

LCBB4005 THE GLOBAL BUSINESS ENVIRONMENT

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Environmental Analysis of fashion industry in the UK: focusing on Louis Vuitton

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Table of Contents

Introduction.....	4
Overview of Louis Vuitton	4
Current Market Performance	4
Critically analyse the changes that the company Louis Vuitton have made in the last few years to their business model to self-regulate	5
Changes adapted to some of the concerns raised by the different stakeholders	6
Mendelow Matrix.....	8
Critically explaining if these changes have/will give the company to form competitive advantage position	9
Provide any relevant recommendations to the management of this organisation.....	10
Ansoff Matrix.....	11
Porter's Generic Model.....	12
SAF framework.....	12
Conclusion	13
Reference List	14

Introduction

It is a known fact that the operations and business activities of a given business within a given industry is contingent upon the business environment that exists within that industry (Aydiner et al. 2019). A firm that seeks to experience success in its industry of operations cannot afford to ignore the dynamics that its business environment creates from time to time. Hence, it is necessary to analyse the business environment to understand how and why a business can succeed if it is adequately attuned to the changes and trends that come and go within the context of its industry's competitiveness and its business environment.

Overview of Louis Vuitton

Louis Vuitton Malletier, which is shortened to either Louis Vuitton or abbreviated as LV, is a French fashion company that manufactures fashion products and luxury goods. Founded in 1854 by Louis Vuitton, the company is unique for printing its monogram on all of its products, which lends its products a distinctive brand identity in the luxury fashion market (Park and Yim 2018). For a luxury fashion brand, Louis Vuitton can seriously boast a number of products and items that it manufactures and distributes throughout the world. The enterprise also has the advantage of possessing a significantly long experience in operating within the fashion industry.

Current Market Performance

At present, Louis Vuitton has emerged as a successful leader within the context of the global fashion industry in general, and the luxury fashion industry in particular. Due to its strong brand name and the amount of experience that it has been able to acquire over its century-long existence, it has been able to anticipate all of the major trends in the global fashion market and it has been able to produce products and accessories that were able to successfully satisfy the demand of its consumer base. This approach allowed the enterprise to add immense value to its operations.

Further value and further success in the market performance of Louis Vuitton is added by the fact that each of its products are mostly crafted and manufactured by hand, which lends it significant value not just within the market but also among its customers. Furthermore, the company has a unique and stylised advertisement campaign where it has been able to

successfully show off the luxury nature of its products and how owning one of the products by the company is a legitimate status symbol for the individual in question. Such approaches to operations have greatly benefited the company's market performance.

Critically analyse the changes that the company Louis Vuitton have made in the last few years to their business model to self-regulate

In the year 1854, Louis Vuitton had started its journey as a suitcase maker in the market French and from that time Louis Vuitton became more prominent and well known for the great designs. The focus of the brand was mostly on the high-end market and thus over the years, the brand has introduced some most noteworthy and famous bags across the world such as Neverfull Tote and Speedy bag (Stylevanity.com 2021). The brand slowly started to expand itself with the designing of women as well as men's cloth (Forbes. 2021). Louis Vuitton has made enormous changes and progress in maintaining the exclusivity and the quality of the products and is always focused to counter the mass production with the series of the limited edition. However, the brand has faced many criticism regarding the designing style of the accessories, bags and clothing as inferior to the other brands in the market.

Louis Vuitton has transformed itself over the years through its innovative capacity and became more successful day by day as the brand can easily adapt to the needs of the customers (Positive Luxury. 2021). Through various collaborations with well-known designers and artists such as Takashi Murakami, Jeff Koons and Pharrell Williams who has helped the brand to transform itself with the introduction of exclusive and innovative designs and thus enhanced his connection with the younger generation. Apart from the design by the experts, Louis Vuitton has its own innovative capacity that is able to assess the upcoming fashion trends of the new generation and thus can design the clothes and accessories as needed by its customer base (Core.ac.UK. 2021). However, there are certain fake imitations that are affecting the brand name in the market and Louis Vuitton also suffers from the fact that the brand is only available in exclusive stores thus making it difficult for people around the world to get access to it.

The product positioning strategy of Louis Vuitton has made the brand undergo an enormous transformation over the years. Louis Vuitton has positioned its brand in locations like Paris and all over the United States. The new campaigns created by Louis Vuitton have improved their position in the market along it has given some value to the minds of the customers.

Louis Vuitton had also transformed its portfolio of canvas bags in order to generate the profit margin of the brand. The transformation in its products has brought about the huge success of the brand over the years relative to its competitors in the market. However, despite having a strong product positioning strategy in the market the production and the designing process of Louis Vuitton is not at all sustainable for the environment and thus damaging the environment through the burning of the unsold stock of products and thus damaging the exclusivity of the brand (Good On You. 2021).

Louis Vuitton has undergone a digital transformation over the years and has utilized digital technology as well as innovation for the benefit of the brand and the ideas thus creating more values and enhancing the experience of the customers across different units of the business (ETRetail.com. 2021). Louis Vuitton has been accelerating the sales of the brand through the implementation of the online platform and thus stepping up their initiative in the aspects of digital content. The incorporation of digital tools has contributed a lot in the field of generating better experience for the customers as well as attracting new customers towards the brand. Through the appointment of the chief digital officer, Ian Rogers Louis Vuitton has realized the value of the digital transformation is accelerating the growth of the business (Luxurysociety.com. 2021). The transformation of the brand over the past ten years in the field of digital transformation has created more challenges regarding the delivery of the short-term satisfaction of the customers with the long term transformation of the digital tools. However with the initiation of digital transformation the brand has faced increased competition in the lifestyle market and this competition has created a huge pressure on Louis Vuitton to retain its brand name among others in the fashion retail industry.

Changes adapted to some of the concerns raised by the different stakeholders

Stakeholders	Concern raised	Adopted changes by the company
Investors	The investors of Louis Vuitton include a number of prestigious brands such as Christian Dior, Stella McCartney among others (LVMH.	Louis Vuitton over the years has brought transformation in its products widely. Starting with the designing of bags the brand has enlarged itself

	2021). The investors are concerned regarding the variation in products of the brand so that the investors gain more from the return with higher sales across various products.	with making the availability of the various products of unique design that includes men's clothing, women's clothing, as well as accessories.
Suppliers	The suppliers of Louis Vuitton have shown their concern regarding the digitalization of the supply chain process of the products of the brands. They have also shown concerns regarding the sake of their products in the retail stores of the brand. They always wanted that more people buy the products of the brand manufactured by them.	Louis Vuitton in response to the demand of the suppliers has also brought transformation in the supply chain management of the brand through the adoption of digitisation in the supply chain. This helps the supplier in getting real-time insight regarding the supply chain process.
Community	The community in the fashion industry across the world are so much concerned regarding the availability of the updated designing clothes in the market (Encyclopedia Britannica. 2021). Consumers are not always comfortable with the habit of buying the designing clothes by visiting the retail stores. Thus the community always wanted Louis Vuitton to open their online platform in the market through utilizing their digital tools in the market.	In response to the concern raised by the community all across the world, Louis Vuitton has adopted digital transformation over the years to satisfy the wants of the global customers across the various regions of the world.
Employees	The employees of Louis Vuitton	Louis Vuitton has transformed a lot

	have always been more concerned regarding the workplace environment and thus the employees of the brand always want to make their salary structure more flexible with time.	over the past years in making their employees feel more comfortable to work followed by the provision of training with the job. The brand has tried to fulfil the gap in the salary structure of the employees which was far different among different titleholders of the job before the transformation.
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Mendelow Matrix

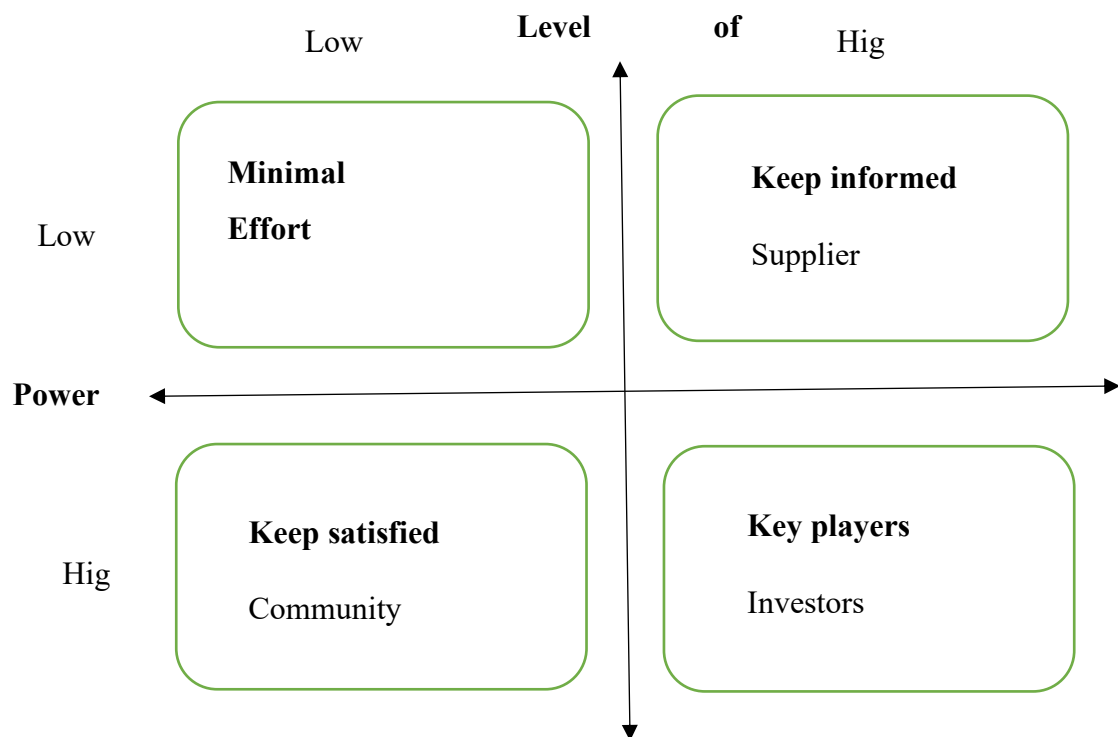


Figure 1: Mendelow matrix

(Source: Self-created)

Mendelow matrix shows a detailed analysis of the stakeholders. Four main shareholders of the company have been identified based on their power and lever of interest within the brand (Dutta and Das 2020). It has been identified that the *employees* of Louis Vuitton possess minimal effort as a stakeholder of the company and thus they are having less power as well as show lesser interest to influence the strategy and operation of the brand. The *supplier* of Louis Vuitton possesses a higher interest in developing the market of the brand and further growth of the sales of its products while their power is minimum in case of influencing any decision within the organisation and they are kept informed with any changes. The *community* of Louis Vuitton have a higher power in case of influencing the product decisions of the company but they seek lower interest in taking decisions for the enhancement in the operation of the brand. The most important shareholders are the *investors* of Louis Vuitton who possess higher power to influence decisions and have a greater interest in the brand as they are putting their money on it and thus considered as the key player of the company.

Critically explaining if these changes have/will give the company to form competitive advantage position

The transformation within Louis Vuitton has helped a lot in the aspect of gaining a competitive advantage for the brand across the world. The creativity and the elegance that Louis Vuitton has implemented in its product over the years drives up the excellence in its product and thus bolsters the image of the brand as the best among all others. The exceptional quality transformation of its products strengthen the brand name and thus provides an international wealthy clientele including celebrities and VIPs across various regions of the world. The progress of Louis Vuitton has made the brand the most legendary fashion houses in the world.

The superior craftsmanship of the brand has made the quality of its products lie in an empowering position among all other brands thus generating a more competitive advantage for the company (eu.louisvuitton.com 2021). Over years the company has paid more attention to the design of the product's image and craftsmanship. In order to compete with the other fashion retailers of this time like Gucci, Zara, Burberry among others Louis Vuitton has also adopted the digital transformation that has added value to the competitive advantage of the company. The handcrafted products of the brands are now easily available in the online

selling portal that has made the brand different from its competitors in the industry (Chadha and Ahuja 2020).

Louis Vuitton has a strong presence in strong brand identity as well as image in the world (Jin and Cedrola 2017). The company also have stores in the leading financial hub such as China, Japan and Hong Kong which incidentally also has the highest concentration of high net worth individuals with loyal customers in Europe and the United States. The products of Louis Vuitton are available in its own exclusive stores and also through Louisvuitton.com and thus it is accessible anywhere in the world.

However, despite the rich quality and exclusive design, the price of the products of Louis Vuitton is very high thus the middle-class population of the society are not able to afford its products (cnbctv18.com. 2021). The price of the brand is considered as the expensive than the competitors like Gucci and thus the consumers have a tendency to drive towards its competitors. Another limitation of the brand that affects its competitive advantage is its imitation of the products which is considered as fake and thus affects its brand reputation in the competitive market greatly and thus minimise the sales of the products.

Provide any relevant recommendations to the management of this organisation

Louis Vuitton should focus on the strengthening of its e-commerce base in the world as the average spending of the customers in the online store is much higher than that in the physical retail stores. Consumers should be provided more access to products with varied sizes and items that are not available in the retail store. Louis Vuitton should consider the prices of some of its products for the people who are not as wealthy and thus be able to reach more people enlarging its brand name. In today's generation, individuals are very much concerned regarding health and fitness activities and thus Louis Vuitton should introduce designing athletic wear in the market and as the customer base of the brand is already well established then it will not be difficult for Louis Vuitton to gain importance in the athletes wear market of the world. The company should be more sustainable and thus impose less impact on the environment by not burning the stick of the company instead of this can use the materials of the older stock for reusable purposes. More environmental consciousness will be able to make the brand more environmentally friendly thus can strengthen its brand name.

Ansoff Matrix

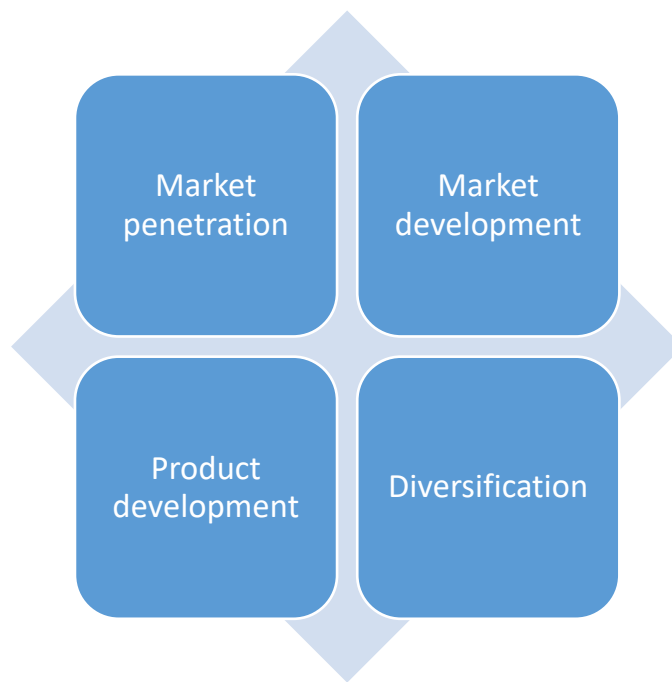


Figure 2: Ansoff matrix

(Source: self-created)

Ansoff Matrix is considered as the strategic tool that has been developed in order to facilitate and provide guidance to the business. The four strategic choices of the Ansoff matrix among which the business can choose from are market penetration, market development, product development and diversification (Loredana 2017). The choice of the organisation among the four depends on various internal and external factors. By adopting the ***market development strategy*** Louis Vuitton can be able to enhance its growth through the introduction of the existing products in the new market. Louis Vuitton should invest in research and development in order to identify the possible new markets and different segments of the consumer. Louis Vuitton can expand regionally, through different cities or within the same geographical location. The growth of the business should also be undertaken by Louis Vuitton through more international expansion in the market to get access to different consumer groups thus increasing the overall share of the market. Louis Vuitton can also invest more in the activities thus generating more brand awareness. An increase in brand awareness can be able to generate more brand recall thus it is very important for the purchase decision.

Porter's Generic Model

Porter Generic Model has been introduced by Michael Porter which describes that by choosing the right strategy the companies can be able to pursue competitive advantage (Firoz Suleman et al. 2019). The three strategies of the Porter Generic Model are Cost leadership strategy, Differentiation strategy and Focus strategy. Louis Vuitton should adopt the ***differentiation strategy*** which will be able to allow the brand to expand the customer base by emphasizing more on the unique products. This strategy should be used by embedding the innovation and should be able to position the product offerings in such a way to stand out from the available alternatives. Louis Vuitton should invest more in marketing, advertisement as well as in celebrity endorsement in order to differentiate itself from the other brands. The company should highlight in its marketing and communication strategy its extensive experience and its loud presence all over the world and the logo of the brand should also be used for highlighting the differentiation. Through the differentiation strategy, the company should match the unique taste needs of the customers through the implementation of the innovative tools and thus can be able to increase the preference of Louis Vuitton over the other brands in the market.

SAF framework

Actions	Suitability	Accessibility	Feasibility
Market development strategy	Market development strategy is very much suitable for Louis Vuitton as it will enhance the presence of the brand in the new market.	The brand can be able to access the strategy through investing more in the advertising and promotion of the brand in the new market for generating more demand.	As per the present value of the brand in the market and its revenue, the strategy is very much feasible for Louis Vuitton for enhancing the brand name.
Differentiation Strategy	Differentiation strategy is quite suitable for	The strategy can be easily accessible by the	Differentiation strategy is very much feasible

	Louis Vuitton as the company has an aim to generate more competitive advantage in the market.	brand as it has already produced a wide range of products in the market and that can easily adapt unique approaches for unique products.	for the brand with its exclusive designs and innovative capacity in the existing market.
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Conclusion

In conclusion, the business operations of Louis Vuitton have been instrumental for ensuring that the company emerges as a leader in the global fashion industry. Its innovative and hand-crafted products, combined with its unique approach to marketing and advertising its products, lend it significant amounts of competitiveness in the global fashion industry. The report has been able to show the major strengths of the company and how it is able to utilise those latent strengths as a viable asset that allows it to maintain the profitability of its business operations. Therefore, Louis Vuitton is an example of a successful fashion brand.

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