

COMMERCE

## Earnings at LVMH suggest diversified retail could reach new heights in 2023

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*Selective retailing was the second-highest performing business group for LVMH in 2022, serving as the foundation of full-year fiscal success. Image credit: LVMH/Le Bon Marché Rive Gauche*

By AMIRAH KEATON

Last year's earnings prove that French luxury conglomerate LVMH Mot Hennessy Louis Vuitton's fate could rest with one of retail's oldest models.

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In fact, department stores appear to have helped deliver a record year for the parent company, with at-large revenues at \$8.62 billion, up 23 percent year-over-year. Revenues brought in by Parisian department store Le Bon Marché Rive Gauche, beauty retailer Sephora and other selective retailing entities saw the category surpassing peers in 2022, in a signal for where this year's most lucrative opportunities may lie.

"Our performance in 2022 illustrates the exceptional appeal of our Maisons and their ability to create desire during a year affected by economic and geopolitical challenges," said Bernard Arnault, chairman and CEO of LVMH, in a statement.

"The Group once again recorded significant growth in revenue and earnings."

Bricks-and-mortar bend

Selective retailing ranked second-highlight among all of LVMH's business groups in 2022.

Though LVMH does not make public earnings by brand, opting instead for categorical delineations, one can reasonably deduce from report descriptions which of the sector's less than 10 brands are driving growth.

With presence in Europe, the Americas, Asia and the Middle East, LVMH's selective retailing operation is comprised of travel retail titles including luxury airport retailer DFS and luxury cruise retailer Starboard Cruise Services Cruiseline, as well as elevated retail concepts Sephora, Le Bon Marché Rive Gauche and La Grande Épicerie De Paris.

These brands rounded out the year with a collective \$16.17 billion in revenue.

Selective retailing's total revenues are preceded only by fashion & leather goods and are followed by watches &

jewelry, at \$42.1 billion and \$11.52 billion in 2022 revenues respectively.



*Sephora will open a 6,000-square-foot flagship space in the Westfield Shopping Center in London in the Spring, its first brick-and-mortar in the U.K. in 18 years. Image credit: Sephora*

*The sector has also experienced steady year-over-year growth, rising from pandemic lows down -31 percent in y-o-y revenues in 2020 as compared to 2019 to an 18 percent increase in 2021 revenues y-o-y (*

*see story*

*), before this year's 26 percent y-o-y increase, surpassing that of LVMH's front-running fashion and leather goods sector, up just 25 percent in revenues compared to 2021.*

At the core of selective retailing is the sole objective of transforming shopping into a unique experience, according to the conglomerate's site.

Centering specialist product selection, stores and services upgrades, digitalization and personalization, the aforementioned selective retailers have mastered the art of a luxury sale.

"Our growth strategy, based on the complementary nature of our activities, as well as their geographic diversity, encourages innovation and the quality of our creations, the excellence of their distribution, and adds a cultural and historical dimension thanks to the heritage of our Maisons," Mr. Arnault said.

Honing in on historic spaces

Full-year 2022 fiscal results hint at the types of varied in-store experiences consumers are craving.

Both market realities arrive at a time when LVMH is continuing to bolster its retail offerings. Acquired decades ago in 2001, 19th-century department store La Samaritaine underwent a \$835 million-dollar renovation, having recently reopened in [June 2021](#).

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The opening marks the availability of the largest beauty space in continental Europe, as well as 12 upscale restaurants, a beauty studio and spa and private shopping experience "L'Appartement," set amid works of art. The project even included the installation of the Maison's first urban hotel, Cheval Blanc Paris.

Perhaps the house saw the heritage retail house wave coming.

Presumably per a fairly-nascent open date, LVMH's latest does not specify whether the DFS-owned and operated department store's quarterly results were included in this earnings round.

However, further investment in and amplification of the mixed-use space ([see story](#)) in 2023 in order to satisfy seeming levels of luxury demand for bespoke shopping experiences does not appear to be beyond reason.

Executed this month, a retail activation from Le Bon March offered a fusion between emerging markets and curated collections, striking just as strategically.

Last week, the department store announced a debut exhibition involving celebrated Indian artist Subodh Gupta. Part of its annual "Carte Blanche" series, the show drew inspiration from the artist's cultural heritage, aptly timed, as a growing awareness of India as the next major market pushes luxury to get in early ([see story](#)).

"We approach 2023 with confidence but remain vigilant due to current uncertainties," Mr. Arnault said.

"We count on the desirability of our Maisons and the agility of our teams to further strengthen our lead in the global luxury market and support France's prestige throughout the world."