

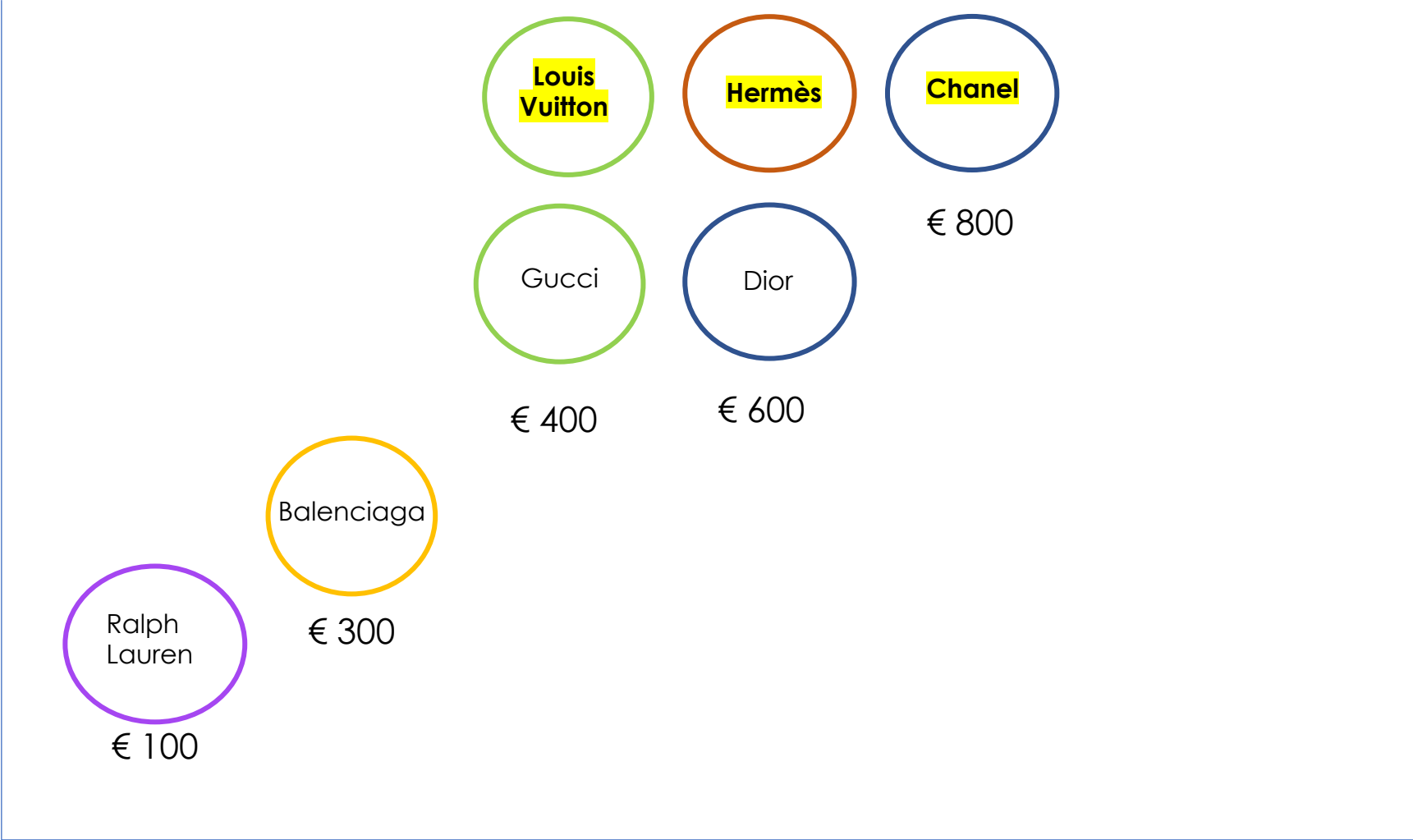
# Managing a Luxury Brand

Brand value assignment

Laetitia JOLY - September 19<sup>th</sup> 2021

# 1 - MAPPING

Brand value +



Brand value -

Price -

Iconic leather belt average price

Price +

## 2 - QUALITY:

=> Brands using the best quality are the ones communicating about their process of fabrication, and the ones we mostly see in second-hand markets

	Louis Vuitton	Hermès	Chanel	Gucci	Dior	Balenciaga	Ralph Lauren
Value	++++			+++		++	+
Material	Certifications Positive clients reviews	Cult status of Hermès leathers	Lambskin or caviar leather (top quality leathers)  High criteria for High Jewellery (DEF diamonds only)	Noble and rare materials:  Wooden looms  Exotic skins from ostriches, crocodiles, pythons, and anacondas	Difficult to find reviews, ranking and facts regarding the quality of the materials.  Wide second hand bags offer proves the material durability	Difficulties to find reviews, ranking and facts regarding the quality of the materials  Lack of transparency on websites	
	Huge second hand offer proves quality and durability			But ranked below LV			
Production	Production in Europe			Only 25% of the production is internal	Use of long-forgotten skilled techniques	Only a small part of production made in China (Triple S)	No information found regarding production process and sources
	Internal production only			Lots of subcontracted suppliers 3,000  Aim at internalizing more and more	Intricate beading and embroidery on textile  Only 60 craftsmen for Haute Couture (60 additional around collection time)		Exploring on-demand manufacturing
	250 operations to produce a LV bag	2-year training mandatory for a craftsman  Hires only 200 craftsmen a year	Chanel 16 Métiers d'Art celebration highlight its refined craftsmanship				

### 3 - IMAGE:

- ⇒ We consider reputation is more important than awareness as an image of a brand, as it indicates huge potential
- ⇒ Brands reaching the highest prices in Auctions Houses and with an exclusive retail network are the most reputable brands

	Louis Vuitton	Hermès	Chanel	Gucci	Dior	Balenciaga	Ralph Lauren
Value	++++			+++		++	+
Esteem/reputation	Reliable brand Strong quality image Symbol of status	Reliable brand Strong quality image Humble and elegant image	Strong image in the Fashion industry  Gabrielle Coco Chanel perceived as a pioneer	Fragile reputation: 2 black lashes in 2019: Balaclava-style sweater and Headscarf dubbed "Indy Full Turban"	Celebrities and fashion valuing the glamorous image  Exhibitions valuing its Heritage	Unstable with changes of creative director  Sometimes considered crazy and bizarre  Recent better reputation with last Haute couture fashion show	Initially positioned as a luxury brand, the expansion into more affordable offerings to increase growth saw the luxurious prestige being diminished and a devaluing of the brand name.
	Highest priced bags sold at auctions			Agility to rebound quickly and get positive reputation back			
	Exclusive internal only distribution						
	Internal E-commerce only	No e-commerce for cloth		Extensive distribution Aim at internalising	Extensive distribution incl. e-commerce sites and multi-brand stores		
Awareness Social Media Followers	Insta.: 45.5 M FB: 24.5 M Total: <b>70 M</b>	Insta.: 11 M FB: 3.6 M Total: <b>14.6 M</b>	Insta.: 46 M FB: 23.5 M Total: <b>69.5 M</b>	Insta.: 45.6 M FB: 20 M Total: <b>65.6 M</b>	Insta.: 37.4 M FB: 18.1 M Total: <b>55.5 M</b>	Insta.: 11.9 M FB: 2.2 M Total: <b>14.1 M</b>	Insta.: 12.8 M FB: 9.2 M Total: <b>22 M</b>

# 4 - CREATIVITY:

=> Innovative brands which attract Gen Z have added value as it increases their potential

	Louis Vuitton	Gucci	Hermès	Chanel	Dior	Balenciaga	Ralph Lauren
Value	++++		+++		++		+
Differentiation	<p>Logo fatigue</p> <p>Copies</p> <p>Huge competition incl. Goyard</p>	<p>Millenniums' mindset:</p> <p>Exclusivity through a Culture of Inclusivity</p> <p>Extravagant style</p> <p>Streetwear and ordinary chaos</p>	<p>Poetic vision</p> <p>Elegance and playfulness communication</p>	<p>Timeless modernity</p> <p>"Uncomplicated luxury" valuing simplicity over opulence</p> <p>Karl Lagerfeld</p>	<p>Glamour, prestige and sophistication</p> <p>Other luxury brands can present the same aspects</p>	<p>Street wear</p> <p>Does not promote the image of perfection</p> <p>Unusual beauty standards within the fashion world</p>	
Innovation	<p>Connected Tambour Horizons watch</p> <p>Bag made of optical fibers</p> <p>Flexible Canva connected screen</p> <p>Louis 200 Game</p>	<p>Virtual versions of its esports collections and products like for video games</p> <p>March 2020: collection of digital sneakers using augmented reality</p>	<p>Connected Apple watch</p> <p>Vegan leather</p> <p>FORBES' : world's most innovative public companies, ranked No. 13</p>	<p>Greatest innovation from the past: The Chanel suit</p>	<p>No information found regarding any innovation to attract Gen y and Gen z audience</p> <p>Innovation mainly for cosmetics compositions</p>	<p>Balenciaga video game</p> <p>Balenciaga and Apple Music</p>	<p>RL virtual store</p> <p>Customizable and branded wardrobe for Bitmoji and 3D avatars Zepeto</p> <p>Digital product identity</p>
Partnerships	<p>Takashi Murakami</p> <p>Yayoi Kusama</p> <p>Jeff Koons</p> <p>Supreme</p> <p>Stephen Sprouse</p>	<p>The North Face</p> <p>K-Pop star KAI</p> <p>Balenciaga</p>	<p>Apple</p>		<p>Remowa</p>	<p>Gucci</p>	

# 5 - BRAND VALUE:

- ⇒ *Our evaluation is not consistent with the market value of Gucci*
- *this market value relies on recent sharp increase of sales since the arrival of the successful current creative director and CEO duet*
- *our evaluation also relies on quality of the products and a solid historical reputation*

	Louis Vuitton	Hermès	Chanel	Gucci	Dior	Balenciaga	Ralph Lauren
Total Brand value	++++			+++		++	+
Market value	\$ 47.2 B	\$ 21.6 B	\$ 12.8 B	\$ 22.6 B	\$ 6 B	N/A	N/A



Steiff Louis Vuitton Teddy Bear - The most expensive teddy bear in the world,

**\$ 2.1 million**



The most expensive Hermès Kelly Bag sold at Christie's

**\$ 241,789**



The most expensive Chanel bag sold at Christie's

**\$ 32,500**

# Annex

Laetitia JOLY - September 19<sup>th</sup> 2021

## ANNEX - Evaluation methodology:

- Assignment criteria: Quality, Image, Creativity
- Additional sub-criteria based on personal experience including the DREF model used by Richemont group (Differentiation, Relevance, Esteem and Familiarity - Module 1 class 2 of this MBA) and personal research

<b>Quality</b>	<b>Image</b>	<b>Creativity</b>
<ul style="list-style-type: none"><li>- <b>Material</b><ul style="list-style-type: none"><li>- Selection Criteria</li><li>- Transparency of brand</li><li>- Rarity of the material</li><li>- Second hand offer ?</li><li>- Client feedback/blogs/reviews</li><li>- Certifications ?</li></ul></li><li>- <b>Production process</b><ul style="list-style-type: none"><li>- Limited production ?</li><li>- Experts craftsmen ?</li><li>- Made in Europe ?</li></ul></li></ul>	<ul style="list-style-type: none"><li>- <b>Esteem/Reputation</b><ul style="list-style-type: none"><li>- Perceived as exclusive ?</li><li>- Positive image ?</li><li>- Auctions price reached ?</li></ul></li><li>- <b>Distribution</b><ul style="list-style-type: none"><li>- How selective ?</li><li>- Luxury locations ?</li><li>- Partners ?</li><li>- E-commerce ?</li></ul></li><li>- <b>Awareness</b><ul style="list-style-type: none"><li>- Social Media Followers</li></ul></li></ul>	<ul style="list-style-type: none"><li>- <b>Differentiation</b><ul style="list-style-type: none"><li>- in which way(s) the style of the brand is unique ?</li></ul></li><li>- <b>Innovation</b><ul style="list-style-type: none"><li>- What does the brand do to surprise its Gen z audience ?</li></ul></li><li>- <b>Artistic partnerships</b><ul style="list-style-type: none"><li>- Is there any artists involved with the brand to find new ideas with products ?</li></ul></li></ul>



# ANNEX - Sources

## LOUIS VUITTON

### 1 - Quality

- <https://www.designer-vintage.com/en/stories/5-reasons-why-louis-vuitton-bags-are-worth-your-money>
- <https://us.louisvuitton.com/eng-us/magazine/articles/sourcing-responsibly-2020#>
- <https://www.lvmh.com/houses/fashion-leather-goods/louis-vuitton>
- <https://digital.hbs.edu/platform-rctom/submission/louis-vuitton-luxury-handbags-coming-off-an-assembly-line/>
- <https://www.lvmh.fr/actualites-documents/actualites/louis-vuitton-certifie-supply-chain-maroquinerie>

### 2 - Image

- <https://blog.ipleaders.in/distribution-channels-louis-vuitton-norms-regulations/>
- <https://www.lesechos.fr/industrie-services/conso-distribution/louis-vuitton-fait-le-pari-des-maisons-1145378>

### 3 - Creativity

- <https://fr.louisvuitton.com/fra-fr/magazine/articles/celebration-of-innovation>
- <https://www.lvmh.fr/actualites-documents/actualites/louis-200-une-epopee-artistique-pour-celebrer-le-bicentenaire-de-louis-vuitton/>
- <https://fr.etoile-luxuryvintage.com/blogs/news/most-popular-louis-vuitton-collaborations>

### 4 - Market value

- <https://www.forbes.com/companies/louis-vuitton/?sh=7b0331626dbe>



### 1 - Quality

- <https://www.rebag.com/thevault/hermes-101-top-10-most-popular-leathers/>
- <https://www.rebag.com/thevault/hermes-101-top-10-most-popular-leathers/>
- <https://www.hermes.com/us/en/story/271292-contemporary-artisans-since-1837/>
- <https://martinroll.com/resources/articles/strategy/hermes-the-strategy-behind-the-global-luxury-success/>
- <https://www.sothebys.com/en/buy/auction/2021/la-vie-est-belle-paris?locale=en>

### 2 - Image

### 3 - Creativity

- <https://www.hermes.com/us/en/story/247991-sellier-campaign-2020/>
- <https://www.forbes.com/sites/susanadams/2014/08/20/inside-hermes-luxury-secret-empire/?sh=659c29f32ad2>
- <https://www.apple.com/fr/apple-watch-hermes/>
- <https://www.scmp.com/lifestyle/fashion-beauty/article/3125427/victoria-bag-made-leather-canvas-and-mushroom-hermes-debut>

### 4 - Market value

- <https://www.forbes.com/the-worlds-most-valuable-brands/#245e8241119c>

# ANNEX - Sources

## CHANEL

### 1 - Quality

- <https://getthematic.com/insights/>
- <https://theeyeofjewelry.com/chanel/chanel-news/why-is-chanel-so-popular-and-so-expensive/>
- <https://www.vogue.fr/fashion/fashion-news/diaporama/chanel-mtiers-dart-derues-lemari-massarolesage-goossens-maison-michel-guillet-montex-cause-barrie-knitwear-lognon/13982>

### 2 - Image

- <https://www.scmp.com/lifestyle/fashion-beauty/article/3094182/five-most-expensive-bags-ever-sold-christies-handbag>
- <https://modernbuyerbehaviour.wordpress.com/2020/02/21/chanel-first-luxury-brand-its-influence/>
- <https://www.voguebusiness.com/companies/inside-channels-digital-strategy>

### 3 - Creativity

### 4 - Market value

- <https://www.forbes.com/the-worlds-most-valuable-brands/#3d01fb8e119c>

## GUCCI

### 1 - Quality

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- <https://www.afashionblog.com/where-are-gucci-products-made/>
- <http://www.ella-lapetiteanglaise.com/behind-the-scenes-at-the-gucci-factory/>
- <https://www.lesechos.fr/2018/06/gucci-expose-sa-strategie-pour-maintenir-sa-croissance-992101>

### 2 - Image

- <https://wwd.com/fashion-news/fashion-scoops/biggest-brand-controversies-2019-fashion-beauty-gucci-blackface-kim-kardashian-kimono-louis-vuitton-michael-jackson-1203241522/>
- <https://www.indigo9digital.com/blog/guccigrowthandsuccess>
- <https://ww.fashionnetwork.com/news/Gucci-makes-major-cuts-to-wholesale-network,1227874.html>

### 3 - Creativity

- <https://www.discoverwalks.com/blog/all-about-gucci/>
- <https://www.indigo9digital.com/blog/guccigrowthandsuccess>
- <https://www.forbes.com/sites/pamdanziger/2017/11/16/guccis-cracked-the-luxury-code-with-millennials-thanks-to-its-dream-team-of-bizzarri-and-michele/?sh=31715f781523>
- <https://hapticmedia.com/blog/fr/strat%C3%A9gie-num%C3%A9rique-de-gucci/>

### 4 - Market value

- <https://www.forbes.com/companies/gucci/?sh=4166c9d2317e>

# ANNEX - Sources

## DIOR

### 1 - Quality

- <https://ecowarriorprincess.net/2018/03/how-christian-diors-collections-embodies-5-elements-of-fashion-sustainability-2/>
- <https://www.smh.com.au/entertainment/christian-dior-at-ngv-inside-the-atelier-where-fabric-becomes-fairytale-20170805-gxq1um.html>

### 2 - Image

- [https://www.dior.com/couture/fr\\_fr/la-maison-dior/expositions](https://www.dior.com/couture/fr_fr/la-maison-dior/expositions)
- <https://uk.fashionnetwork.com/news/30-years-of-dior-ambassadors-from-isabelle-adjani-to-rihanna,533590.html>
- <https://www.marketing91.com/marketing-strategy-dior/>

### 3 - Creativity

- <https://brandstrategymangement.wordpress.com/category/brand-strategy-2/dior-brand-strategy/>
- <https://brandstrategymangement.wordpress.com/category/brand-strategy-2/dior-brand-strategy/>
- <https://www.lvmh.fr/actualites-documents/actualites/dior-x-rimowa-une-collaboration-exclusive-placee-sous-le-signe-de-linnovation-et-du-voyage/>

### 4 - Market value

- <https://www.statista.com/statistics/985305/dior-brand-value-worldwide/>

## BALENCIAGA

### 1 - Quality

- <https://jingdaily.com/chinese-consumers-balenciaga-made-in-china/>

### 2 - Image

- [https://link.springer.com/chapter/10.1007/978-3-030-48810-9\\_8](https://link.springer.com/chapter/10.1007/978-3-030-48810-9_8)

### 3 - Creativity

- <https://www.gq.com/story/balenciaga-video-game>
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- <https://hypebeast.com/2021/6/balenciaga-rupaul-merch-collection-playlist-release-details>

### 4 - Market value

# ANNEX - Sources

## RALPH LAUREN

1 - Quality

2 - Image

<https://luxuryviewer.com/is-ralph-lauren-a-luxury-brand/>

<https://luxuryviewer.com/whats-the-most-expensive-ralph-lauren-label/>

3 - Creativity

<https://corporate.ralphlauren.com/innovation>

4 - Market value