

# Louis Vuitton

## The usage of Brand Alliances

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# 1 Introduction

This report deals with a research project concerning the brand strategy of *Louis Vuitton*. The project is a part of the course *Advanced Marketing* and was carried out during autumn 2005 at the department of *Industrial Economics and Organization* at *The Royal Institute of Technology*. This chapter comprises aims and delimitations for the project and a general introduction of the company.

## 1.2 Aim and delimitations

The aim for this report is to investigate how Louis Vuitton uses brand alliances in their brand strategy. In order to do so the authors have studied literature in the subject of brand alliances as well as relevant information found on the Internet.

## 1.3 The Louis Vuitton Company

Founded in 1854, the Louis Vuitton Company was soon to become one of the world's most famous makers of luxury goods. Creator of high quality travel trunks and leather accessories, the company was above all known for its designer luggage pattern, a beige monogram, *LV*, on a chestnut background. After his father's death in 1892, *George Vuitton* took over the company, taking it to new heights in developing what was recognized as the first "designer label" on a product.

When *Marc Jacobs* in 1998 assumed the role as Artistic Director, Louis Vuitton entered the world of high fashion. Commissioning artists such as *Stephen Sprouse* and *Takashi Murakami*, Louis Vuitton was able to lend their cutting-edge design ideas for their signature products, creating must-have status symbols<sup>1</sup> (Fig 1). Today Louis Vuitton is a world leader in luxury customer goods, including travel books, perfumes, distilled spirits and designer shoes and clothing.

Like several others luxury and prestige brands launched in the 19<sup>th</sup> and early 20<sup>th</sup> centuries, Louis Vuitton started out with providing luxury products exclusively for the very wealthy people of society. Even though times have changed and the market for this kind of products has increased enormously Louis Vuitton still targets its products at consumers on the top-end of the wealth spectrum. These are price insensitive consumers allowing the company to charge thousands of dollars for one item.

According to *Uche Okonkwo*, creativity exclusivity, craftsmanship, precision, high quality, innovation and premium pricing are product attributes that not only give the consumer the satisfaction of owning expensive items but the extra-added psychological benefits like prestige and a sense of high status that reminds them and others that they belong to an exclusive group of a selected few, who can afford pricy items. Further more, Okonkwo means that this kind of luxury brands need to have strategies that address the difficult paradox of the combination of exclusivity and availability and to appeal to many while appearing to be right for only a special few<sup>2</sup>.

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<sup>1</sup> Manning-Schaffel, V., 2004

<sup>2</sup> Okonkwo, U., 2001

*“Tradition/Modernity*

*Enriching know-how with continual innovation. Perpetuating tradition with vision...”<sup>3</sup>*

This statement rather well describes the Louis Vuitton Company’s desired positioning, in giving emphasis to the contrast between tradition and modernity in the company philosophy. Because of its long and proud history of high qualitative craftsmanship, *tradition* in combination with *modernity* and proven *innovation, excellence* and *creativity*, comprises an important part of the brand identity of the company. The statements “*For Louis Vuitton, the art of travel is the art of fine living*” shows that the company brand identity also has a very strong connection to its heritage even though it was a long time since the Louis Vuitton brand comprised exclusively of travel goods. Yet another proof of that can be found at the Louis Vuitton official website where you can get tips about how to pack your luggage or visit a virtual travel museum.



**Fig 1, Louis Vuitton hand bag**

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<sup>3</sup><http://www.vuitton.com/>

## 2 Brand Alliances

*“Brand alliances are a specific form of brand leveraging. More specifically, it’s about connecting two or more brands with established recognition with each other over a long or short term.”*<sup>4</sup> The following chapter presents how Louis Vuitton uses brand alliances in order to endorse their brand.

### 2.1 Sponsorship

Sponsorship endorsement may be considered a certain kind of brand alliance. Many sports associated events and tournaments lack financial means and supporting these activities can provide interesting opportunities for companies. These days a company can sponsor all sorts of activities and events and thereby strategically brand the company in many ways. If a certain sport is associated with certain values a company that aims to market their brand in equity with these values can act as a sponsor of a team or a tournament to add those values to the brand. Thereby, a “win-win” situation is created, in which both parties gain profits.

#### *The Louis Vuitton Cup*

Sailing is associated with an upscale lifestyle which is also the branding aim of Louis Vuitton. For that reason Louis Vuitton launched a sponsorship of *America’s Cup* in 1983.<sup>5</sup> The company organizes the challengers qualifying races, which are named the *Louis Vuitton Cup* (Fig 2). In 2007 the 32: nd *America’s Cup* will take place but in 2004, 2005 and 2006 pre-regattas are held and these also go by the name of Louis Vuitton Cup. The advantages of sponsoring *America’s Cup* are many. It is the most renowned yachting competition and it offers worldwide exposure. In combination with also adding the desired values, *America’s Cup* is a very strategic tournament for Louis Vuitton to sponsor.



**Fig 2, the Louis Vuitton Cup**

#### *The Louis Vuitton Classics Annual Automobile Race*

Louis Vuitton also holds the *Louis Vuitton Classics Annual Automobile Race* in Paris. It was launched in 1989 and has taken place every year since then.<sup>6</sup> Expensive cars have an association with classic values and a conservative lifestyle which also is an approach that Louis Vuitton aims to have. Furthermore, Louis Vuitton’s association with cars is of historical meaning. The company and its founders have a connection with cars ever since the foundation. A hundred years ago George Vuitton, son of Louis Vuitton, designed the first car trunk. In the following years he continued designing interior car details and added finishing touches to classics like *Bentley*, *Rolls Royce*, *Alfa Romeo* and *Hotchkiss*. The Louis Vuitton Classics Annual Automobile Race does not offer the same tremendous exposure as the Louis Vuitton Cup, but it helps in adding desired values of class and a strong feeling of tradition to the brand.

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<sup>4</sup> Ugglä, H., 2005

<sup>5</sup> <http://www.americascup.co.nz/>

<sup>6</sup> <http://www.ultimatecarpage.com/>

## 2.2 Conglomerate

The ultimate management challenge is said to be the management of a conglomerate. Diversified companies, especially conglomerates, are complex organisations that in the larger cases resemble full-blown economies, rather than firms. They develop internal capital markets with huge budgets, enormous internal labour markets, and often a decent amount of bureaucracy.

*Louis Vuitton Moët Hennessy*, usually shortened to *LVMH*, is a French holding company and the largest conglomerate in the area of luxury goods. LVMH also holds about 50 sub-companies that each holds and manages a small number of prestigious brands. These sub-companies are to a large extent run autonomously. The group was formed after mergers brought together champagne producer Moët et Chandon and Hennessy, a leading manufacturer of brandy. In 1987, they merged with baggage manufacturer Louis Vuitton to form the current LVMH group. The group is also partly owned by the *Christian Dior* group. Bernard Arnault is Chairman and CEO of both companies. Some of the brands owned by Louis Vuitton are Céline, Givenchy, Kenzo, perfume and cosmetics of Dior and Tag Heuer

## 2.3 Co-branding



Co-branding is a leverage strategy and marketing principle that mirror or complement brand values and brand promise and extend into new segments through contribution of a partner. One criterion is that all the brands are independent and sell outside offering<sup>7</sup>.

The brand Louis Vuitton has conducted several co-branding campaigns. One of the most successful operations was the one involving several Hollywood-stars such as Uma Thurman (Fig 3), Jennifer Lopez and Scarlet Johansen. These persons can be seen as established trademarks themselves. By avoiding the usage of traditional models and concentrating on already famous actors that represent the “Louis Vuitton lifestyle”, the brand managed to draw more attention and reach more people than usual.

Fig 3, *Uma Thurman, Louis Vuitton Campaign*

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<sup>7</sup> Ugglä, H., 2005



In a co-branding venture, Hong Kong based *Pisa*, will release a special designed Louis Vuitton computer mouse (Fig 4), retailing for \$300. The mouse, although very outdated in its technical features, will attract customers in the exclusive segment through the Louis Vuitton brand and its outrageous pricing<sup>8</sup>.

Louis Vuitton has been a part of several other “cross-over” products. A few years ago Louis Vuitton entered the alpine world by designing a Louis Vuitton snowboard. The board had the typical colours and the logo on it. It was later on joined by a matching helmet and a pair goggles. These products made it possible for Louis Vuitton people to expand their collections and develop an even deeper relationship with the brand.



**Fig 4, Louis Vuitton computer mouse**

Recently, Louis Vuitton also launched *10 Cane* which is a rum originating from Trinidad through a partnership with *Trinidad Distillers*. 10 Cane is created through the multi-stage, small batch distillation of very high quality cane juice, drawing upon the expertise of Moët Hennessy Master Distillers at each stage of production. “The aim of this process is to create an unrivalled rum tasting experience: that combines a complexity of aromas with a rich, smooth texture,” officials said in a recent statement. “It is this attention to detail which differentiates 10 Cane from other types of rum.”<sup>9</sup>

Another example of Louis Vuitton’s co-branding ventures is its engagement Chrysler’s PT Cruiser – a vehicle “too cool to categorize”. Together with *TAG Heuer and Meguiar*, Louis Vuitton will make the PT Cruiser editions (Fig 5) with their own style statements along with the addition of subtle features mixed with unique colours and fabrics. In this case Louis Vuitton works as the modifier brand to the leader brand, Chrysler, in order to leverage the brand image of the latter.



**Fig 5, Chrysler PT Cruiser Louis Vuitton Edition**

The history of luggage provider Louis Vuitton has, obviously, been long tied to transportation since George Vuitton, in 1897, designed the first automobile “trunk.” The first car trunk was just that, a trunk fashioned to attach to an automobile. The concept was soon incorporated into the overall vehicle, but the name remained. Aside from being an ingredient branding venture with Daimler Chrysler, this is also an alliance venture with TAG Heuer and Meguiar<sup>10</sup>.

<sup>8</sup> <http://www.purseblog.com/accessories/louis-vuitton-mouse/>

<sup>9</sup> [http://news.agendainc.com/mt-agenda/content/archives/2005/05/10\\_cane.html](http://news.agendainc.com/mt-agenda/content/archives/2005/05/10_cane.html)

<sup>10</sup> <http://www.autointell-news.com/news-2000-2/September-2000/September-26-00-p1.htm>

## 2.4 Ingredient co-branding

This leverage strategy and marketing principle reinforce an attribute or benefit through licensing of pre-established brand equity and penetrate an existing marketing segment or create variety in the product line. Criteria for this strategy are that the ingredient brand can be bought outside the offering<sup>11</sup>.

Other crossover-products and examples of ingredient co-branding include the car seat-covers that can be bought from Louis Vuitton and attached to most car seats on the market. These became pretty popular among car enthusiasts and in the hip-hop-bling cliques of USA.

The *Pininfarina Enjoy* is an exclusive model sold in only 75 units during 2005 to celebrate Pininfarina's 75<sup>th</sup> anniversary. By commissioning Louis Vuitton to work on the interiors of the vehicle (Fig 6), Pininfarina has started a prestigious partnership with the most important luxury brand in the world<sup>12</sup>. This is a typical example of ingredient branding where an ingredient or component of a product has its own brand identity. Through this partnership, Pininfarina enforces its own luxury image by using a Louis Vuitton interior, and Louis Vuitton strengthens its position in the automobile exclusive segment.



Fig 6, *Pininfarina*, seat covers by *Louis Vuitton*

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<sup>11</sup> Ugglä, H., 2005

<sup>12</sup> <http://www.seriouswheels.com/top-2004-Pininfarina-Enjoy-Concept.htm>



## 4 Conclusion

Results from this research project imply that brand alliances are one of Louis Vuitton's main brand strategies. Louis Vuitton uses a variety of brand collaborations and alliances in order to penetrate existing as well as new markets, in the field of luxury goods. Examples of brand collaborations used by Louis Vuitton are *co-branding*; with the very successful operations involving several Hollywood-stars, *ingredient co-branding*; with the car seat-covers, *sponsorship*; with The Louis Vuitton Cup and *Conglomerate*; LVMH being the largest conglomerate in the area of luxury goods.

## 5 Discussion

As a luxury brand Louis Vuitton faces the paradoxical situation of trying to reach more customers and at the same time providing a sense of exclusivity. It seems by observing the several campaigns and launchings of "non-luxury" products that Louis Vuitton is taking a big step and expanding beyond the typical line of products normally associated with the brand. So the obvious question becomes, is Louis Vuitton conducting a change of image; and if so, why?

Over the last couple of years, Louis Vuitton has expanded its product range by entering totally new market areas, sports in particular. The snowboarding equipment and golfing gear marked their presence in previously untouched parts of leisure. What were the intentions behind these new and, somewhat risky, entries? Was Louis Vuitton trying to respond to the increasing threat of being watered down due to the bootlegging of the classic handbags?

Regardless of what Louis Vuitton wanted to achieve, they used a strategy based on collaborations with other companies and brands that were already established on these new markets. Most of these collaborations led to cross-over products, with a single common attribute, the touch of luxury. The success of these ventures might have placed Louis Vuitton in a state of daze and overconfidence, causing the brand to get involved in products that were not in alignment with the original image of Louis Vuitton, such as the designed computer mouse. If this trend continues, Louis Vuitton might be facing a brand identity crisis in a nearby future.

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