

Research on Luxury Goods Manufacturing

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Luxury Goods Manufacturing (The House of Hermès)



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Introduction

Luxury has been around for thousands of years. It was used to show the status of a person. It first appeared in ancient Egypt where Jewelry, fragrances, hues, and artistic sensibilities were expressed and manifested through exquisite ornaments and symbolic figurines. At the end of World War II, economic recovery and increased consumer spending led to a rise in demand for luxury goods.

Luxury good manufacturing is a process where high-end products that are exclusive, prestigious and usually limited edition are produced and sold in the market at a higher price. Luxury products mostly use high-end materials, including exquisite leather, precious metals and premium fabrics, all of which can substantially elevate production costs.

Hermès

Thierry Hermès founded Hermès company in 1837. It was founded with the intention of providing leather gears to the nobleman. Over a period of time, the company has extended its reputation by entering into strategic collaborations with specific players and also its suppliers in the ultra-luxury segment.

Hermès holds a prominent position in the luxury market. Its blend of storied heritage, exceptional craftsmanship, meticulous attention to detail, and unwavering commitment to quality and professionalism throughout the manufacturing process establishes Hermès as a leader in the fiercely competitive realm of luxury goods.

Hermès products are split into the following categories – leather goods and saddlery, men's and women's ready-to-wear and accessories (including footwear, belts, gloves, hats, etc.), silks and textiles, fragrances, watches, and other products (including jewelry, furniture, home accessories and furnishing, tableware, and sporting accessories). The company's brand strategy is consistent across each and every one of these product categories in which it has a presence. They bring the exclusiveness in every single product.

Key players in Luxury Goods Manufacturing and What they do(Hermès)

In luxury goods manufacturing, we have a vast amount of key players that are essential to the ecosystem. The key players in Hermès are working in chains, from making the materials to making the final products and distributing them. Most of the key players are the following.

1. **Material sourcing and Suppliers:** Factories and institutions that are responsible for the luxury items to be produced with. They bring high-quality materials, such as fine textiles, leathers, and precious metals, that are essential for luxury items.
2. **Artisans and Craftspeople:** Craftspeople who create Hermès products, known for their exceptional skills in leatherworking, textile production, and craftsmanship.
3. **Designers:** They are creative and fashion designers in charge of developing new product lines and maintaining the brand's aesthetic and innovation.
4. **Brand Managers:** Incharge of developing and implementing strategies to promote their brand and maintain the prestigious image. In Hermès
5. **Retailers:** Outlets that sell luxury goods, providing a curated shopping experience to high-end consumers. Hermès boutiques are designed to provide a luxurious shopping experience, emphasizing the brand's heritage and craftsmanship.
6. **Logistics and Distribution:** Also called the Supply Chain Managers. These are professionals overseeing the transportation and distribution of luxury products, ensuring they reach retailers and customers efficiently.
7. **Quality Control Inspectors:** Hermès takes a huge pride in this particular area. According to Hermès, each and every product coming out under the brand's name should reflect the hard work put into it by the artisan. Till today, Creative Director Pierre-Alexis Dumas signs off on every single

Hermès product before it leaves the workshop, showing the company's unwavering commitment to the highest quality.

8. **Consumers:** Consumers here include high-net-worth individuals, luxury collectors, fashion enthusiasts, celebrities and influencers, corporate executives, affluent tourists, art and culture aficionados, status-driven consumers and more who are demographics who value unique, high-quality items.
9. **Investors and Shareholders:** Individuals or entities that invest in luxury brands, impacting corporate governance and strategic initiatives. Hermès has attracted high-profile investors and stakeholders over the years. Including LVMH Moët Hennessy Louis Vuitton, wealth management firms and private equity firms.

Challenges in luxury goods manufacturing and Hermès

- **counterfeit goods:** High-end brands like Hermès, Louis Vuitton, and Gucci are frequent targets, with counterfeit bags, clothing, and accessories being common.
- **Digital Transformation:** While brands Hermès is actively pursuing digital transformation, they face challenges with maintaining the brand's heritage and prestige while embracing modern digital practices can be difficult. There may be resistance from traditionalists within the companies.
- **Brand Exclusivity vs. Accessibility:** With a growing demand for luxury goods manufacturing, especially iconic items like the Birkin bag, the brand faces pressure to produce more. However, increasing production could dilute the exclusivity that defines its luxury status.
- **Allegations of exploitative working practices:** Allegations have surfaced regarding inadequate pay for couriers, As consumers increasingly prioritize sustainability and ethical practices, Hermès faces scrutiny over its sourcing methods, particularly concerning animal welfare in its leather production.

- **Sustainability Concerns:** Increasing consumer demand for sustainable and ethical practices puts pressure on Hermès to ensure responsible sourcing and production methods.

Possible Solution for Digital Transformation in Hermès

Hermès takes pride in providing a luxurious shopping experience for their customers and digital transformation makes the shop experience extremely difficult to apply. With digital growing at this rate and people choosing to do purchasing online, Hermès exclusivity strategies and ways may come to an end, but by hosting hybrid events that offer both in-person and virtual participation, such as product launches, fashion shows, or workshops and Employ top-tier UI/UX experts who specialize in luxury brand experiences to create a digital interface that mirrors the opulence of Hermès.

Conclusion

Luxury goods manufacturing should not only bring exclusiveness to the table but the quality and brands who take pride in that should update their ways with the growing digital landscape and evolving expectation even better, they should go two steps before.

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