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Louis Vuitton in India

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Louis Vuitton in India



"A product is a physical thing... the brand has not tangible, physical nor functional properties ... yet, it is as real as the product. If separate, abstract, ephemeral... it exists as a myth in the imagination of the consumer"

Kim

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1 – Description of three target customer segments for Louis Vuitton in India, using both qualitative and quantitative data

Entering in India (and in the Asian Market in general – being China another good example) was for Louis Vuitton (LV) a remarkable new challenge. It would mean a new natural growth platform.

Being a huge market (a country of 1.03 billion people – the second largest mass of people occupying a single geographical territory in the world, next to China¹) and with an evidenced potential diversity regarding new customer targets (Indians speak a total of 1,652 languages and dialects²), India meant (and means) a huge mix of quantitative and qualitative target customer segments.

The first customer segment that must be highlighted and brought to discussion are the Maharajas. This segment represents the so-called *crème de la crème* of India's society and may be seen as the premier reason for LV's liaison with the India Market. As described on the given case study article – *Louis Vuitton in India* (found at <https://campus.college.ch/forum/posts/29051-unit-3-midterm-louis-vuitton-due-february-27>) –, “there was a historical reason for choosing India. In the late 19th century, more than 600 maharajahs were ruling various regional provinces in British India. They were among the wealthiest people in the country. They flooded the small factory of Louis Vuitton in Paris with requisitions for custom-made leather interiors for their Rolls-Royces and leather bags for their travel during annual vacations. It was the ongoing orders from Indian royal families, among other wealthy customers, that had helped Louis Vuitton survive the Great Depression of the 1920s. That relationship had blossomed over the decades, with the maharajahs becoming customers for later Louis Vuitton products”.

LV, then, was (and is) a well-known brand among India's ruling class. India meant a familiar and logical market for LV to invest and develop its potential.

Over the decades, many Maharajas became entrepreneurs, converting their palaces into luxury hotels. The elite became a strategic segment for LV to try and enter into new potential segments – namely, the so-called “*India's New Elite*”.

This *New Elite* (NE), represents, then, the second customer segment that I would like to bring to the discussion.

The NE ranges from start-up owners of myriad new businesses in technology, manufacturing and services; professional CEOs in their thirties and early forties; non-resident Indians returning home; small and medium retailers; big-brand franchisees;

¹ Source: *Louis Vuitton in India*, found at <https://campus.college.ch/forum/posts/29051-unit-3-midterm-louis-vuitton-due-february-27>)

² Source: *Louis Vuitton in India*, found at <https://campus.college.ch/forum/posts/29051-unit-3-midterm-louis-vuitton-due-february-27>)

Bollywood actors (who were both customers and image makers); and “closet spenders” (like politicians and bureaucrats).

This NE represents India’s new generation of customers (that crosses a large universe of new target customers of India’s society) and, naturally, becomes a key strategy for LV to reach and expand into a wider range of potential customers.

Another crossover customer target (although, a much confined one – limited to the middle-class) that represents another crucial factor for LV to succeed and grow its roots in India is the so-called “cocooners” segment. LV identified this segment as being a relatively *new* emergent target (and a strong potential one). Its main features were that it represented a niche of India’s society (a burgeoning mid-segment of the Indian consumer target – numbering 97 million and, according to Mckinsey Global Institute’s charting of the ascendance of the Indian middle class over the longer term, this figure would rise up to 583 million by 2025³) that was fast becoming a new segment where the income levels and spending habits were high. Also known as “the new age of luxury”, this segment had the potential to develop a taste for luxury and become loyal consumers to LV. Thus, and merely based on numbers, this segment must be a key strategic target for LV to grow in India!

As a conclusion, and as perceived on the analysis above, LV saw in the Indian market a great opportunity to grow and expand on a phenomenal exponential level! One should bear in mind (and, particularly LV, of course) that the size of the luxury market in India was estimated to be around \$4 billion, and expected to grow to \$30 billion by 2015⁴. What an enthusiastic scenario and long-term trend for LV’s potential segment target!

2 – Representation of (1) LV’s three customers and (2) LV’s main direct and indirect competitors on a positioning map

Before presenting a Perceptual (Positioning) Map of LV in the Indian Market, it must be relevant and fundamental to stress the following:

- Because the luxury market in India is in the initial stages of its growth, there is very little competition in the market. Other global brands like Versace, Gucci, Dolce & Gabbana, Armani, Chanel and TAG Heuer are entering the Indian market. However, their entrance into the Indian market does not serve a substantial threat due to Louis Vuitton’s historical brand imaging throughout India⁵. A key differential advantage of LV in the Indian Market is, undoubtedly, its historical liaison with India’s Elite (as already mentioned and described before on the answer to question number one). That already given fact provides LV the competitive edge!

³ Source: Louis Vuitton in India, found at <https://campus.college.ch/forum/posts/29051-unit-3-midterm-louis-vuitton-due-february-27>

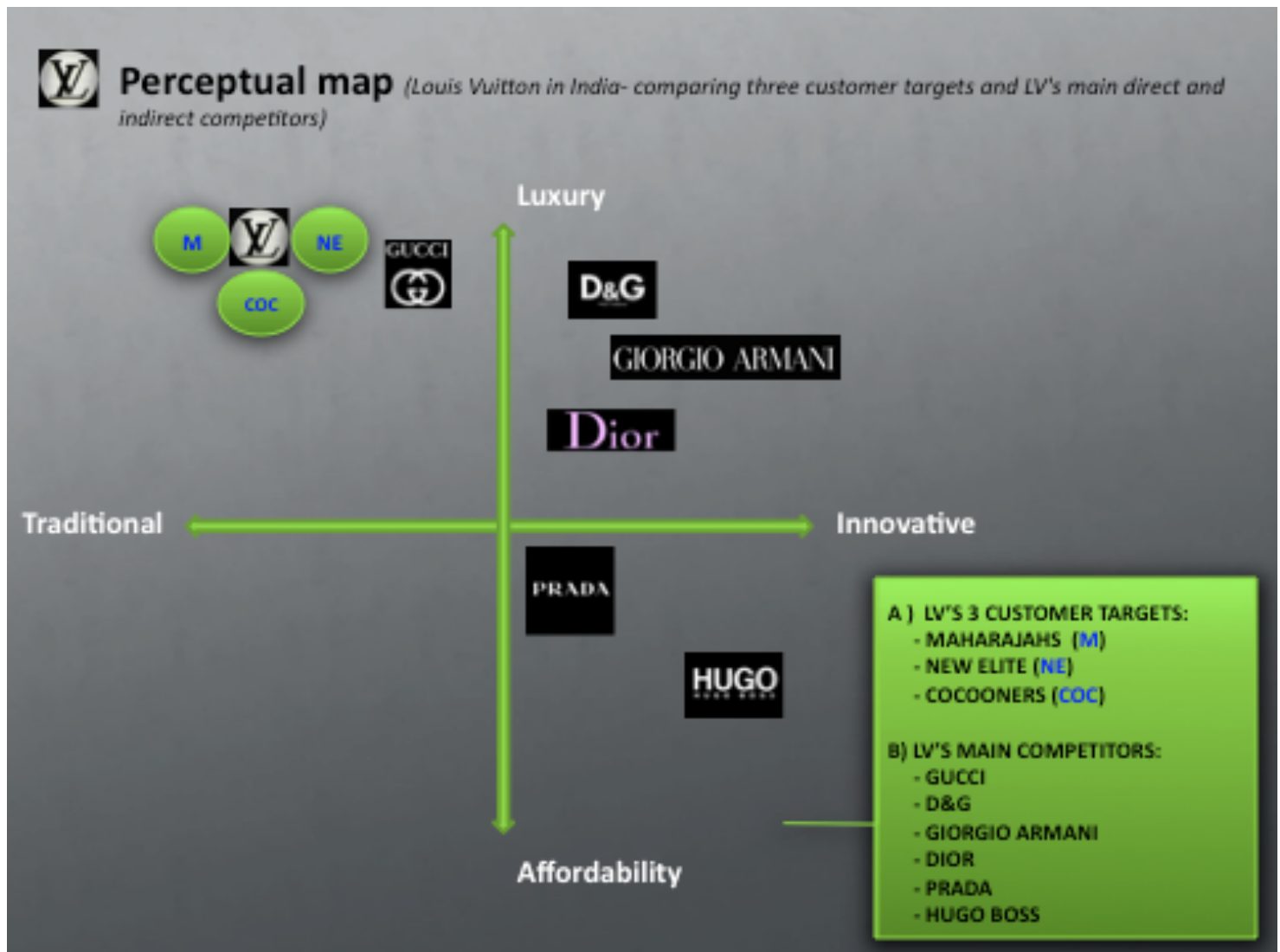
⁴ Source: Louis Vuitton in India, found at <https://campus.college.ch/forum/posts/29051-unit-3-midterm-louis-vuitton-due-february-27>

⁵ <http://www.opppapers.com/essays/Louis-Vitton-In-India-Harvard-Case/476921>, accessed February 26, 2011

Now, regarding the perceptual map itself, I have chosen 4 variables in order to compare (1) the Indian customer behavior towards buying retail products and (2) LV's main direct and indirect competitors. The variables are:

- Luxury.
- Affordability.
- Traditional.
- Innovative.

I predict the perceptual map to look as follows:



As explained before, LV has the competitive edge of being an already prestigious and well known/traditional Brand in India (and, particularly, to both rich and super-rich population). Thus, regarding the three segments I have indicated – the Maharajahs, the New Elite (comprising a wide range of *new* rich people – as described before on the answer of question 1) and the “Cocooners”, I naturally foresee/estimate that all three of them tend to position themselves around LV's own position on the perceptual map – that is: a positioning, where extreme luxury and tradition go hand-in-hand. This estimate is not solely based on my own assumption, but also on LV's own estimation and market study/analysis (as exemplified and described along the given case study article – “Louis Vuitton in India”).

Regarding LV's Top main potential competitors, I estimate (also, based on some pre-research I have made⁶) that LV's main direct competitor may be Gucci. Why? Because, like LV, Gucci is the only luxury retail brand present in India that fits in the category of a Traditional-Luxury brand/product. The only disadvantage of Gucci in relation to LV is that it hasn't as much tradition as LV in the Indian Market. That's why I have positioned Gucci on same axis area of LV, but with a less "traditional trend/position". All other competitors – Dolce & Gabbana, Giorgio Armani, Dior, Prada and Hugo Boss – described on the perceptual map are reckoned to be indirect competitors. Why? Because, (1) in relation to Dolce & Gabbana, Giorgio Armani and Dior, all these 3 fit into an identified "luxury" brand, but there is a complete lack of tradition of the brands within the Indian market (they all are completely new products/brands in the market); and (2) in relation to Prada and Hugo Boss, these two are set apart from LV on an opposite extreme as their presence in the Indian Market is completely new and both represent relatively much less expensive products (they aren't considered "luxury" products/brands).

2 - Analyzing LV's marketing mix

⁶ See PowerPoint presentation – "Intelligent Clothing" made at Columbia College at http://staff.columbiacollege.bc.ca/zkara/Marketing%20Plan/Sample_TermProject_Presentation1.ppt, accessed February 26, 2011

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