Louis Vuitton

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Introduction to the Fashion Industry

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Background

Almost 200 years ago, on August 4, 1821, Louis Vuitton was born in Anchay, France to Xavier Vuitton and Coronne Gaillard. His father was a farmer and his mother was a miller who died when Louis was only 10 years old. His father then remarried which eventually led to Louis Vuitton's departure from home at the age of 13 due to his strict step mother. Vuitton, with great exhilaration, walked for two years to his destination of Paris. Upon doing so he also stopped to complete jobs on his journey to make money in order to survive (Holborow, 2012). When he finally arrived in 1837, he became an apprentice, someone who works for a low income in order to learn skills from an experienced employer, at a trunk making workshop. After a few years of this he became quite known as the best trunk maker in his whole city (Holborow, 2012). In 1853, he became the packer for Eugenie de Montijo, who was the Empress of France and the wife of Napoleon III. This is what started Vuitton's upper-class patrons and customers (Holborow, 2012).

In 1854 after getting married to Clemence-Emilie Parriaux, Vuitton started his own shop and self-titled brand Louis Vuitton. It was located in Rue Neuve des Capucines, France (Luxury, 2016). At his shop he changed his products from being made with leather like at his previous job to canvas, which allowed his merchandise to be waterproof and also evented the first flat trunk with Trianon canvas in the color grey (Senft, 2013).

In 1858 Vuitton popularized rectangular shaped trunks which had previously been a rounded shape. Because his new style of trunk was so much more beneficial for his consumers, and his demands for merchandise was so high, this caused Vuitton create another shop that was much bigger. A few years later in 1867, he attended the Universal Exhibition in Paris accompanied by seven million other guests who were curious about Napoléon's solution to the London

International Exhibition that was held in 1862 (Chandler, 1986). Here, Vuitton received a bronze medal which increased fame for him and his work (Holborow, 2012).

As of today, Louis Vuitton continues to be the number one luxurious fashion brand in the world. With a net worth of over $28 billion and over 200 outlets and stores across the globe, the popular brand still remains prosperous and successful even with competitors such as Prada and Gucci (Mahala, 2014). Louis Vuitton was rated number ten on Forbes list of "The Most Valuable Luxury Brands 2013" (Essential Home, 2016). The brand was also rated number one in the top ten French Luxury Brands (Oliver, 2015), but has since made its way down to number five (Success Story, 2017), which is also very impressive. Vuitton is in the top three luxury brands of China (Banta, 2016). Louis Vuitton has dominated the market and is considered to be the most valuable amongst other luxury brands (Essential Home,2016). Louis Vuitton's business strategy is what helps them to linger on the top of the pedestal. Their strategy consists of developing new ideas into their marketable products and distributing concreation with customers (Kolk, 2012).

The company's vision statement is a "Quest for excellence and creative momentum" (Spellbrand, 2017). This to me this means that their main goal is to establish superior quality in everything they bring forth to their customers. Louis Vuitton's mission is "to represent the most refined qualities of Western "Art de Vivre" (The Art of Living) around the world; to be synonymous with both elegance and creativity; to blend tradition and innovation, and kindle dream and fantasy" (Spellbrand, 2017). I would translate this as Louis Vuitton aims to create polished yet tasteful pieces that remain relatable but different. They pride themselves as being fashion innovators and starting trends, rather than being influenced by other popular styles in favor of the fashion community.

Target Market

Although many might believe Louis Vuitton strives to target only the "fifthly rich" the brand actually focuses on targeting many markets. Louis Vuitton communicates to both male and females who are in the Upper, Upper- Middle and Middle Class (Hennessy, 2011). Louis Vuitton's target market typically ranges from 18 years old to retired. People of their demographic are well off and have very high amounts of disposable, income after taxes have been taken out (The Retailer, 2015). To be more specific, ages in their demographic range from 18 to 65 years old, and have two segments. The first segment includes 18-34 year old's who have disposable income. The second segment includes wealthy 35-65 year old's (Zadig, 2014). Basically, adults capable to spend large amounts of money on Louis Vuitton's products (Wordpress, 2017).

Louis Vuitton's target market also generally make $75,000 and higher annually (Zadig, 2014). Louis Vuitton targets jet setters, trendsetters, and those who pursue prestige (Zadiig,2014). Majority of Louis Vuitton's website visitors are college graduates who browse while at the workplace (Alexa, 2017). The top five countries that shop on their online website are Japan, United States, France, United Kingdom and Germany (Alexa, 2017).

The first segment target customers most likely have high paying jobs and succeed as lawyers, doctors, etc. The second segment of targets most likely have plenty of free time to vacation and shop. This is probably why Louis Vuitton's luggage and trunks or so popular.

Marketing Mix Analysis

A product line is a group of relatable products under a brand and sold by the same company. Louis Vuitton's product line is premium quality goods. Louis Vuitton has always structured their designs as traditional, yet polished. Contrary to other successful businesses Louis Vuitton does not use machines for production but experienced and expert workers instead (Bhasin, 2016). By doing this every individual merchandise is one of kind to each consumer.

The company also has done their best to make it hard to replicate and forge their products through their unique design. Their most common design is the monogram canvas which was designed by Georges Vuitton, Louis Vuitton's son(YoogisCloset,2017). This design in particular is made up of a universal and timeless symbol, flowers and intertwined Louis Vuitton initials. The pattern was based on a common trend in the late Victorian which was between the years 1837 and 1901. The trend consisted of using Japanese and Oriental designs (YoogisCloset, 2017). When Vuitton first created the monogram design it was identified with tanned cowhide vachetta leather. The wrinkles and veins remain visible on the leather goods proving to all customers and consumers that it hasn't been treated(YoogisCloset,2017). After time and wear the leather does scratch and patina, which is a darkening of color due to oxidation. So although the leather mainly starts out with a white tone it imperceptibly leaves a rich caramel or amber color (YoogisCloset,2017). The monogram pattern has inspired many later Louis Vuitton designs such as the Monogram Mulicolore, which is the same canvas but instead of using the original brown and tan color uses 33 different colors. Louis Vuitton partnered with Takashi Murakami in 2003 to create this design. The Mini Lin/ Monogram Idylle(2010) Monogram Denim (2005) and Monogram Vernis (1997) were also inspired by the original monogram design.

Another familiar design by the Louis Vuitton brand is the Damier Ebene canvas. This canvas is similar to a checkerboard because of its symmetrical squares that are parallel to each other.

"Damier" itself is a French word that translates to "Checker Board" in English (YoogisCloset, 2017). Many are not aware that this canvas design was actually made before the monogram canvas. Louis Vuitton created the Damier Ebene canvas in 1888 which embarked the logo "marque L. Vuitton déposée", or in other words, "L. Vuitton registered trademark"(YoogisCloset,2017). After the monogram design's 100th anniversary Vuitton released the Damier design in 1998 (YoogisCloset, 2017). Today, the Damier Ebene design is printed on black coated canvas in small lines of two shades of brown to create the checkerboard pattern, this is why Damier Ebene fades to black in some areas after wear (YoogisCloset, 2017). The Damier Ebene pattern has also inspired other Louis Vuitton designs such as the Damier Graphite which was released in 2008 and the Damier Azul which launched in 2006 (YoogisCloset, 2017). Both of this prints are checkerboard like but differ in color.

Louis Vuitton uses many different material but canvas is their most popular(TheBrownPaperBag,2015). The coated canvas is primarily a layer of cotton canvas that has been treated with polyvinylchloride (Rioni, 2014). Polyvinylchloride ,otherwise known as PVC, is the third most widely produced synthetic plastic polymer in the world (Wikipedia, 2012). Monogram fabric has been crafted from durable vinyl coated canvas since it was first created (YoogisCloset, 2017). Louis Vuitton's canvas is water repellent, which is different from water resistant. This basically means the canvas is not easily penetrated by water. The vachetta is sensitive to water however, and will definitely leave watermarks if wet (TheBrownPaperBag, 2015).

Louis Vuitton's main competitors are Hermes, Gucci, Vertu and Chanel (Bhasin. 2016). One of the strengths of Louis Vuitton's product line compared to its competitors is that the PVC coated canvas of Louis Vuitton bags is much lighter weight than the average luxury handbag

which makes it much easier to carry (Rioni, 2014). It is also a great choice for those who suffer from back or shoulder problems (Rioni, 2014). Weaknesses of the brand are that there are many sellers of unauthentic products claiming to be the real brand, this causes bad reputation for the brand when quality does not match the price nor the hype. Louis Vuitton continues to be the most profitable brand in the luxury rating scale. In 2014 the company had a value of $25.9 billion, Hermes can in second with $21.8 billion and Gucci is third with $16.1 billion (Mosendz, 2014). Today Louis Vuitton withholds a value of $27.3 billion and Gucci is down to 12 billion (Forbes, 2016). Some weaknesses the company faces is that it and its competitors share the same core values; craftsmanship and quality (Wordpress, 2017). They all also have the same target market, high net worth and people of middle to upper class incomes (Wordpress 2017). Louis Vuitton prices range from about $1,500- $7000 for handbags but can go as little as $180 for small accessories. This qualifies the product line as "top of the line" and is appropriate for its target market.

In order to promote to their customers Louis Vuitton uses Print and Television advertising to promote their merchandise however, the company never offers discounts or sales (Wordpress, 2017). I actually don't believe this promotion strategy is effective. I believe that Louis Vuitton would get many more sales if they at least did an annual sale. People would most likely buy more at once because of discount which would help the company as a whole. However I would suggest making the sale at a different time every year to prevent customers from purposely waiting for the sale to purchase something. This way there is no profit loss.

Louis Vuitton's distribution strategy is far from opaque. In order for a customer to purchase a product, they have to go to one of their personal stores. Purchases can also be made online for customers in the United States. Louis Vuitton doesn't sell their products in any department stores

unlike Gucci and Hermes. They feel as though it is a better option to sell within their warm and more intimate environment which can gear customers into buying items (Bhasin, 2016). According to Bhasin, "In the long term, this marketing strategy helps in the reduction of intermediary costs that other brands face while selling through long channels of distribution. This also results in direct dealings with the customers that lead to efficient and friendly relations."

I feel that is somewhat a good distribution strategy for Louis Vuitton, but, this does limit some customers who aren't near actual Louis Vuitton stores to shop at their own leisure. The famous luxury brand only has 3,708 locations worldwide, but beats Gucci who only has approximately 550 (Wikipedia, 2016). This doesn't really say much though because all of their locations are in very popular locations. I personally do not think it's easy for customers to obtain the product line for these reasons. The company should create more stores in less urban areas.

Conclusion

After all of my research I learned that Louis Vuitton is the most popular luxury fashion brand in the world which I did not know prior to this term project. The company's threats are bad reputation and slow market share growth due to immense competition and hurt sales caused by

counterfeit merchandise (MBASkool, 2017). Louis Vuitton has the opportunity to expand and encourage their cliente to shop online so their business can increase through ecommerce platforms (MBASkool, 2017). And Louis Vuitton's products, price, promotion and placement have obviously been good enough to keep them at number one for years, however there are a few recommendations I would give them.

First, I feel like because Louis Vuitton is already known for their leather goods they should add a cosmetics line to their brand. Unlike most of their competitors like Channel, Prada and even Gucci, Louis Vuitton does not have their own makeup line. Adding this into their product development could open up a whole different target market and create even more buzz and success for the brand.

Secondly, Louis Vuitton advertises mostly through full page magazine ads in high-end fashion magazines, like Vogue, and though billboards put in major suburban areas. I would recommend that the brand branches into television advertising on channels that most wealthy audiences look at. Of course, the commercials would be poised and elegant just like the brand strives to appear to be.

I also would recommend that Louis Vuitton start giving out promotional codes and discounts at least once a year. I feel like the fact that their products are so high in demand this will cause for more customers who reach the brand's appeal, but can not exactly afford the products at the original price, to purchase products. Because the sale will be rare and unexpected customers will most likely buy more at once so the company will actually gain more rather than lose money. This also will not affect their target market demographics because their prices will remain the same after the promotion.

Mood Board

Bliss   **Prosperity** **Frill** **Opulence**   **Comfort**   **Peace**

Resources

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