

MARKETING

LVMH 2016 revenue grows 4pc through Q3

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Photo courtesy of LVMH

By STAFF REPORTS

Despite the challenging luxury climate, conglomerate Mot Hennessy Louis Vuitton's revenue grew 4 percent in the first nine months of 2016.

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Perfumes and cosmetics outperformed the category, rising 6 percent, while leather goods had a mild increase of 1 percent. Looking ahead, the group plans to harness innovation and expand geographically as it looks for growth amid economic and geopolitical uncertainty.

On the rise

When measured with constant exchange rates, LVMH's 26.3 billion, or \$29.3 billion, in revenue for the first nine months of the year was 5 percent greater than the same period of 2015.

The third quarter was an improvement on the first half of the year, with Asia, Europe and the United States performing well on the whole. Excluded from this uptick are Japan and France, which is still seeing a decline in tourists.

Wine and spirits revenue grew 5 percent, as China grew following destocking in 2015. Hennessy's volumes increased 9 percent, while Champagne grew 3 percent.

LVMH's fashion and leather goods brands saw more muted growth, but sped up in the third quarter with activities such as Loro Piana opening a new flagship store in Paris and Louis Vuitton releasing its first perfume collection in 70 years ([see story](#)).



Les Parfumes Louis Vuitton

Watches and jewelry makers, including Bulgari and Chaumet, recorded 3 percent growth. Tag Heuer progressed in a difficult watch market, aided by its Connected smartwatch.

While selective retailing grew 5 percent, travel retailer DFS had to contend with a challenging tourist market in Asia, especially Macau and Hong Kong.

International markets saw a 16 percent increase in Chinese outbound travelers, but closer to home, in Greater China, there was a 7 percent decline in tourism for the first half of 2016, according to the China Outboard Tourism Research Institute.

COTRI found that there were 64 million border crossings from Mainland China between January and June of 2016, resulting in a growth rate of 3.4 percent. Much of the luxury market relies on Chinese outbound travelers who visit brand stores and duty free shops to make high-end purchases as a method to avoid the high tax at home ([see story](#)).

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