
A STUDY ON LOUIS VUITON'S BUSINESS STRATEGY – ONLINE STORE



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Introduction

Generally market deals with four types of goods (Principle of Marketing, Philip Kohtler). They are consumer goods, convenience goods, specialty goods, unsought goods and business goods. Many companies prefer to sell different types of goods in their marketing activities. They are targeting different types of customer segments and fulfill their needs effectively. In order to achieve their business goal, they are implementing different business strategies according to the changes of customer needs. The consumer goods are tangible products for sale that is used by a person or household. Convenience goods are those that required little effort as the part of the buyer. Specialty goods are those considered unique by the buyer who will go to great benefit to them. Unsought goods are that is not actively sought out by a customer, but it is purchased due to fear, precaution, needs, etc. Business goods sold other business as opposed to all other groups. This assignment, we provide about Louis Vuitton online store's formulation and implementation of different business strategies in their marketing activities.

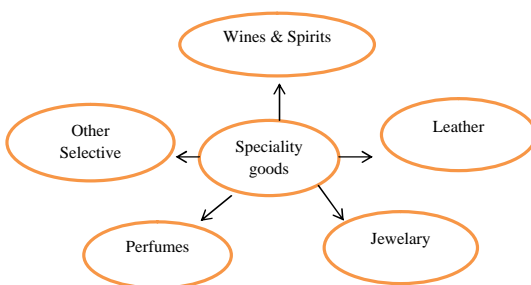
Due to internet connection the distance between the countries become narrowed and the link between the people developed, resulting the tradition, customs, attitude and behavior has changed. Due to the growth of the information technology the people from developing countries acquiring the customs of the developed countries is called demonstration effect. The customers are willing to reveal to their status, to the outsiders. These customers are ready to pay attention on the specialty goods. Louis Vuitton one the world's leading company dealing with the specialty goods and focus on the upper class customers.

Background of the Company

Louis Vuitton is one of the dominant company in the world which deals with the luxury goods to focused on socially upper class people in the world. It is funded by a French man, Mr. Louis Vuitton and he opened the shop in Paris during the year 1854, which sells handmade suitcases, leather bags during that period. Later it became a superstore which deals five categories of the products such as Wine and Spirits, Fashion and leather goods, Perfumes and Cosmetics, Watches and Jewelry products and other Selective goods. It is an exclusively selective store for luxury goods. Mr. Louis Vuitton's son Mr. George made a symbol for his products' brand as LV, it is the shorthand name of his father. During 1980's Mr. George opened many branches of Louis Vuitton shops in Paris, France. During 1987, Louis Vuitton acquired VeuveClicquot group which deals with the perfume products. In September of the same year, LV (Louis Vuitton) merged with Hennessy company and it became the world's boutique group Louis Vuitton (LVMH). In late 1996, the company celebrated the centennial of the Monogram series and invited seven designers including clothing master Mr. Marc Jacobs and the Japanese artisan Mr. Takashi Murakami for designing his colorful expression. Later years the Louis Vuitton opened its shops throughout the world. At present more than sixteen retails stores are there ant begins to start the online trading for its products. Each branch has separate websites dealing with the respective regional customers.

Main Products and Services

Louis Vuitton currently focused on socially rich customers to sell their luxury goods.



These goods are also prestigious goods which satisfy the wealthy people who do not have price sensitive. These products's demands will be increased even the time changes. Due to the growth of world population and impact of demonstration, effects and spread of media networks the usage of these is increasing. The company earns huge amounts of dollars from

the upper class wealthy people from the world.

The products are categorized into five major groups, they are;

The Wines and Spirits include the brand of Moët & Chandon, Dom Pérignon, Veuve Clicquot, Krug, Mercier, Ruinart, Chateau d'Yquem, Chateau Cheval Blanc, Hennessy, The Glenmorangie Company and Ardbeg, among others. The Fashion and Leather goods brands include Louis Vuitton, Fendi, Donna Karan, Loewe, Marc Jacobs, Celine, Kenzo, Givenchy and Thomas Pink. The Watch and Jewelry include Chaumet, Dior Watches, Fred Joaillier, TAG Heuer and Zenith International S.A. The perfumes include Parfumes Christian year, Guerlain, Parfums Givenchy, Kenzo Parfums, Aqua D Parma, BeneFit Cosmetics and Fresh. The Fashion& Leather Goods include Louis Vuitton, Fendi,

Berluti, Celine, Donna Karan, e. Luxury, Emilio Pucci, Givenchy, Kenzo, Lowe, Marc Jacobs, Sephora, StefanoBi and Thomas Pink.(ebay.com, 2015)

Corporate and Business Level Strategies Used

There are four variable for an effective marketing activity such as Product, Price, Place and Promotion, McCarthy defined as 4P's. At this level, we have evaluated the business level strategy of these variables. Louis Vuitton deals with luxury products with exclusive stores for the products.

Product and Brand Strategy

Louis Vuitton currently focused on the upper class wealthy customers to sell their luxury products. These customers are price insensitive in the market. To position a 'true' luxury brand as distinct from premium brands or fast fashion, a precise definition of the values of luxury and the particular brand are critical success factors. (Lifestyle & Sustainability- Nadine Hennigs, Klaus-Peter Wiedmann, Christiane Klarmann & Stefan Behrens). Louis Vuitton has maintained a separate identity for their products and positioning. The product strategy is, Louis Vuitton manufactures its products their own industries with trained artisans and never make the products without their trademark symbol. If the skilled artisan makes the product outside other than a Louis Vuitton workshop, the production cost of the product will be higher than the products. So, the artisans will not work outside the workshop. Louis Vuitton will not give any license to make their products outside the country. Due to this, LV maintains its technical know how and the quality of the product at a high level.

Price Strategy

Generally the consumers are demanding a lower price for their purchases in the market, this can achieved by the companies by reducing the costs or the products' quality. But, Louis Vuitton following the exorbitant pricing policies, which means charging higher price for their products. Because the luxury customer are not price sensitive, they enjoy with only high prestige, status and superiority in the society. Financially weaker section customers are not afforded to buy the luxury products and they will not go for that. Louis Vuitton follows different pricing strategies for their products quite opposite to other competitors. LV follows the proper pricing system, no chance for bargaining sales, prohibiting sales in value such as discounts, special offer or bonus. LV avoids the surprise price changes, odd prices, it considers only the prestige value of the customers.

Place Strategy

The third tool of the 4Ps (McCarthy, Marketing) is placed. Generally the companies are interested in mass marketing or aggressive selling, which covers thought the world. It may done through opens own outlets or through the dealers or distributors. But, Louis Vuitton's products are offered through only limited own outlets in the way of superstores or using the own websites. LV so far opened around sixteen outlets throughout the world. Almost all outlets are located in the prime cities of developed countries in the world. LV setup with global flagship store strategy. The flagship store image is the basis for transmitting the image to the customers to evaluate the brand's added value. The flagship store images convey its vision and mission to their customers. LV provides flawless repair service to their customers in order to raise the brand loyalty. It displaced the products under various categories such as male and female genders. Even it, websites provide all details of the products, it would be easy for the customers

to select their needs. These places are providing 360 degree angle images of the products with video visions. Generally the companies are providing free catalogues to the customers, but LV store charges for their catalogue, it makes popularity about LV's products among the wealthier customers.

Promotion Strategy

In the common practice of all business using all media for their promotional activities such as TV, Radio, News papers and Magazines. At present the audio visual tools are playing active role in advertising fields. But, Louis Vuitton never used the TV and Radio for advertising (their product and they only use the News papers and Magazines. The logic behind that, the wealthy customers spend more time on News papers and Magazines instead of TV or radio. Moreover the advertisements with News papers and magazines, the images of the products and its image will be remembered by the customers for a long time. So, LV is focusing their advertisement in News papers and magazines only. Regarding short supply of the LV products, the salesman patiently explains "our products not belongs to mass production, all our products are made by skilled artisans and it is designed by the professional designers. Moreover, these products are made by our company's workshop by using special materials", about the non-availability of the particular product as required by the customer. The salesman will inform to the repeated customer when the outlet received a particular product which is required by the customers in order to maintain the relationship marketing with those customers. If a customer visits a repairs shop, he cannot find any LV products for repairing, the repairer who does not have an idea to repair LV products. So, that LV's advertisements, position their products in the starring role," LV trunks are sold". If any firm sells their products in the markets by using LV's brand name or symbol, the LV reacts and advertise," LV does not make the particular product". This will keep alert the LV brand users. In magazines and newspapers, LV will advertise their complete product categories with images.

Conclusion

This assignment is able to reveal the Louis Vuitton's different corporate and business level strategies in the field of their products, place, price and promotion. By evaluating LV's business strategies are entirely different from other business organization, resulting their business continuously growing up. It is not possible for other business for various reasons such as mass marketing, aggressive selling, flexible management decisions, focus on different segments of customers.

In conclusion, Louis Vuitton following cutting edge and critical business strategies ultimately creates a separate identity for their brands in the minds of their customers throughout the world, these business strategies are quite opposite to other business who are in the same field.

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