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**Louis Vuitton Case**

# Introduction

Globally Louis Vuitton is the only brand which has no promotions on sale, no TV commercials, no second product line, and no free items to give away. It has no other outlet or licensing, no products for sale for any third party. Louis Vuitton has never even given a single discount in its product during 161 years of its business. Industry big luxurious brands like Gucci, Louis Vuitton are very famous in making Leather items and its leather products are out of the reach of people. Louis Vuitton is suffering from Deadstock in the shoe items. The dead stock has been considered as "the silent killer of retailers”. It charges a cost in storing and restocking this surplus inventory. Deadstock is connected with working capital which may be put towards more creative advertisement, newer inventory, more talented staff and better IT system. Retailers and fashion houses have motivation incentives for disposal of this dead stock as efficiently and quickly as possible. Different options of disposal include recycling and donations and the easiest solution of the dead stock is to destroy it (Angelini, et. al, pp. 115).

**Discussion**

Many leading fashion companies highlight themselves to the spotlight of media for destroying of dead stock. In OCT 2017 H&M Sweden company was in the headline because of burning 12 tons of its unsold and new stock clothing. During the previous few years, the Swiss luxury organization had destroyed $567 million worth of high-end watches including Montblanc and Cartier timepieces, and take the attention of media. Among all luxury goods makers, deadstock destruction is a very common practice.

Many retailers and market fashion designers destroyed their dead stock to make space for new stock and allowed to free up the luxury goods and working capital of companies. These companies are protecting their intellectual property by dead stock disposition of dead stock.. Companies disposed of their luxury goods for another reason which includes preventing their product from the gray market. The black market consists of stolen and counterfeit products which are illegal to sold. The gray market includes original designer wares (protected by patent rights, copyrights, and trademarks) and unauthorizes resellers sold them legally. These resellers sometimes sell these products in their retail price which may diminish the brand image (Muntaner, et. al, pp.64).

There is another reason for deadstock destroying by some luxury goods companies is tax credits. The Italian and French governments, give tax relaxation to companies who destroy their unsold products. US government permit the companies to recover 99 % of imported merchandise taxes duties and fees if they destroyed the unused inventory under the supervision of US Customs. To destroy their unsold items the imported leather handbag has a duty rate reach up to 60% which is a good financial incentive (Bell et. al, pp. 59).

**Conclusion**

According to research, it is better for Louis Vuitton to destroyed their dead stock because it may ruin its reputation to sell it in other ways. Research shows that it a very common practice that big luxury companies destroy their stock and make space for new stock. This practice will save the brand image and companies reputation which will prove best in the favor of shareholders and customers. The company should adopt some strategies to destroy the dead stock which includes donating to charitable institutions, organize the private sale of the unsold stock for the families of staff, shareholders and Journalists. Recycling of products is another way to get rid of old-style shoes and renew them according to fashion. The last and very common way which many luxury item companies like swill and H&M destruct their dead stock. By choosing any method Louis Vuitton should destroy its footwear stock.

# Works Cited

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