

# LOUIS VUITTON IN INDIA



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# What We'll Cover Today

- Company Background
- India's Market
- Eyeing India
- Goals in India
- Commercial Break
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# Company Overview

- Started in 1854 in Paris when a French craftsman invented a flat-topped trunk with a canvas cover
- Grew as travel by train and ship increased
- Opened first store in London and continued to sell a single-product brand of homemade leather bags before diversifying into leather accessories
- An emotional brand with distinguished heritage, not a fashioned brand that changed with time



# India's Market [downside]

- 72.2% lived in 550,000 villages
- 20.1% could not read or write
- The country's per capita income was well below the unit price of the products sold in the New Delhi and Mumbai stores.
- In 2005 266.5 million people out of 1.08 billion were living below the poverty line.
- 87% of the India population lived on an income of less than \$2.50/day.





# India's Market [upside]

- 1.03 billion people in India
- 2<sup>nd</sup> largest mass of people occupying a single geographical territory in the world, next to China.
- 23 million of the middle class in India were expected to be among the wealthiest in the country by 2025.
- 900 of the more than 5,500 companies on the Indian stock exchange had between \$50 million and \$1 billion in market capitalization.



# Eyeing India

- Enter new markets to sustain double digit growth rates
  - Tap into growing markets
  - Existing customer base
    - Over 600 maharajahs, who were some of the most wealthy people in the country
- 
- Requesting custom-made leather interiors for their Rolls-Royce's and leather bags for travel in the Paris store.
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- Gained consistent stream of orders from royal Indian families that helped LV survive the Great Depression.

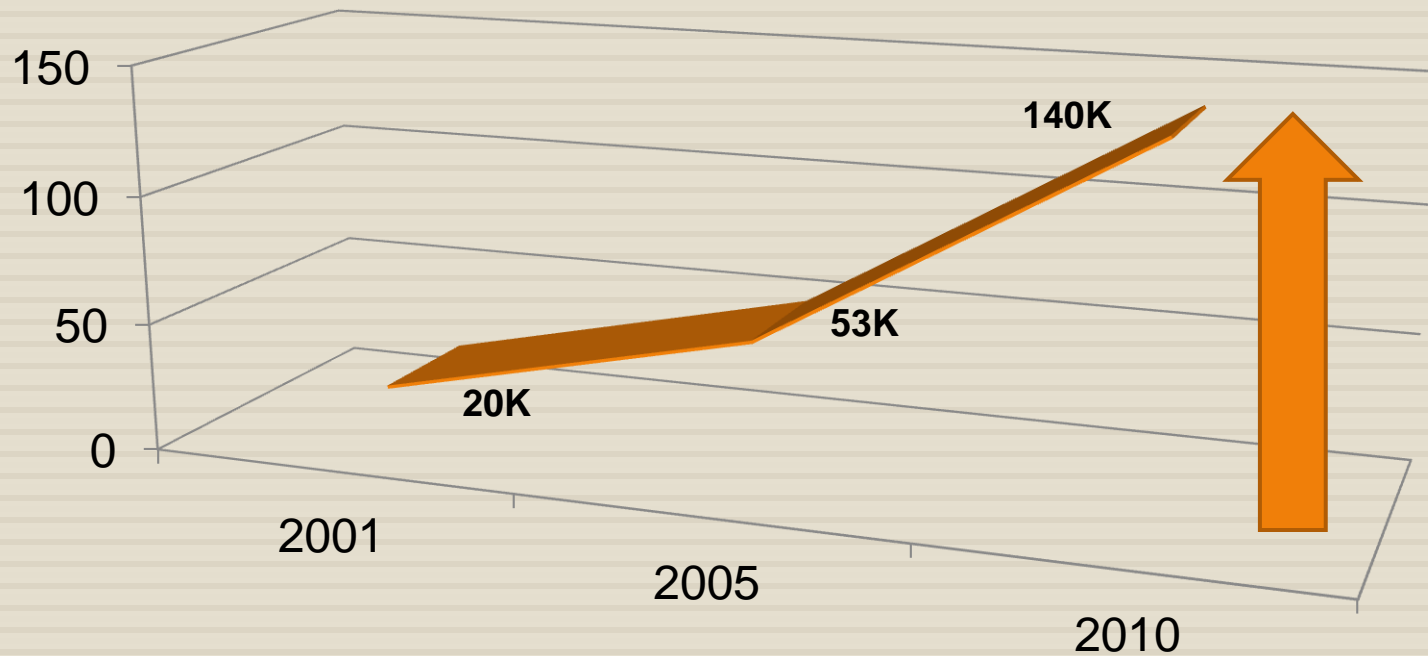
# Eyeing India

- World's second fastest growing country with number of high-net-worth individuals in 2005
- Rich flying to London, Dubai, Singapore, NY and Paris to shop
- India brought in about \$4 billion in the luxury market  
→ expected to grow to \$30 billion by 2015
- Potential in “Cocooners” market segment
  - Currently 97 million in the market
  - Middle-class → expected to grow to about 583 million by 2025
  - Beginning to develop a taste for luxury products



# Eyeing India

## Families with Annual Incomes of more than INR 100 million



- 83,000 *US dollar* millionaires in 2005

# Goals in India

- Open a store in every city in India with a population of 10 million or more
- Acquire a cumulative customer base of one million by 2010



Louis Vuitton



# Commercial Break

## □ YouTube Video



Louis Vuitton



LOUIS VUITTON

# Issues

- In 2008 LV was scheduled to open a 3<sup>rd</sup> store in New Delhi, India

Luxury Mall



- New target of people under the super rich

Next Lower Level



Louis Vuitton



# Issues

## Louis Vuitton's Retail Model

- Luxury retail clusters (LRC) → positioned next to their peers and competitors
- LRC's allowed luxury companies to showcase their offerings in a manner that highlighted brand personality and gain from the image spillover from the neighboring stores
- Benefitted from economies of scale and scope
- Infrastructure in India not yet capable of building LRC's

# Issues



## Limitations of a Luxury Mall

Restricted  
Store Design

Limited control  
over choice in  
neighboring  
stores

Quality Foot  
Traffic not  
Guaranteed

Less opportunity  
for leisurely  
window  
shopping

# Issues

## New Target Market



Developing  
new customer  
base

Unfamiliar with  
brand

Triggering  
emotion

Switching  
brands

# Issues

## First Luxury Mall in New Delhi

- 130 marquee brands
- 70 were global brands
  - Dior, Fendi, Armani, and Versace
- Also involved in the opening 5 other luxury malls

## Will the luxury mall model work?



# Recommendations

- Out of their 382 stores and the 59 countries they were in, India and Morocco were the only countries that had stores in hotels, but did not have a store in a RLC (retail luxury cluster) or a luxury mall
- 19.4% of population HNW individuals in 2005

| Category   | Annual Income (US \$) | 2005 – 2006 (Urban & Rural) | 2009- - 2010 (Urban & Rural) |
|------------|-----------------------|-----------------------------|------------------------------|
| Super Rich | 228,890 +             | 52k                         | 142k                         |
| Sheer Rich | 114,940 – 228,890     | 103k                        | 256k                         |
| Clear Rich | 45,980 – 114,940      | 454k                        | 1,037m                       |
| Near Rich  | 22,990 – 45,980       | 1,122m                      | 2,374m                       |

# Issues

## Current Marketing Strategy in India

- Accumulated a database of traditional customers and the new generation of high-net-worth individuals
  
- Exclusivity and personal marketing
  - Promotional brochures
  - Inviting them to special viewings
  - Personalized tours of LV's private museum near Paris
  
- Relied heavily on referrals and word of mouth

**How should they advertise to the new market?**

# Recommendations

- Continue to target new market with exclusive LV events and product launches
  - Let them know what the luxury lifestyle feels like by introducing it to them
  - Invite them to an exclusive “invite only” LV store opening event
  - Occasional in-store events (trunk shows) → attract to LV store
- Facilitate word of mouth advertising & encourage referrals
  - 1<sup>st</sup> 100 referrals receive a gift bag, offered tour to LV museum, etc.
- Correlate brand to success and “I’ve made it”
- Continue to nourish relationships with loyal/primary target market
  - Use them to connect with the new segment



# Louis Vuitton in India Today

- 5 stores in India today
- This year marks the tenth anniversary of Louis Vuitton's presence in India—it was the first luxury brand to open mono-brand stores in the country. Several major international luxury brands such as Prada, Max Mara and Ralph Lauren are still absent from the market, while others are slowly making an entry.
- “For Indians, luxury brands are still a case of curiosity, not conspicuous consumption”
  - Leading designer in India, Sabyasachi Mukherjee

<http://www.cpp-luxury.com/>

Louis Vuitton



# Questions



**Thank you for your participation!**

