CORPORATE STRATEGY IN THE WORLD LUXURY INDUSTRY

Today luxury industry is one of the most important parts of the world economy. There are companies which are the major players in the industry. Among them are such multigrain’s as LVMH, Gucci, Richemont, Prada Group, Armani, Burberry, Bulgari, Tiffani & Co, Coach and Swatch Group. Nowadays the representatives of the industry are trying to increase their presence in new, rapidly growing markets of Asia, Eastern Europe and Middle East. They also simultaneously penetrate into the traditional markets of Europe, North America and Japan, using the following corporate strategies:

1. The strategy of acquisitions. Successful companies LVMH and Gucci most of all use the strategy of acquisitions. Fighting for the leadership, huge companies have united well-known and promising brands. As a result, they have become groups, working in all segments of the industry of luxury goods. Thus, the group LVMH currently controls more than 50 brands, which compete in five sectors of the industry. Conglomerate Gucci controls 4 sections.

2. The strategy of vertical integration. Industry leaders were active in implementing this strategy, when their lines added grocery trade and began to sell their production independently. Armani has achieved full integration from this creation. It is the company that provides all necessary cycles of processes from designing and manufacturing to sales of finished products to consumers. Other companies prefer to balance independent sales with sales through independent retailers or franchise contracts, for example Richemont group.

3. Diversification strategy. This strategy allows companies to manage their resources, to obtain economies of scale and reduce business risks. LVMH Group used the strategy of diversification more actively than others. Bulgari and Armani have been introduced in the hospitality industry. In 2006 The Company Bulgary created the venture with US Company Mariott International. In 2005 the company EMAAR Properties was Armani’s partner.
4. Multi-brand strategy. Having added well-known brands, LVMH and Gucci are trying to save their independence. They create an organization structure which would combine the creative process of decentralization with centralization of operational processes. Centralizing their business process, these companies often get a synergistic effect. In addition to multi-brand strategies they use the so-called stellar brand strategy. They try to develop their star brands, strengthening innovation and the quality of their products.

5. The strategy of social responsibility or social solidarity. In this field such representatives as LVMH, Tiffani & Co and others finance health programs and medical researchers, helping the disabled, elderly and children, as well as supporting students, future designers and industry managers. Companies organize festivals and various professional partnerships with leading educational institutions around the world to help art and culture and actively take part in the cultural heritage restoration.

The above strategies are used by luxury industry representatives. Sometimes they mix these strategies due to the fact that this industry has its own characteristics which provide companies with leading positions and obtaining maximum results.

Companies should seek to play a greater role in the global luxury market in order to have more luxury-brand companies in Ukraine. Manufactures of Ukrainian goods should move more actively in the sphere of retail trade not only within their own country, but throughout the world. They can do it either by forming alliances with other companies, either with the help of mergers, opening offices wherever it is possible.