



# Louis Vuitton

B U S I N E S S   P L A N

# Who are we ?

A French luxury fashion house and company founded in 1854 by Louis Vuitton. The label's LV monogram appears on most of its products, ranging from luxury bags and leather goods to ready to wear shoes, perfumes , watched jewellery, accessories, sunglasses and books.





# Company Overview

One of the world's leading international fashion houses. sells its products through standalone boutiques, lease departments in high -end departmental stores and through e-commerce section of its website

# Opportunity

- **Expansion into new markets** – Louis Vuitton has successfully expanded into new markets, particularly in Asia, where there is a growing demand for luxury goods.
- **Diversification of product offerings** – Louis Vuitton has expanded its product offerings beyond just leather goods to include ready-to-wear clothing, shoes, jewelry, and other luxury products.
- **Strong brand image** – Louis Vuitton has built a strong brand image and reputation, which has helped the company attract new customers and retain its existing ones.
- **Digital presence** – Louis Vuitton has made significant investments in its digital presence, which has helped the brand reach a wider audience and drive sales.
- **Collaborations with celebrities and influencers** – Louis Vuitton has successfully leveraged collaborations with celebrities and influencers to increase brand visibility and awareness.

# Vision And Mission

## MISSION

The mission of the LVMH group is to represent the most refined qualities of Western "Art de Vivre" around the world. 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.

## VISION

LVMH has successfully preserved a family spirit that places priority on long-term vision. The Group's vocation is to ensure the development of each of its Houses while respecting their identities and their autonomy, providing the resources needed to create, produce and market their products and services through carefully selected channels. The three fundamental values articulated by Bernard Arnault are shared by every member of LVMH. These three imperatives inspire excellence and constitute the pillars of our performance and long-term success.



Redefining luxury.

---

WE THINK OUTSIDE THE BOX

# Market Analysis

## TARGET MARKET

**Demographic segmentation :** Louis Vuitton's target market consists of individuals who have a higher income and thus they have found that the higher the income of an individual, the higher the propensity to purchase luxury goods. .

**Geographic segmentation:** This segmentation will help the brand to do better positioning by enhancing its status symbols in its wealthy market such as China, Japan, India and other developing countries.



## CONSUMER BEHAVIOUR

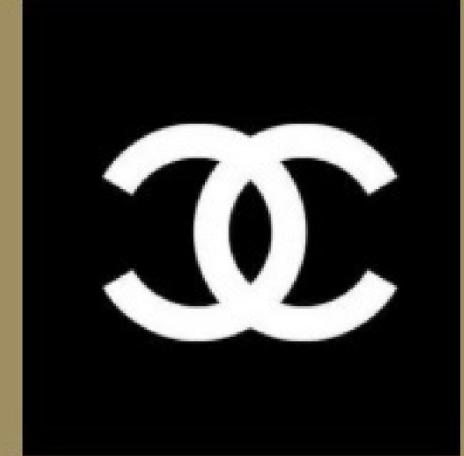
**Problem recognition stage**

**Information search**

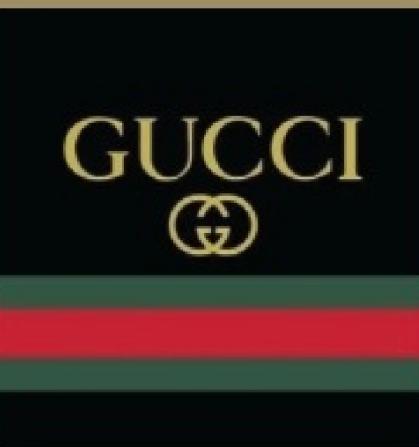
**Evaluating and selecting alternatives**

**Outlet selection and product**

**Post purchase process**



# Competitor Analysis



## COMPETITOR ANALYSIS

**HERMES:** It is well-known for their portfolio which produces about 14 products like ties, scarves, leather goods, apparel for men and women, jewelry, perfume, gloves, watches, footwear, tableware, and decorative items.

**GUCCI:** The brand of Gucci is ranked 38th in the world during the year 2015. The products of Gucci are of highest quality and it is the most luxurious items in the fashion market. Very few companies match the standards of Gucci in the fashion world.

**PRADA:** Prada is a leading player in the world of luxury. It is located in Italy. Their portfolio includes manufacturing various products like clothing, fashion accessories, cosmetics, jewelry, perfumes, and handbags. Prada has powerful skilled employees to take up the experimentation of various products

**CHANNEL:** has a total brand value of \$7 billion. It is ranked 80th among the world's most valuable brand. It is popular for its comfortable and functional clothes that carry a perfect style. Due to their brand value and various products, Chanel is considered one of the top luxury brands in the world.

# SWOT

## STRENGTHS

- Rich history and culture
- Superior craftsmanship
- Exclusivity
- Brand awareness
- Top celebrity endorsements

## WEAKNESSES

- Somewhat limited customer base
- Exorbitant

## OPPORTUNITIES

- Growing customer base in other countries
- Market expansion
- Continuous innovation

## THREATS

- Counterfeiting
- Resell Market
- Increased competition from new brands



## Environmental Scan

**SOCIOLOGICAL:** The luxury buyers are shifting to a different direction that Louis Vuitton was not expecting. Logo-free pieces is shared by a growing number of wealthy shoppers, who prefer to search for unique, hard to find pieces instead of highly recognizable handbags from big recognisable brands

**TECHNOLOGICAL:** Luxury is a synonym with Louis Vuitton and needs to serve like so. We live in a world where technology reflects purchasing power and exclusivity. In 2017 Louis Vuitton wanted to reflect their traveler's heritage with the release of the Tambour Smart Watch and the Horizon Earphones because they travel with you.

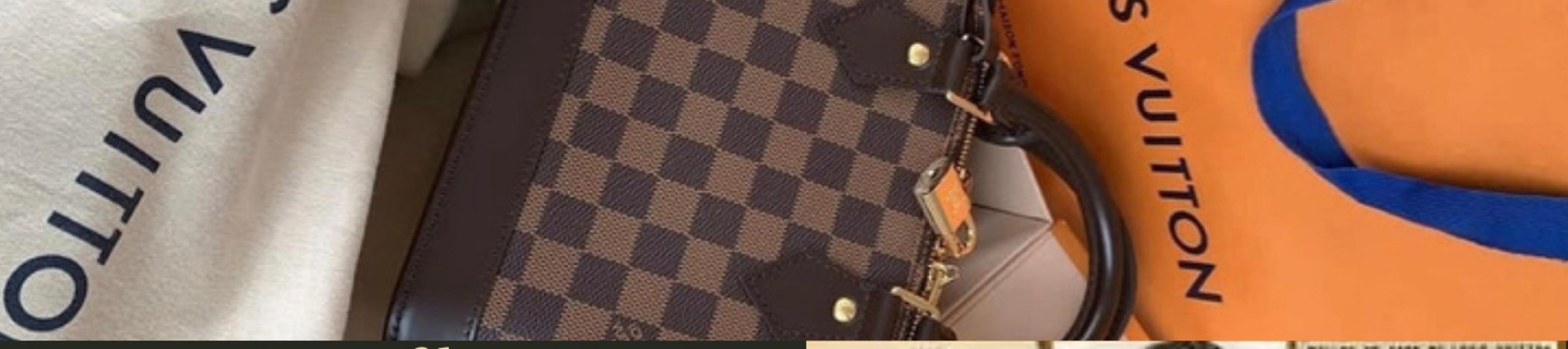
**ECONOMIC:** Despite a noisy year in global stock markets and trade tensions. There is only one branch of the world economy that came out of 2018 literally unscathed: the luxury goods sector. LVMH, the world's largest luxury conglomerate, posted a record revenue of \$53.4 billion, this was a 9% increase from 2017. 18% of the sales, which are \$9.6 billion, were net profits.

**ECOLOGICAL:** Louis Vuitton is in the process of implementing a responsible sourcing program for all raw materials. In 2018, Louis Vuitton reached the LIFE 2020 target of 70% of leather goods tanneries becoming Leather Working Group certified. At the same time, the House's jewelry activities have obtained the Responsible Jewelry Council certification, and diamonds are certified by Kimberley Process as conflict free.

**POLITICAL:** Louis Vuitton is just finishing their new factory in the U.S outside of Fort Worth, Texas. A large ranch just outside of Keene, about 28 miles south of downtown Fort Worth, has been purchased by Louis Vuitton for construction of a leather goods workshop to make luggage and purses.

**LEGAL:** In January 2016 LVMH lost for the first time in the District Court. Louis Vuitton filed formal claims for trademark dilution, violation of fair use, trademark infringement and copyright infringement, against My Other Bag.

**ETHICAL:** Louis Vuitton views protecting the environment as not simply an obligation, but as source of competitiveness. Vuitton's success over the years has depended directly on preserving and respecting the natural resources they use to make their products. Taking environmental factors into account in their production processes makes their products more reliable and appealing for consumers. As well as setting the example for their competitors.



# Economics of business

## Louis Vuitton's E-commerce Revenue Model

- The companies e-commerce revenue model is strictly the sale of its leather goods.
- Louis Vuitton's site brings in as much money as some of its biggest bricks-and-mortar shops, according to the firm's communications director Antoine Arnault.
- LVMH is very selective of the sales figures they post on their corporate site, making it difficult to determine the exact profit earned from its EC channel. However, on April 18, 2012 the company posted its earnings from the first Quarter of 2012.
- The group's revenue (for the LVMH conglomerate) was up an astonishing 25 percent in Q1, totaling a healthy \$8.6 billion.



# Marketing plan of Louis Vuitton

## PRODUCT STRATEGY

Louis Vuitton is a premium luxury brand that sells finest products. It makes 100% pure leather products and pays utmost care to not let be the designs and make of the product easily imitable. Louis Vuitton has consciously chosen to only make handmade products and not make machine made. The company hires finest craftsmen and ensures that the product is completely unique.

## PRICING STRATEGY

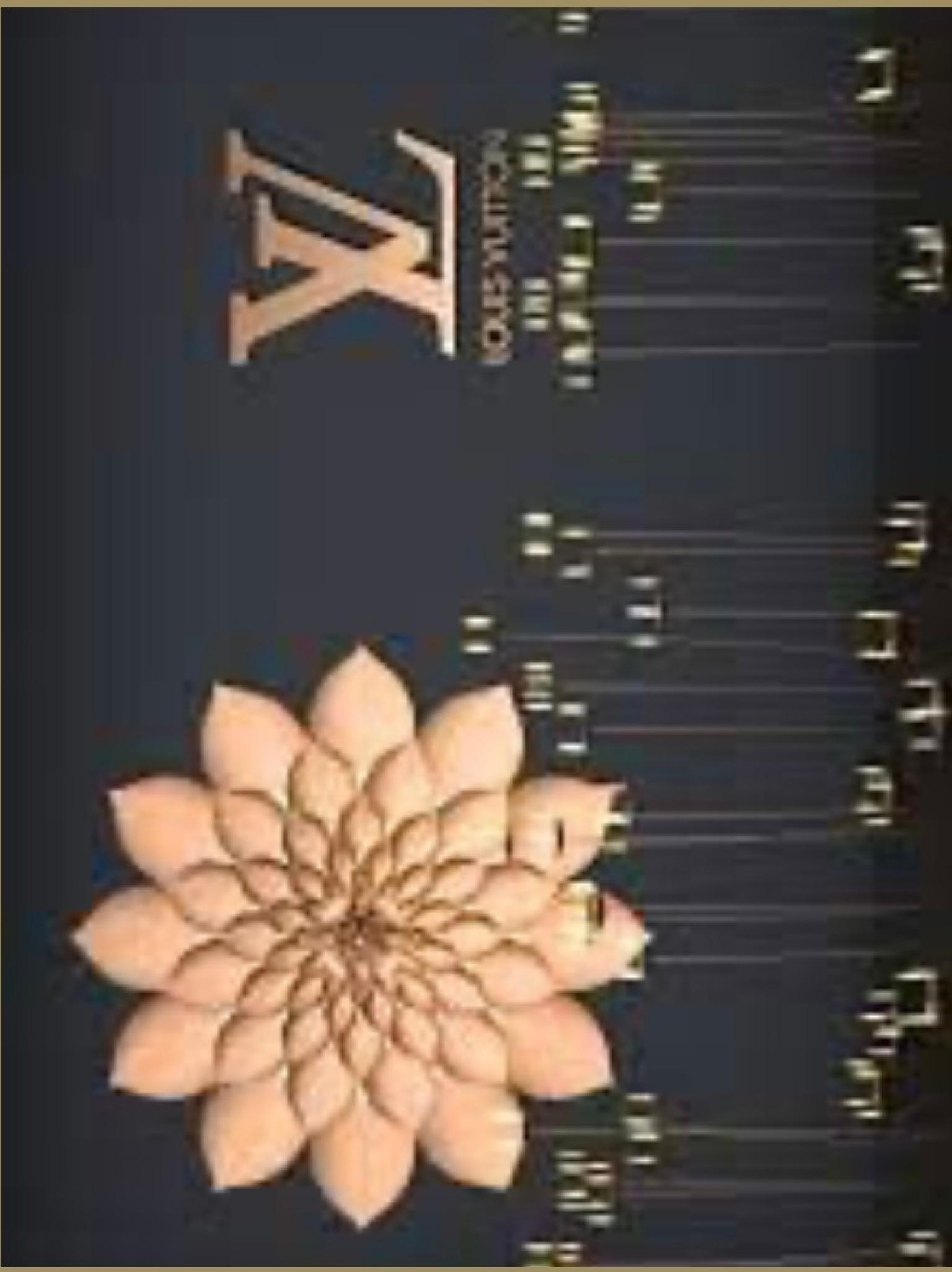
Louis Vuitton uses value based pricing in its marketing mix for its products. Since customers perceive the company's products as high value products, the customers are willing to pay the amount.

## PLACE AND DISTRIBUTION

Their products are not sold at any departmental stores. The company believes in having their own stores. Louis Vuitton have their highly specialized sales persons trained to treat their customers with utmost care. They treat their customers with high warmth and provide personalised attention.

## PROMOTION AND ADVERTISEMENTS

Louis Vuitton employs famous musicians, actors and models in their marketing campaigns. Some of the well-known personalities who have been associated with the brand are Jennifer Lopez, Kate Moss, etc. Louis Vuitton Is a luxury brand and hence the celebrities make a better emotional connect with the celebrities.

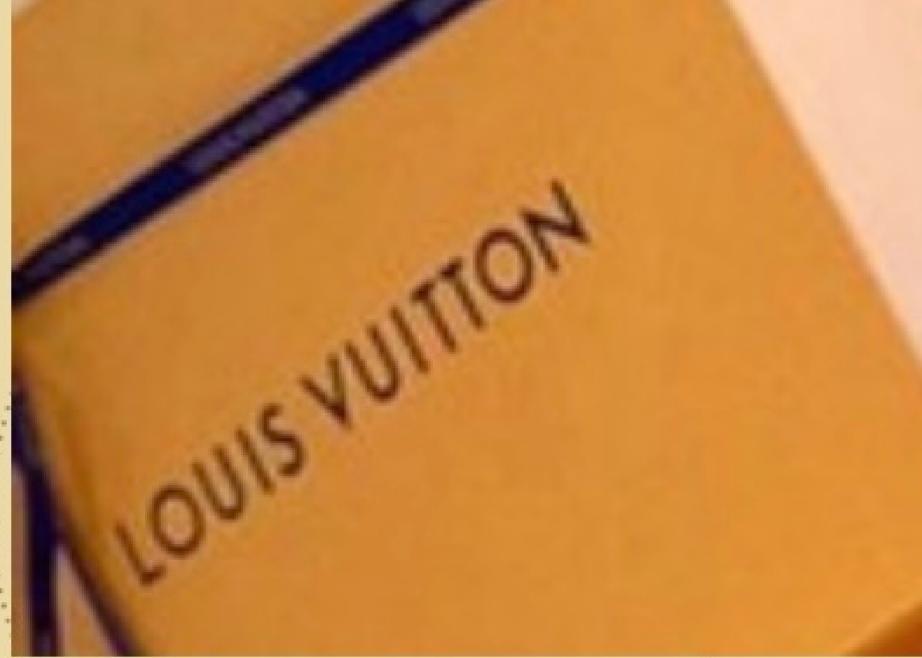


## DESIGN AND DEVELOPMENT

The design depicted a Japanese-inspired flower motif, chiefly created to prevent any duplicity of the Parisian company's designer luggage. This iconic LV logo has now become synonymous with class, comfort, grandeur and luxury.

# Organizational feasibility

## BUSINESS MODEL



Louis Vuitton, a luxury fashion brand and a subsidiary of the LVMH Group, operates under a compelling and effective business model. Utilizing the Business Model Canvas framework, we can dissect the company's success into these nine elements:

- 1. Value Proposition**
- 2. Customer Segments**
- 3. Channels**
- 4. Customer Relationship**
- 5. Revenue Streams**
- 6. Key Resources**
- 7. Key Activities**
- 8. Key Partners**
- 9. Cost Structure**



# FINANCIALPLAN

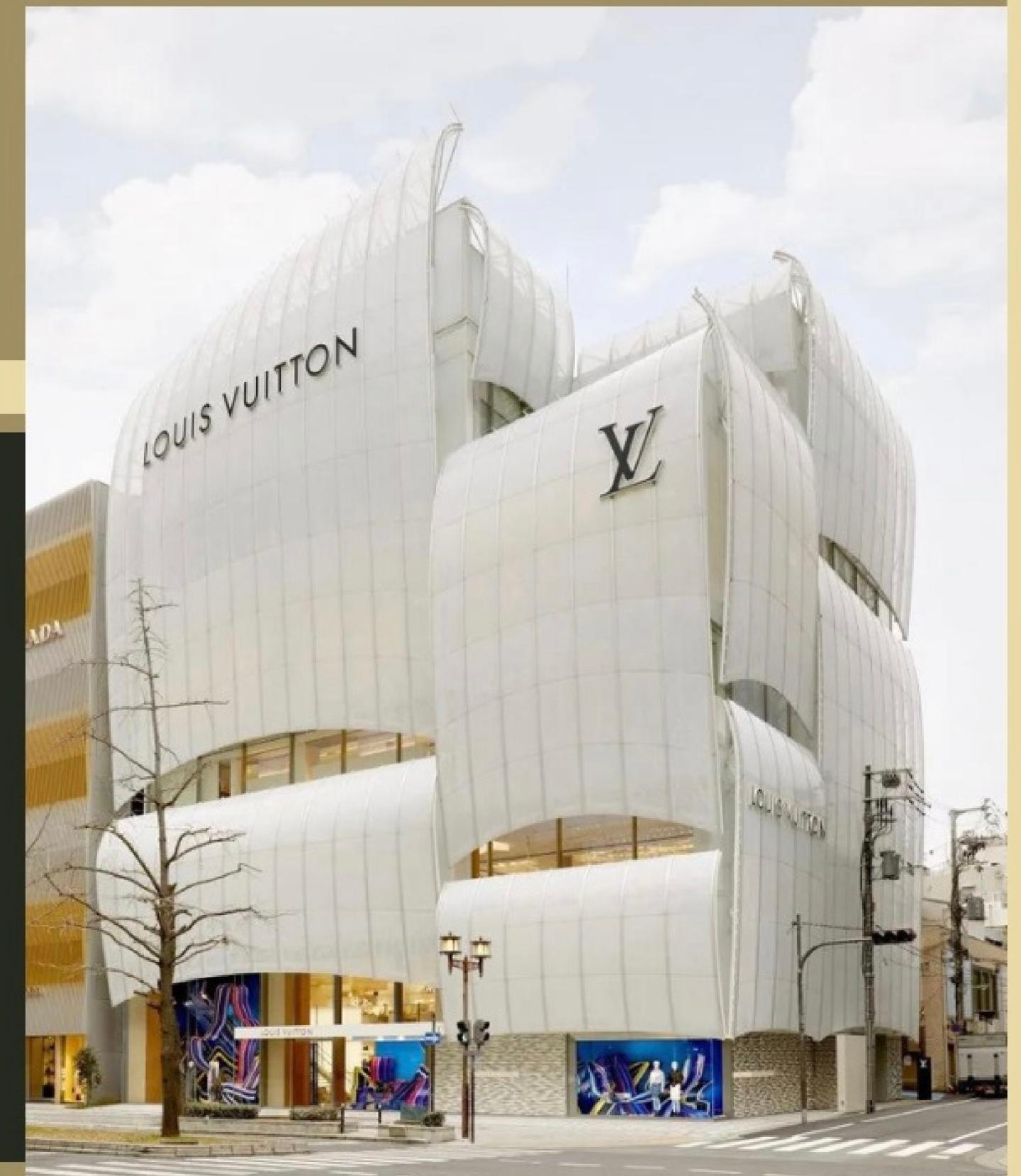
## HIGHLIGHTS OF 2022

- AN EXCELLENT FIRST HALF IN A STILL DISRUPTED ENVIRONMENT,
- DOUBLE-DIGIT ORGANIC REVENUE GROWTH FOR ALL BUSINESS GROUPS,
- STRONG GROWTH IN EUROPE, JAPAN AND THE UNITED STATES,
  - EXCEPTIONAL MOMENTUM IN CHAMPAGNE AND COGNAC,
- REMARKABLE PERFORMANCE BY THE FASHION & LEATHER GOODS BUSINESS GROUP, PARTICULARLY LOUIS VUITTON, CHRISTIAN DIOR, FENDI, CELINE, LORO PIANA AND LOEWE, WHICH GAINED MARKET SHARE ACROSS THE BOARD AND ACHIEVED NEW RECORD HIGHS FOR PROFITABILITY,



# MANUFACTURING BUDGET

1. MATERIAL AND FABRIC COSTS
2. LABOUR COST
3. PRODUCTION FACILITIES
4. QUALITY CONTROL
5. RESEARCH AND DEVELOPMENT
6. LOGISTICS AND MANAGEMENT
7. MARKETING AND BRANDING
8. MISCELLANEOUS COSTS



# SOURCE OF FUNDING

1. SALES REVENUE
2. LVMH GROUP
3. INVESTORS
4. DEBT FINANCING
5. LICENSING AND COLLABORATIONS
6. RETAIL STORES



# INCOME STATEMENTS

## CONSOLIDATED INCOME STATEMENT

(EUR millions, except for earnings per share)	Notes	June 30, 2022	Dec. 31, 2021	June 30, 2021 <sup>(1)</sup>
<b>Revenue</b>	24	<b>36,729</b>	<b>64,215</b>	<b>28,665</b>
Cost of sales		(11,418)	(20,355)	(9,107)
<b>Gross margin</b>		<b>25,311</b>	<b>43,860</b>	<b>19,558</b>
Marketing and selling expenses		(12,701)	(22,308)	(9,808)
General and administrative expenses		(2,378)	(4,414)	(2,108)
Income/(Loss) from joint ventures and associates	8	3	13	(21)
<b>Profit from recurring operations</b>	24	<b>10,235</b>	<b>17,151</b>	<b>7,621</b>
Other operating income and expenses	25	(108)	4	(34)
<b>Operating profit</b>		<b>10,127</b>	<b>17,155</b>	<b>7,587</b>
Cost of net financial debt		2	41	22
Interest on lease liabilities		(116)	(242)	(127)
Other financial income and expenses		(684)	254	117
<b>Net financial income/(expense)</b>	26	<b>(798)</b>	<b>53</b>	<b>12</b>
Income taxes	27	(2,385)	(4,510)	(2,012)
<b>Net profit before minority interests</b>		<b>6,944</b>	<b>12,698</b>	<b>5,587</b>
Minority interests	18	(412)	(662)	(287)
<b>Net profit, Group share</b>		<b>6,532</b>	<b>12,036</b>	<b>5,300</b>
<b>Basic Group share of net earnings per share (EUR)</b>	28	<b>12.99</b>	<b>23.90</b>	<b>10.52</b>
Number of shares on which the calculation is based		502,671,209	503,627,708	503,791,062
<b>Diluted Group share of net earnings per share (EUR)</b>	28	<b>12.99</b>	<b>23.89</b>	<b>10.52</b>
Number of shares on which the calculation is based		503,023,246	503,895,592	504,030,160

## CONSOLIDATED BALANCE SHEET

Assets (EUR millions)	Notes	June 30, 2022	Dec. 31, 2021	June 30, 2021 <sup>(1)</sup>
Brands and other intangible assets	3	25,429	24,551	23,345
Goodwill	4	25,551	25,904	25,629
Property, plant and equipment	5	21,341	20,193	19,399
Right-of-use assets	7	14,555	13,705	13,897
Investments in joint ventures and associates	8	1,133	1,084	974
Non-current available for sale financial assets	9	1,320	1,363	980
Other non-current assets	10	1,168	1,054	967
Deferred tax		3,721	3,156	2,899
<b>Non-current assets</b>		<b>94,018</b>	<b>91,010</b>	<b>88,090</b>
Inventories and work in progress	11	16,920	16,549	15,832
Trade accounts receivable	12	4,078	3,767	2,951
Income taxes		536	338	355
Other current assets	13	5,858	5,606	4,067
Cash and cash equivalents	15	7,899	8,021	7,230
<b>Current assets</b>		<b>37,291</b>	<b>34,301</b>	<b>30,435</b>
<b>Total assets</b>		<b>131,309</b>	<b>125,311</b>	<b>118,525</b>
<b>Liabilities and equity (EUR millions)</b>	Notes	<b>June 30, 2022</b>	<b>Dec. 31, 2021</b>	<b>June 30, 2021<sup>(1)</sup></b>
Equity, Group share	16.1	50,754	47,119	41,194
Minority interests	18	1,959	1,790	1,431
<b>Equity</b>		<b>52,713</b>	<b>48,909</b>	<b>42,625</b>
Long-term borrowings	19	10,520	12,165	12,147
Non-current lease liabilities	7	12,612	11,887	11,998
Non-current provisions and other liabilities	20	3,770	3,980	3,652
Deferred tax		6,962	6,704	7,196
Purchase commitments for minority interests' shares	21	12,778	13,677	12,987
<b>Non-current liabilities</b>		<b>46,662</b>	<b>48,413</b>	<b>47,980</b>
Short-term borrowings	19	11,024	8,075	12,111
Current lease liabilities	7	2,659	2,387	2,381
Trade accounts payable	22.1	7,569	7,086	5,661
Income taxes		1,396	1,267	979
Current provisions and other liabilities	22.2	9,286	9,174	6,788
<b>Current liabilities</b>		<b>31,934</b>	<b>27,989</b>	<b>27,920</b>
<b>Total liabilities and equity</b>		<b>131,309</b>	<b>125,311</b>	<b>118,525</b>

## CONSOLIDATED CASH FLOW STATEMENT

(EUR millions)	Notes	June 30, 2022	Dec. 31, 2021	June 30, 2021 <sup>(1)</sup>
<b>I. OPERATING ACTIVITIES</b>				
Operating profit			10,127	17,155
(Income)/loss and dividends received from joint ventures and associates	8	1	41	26
Net increase in depreciation, amortization and provisions			1,556	3,139
Depreciation of right-of-use assets	7.1		1,450	2,691
Other adjustments and computed expenses			(202)	(405)
<b>Cash from operations before changes in working capital</b>		<b>12,932</b>	<b>22,621</b>	<b>10,137</b>
Cost of net financial debt: interest paid			(24)	71
Lease liabilities: interest paid			(113)	(231)
Tax paid			(2,638)	(4,239)
Change in working capital	15.2		(2,891)	426
<b>Net cash from/(used in) operating activities</b>		<b>7,266</b>	<b>18,648</b>	<b>7,682</b>
<b>II. INVESTING ACTIVITIES</b>				
Operating investments	15.3		(1,882)	(2,664)
Purchase and proceeds from sale of consolidated investments	2		(38)	(13,226)
Dividends received			1	10
Tax paid related to non-current available for sale financial assets and consolidated investments			-	-
Purchase and proceeds from sale of non-current available for sale financial assets	9		(125)	(99)
<b>Net cash from/(used in) investing activities</b>		<b>(2,044)</b>	<b>(15,979)</b>	<b>(13,984)</b>
<b>III. FINANCING ACTIVITIES</b>				
Interim and final dividends paid	15.4		(4,039)	(4,161)
Purchase and proceeds from sale of minority interests			(211)	(435)
Other equity-related transactions	15.4		(916)	(552)
Proceeds from borrowings	19		4,323	251
Repayment of borrowings	19		(3,267)	(6,413)
Repayment of lease liabilities	7.2		(1,338)	(2,453)
Purchase and proceeds from sale of current available for sale financial assets	14		(386)	(1,393)
<b>Net cash from/(used in) financing activities</b>		<b>(5,834)</b>	<b>(15,156)</b>	<b>(6,717)</b>
<b>IV. EFFECT OF EXCHANGE RATE CHANGES</b>			294	498
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (I+II+III+IV)</b>		<b>(318)</b>	<b>(11,989)</b>	<b>(12,894)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	15.1	<b>7,817</b>	<b>19,806</b>	<b>19,806</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	15.1	<b>7,499</b>	<b>7,817</b>	<b>6,912</b>
<b>TOTAL TAX PAID</b>		<b>(2,880)</b>	<b>(4,464)</b>	<b>(1,660)</b>

### Alternative performance measure

The following table presents the reconciliation between "Net cash from operating activities" and "Operating free cash flow" for the periods presented:

(EUR millions)	June 30, 2022	Dec. 31, 2021	June 30, 2021 <sup>(1)</sup>
Net cash from operating activities	7,266	18,648	7,682
Operating investments		(1,882)	(2,664)
Repayment of lease liabilities		(1,338)	(2,453)
<b>Operating free cash flow<sup>(a)</sup></b>	<b>4,046</b>	<b>13,531</b>	<b>5,299</b>

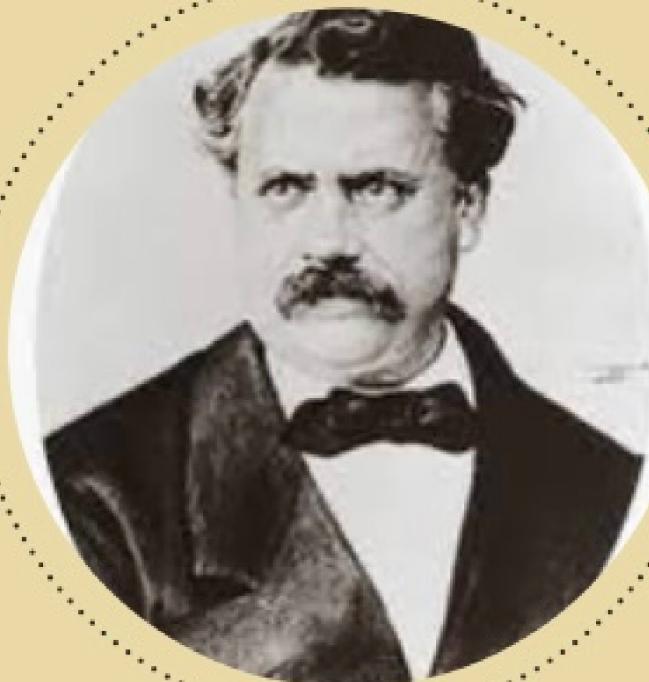
(a) Under IFRS 16, fixed lease payments are treated partly as interest payments and partly as principal repayments. For its own operational management purposes, the Group treats all lease payments as components of its "Operating free cash flow", whether the lease payments made are fixed or variable. In addition, for its own operational management purposes, the Group treats operating investments as components of its "Operating free cash flow".

(1) The financial statements as of June 30, 2021 have been restated to reflect the impact of the final allocation of the purchase price of Tiffany. See Note 2.

# Meet the Team

---

THE PEOPLE BEHIND SUCCESS



LOUIS VUITTON

Founder



BERNARD  
ARNAULT

Chairman & CEO



PHARRELL  
WILLIAMS

Creative director

## Contact Us

WE'RE JUST A PHONE  
CALL AWAY.



### IMPORTER ADDRESS

Louis Vuitton India Retail Private Limited  
901A Ninth Floor, Time Tower, MG Road  
Gurgaon, Haryana - 122002  
INDIA



### EMAIL ADDRESS

@contact.louisvuitton.com



### PHONE NUMBER

tel:1800 103 9988

“

Quality life in  
every era

LOUIS VUITTON

