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The Correlation Between the Revenues and the Social Media Profiles of French Companies on the Luxury Goods Market

Introduction

The luxury goods market can be divided into several segments; most often, it distinguishes between designer apparels & footwear, jewellery, accessories, cosmetics, fine wines/champagne and spirits, travel goods, and others. French companies have had the largest share in the sales of luxury goods in the world since 2014.¹ In 2018, three out of five largest global French companies were operating within the luxury goods market, which in this article is described with regard to the following segments: clothing, bags, accessories. The aim of this text is to demonstrate their growth of popularity on social media as well as reveal the revenues of French companies on the luxury goods market.

Revenues of three largest French companies within the luxury goods market

Louis Vuitton is part of a French group called LVMH, i.e. Louis Vuitton Moët Hennessy, which operates in various segments of luxury goods market. LV alone belongs to fashion and leather goods. As shown in the table, the company is continually gaining on in size with great positive values of percentage changes. The next discussed company is Hermes. Although smaller in size, Hermes still amazes with its incredible percentage value changes, indicating the company's growth. Last but not least, there is Chanel – the biggest company in the provided table due to the amount of rev-

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1 Rynek dóbr luksusowych 2019, https://www2.deloitte.com/pl/pl/pages/consumer-business/articles/raport_global_powers_luxury_goods_2019.html (access: 25.12.2019).

venues and net income. The brand has made a breakthrough decision when posting its financial results for the first time in 108 years.² The only official data comes from the years 2018 and 2017, while the other data has been retrieved from unofficial sources.

Table 1. Revenues of three largest French companies within the luxury goods market

Company	Year	Revenue	Cost of Sales	Net Income	Percentage Growth in Revenue	Percentage Growth in Net Income
In millions €						
Louis Vuitton	2018	46,83	15,64	31,20	9,8	12,0
	2017	42,64	14,78	27,85	16,5	13,4
	2016	36,60	13,04	24,56	2,6	6,3
	2015	35,66	12,55	23,11	16,4	16,5
	2014	30,64	10,80	19,84	-	-
In millions €						
Hermes	2018	5,99	1,79	4,20	8,1	8,0
	2017	5,54	1,65	3,89	6,5	10,5
	2016	5,20	1,68	3,52	7,4	10,0
	2015	4,84	1,64	3,20	17,8	16,4
	2014	4,11	1,36	2,75	-	-
In billions \$						
Chanel	2018	11,10	Not Given	2,99	15,4	11,2
	2017	9,62		2,69	11,5	22,3
	2016	8,63		2,20	38,3	37,5
	2015	6,24		1,60	-16,8	14,3
	2014	7,50		1,40	-	-

Source: based on: *Annual Reports for the Years Ended 2018, 2017, 2016, 2015, 2014*, "LVHM", https://www.lvmh.com/investors/financial-calendar/?filter=108&agenda_year=#gt_events-results, (access: 25.12.2019); *Annual Reports for the Years Ended 2018, 2017, 2016, 2015, 2014*, "Hermes Financial Information", <https://finance.hermes.com/en/Reports-and-Presentations/Annual-reports>, (access: 25.12.2019); *Annual Reports for the Years Ended 2018, 2017*, "Chanel", <https://www.chanel.com/us/financial-results/> (access: 25.12.2019); *Chanel Profit Beats Rivals and Makes Owners \$3B Richer*, "The Business of Fashion: BoF" 11.09.2015, <https://www.businessoffashion.com/articles/news-analysis/chanel-profit-beats-rivals-and-makes-owners-3-billion-richer-in-2015> (access: 25.12.2019); *CHANEL reports negative financial performance for 2015*, "CPPLUXURY" 30.08.2016, <https://cpp-luxury.com/chanel-reports-negative-financial-performance-for-2015/> (access: 25.12.2019).

² E. Paton, *Chanel Publishes Annual Results for First Time in 108 Year*, "New York Times" 21.06.2018, <https://www.nytimes.com/2018/06/21/business/chanel-earnings-luxury-annual-report.html> (access: 25.12.2019).

The popularity of the top three French companies within luxury goods market on social media

Nowadays, when people wish to find information about luxury product – or generally conduct any research of such goods – they tend to use social media. The most popular ones include Instagram and Facebook. There are three ways to find a brand on Instagram. First, this can be done by entering the company's profile, where we can find photos from their collections. Another way is to enter the hashtag with the company's name. The third way includes tagging the company with hashtag directly in the photo. Facebook works in a similar way.

Table 2. The popularity on social media

Company	Hashtag	Number of 'uses' on the Instagram	Facebook 'likes'
		(in millions)	
Louis Vuitton	#lv	25	23
	#louisvuitton	40	
Hermes	#hermes	41,5	3,2
Chanel	#chanel	65	22

Source: based on: Facebook Louis Vuitton, <https://www.facebook.com/LouisVuitton/> (access: 25.12.2019); Facebook Hermes, <https://www.facebook.com/hermes/> (access: 25.12.2019); Facebook Chanel, <https://www.facebook.com/chanel/> (access: 25.12.2019); Instagram Chanel Official, <https://www.instagram.com/chanelofficial/?hl=pl> (access: 25.12.2019); Instagram Louis Vuitton, <https://www.instagram.com/louisvuitton/?hl=pl> (access: 25.12.2019); Instagram Hermes, <https://www.instagram.com/hermes/?hl=pl> (access: 25.12.2019).

All of the described companies use their official profiles to promote their products and reach a prospective customer through online campaigns, to which purpose celebrities are invited. Brands also allow celebrities to rent their clothes for photos, or they send them gift boxes, which are then presented online. Such advertising methods are used not only by the most popular French companies, but also by other players on the luxury goods market.

Currently, it is not possible to view historical data of hashtag mentions and Facebook 'likes' due to the platforms' search engines' limitations. Only the present data is available. External and outsourcing websites also do not have this function as the figures would have to be constantly monitored over the period, which would make this article outdated by then.

Conclusion

The increase in the popularity of brands on social media can be associated with their continuous development as well as with the brands seeking new, ingenious ways of advertising and reaching customers. Nowadays, traditional advertising – especially with regard to luxury goods – is not sufficient for the companies to attract new customers. This increase has certainly been influenced by revenues, at least to some extent. However, it is not the only determinant of sales volumes there are many other factors that should be taken into account when analysing the matter thoroughly.

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Abstract

This article offers an analysis of the dependency between several French companies' growth of popularity on social media and their revenues on the luxury goods market. Over the past five years, French companies have had the largest share in revenues in terms of luxury goods sold around the world. The article investigates the phenomenon in question by means of the monographic and the statistical methods.

Keywords: Hermes, Louis Vuitton, Chanel, Instagram, Facebook, hashtag