

LVMH (MC-FR)

Louis Vuitton's addition of Virgil Abloh shows potential to boost brand

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Consumer
Apparel/Footwear
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Several flagship brands for LVMH show positive mention frequency trends in FQ2.

Conversations are trending positively for several brands within the fashion and leather goods category. We believe the mention frequency trends presented below offer some positive bias to the upcoming LVMH FQ2 earnings call.

Data suggests Louis Vuitton, Fendi, and Dior are gaining popularity. Virgil Abloh's first Louis Vuitton collection has increased brand profile and garnered interest from a new demographic.

- **Virgil Abloh's designation as men's artistic director at Louis Vuitton generates more single day Twitter mention frequency than rumors of Kanye West signing with Adidas.** Data suggests mention frequency of ["louis vuitton"] is moderately up 18% Y/Y.
- **Y/Y FQ2 web searches for [Louis Vuitton] are up 24% and web searches for [Virgil Abloh] are up 771%. [Off White] searches are up 129% for the same time period.** Searches for [Virgil Abloh] and [Off White] both hit their five-year highs within the last quarter.
- **Abloh's Louis Vuitton collection re-introduced transparent handbags and duffels.** Transparent bags could increase margins; lower material costs versus luxury good pricing.
- **Data suggests Fendi and Dior are gaining popularity.** Mention frequency of ["fendi"] and ["dior"] are up 138% and 35% Y/Y, respectively.
- Mention frequency of ["givenchy"] is up 44% Y/Y after Meghan Markle wore a Givenchy dress to wed Prince Harry.
- Supreme x Rimowa limited luggage collection sold out
- Mention frequency of ["belvedere"] is down 39% Y/Y despite mention frequency of ["vodka"] being flat Y/Y.

BACKGROUND

- **On March 26, 2018, Louis Vuitton made Virgil Abloh their new men's artistic director.** Virgil Abloh was previously known as being Kanye West's former artistic director and founder of the luxury streetwear label Off-White. Off-White is a favorite of celebrities like Drake, Rihanna, and Beyoncé. The brand has also done popular collaborations with Nike and Jimmy Choo, among others. These collaborations often sell at prices similar to Louis Vuitton goods on the secondary market.



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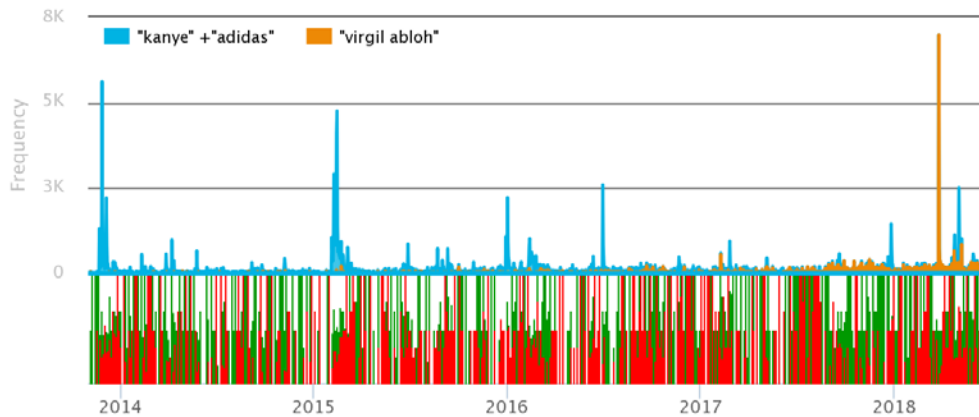
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- Kanye West debuted his Yeezy product line in 2015 to large success, which ended up heightening Adidas' profile greatly.** The success following Yeezy shoe releases has continued to push Adidas stock higher. Virgil Abloh and Kanye have similar audiences, and, in our opinion, the addition of Abloh could bring Louis Vuitton to a wider audience.

DATA SUGGESTS VIRGIL ABLOH COLLECTION COULD BE MORE POPULAR THAN ADIDAS YEEZY COLLECTION

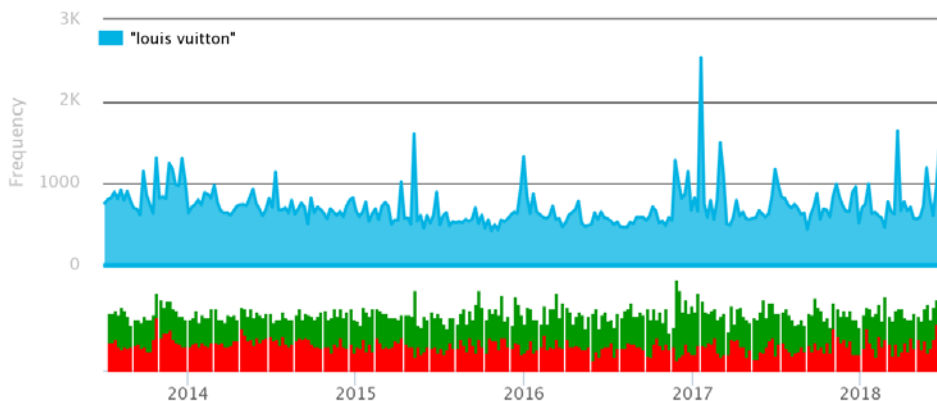
Daily Twitter mention frequency of ["virgil abloh"] on March 26, 2018, was 24% higher than the frequency of ["kanye" + "adidas"] on November 26, 2013. Rumors of Kanye signing with Adidas to create his own collection surfaced on November 26, 2013, which is the highest single day mention of ["kanye" + "adidas"]. In adding Abloh, Louis Vuitton can potentially capture the full price that Yeezy shoes sell for on the secondary market. This secondary market price can routinely be in the range of \$1,000, which is where we see much of Louis Vuitton's current sneaker lineup priced. Benchmarking Twitter mention frequency of current events against prior events has historically proven to be indicative of current consumer interest (Figure 1). Mention frequency of ["louis vuitton"] is moderately up 18% Y/Y (Figure 2).

FIGURE 1: TWITTER MENTION FREQUENCY ["KANYE" + "ADIDAS"] AND ["VIRGIL ABLOH"]



Source: TickerTags

FIGURE 2: TWITTER MENTION FREQUENCY ["LOUIS VUITTON"]



Source: TickerTags

DATA SUGGESTS INCREASED INTEREST IN LOUIS VUITTON SHOES

Virgil Abloh and Off-White are well known for their sneaker collaborations, which routinely sell out. There is potential here for a wider audience of “sneakerheads” to pay more attention to Louis Vuitton sneakers due to Abloh and Off-White’s reputation. Designer sneakers, like competitor Kering’s Balenciaga’s Triple S, have been gaining in popularity over the past couple of years. Abloh's debut collection embraced this trend by introducing several new sneakers (Figure 3). Mention frequency of [sneakers + "louis vuitton"] and [sneakers + "lv"] is significantly up Y/Y; however, these tags should be viewed with caution, as they have a low volume of mentions (Figure 4).

FIGURE 3: @VIRGILABLOH ON INSTAGRAM



Source: @virgilabloh

FIGURE 4: LOUIS VUITTON TWITTER TAG DATA

Tag	FQ2 Approx. Mentions	FQ2 Mention Frequency Y/Y Change
"louis vuitton"	13,400	18%
bag +"louis vuitton"	2,200	18%
belt +"louis vuitton"	400	73%
sneakers +"louis vuitton"	100	217%
sneakers +"lv"	300	768%

Source: TickerTags

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 1,000. Tags with quarterly mention volume of less than 1,000 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.

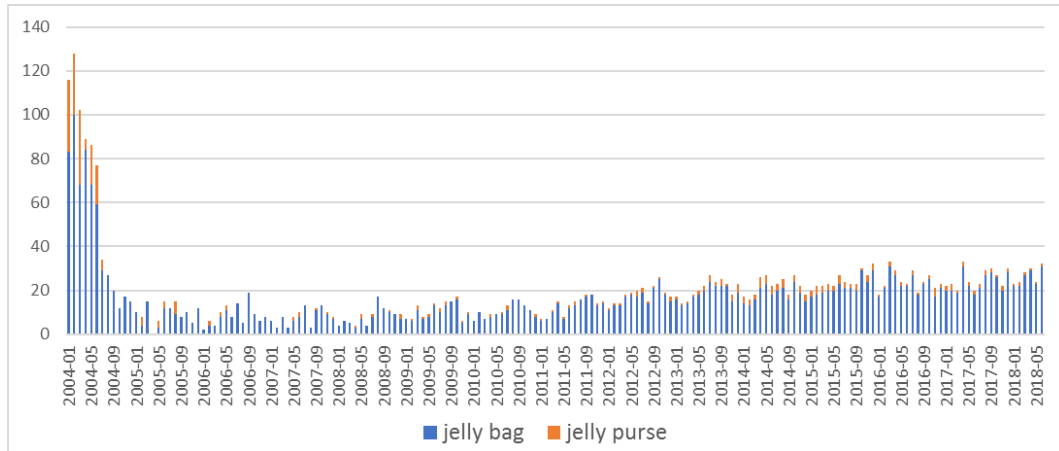
TRANSPARENT LOUIS VUITTON BAGS COULD INCREASE MARGINS

Rihanna debuted Virgil Abloh's Louis Vuitton line, featuring a transparent duffel, at the designer's first menswear fashion show (Figure 5). Transparent Louis Vuitton "jelly bags" were popular in the early 2000s. The 00s designs and current styles are both similar to the Louis Vuitton classic monogram bags but made with clear plastic instead of leather. Margins on transparent bags are likely higher than leather bags because of the cost of the materials relative to the luxury goods pricing scheme. We will be monitoring this trend going forward. Worldwide and US web searches for [jelly bag] and [jelly purse] have been gradually increasing over the past few years (Figure 6 and Figure 7).

FIGURE 5: @BADGALRIRI ON INSTAGRAM

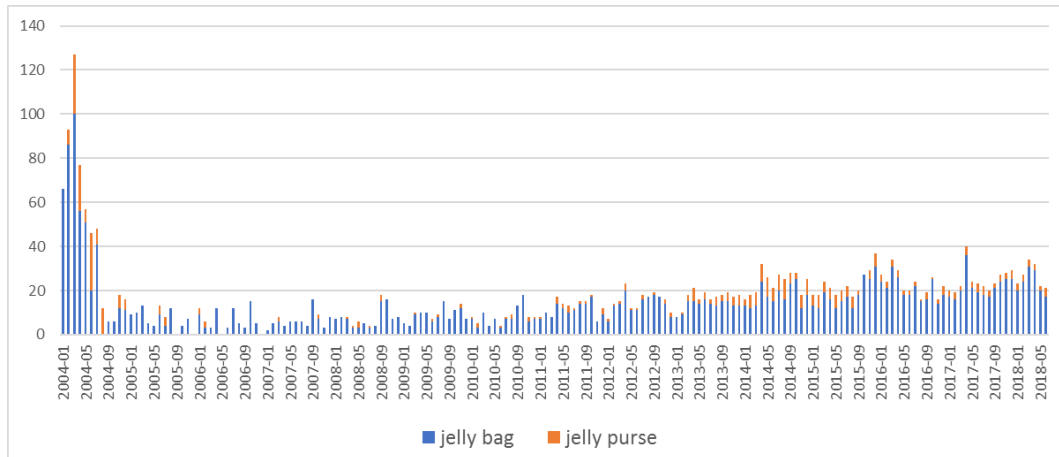


FIGURE 6: WORLDWIDE SEARCHES FOR JELLY BAG (SEARCH TERM) AND JELLY PURSE (SEARCH TERM)



Source: Google Trends

FIGURE 7: US SEARCHES FOR JELLY BAG (SEARCH TERM) AND JELLY PURSE (SEARCH TERM)



Source: Google Trends

FENDI MENTION FREQUENCY SPIKED TO HIGHEST POINT IN FIVE YEARS

Mention frequency of ["fendi"] is up 138% Y/Y and 88% Q/Q (Figure 8). On April 13, Twitter mention frequency of ["fendi"] spiked to the highest point in the past five years when Kylie Jenner was photographed taking daughter Stormi out in a Fendi stroller. The day before, Karl Lagerfeld's controversial interview about #MeToo was published in French magazine *Numéro*. Despite Lagerfeld's contentious statements, sentiment of Fendi remained in line with averages. This is probably due to Lagerfeld's reputation for making polarizing statements and Kylie Jenner's stroller outshining the interview (Figure 9).

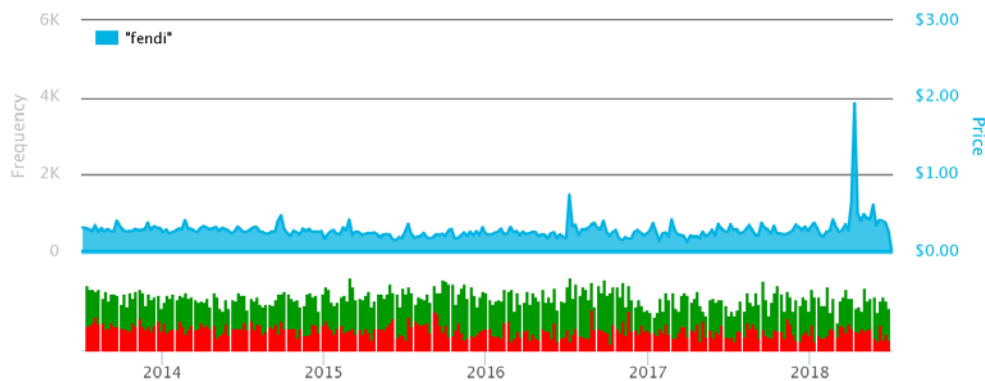
FIGURE 8: LVMH TWITTER TAG DATA

Tag	FQ2 Approx. Mentions	FQ2 Mention Frequency Y/Y Change	FQ2 Mention Frequency Q/Q Change
"dior"	25,000	35%	flat
"fendi"	18,000	138%	88%
"givenchy"	15,000	44%	flat
"kenzo"	5,000	-19%	-44%
"rimowa"	1,000	420%	410%
"rimowa" - "supreme"	900	258%	251%

Source: TickerTags

Mention frequency of ["dior"] in this table excludes references to popular song lyrics.

FIGURE 9: TWITTER MENTION FREQUENCY ["FENDI"]

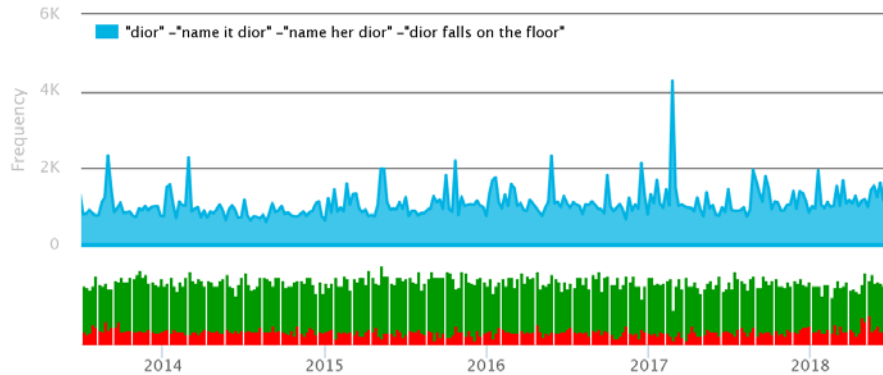


Source: TickerTags

DIOR GAINING POPULARITY

Mention frequency of ["dior"] is up 35% Y/Y (Figure 10). In the most recent runway show, Dior unveiled a collection reminiscent of the "New Look" that made the designer famous. Consumers were quick to point out the drastic contrast between the latest collection from creative director Maria Grazia Chiuri and her first collection with Dior featuring logo T-shirts.

FIGURE 10: TWITTER MENTION FREQUENCY OF ["dior"]*

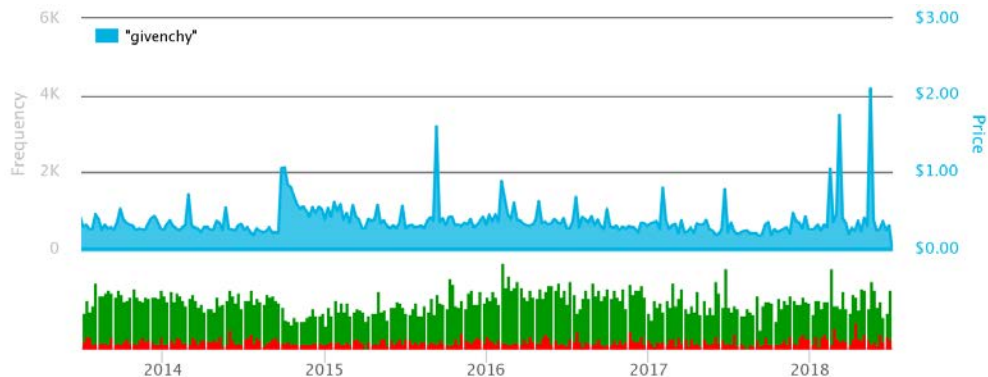


Source: TickerTags
Mention frequency of ["dior"] in this table excludes references to popular song lyrics.

MEGHAN MARKLE WORE GIVENCHY TO WED PRINCE HARRY

When Meghan Markle wed Prince Harry in a Givenchy dress, mention frequency of ["givenchy"] spiked to the highest point in five years. This spike caused FQ2 mention frequency of ["givenchy"] to be up 44% Y/Y. Since then, mention frequency has returned to normal levels. However, we will be monitoring this brand closely going forward (Figure 11).

FIGURE 11: TWITTER MENTION FREQUENCY OF ["givenchy"]

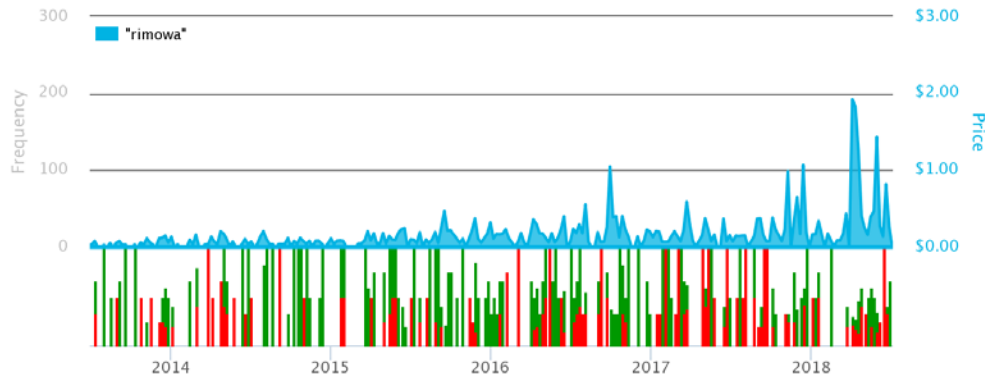


Source: TickerTags

SUPREME X RIMOWA SELLS OUT

In April, Rimowa released a limited-edition luggage collection with Supreme. Like most Supreme products and collaborations, the collection was wildly popular and sold out immediately. The collaboration caused the biggest spike in mention frequency of ["rimowa"] in the past five years (Figure 12). Mention frequency of ["rimowa"] is up 420% Y/Y. Mention frequency of ["rimowa" - "supreme"] is also up 258% Y/Y (Figure 8).

FIGURE 12: TWITTER MENTION FREQUENCY ["rimowa"]



Source: TickerTags

MENTION FREQUENCY OF BELVEDERE IS DOWN Y/Y

Mention frequency of ["belvedere"] is down 39% Y/Y despite mention frequency of [vodka] remaining flat Y/Y. This suggests Belvedere may be losing market share (Figure 13).

FIGURE 13: BELVEDERE TWITTER TAG DATA

Tag	Approximate FQ2 Mentions	FQ2 Mention Frequency Y/Y Change
vodka	213,000	flat
"belvedere"	4,000	-39%

Source: TickerTags

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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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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.

