



GREATEST COMPANIES · RESEARCH SHEET · The Brand & Heritage Moat

LVMH

The Man Who Industrialized Desire

Euronext Paris: MC · Luxury Goods · Founded 1987 · Paris, France

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In October 2010 an aging French patriarch took a phone call that would ruin his peace for four years. On the line was Bernard Arnault, chairman of LVMH and the most feared man in European business, calling as a courtesy to say he had quietly acquired more than fourteen percent of Hermes, the Puech family's two-hundred-year-old house, and intended to acquire far more. He framed it as a friendly investment. The family knew exactly what it was: the wolf was already inside the gate. We begin with a near-defeat, because it tells you what LVMH is, the apex predator of the luxury world, built by a man who looked at the most romantic, heritage-soaked industry on Earth and saw a collection of undervalued, acquirable feelings.

Key Facts

Architect	Bernard Arnault, an engineer, not an heir; seized control in 1989
Origin	LVMH formed 1987 (Louis Vuitton + Moët Hennessy); houses date to 1743
Sector	Luxury goods — fashion, leather, wines and spirits, watches, jewelry, retail
Moat	Brand desirability at each house + scale and retail control at the group
The Method	Buy the jewel inside the wreck, then cut the wreck without sentiment
The One That Got Away	Hermes (2010–14); the family pooled its shares and forced a retreat
Status	Public (Euronext Paris: MC)

By the Numbers

Bought bankrupt Boussac, owner of Dior, in 1984 for a ceremonial one franc (~\$60M financed)
Became the first European company to reach a value near \$500 billion (2023)
Seized control of LVMH in 1989 with roughly 43.5% of the shares
In 2025 briefly lost its crown as luxury's most valuable company to Hermes, the house it failed to buy
Laid off ~9,000 Boussac workers and sold ~\$500M of non-core operations to keep only Dior
Now spans roughly 75 heritage houses under one roof; acquired Tiffany in 2021

The Moat

A Moat on Two Levels

LVMH sits in the Brand and Heritage pillar, but it is a different species from Coca-Cola and Disney. Where they are single great brands, LVMH is a portfolio of them, and its moat works on two levels at once. At each house the moat is pure desirability: pricing power flowing from heritage, scarcity and identity, the same emotional asset Coca-Cola owns, multiplied across dozens of names, a Louis Vuitton bag or a bottle of Dom Perignon commands its price for what it signals, not what it costs to make. At the group level the moat is scale and control: LVMH owns much of its own retail, the boutiques, the duty-free shops, the beauty chain Sephora, capturing the retail margin instead of surrendering it, and pours group capital and marketing behind each small acquired house, while the breadth across categories smooths the savage cycles of any one. LVMH does not own a brand; it owns the industrial capacity to build, buy and compound brands.

The Battle for Control

The Company That Nearly Died Was the One the Founders Thought They Owned

LVMH was created in 1987 as a defensive merger between the trunk maker Louis Vuitton, run by Henry Racamier, and the drinks group Moët Hennessy, run by Alain Chevalier, each afraid of being swallowed alone by the raiders then prowling Europe. The merger meant to build a fortress instead started a civil war, because the two men could not agree on who ran it. Then came the mistake that built modern LVMH. Racamier, losing the power struggle, reached outside for an ally and invited in the young dealmaker who had just turned Dior around, certain Arnault would be loyal. Arnault took the invitation and the shares, then kept buying, forging and breaking alliances as it suited him, and by 1989 had accumulated roughly 43.5% and seized control, pushing both Racamier and Chevalier out. Arnault did not rescue LVMH from a crisis; from the incumbents' point of view, he was the crisis, and the resolution was his absolute control.

"The most durable desire may be precisely the kind that cannot be acquired."

The Legendary Scorecard

Category	Score	Notes
Founder Vision	10	Saw desirability as an acquirable asset class before anyone else, and built the industry
Innovation	7	The products are heritage craft; the innovation was the house-of-brands operating model
Execution	10	Four decades of disciplined acquisition, integration and brand stewardship at scale
Moat	9	Desirability at the house level; scale and retail control at the group level
Capital Allocation	9	A masterclass in buying jewels inside wrecks and cross-funding the portfolio
Wealth Creation	9	One franc and ~\$60M in 1984 to the first European company worth ~\$500B

Durability	9	Heritage houses centuries old; the group spans enough categories to survive any cycle
Historical Importance	9	Did not invent luxury brands; invented the luxury industry
Overall Legendary	9.2 / 10	The proof that desirability itself can be built, bought and owned at industrial scale

Scores are an editorial verdict on the standard eight-category Greatest Companies scale. The overall is a judgment, not a weighted average.

Timeline

1743 / 1765 / 1854	Moet & Chandon, Hennessy, and Louis Vuitton are founded
1971	Moet & Chandon merges with Hennessy to form Moet Hennessy
1984	Arnault buys bankrupt Boussac, owner of Dior, for a ceremonial one franc (~\$60M financed)
1987	Louis Vuitton merges with Moet Hennessy to create LVMH
1988	Arnault is invited in by Louis Vuitton's Racamier and begins buying shares
1989	Arnault seizes control with ~43.5% and becomes chairman and CEO, the wolf in cashmere
1990s–2000s	Acquires Givenchy, Celine, Sephora, DFS, TAG Heuer, Bulgari and dozens more
2010–14	Secretly builds a ~23% Hermes stake, is fined, and is forced to retreat when the family unites
2021	Acquires Tiffany & Co.
2023	Becomes the first European company worth ~\$500 billion; Arnault the world's richest person
2025–26	A deep luxury slump; Hermes briefly overtakes LVMH's market value

Lessons — What This Means for You

THE MOVE • Buy the priceless thing wrapped in a failing thing

Arnault acquired Dior inside a bankrupt textile empire and stripped away everything that was not the jewel, paying a franc for the wrapper to unlock the asset. Separate the durable asset from the distressed wrapper: pay for the wrapper, keep the asset, and have the discipline to cut, fire and sell the rest without sentiment, that ruthlessness is the price of unlocking the jewel.

THE MONEY • Control the whole chain and let the portfolio fund itself

LVMH owns its own retail, captures its own margins, and uses the cash from mature houses to build new ones, turning the dreaded conglomerate discount into a genuine scale advantage. Scale and integration, in the hands of a real operator who understands both the brands and the numbers, can be a moat rather than a muddle, the very complexity that sinks most conglomerates became LVMH's fortress.

THE MIND • Hold reverence and ruthlessness at the same time

Arnault's singular trait is that he worships the brands and is merciless about the businesses, and most people can manage only one of those. He loves the asset and prices it coldly in the same breath. The rare temperament that builds enduring value pairs deep reverence for the thing itself with unsentimental clarity about everything that does not serve it.

Related Reading

The single-brand version of the same moat: [Coca-Cola: The Most Valuable Feeling in the World](#)

A brand empire also nearly taken apart by raiders in 1984: [The Walt Disney Company: The Vault of Other People's Childhoods](#)

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Read the Full Story

Read the full company story: [LVMH: The Man Who Industrialized Desire](#)

Sources & Further Reading

Nadege Forestier & Nazanine Ravai, *The Taste of Luxury: Bernard Arnault and the Moët-Hennessy Louis Vuitton Story* (1993)

LVMH annual reports and disclosures

Greatest Companies (LVMH chapter), *The Complete Trader's Edge*

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