MRKT 610
A3- Brand Analysis -Excellent

LOUIS VUITTON

A3 GROUP PROJECT - BRAND ANALYSIS

MRKT 610 BRANDING

SUNHARAWEE SASANASART

SHIYANG FAN

KA YAN TSO

THIPWIMON SILUDPM

XIAODI HU

YING LUO

HUIXIAO FENG

NEW YORK INSTITUTE OF TECHNOLOGY, MBA

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EXECUTIVE SUMMARY

PROJECT GOAL

This paper is written to use the Louis Vuittion brand to understand the brand as a whole. Tracking history; how the brand was build, what concepts under its brand, identify environmental analysis, marketing mix which are related with the brand and lastly analysis and give the recommendation for implement the new strategy and improvement the brand to be better positioning.

HISTORY OF LOUIS VUITTON

2.1 HISTORY OF BRAND

Louis Vuitton was named after French artisan Louis Vuitton, an owner of a small Parisian store started in 1854. It started business by selling lightweight flat-topped trunks. At that time, all the trunks were rounded tops, for water defense and for fashion. Louis Vuitton's flat trunks were designed to stack easily. It opened its first store on Champs-Élysées Avenue of Paris in 1854. Its first branding practice was to participate to Universal Exhibition of 1867 in Paris. Louis Vuitton charged a lawsuit as its first protection against duplication. It set up its first store aboard at London in 1885. In 1888, it registered the trademark (*marque L. Vuitton depose*).

After Louis Vuitton died in 1892, his son Georges Vuitton assumed the control of their business. Four years later, George contributed more than 700 new Vuitton designs patented worldwide. It induced a Golden Age for Louis Vuitton. Louis Vuitton set up first store in Tokyo and Osaka of Japan in 1978, which has become the major profit engine for this international group.

The Louis Vuitton Cup was first sponsored by Louis Vuitton in 1983, which is world's most prestigious yacht race also known as American Cup, now sponsored by Louis Vuitton Moet Hennessey. Soon after the merger of Moet et Chandon & Hennessy, the wine company, with Louis Vuitton, they formed the largest luxury corporation on the earth, Moet Hennessy Louis Vuitton, short as LVMH. Since Marc Jacobs, the American designer, was hired by the company to be the artistic director in 1997, he is struggling to list Louis Vuitton public on US stock market nowadays. Louis Vuitton has a sub-brand system controlled by Arnauld Family, who bought out Christian Dior in 1984. After the establishment of LVMH, a massive merger and acquisition starts worldwide.

2.2 MISSION STATEMENT

Mission of Louis Vuitton brand is the statement behind LVHM group which sets five fundamental priorities to be implemented under the concept of elegance, creativity, culture value embodiment, along with innovative, dream and fantastic products and service.

- Combination of creativity and innovation
- Aim for product quality in consumers' mind
- Bolster the image of our brands with passionate determination
- Organize and develop efficiency, productivity, and creativity to the brand
- Strive to be the best in class of all categories. (Resource: about.com)

2.3 DESCRIPTION OF THE BRAND

Louis Vuitton: the brand under elegant, luxury, creativity and "Art de Vivre" the brand is considered to be one of the most powerful fashion quality houses in the world. They were initiated in Paris, France under umbrella of LVMH (who has global leader luxury goods such as Christian Dior, Givenchy, Celine,TAG Heuer. However, Louis Vuitton is the most profitable brand among these subsidiaries. The brand is settled the position on itself as standalone boutiques in the upscale shopping mall and also on its own website. First product which makes the brand stand out from rival is trunks leather. After that, the brand has been broadening many kinds of categories into all leather goods, accessories, apparel, shoes, books, jewelry and watch. The demand of Louis Vuitton is rising every year even the economics down turns thus from handcrafting product only in Paris, the brand is building global distribution hubs on 6 regional centers; 2 hubs in Japan, 2 hubs in elsewhere in Asia, 1 hub in the US and 1 hub near Paris for European orders. Now, Louis Vuitton is ranged into the world most valuable brands in term of luxury product with the brand value of $ 28.4 Billion or range number tenth in the world powerful brand, according to forbes.com

THE MARKET

Segmentation, Targeting, and Positioning

Literally speaking, Louis Vuitton separates its market based upon the aspects from demographic, psychographic to usage segmentation.

Demographic segmentation can be explained by the effects of Louis Vuitton's global strategy which especially the reflected by the Japanese market and Chinese market. This segmentation is based on the differentiation among various ethnic groups all across the globe. Over the Louis Vuitton's corporate website, we would find out these major language service sections there: French, German, Spanish, English, Italian, and Russian in Europe; French, English, and Spanish in

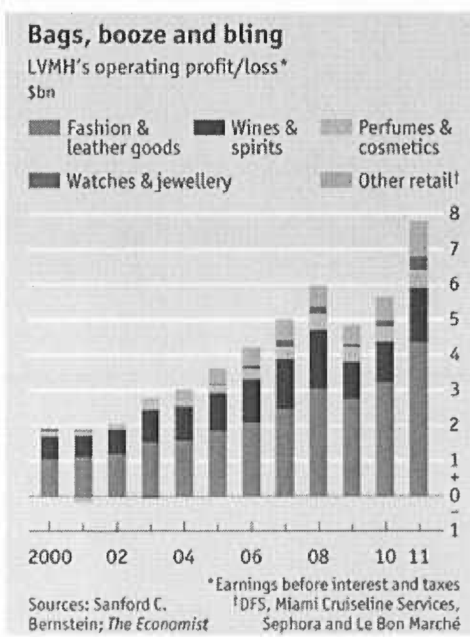
Americas; Chinese, Japanese, and Korean in Asia; English in Oceania as well as in Africa.

Psychological segmentation is based on the customers' preference and demand. Basically, Louis Vuitton helps its customers to recognize themselves and discover their inner desire in pursue of elegancy, image of ego, and individualism. However, this segmentation is also paradoxical when three questions come into being. Is a luxury brand now a mass brand similar to a fashion brand? Or is this fashion brand becoming a luxury brand? Where can we draw the boundary between a luxury brand and a fashion brand? Financial Times columnist Simon Kuper (Dec, 2011) points out that Louis Vuitton targets its customer like "Mathilde Loisel" in Maupassant's *La Parure*, or "Madame Bovary" in Flaubert's *Madame Bovary*, both of which could be viewed as a new marketing concept of customer's psychology. Thorstein Veblen (1899) firstly suggests this stereotype of customers is referred as the "Leisure Class". Accordingly, their purchase of luxury goods like Louis Vuitton and Gucci are essentially related with a concept of conspicuous consumption.

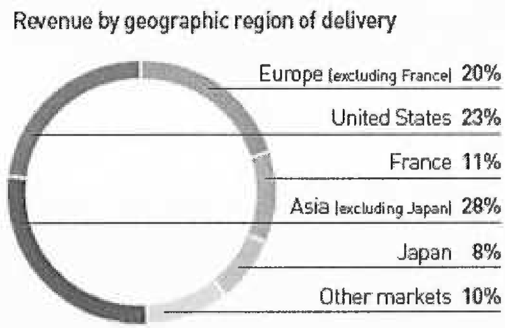
Additionally, Louis Vuitton also segments both its French domestic and global markets in accordance with usage. Their products are divided into Men's and Women's, handbags and non-handbags in soft luxury goods, watches and non-watches in hard luxury category, etc.

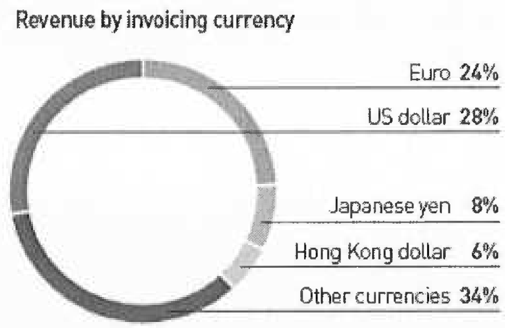
Specifically, the major clients are women aged 18-54 with high annual incomes of $75,000 or targets jet setters, trendsetters, and those who pursue prestige. Then Louis Vuitton focuses on heavy-buyer consumers where it is collected at the POS and stored in a database. These consumers will then receive seasonal catalogues as well as invitations to purchase exclusive product collections to encourage repeat sales and brand loyalty.

The majority of Louis Vuitton's sales are from fashion and leather goods, albeit the percentage of other retails is increasing. The major competitiveness of Louis Vuitton can also be understood as the uniqueness of both Louis Vuitton and the holding firm LVMH's brand in fashion and leather market. The chart below illustrates the year-on-year change in its profit engine. Therefore, Louis Vuitton could easily find its niche market.



In addition, Asian adoration of Louis Vuitton's fashion and leather goods division is increasing year after year. China, for instance, plays greater role in luxury market, both favored by and challenging Louis Vuitton.[i] According to the 2013 Interim Financial Statement by LVMH, the Louis Vuitton's revenue structure by geographic region is shown below.





(Source : Interim Financial Report - Six-month period ended June 30, 2013)

Based on its Customer-based Brand Equity, Louis Vuitton keeps a pricing strategy. Rather than cost leadership, Louis Vuitton chooses the differentiation strategy. To differentiate from other luxury brands and online sales, Louis Vuitton use premium pricing. It is the only leather-goods firm which never puts its products on sale as a discount.[ii] This is why Louis Vuitton's pricing yield a consistent profit margin of 40-45%, the highest of any luxury-goods brand.

Even in the aftermath of the 2007-08 financial crises, Louis Vuitton never cut down its price. The following chart compares the performance of global major luxury brands in 2009. It proves Louis Vuitton's premium pricing strategy correct.

Even though the luxury market now targets "aspirational" customer instead of the top-end wealthy elite, the pricing model has seldom changed. This can be explained by the increasing living standard and demand by middle-class people. It is also because Louis Vuitton brand is s signaling in the asymmetric information society showing off personal image and the information of individual position in the society. Moreover, Louis Vuitton positions itself as an art brand, a combination of masterpiece and aesthetic elements with continuous innovation by Louis Vuitton designers. All those innovative factors help Louis Vuitton keep its uniqueness and difference among global luxury jungle. It has built up a reputation for quality and craftsmanship that people are happy to pay extra for.

ENVIRONMENTAL ANALYSIS

Environmental analysis is to analyze external factors impact to the firm as a whole, which deeps down each effect from the outside and be prompt to change or to move forward in the future. In marketing terms, we could say that environment analysis is to understand consumers; such as economic downturn people will not spend as much as before, or geographic some parts such as India, people don't eat beef due to religious beliefs and practices. So, marketing practice therefore needs to analyze and to understand consumers deeply, to plan and to response to each aspect properly. Environmental analysis could be divided into six parts as Technological, Social, Legal, Economical, Competitive and Geographical. Some firms might have effects on one part than the others. In this paper, our group will represent all six of them to have a visual concept illustrating which is the most importance affect which top managers of LV need to focus on, and which one is not of much importance or relevance to a firm.

4.1 TECHNOLOGICAL

Almost all businesses nowadays are based on technology especially in fashion industry, because they rely heavily on predicting trends and forecasting the dynamics of consumer perception toward each trend. Sometimes, only one day slack time might generate huge shortage profit margin. Therefore, technology is taken advantage of to help business in many aspects; from supplier to manufacturer, from manufacturer to warehouse, from warehouse to retail store, then to customers. We can say that bringing technological can help the firm run smoothly and easier. There are many information and communication (ICT) which LV adopts into business for example Enterprise Resource Environment (ERP) which could help managing data step by step, from output convert to input. ERP technique includes product plan, manufacturing, marketing and sales, inventory management, shipping and payment. It provides overview of the system function to top managers. Moreover, ERP, LV also adopts Systems Applications and products (SAP) which is advance technology to help top manager minimize output in another word maximize profit, in the mean time, SAP is including customer relationship management which ERP does not have. It is vital to integrate technology in the business application since it can help the firms move faster, more accuracy, and more predictable by set up the goal and objective ahead. Marketing team and Executive managers would see the whole concept of firm and take an advantage by using technology. Not only software program, but LV also generates good attractive personal website and M-business for consumer to press order online anywhere in the world. This would also help generate more profit and consider being new channel where there is rapid growth in demand.

Resource: http://www.louisvuitton.com/front/#/eng_US/Collections/Women/Handbags

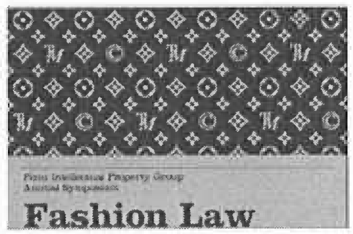
4.2 SOCIAL

Louis Vuitton targets consumers into two different social classes. First group is the top-end class young adults aged around 18-34 years old who have household financial support. This social could categorize in term of fashion savvy, need people brand themselves as prestige and high class. Some might want to gain social acceptation among peers. This group will consider LV as a choice of their luxury brands so they can switch a brand once Louis Vuitton's competitors lunch new products or new trends. Meanwhile, the second group is senior middle-age consumers aged around 35-54 years old. They perceive LV as brand along with loyalty, because they probably use the savings to buy these luxury products. Objective could be to buy a gift for them or buy for the beloved one, in the mean time; LV goods can strengthen social reputation toward their owners. Thus, marketer needs to understand social environment to target segment these two groups of LV customers directly respect to their points.

4.3 LEGAL

Louis Vuitton is one of the brands heavily combated against imitated goods. Fake products are all around the world even in US. We see street sellers show off the product on a floor and sell imitate one freely. Even LV brand has 40 attorneys, 250 investigators, and budget around $18 million every year to solve this issue. The intellectual property right is still confronted with a dilemma: it seems like it becomes a bigger issue exceedingly. Especially in China, where the most imitated one is found. As long as people of the lower income level still assume the imitated goods, though not compliant with the law, commercial activity and interests still take place.

On the other hand, the investigators' team might not be responsive and responsible enough to chase out the fake one on the street market, ironically they tried to sue the University of Pennsylvania, Law School, where a group of law student posted a sign by using signature of monogram for advertising a symposium on trademark law. The purpose is to educate the fashion intellectual law, in seem ridiculous that their LV team tried to abuse the law students while they didn't use their logo for commercial purposes. Analysts claimed that this lawsuit was not for logo protection but for branding or advertisement on purpose. They also launched an intellectual property protection lawsuit against Google, the online search engine.



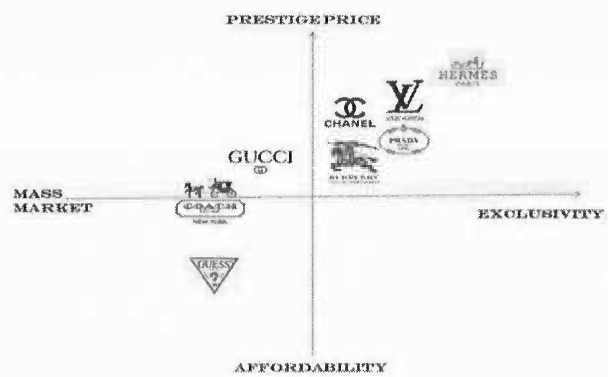
Resource: http://jezebel.com/5891575/louis-vuitton-threatens-to-sue-penn-law-school-over-logo-parody

4.4 ECONOMICAL

Even during and in the aftermath of economic crisis, when almost all businesses search for the new ideas to cut prices or to cut some expenses to increase sales, however, Louis Vuitton seems not slash any sales discount on the luxury products but keep their premium pricing. According to LVMH Annual Report 2012, overall business increased revenue step by step; Million €20,320, €23,659 and €28,102 and profit from recurring operations; Million €4,221, €5,263, and €5,921 from 2010-2012 consecutively. From data show that the upper middle class and high class who is main target group consumers of LV do not effect with economics crisis. Many luxury brands with are settled very high price in another word they also be able to high up the price to get more attractive from quality concern buyers.

4.5 COMPETITIVE

Louis Vuitton has been built up such a good reputation from the past till now. However, company still face with a lot of competitors from domestic brands and international brands. Because fashion industry is never stop, one day in one day out. Many competitors come to share market such as Prada, Christian Dior, Channel, Gucci, Salvatore Ferragamo etc.



Resource: http://louisvuittonbrand.files.wordpress.com/2013/01/positioning-map.jpg

Moreover, other brands come up with strategy of customization by enabling customers to create their own unique products with far less expensive than LV but in the same quality price and with more variety of design for each niche market segment. LV now is confronted with threats both in direct and indirect ways. LV has to concern about big environmental competitors, while LV still stuck with the concept of monogram printed but any other brands try to catch new trend of customization and extend product's width and depth which LV could be following next. LV marketing team did concern about this point, they bought two artist designer for add new concept idea monogram theme handbag and polka dot ready to wear; Takashi Murakami and Yayoi Kusama, recently this two artists created new category for LV polka dot. New big change for LV is aimed to please wealthy teenagers, but absolutely is for changing on something crucial and classic; one part would love it, while another part see them as a terrible idea. Loyal customers will never be back then.

Resource: http://www.purseblog.com/louis-vuitton/yayoi-kusama.html

4.6 GEOGRAPHICAL

Louis Vuitton is a global company who has played a big smart role by opening the retail stores in the high density cities such as cities of China, India, Russia, and lately of Brazil where the concepts are to injecting luxury brands to the wealthy people in those countries. In the past, many people don't believe that those countries could generate market growth, but recently LV has proved by launching a first store in China in 1997.

"People asked: "Why have you come here, we don't understand luxury?" The answer of Yves Carcelle - CEO and Chairman of Louis Vuitton said: "No, you are sophisticated and one day soon you'll be the biggest superpower." (Resource:blogspot.com)

CEO has pointed out China has became huge buying power with the amount of tremendous population and a lot of wealthy people locally. China luxury brand growth is estimated to be 18% last year and it seems stable to grow continuously, as some reports claim that this year LV share grows in the marginally higher from beginning of 2013 while other brands such as Burberry, Cartier are rising by 20 %. Forecasters report that in 2015 China economics will be overcomes USA who has been the biggest of the world for many decades from the gigantic income of import goods and labor force. Not only China but also Japan where the luxury goods has been extremely demanded, researcher stated that 94 % of

Tokyo women in the age of 20's own LV at least 1 piece. With the global business of LV, it generates good opportunities to minimize risks of individual country and prevent economic downturn effect by wide spreading market share all around the world. Making LV the world biggest luxury brand in the world and strong attributes to their nice quality products with best customer service minds, it is not surprising that LV will have royalist-based continents everywhere for every ethnic group like those of the North America, Europe, and crucially of Asia (Resource: slideshare.net)

MARKETING MIX

5.1 PRODUCT

Customers are seeking to buy products which are labeled as luxury from Louis Vuitton because of the high standards of the quality of goods. LV meets its customers' expectations which are producing handmade merchandise by using fine materials. Although it will increase the cost by using fine materials and maintaining the high quality, these features are the target market that is seeking for. LV is producing many different kinds of goods, such as handbags, wallets and accessories. However, the most notorious is its luggage. All the goods from LV, whether from trunks to handbags are designed with its classic look, which is easily to recognize. LV fulfills the needs of its customers to have enduring bags.

5.2 PRICE

Louis Vuitton can afford to maintain its prices in the high range because of its main marketing strategy which is avoiding all sales. LV's prices can compare to other high-end brands, such as Gucci. LV insists on keeping higher prices and ignores the current external influences. Therefore, LV consolidates its image of high-value in the eyes of public.

They employ the premium pricing as well as the transfer pricing. Luxury goods face a high tax burden among suppliers, sales, consumers, in the form of value added tax, tariff, consumer tax, excess, income double taxation. Louis Vuitton arranges its supply chain transfer their profit components into low tax brackets. Besides, it also establishes independent sales company and separated packaging firms to transfer net profit. Louis Vuitton use transfer pricing strategy wide across their sub-brand system around the world, from France to Switzerland, from U.S. to Cayman Islands, in order to lower their whole tax burden. Their pricing schedule is not purely for commercial purpose as a result.

5.3 PLACE

Louis Vuitton has stinted its distribution channels. LV has over 300 stores worldwide, such as in Paris, New York and London. Also, it has online stores for its customers to surf the online shopping. The locations of LV's stores are always located in the high level shopping streets or shopping malls. Moreover, it always locates along with other luxury brands. Furthermore, LV has certain lines of products which only can be purchased by its VIP customers. LV does not need to sell its products through distributors because its target market always is generally aware of the reputation of LV. Also, its target market can directly go to a store. LV has stinted its distribution's channels in order to control its image which is portrayed to its consumers. Furthermore, LV can easily control over its products' exclusivity.

5.4 PROMOTION

Louis Vuitton spreads its products with advertisements in many places, such as fashion magazines, billboards and shopping malls. Public figures are used to carry LV's message which is desirability and associates to LV's success, luxury and quality. Endorsements with Louis Vuitton are shared by many world-class celebrities like Jennifer Lopez, Kate Moss, Uma Thurman, and Scarlett Johansson, Muhammad Ali, Michael Phelps.

Louis Vuitton always sponsors many programs, such as the "Louis Vuitton Cup" and the "LVMH Young Artists' award". This is one of a method of self-promotion.

To develop public relations as well as to keep sustainable innovation, Louis Vuitton has set up privileged partnerships, internships, apprenticeships with numerous schools and universities in France and abroad.

- Business schools: *HEC, ESSEC, ESCP-EUROPE, EDHEC, EM Lyon...*

- Universities: *Harvard, Princeton, La Sorbonne-Celsa, Dauphine, Sciences Po, Beijing University, University of Marne-la-Vallée, ...*

- Engineering schools: *Centrale Paris, ENSAM, Mines Paris, Centrale Lille, Centrale Lyon, GI Grenoble, ENSTA, ENPC, ITECH...*

- Creative schools: *Institut Français de la Mode [French Fashion Institute], Central Saint Martins College of Art and Design, Parsons the New School for Design, The Hong Kong Polytechnic University School of Design...*

- Technical colleges: *with the Cholet fashion college in France, LV has created a combined work/training BTS [Brevet de technicien supérieur - Vocational training certificate] in leather craftwork.*

ANALYSIS OF LOUIS VUITTON

6.1 CUSTOMER AWARENESS

"Louis Vuitton is the most valuable brand in luxury." This is said by Derek Thompson who is the senior editor of The Atlantic.

The existing and potential customers award the Louis Vuitton Brand as well. Louis Vuitton has worldwide reputation. It is very competitive against other luxury brands. Louis Vuitton is known as the brand of luxury class. Also, Louis Vuitton is like a center beacon for some people. Because of Louis Vuitton's classic and journey, it is very difficult to react or to adapt disruptively. Its symbol seems like achieving on something. For instance, some people just start to work. However, they want to buy a Louis Vuitton bag. They are then going to save money. Finally, when their savings are enough to buy a bag, they feel like that all their saving is paid off. Successful is one of the symbols of Louis Vuitton brand therefore. When people finally got their bags, they feel like that they are taking the next step of their life.

The customers understand that the Louis Vuitton brand's positive benefits. When they purchase a Louis Vuitton bag, they are buying the experiences rather than merely the bags. Louis Vuitton bag is thus labeled as an emotional product. The customers choose Louis Vuitton for purpose; some of them hope that they will enhance their out-looking or their styles.

Louis Vuitton's customers are looking at many things meaningful to Louis Vuitton, such as the history of the brand, the story of people and the celebrities who could be associated with.

6.2 BRAND IDENTITY

Louis Vuitton has a stronger brand identify. Louis Vuitton has distinguished itself apart from other brands. Every brand has its own uniqueness; Louis Vuitton is not an exception. We can see that in its pattern, style and design on its products. For examples, Hermes, the most famous product is berkin bag; Christine Dior, the most famous is Miss Dior Collection; for Gucci, the most famous is its pattern. As you can see, every brand has its unique selling point. For Louis Vuitton, its classic monogram, Damier as flagship, other pattern and material for the other collections are its selling points or we can say that they are the most fascinating things of Louis Vuitton.

Louis Vuitton has many fascinating points. They express its names, stories and appearances. The customers' perception of the brand is very clearly. They know that Louis Vuitton is luxury, well-designed. Further more, Louis Vuitton has a great legacy of brand history which expresses elegant, smart and sophisticated.

It also reminds consumers of the story behind the name of the brand. The name of Louis Vuitton represents quite a long history in manufacturing the craftsmanship, bags with the highest quality and popularity among jetsetter. This story shows that Louis Vuitton has maintained its quality and reputation as well. Louis Vuitton's visual brand identify is its logo with brown-oak tone color on its products. Also, its famous patterns, Damier and Monogram are the important components in brand visualization.

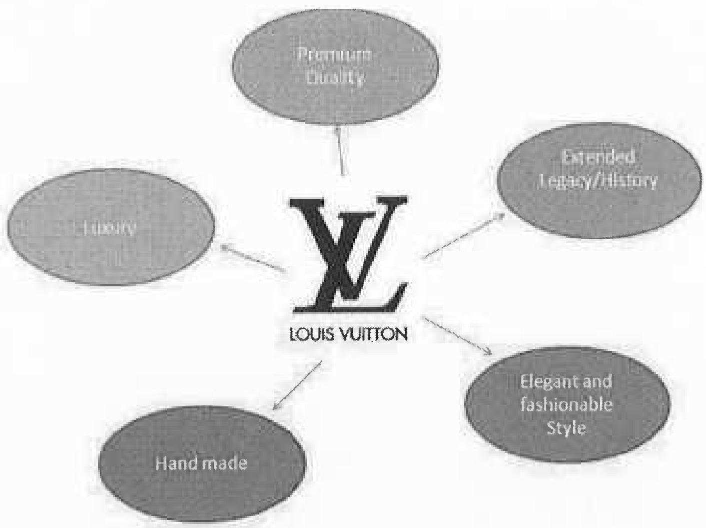
For Louis Vuitton, handmade is the most valuable part. Nowadays, there are rarely handmade products which people can purchase. Most of them are made in assembly lines with combination of labor and machines. However, Louis Vuitton has always stated that all of its products are hand-made by family workshops all across southern France. Therefore, this makes that the brand would inevitably occupy a comparative advantage on its marketing advertising. Louis Vuitton differentiates its bags from ordinary bags and non-luxury bags in the production process. In addition, this is what people valued. For many people, those handmade products deem they have more meanings and stories. Therefore, the handmade products are more valuable than the products which are made by assembly lines.

6.3 SHARE OF MIND

Share of mind is about creating and maintaining public awareness of the organization.

Louis Vuitton is trying to create its brand perception as a luxurious brand towards its customers as presented in their mission statement. "Louis Vuitton's mission is about providing the world with luxury products, elegance, creativity, and '*Art de Vivre*'." They have tried to relate its brand to high-class and elegance concept. We usually see many superstar, celebrities or high-class people using Louis Vuitton products, both men and women.

General Idea of Louis Vuitton



6.4 BRAND ELEMENTS

6.4.1 Memorable

Louis Vuitton is very memorable to everybody since its name and its logo are easily to recognize. Most of people called its brand by short name as "LV" which represents "Louis Vuitton". It is short and easy to remember. In addition, its logo is not complicated; it is clear and easy to remember.

6.4.2 Meaningful

Louis Vuitton has its own stories and meaning. The brand itself represents "Luxury". People who use Louis Vuitton product will be perceived that they belongs to " high-class" society since the cost of Louis Vuitton is relatively high compare to its competitive. As we can see that many superstar and high class people use Louis Vuitton.

6.4.3 Likeable

The reason that many people love Louis Vuitton is because it enhances their appearance and personality. Louis Vuitton has many styles of products; most of them look luxurious and elegant with high-quality. We cannot refuse that people currently concern more on their appearance. They believe that the person with good appearance and style have the competitive advantage over others. Therefore, using Louis Vuitton products makes them feel more confident and provide them elegant styles that makes them feel like they are acceptable in the high-class society.

6.4.4 Adaptable

Louis Vuitton is also considered as an adaptable brand. It actually does not target only at high-income people but also middle-income people. Even though most of their products are relatively expensive but there are also some model that is affordable to middle class people. In addition, they also have variety of style. Apart from their classic styles which are plain "Monogram" and "Diamer", they also have temporary collections that are designed by new designer. Therefore, this also helps them to attract variety of customer according to their preference such as teenagers, working people or adults.

Classic Style Modern Style

6.4.5 Protectable

Like other brands, Louis Vuitton also has been protected by IP laws (intellectual property laws). However, due to its strong brand reputation, we also still can see a lot of counterfeiting Louis Vuitton product in the market, especially in China. Sometimes, we cannot differentiate the fake one and the real one from each other. Louis Vuitton has lost many of their revenues from the counterfeiting products. This issue is still exit in the market no matter how they have tried to solve.

6.5 POINTS OF PARITY

The positioning and target market are the major points of parity of LV brand. LV sets positioning themselves as classic luxury products, and targets market at the high level of consumers. They share conceptual ideas with the clusters like Christian Dior, Prada, Burberry, etc. We could say that if you are looking for valuable and high quality handbags, they have several choices for consumers nowadays. LV is not only the first choice come into your mind anymore, however, because they have been grown up the brand recalling for several decades till now LV image is still considered to be the leader of luxury brands.

6.6 POINTS OF DIFFERENCE

Louis Vuitton monogram in chocolate brown real leather bag is immediately recognized as symbol as luxury brand. They protect their image as a high class, in the same time keeping their high quality of products. Consumers agree to pay much higher price on LV bag, belt, traveler case and etc. probably to upgrade their social status, and gain more acceptant among peers, co-worker, or others. LV creates different products to serve different needs at the different prices. For example, you could buy LV hand bag started at around $700 or the expensive design in the very high price. However with the LV logo, they have already come into your mind that you deserve all high quality products and could be pleased you last longing.

6.7 COMPARATIVE ADVANTAGES

Louis Vuitton sets strategy as providing high quality of leather product and service for satisfaction. They have been making all goods from team of specialists who acknowledge each stage from the beginning to the end; design, material selection, craftsmanship, management, marketing, training and financial.

Brand of LV is in the highly positioned of the overall market, due to high quality, valuable price, and good acceptant of the brand. LV has a variety of price ranging scales; affordable product for upper middle class to very high end products to high class. Because of LV designs are never dying and quality for last longing, LV is considered to be a cash cow of LVHM with account of 37% groups' sales, and the most profitable goods. Not only high quality of goods but also LV competitive advantage is to product development strategy. We could see LV launch new categories to increase their revenues every year such as jewelry, watches, sunglass, books, and clothing lines.

LV transcends competitors and new entrants in the markets with differentiate strategies. LV harmonizes the senses of artistic, technical and intellectual products and services which enable themselves to maintain strong reputation and reflect to consumer acceptance worldwide. LV uniqueness is to adopt luxury, leisure art and culture into it products. Consumers who buy the LV is not just a carrier only goods but that shows the stylist of the owner as well. It is possible that LV will be stayed on this business for many generations with their strong competitive advantages.

6.8 MARKETING COMMUNICATION

Marketing communication is one of the strategies that play roles on brand image. Now Louis Vuitton is examined on the mature stage of product life cycle since they already set, built and managed on brand equity. Thus marketing communication of LV nowadays will be focused on reinforcing brand awareness.

Like all other luxury brands, LV market communicates on print ads such as magazines and billboards in the big cities. LV has principled on advertising in the beginning, to try to avoid TV commercials and to emphasis on using product itself led perceptions of consumer as the main star. However, around 2007 LV first lunched commercial in TV ad on golf and traveler channels. The concept ual idea is to focus on specific target group of businesspeople who travel frequently. And they were not product-led anymore; but protagonists on people rather than product itself. LV shifted away traditional marketing communication.

Today is technological based concern. LV uses social media and internet to marketing brand. LV uses personalized to expand product and service. For example, LV Facebook page features monogram app allows consumers to increasing product customization. They can create their choices, hand-painted, or engrave their initial name on the monogram collection. Then they can purchase their own customized bag at the nearby stores. Moreover, with the app of LV, consumers can send virtual gifts to friends and family, which aims at increasing social dimension to the LV experiences through marketing communication.(source from: blogspot.com)

6.9 BRAND ASSOCIATIONS

6.9.1 Legend

One of the associations that LV wants to express out is the concept of a legend. A person who is of legend is also unique, self aware and strong. Celebrity endorsements include those with: Jennifer Lopez, Kate Moss, Uma Thurman, and Scarlett Johansson, Muhammad Ali, Michael Phelps

Legend is a part of brand association. Michael Phelps, at the 2012 Summer Olympics in London, he walked away with a new title, the most decorated Olympian in history, and he became a legend in US. However, he has participated in LV advertisement in order to link the association of a legend to the brand.

6.9.2 Events

Louis Vuitton has created the Louis Vuitton Express, a transcontinental journey from Europe to Asia. Besides, LV has successfully taken advantage the vast transformation of the social media due to the Internet, and it has launched several websites featuring activities and has caused that the brand be supported. LV has become associated with many events that are characterized by at tribute associations, and has linked its brand name to these associations (Keller, 1993). Some great example they can show you. Specific ally, LV has been organizing and sponsoring the Louis Vuitton Cup, a sailing race, since 1983. The winner of the Louis Vuitton Cup qualifies to the final of the America's Cup. And they also designed a site (www.recreativeuk.com) to promote contemporary art to young people. In that way LV has created an online community where people interact with each other, while at the same time becoming exposed to LV's core values and culture.

6.9.3. Country of Origin

LV once was a French fashion house founded in 1854 by Louis Vuitton. Why did LV select French as country of origin as well as a country to develop, to list on public and to manufacture major designs? The reason might be, by making the choice to maintain its headquarters in Paris and by mentioning Paris many of its ads and events, LV would have incorporated its French origins into the brand equity. For a luxury designer's brand such as LV that has many favorable implications. The reputation of the French culture as elegant and classy is linked to the brand equity by secondary associations. Today, Louis Vuitton is one of the top international fashion houses in the world, including shoes, watches, jewelry, accessories, sunglasses, and even books.

6.10 BRAND EXTENSIONS

Brand and its extensions have helped LVMH (Louis Vuitton Hennessey Moet), the company that owns the LV brand since 1987, to increase its market share and profitability in different markets. They have also expanded the LVMH culture to a whole different level and range, essentially creating a LVMH society of products.

LVMH's portfolio includes wines and spirits (Dom Pérignon, Moët et Chandon, Veuve Clicquot, and Hennessy), perfumes (Christian Dior, Guerlain, and

Givenchy), cosmetics (Bliss, Fresh, and BeneFit), fashion and leather goods (Donna Karan, Givenchy, Kenzo, and Louis Vuitton), and watches and jewelry (TAG Heuer, Ebel, Chaumet, and Bulgari).

LV in turn has also introduced various brand extensions. In the beginning, LV was known for its high quality of luggage and leather products. Today, Louis Vuitton is treated as one of the top international fashion houses in the world, including shoes, watches, jewelry, accessories, sunglasses, books and so on so forth. Thus in the future, this brand will be extended to greater field, which might induce a risk of undermining the classic image of Vuitton monograms.

RECOMMENDATIONS FOR IMPROVEMENT

Reviewing the development of Louis Vuitton, it has a unique characteristic. It never separates its financial data from LVMH for LVMH never disclose financial reports about individual brands; but it always employs an independent marketing approach. Louis Vuitton is quite successful and energetic in pursue of opportunities overseas.[iii]

The close relation could also show the branding management system under LVMH, which creates economies of scale. LVMH, the holding company, bought Dior in 1984 and DFS in 1996, acquired Sephora, Céline and Kenzo after 1997. In 2011, it bought Bulgari from Italy with cash. These days LVMH is considering buy out Hermès quietly. In 2012, LVMH owns up to 22.3% shares in Hermès. Thanks to Morgan Stanley's "unfair" report on LVMH, Gucci has been protected from LVMH's acquisition in 2002.

LVMH is a growing family of brands all across the European continent. Thus Louis Vuitton is always related with those merger and acquisition. The Economist's editor relates Louis Vuitton with French tradition of making exquisite luxuries dates back at least to the court of Louis XIV, the sun king interested in collecting luxury goods and arts.

The potential risk to Louis Vuitton is it may face the challenge from the acquired brands or that it may fall out of fashion if those brands are below the expectation level as what Louis Vuitton's expectation is.[iv] Louis Vuitton could never show any sign of maturity, which it fears as its customers fear old age.

Fortunately, rather than merely swallowing smaller firms, LVMH helps each brand stay innovative and independent in their public image. Even with the old age, Louis Vuitton is focusing on classical abnormality like the wizard or vampire theme in Europe, which is favored by the young. Such could be found in the ads of *L'Invitation to Venice*, etc.

To keep sustainable innovation, Louis Vuitton has privileged partnerships with numerous schools and universities in France and abroad, including HEC, ESSEC Business School, La Sorbonne-Celsa, Dauphine, Sciences Po, Princeton, Harvard, Beijing University, etc.[v] It also provides internship, training, arts seminar, workshop and gallery, in order to help students and to get innovative ideas from the youth.

Its innovation becomes more and more important to Louis Vuitton brand equity, establishing an intellectual property. Louis Vuitton has spent millions of dollars to protect its brand from fake imitation, and has adopted a zero tolerance policy against counterfeiting around the globe.

In global market, it adapts to the revolution in public relation led by social media. It has established its Facebook, Twitter account. In mainland China, both social network media are blocked; Louis Vuitton has set up its Weibo account, the Chinese version of Twitter, to complete the feedback loop in its largest demographic market segment. Louis Vuitton's Weibo eventually helps it a lot in battle against brand counterfeiting and easily spreads out its updated corporate culture.

To this end, Louis Vuitton has actually implemented a strong marketing strategy that has worked so well for it so far. To further develop, however, Louis Vuitton should look into the design of more modern, trendy styles, while still preserving some of the classic image. The current styles of Louis Vuitton have gained worldwide recognition, causing the company to have timidity about any drastic change. This deems unnecessary, as the current followers of Louis

Vuitton are steadfast, and it does not require too dramatic of a difference for fresh interest to be reinstalled.

SWOT Analysis of Louis Vuitton

SWOT is defined as an acronym for the internal Strengths and Weaknesses of a firm and the environmental Opportunities and Threats facing that firm. SWOT analysis is used to overview of a company's strategic situation. A good strategy will be applied to maximize a firm's strengths and opportunities in the meantime minimize its weaknesses and threats. SWOT analysis has powerful implication for the design of a successful strategy.

Here we will give some details about analysis of SWOT of Louis Vuitton. Firstly, we will talk about the strengths. Louis Vuitton's brand is one of the oldest fashion brands with more than 150 years of history. Its brand has existed a long time, and it's easily recognizable because of its logo and monogram canvas on most of its products. Louis Vuitton has its presence in most of the large shopping hubs of the world, and is available exclusively in its own stores. It also makes custom Tailored products for its few elite customers, besides it has a clientele including international celebrities furthermore, it is an extremely high brand recall and global presence. However, there are still some weaknesses need to be improved. When talking about weaknesses Louis Vuitton is available only in its exclusive stores making it difficult for people all around the world. Worse thing is that fake imitations affect brand and sales. Even weaknesses exist, but Louis Vuitton has opportunity to promote itself, for example, Louis Vuitton needs to adopt the current fashion trends to stay in business and it can offer once in a year discounts for its customers. We are glad with our strengths and opportunities, but we should be cautious for threats to Louis Vuitton. The brand is counterfeited all around the world, and the economic crisis can hurt the brand sales in a negative way, so that economic environment affects the luxury industry too. Also there are many strong competitors in the luxury industry, such as Prada, Gucci, Jean Paul Gaultier, etc. The following chart illustrates the summary of describing the analysis of SWOT of Louis Vuitton.

Location of Factor	TYPE OF FACTOR	
	Favorable	**Unfavorable**
Internal	**Strengths** • Strong brand positioning • Wide geographical presence • Broad product portfolio	**Weaknesses** • Limited stores • Fake imitations
External	**Opportunities** • Large market for luxury goods and positive trends in emerging markets • Growth through inorganic means • Celebrity brand endorsements	**Threats** • Slowdown of wines and spirits and watch making businesses • Increased market for counterfeit products • Intense competition

In order to stay competitive ahead of the luxury industry, expansion of incumbent well-established brand is not the only way to develop. Louis Vuitton ought to have the ability to be adaptive and to reduce the risk of brand saturation. Luxury brands should focus more efforts on providing a better quality service to the stores they current already have. Based on a lot of fake imitation, Louis Vuitton should consider about how to distinguish itself products from its fake imitations, such as special signs or numbers which Louis Vuitton can makes unique and indispensible.

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