

LUXURY GOODS

The Social Media Boxing Ring – Two Years After

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TRENDALYTICS

Trendalytics

With contributions from:

**Karen Moon, Charlotte Bax,
Melanie Appleby**

We continue our collaboration with Trendalytics ([The Social Media Boxing Ring](#)) to bring a quantitatively-grounded perspective on how luxury brands are doing in the social media world.

Luxury brands' social media engagement is rocketing

Instagram remains by far the "place to be", accounting for c.50% of brand posts (up from c.30% two years ago) and >90% of social actions. **Social media traction is growing rapidly**: The brands we monitored in June 2015 had c.2.5mln Instagram followers on average; today, that number has almost tripled. All brands now see digital as a strategic priority.

Influencers remain more effective than brands in generating social traction – for how long?

Influencers generate higher social actions / post than the brands. **One needs to analyse influencers' posts with a big pinch of salt** though, as their activity is driven by brands' media investments. This could over time undermine their credibility and relevance. Not yet, though, as influencers have continued to extend their lead during the past year: actions / post are up for all brands when we look at influencers' posts. **Burberry is the only brand with lower influencer posts in 1Q17 vs. 1Q16, which we take as another sign of weakness.**

We monitor brands punching "above their weight" and "below their weight"

To this end, we analyse social actions / post as a function of total posts. When we compare today (1Q17) with two years ago (2Q15), **we find contrasting fortunes at two brands: Gucci has been rising while Burberry has been declining**. Brands that continue to punch "above their weight" are: Chanel, LV, Michael Kors, Dior, Dolce & Gabbana. Brands that continue to lag and punch "below their weight" are: Hermès, Hugo Boss, Ferragamo, Tod's, BV, Céline.

We monitor "brand temperature" in social media

To this end, we analyse **volume trends** in brands' social media activity (# of posts in 1Q17 vs. 1Q16) and **effectiveness trends** (# of social actions / post in 1Q17 vs. 1Q16). **Saint Laurent** is the only brand doubling in effectiveness in the past year.

Key valuation metrics

	Rating	Mkt cap (EURm)	Price (LC)	TP (LC)	Upside	P/E (x)		EV/EBITA (x)	
						17e	18e	17e	18e
Cucinelli	(=)	1,642	24.2	20.0	-17%	39.4	35.9	26.8	24.6
Burberry	(=)	8,279	15.8	15.4	-3%	20.0	17.8	12.8	11.0
Hermès Int.	(-)	46,819	448.0	346.0	-23%	37.2	35.5	23.0	21.6
Hugo Boss	(=)	4,641	67.3	72.0	7%	18.8	17.0	14.1	12.6
Kering	(=)	35,872	284.7	310.0	9%	20.4	17.5	16.1	13.7
Luxottica	(=)	25,519	53.3	59.0	11%	25.3	22.4	15.8	14.0
LVMH	(+)	116,097	230.9	250.0	8%	23.7	21.4	15.6	14.6
Moncler	(=)	5,805	23.2	20.5	-12%	26.7	25.2	17.3	15.9
Prada **	(+)	10,962	36.4	37.0	2%	29.0	23.2	19.9	15.9
Richemont	(+)	43,990	84.3	87.0	3%	25.4	22.4	17.4	15.0
Ferragamo	(+)	4,896	29.1	30.0	3%	25.9	23.7	17.4	15.6
Swatch Group B	(-)	20,034	403.2	300.0	-26%	27.2	23.4	19.3	16.7
Tod's	(=)	2,350	71.0	63.0	-11%	24.8	22.8	16.2	14.8

Prices at 3 May 2017 ** Prices at 2 May 2017

* Date and time (London Time) on which the investment recommendation was finalised. It may differ from the date and time of broad dissemination on the website. See Appendix (on p21) for Analyst Certification, Important Disclosures and Non-US Research Analyst disclosures.

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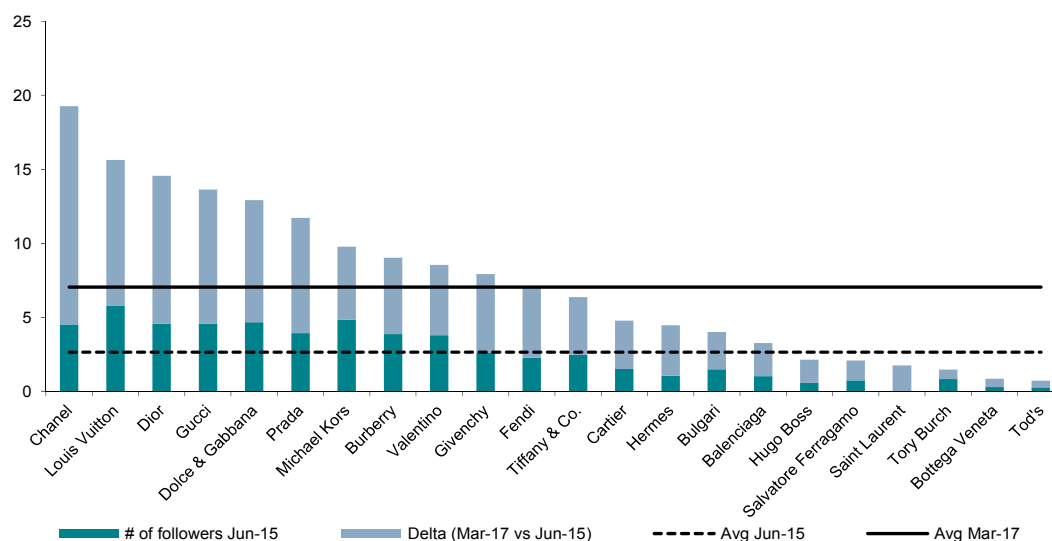
Figure 1: Key social networks and their features

	Social network	Monthly active users (mln)	Key features
	Facebook	1,968	<ul style="list-style-type: none"> • Facebook is free to join and free to use. • It can be used by anyone wherever they are in the world as long as they have internet access. • Facebook users can share messages, videos links, photographs and websites. • Facebook users can join groups or follow people/hobbies that interest them • You can search by name or email to find people. • Users can choose to allow access or deny it. • Privacy settings can be set to only communicate with people you have agreed to allow access. • Facebook is available 24 hours a day so people can communicate without geographical timelines causing a problem.
	Instagram	700	<ul style="list-style-type: none"> - Instagram is a social networking app made for sharing photos and videos from a smartphone. - Similar to Facebook or Twitter, everyone who creates an Instagram account has a profile and a news feed. - When you post a photo or video on Instagram, it will be displayed on your profile. Other users who follow you will see your posts in their own feed. Likewise, you'll see posts from other users who you choose to follow. - It could be compared to a simplified version of Facebook, with an emphasis on mobile use and visual sharing. Just like other social networks, you can interact with other users on Instagram by following them, being followed by them, commenting, liking, tagging and private messaging. You can even save the photos you see on Instagram. - Instagram stories: Users can now upload off-the-cuff or behind-the-scenes photos and videos to their Instagram Story which lasts only 24 hours before disappearing without disrupting the #aesthetic of your Insta profile (Note: In our analysis we can only capture actions on posts, not on Instagram stories)
	Twitter	319	<ul style="list-style-type: none"> - Twitter is very simple to use as broadcaster or receiver. You join with a free account and Twitter name. Then you send broadcasts daily, or even hourly. Go to the 'What's Happening' box, type 140 characters or less, and click 'Tweet'. You will most likely include some kind of hyperlink. - To receive Twitter feeds, you simply find someone interesting (celebrities included), and 'follow' them to subscribe to their tweet microblogs. Once a person becomes uninteresting to you, you simply 'unfollow' them. - You then choose to read your daily Twitter feeds through any of various Twitter readers.
	Snapchat	300	<ul style="list-style-type: none"> - Snapchat is a mobile app that allows you to send videos and pictures, both of which will self destruct after a few seconds of a person viewing them - You can capture a photo or brief video with it, then add a caption or doodle or filter/lens over top, and send the finished creation (called a snap) to a friend - You can also add your snap to your "story", a 24-hour collection of all your snaps that's broadcasted to the world or just your followers <p>Note: In our analysis we do not include Snapchat as we are not able to capture the number of followers and the social actions</p>

Source: Pocket-lint.com, Lifewire, Google images, Trendalytics

Figure 2: Brands' social media traction is growing rapidly: in June 2015 brands had c.2.5mln Instagram followers on average; today, that number has almost tripled

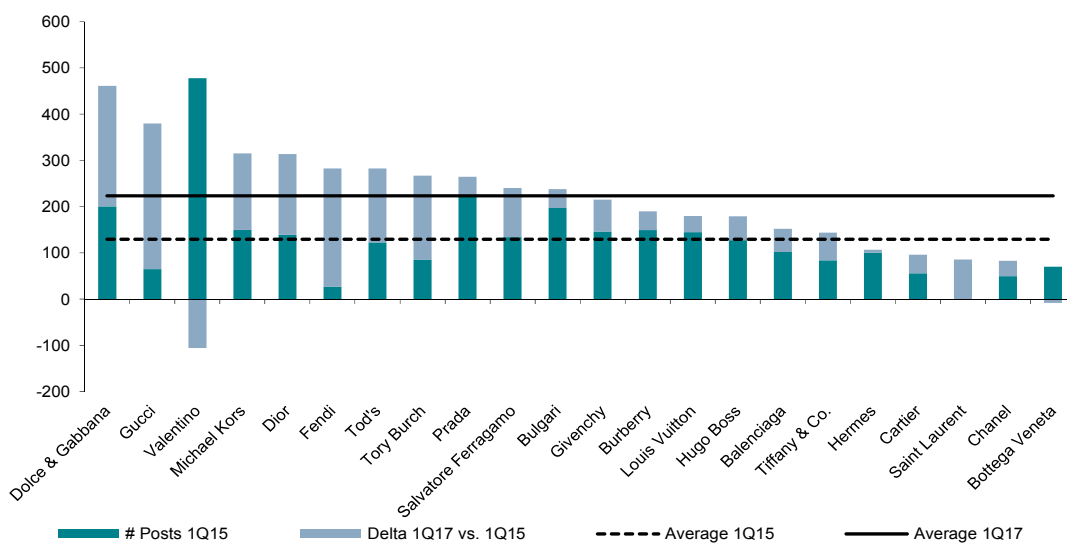
Followers on Instagram in March 2017 (mln)



Source: Trendalytics, Instagram

Figure 3: Brands' level of social media engagement is growing rapidly: brands had an average of c.220 posts in 1Q17 vs c.130 posts in 1Q15

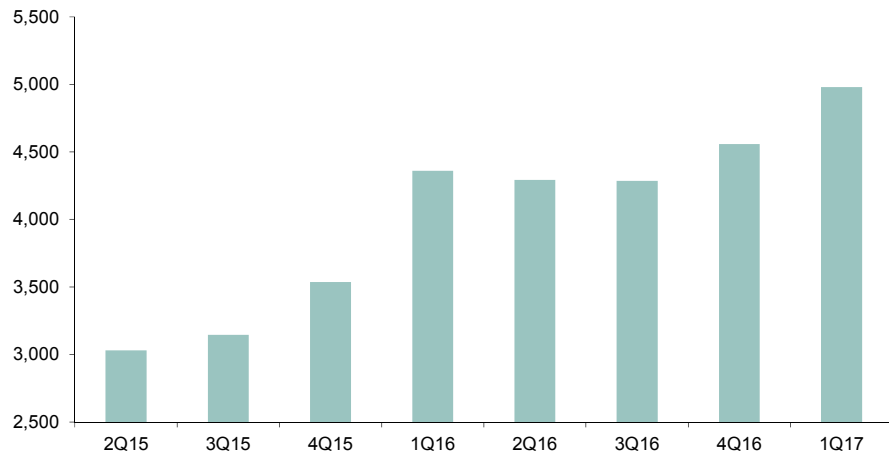
Number of posts in Q1 17



Source: Trendalytics, Instagram

Figure 4: The number of posts published on Instagram by luxury goods brands has been growing steadily over the past quarters

of Instagram posts



Source: Trendalytics

Note: Sample includes Balenciaga, Bottega Veneta, Bulgari, Burberry, Cartier, Celine, Chanel, Dior, Dolce & Gabbana, Fendi, Givenchy, Gucci, Hermès, Hugo Boss, Louis Vuitton, Michael Kors, Prada, Saint Laurent, Salvatore Ferragamo, Tiffany, Tod's, Tory Burch and Valentino

Figure 5: Chanel and Michael Kors consistently drove the most engagement throughout the quarters

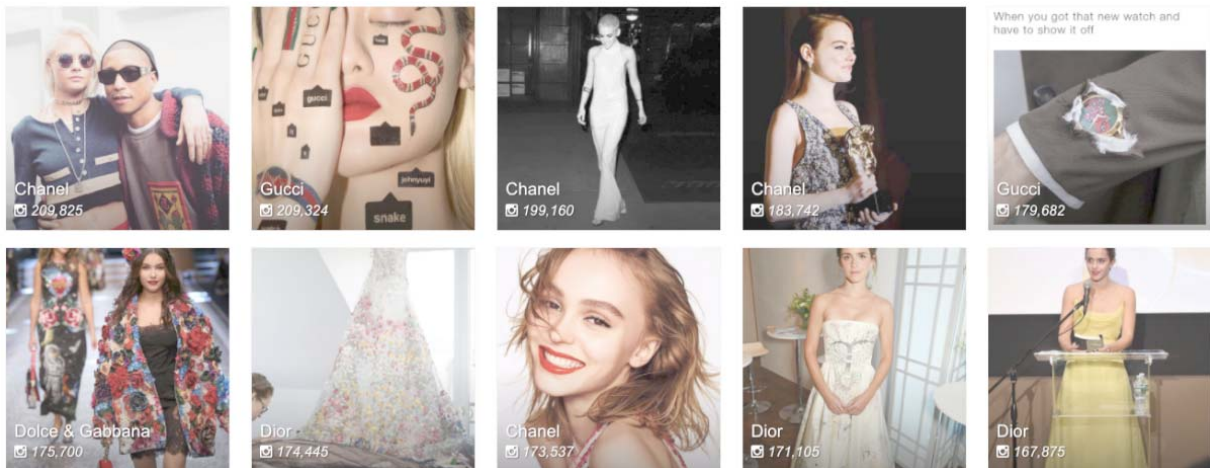
of posts in the top ten by quarter (3Q14-1Q17)

	3Q 14	4Q 14	1Q 15	2Q 15	3Q 15	4Q 15	1Q 16	2Q 16	3Q 16	4Q 16	1Q 17	Total
Chanel				2	5	9	8	7	7	5	4	47
Michael Kors	8	8	10	8	4	1	1		1	2		43
Dior					1		1	2	1	3	3	11
Louis Vuitton	2							1	1			4
Burberry		2										2
Gucci											2	2
Dolce & Gabbana											1	1

Source: Trendalytics, Instagram, Exane BNP Paribas estimates

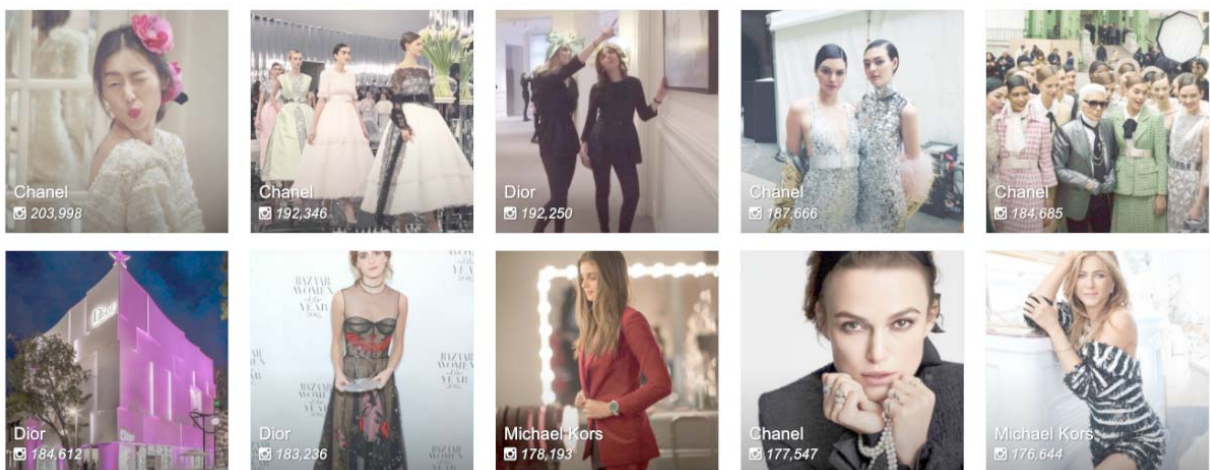
Note : Top ten posts are ranked by number of social actions from highest to lowest. Images featuring brand influencers and ambassadors often fall in the top ten posts.

Figure 6: Top ten Instagram posts in 1Q17



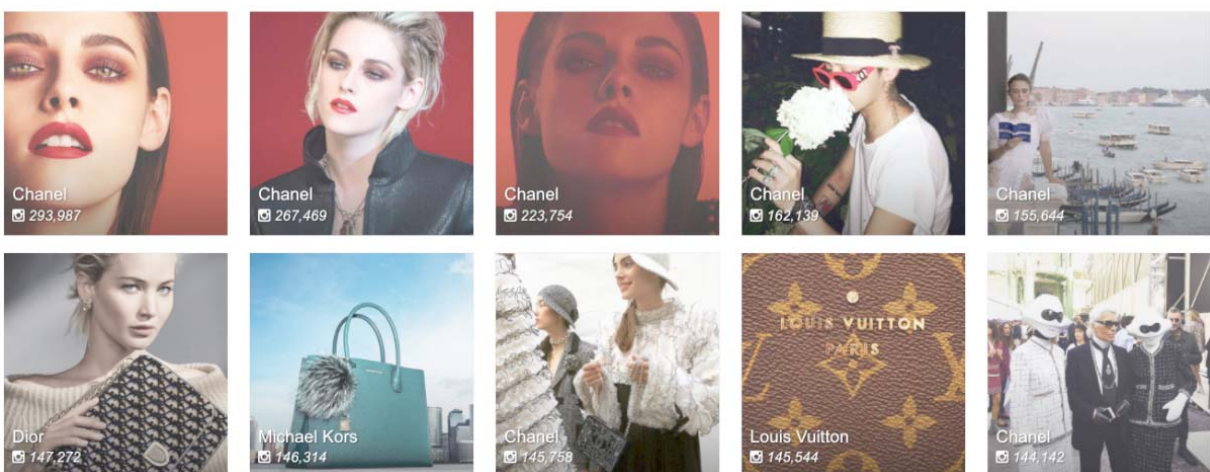
Source: Trendalytics, Instagram

Figure 7: Top ten Instagram posts in 4Q16



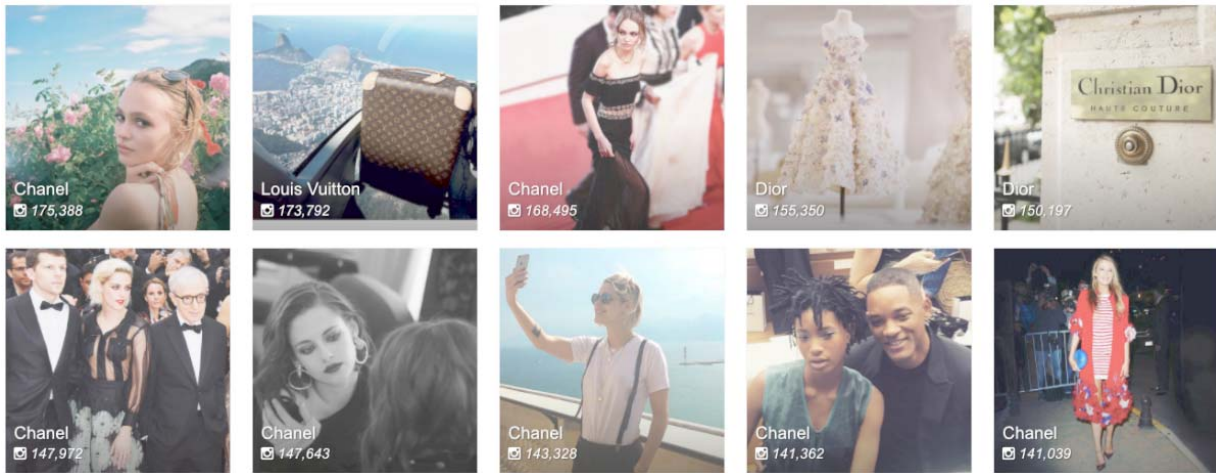
Source: Trendalytics, Instagram

Figure 8: Top ten Instagram posts in 3Q16



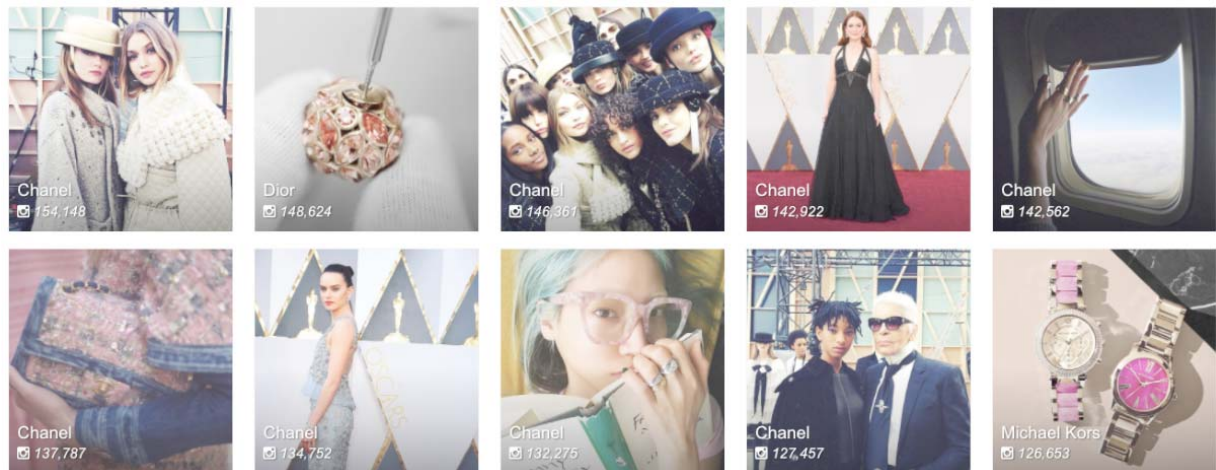
Source: Trendalytics, Instagram

Figure 9: Top ten Instagram posts in 2Q16



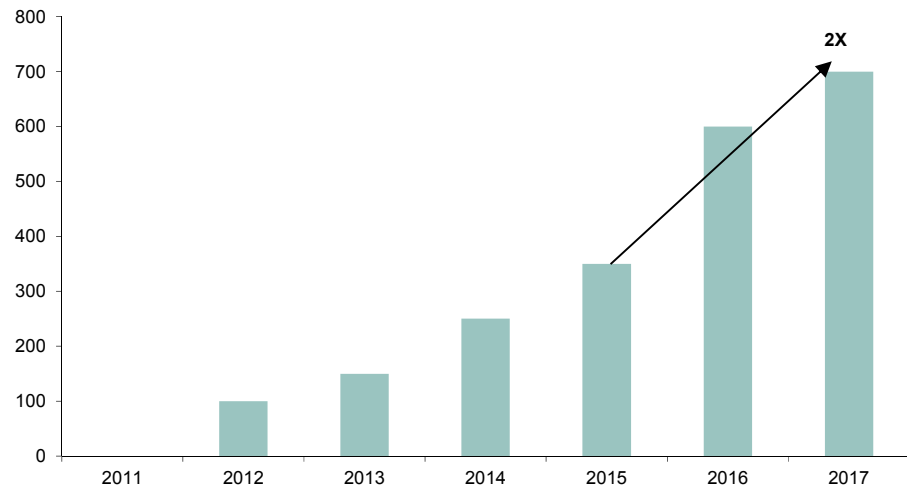
Source: Trendalytics, Instagram

Figure 10: Top ten Instagram posts in 1Q16



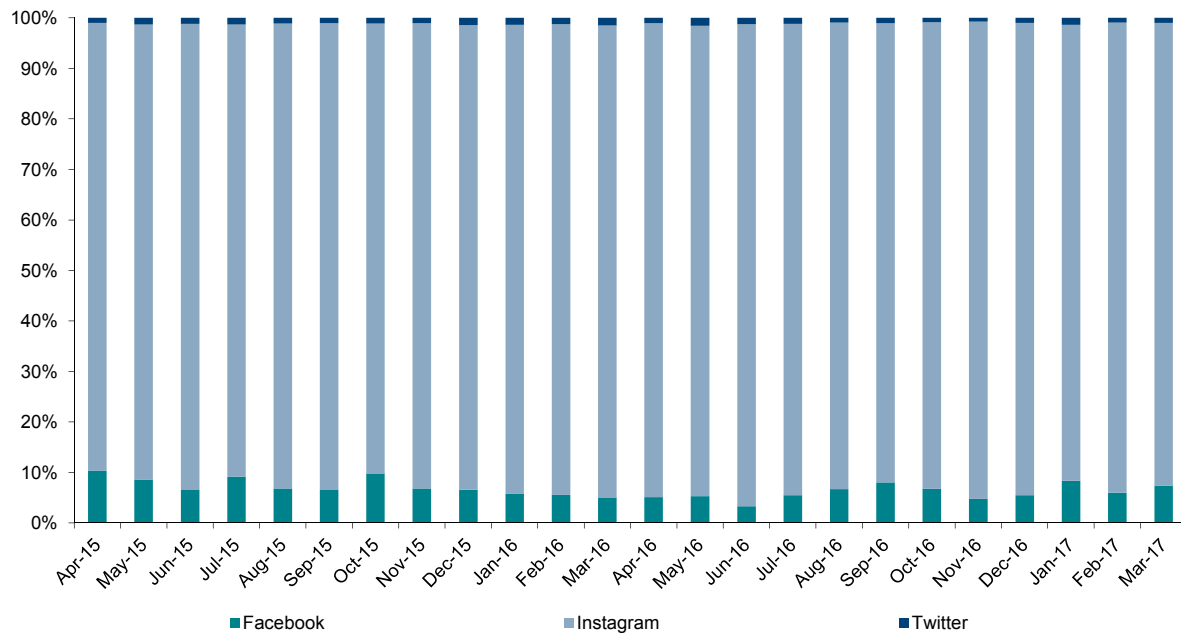
Source: Trendalytics, Instagram

Figure 11: The number of Instagram users has been growing exponentially
Instagram # of users (mln)



Source: Exane BNP Paribas estimates, Business Insider

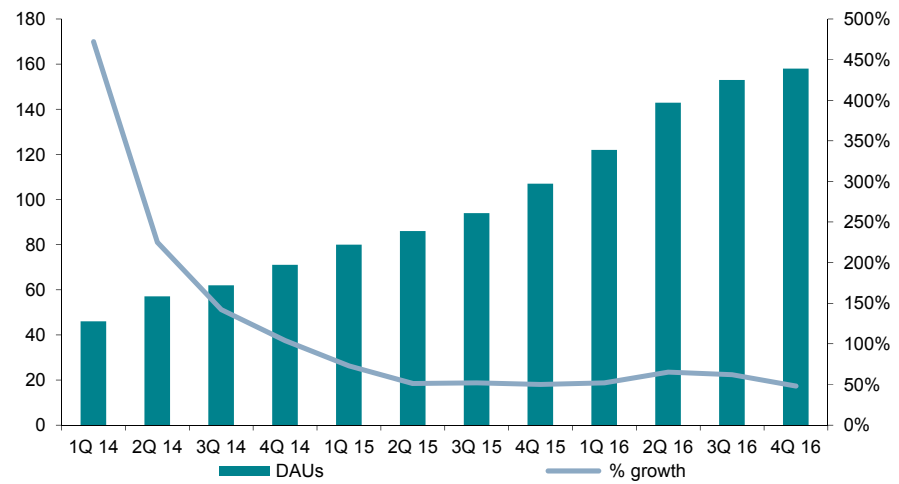
Figure 12: Instagram remains by far the “place to be”
% of social actions by social media



Source: Trendalytics, Instagram, Facebook, Twitter

Figure 13: Instagram remains by far the “place to be”...but is being rivalled by Snapchat

Snapchat - Daily active user by quarter



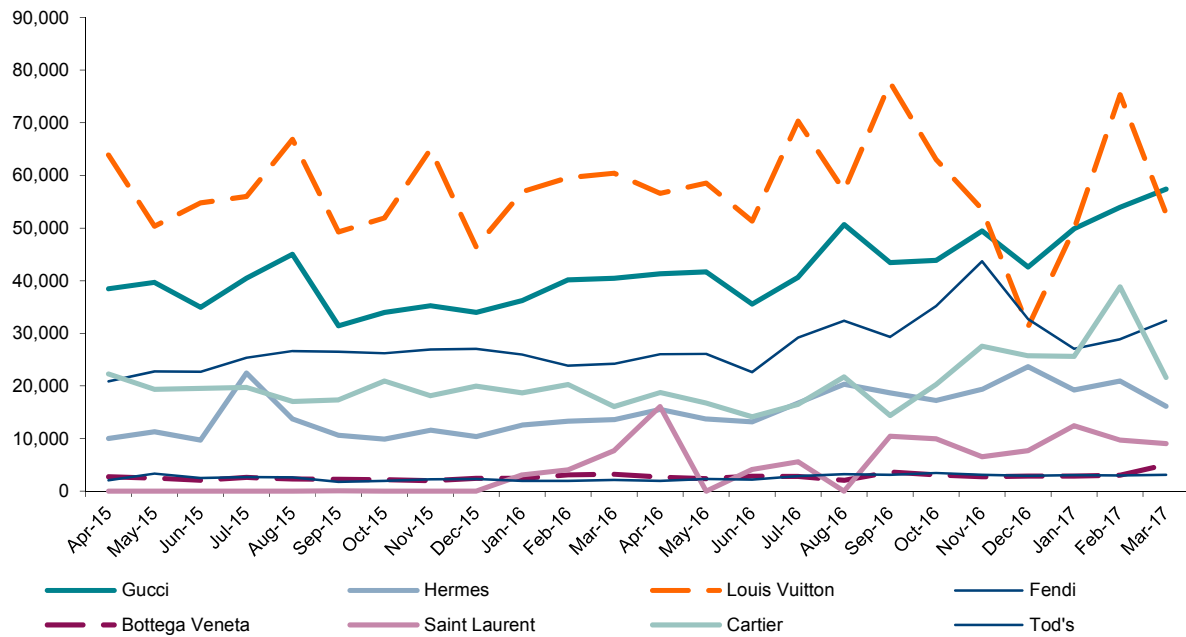
Source: *venturebeat*

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Note: Influencers include bloggers, celebrities, brands, magazines and publications who are the taste-makers in the fashion industry.

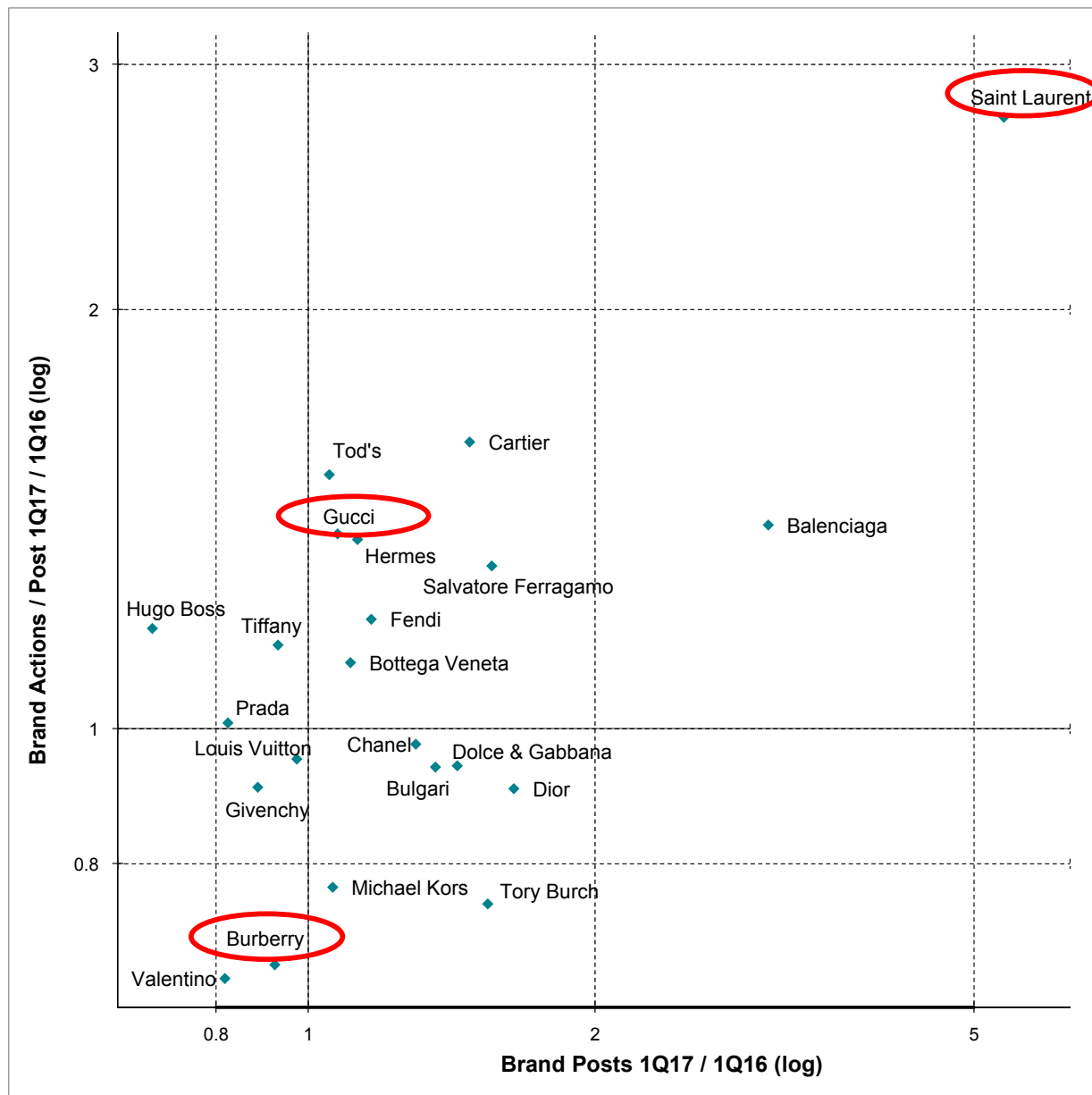
Figure 14: # of Instagram/actions per post by brand



Source: Trendalytics, Instagram

Figure 15: Saint Laurent is the only brand doubling in effectiveness in the past year...

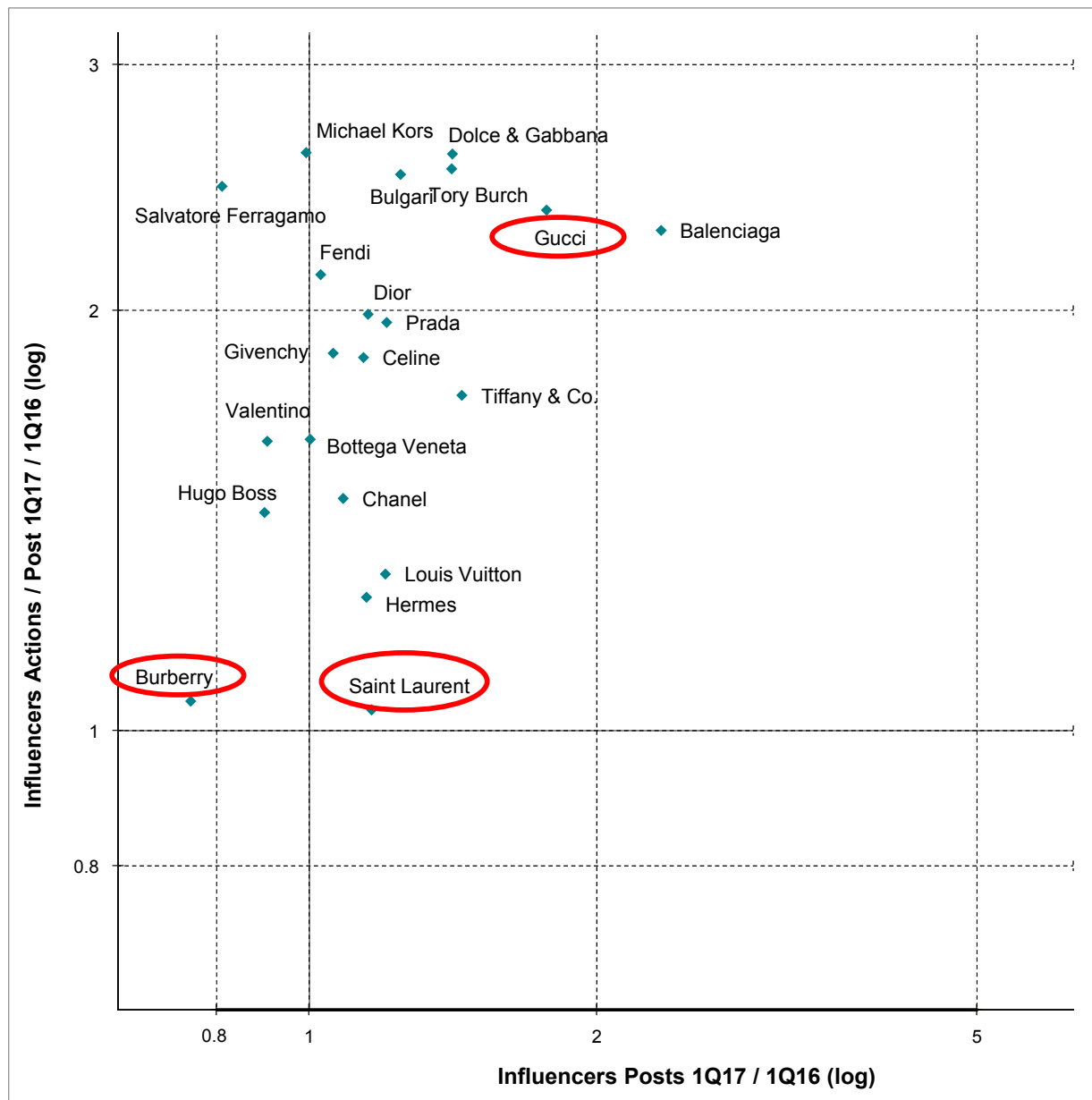
Delta (y/y growth) Instagram performance posts and actions/post (Brands' own) [Ref. to Fig 21 and 22 for tot # of actions]



Source: Trendalytics, Exane BNP Paribas analysis

Figure 16: ...but less so when we look at top influencer data

Delta (growth) Instagram performance posts and actions/post (influencers)



Source: Trendalytics, Exane BNP Paribas analysis

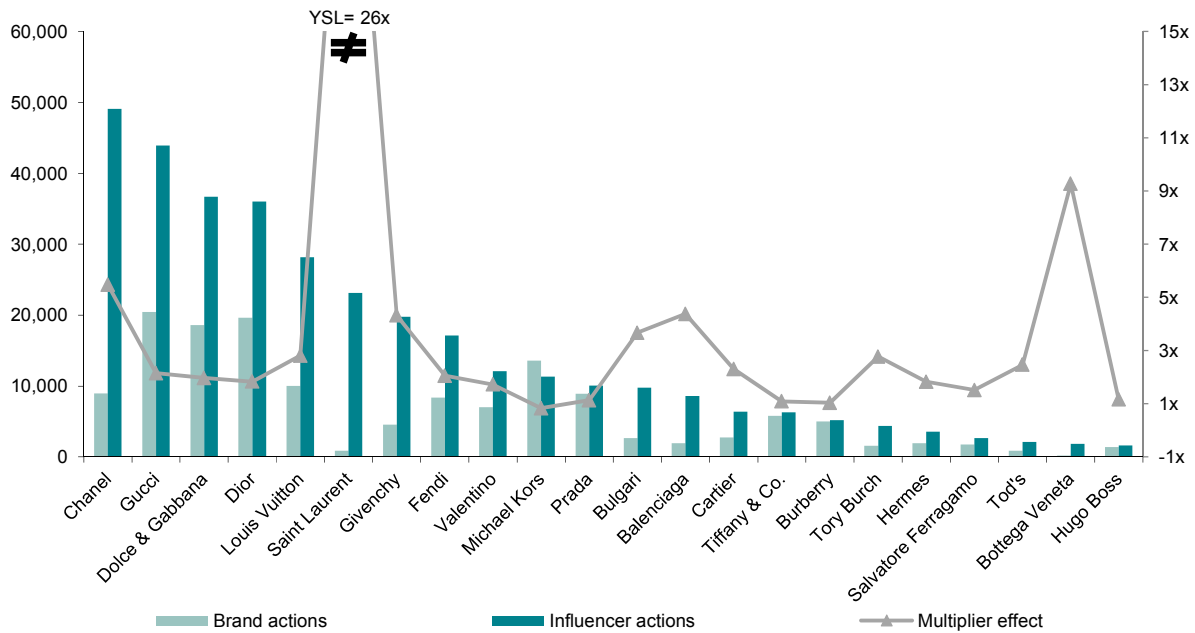
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Figure 17: Multipliers of social buzz – Luxury brands are not the only ones telling their stories, as influencers drive the most actions for their brands

#of actions by brands and influencers ('000) in 1Q17



Source: Trendalytics, Instagram

Figure 18: Influencers remain more effective than brands in generating social traction

Social actions/post by Top influencers and Luxury Goods Brands in 1Q17 social traction

	Top Influencer	Social Actions/Post by top influencer (a)	Social Actions / Post by brands (b)	(a) / (b) "Top influencer multiplier effect on avg actions/post"	Top influencer actions as a % of total influencers actions
Celine	Kim Kardashian	1,182,087	1,875	630.48x	18%
Salvatore Ferragamo	Nina Dobrev	601,316	7,361	81.69x	22%
Valentino	Demi Lovato	1,385,467	18,864	73.45x	11%
Bulgari	Bella Hadid	591,423	11,152	53.03x	18%
Bottega Veneta	Kris Jenner	102,457	3,199	32.03x	21%
Givenchy	Nicki Minaj	629,753	21,241	29.65x	12%
Balenciaga	Nicki Minaj	341,862	12,905	26.49x	12%
Tory Burch	Shay Mitchell	134,751	5,928	22.73x	21%
Fendi	Gigi Hadid	653,272	29,483	22.16x	30%
Dolce & Gabbana	Cameron Dallas	742,342	40,335	18.40x	22%
Saint Laurent	J Balvin	181,475	9,965	18.21x	9%
Michael Kors	Blake Lively	759,670	43,102	17.62x	19%
Burberry	Dove Cameron	447,287	26,353	16.97x	8%
Tod's	Naomi Campbell	40,647	3,056	13.30x	15%
Hugo Boss	Mariano Di Vaio	91,041	7,773	11.71x	10%
Cartier	Nikkie Tutorials	290,287	28,779	10.09x	13%
Dior	Rihanna	629,179	62,550	10.06x	5%
Gucci	Nina Dobrev	458,444	53,853	8.51x	5%
Chanel	Cara Delevingne	662,894	107,953	6.14x	11%
Prada	Chiara Ferragni (The Blonde Salad)	116,169	33,523	3.47x	11%
Tiffany & Co.	Reese Witherspoon	77,643	40,228	1.93x	16%
Hermes	Xenia Tchoumi	27,692	18,147	1.53x	5%
Louis Vuitton	Kevin Ma (Hypebeast)	26,689	55,737	0.48x	3%
Average		442,341	27,972	48.27x	18%

Source: Exane BNP Paribas estimates, Trendalytics, Instagram, Facebook, Twitter

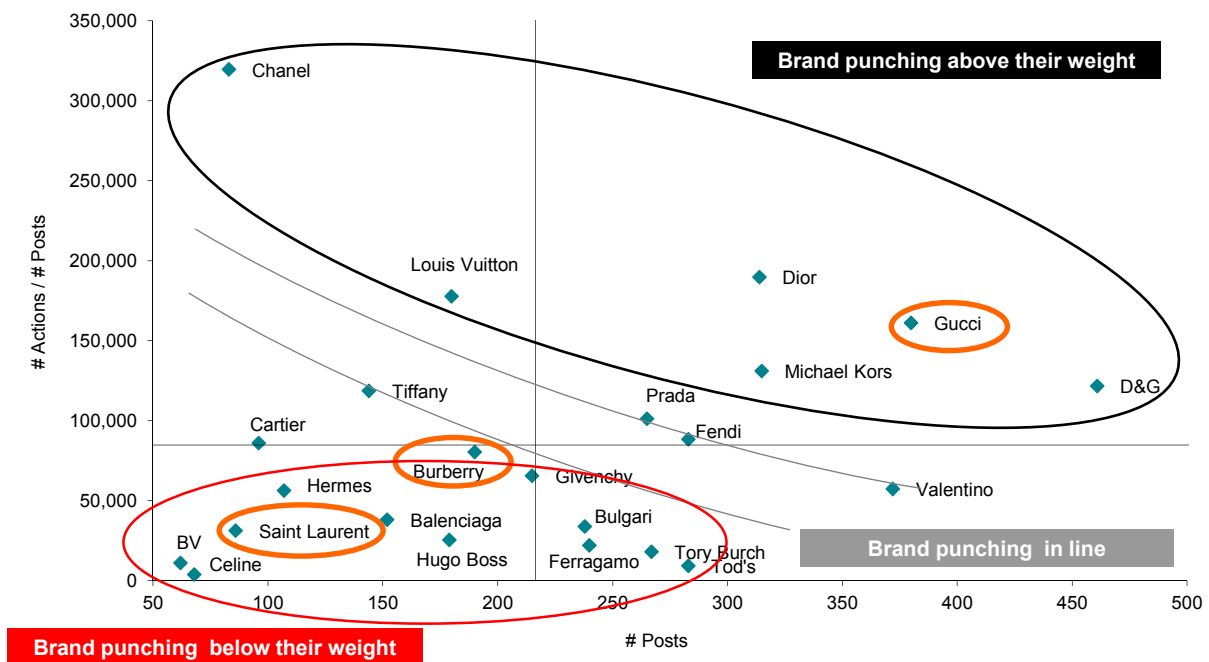
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Figure 19: We monitor brands punching “above their weight” and “below their weight” – we find contrasting fortunes at two brands: Gucci has been rising while Burberry has been declining (1/4)

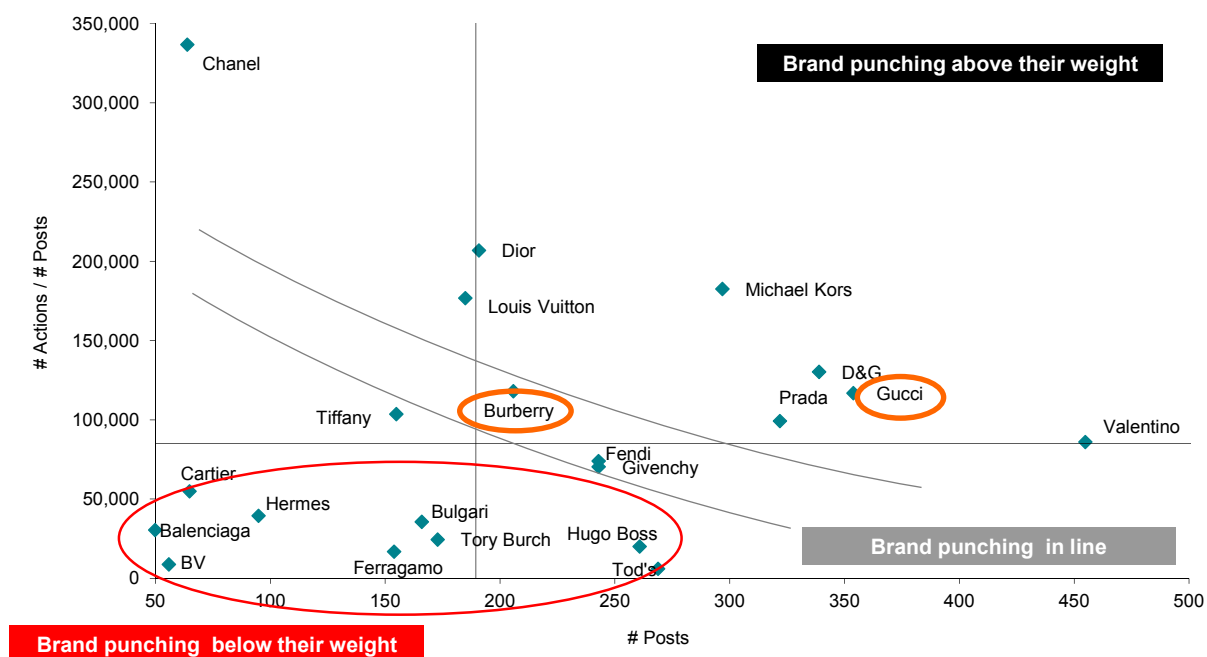
Actions / Posts vs # of Posts by brand (1Q 2017)



Source: Trendalytics, Instagram

Figure 20: We monitor brands punching “above their weight” and “below their weight” – we find contrasting fortunes at two brands: Gucci has been rising while Burberry has been declining (2/4)

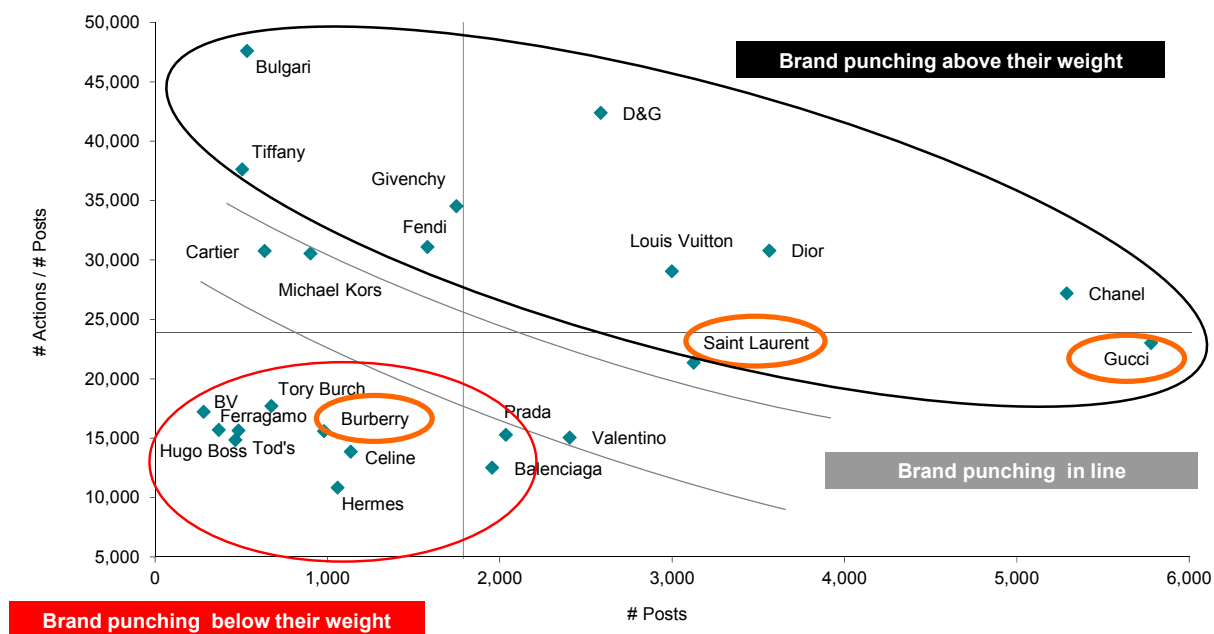
Actions / Posts vs # of Posts by brand (1Q 2016)



Source: Trendalytics, Instagram

Figure 21: We monitor brands punching “above their weight” and “below their weight” – we find contrasting fortunes at two brands: Gucci has been rising while Burberry has been declining (3/4)

Actions / Posts vs # of Posts by influencer (1Q 2017)

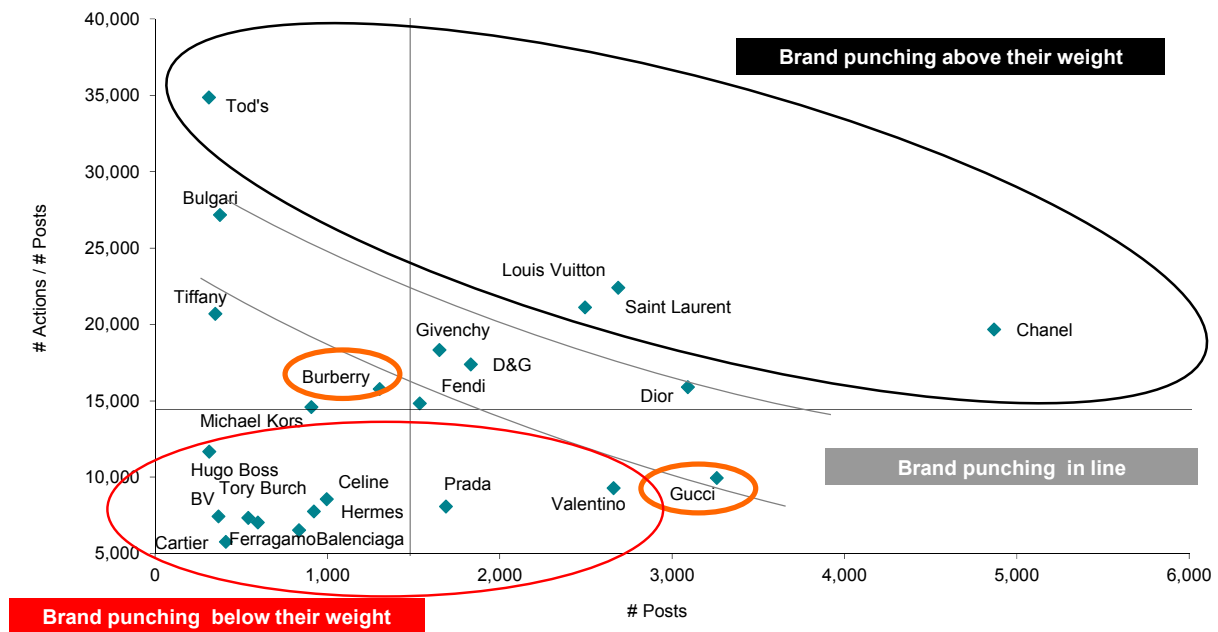


Source: Trendalytics, Instagram

Note: Influencers include bloggers, celebrities, brands, magazines and publications who are the taste-makers in the fashion industry

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Actions / Posts vs # of Posts by influencer (1Q 2016)

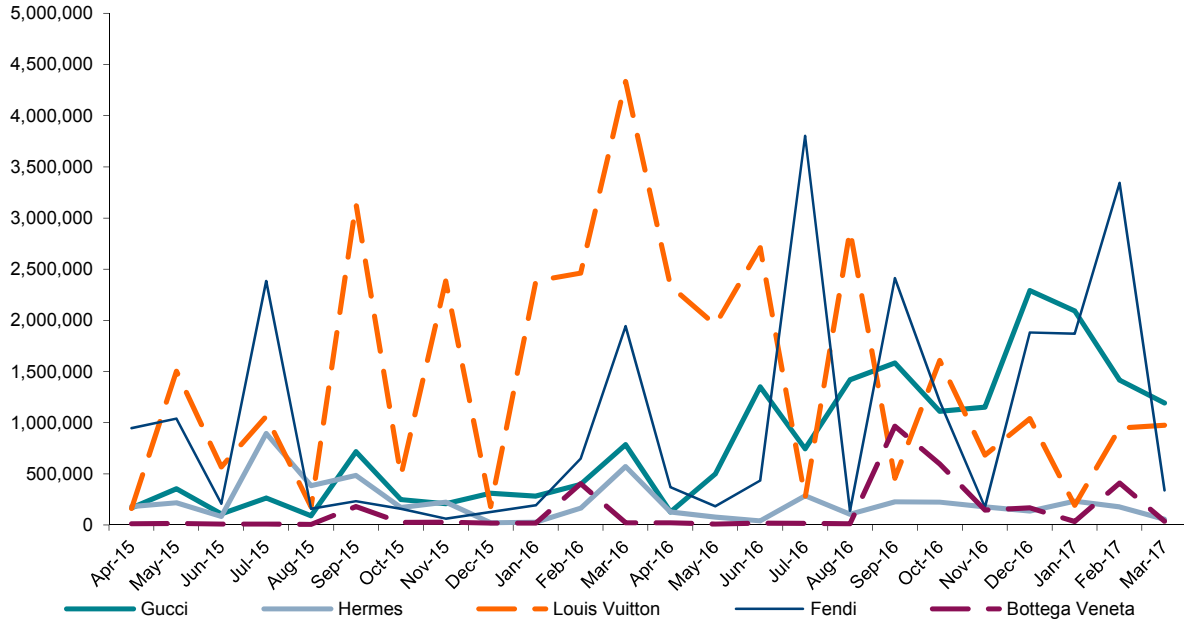


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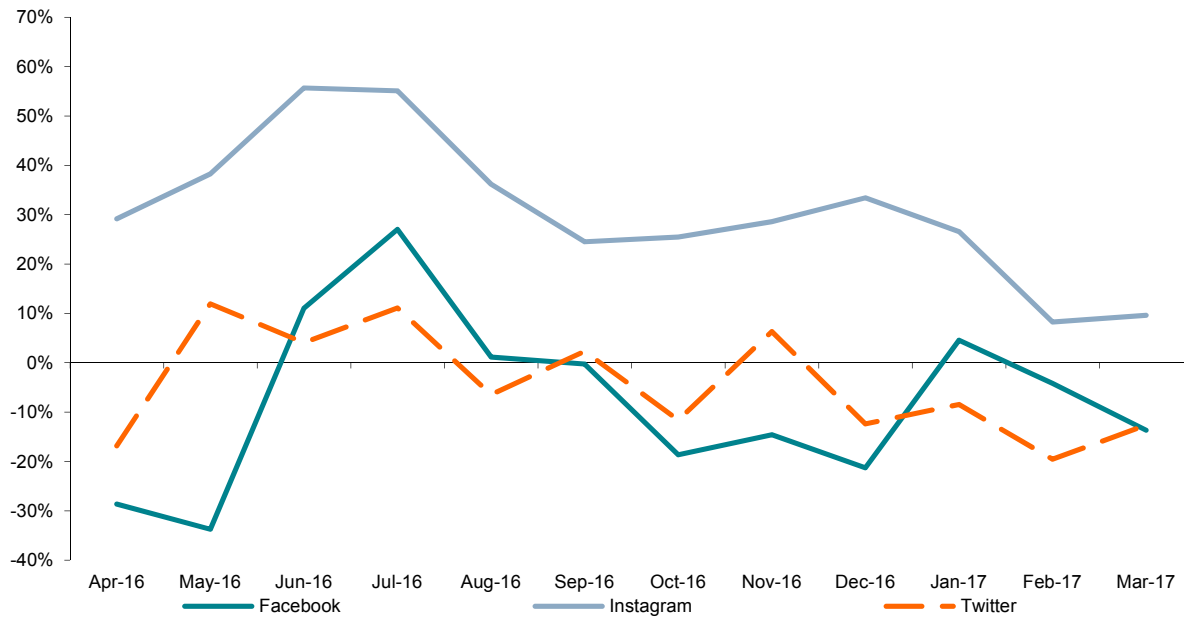
Appendix

Figure 23: # of actions on social networks by influencer (Facebook + Instagram + Twitter)



Source: Trendalytics, Instagram, Facebook, Twitter

Figure 24: y/y % chg in social media actions



Source: Trendalytics

Note: Sample includes Balenciaga, Bottega Veneta, Bulgari, Burberry, Cartier, Celine, Chanel, Dior, Dolce & Gabbana, Fendi, Givenchy, Gucci, Hermès, Hugo Boss, Louis Vuitton, Michael Kors, Prada, Saint Laurent, Salvatore Ferragamo, Tiffany, Tod's, Tory Burch and Valentino

Figure 25: Brand engagement by top 20 influencers (Mar 2015 – Mar 2017 period)

Influencer	# of brands engaged with likes/comments	Balenciaga	Bottega Veneta	Bulgari	Burberry	Cartier	Celine	Chanel	Dior	Dolce & Gabbana	Fendi	Givenchy	Gucci	Hermes	Hugo Boss	Louis Vuitton	Michael Kors	Prada	Saint Laurent	Salvatore Ferragamo	Tiffany	Tod's	Tory Burch
Chiara Ferragni (The Blonde Salad)	12	x		x		x	x	x	x		x			x		x		x	x			x	
Nicki Minaj	10	x						x	x	x	x	x	x			x		x	x				
Kristina Bazan (Kayture)	8			x		x			x						x		x			x		x	
Demi Lovato	7	x					x		x			x							x		x		
Kylie Jenner	6					x		x	x				x						x		x		
Tiffany Hwang	6			x					x					x			x				x		
Bella Hadid	5		x	x				x	x			x											
kris jenner	5		x				x				x	x											
Negin Mirsalehi	5					x				x										x		x	
Ashley Benson	5							x				x				x	x	x					
Camila Coelho	4								x		x					x							x
Anna Dello Russo	4		x							x				x						x			
Ellie Goulding	4				x						x		x						x				
Kim Kardashian	4	x					x					x											
Emma Roberts	4		x					x					x									x	
Lady Gaga	3	x																x			x		
Priyanka Chopra	3					x								x				x					
Mariano Di Vaio	3													x	x					x			
The Fat Jew	3						x					x					x						
Thássia Naves (Blog da Thassia)	3		x										x									x	

Source: Trendalytics

Exane – presentation

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This document was reposted after its initial publication to amend the presentation text for Trendalytics with regard to their contribution to the content of this report.

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