

Standing out from the affordable luxury brands: Can Coach be the next LVMH?

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Abstract:

The global fashion luxury market is growing rapidly. It is estimated that the global personal luxury goods will increase 2-4 percent to \$284 billion-\$289 billion in 2017 (Paton, 2017). By collaborating with well-known fashion conglomerate, some newly established luxury brands are expanding globally. Headquartered in Paris, LVMH Moët Hennessy Louis Vuitton SE (LVMH) is a French multinational goods conglomerate which controls 60 subsidiaries that each manage a small number of prestigious brands in various categories such as fashion & leather goods, perfumes & cosmetics, wines & spirits, watches & jewelry, and specialist retailing. The subsidiaries are often managed independently. With the impact from the company and its prestigious brands, LVMH has an unbeatable status in the fashion industry.

Operated as an American multinational luxury fashion company, Coach, Inc. is well-known for providing accessories, footwear, fragrance, outerwear, and ready-to-wear for upper and middle class. It was founded in 1941 as a family-run workshop and had been developed to be an American lifestyle brands which has operated approximately 1,000 directly operated locations globally, including North America, Japan, China, Singapore, Taiwan, Malaysia, Korea, and Europe. With the acquisition of shoemaker Stuart Weitzman in 2015 and Kate Spade in 2017, Coach, Inc. has been rejuvenated with a promising brand image and an increasing brand loyalty. Also, the price per share of its stock increased to \$48.69 (on July 28, 2017) from \$28.55 (on July 28, 2015). With its continuing interest of acquiring other fashion brands, Coach, Inc. exerted the ambition to establish the first multinational conglomerate company in the United States. This exploratory research intends to study the improvement procedure for Coach and provide justification why and how Coach could be further developed. A comprehensive review of publications, case studies, and reports was conducted to explore the company's earnings reports and the trend report so as to analyze the development direction for Coach, Inc. and the expectation of current market. Research results provides insight for other fashion brands during the stage of transition, as well as suggest guideline for newly established designer brands for further development (to prestigious brands). Both theoretical and managerial implications were provided.

Key Words: Luxury Fashion Brand, LVMH, Coach

Reference:

Paton, E. (2017). Luxury Goods Market Will Return to Growth in 2017, Bain Report Says. Retrieved from <https://www.nytimes.com/2017/05/29/fashion/luxury-goods-outlook.html?mcubz=1>