The challenge and opportunity of LV under the pandemic and its future sustainability strategy

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Abstract. The novel Coronavirus pneumonia pandemic that began in early 2020 is still ongoing, resulting in great restrictions on international trade and heavy losses in the world economy. The shrinking income and rising unemployment rate have led to a serious decline in the market demand for luxury goods, and people's choice and pursuit of goods are more cost-effective and practical. In this era, the offline retail of luxury brands will inevitably be severely impacted. However, with the strong recovery of the luxury market in 2021, especially in Chinese mainland, the luxury industry has unprecedented potential, so the luxury brands such as LV will usher in new challenges and opportunities. Even with the sudden outbreak of COVID-19 and the dismal sales of major brands in the past two years, LV has become one of the most resilient luxury brands under the pandemic by virtue of its brand image and marketing management. The measure it did in the post-pandemic era provides luxury brands with a reference. Therefore, the purpose of this study is the future prospects of the luxury industry and how LV will respond with this prospect, and also its future sustainable development under the pandemic. This paper analyses the future environment of the luxury industry in China and to provide some recommends to the transformation in various approaches to achieve sustainable development. The article will conduct a PEST analysis of the current luxury environment, and the port five-force analysis of the industry, aiming to explore and study the future development of luxury goods.

Keywords: Pandemic era; LV; Luxury Brands; COVID-19.

1. Introduction

LOUIS VUITTON from Paris more than 100 years ago, abbreviated as "LV". LV leather goods including all kinds of leather bags, clothing, perfume, silk scarves, wallet, shoes, pens, pull box, belt, jewelry, watches etc. LV insists on being its own brand, insists on its own brand soul, create and lead the trend, and provides users with a real fashion. It's now recognized as a top brand all over the world.

LV would often use a material called Canvas which makes its leather bags enduring and convenient to wear. In addition to durability, LV has specialized in the royal family and aristocratic market from the very beginning, which is also the reason why this famous brand stands firm.

For the past 150 years, the LV brand has been advocating the design concept of high-end, quality, luxury and comfort as the starting point of design. On the basis of insisting on originality, Louis Vuitton also insists on continuous innovation. The name Louis Vuitton has become the most luxurious symbol of clothing and bags in the world.

The luxury goods industry has been crashed under the impact of the epidemic in 2020. In March of this year, the four major luxury goods giants in Europe lost a total of 35.2 billion euros for one week. According to the statistics of the European Investment Bank in March 2020, global luxury goods sales will drop by an average of 8% in the first quarter, and the Chinese market, which is regarded as the core power, will drop by 40% [1].LV chose to actively respond to the first quarter, even if many luxury brands have chosen to abandon tactically. Through the transformation of the operating model, he quickly communicated with the Chinese team after the outbreak, calmly analyzed and formulated countermeasures. Luxury group LVMH announced that its annual operating income for 2021 will be 64.22 billion euros, a record high, an increase of 44% from 2020 and a 20% increase from 2019 before the outbreak. Revenues from fashion and fur goods increased by 47% year-on-year compared to 2020 and 42% compared to 2019, and revenue in the fourth quarter hit a single-quarter record high [2]. It can be seen that the luxury goods industry, especially LVMH, has recovered rapidly
after the pandemic, and its sales have increased rather than decreased compared with that before the pandemic. Especially in mainland China, there are great opportunities. When it came to 2021, the luxury goods industry has got an unprecedented rebound. In the face of this impressive challenge and opportunity, LV as an old and famous luxury brand, how to deal with these circumstances is worth noting and learning [3].

As we all know, LV brand and LVMH cannot be viewed together. LV brand is the largest luxury brand under LVMH. This company can be regarded as the symbol and soul of the entire group. After the pandemic, there have been many articles discussing the future of the three major luxury goods groups. The research gap of this article is to put the discussion object on LV and conduct research on this old luxury company.

2. Analysis of the luxury business industry in China mainland

2.1 The macro environment of the luxury business industry under the pandemic

2.1.1 Political-Legal Environmental Analysis

With the rapid growth of China's economy, a large number of people have transformed into high-income groups, and inevitably they have also become high-consumption groups. However, as the COVID-19 pandemic spreads, the economic growth rate has slowed down, and some industries and people have been severely hit, resulting in a widening gap between the rich and the poor. The Chinese government will use various economic, legal and administrative means to correct the distribution of the mainland luxury goods market. Consumption tax items may be increased, and consumption tax rates may be raised, hoping to narrow the gap between the rich and the poor. These are one of the macro-environmental risks encountered by luxury goods companies such as LV operating in China mainland. As far as China's luxury tax policy is concerned, many luxury goods need to be taxed. Mainland China imposes high tariffs of 30% to 50% on luxury goods. Therefore, the tax rate of China's luxury goods market is now the highest in the world. By comparing with foreign taxes, in the Mainland, the price of the same product will be about 45% higher than that of Hong Kong, China, 51% higher than that of the US market, and 72% higher than that of France. In the face of such high tariff barriers, Chinese consumers often chose to shop abroad before the pandemic. However, with the arrival of the pandemic, it is difficult for mainland residents to travel abroad, so they can only choose to shop in mainland stores.

2.1.2 Economic environment analysis

There are good news for China's economic environment, China's economy has been less affected than other economies and has recovered faster by its strict policy of eliminating COVID-19 patients. At the same time, because people in China can not go abroad as easily as before, they can only satisfy the desire to buy luxury goods in China. As a result, the total consumption of domestic luxury goods is going against the wind. In 2021, China’s luxury goods consumption will already account for one-third of the global market, surpassing the United States to become the world's largest luxury goods consumer for the first time in history. With demand generally shrinking in other parts of the world, major luxury brands have accelerated their expansion in China in order to seek a larger mainland market. According to a Goldman Sachs survey report, the rapidly rich Chinese are realizing their luxury dreams in various ways. The luxury industry has suffered a slump since the end of COVID-19 with the global spread of 2019 [4]. In 2020, affected by the new outbreak, the global personal luxury industry in 10 years of scale decline, back to the level of 2014, however, the Chinese market performance, luxury market on the Chinese mainland in early 2020 experienced a very difficult start, after the outbreak under control, Chinese luxury sales in a strong rebound, Chinese luxury market from April 2020,2020 growth of about 48%, reached nearly 44 billion euros.
Right now, there is layoffs in Europe but recruitment in China for the luxury goods industry. The industry depression in 2020 will lead to layoffs at many European luxury goods companies. However, LV still believe their influence in China mainland, so that to recruit talent staff is an important target of their next expansion in China.

2.1.3 Social Culture and Natural Environment Analysis

The Chinese market has unlimited potential, but it is difficult to define the luxury goods industry. First of all, Chinese people's pursuit and yearning for luxury goods exceeds that of other countries; however, "fakes" emerge in an endless stream in the Chinese market. Among young people in China, the consumption awareness of luxury goods is getting stronger and stronger, and the Chinese market is competing with the luxury goods industry. At the same time, in addition to wealthy consumers, there are also a large number of consumers who are not wealthy in the luxury goods market. In China, many young people even spend more than 40% of their income on buying luxury goods, while the average level of the luxury consumption in the world is only about 4% of their wealth. There are some white-collar workers with monthly salary of several thousand yuan, whose consumption of luxury goods far exceeds their own financial resources. In addition, there is a type of luxury buyers whose purpose of purchase is to give gifts, which is a more special behavior compared to other countries. Whether buying for personal use or as a gift, the desire to buy certain luxury goods is extremely strong, so the impact of a small degree price increase of a product is slight and almost negligible.

In terms of consumption concept, Asians are usually associate expensive with high-end and quality. Westerners are being more rational and restrained when buying luxury goods. As for the Chinese, most of the reasons they buy are based on showing themselves rather than actual needs. Actually the consumers value more the satisfaction brought by the price tag, not just the cultural philosophy of the brand. In mainland China, two-thirds of the respondents believe that luxury brand consumption is to show social status. At present, the promotion of various platforms, the endless emergence of fashion exhibitions, the hype of the media, and the wearing of celebrities from all walks of life have led to the abnormal consumption psychology of Chinese consumers about luxury goods, and at the same time formed an immature and irrational market of luxury goods.

There is a clear difference between China's luxury consumer groups and the Western countries. In Europe and the United States, the most important luxury consumers are 40-60 years old, while in
China, the consumer group of luxury goods is much younger, mainly around 30 years old. Those high-income people with a monthly income of more than 8,000 yuan and aged 20-40 will be the main force of luxury consumption in China. And among this young group, there are many people who will spend more than 30% of their income in the field of luxury goods. According to a new report from Global-Data, millennial and Gen Z will be the main drivers of luxury market growth in Asia Pacific.

2.1.4 Technical Environmental Analysis

Modern products pay attention to smart cycles, and the luxury industry of the future will be associated with high-tech, and the future of luxury goods will depend on how they respond to this growing demand for sustainable development. In terms of products, greater circularity means that the products and materials will be more durable and can be reused and processed according to their ability to be recycled and reused.

The application of nanotechnology to cosmetics, this technology can improve the shortcomings of ordinary cosmetic ingredients, the cosmetic paste particles obtained by this technology can reach nanoscale, the skin permeability of this paste is greatly increased, and it can penetrate into the skin smoothly Inner layer, more effective skin care, skin treatment effect.

Earlier, Gucci launched a two-week "Gucci Garden Experience Event" on the well-known game platform Roblox, selling various virtual goods for players to collect. One of the virtual "Bee Bacchus packs" sells for $5.50. Subsequently, the price even increased by 750 times, and it was once smashed to US$4,115 (about HK$31,900), which is higher than the price of the real version of the Bee Bacchus bag. It can be seen that the power of the virtual market is quite amazing!

2.2 Louis Vuitton Industrial Environmental Analysis

According to the 2022 BrandZ Top 100 Most Valuable Global Brands list by international market consultancy Kantar Milward Brown, the list tracks representative brands in 51 markets around the world, covering multiple categories. Among the top ten in the overall list, French luxury brand Louis Vuitton is the only fashion company to enter the top ten, and it is also the first European brand to enter the top ten in the world since 2010.

The orange image shows the 2022 brand value, and the blue color is the 2021 brand value. Louis Vuitton's brand value rose by 64% to $124,273 million in 2022, ranking the 10th in the whole world.
2.2.1 Competition among existing luxury groups

Judging from the financial report of the world’s three major luxury goods groups (LVMH, Richemont, and Kering), the total operation income of LVMH and Kering fell by 16.8% and 17.5% respectively in 2020[5]. Richemont sales in the first three quarters of fiscal 2021 (April 1, 2020 - December 31, 2020) decreased by 16%. Most of the branded products of Richemont are watches and jewelry. For the LV company whose main business is fashion leather goods, there are big differences in competing products.

The combined value of the top 10 luxury brands in 2021 increased by 45% to $344.355 billion, thanks to these brands “using their lofty reputation and pricing power in a way that no other brand can.” And in this year’s BrandZ ranking, Louis Vuitton topped the luxury brand list, with its brand value increasing by 64% to $124.3 billion. It can be seen that LV has recovered from the impact of the pandemic.

The most direct opponent of LV products is Gucci, which is owned by Kering Group. The 2021 financial report shows that Gucci, which has weak sales growth in Q3 (3.8%), took advantage of the movie “Gucci Family” and launched the Balenciaga joint name in Q4, and it will rejuvenate in a straight line! Year-on-year growth was 31.2%, with sales of €9.73 billion. LV’s year-on-year increase of 64% is more than double the increase of Gucci.

In summary, it can be seen that the major global luxury brand companies are affected by the pandemic, and their operating income will decline to varying degrees in 2020, but they will all recover strongly in 2021. From the above data, the LV brand is still in an unshakable position in the world after the pandemic.

2.2.2 Analysis of potential entrants

The LV brand has a huge customer base and R&D department, and the LVMH has occupied the leading position in the luxury industry. LV has a relatively mature market and after-sales service
system in terms of product quality and after-sales service. Normally, for the invasion of competitors, a short period of time is not enough to pose a threat to LV. However, the above is the situation before the outbreak. Since the pandemic spread around the world in 2019, the luxury goods industry has suffered a heavy setback. However, the Chinese market performed well, and luxury goods sales in China ushered in a strong rebound after the pandemic was under control. The purchasing power of luxury goods in mainland China accounts for about one-third of the global proportion, so in the future, which luxury brand can attract more Chinese customers will achieve better market performance.

The possible target for potential opponents will be Hermès. In April 2022, Hermès will release a quarterly report, and its revenue rise in the first quarter of 2022 will surpass that of LVMH in the same period.

### Table 2. Hermès' first quarter financial report in 2022

<table>
<thead>
<tr>
<th>In millions of euros</th>
<th>2022 1st quarter</th>
<th>2021 1st quarter</th>
<th>2022/2021 change</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>214</td>
<td>153</td>
<td>39.7%</td>
</tr>
<tr>
<td>Europe (exc.France)</td>
<td>327</td>
<td>228</td>
<td>43.4%</td>
</tr>
<tr>
<td>Japan</td>
<td>277</td>
<td>241</td>
<td>15.0%</td>
</tr>
<tr>
<td>Asia-Pacific (exc.Japan)</td>
<td>1447</td>
<td>1130</td>
<td>28.0%</td>
</tr>
<tr>
<td>Americas</td>
<td>449</td>
<td>291</td>
<td>54.3%</td>
</tr>
<tr>
<td>Other</td>
<td>51</td>
<td>41</td>
<td>25.2%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>2765</td>
<td>2084</td>
<td>32.7%</td>
</tr>
</tbody>
</table>

Benefiting from the accelerated development of the ready-to-wear and accessories division, the watch division and the jewelry and home furnishing business, all Hermès' divisions achieved performance growth. Hermès' most core handbag leather goods sector ushered in a recovery after a brief decline in the fourth quarter of last year, with sales increasing by 21.1% year-on-year to 1.197 billion euros. At present, the average selling price of Hermès' core product handbags and leather goods is still much higher than that of LV, and the main product positioning is relatively different. But Hermès', as the most expensive brand among luxury goods, will always be a potential rival of LV, which deserves the attention of LV.

### 2.2.3 Threat Analysis of Substitute Products

Some emerging trend brands have brought a lot of competition to LV in China through very low prices, super promotion ability and efficient output speed. Between 2015 and 2020, the earnings per share of emerging Zara and H&M will grow at a compound annual growth rate of more than 10%, far exceeding luxury groups such as Bulgari, Hermès, Richemont, LVMH, etc. Although these brands cannot be compared with luxury brands in terms of profitability and competitiveness in the short term, they will definitely be a formidable competitor for the luxury industry in the future. But on the other hand, the high quality of LV products and its brand value make it difficult for alternatives to break the position of LV in mainland China's luxury market in the short term. At the same time, due to the high profit margin of luxury goods, many fakes have appeared in the Chinese market. These fakes are low in price, low in cost, and imitated very much like genuine products, which is an impact on intellectual property rights. This is also what China and luxury brands need to pay attention to.

### 2.2.4 Bargaining power of suppliers

Suppliers of luxury goods manufacturing include various related raw materials, drug testing services, chemical raw materials, and chemical trading. The bargaining power of suppliers has little effect on the luxury goods industry. The reason is that the raw materials of the luxury goods industry are general natural and chemical raw materials, and there are many sources of these raw materials, and LV and its suppliers are mostly long-term contractual relationships. Companies and their suppliers often establish a tacit understanding of cooperation in long-term contractual relationships, the price of raw materials is fixed, so the bargaining power of suppliers is not high. Suppliers are generally in a subordinate position.
2.2.5 Bargaining power of clients

The products sold under the LV brand stores will never be discounted, so consumers do not have bargaining power. It can be seen from this that in the case of suppliers’ weak bargaining power and customers’ lack of bargaining power, LV has absolute pricing power.

3. Challenge and Opportunity faced by LV in the pandemic

3.1 The negative impact of the pandemic on luxury business industry

Since the outbreak of the pandemic, for example, Shanghai has been closed for three months due to the pandemic, and all luxury stores have been closed. Due to the impact of the pandemic, the total value of marketing of the world's 50 most valuable luxury brands fell by 3%, from $227.1 billion in 2020 to $219.5 billion in 2021. The most obvious impact of the pandemic on the luxury goods industry was in the first quarter of 2020. At that time, the pandemic just broke out in Europe, and luxury brands such as Louis Vuitton, Chanel and Hermes announced the closure of factories one after another. According to incomplete statistics, in March 2020, Chanel closed its production bases in France, Italy and Switzerland; Hermes also temporarily closed 42 factories in France until the end of March[6]. The pandemic has prompted a sharp increase in the cost of luxury goods. In order to prevent the pandemic, the raw material, labor costs and logistics have risen accordingly. Therefore, As a result, the prices of luxury brands are rising relatively to face growing costs.

Handmade is a major selling point of luxury goods. The definition of handmade is that it is different from the mass production of the machine assembly line. Every product is made by hand. Many luxury brands will use handmade customization to promote the quality and design of their clothing or leather goods, and often set prices very high with ”handmade” as one of their important selling points. There is indeed an expensive reason behind the price of handmade products. After all, the consumption of manpower, material resources and time is indeed far more than other garment production lines. Especially Louis Vuitton's pursuit of craftsmanship, excellence is only for the final product to reflect the brand's standard and style. The requirement for ultra-high standards of craftsmanship is also a very important foundation and support for designers and brands in aesthetic design. Compared with modern industrial assembly lines, manual work has many disadvantages, such as longer construction period and small shipments. Therefore, the impact of the pandemic will be greater. With the global death of more than 5 million cases caused by the pandemic, labor costs have risen sharply, and the industrial assembly line has been greatly impacted and affected, resulting in inefficiency of the production chain. But if luxury goods move away from hand-made and into mechanical processing, it will be a huge conflict with tradition, which is not desirable at present.

3.2 The positive impact of the pandemic on luxury business industry

With the spread of COVID-19 around the whole world, the global luxury consumption ushered in a complete outbreak in 2021. The world's most luxurious car brand, Ferrari has set a record in 2021. Ferrari announced a net profit of 833 million euros last year, an increase of 36.8% from 2020. This figure is higher than in 2019 before the pandemic (699 million euros). Annual sales reached 4.3 billion euros, an increase of 23% over the previous year, and vehicle sales increased from 9,119 units in 2020 to 11,155 units last year. The number of units sold also reached a record high. Meanwhile, Bentley, the luxury car brand owned by Germany's Volkswagen Group, announced last month that it sold 14,659 vehicles last year, a 31 percent increase from a year earlier and a record high. Rolls-Royce, alongside Bentley, also set a new sales record last year. Meanwhile, Rolls-Royce sold 5,586 vehicles worldwide last year. This is a 49 per cent increase from 2020 and the highest sales record in Rolls-Royce history. The three most luxurious car brands in the world have all achieved record-breaking sales in the second year of the pandemic, which shows that the rebound of people's high consumption is obvious. Luxury car consumption basically represents a few wealthy families. According to statistics, in 2021, the total assets of the world's top 500 richest people will increase by more than 1
trillion US dollars. As the rich class becomes richer, the demand will expand even more. CEO Torsten Muller-Oetvoes told business insider, "The large number of deaths caused by the pandemic boosted Rolls-Royce sales last year, and many people saw people around them die of COVID-19 and realized that life may be short, and it is better to live now than later."

People have different attitudes and responses to the pandemic, and many of them are willing to spend more money to pursue a higher quality of life. The consumer group of luxury cars may be more focused on the wealthy, while luxury goods can better reflect the high consumption behavior trend of the public. Bain & Company, the industry benchmark for luxury research, said they had never seen the luxury industry explode like last year. Compared with 2020, the sales of the luxury goods industry have increased by one-third, mainly due to China and the United States. For Europe, Japan and the rest of Asia, their luxury sales have yet to return to pre-pandemic levels, and the reason is related to global travel restrictions that prevent foreign consumers, including China, from shopping abroad. Among them, accessories and jewelry such as shoes and bags sold the highest, up 11%, 8% and 7% respectively compared with 2019[7]. Bain predicts that personal luxury goods consumption will continue to grow at a rate of 6% to 8% per year until 2025. Other reasons for the upswing in the luxury sector include travel and entertainment opportunities in Europe, which have been decimated by the pandemic prevention measures, and shopping thieves has become the easiest activity to achieve. In addition, the stock market, housing market, and cryptocurrencies have reached new highs under the pandemic. People have more assets and spend more. High consumption within the scope of economic capacity is understandable, but the economic prospects in the post-pandemic era are unpredictable. For ordinary people, only by planning ahead and spending rationally can they provide protection for their families and life.

4. The Response of LV brand to the pandemic

4.1 Analysis of the effect of the marketing management of LV

Bernard Arnault, CEO of LVMH, said: "The luxury business should be built on the ability to create emotions, dreams and desires around special products, while selling more approachable products to the middle class in a luxury way." In the past, luxury brands were owned by family businesses, a bit snobbish, often underestimating the importance of marketing and focusing only on elite customers, their business models were not related to each other, too many brand authorizations and distributors, resulting in Inconsistency of international brand image. Now, with the current CEO of LVMH, he has launched the business of luxury, transforming the family business into a brand, reinforced by modern marketing and investing more in store and customer relationship management. The marketing team is an extremely important part of the overall planning, which establishes a coordinated and attractive corporate image in the process from product design to development. LV has a unique business philosophy: all LV products are sold only in its exclusive stores and will not appear in the airport duty-free shops; whenever, LV products will never have discounts or promotions; in Europe, LV has its own production line. LV is highly sensitive to the luxury industry and emphasizes the importance of details. It not only has an overall grasp of the international fashion trends, but also integrates and understands the cultural background and fashion concept of the branch location.

The LV brand concept is to focus on highlighting the identity and status of customers. People position themselves through luxury consumption. In order to cater to this kind of consumer psychology, LV actively carries out "identity marketing" and actively conveys the signal of "Louis Vuitton equal to money plus identity". LV can also make customers realize the scarcity of the brand. LV products never drop in price, and they would increase the price slightly every year. This makes people recognize the brand, which makes the brand more valuable, which will ultimately benefit the sales of LV products.
4.2 LV product transformation design and innovation under the pandemic

LV CEO said, "As the largest luxury brand, what we want to pursue is no longer just to follow the trend, but to create the trend. "These highly creative products must be linked to cultural phenomena, and LV is the first luxury brand to embrace streetwear culture and collaborate with contemporary designers, artists, and attract the best designers. In 2018, less than 5 years after launching its own brand, Louis Vuitton shocked the industry by announcing that Virgil Abloh would be the creative director of menswear. Virgil Abloh is the first African-American menswear art director hired by LV and the founder and designer of fashion brand Off-White. He broke the old rules dominated by the fashion industry's elite, redefine our concept of luxury, and inject youthful elements into the familiar cultural vision; he paired sneakers with haute couture, high heels with streetwear, breaking the rules every time It's all a careful calibration of the old rules of decay. Virgil Abloh died of cancer on November 28, 2021, but his maverick style brand has breathed new life and attracted many young customers to luxury brands.

LV bluetooth speaker with leather pattern. The design of the LV Horizon Light Up Speaker is inspired by the famous bag Toupie from LV. Its shape is similar to an UFO. It can be carried by hand or placed at an angle, or it can be placed in a dedicated charging base. The ring in the middle of the horn has the words LOUIS VUITTON, and the brand's signature pattern made of leather is also printed on the bevel of the product. The Bluetooth speaker is equipped with a 3cm woofer and two 0.75cm tweeters and supports 360-degree surround sound. It is powered by Qualcomm QCS 404 chip and supports Bluetooth 5.1, Wi-Fi, AirPlay 2 and Tencent Qplay at the same time. The Bluetooth speaker can run for up to 15 hours on a single charge, and can be fast-charged up to 36W with USB-C for up to 15 hours on a single charge. It costs $2,890.

Smart watch. The latest third-generation smart watch from Louis Vuitton, the Tambour Horizon Light Up, perfectly combines technology and watchmaking craftsmanship. The smart watch has a unique creativity and has become a new chapter and model of luxury for high-end smart watches. There are buttons on both sides of the crown to increase the function of the watch, and the dial can be changed by rotating the crown; the buttons at the top can be set by the drag mode and configuration of the dial; and the shortcut buttons at the bottom can be used for With an app of the wearer's choice enabled, the watch can be submerged to a depth of 30 meters.

The Future fabrics. Louis Vuitton Cruise 2020 early spring show announced two new handbags. On the basis of the classic Monogram, these two new bags have added screens. LV officially calls them "future fabrics", which have 1920x1440 resolution Carrying bag for AMOLED flexible display.

4.3 Transformation of LV Marketing Strategy under the pandemic

4.3.1 Digital transformation-Digital advertising strategy

The outbreak of COVID-19 accelerates Louis Vuitton’s digital transformation. Although transforming online was already a huge trend, luxury brand like Louis Vuitton was slow to shift business online. The hesitation of transforming online stemmed from protecting the aura of exclusivity that brand spent time building and cannot risk losing. The coronavirus pandemic has forced Louis Vuitton to close stores during lockdowns, which accelerates the digital shifts even more [8]. With online shopping became more and more significant, various online platforms have been fully utilized these years. At such moment, Louis Vuitton has poised a strong digital infrastructure, since the brand has estimated the trend that a quarter of the global market value of luxury goods will be sold online. Louis Vuitton has quickly set up omni sales channel, aiming to make up for the decrease on offline sales [9].

4.3.2 Omni-Channel strategy, opening new digital channels

Louis Vuitton invest Omni-Channel strategies in order to offer high-end experiences from stores into the digital domain. Omni-Channel refers to the crossover of store sales and digital platforms, moreover, it includes a wide range of disciplines, which includes retail, supply chain, brand management and customer engagement.
From the perspective of retail, apart from using its official websites as the main online purchasing channel, LVMH also launched its own multi-brand online retailer "24S". Louis Vuitton doesn’t license its own products to other e-commerce platforms, although the scale of 24S is not as big as other platforms like Farfetch, it still opens a new channel to sell Louis Vuitton’s products. As for China market, Louis Vuitton launched a Chinese version website in 2020, providing free shopping for customers who purchase above 2400 RMB and the average delivery time is three days. Apart from that, LV also collaborated with Chinese e-commerce platform JD, due to JD’s good reputation among customers and its image of selling genuine products.

4.3.3 Bring the show to everyone

As for customer engagement. Fashion Show is an important process for every luxury brand to convey its newest fashion trend and design for every season. Moreover, it helps in creating interest among the public to spread awareness about new arrivals in design and style. Louis Vuitton created a good example of how to build a smooth customer journey by using both online and offline channels. For LV Spring 2021 collection, the brand reworked the traditional concept for fashion shows. LV launched a live runway shows in Shanghai China as its first stop. This show won excellent results, not only help the brand to draw public attention, and with its post on Chinese social media "Weibo", the post triggered 620,000 shares, 630,000 likes and 100,000 comments. Moreover, as a result, LV’s flagship store in China achieved record-breaking sales in August. This is all because the brand had the ability to integrate customers’ online and offline journey, but at the same time, keep consistent high-end experiences via Omni-Channel strategies.

4.3.4 Moving events and sales online to sustain business

Data shows that, 12% of Louis Vuitton’s sales revenue came from online platforms in 2020, which showed a 6% increase compared to 2019 (6% in 2019).

Louis Vuitton started to engage customers across top digital marketing and commerce platforms. This trend is especially evident in China market, during the outbreak of COVID-19, luxury brands have continued to engage customers via digital initiative. Using LV 2020 Valentine Day exclusive pop-up store as example. Instead of launching an offline event, the brand collaborated with WeChat mini program for this event, allowing store associates to share exclusive offline promotion to customers via QR code. By doing this, customers can place orders online, moreover, enjoy both pre-purchase consultation and post-purchase customers service online.

4.3.5 Using powerful celebrities and influence as part of communication strategy

Aiming to increase customers’ engagement and brand preferences. Key opinion leaders started to have an increasing importance among customers on purchase decision making, especially among millenial. Collaborating with a variety of different KOLs on social media platforms of different countries, moreover, also collaborates with some world’s famous influences such as Chiara Ferragni, asking them to carry LV products. The viewership is incredible high for contents created by KOLs, data shows that 68% of Chinese customers made their purchasing decisions shaped by influence on social media. Louis Vuitton had a good strategy on the use influence by having a reasonable mix of both short-term campaign-based collaboration and long term always on collaboration at the same time.

Nowadays, customers and brand co-creation is becoming more and more important. Costumers’ own opinion and feelings will become more important than ever before. Because of this, influence play a crucial role in this process. Influence brings natural intimacy compared to top celebrities, because of this, influence can be seen as key opinion customers for most of the time. Under this environment, value creation is especially important, brands must become relevant storytellers that intrigue customers. In order to attract generation Z, create discerning and make customers high connected, building brand equity by anticipating their needs and wants is key for every brand. Because of the changing environment, and the needs of attracting Generation Z, Louis Vuitton started to collaborate with K-pop artists, interesting brands in other categories, and connecting with street-wear designers and influence.
4.4 Under the pandemic situation, the brand image management of LV

Brand is another product apart from independence and product. For LV brands, consumers willingly accept the brand premium. For most young people who are pursuing the trend, luxury is no longer a simple product, but a fantasy, a desire for a taste. LV is to seize the essence of marketing and human nature to build a brand.

Luxury is not about solving existing pain points, but about generating new desires. The current CEO Bernard Arnault is good at creating brand stories to create a sense of luxury. Its superb brand management level has made LV a top luxury brand. They are good at excavating the cultural genes and history of the brand, depicting the characteristics of the brand, and finding the most suitable designer, the most fashionable and fashionable designer, and then subtly expressing the brand concept through design, finally, with various efficient marketing strategies giving the LV its high-end brand image. Louis Vuitton is one of the beneficiaries of the "Brand Activation Project". Before the merger of Louis Vuitton and Moet Heen, it was not as glamorous as it is today, and even once fell into the dilemma of expensive but monotonous. In 1997, Bernard Arnault appointed Marc Jacobs as the company's creative director, who activated the luxury DNA of Louis Vuitton by tapping into the essence of its history. Today, Louis Vuitton has become one of the main sources of profit for the LVMH.

5. Future technology and Sustainability Strategies and application

5.1 Artificial Intelligence and Blockchain Technology

LVMH has entered into a strategic partnership with technology company Google, which will use artificial intelligence and machine learning to provide personalized services to enhance customers' buying experience and improve operating models. The partnership will last at least five years, LVMH spokesman Mickael Soria told the media. The companies also said they would open a "Data and Artificial Intelligence Academy" in Paris. The implementation of digital technology in real scenarios is often accompanied by concerns about user privacy. "For us, privacy, personalization and luxury are synonymous, and always will be." said Antonio Belloni, managing director of LVMH. Whether the ideal balance will actually be achieved remains to be seen, but consumers are increasingly accepting digital life. Especially for young people who are online natives, the boundaries of privacy in the digital age are blurred and delicate.

In April 2021, LVMH, Richemont and Prada issued a joint statement saying that the three parties plan to join forces to create a solution powered by blockchain technology, Aura Blockchain, the first global luxury blockchain. Aura will be open to all luxury brands.

According to LVMH officials, this unprecedented collaboration between competitors represents an innovative solution aimed at improving transparency and traceability for consumers throughout the product’s life cycle. Assign digital codes to products through Aura. Customers can learn what materials an item is made of, where it was produced, and the entire process of retailing. It can also present owner information for used handbags or jewelry. In recent years, the decentralized technology represented by the blockchain continues to describe to the public a seemingly more reliable and simpler future transaction method, and the luxury industry is also trying to integrate into it, trying to grasp the right to speak.

How to view the connection between the real world and the digital world has always been a critical topic. To some extent, the attitude towards digital technology also reflects a luxury brand's understanding of the future. Of course, luxury brands spend a lot of energy on virtual products and blockchain not just to show off their skills or follow suit, they are looking at the amazing traffic brought by huge network users.
5.2 Sustainable development of industrial green environmental protection

In August 2019, Kering led 32 European and American fashion companies to jointly sign the "Fashion Industry Environmental Protection Agreement" at the Paris Climate Summit, but LVMH refused to sign it. Bernard Arnault, chairman of LVMH, said: "I don't want to pretend to be an environmental leader, we're not perfect and need a little patience. I'd rather take the time to understand the issues and then take action, rather than announce those that may be pointless or Actions that are too far away to be quantified."

LV has also been experimenting with the application of sustainable technology. In March 2022, Louis Vuitton released a pair of sustainable shoes, named Charlie, which comes in two styles, high-top sneakers and low-top sneakers. The high-top is priced at 9,650 yuan and the low-top is 9250 yuan. This is a pair made with vegan leather from corn. What's more, Charlie is LV's first shoe upper made with Biopolioli, a material similar to polyurethane, but a more sustainable corn-based material. Besides, Louis Vuitton launched the large size travel bag felt keepall handbag made of organic cotton, recycled wool, leather, recycled materials and other environmentally friendly materials.

6. Suggestions and Recommendations of future operation and sustainability development

6.1 Suggestions for future operation

Under the pandemic, the gap between the rich and the poor is widening, the rich are getting richer, and the demand for luxury goods is increasing. At the same time, the pandemic is also a readjustment for luxury customers. Due to the economic impact of the pandemic and the uncertainty of the future, a small number of original luxury consumers will fade out, and purchases of luxury goods will be reduced or even cancelled due to economic reasons. It is worth noting that luxury is not about solving existing pain points, but about generating new desires. In the future, LV should stabilize its brand positioning, do not need to cater to the public, and create products and brand images that are close to the people. It can be seen from the financial reports in 2020 and 2021 that reasonable price increases will not affect sales. Create personalized services and experiences, earn customer loyalty, capture a stable customer base, and encourage multiple purchases.

6.2 Suggestions for adjustment of target sales area

As mentioned above, mainland China already accounts for one-third of the global luxury goods consumption. Due to the impact of the pandemic, luxury goods sales in Europe, Japan and other parts of Asia have not recovered to the level before the pandemic. Foreign consumers cannot go abroad to shop. In 2021, 55% of the world's new luxury brand stores will open in China, becoming the only growth region in the world's major luxury goods market. As the global pandemic severely hinders international travel, Chinese consumers are beginning to choose to buy luxury goods at home. With the continuous expansion of LV market share in China, LV has not only been satisfied with selling existing products but has also begun to focus on developing new products that are in line with Chinese culture based on China's national conditions.

Cooperate with Chinese artists, release more fashion products with Chinese elements, as well as limited-edition products in China. These measures will be an important means to stimulate Chinese consumers.

6.3 Suggestions for adjustment of sales objects

As mentioned above, as the luxury design of LV is getting younger and younger, and the successful cooperation with Virgil Abloh before, let us see the great success and market response brought by the combination of luxury and street elements, and the younger generation. Now, the main body of luxury consumers has become the millennial generation and the Z generation, and has a relatively higher
proportion of consumption in luxury goods, LV designers should be more bold and innovative to create trends, so as to attract young customers to buy and stabilize the customer base.

6.4 Promoting cross-sector cooperation

The combination of the fashion industry and the sports world, in January 2020, LV announced that it signed a three-year cooperation agreement with the NBA, and will create an exclusive series of joint clothing together. Then in October, LV became the provider of the NBA’s first official championship trophy box. This provides a broader idea for future joint cooperation, not only co-branding with luxury brands, but also cross-border. For example, in the future, it can enter the automotive field and conduct cross-border cooperation and promotion with sports cars or luxury cars. At the same time, it can also cooperate with the e-sports game industry. Exploring in multiple sectors.

6.5 Emphasis on emerging secondary markets

With the strength of the luxury industry, its secondary market has also ushered in great industrial progress. At present, many limited and co-branded LV products have a market price higher than the issue price in the secondary market. As the primary market of specialty stores, LV certainly cannot directly conduct illegal transactions with the secondary market, but it can also reach cooperation with designated merchants, such as the officially recommended second-hand trading platform, and provide convenient and fast authenticity identification for the secondary market. Buyers also bring a more reliable buying experience. Through standardized operation with designated merchants in the secondary market, it will also enhance the value attributes of LV products, and provide its customers with value-preserving products and products that can be sold. Of course, this may go against the original intention of customers to purchase products, but it will also be a direction worthy of consideration for the LV brand in the future.

6.6 Sustainability development

Luxury brands do environmental protection, to please the public, to expand customer base, and to protect the earth and reduce pollution. The initial stage of luxury development is contradictory to environmental protection. Due to the pursuit of exquisiteness and high-end luxury, and influenced by traditional fashion culture, many rare animal leather goods and fur products have been produced. On this point, there has been a great disagreement with relevant environmental protection organizations. However, with the gradual deepening of the concept of sustainability, not only environmentalists and ordinary consumers are more aware of the importance and necessity of luxury goods in the field of environmental protection, but enterprises themselves have also experienced more profound development and innovation [10]. In the future, luxury brands and environmental protection will eventually move from conflict to integration.

For example, we can appropriately reduce packaging, learn from Apple, and reduce unnecessary sales packaging. In addition, brands look for more renewable materials to develop new eco-friendly collections. In addition, brands can also make changes in sales channels. Online shopping can enable luxury brands to reduce the number of offline stores, pay attention to consumer product experience, and make more use of online platforms for promotion. Luxury brands should also formulate longer-term sustainable environmental protection measures, so as to achieve the goal of common development and fulfill social responsibility.

7. Conclusion

This article analyses the current luxury industry environment, which shows that it has ushered in a considerable rebound in 2021. In Chinese mainland, with the control of the pandemic and government restrictions on people going abroad, the Chinese mainland market has now become the most important and potential customer for the luxury goods industry. With the impact of the pandemic in economic has widened the gap between the rich and the poor, the original consumer groups had a
small extent of adjustment, and the customers of luxury brands such as LV will be more concentrated among the rich. Besides, luxury goods now have been linked to the fashion and icon, a large number of customers are younger, and these young consumers have higher consumption power. Therefore, as for the LV, there is no need to reduce its brand positioning, catering to the public to expand the scope of customers, while it should grasp the current high consumer customer group, which is the current target of LV. Finally, the article gives some recommends, such as improving the secondary market to expand the business scope, to form their own industrial ecological chain. At the same time, LV needs to pay attention to the sustainable development, protecting the natural environment, reducing the use of animal fur, turning it into recyclable materials in the future, and playing a better role in social responsibility.

References