Issues

* The growth rate of Louis Vuitton (LV) was not sustainable as it continued to face challenges.
* Louis Vuitton faced fierce competition from Hermes, Gucci, Prada and Bottega Veneta. These companies were giving competition in all product segments. Hermes was manufacturing high-end handbags created according to customers specifications. This increases the popularity of other brands also in the region where LV had clear dominance.
* The behavior of customers varied across markets such as brand logos was more common in China. The demand for luxury goods was low in China. In Japan, only one segment of the product was formed.
* Smaller brands were focusing more on customer specific products that allowed them to capture market share. These companies adopted a different strategy such as the prices charged varied according to the segments. The products designed for accessible customer segments charged low prices compared to the luxury products. LV was focusing more on the luxury products that were highly expensive.
* The adoption of Toyota production methods had some consequences for LV. 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 hand-crafted products. The focus on improving efficiency affected the company's reputation and brand loyalty of customers (IVEY, 2016).
* PPR was the founding families that held 40 percent of the outstanding shares. In smaller companies like Hermes, the founding families were controlling more than 50 percent of the shares in Europe. Most of the competitors of LV were conglomerates (Okonkwo, 2009).
* The attitudes, interests and the perceptions of the luxury clients continued to evolve. The emergence of new luxury markets such as China also affected the business of LV. The company needed to address the needs of the clients in different regions (THOMPSON, 2011).

References

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