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Alexandre Arnault takes on Moet Hennessy turnaround as LVMH faces sales slump and tariff threats

Luxury drinks division struggles with declining demand, rising US tariffs and internal succession pressures within the Arnault family

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Alexandre Arnault

Alexandre Arnault, the 33-year-old son of LVMH chairman Bernard Arnault, has been given a challenging assignment: to revive Moet Hennessy, the luxury group's drinks division, which is currently its weakest-performing unit. This move comes at a time when the company faces declining sales and rising tariffs in key markets. The outcome of Alexandre's efforts could influence the ongoing succession race among Bernard Arnault's five children, all of whom hold management roles within the $280 billion conglomerate.

On Tuesday, Alexandre joined his father in Washington, D.C., where they attended the swearing-in ceremony of Middle East envoy Steve Witkoff. The event was broadcast on local Fox 5. During their visit to the White House, President Donald Trump greeted the Arnaults and referred to Alexandre as "the future" during a conversation captured on air. LVMH declined to comment on the details of this meeting.

Moet Hennessy, whose brands include Moet & Chandon champagne and Hennessy cognac, has long been a reliable source of cash for LVMH. In 2024, it generated nearly $6 billion in revenue. However, demand in both the United States and China has weakened over the past two years. Sales have dropped for two consecutive years, and operating profit fell by one-third last year.

The division faces additional pressure from U.S. tariffs on European wines and spirits. Champagne and cognac can only be produced in specific French regions, making them subject to these import duties. The current tariff rate is 10%, but it is set to double to 20% in July. President Trump has threatened even higher tariffs—up to 200%—if the European Union proceeds with plans to tax American bourbon whiskey as part of an escalating trade dispute.

Alexandre joined Moet Hennessy in February as deputy to new CEO Jean-Jacques Guiony, who previously served as LVMH's finance chief for two decades and is considered a close adviser to Bernard Arnault. Alexandre had previously held a senior position at Tiffany & Co., another LVMH brand.

In their first major internal announcement on April 30, Guiony and Alexandre told staff that Moet Hennessy would cut its workforce by 13% and focus marketing resources on its largest global brands. In a video address seen by Reuters, Alexandre described the

situation as “very difficult.” Labor representatives said employees are waiting for more concrete plans to boost sales.

One area Alexandre will oversee directly is Moet Hennessy Private, a unit that serves ultra-wealthy clients with exclusive experiences and personalized spirits blends. This team of about 80 employees famously sold a cask of Ardbeg Scotch for £16 million ($20 million) to an Asian investor in 2022. Alexandre announced that this business unit would become its own entity reporting directly to him.

Analysts say focusing on high-end customers could help offset some of the impact from tariffs and slowing demand among middle-class consumers. However, there are concerns that price increases due to tariffs could deter these customers from buying products like Moet champagne if prices rise above $50 or $60 per bottle.

Moet Hennessy has played a crucial role in LVMH’s growth since merging with Louis Vuitton in 1987. Its profits helped fund acquisitions such as Hublot watches and Bulgari jewelry and supported expansion into new markets. In the 1990s, wines and spirits contributed over 40% of group operating profit. Last year, that figure dropped to just 6%, according to Bernstein analysts.

Despite speculation about spinning off or selling the division—which HSBC estimates could be worth €14 billion ($15.8 billion) after restructuring—Bernard Arnault has dismissed any plans for divestment. He stated in January that “divestment is not on the agenda.” Some analysts argue that focusing more tightly on core luxury categories like fashion, leather goods, watches, and jewelry could make LVMH more attractive to investors.

For now, Alexandre Arnault faces significant pressure to turn around Moet Hennessy’s fortunes amid global trade tensions and changing consumer habits. His father has given him and Guiony two years to demonstrate results in their new roles.