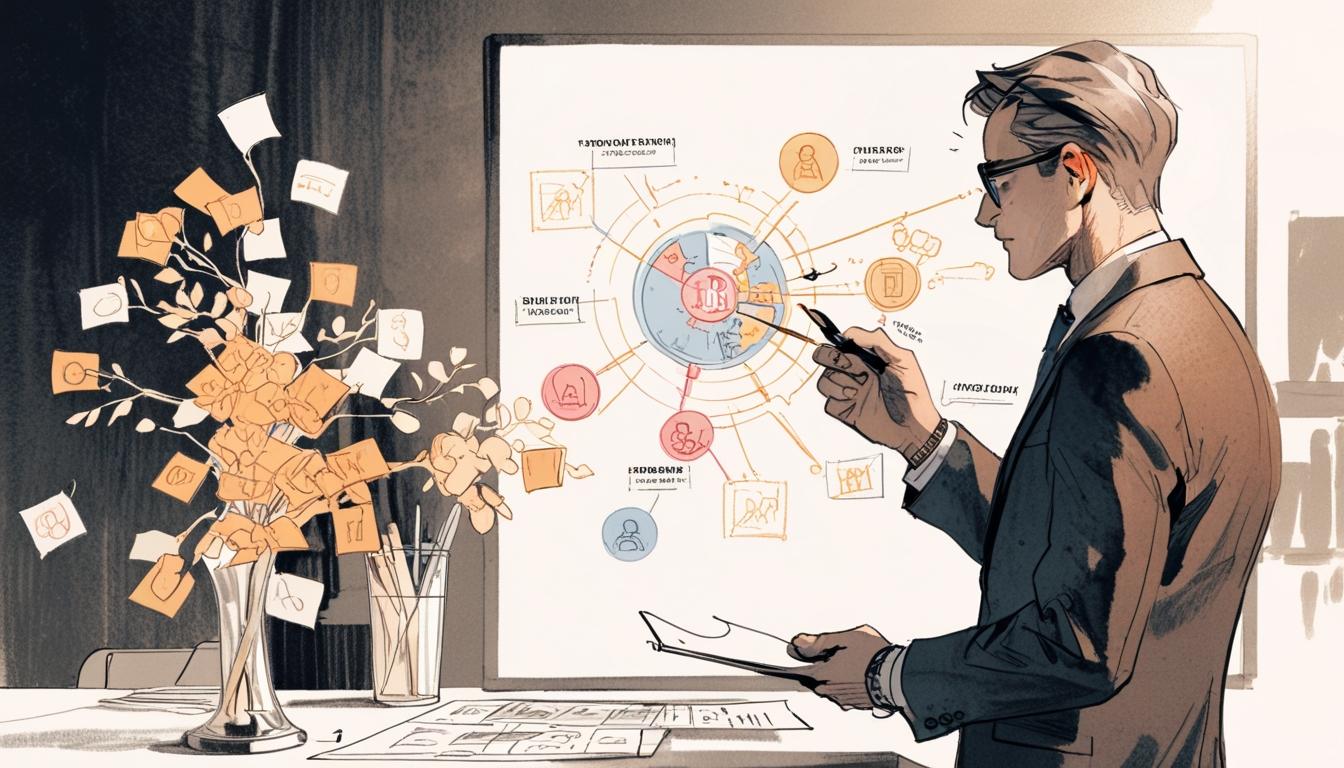
# Moët Hennessy to cut over 10% of workforce amid rising costs and sales decline



Moët Hennessy, the wines and spirits division of LVMH, has announced a substantial reduction in its workforce, aiming to decrease its headcount by more than 10 per cent as part of a broader strategy to enhance performance amid challenging market conditions. Current figures indicate a workforce of approximately 9,400, with plans to eliminate around 1,200 positions, returning to staffing levels reported in 2019. This decision comes from newly appointed executives, chief executive Jean-Jacques Guiony and his deputy Alexandre Arnault, who communicated these developments to employees in an internal video.

During the communication, Guiony noted that the company's revenue aligns with 2019 figures, yet costs had surged by 35 per cent in that timeframe. He remarked, "This was an organisation that was built for a much larger size of business," indicating a mismatch between the current operational scale and market demands. Guiony elaborated on the challenges ahead, acknowledging that the rejuvenation of sales would not occur rapidly.

LVMH has stated that the workforce reductions will primarily be managed through natural attrition and reallocating staff to vacancies within the organisation. Specific timelines for the job cuts have not been disclosed. The restructuring efforts were first highlighted by the French news outlet La Lettre.

LVMH's beverage division experienced robust growth between 2019 and 2022; however, it has faced significant pressure since then. Internal reports reveal that Moët Hennessy experienced a 9 per cent decline in organic sales in the first quarter, in contrast to a more moderate 3 per cent decrease across LVMH overall. Alexandre Arnault acknowledged the uniqueness of the current situation, pointing out that historically, when one sector within LVMH faced challenges, others often performed well. He noted, “Right now things are not going extremely well.”

Documentation reviewed by the Financial Times indicates that discussions about workforce reductions predate the current leadership's arrival at Moët Hennessy. Since the latter half of 2023, hiring freezes were implemented, with hundreds of roles targeted for cuts last year. Reports suggest that at least 70 positions were eliminated in China in 2024 as part of this ongoing effort.

Guiony expressed a degree of optimism during his address, stating, “Things are bad but they will become better. This is a cycle," while also acknowledging that uncertainties, such as the impact of US tariffs, complicate the path forward for the business.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://www.ft.com/content/f22a032d-a923-42ab-89c1-aa44af905ba2> - This article reports that Moët Hennessy plans to reduce its workforce by over 10%, approximately 1,200 positions, aiming to return to 2019 staffing levels. It also mentions that the company's revenue aligns with 2019 figures, yet costs have surged by 35% since then.
2. <https://www.lvmh.com/en/publications/organic-revenue-growth-of-14-in-the-first-nine-months-of-2023> - This publication from LVMH indicates that the Wines & Spirits business group saw a revenue decline of 7% organically in the first nine months of 2023, attributed to a high basis of comparison with the same period in 2022.
3. <https://www.thedrinksbusiness.com/2023/04/drinks-division-weakest-performer-in-lvmh-first-quarter-sales/> - This article highlights that Moët Hennessy was the weakest performer in LVMH's first-quarter sales, with sales improving by just 3% over the first three months of 2023 compared to the same period in 2022.
4. <https://www.lvmh.com/en/publications/lvmh-achieves-3-organic-revenue-growth-in-the-first-quarter> - This publication from LVMH reports that the Wines & Spirits business group recorded a revenue decline of 12% organically in the first quarter of 2024, with Champagne sales down due to the normalization of post-Covid demand.
5. <https://www.shankennewsdaily.com/2023/10/12/34111/moet-hennessy-sales-slip-through-three-quarters/> - This article reports that Moët Hennessy posted sales down 7% on an organic basis to €4.7 billion for the first nine months of the year, as growth in its Champagnes & Wines unit couldn't overcome ongoing struggles in the Cognac category.
6. <https://www.thedrinksbusiness.com/2023/07/weak-hennessy-demand-hampers-lvmh-sales/> - This article notes that the wine and spirits arm of LVMH was the only part of the company to decline during the first half of 2023 due to 'weak demand' for Hennessy Cognac in the US.
7. <https://www.ft.com/content/f22a032d-a923-42ab-89c1-aa44af905ba2> - Please view link - unable to able to access data