i2®
The Supply Chain Results Company™

Blending New Technologies With Trustworthy Tradition and Creativity at Louis Vuitton

One hundred fifty years old, the luxury goods manufacturer Louis Vuitton has successfully kept in touch with its customers, decade after decade, while remaining faithful to its founder's original principles of quality and design. When Louis Vuitton selected solutions from i2, it successfully combined modern technology with semi-manual production processes and a traditional respect for top quality and good service.

Part of the LVMH group, Louis Vuitton is the group's biggest and the most profitable brand. In 1997, it hired a new designer called Marc Jacobs to add a modern twist to traditional Louis Vuitton designs. Marc Jacobs helped the company branch out into ready-to-wear and shoes, as well as turn Louis Vuitton into a more global brand. With the success of this strategy, however, came a huge increase in the number and range of products, which in turn led to increased supply chain complexity.

At the same time, Louis Vuitton was experiencing an annual growth rate of double figures. It was gaining more and more international customers, attracted by the image of luxury and the product quality promise. The company planned to expand its international stores to capitalise on this demand, but found that its systems were no longer adequate to manage its increasingly complex supply chain. It recognised that it needed to improve the accuracy of its sales forecasting and supply chain planning operations to enable it to achieve its goals.

It therefore launched a global supply chain project focused firmly on improving the way it met the needs of its international clientele. "Our customers are attracted to our products by their quality," said Touhfa Rahali, Sales Planning Manager, Leather Goods, Louis Vuitton. "We also have to offer them a quality service. This means ensuring that our products are available in our stores when our customers want them."

LOUIS VUITTON

Challenges
- Increase availability of products in store
- Improve sales forecasting accuracy
- Manage increasing supply chain complexity, caused by growing number of product lines
- Support expansion of company's stores

Solutions
- Initiate global supply chain review, addressing organisation, processes, and technology
- Create new Central and Zones sales forecasting teams
- Establish new global planning processes

Results
- Increased in-store availability by more than 10 points
- Improved accuracy of sales forecasts on a global basis
- Supported company's expansion and its more complex supply chain

Company Description
Part of the LVMH Group, **Louis Vuitton** was founded in 1854. The company produces leather goods, ready-to-wear, shoes, watches, jewelry, textiles, writing instruments, and accessories. Continually expanding, Louis Vuitton today boasts 13 production workshops, an international logistics center, more than 300 exclusive shops in 50 countries, and employs 9,500 people throughout the world, 60 percent of whom are based outside France. Net sales for the LVMH fashion division total more than €4.1 billion.

"Using i2 solutions has helped us to close the gap between demand and supply. We have been able, thanks to the supply chain project, to reduce the lead time on our products from two months to just three weeks."*

—*Loic Lecoeuche*
IT Manager, Supply Chain Solutions
LOUIS VUITTON

Why i2?

The global supply chain review project was divided into three parts: organisation, processes, and technology. Supported by consultants from Cap Gemini Consulting, Louis Vuitton conducted a series of workshops that involved people from departments including marketing, finance, logistics, production, and retail. The recommendations that emerged were then validated by the executive committee, as well as by functional experts from the company's zones.

Once the company had determined its desired organisation and process structure, it commenced a search for the best supporting IT tools. Louis Vuitton selected i2 Demand Planner™ and i2 Supply Chain Planner™ after a thorough competitive evaluation of the products available in the marketplace.

"We needed a solution that could be taken from the shelf, but also adapted to our needs," said Loic Lecoeuche, IT Manager, Supply Chain Solutions, Louis Vuitton. "The i2 solution suite provided us with the precise functionality for sales forecasting and distribution planning that we required. It also offered one editor for controlling both aspects of our supply chain planning, making it easier to manage and use."

"With better availability in the stores, *we are satisfying more of our customers,"* Rahali said. *"This is important both in terms of image and turnover."*

"i2 is an established international company and a leading player in this marketplace," Rahali said.

The implementation of i2 solutions was carried out as soon as the new organisational structure and processes were established. The roll-out commenced in the central organisation and then continued zone by zone until all of Louis Vuitton's international operations were live.

i2's Contribution

The arrival of the i2 solutions and the new planning processes has brought about considerable change at Louis Vuitton. Previously, sales forecasts were carried out in central on a non-collaborative tool and were not taking into account the lost sales. i2 solutions provide Louis Vuitton with the capability to analyse sales histories, incorporate projected figures from marketing, and make far more meaningful sales plans.

"Our sales forecasts have become much more professional and accurate," Rahali said. "i2 has given us the ability to work on statistical calculations and obtain much more detailed figures on our markets."

In addition to being used by the central sales planning team, i2 solutions are also used by planners at locations in each of Louis Vuitton's global zones. The regions provide local input to help make the sales forecasts as accurate as possible. "Being international solutions, the i2 products easily manage this international way of working," Rahali said. "They make crucial information directly available in all of the zones, where they can be shared by everyone in real time."

Qualitative information is as important as quantitative, according to Rahali. "Recently, a colleague in Japan called us to tell us that pets are very fashionable in Japan," she said. "This small piece of information can really help us. We were able to use it to increase the sales forecast and product allocation on products linked to pets. By incorporating information from a wide variety of sources, we can make our forecasts so much more accurate."

Louis Vuitton's Results

Since the global supply chain project was first initiated, Louis Vuitton has grown considerably as an organisation. The use of i2 solutions has helped support the company's expansion.

"The company would have struggled to support this expansion with our previous systems," Rahali said.

The considerable growth of the stores' network has been accompanied by a similarly significant growth in product lines. Ready-to-wear, shoes, watches, jewelry, and textiles now accompany handbags, small leather goods, and luggage. There are more than 2,000 products in the leather goods range alone. Despite the added complexity that these additional product lines have created, Louis Vuitton's supply chain is now more reactive than ever, and it can deliver to all stores at least once a week.

"Using i2 solutions has helped us to close the gap between demand and supply," Lecoeuche said. "We have been able, thanks to the supply chain project, to reduce the global lead time on our products—from the products' sales to the arrival of the products in the stores—from four months to seven weeks."

The improved accuracy of the sales forecast has led to improvements in production planning and distribution. Louis Vuitton is now able to predict its transportation requirements accurately three to four weeks in advance. This means that it can often ship products by sea rather than sending them by air.

The company's main aim—to improve availability in stores—has been achieved. Within two years of the project's commencement, availability has increased by more than 10 points in the stores, and it is continuing to improve.

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"This whole project is a good example of how new technologies blend well with tradition," Rahali said. "The advanced, modern technology of i2 solutions helps us supply our traditional hand-made products to better meet the demand of customers."

"It took a lot of energy to change the company, but it was certainly worth it!" Rahali said.

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