ACADEMIC GROUP PROJECT · 2024–25

How luxury fashion houses compete, and why they sell differently

Sector analysis for PGDM Business Design coursework, WeSchool Mumbai. Team of four; I was one of the four authors.

The question

What do the leading luxury houses actually compete on, and how do luxury brands position, price, market and distribute differently from premium and mass-market brands?

What we did

- Profiled the two biggest groups, LVMH and Kering, and six houses: Gucci, Dior, Prada, Louis Vuitton, Hermès and Chanel.
- Compared the six on the same six parameters: signature offering, heritage, product innovation, exclusivity and craftsmanship, durability, and global reach.
- Set out how mass, premium and luxury brands differ on audience, positioning, channels, pricing and distribution.
- Ran Porter’s five forces, a stakeholder power–interest map and a segmentation matrix of four luxury buyer types.
- Mapped the supply chain, distribution channels, regulation and tax.
- Visited luxury stores and interviewed staff with a 12-question guide.

What we found

- We concluded that luxury houses compete on scarcity, heritage and control of where they sell. Hermès sits at the exclusive end (waitlists for Birkin and Kelly bags); Gucci and Louis Vuitton mix exclusive lines with wider reach.
- Five forces: high rivalry, a low-to-moderate threat of new entrants, moderate buyer power, moderate-to-low supplier power, and a moderate-to-high threat of substitutes as buyers shift toward sustainable and digital alternatives.
- From store staff (their estimates, not audited): around 30–40 visitors a day, more at weekends and before Christmas and New Year; staff estimated 40–60% of visitors buy; handbags and menswear (belts, scarves, wallets) sell fastest; most brands offer no in-store discounts; service is one-to-one, and some brands (for example Burberry) see customers by appointment only at busy times.

Why it matters for a business

The same method works for any category decision: compare competitors on a fixed set of parameters, test the structure of the market, and check desk research against what people on the shop floor say.

> Only facts that could be checked are included. Brand photographs and charts in the original deck that could not be traced to a source are not reproduced here.