disenchantment and the Hourglass Economy: The Structural Pattern Behind Q1 2026

Once the geopolitical factors are removed from the equation, a structural picture remains that can be described through two phenomena that are related but must be precisely distinguished: disenchantment and the hourglass economy. The disenchantment is the cultural event, the moment in which objects that were regarded as luxury lose their aura. The hourglass economy is its economic consequence, the polarisation of a market whose middle is collapsing while the two ends move in opposite directions. Together, these explain why Gucci loses fourteen percent in a single quarter while Brunello Cucinelli grows by fourteen percent, in the same market, with the same consumers, under the same macroeconomic conditions.

## The Three Causes of Disenchantment in the Luxury Market

Between 2023 and 2025, an estimated 80 percent of luxury market growth came from price increases rather than genuine volume gains. A strategy that works as long as buyers follow. In Q1 2026, the limit becomes visible, as people recognise that they are paying for visibility, for logistics and marketing budgets, rather than for the craftsmanship, the material, the time invested in an object.

Luxury is losing its aura through three structural developments that have reinforced each other over years: the outlet-isation of perception, elevated frequency and the loss of creative distance. When Louis Vuitton is available at every airport and Gucci appears on every social media feed, the object loses its function as a mark of distinction. When new collections arrive before the previous ones have been absorbed, time is removed from the product — and time is precisely what gives an object lasting value. When creative directors change in real time and brand identities are publicly negotiated, the mystery that luxury historically depended upon dissolves.

This shift is taking place quietly and structurally, and the listed luxury companies have evidently not taken it seriously. Although it has always been said: more is not necessarily better.

**1** Outlet-isation  
of perception

**2** Elevated  
frequency

**3** The loss of  
creative distance

## The Three Causes of Disenchantment in the Luxury Market

### 1 Outlet-isation of perception

LVMH and Kering drove their brand presence during the boom years of 2021 to 2023 to a level that directly contradicts the logic of desire. Gucci on every feed. Louis Vuitton at every airport. Those who see a sign every day stop desiring it. The uppermost customer segment registered this before the balance sheets reflected it, and turned away. Prices continued to rise. Desirability did not. "The customer feels deceived," as Federica Levato of Bain & Company has put it, pointing to something that goes deeper than an image problem.

### 2 Elevated frequency

Fast product cycles, permanent drops, a new collection before the previous one has been absorbed. What is new every few weeks cannot sustain lasting desirability. The compulsion towards frequency has removed time from the product, that time which is precisely what transforms an object into something that endures.

### 3 The loss of creative distance.

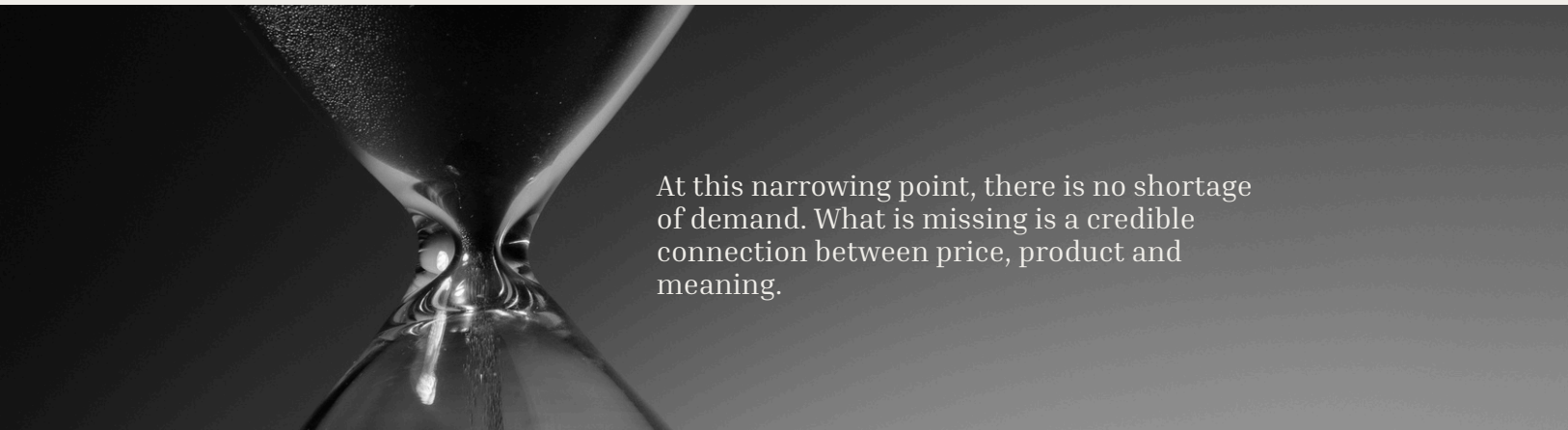
Luxury historically drew its power from what one did not see: the process of creation behind closed doors, the arrival of a finished piece without announcement or explanation. Digital over-exposure has dissolved this distance. Changes of creative director are commented on in real time, repositioning strategies are negotiated in public, questions of identity are debated live. "It seems almost like a desperate search for the truth of one's own identity, for a brand core whose momentum has been lost and cannot be recovered. A luxury brand that stages its process of self-discovery in public, without a clear strategy, has in my view already lost," says Winterer. "Visible desperation is the opposite of spell."

"The houses with a future replace the concept of the collection with the concept of the wardrobe."

## What Is the Hourglass Economy in the Luxury Market?

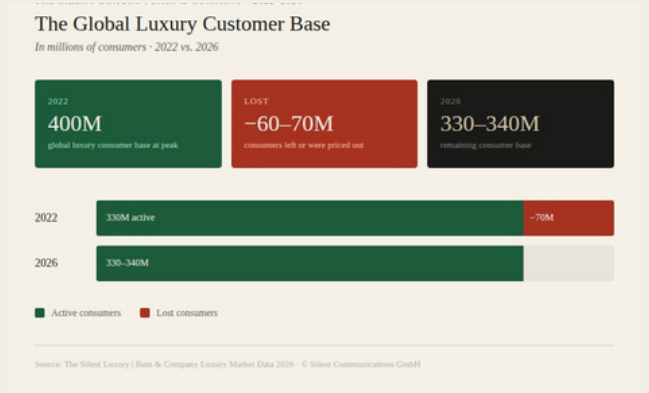
The hourglass economy in the luxury market describes the polarisation of consumer demand into two growing extremes with a collapsing middle. At the top, ultra-luxury houses such as Hermès and Brunello Cucinelli grow through scarcity, authentic craftsmanship and controlled access. At the bottom, mass-market and entry-level formats stabilise through volume and functional appeal. The middle, brands such as LVMH Fashion, Kering and Burberry, is being squeezed because they are too visible to be truly exclusive and too expensive for the aspirational buyers they previously attracted. The economic consequence of

disenchantment can be through an image that Emanuela Prandelli, LVMH Professor of Fashion and Luxury Management at Università Bocconi, articulated in conversation with The Silent Luxury: while the market long followed the model of a pyramid, it has today assumed the shape of an hourglass. The upper segment grows through rarity, authentic craftsmanship and controlled access. The lower segment stabilises with functional products and entry-level forms of brand belonging. The middle becomes narrower, driven by the economic shifts of recent years and by the strategic decisions of the houses themselves.



At this narrowing point, there is no shortage of demand. What is missing is a credible connection between price, product and meaning.

Bain & Company has published a figure that is treated as a market risk in the financial press but reads far more clearly as a cultural diagnosis: the global circle of luxury consumers has shrunk since 2022 from 400 million to approximately 330 to 340 million people. An estimated 60 to 70 million consumers have left the market or been pushed out of it. A central reason for this is price increases that shifted from a strategy of exclusivity to a strategy of margin management. Financial results were polished without the narrative of quality and value growing alongside them.



## What Is the Hourglass Economy in the Luxury Market? - Part II

The narrowing part signals, were the people who had saved for three years for a first Chanel bag, who followed the Off-White and Nike collaborations and believed that luxury had stopped being only for others. The industry had signaled to them for a decade: come closer. Then houses such as Dior, Chanel and Gucci raised their prices by thirty, forty, fifty percent, not because the cashmere quality had improved or the leather came from sustainably managed farms, but because margins were under pressure and the exclusivity strategy looked more attractive on paper than its consequence: that the same people who had

been invited in now found themselves looking through the window again.

Maisons such as Dior and Chanel are now responding by reintroducing more accessible entry-level products in an attempt to win back aspirational buyers. It is difficult to read this as anything other than a form of panic. The entire strategic effort of the past five years was built on one message: you are not our target group. Now the same group is supposed to return. The logic of this reversal does not resolve itself, and those who buy with attention feel the absence.



"What is happening now is the end of a transactional model. Luxury was understood for decades as a purchasing act: buy, wear, replace, buy. Customers are increasingly following a different logic. They understand themselves as custodians of objects that will be passed on. Patina is proof that the original decision was right. The relationship with an object extends beyond the moment of purchase," says Winterer.

"Those who have built for this logic are growing. Those who have built against it are losing precisely the buyers who would have mattered most," says Winterer.

## Luxury Beyond the Listed Conglomerates: Where Value Is Actually Created

Small and owner-led luxury houses are gaining relevance because the market is shifting towards the values they have always embodied: local rootedness, documented provenance and a direct relationship between maker and buyer. What Hermès has built through thirty years of consistent decisions is the starting point, not the goal, for many independent houses. The structural shift squeezing the conglomerates validates the model that smaller houses have always operated. Luxury is moving from availability to rootedness.

The analysis so far has referred exclusively to the definition of luxury that the listed conglomerates wrote for themselves during their growth phase, a definition built on volume, visibility and global availability. To put it precisely: the listed conglomerates are themselves a niche within the luxury segment, one with enormous financial power, but with a specific industrial logic that describes the overall market only in part.

Local production clusters are gaining relevance because they answer a question the global market is increasingly asking: where does value arise that is tied to a place, to a specific knowledge, to a history? The growth in Q1 2026 comes from local loyalty. Hermès records its strongest growth in the Americas and in Europe outside France, driven by customers who purchase in their own cities because they want a specific object. Brunello Cucinelli grows by twenty percent in directly operated retail, without wholesale, without seasonal discount programmes. Those dependent on the travelling consumer have lost in Q1 2026. Those who have built local relationships are winning.

**Luxury is moving from availability to rootedness.**

## Local Soul: Why Luxury Needs a Different Grammar in 2026

The understanding of luxury is shifting. In 2026, a different form of value is beginning to gain weight, in houses that publish no quarterly figures, for which no analyst calls are organised, and whose growth receives no mention in the financial press.

The industry is beginning to understand this. The aspiration-based expansion model was a historical window of opportunity, not a permanent condition. Bernard Arnault commented on his group's Q1 figures with the words: "LVMH remains vigilant yet confident." The phrase "vigilant yet confident" is, in the language of luxury industry communications, the most polite way of saying: we know the model is reaching its limits.

Or the new Kering strategy roadmap. It carries the title "ReconKering: True Luxury. Next Luxury," the most public acknowledgement a listed luxury conglomerate has currently formulated: that the model through which the growth of the past decade was achieved no longer has a stable foundation. Luca de Meo has announced his intention to make Gucci the centrepiece of a repositioning he calls "True Luxury." The question that remains open: what does de Meo understand by that?

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Luxury in 2026 is no longer a global player. It is a local soul. What survives is what can only be made in a specific place, at a specific time, by specific people. Isn't it precisely the essence of True Luxury?"

Eva Winterer,  
Publisher The Silent Luxury





Sources: LVMH, Kering, Hermès International, Brunello Cucinelli, Earnings Releases April 2026. Bain & Company Luxury Market Data 2026. Federica Levato, Bain & Company. Emanuela Prandelli, Università Bocconi.

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