

The Luxurious LVMH

The Luxurious LVMH

Giselle Leon

New York City College of Technology

Production Development

Prof. Kelly Valladares

INTRODUCTION

Louis Vuitton is the number one luxury brand in the world with a value of over \$30 billion. With more than four decades of numerous creations and designs, Louis Vuitton remains one of the top luxury brands. Founded in 1854, it is one of the oldest luxury fashion houses in the world. Its long history and iconic monogram pattern have contributed to its enduring appeal. Louis Vuitton is known for its commitment to quality and craftsmanship. Its iconic designs have stood the test of time, two examples being the LV monogram canvas and Keepall travel bag. These timeless pieces continue to be popular among fashion enthusiasts. Its strategy of innovating in its designs and product, including high-profile advertising campaigns and celebrity endorsements, have helped maintain its status as a symbol of luxury and prestige.

In June 1987, Louis Vuitton became LVMH (Louis Vuitton Moët Hennessy) in a merger of \$4 billion which allowed Louis Vuitton to expand its investments in the luxury business, while saving Moët-Hennessy from the threat of takeover. It has since acquired 60 subsidiary luxury fashion brands including Christian Dior, Fenty, Bulgari and Marc Jacobs. The share has become the leader in luxury as it has deployed a business model marked by creative momentum and a constant quest for excellence. Subsequently, they have become world ambassadors with their visions that have refined the *art de vivre*.

LVMH has remained true to focusing on the quality of their products and services. Their ethics in vertical integration across the value chain cultivates their excellence both by upstreaming and downstreaming, and from sourcing of the finest raw materials to production and selective retailing. The chair of the group encourages brands to apply actual research case studies. Their main goal in creating a partnership was to be a catalyst for collaboration between academia and industrial innovation, by giving students the opportunity to research at the school

access information and managers at the LVMH houses to inform their work. The group offers a channel for in-service training for the managers and engineers from the house by enabling them to apply the latest developments identified by academics to their work.

The merger became a worldwide success as it became a luxury goods conglomerate group that produces and sells wine, cognac, perfumes, cosmetics, luggage, watches, and jewelry. LVMH has a current value of \$155.80 per share. The mission behind the partnership is strengthening their market presence; for example, Hennessy has helped strengthen the group's presence in the spirits industry, particularly in premium and luxury segments. Hennessy is one of the world's leading cognac producers, and it has a strong global presence, which complements LVMH's other alcoholic beverage brands. In 2022, Hennessy had the most profitable year in its history with a revenue of \$86.6 billion. Wines and spirits accounted for almost 10 percent of that. Although the cognac was a success, it also struggled with maintaining its good quality. In the article, "LVMH cognac maker Hennessy's Kim Jones fashion collaboration, its pandemic pivot to e-commerce and adaptation to climate change," the author Lisa Cam discussed how climate, population, economy and technology has a huge influence in the production industry. Wine grapes were under threat from the rising average global temperature, along with different frequency and severity of droughts, heatwaves, and other erratic weather patterns. Grapes are considered an indicator in crops because they are particularly vulnerable to changes of temperature, water, supply, and sun exposure, which isn't good for cognac production.

LVMH has become a prestige group through its drive to continue to serve the various communities by diversifying its revenue streams, which also helped decrease the risk of mitigating over-reliance on a single industry or market. As Hennessy is renowned for its quality and heritage in cognac production, it has attracted numerous investors for LVMH. It has become

one of the strongest financial profits in the market, it has a greater control over the supply chain, from production to distribution. They believe that making this function would allow them to see the vision and agility as it plays a pivotal role in the future. They joined forces with the Supply Chain Chair at the Ecole Centrale Paris, in order to develop privileged relationships with future graduates of the prestigious engineering school through 2018, joining three other partner companies. The supply chain specialists from Louis Vuitton, Parfum Christian Dior, Guerlain, Sephora, and Moët Hennessy will be involved in the different activities organized within the scope of the Chair. Supply chain is one of the most in demand specialized courses among the engineering students at the school. The students will benefit from the expertise of the specialists at the companies, as well as providing the exclusive opportunity to participate in research projects, concrete case studies, and internships at the companies. Engineering skills are essential throughout the LMMH Group, from product design and development of new production technologies that help sustain production; the skills also facilitate IT systems and optimize the flow of inventory.

REFERENCES

- LVMH Moet Hennessy Louis Vuitton SA-Company Profile, Information, Business Description, History, Background Information on LVMH Moet Hennessy Louis Vuitton SA
<https://www.referenceforbusiness.com/history2/1/LVMH-Mo-t-Hennessy-Louis-Vuitton-SA.html#:~:text=In%20June%201987%2C%20a%20%244,from%20the%20threat%20of%20takeover.>
- <https://www.lvmh.com/group/about-lvmh/mission-lvmh/>
- <https://www.marketscreener.com/quote/stock/LVMH-4669/news/LVMH-Moet-Hennessy-L-V-sponsors-Ecole-Centrale-Supply-Chain-chair-20024991/>
- <https://www.yourlegalcareercoach.com/top-5-global-fashion-mergers-acquisitions-and-investments/#:~:text=LVMH%20and%20Tiffany%20%26%20Co.&text=In%202020%2C%20LVMH%20acquired%20Tiffany,luxury%20brands%20owned%20by%20LVMH.>