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ASSIGNMENT 1

MARKETING MANAGEMENT
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Introduction

An organization's growth and success are largely dependent on its marketing and strategic effectiveness. Brands must develop efficient and cost-effective techniques that can increase consumer satisfaction and interest if they want to compete in the market and engage in customers. Consumers have recently had shown greater interest in characteristics like sustainability and brand image as a result of the actions that these businesses undertake. The primary objective of this study will be a review of Louis Vuitton's (LV) marketing initiatives and methodologies used to increase consumer acquisition. The subsections of the report that highlight the significance of important marketing tools in figuring out the growth and development of the business will involve a theoretical analysis. This study will use several marketing techniques to illustrate and analyse Louis Vuitton's marketing efforts. To demonstrate the findings in a better comprehensible way, this study will involve analysis of the marketing strategies of Louis Vuitton through analytical tools such as porters five forces, SWOT analysis and 4Ps of marketing mix.

Background information of LV

Louis Vuitton, was a French fashion designer and craftsman who established his own brand in 1854 in Paris. The brand began as a trunk maker, but with great efforts and evolution of time, the brand was renowned globally (Lim and Kim, 2018). The efforts made him succeed from a French countryside to the global market. The trunks developed by Louis Vuitton (LV) were quite famous back then, because of its unique features. Now, this house of luxury fashion brand is developed into offering of luxury accessories such as bags, clothing, shoes and other luxury goods, making it one of the best luxury brands in the world. The unique monogram of LV was seen in all their products that ranges from ready to wear clothes to sunglasses, accessories and books. During the World War second, LV was collaborated with Nazis (Watson, 2018). Later LV started to integrate leather into most of their products. It included integrating leather into goods such as purses, wallets and handbags. During this period, the company was expanding to different parts of the world. The expansion into Asia was initiated by opening of the store in Taipei and Seoul in the consecutive years.

During the year 2001, there was an integration with premium brands in the market and led to production of limited-edition line of LV bags. This limited-edition bag featured graffiti written

over the monogram of LV (Mase et al., 2018). Another product was introduced in the year 2002, the Tambour watch collection. In 2003, another specification was brought forward by the team which led to new monogram multicolour canvas range of accessories and handbags. This new series included a standard monogram in different background colours. Another cherry blossom pattern was introduced where yellow flowers were placed on top of the monogram canvas. But this production of limited edition was discontinued in the year 2003. By this time, new stores were opened in Moscow and New Delhi, India (Wang and Zing, 2019). 150th anniversary was celebrated in the year 2004. Many stores were opened in different parts of the world during this time. During the year 2011, LV opened its island mansion in Singapore, which was the first island maison to be opened in south east Asia. In September 2013, Darren Spaziani was hired to led the accessory section of the brand. In the year 2019, LV was in the first place among BrandZs top 10 most valuable luxury brands, this was influenced by a revenue of \$47.2 billion (Liu, 2022). In January 2020, LV was capable of doing a bigger acquisition of Sewelo diamond, which is one of the biggest diamonds identified by Lucara Diamond.

Theoretical tools of marketing analysis

A key element in the effective planning and development of strategies that are crucial to the performance of an organisation is the assessment of its marketing strategy. When analysing a company's marketing strategies, a variety of ideas and frameworks are utilized. Several methods and theoretical ideas are included in this, including the Ansoff matrix, SWOT analysis, Porter's five forces, stakeholder mapping, and PESTLE analysis, among others. Below is a diagrammatic illustration of several marketing tools.

PESTLE analysis

PESTLE analysis is a methodology or strategic examination of an organization's external or macroenvironmental elements. Political, economic, social, technical, legal, and environmental aspects are some of the elements that make up a PESTLE analysis. Information on the various macro environmental analysis attributes can be obtained by analysing these aspects in the context of an organisation. SWOT analysis is used to identify weaknesses and threats using the results from this.

SWOT analysis

The various elements of an organisation are represented in a SWOT analysis. This comprises an organization's advantages, disadvantages, opportunities, and threats. These elements have a crucial role in defining the position of the brand in a crowded market in an organisational environment. The organization's power is represented by its strength, and its shortcomings are its weaknesses. As the name suggests, opportunities and threats refer to both the numerous opportunities for the brand and the risks posed by competitors.

Porters five forces

A framework known as Porter's five forces analyses and assesses the five competitive elements that have the ability to influence an organization's overall performance while also revealing its strengths and shortcomings. Five elements comprise Porter's Five Forces. The elements involved are power of customers, power of suppliers, entry of new threats into the industry, threat raised by substitutes, and competition in the industry.

4PS of marketing mix

4Ps of marketing mix is another strategic tool that demonstrates the various components of marketing of an organisation. the components involved in 4Ps of marketing includes pricing strategy adopted by an organisation, place and distribution strategy, promotion strategy and product strategy (Somg et al., 2021). Each of these components has its own significance when it comes to determining the final outcome of the marketing activities.

Porters five forces

Porters five forces help to analyse the current position of LV in the market based on various internal and external factors such as customers, suppliers, financial stability, competitors etc. porters five forces of LV is represented as follows

Competitive rivalry in the industry

Competition in the field of high-end luxury fashion products are mainly based on their quality, rather than price. There are many rivals in the industry such as Dior, Versace, Hermes, Gucci, Prada etc. focus on innovative and absolute quality products are considered as the factor that differentiates LV from other brands.

Bargaining power of suppliers

Most of LVs products are outsourced in countries such as USA, China, Italy, Vitenam etc. the necessity of high quality materials like leather is making the bargaining power of suppliers high. Extensive market knowledge and high investments in the capital in order to overcome the high bargaining power of suppliers (Talarek, 2022).

Bargaining power of customers

Bargaining power of customers is generally low when it comes to marketing of luxurious goods. Since only a small portion of the sales is contributed by wholesale customers, the bargaining power is generally low. The strong brand reputation and high-quality products further narrow down the bargaining power of customers.

Threat of new entrants

Significant investments are required for a new brand to attain the position that LV is holding. The brand recognition and reputation cannot be easily beaten by new brands in the field. Thus, the treat of new entrants is low in case of LV (Mattei, 2021).

Threat of substitute products

Threat of substitutes are relatively low in case of LV. Although cheaper substitutes are available, the quality cannot be met by these products. LV has been efficient in handling such threats of substituents effectively.

SWOT analysis

SWOT analysis of LV demonstrates a comprehensible evaluation of the components of the marketing such as strengths of the brand, weaknesses, opportunities for LV and threats faced by LV in the market (Tams et al., 2021). Customisation for elite customers are also available through LV. Efficient collaborations with the greatest designers makes LV makes the marketing strategies to be attractive. The large network around the world through prestigious employees that deal with high end products are a feature of LV.

Strengths of LV

The global presence of LV is almost unbeatable. An extreme huge level of customer loyalty takes a significant part of this. The monogram canvas on their products makes them to be recognized by people easily. The large network with a good number of employees and

connection with high end retailers are the strengths of the brand LV. Recognition with the brand is making customers to luxury goods of LV. Involvement of top designers around the globe who are capable of delivering the best results are available in LV. The availability of products across 450 stores in 50 nations are indicative of a strong networking of the brand (Guo nad Zhang, 2020). Another strength of LV is the successful history of more than 150 years of settlement.

Weaknesses of LV

Weaknesses are the areas where brands need to take measures to enhance organizational activities. Centralization was always an issue with LV. Focus on exclusivity is making LV to copyright most of their products. The centralised decision making is lowering the morale of the brand. Since LV is a French brand, they often lack awareness about the fashion trends and activities in other nations (Manlow, 2019). The high cost of products makes it difficult for the customers to afford it. This forces LV to target a small market. Compared to other luxury brands, LV products are not widely available. Most of the sales are only through stores. This weak online presence is a drawback for the present customer behaviour.

Opportunities for LV

Overall growth of the luxury brand market is an opportunity for LV as well. The global market value of luxury market is increasing which lays down a significant opportunity for luxury brands like LV. Strategic collaborations with some companies having similar customer segment is an opportunity for LV (Maria and Caterian, 2022). Potential chances of expanding in Chinese and Indian market is another opportunistic factor. Development of new products and services are enhancing the competitive advantage of the brand. The growth in per capita income of various nations is laying down an opportunity for luxury brands to expand their markets into these places and to attract customers.

Threats of LV

Intense competition in the field is the threat similar to nay other organisations. Increasing competition from the emerging countries have also got a major impact. Few of the governmental policies on international trade were slowing down the marketing and sales. Additionally, the global recession and financial crisis is adversely affecting the sales and marketing of LV (Telford, 2019).

4Ps of marketing mix

4Ps of marketing mix of a company indicates few of its marketing components such as product mix, place and distribution mix, promotion and advertising mix, and pricing strategy. Each of these components have its own importance in determining the overall marketing and performance of an organisation.

Product strategy

Product strategy explains the product mix of luxury fashion brand LV. The major emphasis is on production of 100% pure leather products. The unique features of the products make it difficult for the competitors to imitate them. Handmade products are generally manufactured by LV. The product line of LV includes premium finest bags, designer shoes, luxury watches, unique clothes, eye wears, belts etc (Budiano et al., 2021). all of the products are copyrighted to avoid imitations. In this marketing strategy product is not merely considered as a tangible substance, but it is considered as a source of value that adds class and value to the one who holds it. The iconic products include leather designer shoes, designer jackets, and classic LV trunks.

Pricing strategy

Value based pricing is adopted by LV in its luxury brand marketing. since the products of the brand are always high-end products, pricing adopted is premium pricing strategy. The focus on high quality materials makes the brand not to cut down on the price. The investing in good quality products directly led to high cost of the goods. For the products sold through online stores and departmental stores, a value-based pricing strategy is adopted by LV (Koerich et al., 2020).

Place and distribution strategy

LV is a subsidiary of the exclusive group called LVMH. Its presence is extended to almost sixty countries that involves destination such as London, Singapore, India, China, Las Vegas and Paris. LV is headquartered in Paris. The brand uses own stores as a primary distribution channel. Product placement and distribution occurs through various platforms such as own stores, departmental stores and E commerce websites (Li et al., 2021). Trained persons are employed in the stores to deliver the ultimate services to the customers. The limited stores make customers to walk to the stores. The departmental stores were considered as an effective method in the initial days, currently LV prefers its own stores than departmental stores.

Promotional and advertising strategy

Involving of famous personalities are a method adopted by LV to attract customers through various promotional activities. It includes famous models, actors and musicians in their various marketing campaigns. Few of the remarkable collaborations were conducted with Kate Moss, Jennifer Lopez, Kim Kardashian and Angelina Jolie. Advertising campaigns conducted by LV has grabbed attention of fashion enthusiast. Marketing through social media platforms involved integration of various channels such as Facebook, YouTube, Twitter and Instagram to showcase its products (Jia and Ran, 2021). Public relations with UNICEF were performed in 2016, which involved a campaign to support vulnerable children across the world. Few of the special collaborations with Takashi Murakami, Yayoi Kusama and Nicolas Ghesquiere that illustrated special collection of these designers was an impressive strategy adopted by LV.

Innovative marketing strategies

Since LV is a luxury brand, innovation is always the key behind its success. There are various interventions and measures adopted by LV to succeed in its journey. Few of the innovations and methods adopted by the brand Louis Vuitton are discussed below

Unique value proposition

Since the brand holds a history of more than 150 years, it is considered far better than many of its competitors in the field (Park and Kim, 2018). The fine balance between modernisation and heritage that is demonstrated in its products makes LV unique from other luxury fashion brands. It is also considered that holding a LV product is more of value and class in the society rather than demonstrating its purpose

Brand image and brand identity

With more than 460 stores, LV is considered as one of the most valuable brands. The four different values that this brand adopted is being innovative and creative, provide excellence, take caution to make differences and cultivate an entrepreneurial spirit (Gan, 2022). By integrating all these values, LV is focused on production of highly refined products that helps the brand to achieve its goal of elegance and inventiveness. The monogram itself is able to be identified by people easily that is believed to be a difference by the brand. The price strategy is also based on its demand and desirability.

Value based pricing

LV, being one of the most expensive luxuries brand pursues a value-based pricing strategy. The premium cost is justified by the labor cost and refining the good quality materials for the product.

Print advertising

When considering the advertising and promotional activities, print media channels are a preference of the brand. Although other medias and social media platforms are used for the promotion activities, preferred platforms adopted by LV are national press, magazines and billboards (Kefi and Maar, 2020). This makes a major differentiation of the brand, where most other brands in the same industry are thriving on social media platforms.

Limited edition products

Brands that focus on standing out unique marketing and broader customer base are often involved in producing limited edition products. the total worth of the products and brand image are determined by various components such as pricing plan, designer label, store location and brand image (Zhong, 2020). To encourage and enhance impulse purchases from the customer community, these luxury fashion brands are often involved in developing limited edition products. This makes the fashion enthusiast to grab the limited products at the earliest.

International strategy

Branching into subsidiary products and acquiring luxury brands are a strategy that is adopted by LV. Today, LV is considered one among the popular multinational companies. Since all of the acquisitions of the brand were of high-end reputed brands, these acquisitions enabled the brand to strengthen its brand position in the international market.

Digital marketing and services

Various digital marketing interventions are adopted by LV in its marketing. one of the digital marketing operations of LV involved a campaign that debuted Virgil Abloh designed shoes. In terms of the service, the use of social media marketing platforms enables the brand to deliver its customers a good quality product (Margartai et al., 2019). These factors are adding value to the brand image of LV. A good number of followers in Instagram and other social media platforms are engaged by the brand through attractive social media posts and contents.

Contribution of marketing strategies towards organization

Growth and success of the organisation is highly dependent on various components of marketing and strategic innovations. The effective planning and execution of the plans by the marketing teams enables the brand to achieve brand image and brand identity in the industry (Arrive, 2021). In case of LV as well, the brand image and the effective marketing strategies are adding value to the organisation and competitive advantage of the brand in the market. It is seen from the reports that, the fashion and leather goods business group had a record growth of the revenue in the year 2022 (Anido and Loussiedf, 2018). In the first nine months of 2022, there is an increase of 31% revenue. The exceptional creativity and high-end quality of the products are the major marketing strategies that are set up the marketing team of LV, which makes a significant change in the overall revenue and growth of the organisation. the ready to wear fashion shows and the renovations that occurred in the historic birthplace of Maison at Paris were another significant factor that contributed to the growth and success of LV (Budiman, 2021).

Few of the campaigns conducted by LV were attracting customers. These kinds of good values with the customers by offering them the utmost quality of products are helping the company to broaden their customer base and further expand in the global market. The investments and focus in continuous creation and innovation of new designer goods are making a success of the brand in the US in an efficient way.

Evaluation of the marketing strategies of LV

LV as a luxurious brand has been attaining a remarkable growth and success over the years. A differentiation strategy of LV has been effective in penetrating the new markets and to face the competitive challenges in the luxury market. The economic analysis of the parent group of companies indicate that LV is the major revenue contributor to LVMH group. It is evident from the studies that all the customer segments are influenced by a great brand and product innovation strategy that LV has been following for many years (Kim and Park, 2020). The exclusivity of the designs and the brand image is making the brand to deliver luxury products to the high-end customers. The company is building different social media channels to improve the communication with the customers. Even though marketing strategies are found to be effective, the major competencies of LV are brand and designs. Competitive advantages in the market are offered by these factors. Copyrighting of the products that limits the imitation of these luxurious goods are another intervention taken by LV in order to maintain the integrity of their high-end products. A focused differentiation strategy is been followed by the brand,

where the high cost of goods from the brand are justified through a high perceived value offering to the customers (Kai, 2021).

CONCLUSION

In this current study, different aspects of marketing strategies of the brand Louis Vuitton are represented. The brand which has a history of more than 150 years has a significant position among the luxury fashion brands. To analyse and evaluate the marketing strategies in the theoretical and practical context, both the analysis has been included in the study. The theoretical frameworks and various tools are representative of the marketing strategy analytics. Various marketing strategy tools such as porters five forces, 4Ps of marketing mix and SWOT analysis is represented in this study. These marketing strategy tools are capable of identifying the various strengths, weaknesses, opportunities and threats of the organisation. additionally other frameworks have represented different components of the marketing such as pricing, advertising etc. to analyse and evaluate the impact of these sorts of marketing strategies, ana analysis of the marketing interventions carried out by LV are being analysed. The study further includes a subsection that illustrates the significance and contribution of the marketing team in the overall organisational performance and growth.

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