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Louis Vuitton benchmarking

Part A

Louis Vuitton encountered manufacturing issues after adoption of efficient methods. The company relied on automatic manufacturing while the customers were expecting high quality and unique products crafted by artisans. In 2010 the advertisement of LV was banned the company was selling manufactured not handcrafted products. The focus on improving efficiency affected the company's reputation and brand loyalty of customers (IVEY, 2016). The company misleads the customers that caused dissatisfaction and loss of reputation. The customers claimed that the bags were not handmade that reflects low quality. The purpose of adopting the machine method was to manufacture bags more efficiently. This had a direct relationship with the revenues and profitability (Thompson, 2011). Machines allowed the company to create more bags in the limited time that means lowering labor costs.

Company’s strategy of maximizing its productivity influenced its quality. The claims also stated that the company used fake advertisement showing crafts skills. LV had misguided customers and provided a product that was different from their expectations. Bad retail experience of the company was associated with unique brand values for targeting customers across different regions (IVEY, 2016). LV lost its brand loyalty that was important for creating positive emotions and demand for its products. Losing prospective market shares could have negative long-term impacts on business sustainability and growth. Before the event, it was apparent that LV captures its customers due to its positive reputation and brand loyalty.

Part B

Tesla, the automotive company, faced crisis similarly by adopting a model of ‘manufacturing hell.' The customers claimed that electrical cars have serious quality problems. The product was not according to the expectations of the customers. This reveals the defects in the assembly model. Due to serious quality claims the company failed to attain its target of manufacturing 20,000 battery cares. It has adverse impacts on the process of manufacturing because the company lowered its target to 2,500 cars by the end of the month and 5,000 by the end of June. The defects in manufacturing were the result of a lack of talent and quality experts. The company failed to resolve the quality issues even after launching its third battery car model. The defective lithium-ion packs influenced the performance and operations of the car. This confirms that the company failed to provide the model according to the client's expectations. It was also revealed that "one current Tesla engineer estimated that 40 percent of the parts made or received at its Fremont factory require rework” (Eisenstein, 2018). The company faced huge losses and shipped the parts back for rework. Low quality also threatened the reliability of the product. A similar situation faced by LV when the customers doubted the quality due to reliance on mechanical work. LV ignored the facts that are relying on machines is against the company's vision of craftsmanship and reliability.

The analysis of the issues faced by Tesla reveals that it can leave negative impacts on a company's financial stability. The company needed to respond to the concerns immediately for saving its reputation. Tesla future performance is also dependent on its ability to resolving a quality problem. The issues faced by Tesla have close relevance with that of Louis Vuitton. Both companies faced quality concerns and negative response from the customers. Customer dissatisfaction risked the company’s reputation and brand loyalty. It was thus critical for both to adopt adequate strategies for addressing the issue of quality. LV also lost many of its customers due to negative media advertising and customer complaints. To handle the situation LV apologized from its customers and closed advertisement of craftsmanship.

Tesla first denied any quality concerns and silenced the employees that highlighted the problem with the battery car models. The company adopted a smear campaign for clarifying the quality concerns but later addressed the issues by instructing the engineering team. The team focused on resolving the issues by identifying the cause and making improvements in the battery car model. The best strategy adopted by Tesla was to lower its production from 20,000 to 2,500. This gives adequate time for testing the performance of the developed cars. Other strategies that the company considered for addressing the issues include resolving discrimination, talent shortage, and retaliation. To further overcome the manufacturing problems the company emphasized on rework on the defected parts (Eisenstein, 2018).

Louis Vuitton for addressing its quality issues adopted advanced factory model. The company emphasized on resolving the manufacturing defects and manages more workshops for catering client needs. The company can adopt a strategy of improving its reputation by using public relationships and improving its quality. Effective advertising that portrays celebrity could be a practical tool for emotional advertising. The company can research different markets for determining customer preferences that will help in identifying the most relevant clients. The common strategies that can help LV in recapturing larger market shares include; advertising, public relations, celebrity events, websites, and deals. These are effective ways of building positive emotional appeal among customers. The central focus of the company should be on customer loyalty and high satisfaction (Thompson, 2011).

Tesla and Louis Vuitton faced manufacturing problems that affected their reputation and caused significant loss of customers. To resolve the issues and regain market positioning the companies must focus on improving public relations, advertising and branding.

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