

MRKT 100
A3 - Brand Analysis - Exallat



Group Membership

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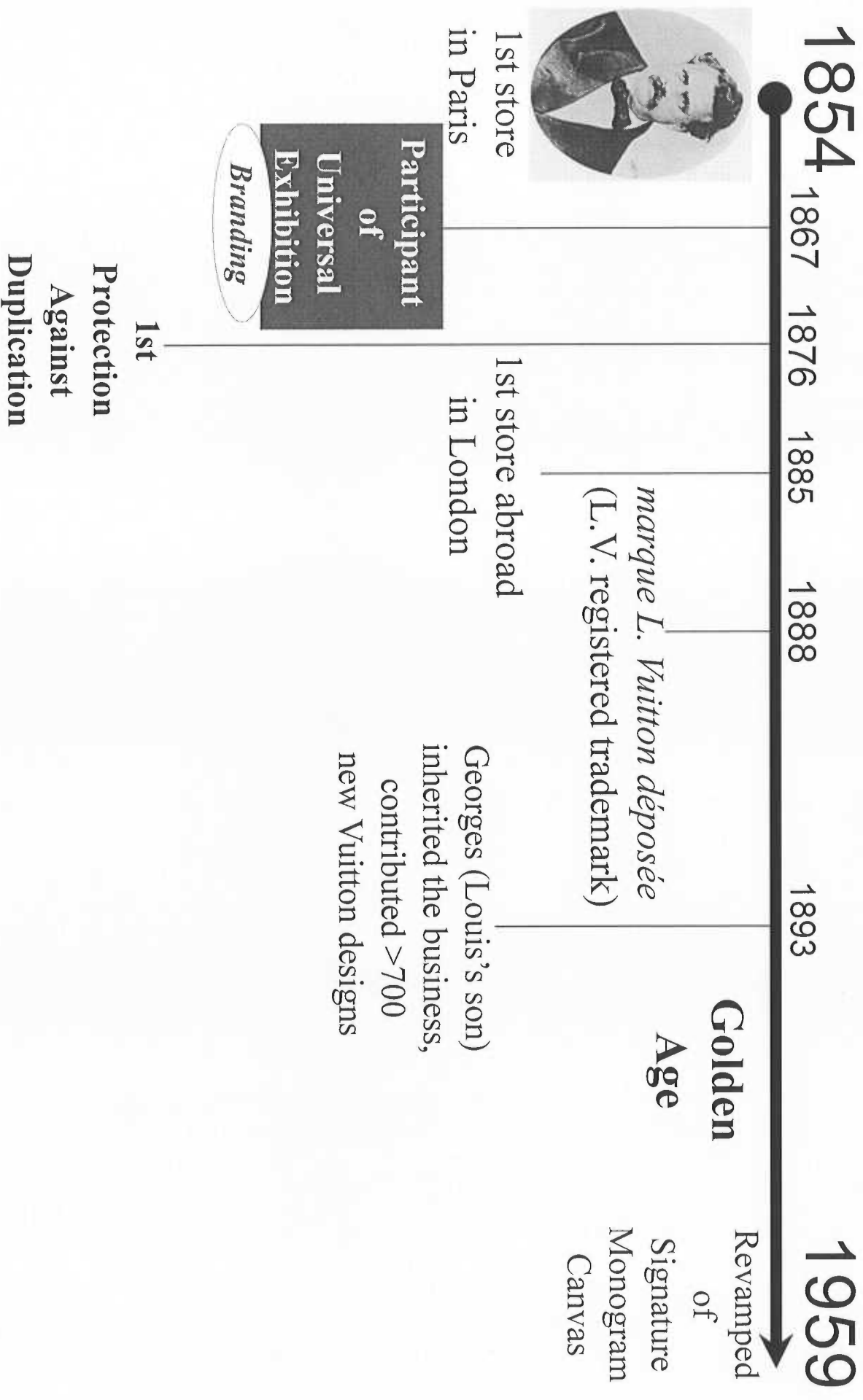
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NYIT MBA

December 2013



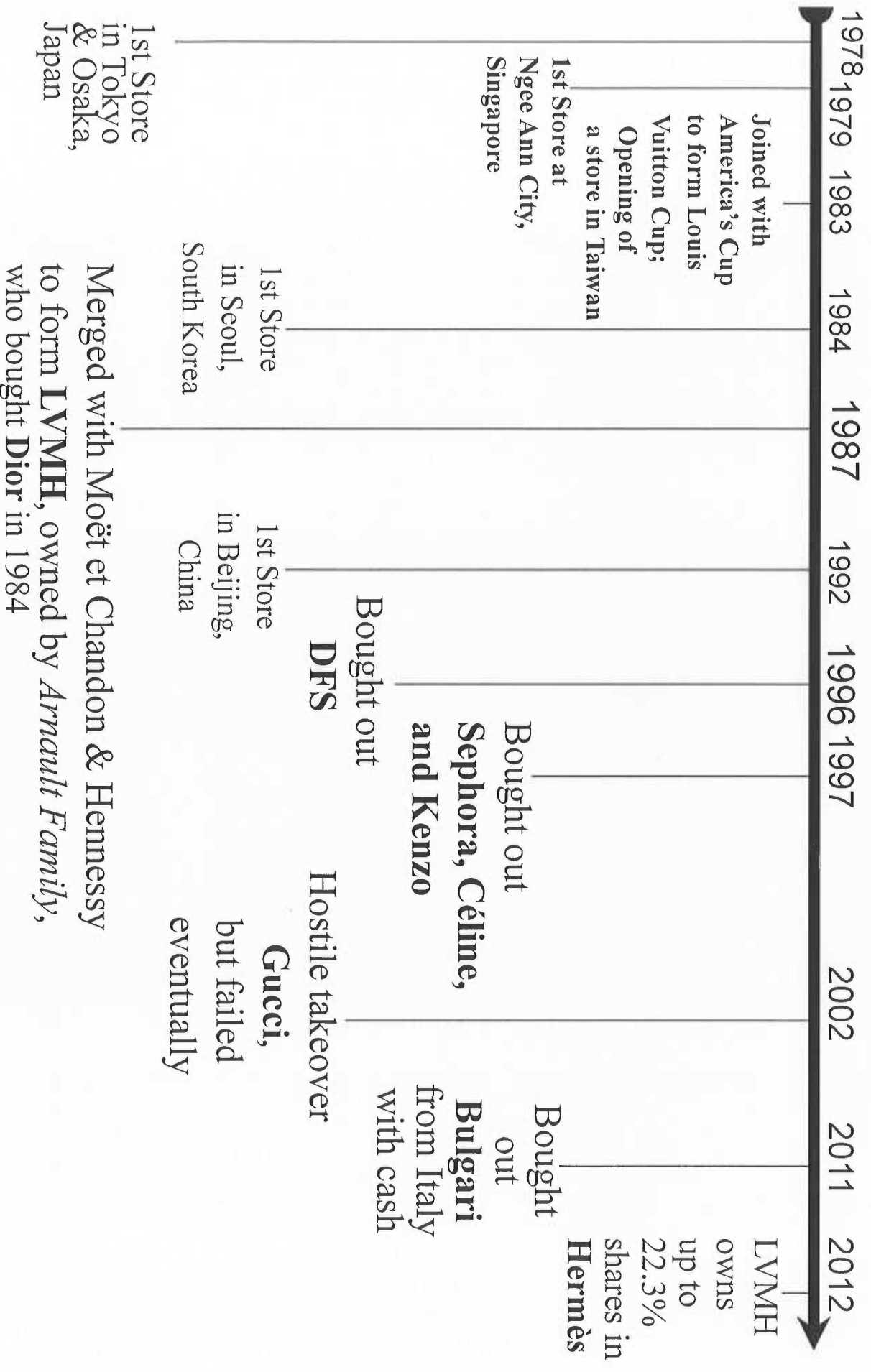
History





History

Massive M&A

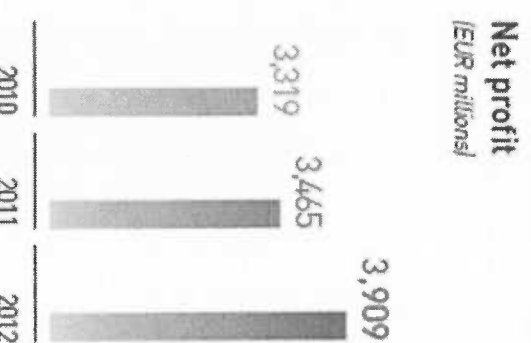
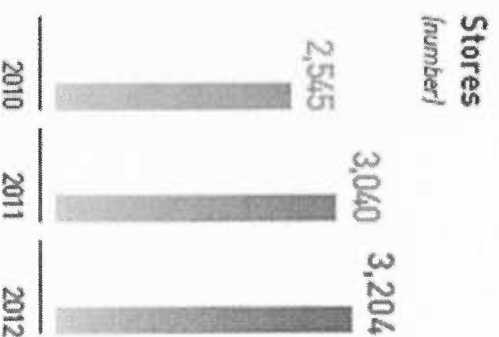




History

Brotherhood & Sisterhood of
The brand Louis Vuitton -
Controlled sub-brands
of LVMH catalog:

- A**
 - Acqua di Parma
- B**
 - Belvedere (vodka)
 - Berluti
- C**
 - Celine (brand)
 - Champagne Krug
 - Dom Pérignon (wine)
 - Chateau
 - Christian Dior S.A.
 - Cloudy Bay Vineyards
- D**
 - DFS Galleria
 - DKNY
 - De Beers
 - Domäne Chandon California
- F**
 - Fendi
- G**
 - Givenchy
 - Glen Morey
 - Glenmorangie
 - Guerlain
- H**
 - Hennessy
 - Hublot
- K**
 - Kenzo (brand)
- L**
 - La Samaritaine
 - Le Bon Marché
 - Loewe (brand)
 - Louis Vuitton
- M**
 - Moët & Chandon
- N**
 - NOWNESS.com
 - Newton Vineyard
- O**
 - OMAS
- P**
 - Parfums Christian Dior
 - Parfums Givenchy
 - Princess Yachts
 - Emilio Pucci
- R**
 - Ruinart (Champagne)
- S**
 - Sephora
- T**
 - TAG Heuer
 - Thomas Pink
- V**
 - Veuve Clicquot
- Y**
 - Chateau d'Yquem
- Z**
 - Zenith (watchmaker)



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



Mission Statement

- *“LVMH must continue to be synonymous with both elegance and creativity. Our products, and the cultural values they embody, blend tradition and innovation, and kindle dream and fantasy.”*
- Five fundamental priorities:
 - Be creative and innovative
 - Aim for product excellence
 - Bolster the image of our brands with passionate determination
 - Act as entrepreneurs
 - Strive to be the best in all we do



Selling Point

- Fashionable
- Durable goods
 - Good quality product
 - Long product life
- Exclusivity
- Prestige image
 - Feel good
 - Fit into high-class society
 - Practice ego and power

- Are luxury brands now mass brands like fashion brands?
- Are fashion brands becoming luxury brands?
- Where can we draw the line between luxury and fashion brands?



Brand Awareness

Expensive

Luxury

Elegant

Art Stylist

Hand-made

France

- Brand elements:**
- Memorable
 - Meaningful
 - Likeable
 - Adaptable
 - Protectable

Chinese naming Analysis Source: www.labbrand.com				
Brand	BMW	Omega	Louis Vuitton	Chanel
Chinese Name	宝马	欧米茄	路易威登	香奈儿
Pinyin and Meaning	[bǎo mǎ] Precious horse	[ōu mǐ jiā] Phonetic translation (Europe, rice, root of lotus)	[lù yì wēi dēng] Phonetic translation (road, easy, powerful, ascend)	[xiāng nài ěr] Phonetic translation (fragrant, persistent, suffix)
Attributes	Power/ Strength Local	Elegant/ Fancy International	Authority/ Knowledge International	Elegant/ Fancy International

Millward Brown Optimor's 2012 BrandZ study: LV has CBBE valuing \$25,920 M.



S.T.P. - Segmentation

LV's official website:

Demographic

+

Psychographic

+

Usage

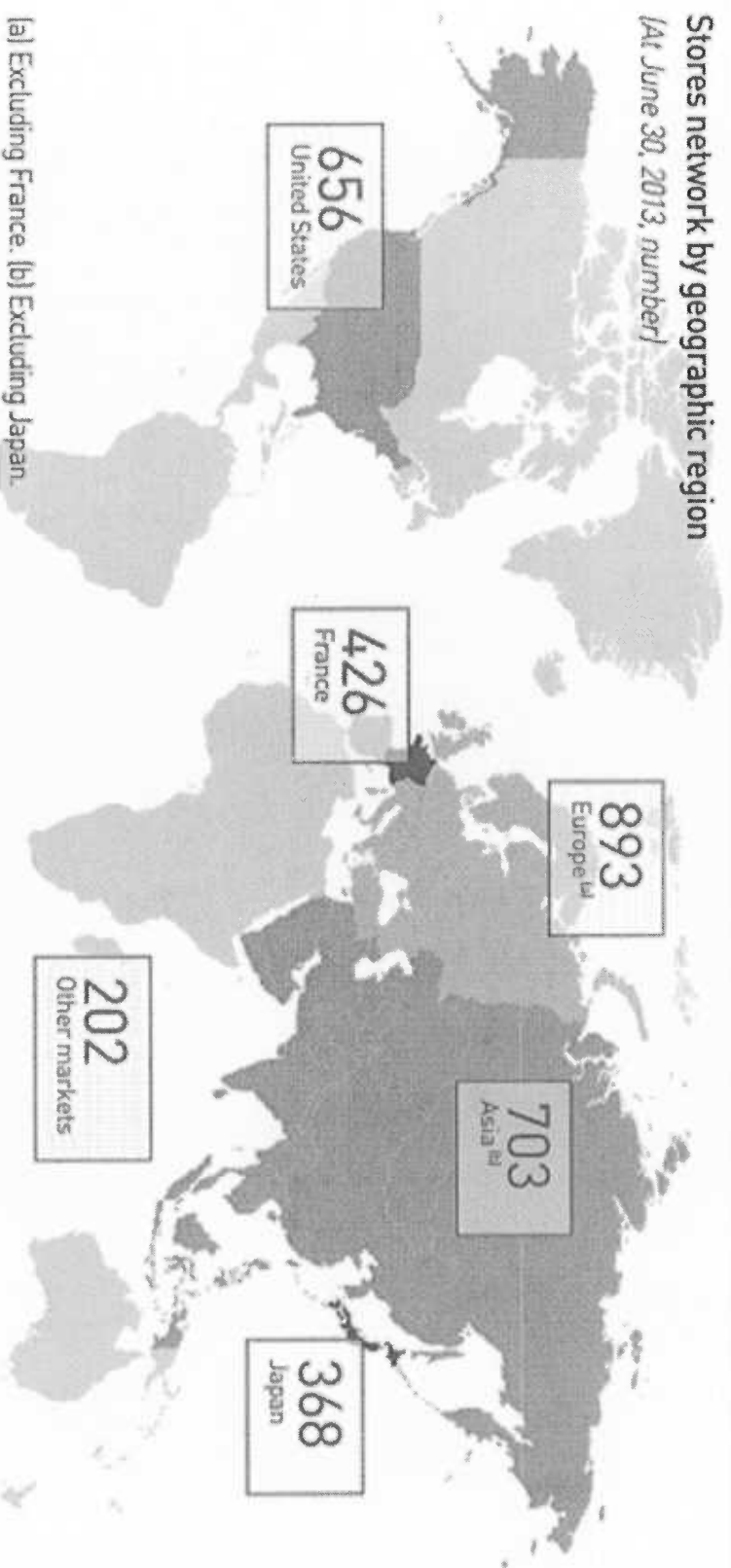
Segmentation



S.T.P. - Segmentation

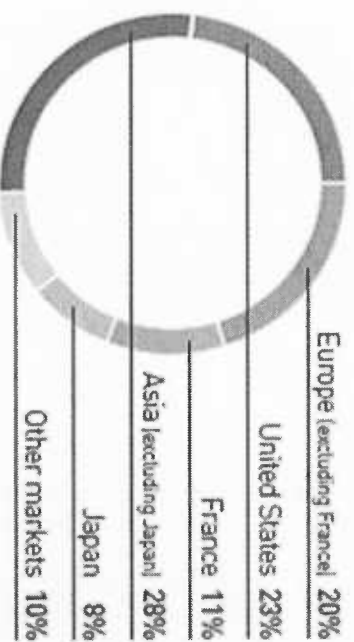
Stores network by geographic region

(At June 30, 2013, number)

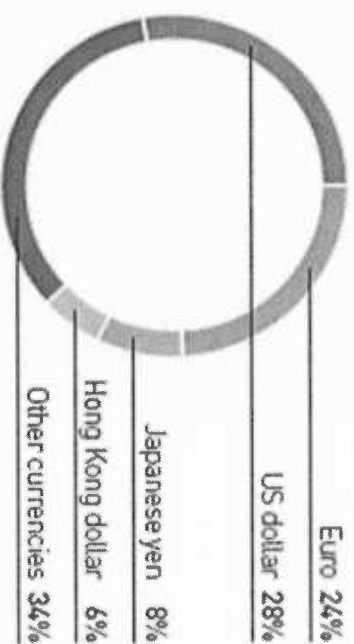


(a) Excluding France. (b) Excluding Japan.

Revenue by geographic region of delivery



Revenue by invoicing currency





S.T.P. - Target Market

- LV uses demographic targeting strategy to target their customers
 - Both men and women
 - Age: ranging from young adults to seniors (22 – 65 yrs old)
 - Income: around \$5,500 or above per month
- Major consumers: “women aged 18-54 with high annual incomes of \$75,000 who pursue prestige”

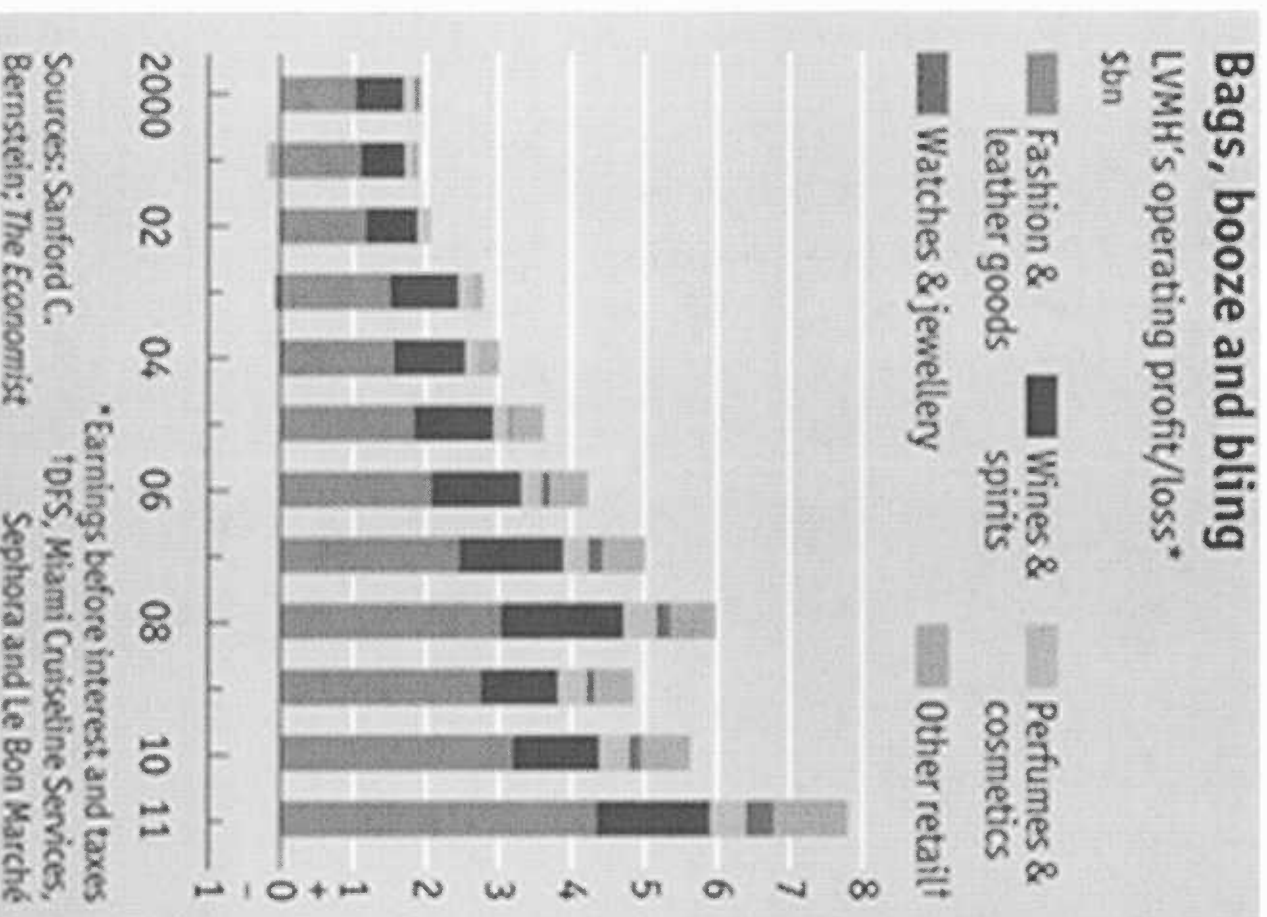


S.T.P. - Targeting

- “Mathilde Loisel”, in Maupassant’s *La Parure*
- “Madame Bovary”, in Flaubert’s *Madame Bovary*
- “Chavs” in Britain, referring to the working class who purchase luxury goods
- “Leisure Class” proposed by Thorstein Veblen (1899) related with a concept of “conspicuous consumption”



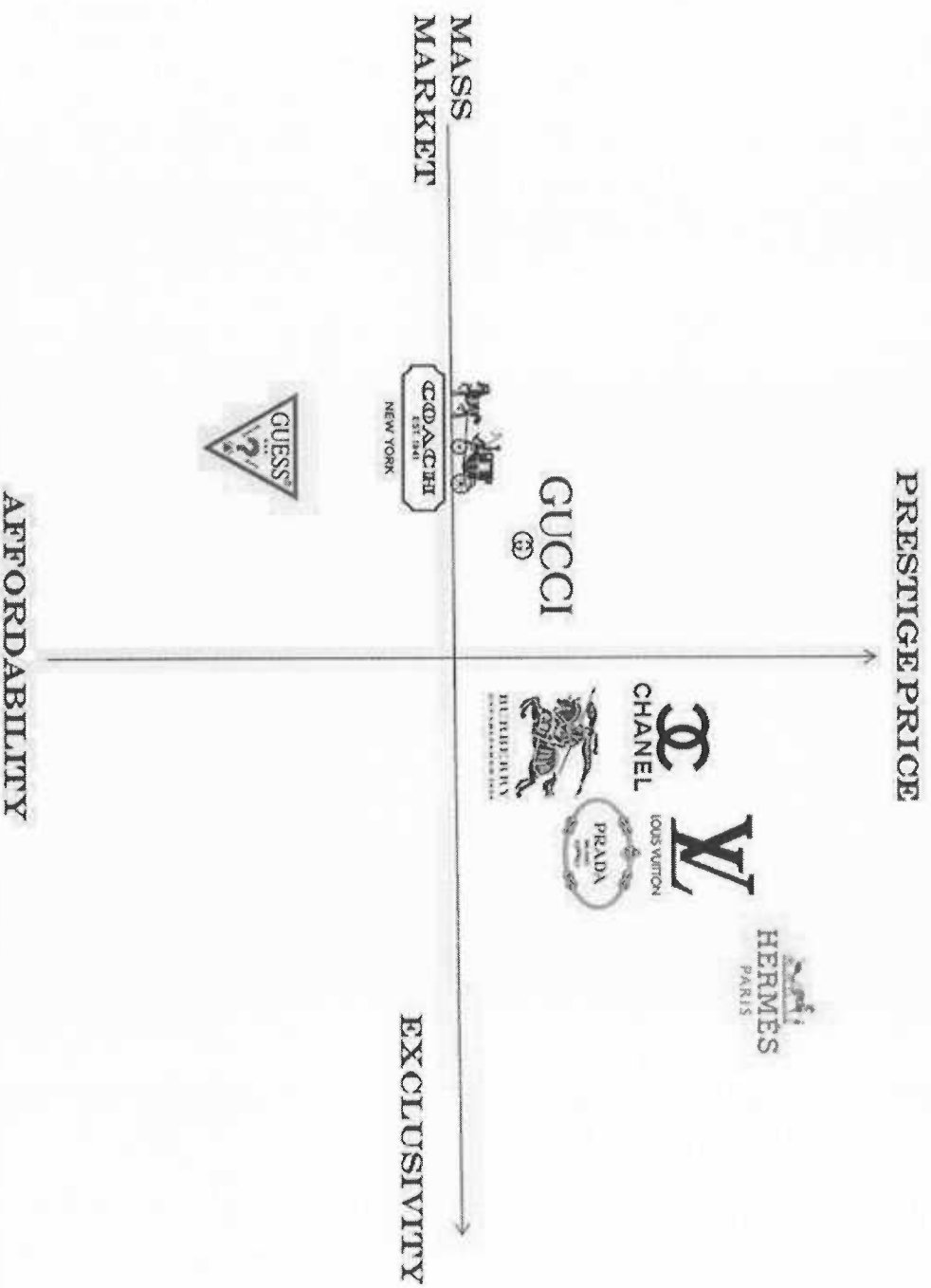
S.T.P. - Positioning





Brand Positioning

Points of Parity & Points of Difference



Source: <<http://louisvuittonbrand.wordpress.com/brand-positioning/>>

Marketing Mix

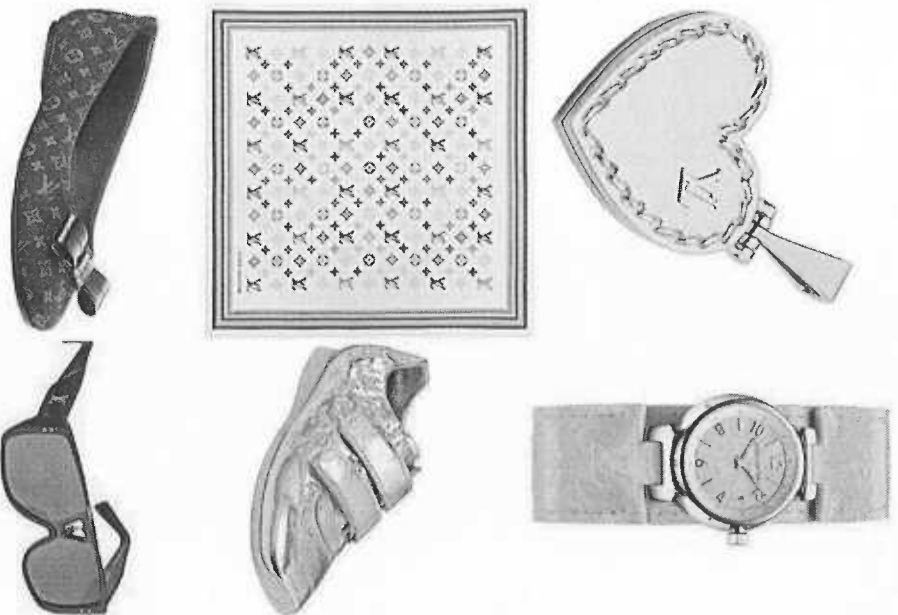


Product



- Main Products: Leather Bags and Wallets
 - Handbags
 - Luggage
 - Cosmetic Bags
- Original Product Line: Monogram
- Expanded its product line
 - Monogram Denim
 - Monogram Multicolore
 - Monogram Vernis
 - Damier Canvas

Product

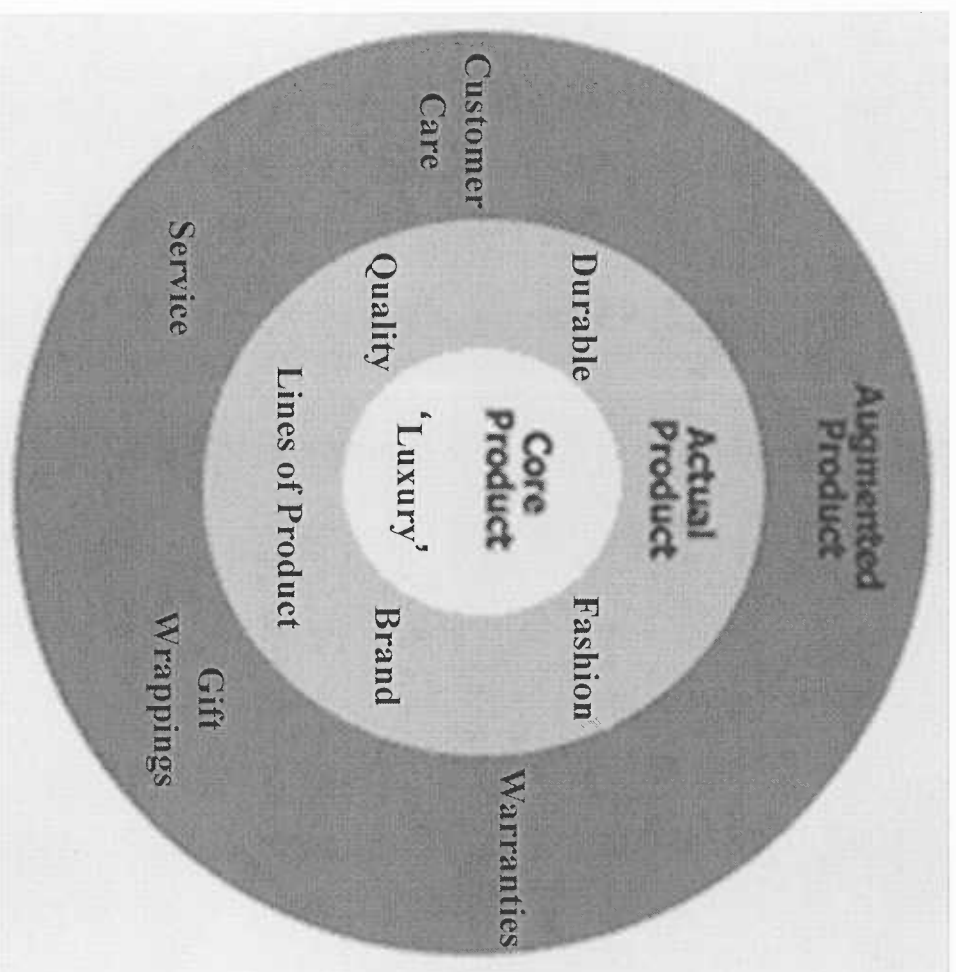


- Offer more types of product including:
 - Timepieces
 - Shoes
 - Agendas
 - Jewelry
 - Sunglasses
 - Belts, scarves & Accessories

Product



“Three Levels of Product of Louis Vuitton”



Price

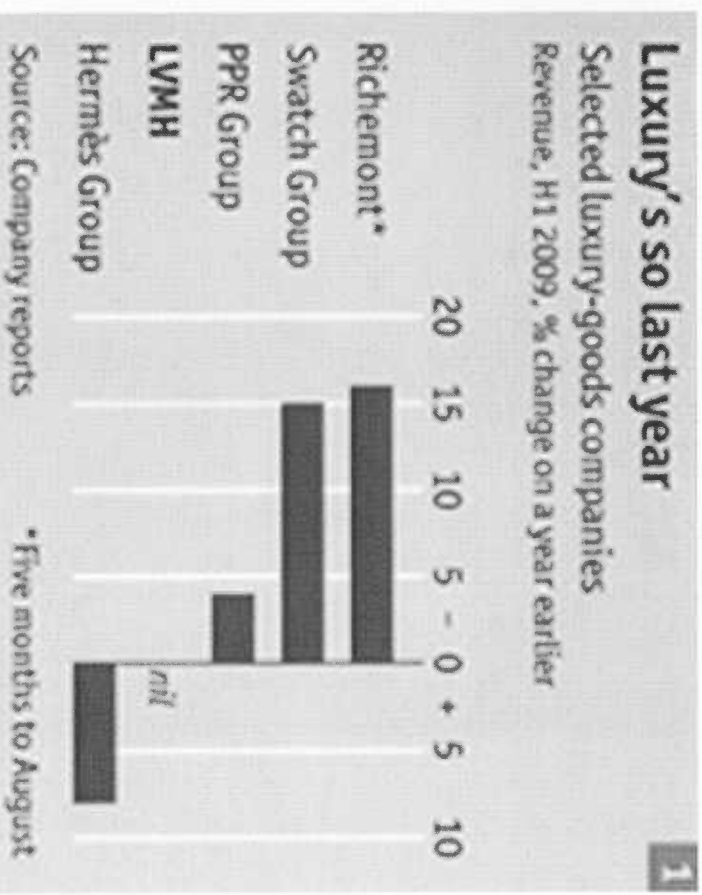


- Premium Pricing

✓ Never on sale!

✓ Price range:

- Handbags: \$550 - \$3,700
- Wallets: \$200 - \$700



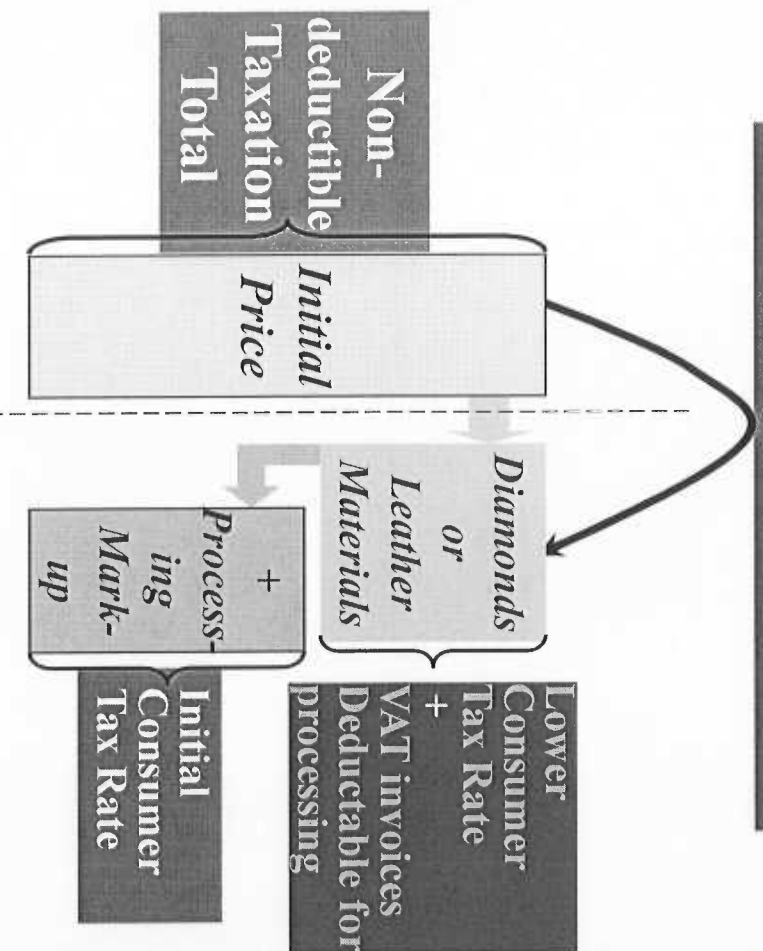
Price



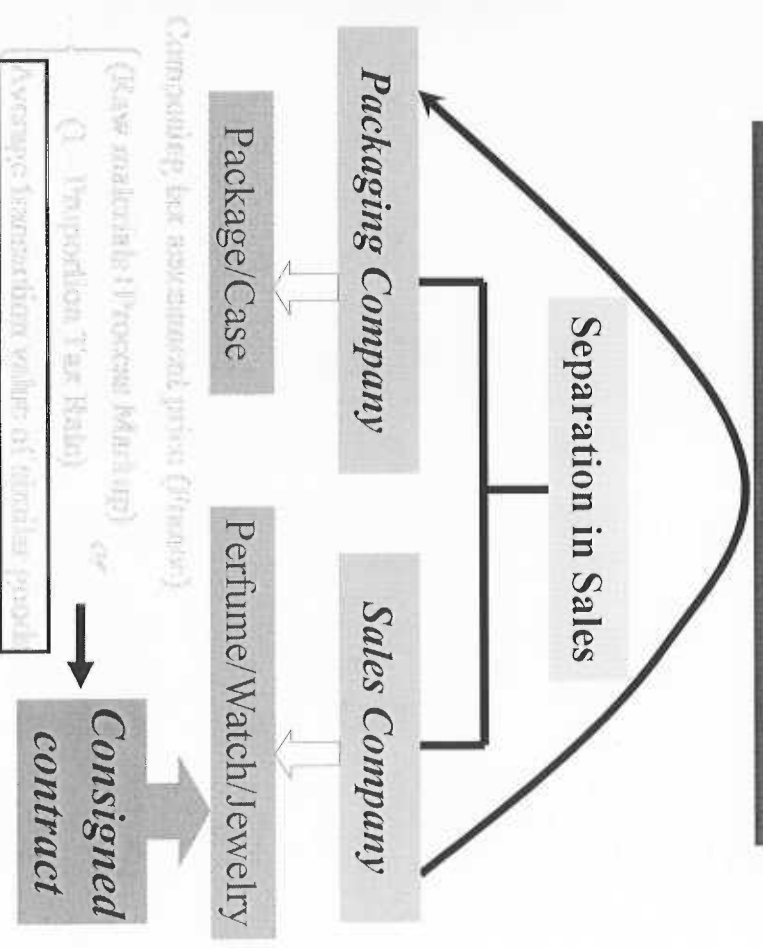
• Transfer Pricing

- Why such sub-brands system? Tax avoidance.
- LV luxuries in global market:
VAT, tariff, consumer tax, excess, income double taxation...

Inter-chains Transfer Pricing



Inter-brands Transfer Pricing

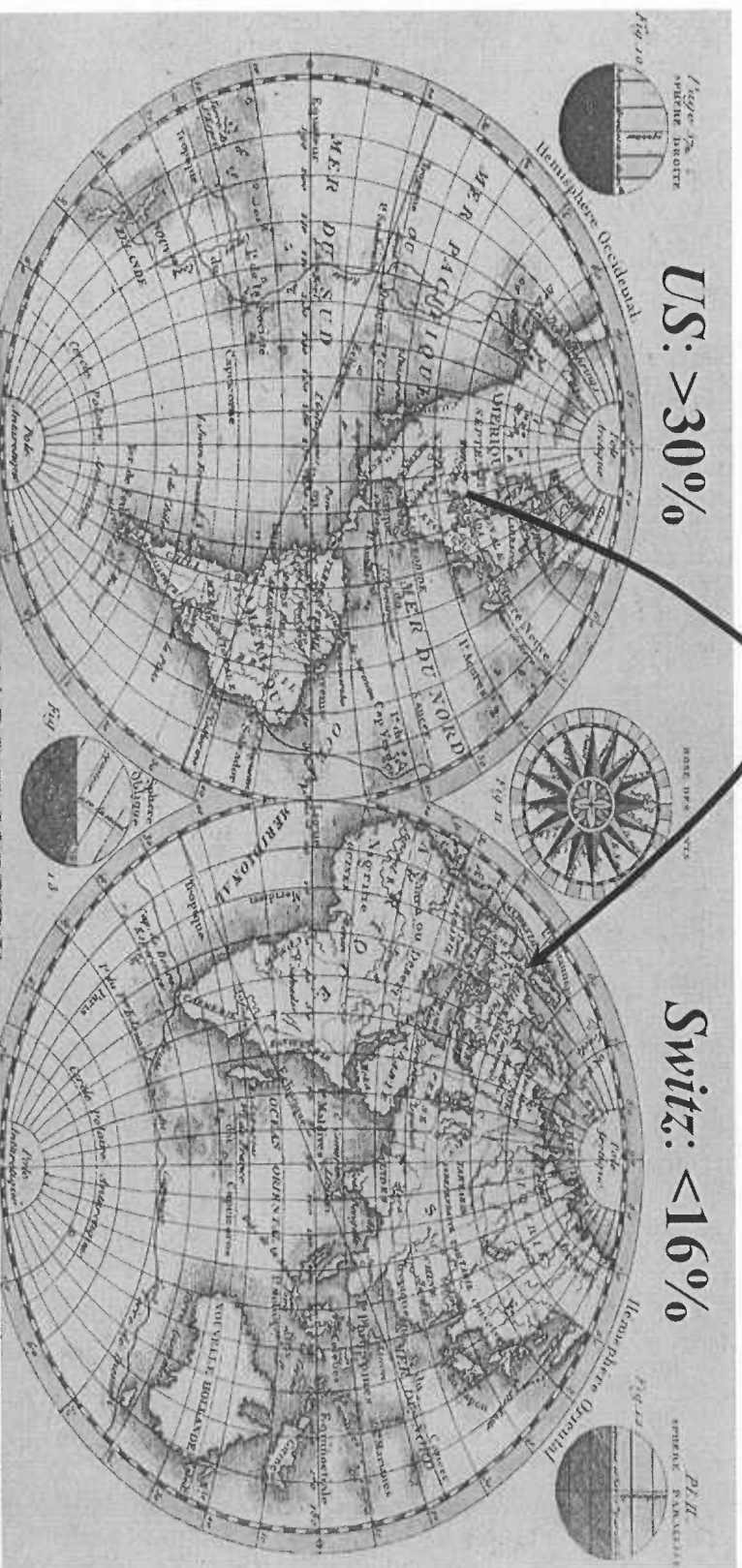


- Why such sub-brands system? Tax avoidance.
- LV luxuries in global market:

VAT, tariff, consumer tax, excess, income double taxation...

US: >30%

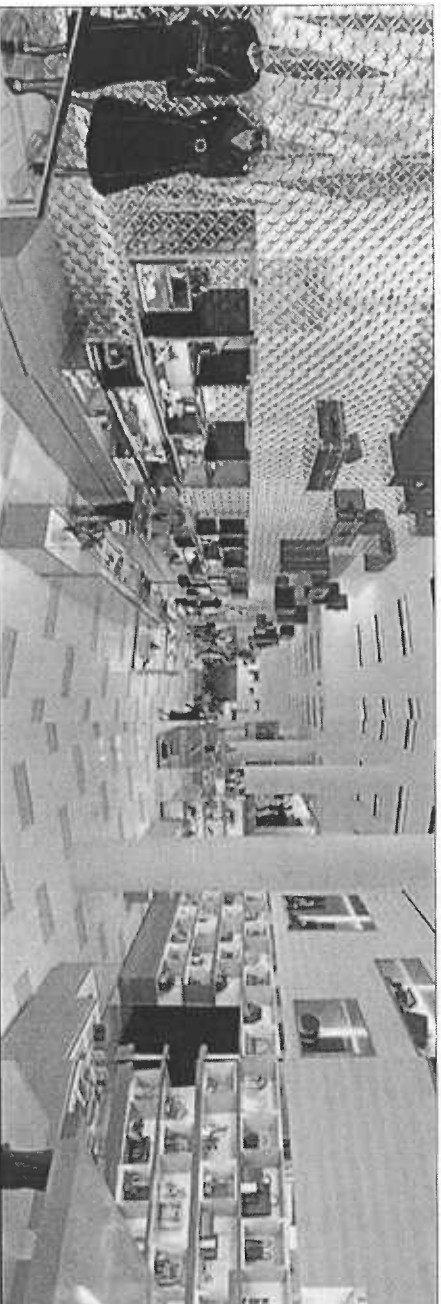
Switz: <16%



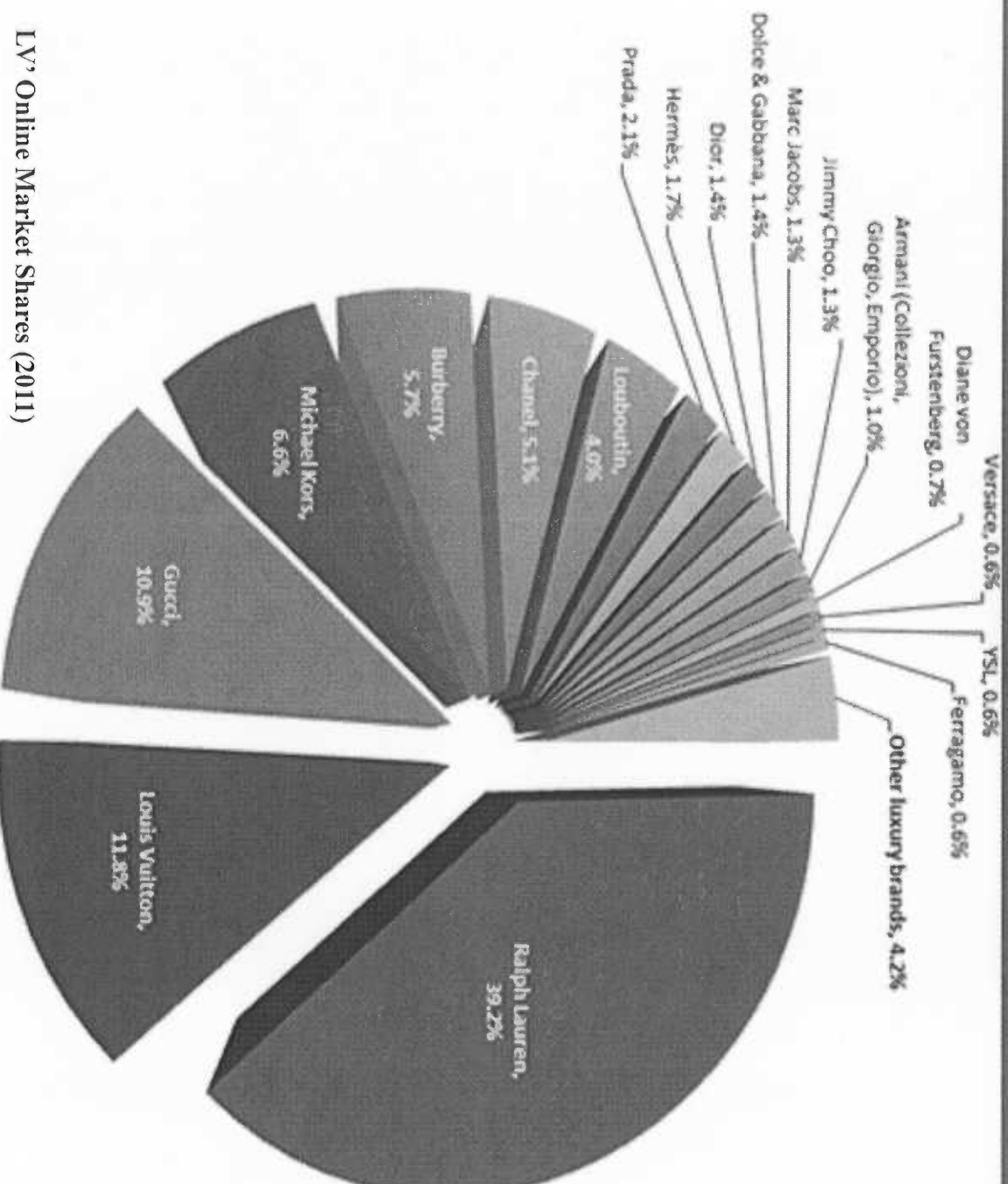
Place



- Direct channels: Free-Standing Store
- Department Stores:
 - Macy's New York
 - Bloomingdales
 - Saks Fifth Avenue
- Exclusive Distribution
 - Limited number of stores and retailers

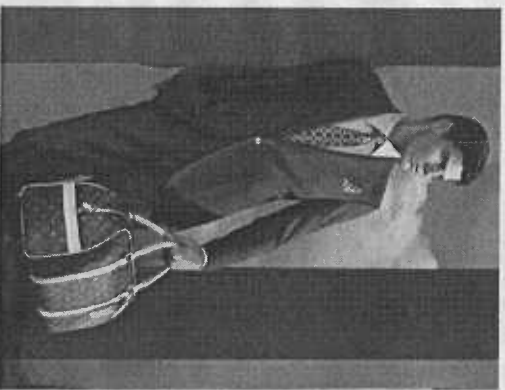


- Challenge from Online Shopping



LV's Online Market Shares (2011)

Promotion



LOUIS VUITTON



LOUIS VUITTON



- Advertisements:
 - Message
 - Convey luxurious image
 - Means of media
 - High-end Fashion Magazines
 - Eg. *Vogue*, *Elle*
 - Billboards
 - Short Film
 - Eg. *L'Invitation au Voyage*

Promotion

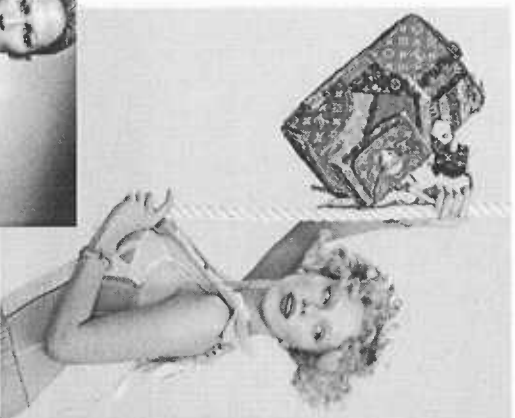


- Emphasize on personal selling
- Social media: Facebook, Twitter, even Sina Weibo
- Never emphasize on sales promotion
 - To reinforce their luxury image
- P.R.
 - Sponsorship
 - “Louis Vuitton Cup 2007”
 - “LVMH Young Artists’ Award”
 - LVMH Website - “The Magazines”

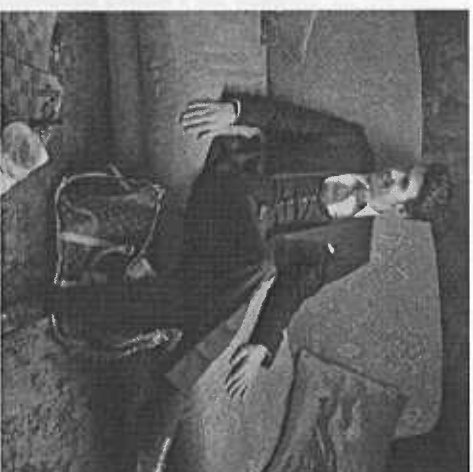


Promotion

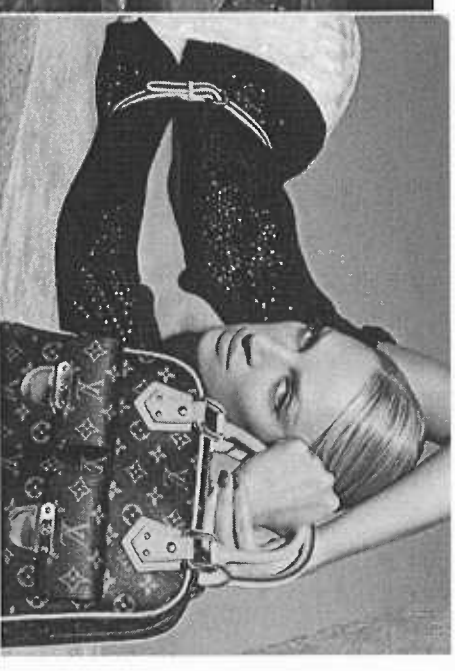
- P.R.
 - Endorsements: Jennifer Lopez, Kate Moss, Uma Thurman, and Scarlett Johansson, Muhammad Ali, Michael Phelps



LOUIS VUITTON



LOUIS VUITTON



LOUIS VUITTON



LOUIS VUITTON

Promotion



- **P.R. & Sustainable Innovation**
 - 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.*

Promotion

Expenses against illegal imitation

- Fake LV's are a continuous problem
- Spend \$10 million a year on ripoff battle
 - Part of sum goes to lobbyists
- Biggest sources of counterfeit goods:
 - Turkey, China, Morocco



- LV has adopted a zero tolerance policy against counterfeiting
- In 2004, the brand's firm stance led to...
 - 13,000 legal actions
 - 6,000 raids

Brand Extension



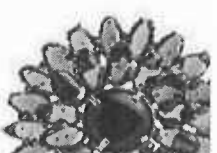
CAMP AIGN

- To refresh and reintroduce this 150-year-old brand
- Keith Richards as a rock music legend and Madonna as an international icon
- Targets a broader age demographic of their target audience
- Expand to watches, shoes, jewelry, glasses, pens, neckties, perfumes, etc.
- Potential risks

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*Thank You
&*

Merry Christmas!