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MARKETING MANAGEMENT

LCMB 7001

MARKETING ANALYSIS – LOUIS VUITTON

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This report is about Louis Vuitton. In 1854, a Frenchman called Louis Vuitton started a luggage firm that bears his name. However, it wasn't until 1858 that Vuitton invented a form of luggage that really placed the company on the map. For many years, Louis Vuitton primarily sold its new line of bags at trade exhibits around Europe. Furthermore, in 1885, the Louis Vuitton brand established the first ever store in London, England. Years later, in 1892, Louis Vuitton died, and control of the firm went to his son, Georges Vuitton. Following his dad's passing, Georges set out to establish the Louis Vuitton brand as a global corporation. He displayed the company's wares in the 1893 Chicago World's Fair and, in 1896, Louis Vuitton signature bag was introduced in 1896. Louis Vuitton opened its Louis Vuitton building in Paris in 1913. Louis Vuitton had 130 outlets globally by 1989, and the company launched its first apparel range for men and women in 1997. Ever since, Louis Vuitton has grown to become one of the world's most profitable fashion businesses. (Vuitton, 2022). The report will cover Louis Vuitton PESTLE analysis, Porter's 5 Forces, a SWOT analysis of the company, furthermore it will describe the segmentation, targeting, positioning, include a Marketing Mix diagram, analysing the 4 P's, describe the channel of distribution, and include a Ansoff Matrix for recommendations.

1. INTRODUCTION

2. PESTLE ANALYSIS

POLITICAL

Political stability

Louis Vuitton's growth and expansion are aided by powerful political institutions and procedures.

Government stability also allows enterprises like Louis Vuitton to expand both locally and internationally.

Because of commercial relations with other countries, as well as their economic stability and power, businesses such as Louis Vuitton can maintain their offshore firm connections swiftly and seamlessly.

This attracts investors for businesses and firms such as Louis Vuitton, which encourages infrastructure expansion and development while also improving a country's international reputation.

Tax legislation

Tax policies that favour corporations like Louis Vuitton make it easy for them to expand.

Louis Vuitton will additionally be able to maintain its competitiveness by reducing its operational expenditures as a result of government subsidies and favourable tax rates. Furthermore, corporate expenditures will not be transferred to customers, enabling them to benefit from competitive and attractive pricing.

Companies such as Louis Vuitton will be able to expand as a result of favourable tax policies that support company development and growth which will also assist in the creation of financial value for the country.

Competition regulation

Governments and political groups must keep a watch on industrial rivalry. Businesses may ensure that their products and business activities are ethical by doing so.

Trade

Businesses such as Louis Vuitton profit from trade agreements established and authorised by the respective country of origin.

Trade restrictions may benefit corporations like Louis Vuitton by lowering resource costs, business costs, and the scarcity of trained workers.

Businesses such as Louis Vuitton may utilise trading block to provide their products and services freely accessible through a number of channels and distributing businesses, allowing customers to purchase and profit from them.

ECONOMICAL	A global market that generates billions for Louis Vuitton, especially the Asian market that contributes to their economic growth, like Japan being the leading market. Inflation rate For firms like Louis Vuitton to prosper, the economy need low inflation. A low rate of inflation will also help company expansion and impact consumer confidence and purchase habits favourably. As a result, the economy will gain, and discretionary income will grow overall. Mortgage interest rates A lower interest rate will make it simpler for businesses and luxury brands such as Louis Vuitton to get borrowed funds. The purpose of this corporate finance is to help it grow and expand. Firms like as Louis Vuitton would benefit from increased revenue, consumer spending, and market penetration as a consequence. Changes in consumer spending We favour growing consumer spending trends since they lead to more individuals purchasing and utilising Louis Vuitton products. Higher consumer spending represents higher purchasing power, which is critical for enhancing overall buying habits and the health of the economy.
SOCIAL	Customers do not mind being on a long waiting list to purchase their products. Demographics Louis Vuitton will gain from a greater share of the younger population because it will offer the company a larger client base. Higher education levels also suggest that customers are more cognizant of their purchasing and consumption patterns. They will thus concentrate on responsible consumption, which will benefit Louis Vuitton due to its distinct competitive stance and location. Once more, Louis Vuitton will benefit from their emphasis on quality.

TECHNOLOGICAL	Development and research aid in the creation of new designs, which are critical to the company's success. Businesses profit from innovation and creativity via overall industrial expansion and the building of a competitive edge in the global market. Use of social media Companies such as Louis Vuitton are bringing a luxurious social media to gather customer data and insights. Louis Vuitton regularly interacts with clients on its key social media sites, soliciting feedback and sharing promotions. Technical foundation Louis Vuitton strives to deploy and participate in innovative processes to enhance economic trends and operations as a result of this considerable competitive advantage in terms of technological advances. Utilisation of the Internet. Educated and advanced population has increased internet insight and that is an advantage for Louis Vuitton. Louis Vuitton has also taken use of the extensive use of the internet to communicate with clients, as well as for marketing and advertising strategies, in order to speak directly with them and solicit their feedback.
LEGAL	Branded goods continue to be counterfeited. It's common to see individuals walking the streets with bogus goods. A commercial practice known as arbitrage occurs when goods are purchased from a nation with a cheaper selling price and then sold through parallel channels in a different country. Health and safety law Louis Vuitton has given its employees' safety and health a high priority and works tirelessly to make improvements. Employer regulations Louis Vuitton adheres to labour rules and trains its staff The HR department of Louis Vuitton also regularly offers training and coaching sessions to employees in order to engage them and train them on employment act and other legal needs. Discrimination legislation Furthermore, Louis Vuitton aims to eliminate bias and promote a positive corporate atmosphere. (Zigu, 2011) (Perera, 2017)
ENVIRONMENTAL	Recycling Louis Vuitton provides specialised portals for the recycling of recyclable products. Louis Vuitton, like many of its rivals, is creating a new assembly line of recycled items enabling consumers to benefit from waste management. In terms of the environment, Louis Vuitton already has a controlled and established process for waste management and garbage disposal. Furthermore, Louis Vuitton has introduced a line of green products that are variants on its present offers. To increase its commitment to sustainability, the company plans to gradually boost the weight of its green product line. Investments in renewable energy Louis Vuitton and other enterprises in related sectors are increasingly utilising hydroplanes and solar energy for both commercial and operational purposes.

3. Porter's 5 Forces



Threat of New entrants

LOW

New competitors, formed up of new creators of newly purchased brands in the market, are frequently successful and are quickly purchased by the most well-known brand in the marketplace to offer them with the infrastructure and facilities they require for development.

In return, if the new rival retained its independent, it would represent a risk to the firm by attracting unstable middle-market clientele. Nevertheless, these clients competing for the well-known brand and perception, which reduces the threat posed by new rivals.

A new competitor cannot compete with LVMH owing to high entry hurdles, unwavering consumer devotion through time, product service, and craftsmanship. Since LVMH has been operating in the market for luxury goods for a century, they have a complete cost advantage over new entrants in business key development thanks to their success in maintaining their reputation as a company that caters to not only customers' needs and wants but also their desires. New competitors struggle to survive and are quickly driven off of the market.

(50MINUTES.COM, 2015)

Threat of Substitutes

HIGH

Many other high-end goods, including Armani, Prada, Dior, and Hermes. Principal rivals: Richemont and PPR (which includes Gucci and Yves Saint Laurent).

Counterfeiting problems, in order to have a superior value chain and transmission to reach the ultimate customers, LVMH must place a priority on the company's core competencies, the distinctiveness of its products and services, and its ability to recruit and retain talent.

When devoted clients are aware of the distinctions, Louis Vuitton and their "Toile Monogramme" knockoffs struggle to succeed in the market.

Bargaining Power of Buyers

LOW

Their target customers market is small, their aim customers are high net worth and medium net worth customers, although these two classes of customers are not compatible and can lead to and this might result in a challenging trade-off of satisfying a larger number of more unpredictable clients vs a reduced number of loyal customers

Bargaining Power of Suppliers

LOW

Louis Vuitton buys from suppliers on consignment, this way they reduce loss costs and have economic in sales. They took over a leather supplier, this way they ensure the quality of the leather as well as reduce the bargaining power of suppliers.

Rivalry among existing Competitors

HIGH

The contest, however, is not about price, but about workmanship and brand impression, as well as the ability to attract the right designers with the right talents, given the high margin and the customer's perception of the price. Entry requirements are quite strict.

LVMH has developed the brand's intangible image and perception. (50MINUTES.COM, 2015)

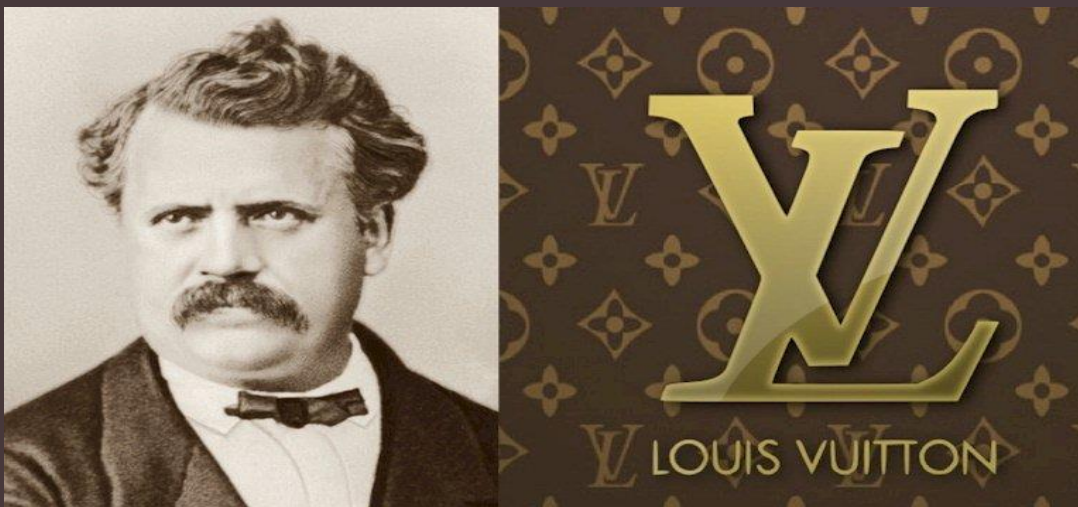
LV MARKET SHARE

LVMH Moët Hennessy Louis Vuitton, the world's largest luxury goods firm, announced revenues of 56.5 billion euros in the first nine months of 2022, up 28% over the same period in 2021. (LVMH, 2022)

COMPETITORS

- [Chanel](#)
- [Hermes](#)
- [Gucci](#)
- [Burberry](#)
- [Cartier](#)

(whatcompetitors.com, n.d.)



4. SWOT ANALYSIS

OPPORTUNITIES	1. Asia has a lot of potential, especially China and India. 2. Establishment of strategic alliances with other businesses from different industries target the same client segment. 3. Changing the brand's image to make it more appealing to Millennials and Generation Z. 4. Creation of new services and products that capitalise on Louis Vuitton's competitive advantages. Opening of restaurants and Hotel recently.
THREATS	1. The number of cases of counterfeit items of Louis Vuitton has increased. 2. A global economic and financial catastrophe comparable to the 2008-2010 crisis. 3. Increased competition, particularly from emerging economies. 4. Rise in the attractiveness of alternative fashion services and products. 5. Rising protests against the use of animal skin

5. Advantages and Disadvantages

ADVANTAGES or Strengths of SWOT Analysis

- 1.High brand recognition and a brand with rich history and culture recognition
2. Effective celebrity endorsement plan implementation.
3. Effective collaboration with renowned designers throughout the world.
4. High degree of client loyalty.

DISADVANTAGES or Weaknesses of SWOT Analysis

1. Excessively high product pricing.
2. A lack of innovative products over time.
3. A lack of internet presence and sales.
4. Small distribution channel, Louis Vuitton only selling items through own stores.
5. Small customer base. (Research-Methodology, n.d.) (Sarsby, 2016) (Christophe and Probert, 2015)

6. Segmentation

Demographic segmentation is how they categorise people depending on their age. Louis Vuitton provides services to rich men and women aged 16 to 80. Entrepreneurs with a big salary and discretionary income.

Louis Vuitton employs psychographic segmentation based on lifestyle and motivational variables. People in China and Brazil must display their social rank and riches. These clients are drawn to Louis Vuitton because of its prominence. The next group is trend-setters and fashionistas.

Lifestyle segmentation is Louis Vuitton's ultimate approach. The movie "The Art of Traveling" popularised a new luxurious life slogan. Having a Louis Vuitton item allows you to participate in the art of travel.

Louis Vuitton divides its customers into categories based on their purchasing histories, with frequent customers receiving special treatment. At the time of sale, buyer data is collected and maintained in a database. In order to boost potential sales and brand loyalty, intense users are supplied with quarterly catalogues as well as invites to purchase unique product collections. (Edrawsoft, 2021)

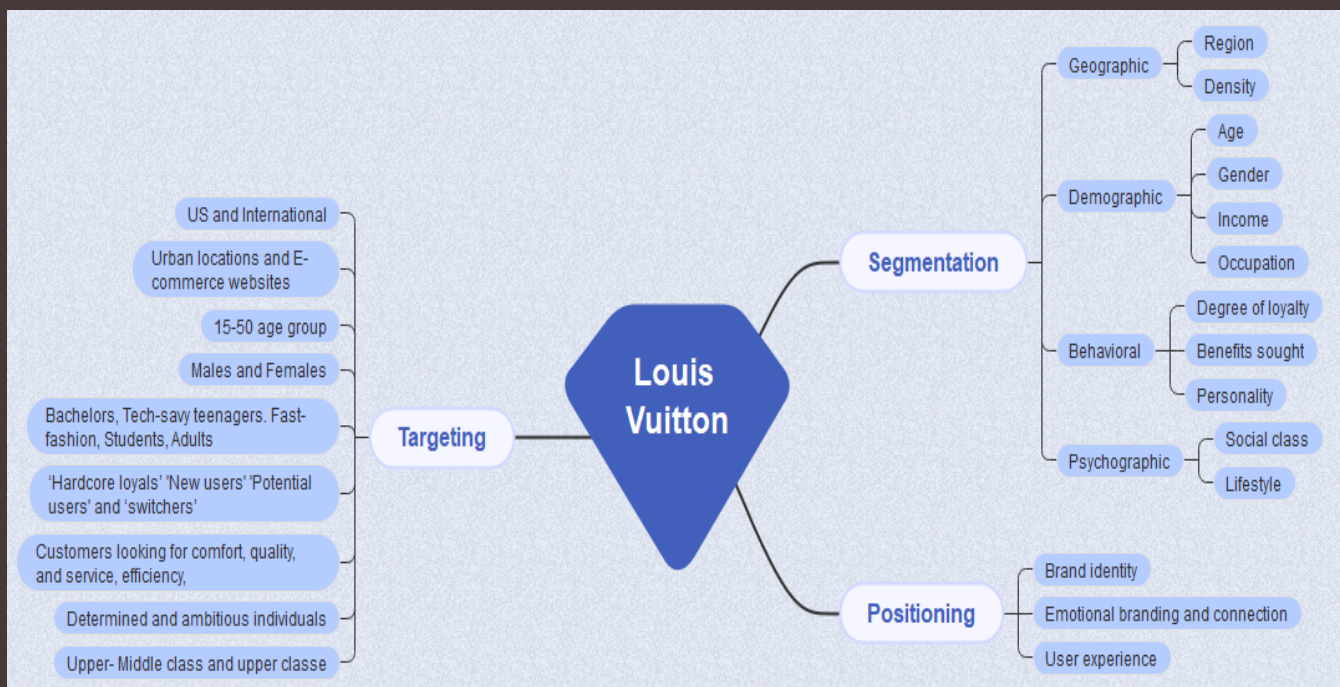
7. Targeting

The first part of Louis Vuitton's target market consists of wealthy ladies between the ages of 35 and 54; the second is composed of stylish young women between the ages of 18 and 34 who have the means to make a purchase. The typical Louis Vuitton customer is a wealthy, upper-class, fashion-conscious person. You may advance your social status by owning Louis Vuitton products. Louis Vuitton values the calibre of its materials as much as the designs and craftsmanship of its goods. As a result, the price of the product rises over time. Given that its target market is affluent and elite, Louis Vuitton uses a premium pricing approach to determine the cost of its goods. Since they are familiar with the brand and the products are of good quality, they are prepared to spend extra.

To distinguish its products in the market, Louis Vuitton employed demographic segmentation. It segmented the market according to age, gender, and revenue into several life phases. At a particular period in their lives, the wealthy and privileged employ Louis Vuitton's fashionable, high-quality clothing, and accessories. Once required expenses and the cost of a home have been paid for, wealthy individuals with five-figure salaries are Louis Vuitton's primary target market. (Edrawsoft, 2021)

8. Positioning

Every company should consider location while developing a marketing plan. It tampers with the essential marketing mix process, providing a company an advantage over competitors and a substantial market share. As a result, it has to be prioritised while developing a marketing plan. Furthermore, positioning is an aesthetic kind of communication that is vital for gaining and preserving the loyalty and confidence of clients. Things are typically placed based on the needs and desires they frequently meet or the benefits they provide to their particular consumer. It is clear from this vantage point that Louis Vuitton (LV) bases its product positioning on style and modern trends. Customers may obtain the most current trend-based selections in addition to high-quality items thanks to Louis Vuitton products being produced based on the latest market inclinations and present trend in mind. Outstanding quality is emphasised by Louise Vuitton, with an emphasis on long-term pleasure. There are several instances of retail businesses purposefully producing defective goods. Under these conditions, a pricey product can seem useless, discouraging purchasers and making them unhappy. As a result, Louis Vuitton founded the Repair Service Sector. (Edrawsoft, 2021)



9. Marketing Mix



10. 4 P's

Product

High-end luxury retailer Louis Vuitton is known for its high-quality products. It takes great effort to guarantee that the designs and finishing are not easily copied while producing products made entirely of real leather. Louis Vuitton has made the deliberate choice to only make handmade items as opposed to those that are mass-produced. The company only works with the greatest artisans, and each piece is guaranteed to be completely unique. The company registers each of its concepts and goods to deter imitation. Fashionable shoes, magnificent watches, gorgeous bags, and one-of-a-kind dresses are all products of Louis Vuitton. They also market belts, briefcases, scarves, jewellery, belt buckles, wallets, sunglasses, and other accessories. These products are all a part of Louis Vuitton's marketing strategy. The global business of the brand prospered despite the Covid pandemic.

Price

Value-based pricing is a component of Louis Vuitton's product marketing strategy. Customers are willing to pay the cost because they believe the products produced by the organisation are of good quality. Louis Vuitton places a high value on the design, workmanship, and quality of its products. The effect is a progressive increase in the products' price. Louis Vuitton has a premium pricing strategy since their target market consists of upper-class and upper-middle-class consumers. Due to the fact that the brand and its merchandise make a fashion statement, customers are prepared to pay premium prices.

Place

Obtaining a monopoly distribution route benefits Louis Vuitton. There are no department stores that carry their products. The company is determined to start its own outlets. The highly skilled salesmen of Louis Vuitton are instructed to treat each client with the utmost respect. They treat their customers with respect and consideration. The client schedules arrangements to visit the stores because there aren't many of them. The company saves money since there are less Louis Vuitton shops and a shorter distribution network. They have over 460 physical locations, and only in the US is internet shopping possible.

Promotion

Louis Vuitton makes use of famous models, actresses, and singers in their marketing campaigns. Several well-known people who have ties to the Louis Vuitton brand. Celebrities have a deep emotional bond with it since it is a luxury brand. Well-known celebrities are used by them in their advertising campaigns. Print media is the main form of advertising, such like fashion magazines. In cosmopolitan cities, magazines and billboards work best for the company. The rich class's preferred fashion periodicals emphasise the Brand's exclusivity. Since Louis Vuitton wants to maintain its reputation as a luxury brand and caters to a particular demographic, it does not use television as a promotional tool. (Zigu, 2012) (The Marketing Mix: Master the 4 Ps of Marketing, n.d.)

10 . CHANNEL OF DISTRIBUTION (DIRECT)

Louis Vuitton has 460 locations in 65 countries, backed by a strong distribution network that makes sure its products are quickly and widely available to a huge number of clients.. As a distinguishing aspect of the brand, Louis Vuitton has eleven distribution channels.

1. Suitable sales routes - A brand of this scale has to preserve the aura of trust and quality around its products, so it requires a strong sales route free of any wrong hands abusing this trust.
2. Louis Vuitton do not distribute its items to others for sale. It opens company-owned stores in variety of locations across the world. It helps to decrease intermediary costs and prevents further expenditures being introduced to already expensive items.
- 3.Store openings in prominent locations - Louis Vuitton's target consumer is the super-rich elite class. The majority of them reside in ideal places across the world. These locations are very popular with tourists. It aids in the growth of these businesses.
4. Brand expansion through flagship shops - The restricted number of unique stores that it possesses offers its consumers a remarkable and one-of-a-kind experience. It distinguishes the company and enables its consumers to feel special.
5. Flagship shop design - Every of these flagship stores embodies the brand's values of innovation and workmanship. The fact that the firm has fewer locations throughout the world has no effect on its sales, on the contrary, it allows the company to deliver exceptional and personalised service at each of its stores.
6. Faultless repairs - Louis Vuitton has devoted clients who rely on the brand's superior professional services. Customers may have their bags or accessories fixed and returned to them like new. It increases the expiration life of its products, which is another draw for its clients.
7. Individualisation of shop concepts - Each Louis Vuitton store is designed on a fundamental idea. They embody the heritage and culture of the region in which they are located. For example, its Osaka shop is shaped like a sailing ship.
8. Store placement strategy expansion - The servers of each store are trained professionals who have been trained to provide friendly service to customers. The company also remembers to recruit a diversified group of individuals in each store to demonstrate cultural and racial diversity, alleviating customer concerns.
- 9.In-shop store placing – Recent times, the brand has decided to venture into the space of departmental stores. It has permitted itself to open department shops with some of its valued partners in the United States and Europe.

10. Retail shop expansion - In order to attract lower-income customers, it has additionally opened some retail stores.
11. Adding paid catalogues to stores - Louis Vuitton releases a catalogue every year. These are packed with information about the most recent and popular products, and the business charges a fee for them. With their gorgeous product displays and images, these catalogues attract even more customers. (Banerji, 2021)

11. Conclusion

In conclusion to this report about the fashion brand Louis Vuitton and the brands marketing strategies, the report gave a brief explanation about the fashion brand, how it the brand was started by Louis Vuitton a French craftsman, the report will also cover Louis Vuitton PESTLE analysis, Porter's 5 Forces, a SWOT analysis of the company, the report also described the segmentation, targeting, positioning, included a Marketing Mix diagram and analysed the 4 P's, price, product, place and promotion, described the channel of distribution of Louis Vuitton, and include a Ansoff Matrix for recommendations.



12. Recommendations

Ansoff Matrix

	Existing Products	New Products
Existing Market	Market Penetration	Product Development
New Market	Market Development	Diversification

Market Penetration

Requires the organisation to keep an eye on and evaluate its existing operations in the areas where it is doing business, as well as to increase its market share through the production of its current line of products. The creation of new products for the current market may also be the aim of market penetration. Using the right media advertising approach, a business may enter a market successfully. Louis Vuitton has greatly grown its market share and is already implementing a plan for market penetration. The business should also focus on opening retail locations in diverse markets. They must establish retail stores in small cities and towns if they wish to grow their market share.

Product Development

The process of developing new items for existing clients in order to increase sales and profits for the business. If Louis Vuitton offers children's clothing, they may draw in new customers who would buy the products for their kids rather than for themselves. Studies have shown that consumers always want to feel and touch the additional complexity of products on the market. Significant financial expenditures would be required in order to construct new retail locations and advertise a completely different product in the current market. Since Louis Vuitton has been producing a substantial amount of cash from its present sales and manufacturing, it would be simple to get money for a new product. Additional labour would also be required to do operational tasks and gather customer feedback on their preference for new products.

Market Development

By offering existing products and services in a brand-new market or establishing them there, this tactic is utilised to sustain corporate development. With the exception of Africa, Louis Vuitton conducts business globally. There are a few more developing nations where Louis Vuitton is not present. The bulk of developing nations with high unemployment rates continue to be excluded from purchasing Louis Vuitton goods. In this situation, a corporation would benefit from building retail stores in developing nations in order to raise its profit-making ratio. Since Louis Vuitton products are not of such sort, expanding into Africa would never be a prudent move.

Diversification

It allows to develop the business and launch new products by accessing new demographic areas. Louis Vuitton would be a very dangerous move if they attempt to launch a business in Africa. This is a result of the fact that Louis Vuitton is unlikely to sell its goods in Africa since the majority of its clients have low incomes and therefore can afford to purchase expensive goods from luxury companies like Louis Vuitton. (adamkhankasi, 2020)

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