

Analysis of the LVMH's Strategic Approach to Dominating the Global Luxury Market

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Abstract: With major changes in the global luxury fashion industry, the traditional luxury industry has shifted from elite-driven development to a highly competitive market. This paper explores the development model of LVMH Moët Hennessy Louis Vuitton (LVMH) Group, a global leader in luxury goods, through a current and comparative analysis method, explores the differences and advantages of LVMH from its competitors, and examines how the group maintains its market leadership amid economic fluctuations. Through a strategic multi-brand approach, LVMH Group has diversified its product portfolio and catered to different consumer groups while ensuring the autonomy and creativity of its brands. The key to its success is strategic acquisitions, the combination of traditional craftsmanship with modern innovation, and market distribution strategies. The study also highlights LVMH Group's commitment to sustainable development and global cooperation as differentiating factors in its competitive strategy. However, the study acknowledges that the exploration of LVMH's influence on the entire industry is limited and suggests that future research can delve into the company's long-term sustainability and the role of digital transformation in its growth.

Keywords: LVMH, luxury market, multi-brand strategy, brand acquisition, sustainability

1. Introduction

Fashion began as an expression of social class, with the upper echelon setting trends that were subsequently emulated by lower-income groups. In recent years, the luxury fashion industry has witnessed remarkable expansion and profitability, highlighting its significant evolution from elite origins. Despite economic fluctuations in key markets such as Europe, the United States, and China, industry sales rose 9 percent to €86.2 billion, with net profits climbing by 8 percent to €15.2 billion [1]. The success of leading enterprises like LVMH Moët Hennessy Louis Vuitton (LVMH), which generated sales of \$21.8 billion, underscores the shift towards a competitive marketplace, with 27 companies achieving over \$2 billion in luxury goods sales as noted in a Deloitte survey [1]. Integral to this growth are strategies such as global collaborations and sustainability practices, which differentiate LVMH from its competitors. Despite economic fluctuations, LVMH has demonstrated resilience, recording an 8% rise in net profit, attributed in part to strategic collaborations and a commitment to sustainability [2]. Operating across multiple segments—from fashion and leather goods to wines and spirits—LVMH epitomizes innovation and adaptability, ensuring its notable position within the global luxury market landscape.

As an industry leader, LVMH has adopted a unique development strategy. However, existing research mainly focuses on the marketing strategies or consumer behavior of luxury brands, and there

is limited systematic analysis of how LVMH stands out with its unique development model. Therefore, this study aims to analyze LVMH's development model in the luxury industry through literature review and comparative research, and explore how it maintains its market leadership in the process of competing with other companies. In addition, this study will conduct an in-depth analysis of LVMH's core brand Louis Vuitton, explore its unique market positioning, and thus reveal LVMH's unique advantages in the industry's competitive landscape.

2. Overview of the development of LVMH

In the mid-19th century, the luxury fashion landscape was markedly different from today, dominated by artisanal craftsmanship tailored for the aristocracy. Louis Vuitton, founded in 1854, revolutionized this field by addressing the practical needs of travelers, who found traditional wooden trunks cumbersome. Vuitton's innovative use of lightweight canvas and a square case design not only enhanced portability but also facilitated better stacking, thus making travel more efficient and stylish [3]. This ingenuity quickly attracted the attention of French aristocrats, leading to a flourishing business and the establishment of the first store in London by 1885. Under the leadership of his son Georges, the brand evolved into an international venture, solidifying its status in luxury goods. The resilience of Louis Vuitton is evident in its capacity to adapt to contemporary trends while retaining its core values, as seen in recent collaborations and a commitment to sustainability, ensuring its relevance in an ever-competitive market dominated by giants like LVMH.

The LVMH Group, which flourished among the wealthy at first before progressively obtaining more prominence, is now a powerful leader. In an industry where tradition and modernity are closely entwined, the LVMH firm, which was founded in 1987 via the merger of Moët Hennessy and Louis Vuitton, is a shining example of innovation and tenacity [3]. Many companies have been in business for more than a century, but the LVMH Group is unique in that it has partnered with brands like Stella McCartney to promote sustainable practices in addition to diversifying its portfolio through strategic international relationships. These tactics demonstrate the LVMH Group's exceptional flexibility, which ultimately redefines luxury consumption and establishes new benchmarks for the sector in a constantly shifting market context.

In recent years, the luxury fashion industry has shown a strong expansion trend, with brand innovation and strategic acquisitions becoming the key driving force for growth. As an industry leader, LVMH has performed particularly well in this wave, achieving a 9% sales growth and annual revenue of 86.2 billion euros despite economic uncertainties in major markets such as Europe and the United States [2]. LVMH has actively expanded its luxury territory through the acquisition of Tiffany & Co. and high-profile joint collaborations with brands such as Supreme, promoting brand diversification and transcending the boundaries of the traditional luxury market. At the same time, the company has increased its investment in sustainable development and ethical operations to meet the growing value demands of modern consumers. This series of initiatives not only highlights the trend of luxury brands transforming from elitism to a more inclusive luxury experience, but also further consolidates LVMH's dominant position in the global luxury market and lays a solid foundation for continued growth in the future.

3. Analysis of LVMH's industry competitive strategy

The luxury fashion industry, which originated in the upper class, has experienced rapid growth and is now characterized by intense competition. LVMH Group, with revenues reaching €86.2 billion in 2023, continues to lead this sector, surpassing its competitors such as Kering Group and Richemont Group, whose market shares stand at approximately 4.7% and 4.8%, respectively [2]. As part of its strategy to enhance appeal, Kering Group incorporates high-profile brands like Gucci and Balenciaga,

each adopting a unique approach to product segmentation, yet LVMH remains a dominant force through its diversified brand portfolio and strategic acquisitions. The LVMH Group, on the other hand, benefits from its wide range of brands, which include Christian Dior, Tiffany, and Louis Vuitton. Its operations span a variety of industries, from fashion to wine. The fierce competition underscores the need for brands to innovate continuously, as evidenced by emerging trends such as sustainability and technological integration in consumer engagement, which shape the trajectory of their market presence within this dynamic industry.

3.1. Comparison of LVMH's development strategies with those of its main competitors

Against the backdrop of the rapid development of the global luxury fashion industry, market competition is intensifying, and major competitors such as Kering and Richemont are posing a strong challenge to LVMH. Although there is still a certain gap with the scale of LVMH, they are constantly consolidating their position in the luxury industry with their unique brand matrix and precise market strategy.

Kering Group is centered on well-known brands such as Gucci, Saint Laurent and Bottega Veneta. It adopts a wide range of product segmentation strategies to attract consumers at different levels. One of its core competitiveness lies in its rapid response to market trends, especially its ability to shape the fashion forefront [4]. For example, Gucci has successfully attracted the younger generation of consumers through its unique visual style, the combination of retro and modern elements, and its constantly innovative marketing strategies. In addition, Kering Group actively promotes the expansion of online channels and cooperates with emerging digital platforms to further enhance its brand influence. Kering Group's flexibility and innovation capabilities give it an advantage in digital marketing.

Richemont Group adopts a more refined high-end brand operation strategy, focusing on the jewelry and luxury watch market. Its brands include Cartier, Van Cleef & Arpels and Piaget. Richemont Group's success lies in the in-depth exploration of craftsmanship and brand stories. For example, Cartier is famous for its classic Love series jewelry [5]. The group continues to improve the scarcity of the brand through limited edition products and other means. It can be said that Richemont Group pays more attention to the craftsmanship and historical heritage of high-end jewelry, which gives it a solid customer base in the ultra-high-end market.

Faced with the different strategies of these two major competitors, LVMH needs to continuously optimize its own brand matrix to maintain its market leadership. For example, LVMH can further integrate resources in the field of high-end jewelry and watches to strengthen the competitiveness of its own products. In addition, LVMH also needs to increase digital investment, improve the e-commerce channel experience, learn from the successful model of Kering Group, and make greater breakthroughs in social media and digital marketing. In the current market environment, the core competitiveness of the luxury industry depends not only on brand history and product quality, but also on how to build emotional connections with consumers.

3.2. Strategies employed by LVMH to maintain market leadership

LVMH maintains its leading position in the highly competitive market through strategies such as multi-brand matrix, product innovation, digital marketing, sustainable development and strategic acquisitions. For example, as core brands, Louis Vuitton and Dior maintain their leadership in the high-end market through innovative design and exquisite craftsmanship, while brands such as Fendi and Celine have expanded their product portfolios to attract different market segments. LVMH also further consolidated its competitiveness in the high-end jewelry market through the acquisition of Tiffany & Co., while promoting brand rejuvenation and digital marketing [6]. The Group attaches

great importance to product innovation and consumer experience, and continuously launches luxury products that are in line with contemporary aesthetic trends and technology integration, such as smart watches, fashion items made of sustainable materials, and personalized customization services. In addition, LVMH actively adopts digital marketing strategies and cooperates with social media, KOLs and e-commerce platforms to enhance brand influence and increase online sales [7]. Sustainable development is also an important strategic direction for LVMH in recent years. By promoting the use of environmentally friendly materials, optimizing supply chain transparency, and fulfilling corporate social responsibility, it caters to the new generation of consumers' concerns about brand ethics and environmental responsibility.

4. Analysis of the reasons for LVMH's success

Examining Louis Vuitton's distinctive qualities is crucial given the luxury fashion industry's explosive growth. The company is known for its creativity and distinction. Louis Vuitton set itself apart by introducing lightweight, stackable luggage that were tailored to the needs of the upper class and revolutionising the design of travel accessories. By fusing functionality and fine craftsmanship, this trailblazing attitude established the benchmark for opulent travel that is still relevant today. Notably, Louis Vuitton uses advanced audience segmentation techniques to make sure that its advertising appeals to a wide range of customer demographics, strengthening exclusivity and brand loyalty. Additionally, the brand's commitment to sustainability, as noted in contemporary discussions on slow fashion, emphasizes quality and ethical production practices. By fostering strong global collaborations and limiting distribution channels, Louis Vuitton continues to assert its dominance in the luxury sector, proving that innovation and tradition can coexist harmoniously. This section will discuss the factors that have led LVMH to industry leadership.

4.1. Exclusive distribution channels and audience segmentation

LVMH implements an exclusive distribution strategy by meticulously curating its sales channels, ensuring that its products are available only in highly controlled, prestigious environments—such as brand-owned boutiques, flagship stores in luxury districts, and a limited number of rigorously vetted authorized retailers. This carefully restricted access serves multiple strategic purposes. First, it reinforces the aura of exclusivity and scarcity that defines luxury, elevating the perceived value of each item. Second, by maintaining full control over the retail environment, LVMH ensures a consistently high standard of customer experience that aligns with the brand's refined image. Third, this strategy strengthens consumers' psychological attachment to the brand, as purchasing from these select venues becomes not only a transaction but a symbolic act of belonging to an elite, aspirational world. As a result, LVMH successfully safeguards its brand equity while cultivating a loyal and emotionally engaged consumer base.

In parallel, LVMH conducts comprehensive research into its target markets and employs a sophisticated audience segmentation strategy to cater to the diverse preferences and expectations of different consumer groups. For high-net-worth individuals, the brand offers highly personalized services and bespoke experiences—such as private shopping appointments, access to limited-edition collections, and tailored customization options—designed to reinforce a sense of exclusivity and privilege [8]. Conversely, to appeal to the emerging generation of younger luxury consumers, LVMH leverages digital channels and culturally resonant marketing tactics. This includes engaging content on social media platforms, limited-time pop-up stores that foster a sense of urgency and novelty, and strategic cross-industry collaborations that align with youth culture and lifestyle aesthetics. Through these differentiated approaches, LVMH not only broadens its consumer base but also deepens brand engagement, fostering long-term loyalty and emotional resonance across market segments[8].

Driven by the wave of digitalization, LVMH is also exploring how to improve accessibility while maintaining brand exclusivity. For example, through the brand's own e-commerce platform and strictly screened online luxury retail channels, LVMH has achieved precise reach to digital consumer groups and further strengthened brand loyalty with personalized recommendations and immersive online experiences [7]. Therefore, in the ever-changing context of the luxury market, LVMH needs to maintain a delicate balance between exclusivity and accessibility to adapt to modern consumers' multiple expectations for dignity, convenience and interactive experience, while adhering to the brand's traditional values.

4.2. The brand's commitment to quality and craftsmanship

The evolution of luxury fashion is intricately linked to the enduring commitment to quality and craftsmanship that brands like Louis Vuitton embody. This dedication is not merely a business strategy but a foundation that has propelled LVMH to become a leader in the luxury goods market. With origins dating back to the innovative designs of suitcases by Louis Vuitton in 1854, the meticulous attention to detail and durability has set a standard for luxury that resonates with consumers, who often seek authenticity and heritage in their purchases. This emphasizes the importance of craftsmanship in the luxury sector, suggesting that the brand's legacy and production methods are crucial in distinguishing authentic luxury items from mass-produced goods. Furthermore, Louis Vuitton's selective distribution channels not only maintain exclusivity but also reinforce their commitment to quality, ensuring that each product reflects the brand's high standards. This unwavering focus on premium craftsmanship effectively sustains the brand's competitive edge in a rapidly expanding luxury market.

5. Conclusion

In conclusion, this paper demonstrates that LVMH has solidified its dominant position in the global luxury market through a strategic multi-brand approach, which allows it to cater to diverse consumer needs through brand diversification. Each of its brands possesses a distinct culture and market positioning, enabling LVMH to establish a presence across various market segments. Furthermore, LVMH employs a carefully considered brand acquisition strategy, acquiring prestigious names such as Fendi and Tiffany to broaden its market share in categories like jewelry, leather goods, and cosmetics. This multi-brand synergy not only attracts a wide range of consumer groups but also mitigates market risks and enhances the group's resilience. By granting each brand creative autonomy and fostering independent innovation, LVMH has successfully balanced the preservation of traditional craftsmanship with the continual drive for modern innovation, ensuring both the legacy and future growth of its brands.

However, this study also acknowledges some limitations. This study focuses mainly on the development and competitive strategy of LVMH, and has limited exploration of the broader impact of its industry-wide influence, especially in emerging markets or the evolving role of digital platforms. Future research could extend the analysis to examine the long-term sustainability of LVMH's strategy in the post-pandemic era, where digital transformation and sustainability may play a more critical role.

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