

Kering (KER-FR)

Data suggests stagnating interest in Gucci and increasing interest in Balenciaga and Alexander McQueen

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www.tickertags.com



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Balenciaga and Alexander McQueen are showing positive momentum, while flagship brands of Gucci and Saint Laurent appear to be idling. Gucci and Saint Laurent have been leading brands for Kering, but Balenciaga and Alexander McQueen are becoming increasingly important to the company. The Gucci brand accounts for the majority of Kering's Total Houses segment.

- **Mention frequency related to Gucci was marginally down Y/Y in FQ2.** We are concerned that the popularity of this brand may have peaked. We will be monitoring Gucci in the future to determine whether this becomes a more significant downward trend.
- **Mention frequency related to Saint Laurent was marginally up Y/Y in FQ2.** While the trend is mildly positive, we are concerned by the apparently slowing rate of change. We believe it is key for this brand to monitor whether momentum has shifted to a downward trend.
- **Mention frequency of ["balenciaga"] was up 183% Y/Y in FQ2.** This suggests increased consumer interest in the brand.
- **Mention frequency of ["alexander mcqueen"] was up 56% Y/Y in FQ2.** This increase was partially due to rumors that Meghan Markle might wear the designer for her wedding to Prince Harry. We believe consumer interest in Alexander McQueen, not related to Meghan Markle, is increasing.

BACKGROUND

- **In 2018 FQ1, Western Europe, North America, and Japan respectively accounted for 32%, 18%, and 9% of Total Houses Revenue.**
- **In 2018 FQ1, Gucci, Saint Laurent, and Other Houses respectively accounted for 62%, 14%, and 15% of Total Houses Revenue.**
- **In 2018 FQ1, Balenciaga and Alexander McQueen were called out as driving Other Houses Revenue.**

DATA SUGGESTS MARGINALLY DECREASED CONSUMER INTEREST IN GUCCI

Mention frequency of ["gucci" – "gucci gang"] was down 12% Y/Y in FQ2 (Figure 1). We believe this may suggest that Gucci's brand popularity may have peaked. However, we believe it is too early to tell if consumer interest in Gucci has begun a declining trend (Figure 2). Worldwide, US, UK, France, Germany, Italy, and Japan online searches for [gucci] were all up double digits Y/Y, but at a slower rate of growth compared to the past three quarters (Figure 3). The Q/Q search data is demonstrating a mild downward trend. We believe it is noteworthy to highlight

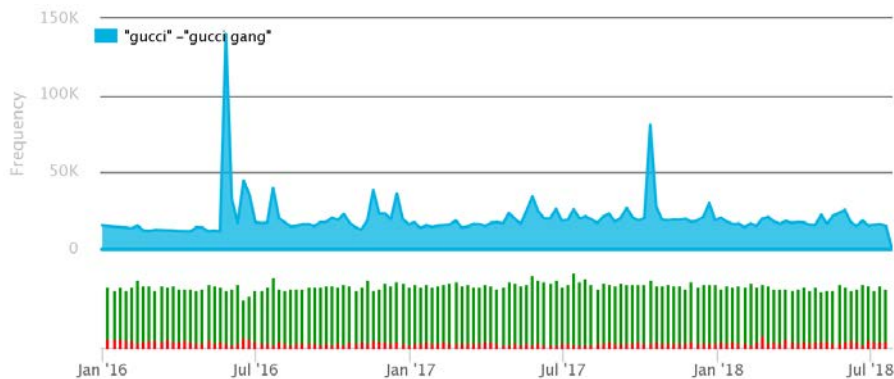
the slowing Y/Y and declining Q/Q search trends for Gucci. When coupled with the Twitter data, we are concerned that consumer interest in this brand may be waning.

FIGURE 1: TWITTER TAG DATA

	FQ1		2017				2018				Approx Mentions 2018 FQ2		
	Y/Y	Q/Q	Y/Y	Q/Q	Y/Y	Q/Q	Y/Y	Q/Q	Y/Y	Q/Q			
["gucci" -"gucci gang"]	15%	-30%	-24%	37%	12%	-1%	16%	22%	11%	-33%	-12%	8%	320,000
["ysl"] and ["saint laurent"]	-33%	-4%	-17%	-3%	15%	22%	32%	16%	18%	-14%	10%	-10%	18,000
["balenciaga"]	37%	22%	89%	-6%	65%	40%	164%	64%	123%	3%	183%	20%	23,000
["alexander mcqueen"]	-37%	-25%	-25%	-12%	-53%	-7%	-30%	14%	32%	41%	56%	4%	2,700

Source: TickerTags

FIGURE 2: MENTION FREQUENCY OF ["gucci" -"gucci gang"]



Source: TickerTags

FIGURE 3: ONLINE SEARCHES FOR [gucci] BY COUNTRY

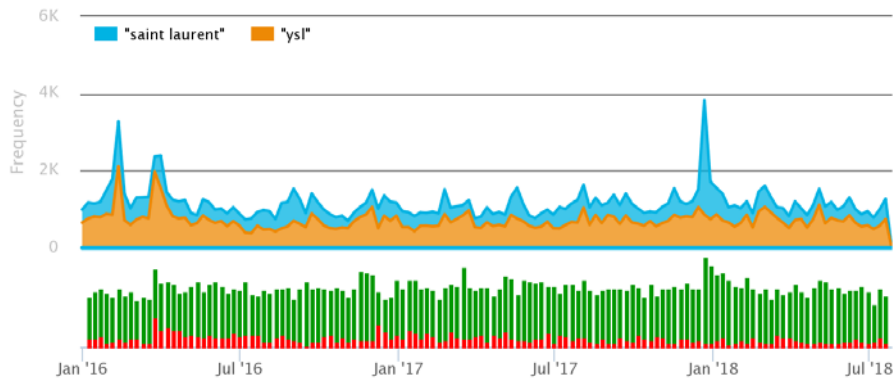
	FQ1		2017				2018					
	Y/Y	Q/Q	Y/Y	Q/Q	Y/Y	Q/Q	Y/Y	Q/Q	Y/Y	Q/Q		
Worldwide	49%	-2%	40%	16%	81%	27%	115%	49%	98%	-10%	65%	-4%
US	50%	-12%	12%	19%	54%	19%	103%	63%	78%	-23%	45%	-3%
UK	53%	-16%	58%	15%	96%	32%	96%	53%	93%	-17%	62%	-3%
France	29%	2%	43%	21%	78%	24%	110%	37%	107%	0%	74%	2%
Germany	52%	2%	64%	17%	121%	44%	114%	25%	110%	0%	93%	8%
Italy	41%	4%	70%	13%	99%	30%	93%	26%	82%	-2%	63%	1%
Japan	13%	-1%	23%	-3%	48%	19%	67%	45%	78%	6%	75%	-4%

Source: Google Trends

DATA SUGGESTS MARGINALLY INCREASED CONSUMER INTEREST IN SAINT LAURENT

Combined mention frequency of ["saint laurent"] and ["ysl"] was marginally up 10% Y/Y in FQ2 (Figure 4). We believe this may indicate a slowed rate of growth in consumer interest in the brand. Worldwide, US, UK, France, Germany, Italy, and Japan combined online searches for ["saint laurent"] and ["ysl"] were flat to marginally up Y/Y; however, searches in each country were down Q/Q (Figure 5). We will be monitoring these tags in the future to determine whether this becomes a significant downward trend.

FIGURE 4: MENTION FREQUENCY OF ["saint laurent"] AND ["ysl"]



Source: TickerTags

FIGURE 5: COMBINED ONLINE SEARCHES FOR [saint laurent] AND [ysl] BY COUNTRY

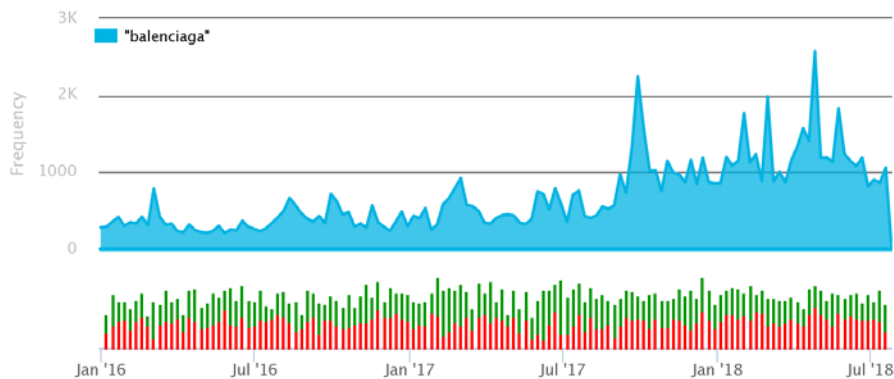
	2017								2018			
	FQ1		FQ2		FQ3		FQ4		FQ1		FQ2	
	Y/Y	Q/Q	Y/Y	Q/Q	Y/Y	Q/Q	Y/Y	Q/Q	Y/Y	Q/Q	Y/Y	Q/Q
Worldwide	13%	-4%	12%	-5%	26%	12%	21%	19%	9%	-13%	10%	-5%
US	16%	-12%	16%	-1%	38%	15%	27%	27%	14%	-21%	12%	-3%
UK	12%	-20%	2%	-17%	20%	16%	8%	39%	1%	-24%	13%	-7%
France	20%	1%	19%	-4%	28%	14%	19%	7%	5%	-11%	6%	-3%
Germany	21%	-12%	12%	-6%	11%	-3%	5%	30%	2%	-14%	2%	-6%
Italy	4%	-3%	24%	9%	22%	1%	43%	34%	37%	-7%	13%	-10%
Japan	36%	27%	2%	-36%	15%	-2%	7%	35%	-16%	0%	4%	-22%

Source: Google Trends

DATA SUGGESTS INCREASED INTEREST IN BALENCIAGA

Mention frequency of ["balenciaga"] was up 183% Y/Y in FQ2 (Figure 6). This suggests significantly increased interest in the brand. Worldwide, US, France, Germany, Italy, and Japan searches for [balenciaga] were up triple digits Y/Y in FQ2 (Figure 7). While Kering does not currently break out Balenciaga revenue, we believe that Balenciaga is an increasingly important brand in Kering’s portfolio.

FIGURE 6: MENTION FREQUENCY OF ["balenciaga"]



Source: TickerTags

FIGURE 7: ONLINE SEARCHES FOR [balenciaga] BY COUNTRY

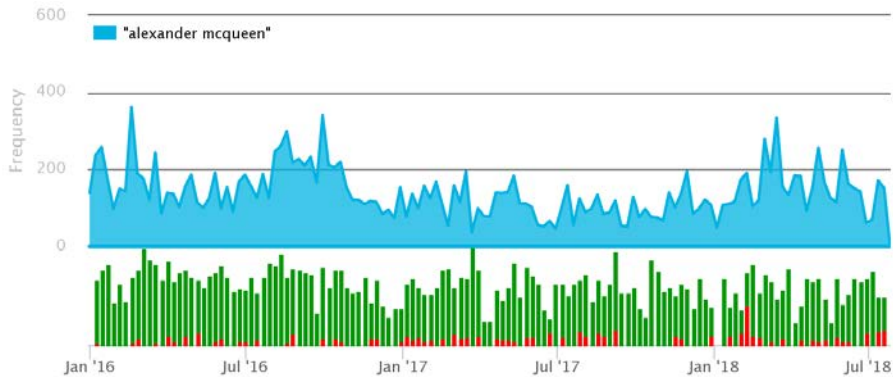
	2017								2018			
	FQ1		FQ2		FQ3		FQ4		FQ1		FQ2	
	Y/Y	Q/Q	Y/Y	Q/Q	Y/Y	Q/Q	Y/Y	Q/Q	Y/Y	Q/Q	Y/Y	Q/Q
Worldwide	42%	6%	73%	14%	85%	23%	122%	49%	158%	23%	163%	16%
US	36%	18%	56%	4%	73%	28%	129%	46%	116%	12%	167%	29%
UK	74%	-19%	66%	2%	57%	15%	27%	32%	39%	-11%	26%	-7%
France	73%	10%	69%	-2%	57%	4%	77%	58%	108%	29%	101%	-5%
Germany	61%	27%	89%	10%	146%	42%	256%	80%	362%	64%	344%	5%
Italy	85%	25%	181%	40%	248%	39%	322%	73%	424%	56%	254%	-5%
Japan	67%	51%	122%	12%	286%	66%	278%	34%	238%	35%	201%	0%

Source: Google Trends

DATA SUGGESTS INCREASED INTEREST IN ALEXANDER MCQUEEN

Mention frequency of ["alexander mcqueen"] was up 56% Y/Y in FQ2 (Figure 8). Worldwide, UK, France, Germany, and Italy online searches for [alexander mcqueen] were up triple digits Y/Y (Figure 9). US online searches were up double digits Y/Y. While this increase was partially due to rumors that Meghan Markle would wear Alexander McQueen to wed Prince Harry, we believe overall interest in the brand increased outside royal wedding rumors.

FIGURE 8: TWITTER MENTION FREQUENCY OF ["alexander mcqueen"]



Source: TickerTags

FIGURE 9: ONLINE SEARCH DATA FOR [alexander mcqueen] BY COUNTRY

	2017								2018			
	FQ1		FQ2		FQ3		FQ4		FQ1		FQ2	
	Y/Y	Q/Q	Y/Y	Q/Q	Y/Y	Q/Q	Y/Y	Q/Q	Y/Y	Q/Q	Y/Y	Q/Q
Worldwide	1%	-7%	5%	-5%	23%	4%	27%	38%	75%	28%	132%	26%
US	5%	-7%	12%	-3%	20%	-6%	-8%	8%	6%	8%	34%	23%
UK	5%	-13%	-1%	-13%	5%	-2%	34%	81%	85%	20%	167%	26%
France	31%	21%	17%	-13%	141%	75%	268%	99%	365%	53%	531%	19%
Germany	17%	10%	6%	-1%	56%	19%	49%	15%	146%	82%	158%	4%
Italy	15%	10%	57%	24%	88%	2%	127%	64%	317%	102%	379%	42%
Japan	3%	2%	-4%	-6%	-12%	-4%	-5%	3%	24%	34%	-2%	-25%

Source: Google Trends

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ABOUT TICKERTAGS

TickerTags maps the digital ecosystem and recognize insights in everyday conversation. With approximately 1 million tags mapped to nearly 3,000 public and private companies, TickerTags maps and monitors the multitude of tangible and intangible business drivers that move and influence companies and markets. Structuring alternative data for the investment industry is often a laborious, resource-intensive and time-consuming exercise. As a leading word mention frequency investment tool, TickerTags converts conversation activity into investment insight that is useful for investment analysis.

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M Science is a data-driven research and analytics firm, uncovering new insights for leading financial institutions and corporations. Founded in 2002, M Science is revolutionizing research, discovering new data sets and pioneering methodologies to provide actionable intelligence. Our research teams have decades of expertise working with massive amounts of unstructured data in near real-time to discern critical insights that help clients make more informed decisions. We combine the best of finance, data and technology to create a truly unique value proposition for both financial services firms and top corporations.

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REFERENCES

On May 31, 2018, M Science LLC acquired substantially all of the business of TickerTags, Inc. Prior to this date, reports were prepared and distributed by TickerTags, Inc.

Mention frequency is derived from the total number of tag mentions divided by the number of total mentions. This is represented as tag mentions per 100 million total mentions. If total mentions fail to meet 100 million mentions in a period, then the data is scaled.

Data reflects English language messages excluding messages suspected to be spam and messages deemed NSFW. Organic mentions reflect tag mentions excluding retweets and tweets containing hyperlinks.

As a minimum barometer of reliability, the volume of estimated quarterly tag mentions on Twitter (different from normalized tag frequency) should be no less than 1000. Tags with quarterly mention volume less than 1000 should be viewed with caution. Estimated Twitter mention volume is deduced by applying a 10x multiplier on the tag's volume of mentions originating from Twitter's Decahose. Twitter's Decahose comprises approximately 50 million tweets daily. The context of 300 representative Tweets for comparable periods has been reviewed and has been found to be contextually similar.