

LVMH in 2016: Its Diversification into Luxury Goods

Assignment Questions

1. What are the major elements of LVMH's competitive strategy in the branded luxury products industry? How well do the pieces fit together? Is the strategy evolving?
2. How have LVMH's corporate strategy choices strengthened or weakened its competitive position in the branded luxury products industry?
3. Is LVMH's international strategy best characterized as a multi-domestic strategy, global strategy, or transnational strategy?
4. Does it make good strategic sense for LVMH to compete in all of its current segments? Which of its product lines — Wine and Spirits, Fashion and Leather Goods, Perfumes and Cosmetics, Watches and Jewelry, Selective Retailing, and Other — do you think is/are most important to LVMH's future growth and profitability? Should one or more of these current segments be discontinued? Why?
5. What is your assessment of LVMH's financial performance over the 2012 – 2015 period? (Use the financial ratios in the Appendix of the text as a guide in doing your financial analysis.)
6. What strategic issues confront LVMH in 2016? What market or internal circumstances should most concern CEO Bernard Arnault and his company's senior leadership team?
7. What recommendations would you make to Arnault to address the strategic issues confronting LVMH in 2016 in order to sustain its impressive growth in revenues and profitability?