A Study on the Impact of Louis Vuitton's Business Strategy

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Abstract. This paper delves into a comprehensive analysis aimed at understanding the multifaceted impact of Louis Vuitton's business strategy across its operational domains. The research is concentrated on four pivotal areas: Firstly, it scrutinizes the brand's sales performance and its evolving audience, both within physical stores and the digital realm. This includes an exploration of foot traffic patterns, an assessment of marketing methodologies, and an evaluation of the customer experience, both online and offline. Secondly, the study meticulously examines Louis Vuitton's promotional endeavors, encompassing aspects such as advertising campaigns, celebrity endorsements, and various marketing initiatives, providing insights into their contributions to brand visibility and market appeal. Thirdly, the paper delves into Louis Vuitton's adaptability and innovation in refining its product line and mix, addressing the brand's ability to respond to shifting market demands and consumer preferences. By conducting a thorough analysis of these dimensions, this study aspires to offer an in-depth understanding of the far-reaching implications of Louis Vuitton's business strategy. In doing so, it contributes to the discourse surrounding strategic management, marketing, and the dynamics of the luxury fashion industry.

Keywords: Business strategy; luxury brand; operation analysis.

1. Introduction

Louis Vuitton is a famous French luxury brand founded in 1854. The brand has a long history dating back to the design of suitcases by its founder, Mr. Louis Vuitton. LV's suitcases represent an elegant and noble way of traveling. At the time, French royalty and aristocrats were in high demand for high-quality suitcases and leather goods. Louis Vuitton founded the brand to provide high quality suitcases and luggage for the wealthy. His design philosophy was to combine practicality and exquisite craftsmanship to meet the needs of his customers. His distinctive designs featured a classic checkerboard pattern and his iconic Monogram pattern, both his logo and the checkerboard pattern became iconic elements of the LV brand. Over time, LV not only retained the design of the suitcase, but also expanded into ready-to-wear, shoes and boots, accessories and other areas, becoming a comprehensive international fashion brand. Louis Vuitton has a relatively high profile in the fashion industry, and the brand is obsessed with the quality and craftsmanship of its products. The brand's focus on producing quality products, using high quality raw materials and pursuing excellence in craftsmanship is one of the reasons for LV's popularity in the fashion market. [1] Louis Vuitton has a long history and cultural heritage. Studying LV provides insight into the trajectory of the luxury brand, the evolution of traditional craftsmanship and design styles, and the brand's interaction with society and culture. The brand has always maintained an innovative spirit in the field of design. Not only does it have a distinctive classic old-fashioned logo, but it also frequently collaborates with famous designers to launch collections. Studying the design process and strategy of LV is also useful to gain insights into the design philosophy and market positioning of the luxury brand, which has become one of the status symbols of society as it now usually represents wealth, status and luxury. Studying the reasons why people buy LV products and the psychological motives behind such consumption can reveal the role and influence of luxury in contemporary society. With the growing importance of sustainability, luxury brands are also exploring sustainable development. After all, why LV, as a luxury brand with a long history, has been able to stand among so many luxury brands for hundreds of years, so studying the direction of LV's sustainability can help to understand the trend of the luxury industry. At the same time, studying LV can help people better understand the role of
luxury brands in global culture, economy and society, and their impact on the fashion industry and consumer behavior.

2. Offline Shop

2.1. Sales Performance and Customer Experience

This paper will examine the following issues: The author will collate information about LV's offline brand shops from many sources. For example, researching the sales volume, the demographics of the audience, and the customer experience. [2] Online Flagship Stores: the author will collate data from the internet to look at and study the sales volume, audience's demographics, foot traffic and customer experience of LV's online flagship shops. Publicity: The author will also study LV's business strategy from the perspective of publicity. For example, how advertising, marketing and spokespersons are used to consolidate and enhance Louis Vuitton's luxury brand image and to attract target consumer groups. Product: From the product aspect, the author will explore how LV continuously adjusts and optimizes its product lines and product portfolio to meet market demands and consumer preferences. This paper will study the offline shops, online flagship shops, publicity and products, and draw conclusions from the research on the impact of Louis Vuitton's business strategies. [3] Louis Vuitton was a pioneer in the fine leather business in the twentieth century. With more than 460 outlets in 50 countries, it specializes in high-end goods. From 2006 to 2012, it was named the world's most established luxury goods company. Louis Vuitton has a distribution channel dedicated to the brand itself. The brand's merchandise is not available in any department stores', as the company believes in having its own shops. Louis Vuitton's highly educated salespeople are taught to be very careful with their customers. The salespeople provide respect to the brand's consumers and provide customers with personal attention to give them a good shopping experience. Because the brand has a limited number of shops, customers must visit the shop to make their selections, pick up goods, etc. Due to the shorter distribution chain, the company has reduced the number of Louis Vuitton shops and also thereby saving money.

2.2. Audience Groups

Louis Vuitton divides its customer base according to age, gender and disposable income. The brand specializes in targeting women between the ages of 18 and 54 who earn more than $75,000 a year, which means that they have a considerable amount of discretionary money. To better define their target market, Louis Vuitton uses psychographic segments such as lifestyle and reason. Demographic segmentation is a method of dividing people into groups based on age. Louis Vuitton caters to wealthy people between the ages of 16 and 80. Businessmen and women with high and disposable income. [4] Louis Vuitton divides its customers into groups based on their usage habits and heavy users are given special attention. At the time of sale, buyer information is captured and stored in a database. In order to stimulate repeat brand image and brand loyalty, heavy users are offered seasonal catalogues, as well as invitations to purchase unique product lines. Louis Vuitton also uses psychographic segmentation based on lifestyle and reasons. People in countries like China and Brazil have to show their social status and money. These customers are attracted to Louis Vuitton's status. The next group is trend setters and fashionistas. Louis Vuitton's ultimate strategy is lifestyle segmentation.

2.3. Marketing Approach

On 13 February 2023, the world's largest luxury brand Louis Vuitton announced a "20% price increase", triggering a rush of purchases, only two months after the last price increase. 2023 global price increase will be carried out by Louis Vuitton on 18 February, the rate of increase ranges from 8% to 20%, and some products have already completed the price adjustment. [5] LV price news spread the next day, China's Shanghai Hanglong, Nanjing Deji Plaza and other shopping malls are now the public "rush to buy tide", long queues offline counters, there are consumers in the online
The luxury industry has been heavily impacted by the COVID-19 crisis in 2020. The overall luxury market, encompassing both luxury goods and experiences, shrank by 23% at current exchange rates, to approximately €1 trillion globally, back to its 2015 levels. It is estimated that the market will only reach the previous peak of €1.2 trillion by 2023. After three years of silence, many brands launched discount activities to save themselves, but cannot escape the impact of the market downturn. However, there are many luxury goods that have bucked the trend and raised global pricing many times. According to incomplete statistics, LV price increases in three years nearly 10 times, every year in February price increase has been a routine operation. Prices do not stop the enthusiasm of consumers, luxury brands every time they announce price increases, almost always ushered in a "rush to buy". Overall, Louis Vuitton uses a form of hunger marketing to sell its products, i.e., by increasing prices to highlight the value-added effect of luxury goods, so that consumers are also attracted to them. Hunger marketing as used by Louis Vuitton is a marketing strategy that creates or reinforces a sense of need for a product or service in order to motivate people to take action to buy it. This strategy usually attracts consumers by creating a sense of urgency or desire, making them feel that their needs or problems can only be met by purchasing the product or service. Hunger marketing often utilizes limited time offers, exclusive rights or scarcity to stimulate consumers' desire to buy.

3. Online Flagship Shop

3.1. Traffic

According to data available on the web, Louis Vuitton has the largest number of visitors to its website, with an average of 16.5 million visitors per month. Moreover, traffic to Louis Vuitton’s website will continue to grow at a healthy rate in 2023 (25% year-on-year). [2] With the widespread coverage of wireless networks and the advent of 4G, new opportunities for digital marketing emerged. Louis Vuitton has developed an app, Louis Vuitton, through which users can scan a Louis Vuitton ad screen with the Louis Vuitton PASS app logo, and data space with product information, videos, and images will appear. By tracking the behavior of the users who install the app and mining the vast amount of data generated, Vuitton can obtain information about the needs and behavior of the users, thus allowing the brand to get closer to the consumers. Gucci’s revenue has not grown for three years since 2012, staying in the range of 3.4–3.6 billion euros.

3.2. Audience and Means to Attract Customers

Well, the specific use of online flagship shops to go shopping is usually some young people. Now is the network era, the prevalence of online shopping, and the younger generation of people than to run to the offline shops to buy more inclined to online shopping this way, because the online shopping system has been mature, what kind of style can be easily shown through the picture on the mobile phone or computer, this way is very convenient, LV has also found this, and in many areas have opened up the use of online flagship shops to consumers for shopping. Consumers to shop. [3] The luxury fashion brand Louis Vuitton, for instance, has created an efficient promotion system that includes different Chinese social media such as WeChat account, Weibo account to approach the various market needs. Louis Vuitton's official online shopping platform is essentially an add-on to the Chinese version of its official website, designed to provide customers in some cities with the ability to purchase some of its products online. However, the authors believe that Louis Vuitton's intention in naming the website "Official Flagship Store" and amplifying the "online shopping" function is to bring the brand closer to the online shoppers through the "Official Online Flagship Store" format. By naming the official flagship store, Louis Vuitton is trying to bring the brand closer to the online shoppers, or young consumers. Therefore, it can be regarded as a brand communication strategy at the marketing level, which can directly realise the sales link.

In order to cater to the preferences of the younger generation,[4] Louis Vuitton also marked the 200-year birthday of brand’s founder by releasing a mobile game entitled Louis: The Game. This
third-person adventure game allows players to direct a neotonised, wooden avatar with a face framed by flower petals through a series of whimsical meadows and charming forests, collecting two-hundred birthday candles along their way. These candles unlock a set of nostalgic postcards that provide autobiographical details about Louis’ life. Marking an important anniversary of the historic fashion house with a mobile game fuses tradition with contemporary technology, implying that Louis Vuitton’s style is timeless and can survive endless remediations. Louis Vuitton's fun adventure game format and trendy NFT card collecting experience has resulted in more than two million downloads within six months of the game's launch, successfully helping the brand to raise its voice among young circles and attracting more customers as a result.

4. Advocacy

4.1. Advertising

Advertising has a very important role to play in this day and age, and fashion brands use it to advertise and promote their products, hence the fashion brand advertisements. Advertisements are usually placed through mass media. However, when it comes to the choice of media such as magazines, outdoor advertising, TV, short videos or social media, most luxury brands now prefer to advertise in magazines, such as fashion magazines and high-end lifestyle magazines. Some even advertise in more than one leading fashion magazine for a year. Compared to TV, magazines have a small but highly segmented audience. Especially in terms of professionalism, magazines have the most concentrated and stable customer base, and are able to convey the communication elements of luxury brands in the shortest possible time to the people who really need them and are able to generate purchasing behaviour. Outdoor advertising, on the other hand, is usually placed in major streets, shopping areas or airports, which can increase the brand's exposure, but the disadvantage is that it does not guarantee that consumers will come to the shop to spend money. Magazines used to be the preferred channel for luxury brands in terms of stimulating consumer behaviour. Before the rise of short-form video software, video adverts were of course indispensable in addition to magazines. In terms of spreading brand awareness, TV spots have a significantly better reach than magazines. For this reason, almost all well-known luxury brands have produced a large number of video adverts to be placed on TV. However, with the emergence of short-form video software, these brands have put most of their focus on short-form video platforms, and LV also advertises on short-form video software such as Jieyin, which is a great way to advertise the brand's new products and so on, by using consumers to browse through the short-form video to insert adverts, or by bloggers who post their own shopping and goodies. Passers-by will browse these videos after brushing them, which achieves a publicity effect.

4.2. Endorsers

Relying on celebrity or influencer endorsements is nothing new in the world of advertising (Erdogan, 1999). About 25–30 percent of all advertising makes use of a celebrity endorser. In Asian countries, this figure increases up to 70 percent (Hussain, 2020). Thus, marketers seem to place ample of resources on celebrity enhancing their brand’s advertising efforts. Consumers have become accustomed to the advertising and marketing strategy of enterprises and brands using spokespersons to promote, expose and endorse their products. The main purpose is to enhance the popularity of the product and increase the final sales of the product through the image characteristics of the spokesperson. Louis Vuitton chooses spokespersons who are internationally or regionally known and who can perfectly present the brand's products. For example, Jackson Wang is a famous international superstar, he is also a person who loves fashion, and he often participates in many famous fashion weeks, he has a certain influence in the international fashion industry, he can enhance the brand's popularity and influence, Jackson wang's influence in the international entertainment circle can also help LV attract more attention, especially the younger generation of consumers. Moreover, as a Chinese artiste, Jackson Wang is particularly popular in the Asian market. His
endorsement can help LV expand its market share in the region. His fashionable image and association with the youth demographic make him a role model for young consumers, thus attracting more young people to buy LV products. With his large number of followers on social media, Jackson Wang’s endorsement campaign can generate a wide range of topics and discussions on major social media platforms, further increasing LV's exposure. With his dual talents in music and fashion, his partnership with LV will highlight the brand's high-end fashion image.

4.3. Events and Fashion Shows

Louis Vuitton events and fashion shows are usually organised and planned by the brand itself. These events and fashion shows are designed to showcase LV's latest fashion designs and products and to attract the attention of the target audience. LV events usually include product launches, brand celebrations, and collaborative events. These events can be held in fashion centres, high-end department stores, boutiques or specific venues in major cities around the world. During the events, LV invites media, celebrities, fashionistas and VIP customers to showcase its latest collections and creations. The LV fashion show is one of the key events organised by the brand every year. The fashion show is usually held during fashion week and LV invites some of the top fashion models and designers to showcase their latest designs. The venues for the fashion shows are usually specially designed to showcase LV's unique brand style and fashion philosophy. The clothing, accessories and styling at the fashion shows are carefully planned and designed to showcase LV's brand image and fashion trends. Overall, LV events and fashion shows are designed to promote the brand image, showcase the latest designs and attract the attention of the target audience. These events and fashion shows not only increase the brand's exposure, but also attract media coverage and social media attention, thus expanding the brand's reach and market share. At the same time, these events also provide the brand with opportunities to interact with customers and partners, strengthening the bond between the brand and its consumers.

4.4. Social Media

LV's advertising campaign is an integrated marketing strategy in which social media marketing plays an important role. [8] Social media has become an essential brand communication channel for fashion brands through interaction, engagement and personal communication. Instagram is one of the most important social media platforms for communication and marketing for the luxury fashion industry and is a key marketing tool for brand equity, brand loyalty and brand preference. This study examines how luxury fashion brands relate to their consumers on Instagram through seven quantitative variables (engagement, fans, interaction, number of likes, number of comments, number of publications and publications per day) and ten qualitative variables (account description, link analysis, quality of comments, stories, highlights, reels, photos in which they are tagged, feed, texts of publications and integration between Instagram and the webpage).

LV's marketing strategy on social media includes the following aspects: Brand Story and Values: LV communicates its unique history, heritage and luxury image to consumers by posting about its brand story and values. This helps build brand awareness and loyalty. Fashion trends and product showcases: LV uses social media platforms to showcase the latest fashion trends and product collections. They post high-quality photos and videos showcasing the design, materials and craftsmanship of their products to attract consumers' interest and desire to buy. Social interaction and user-generated content: LV encourages consumers to interact with the brand on social media, sharing their photos and stories with LV products. LV also selects user-generated content to promote, increasing the credibility and influence of the brand. Celebrity Collaborations: LV collaborates with a number of well-known celebrities, fashion bloggers and artists to promote the brand. These collaborations can increase the exposure and attraction of the brand and attract more attention and fans. Overall, LV's social media marketing strategy aims to connect with consumers in a variety of ways to convey the brand's values and luxury image, while attracting their interest and desire to buy.
5. Products

Louis Vuitton's demands on its product range are rigorous. Whereas fashion is associated with changing trends, luxury has been considered timeless, because durable materials, fine artisanship and classic design signal wealth permanence. The symbols of luxury encapsulate lasting wealth and ageless esthetics. For example, precious stones and rare metals signal that an object will retain financial value over time and classic designs signal resilience to changing tastes. The brand is constantly improving and Louis Vuitton also meets the needs of consumers and consumers by constantly improving and adjusting its product range and product portfolio. Do business better in many ways.

5.1. Market Research

LV uses market research and analysis to understand consumer needs and preferences. They collect consumer feedback, observe market trends, and cooperate with professional organisations to conduct market research to understand consumers' buying habits, preferences and needs. For example: regular consumer surveys, LV will conduct regular consumer surveys to collect consumers' opinions and feedback through questionnaires and face-to-face interviews. These surveys help LV to understand consumers' product preferences, buying habits, price sensitivity and other information. Analyse market trends and competitors, LV will pay close attention to market trends and competitors' dynamics. By analysing market data and competitors' product lines, LV can understand emerging trends in the market and consumers' preferences, so as to adjust its product portfolio. Conduct focus group research, LV will conduct in-depth research on specific consumer groups, such as young people and high-end consumers. By interacting and communicating with these groups, LV can better understand their needs and preferences, and thus launch products that are more in line with their tastes. Cooperation with sales channels, LV cooperates with its sales channels, such as high-end department stores and boutiques, to understand consumers' purchasing behaviours and preferences through communication and feedback from sales staff, so as to adjust its product lines and portfolio. By conducting regular consumer surveys, analysing market trends and competitors, conducting focus group research, utilising social media and digital platforms, and collaborating with sales channels, LV continuously understands consumer needs and preferences in order to satisfy consumers' needs and maintain its competitiveness in the luxury market.

5.2. Product Innovation and Portfolio Adjustment

LV will carry out product innovation and development based on the results of market research. They will introduce new styles, materials and designs to meet consumers' needs for fashion and personalisation. LV also focuses on environmental and sustainability trends and introduces products that are in line with consumer values. LV also adjusts its product portfolio according to market demand and consumer preferences. They will launch different collections of products, such as handbags, shoes and accessories, according to the needs of different consumer groups. They also adjust their product portfolio according to seasonal and fashion trends to meet consumers' demand for diversified choices.

5.3. Issuing Special Products

From time to time, LV collaborates with other brands or designers to release co-branded products. Advancing prior research in the domain, people demonstrate that co-branding is a viable strategy for luxury brands wishing to expand to the mass prestige market, without losing its prestige and desirability which are enduring features for luxury brands. Such co-operation can attract more consumers and satisfy the needs and preferences of different consumers. LV also often releases limited edition products to satisfy consumers' pursuit of uniqueness and scarcity. These limited edition products usually feature unique designs and materials, attracting the attention and purchase desire of many consumers. In order to satisfy consumers' demand for personalisation, LV also provides
customisation services for consumers. Consumers can customise their own unique LV products by choosing materials, colours and patterns according to their own preferences and needs. This kind of personalised service can better meet consumers' needs. In conclusion, LV continuously adjusts its product line and product portfolio to meet consumer needs through market research, product innovation, product portfolio adjustment and co-operation and co-branding, issuance of limited edition products and customisation services.

6. Conclusion

This paper mainly studies the business strategy of Louis Vuitton. Conduct research from offline stores, online flagship stores, publicity and products. Through research on Louis Vuitton's sales performance, customer experience, audience groups and marketing methods, the author concluded that Louis Vuitton has exclusive distribution channels for the brand, and its sales staff are highly educated, providing customers with service guarantees. Let customers choose products with confidence and get a good manual service experience at the same time. Louis Vuitton also has audience segmentation, which allows the brand to divide different people into different consumer groups, push products to consumers in a better way, and so on. Louis Vuitton mainly uses hunger marketing as a marketing method in offline stores to attract consumer groups and make customers want to buy products. Online flagship store, Louis Vuitton has developed and operated its own online flagship store. Different countries have corresponding e-commerce platforms. This is a very convenient way, and it has also brought a lot to Louis Vuitton. Nice payoff. Of course, in order to make the brand more famous and attract more customers, Louis Vuitton also created a mobile game. The brand uses this interesting form to attract more customers. In terms of publicity, the author conducts analysis through four methods: advertising, spokespersons, events and fashion shows, and social media. For example, Louis Vuitton will use magazines, outdoor advertising, TV, short videos, etc. to promote its products. Of course, spokespersons are also very important. The author uses the famous international superstar Jackson Wang as an example. Events and fashion shows are an important part of Louis Vuitton's annual promotion of the brand's new products. The brand invites celebrities, high-end customers, designers, etc. to participate in events and promote them. Social media is a very popular way of promotion now, such as Instagram and other social platforms. Louis Vuitton brings sufficient exposure to the brand by publishing relevant information, establishes connections with consumers, and conveys the brand's message. Image, colleagues attract consumers' interest and desire to purchase. Louis Vuitton also has very strict product requirements. The brand uses market research to understand consumer needs and preferences. It collects consumer feedback, observes market trends, and cooperates with professional institutions to conduct market research. The brand will also study competitors, conduct comparisons, and improve its products to meet consumer needs. Louis Vuitton will also regularly adjust its product portfolio and carry out more innovations and improvements. The brand will release special products to attract more consumers. For example, cooperate with designers or other brands to launch co-branded products. There are also limited edition product releases, which can satisfy consumers' pursuit of uniqueness and scarcity. In order to meet the personal needs of more consumers, Louis Vuitton has also launched customization services to customize unique products for consumers.

To sum up, the author analyzes the business strategy of Louis Vuitton, a luxury brand, through the above methods.

References


