

CHAPTER V

CONCLUSION

This essay discussed 3 major topics about how Hermès compete in the market, their social impact to the environment, and Hermès' consideration to enhance their business.

On the first topic of discussion, the competitive advantage of Hermès in the market is analysed with Porter's five forces analysis. It was found that competitive rivalry gives the biggest impact to the company, while threat of substitutes and bargaining power gives moderate impact, and threat of new entrants and bargaining power of suppliers gives low impact to the company. Essentially, Hermès certainly has a big competitive advantage in the market. However, to maximise the performance of the company, Hermès can engage more to their customers to increase their customers' brand loyalty in order to decrease the chance of their customers to switch brand to its rivals.

The second topic discussed about the social impact of Hermès. Referring to the Carroll CSR Pyramid, Hermès is certainly not a company that is already at the point of ethical responsibilities or philanthropic responsibilities. Hermès' goal of creating social impact with a vision for sustainable development is still homework for them to do as well. The level of CSR they carry out is still only in economic and legal motives, not ideally morality has moved to provide meaningful changes in the middle of society. It cannot be denied that CSR also

has other purposes that are planned by the company to indirectly form a positive image to the community.

CSR is the theoretical basis of the need for a company to build a harmonious relationship with the local community. Theoretically, CSR can be defined as the moral responsibility of a company to its stakeholders, especially the community or community around its work area and operations. The success parameter of a company from the point of view of CSR is the prioritisation of moral and ethical principles, namely achieving the best results, without harming other community groups (Daniri, 2008). That way, companies that work with moral and ethical principles will provide the greatest benefits to society.

Lastly, the third topic of discussion is an analysis in regard to consider what is needed to enhance the company's portfolio. Most of the Hermès' products portfolio has been doing good in the market. Nevertheless, some products and marketing development might be needed for the non-stars category especially in the question marks category to shift towards the stars group.

REFERENCES

- Aleazurra Y. (2017) Hermès Market and Business Analysis. *Academia* [online]. Available from: https://www.academia.edu/35203660/Hermes_Market_and_Business_Analysis [Accessed 15/04/2021].
- Amaral, N.B. and Loken, B., (2016) Viewing usage of counterfeit luxury goods: Social identity and social hierarchy effects on dilution and enhancement of genuine luxury brands. *Journal of Consumer Psychology*, 26(4), pp.483-495.
- Arienti, P. (2017) Global Powers of Luxury Goods 2017–The new luxury consumer.
- Bachmann, F., Walsh, G. and Hammes, E.K. (2018) “Consumer perceptions of luxury brands: an owner-based perspective”, *European Management Journal*, pp. 1-12.
- Carroll, A. B. (1991) The Pyramid of Corporate Social Responsibility: Toward the Morai Management of Organizational Stakeholders. *Business Horizons*, 34(4), 39-48.
- Commuri, S., (2009) The impact of counterfeiting on genuine-item consumers’ brand relationships. *Journal of Marketing*, 73(3), pp.86-98.
- Daniri, M. A. (2008) Standarisasi Tanggung Jawab Sosial Perusahaan. Indonesia: Kadin Indonesia, 2(1), 1-36.
- Doignon, M. G. (2017) The Impact of Corporate Social Responsibility in The Luxury Industry. *Doctoral dissertation, Instituto Universitário de Lisboa*, 1-69.

Forbes, (2020) The World's Most Valuable Brands. *Forbes* [online]. Available from: <https://www.forbes.com/the-worlds-most-valuable-brands/#6f98baa3119c> [Accessed 15/04/2021].

Hermès International. (2017) 2017 Universal Registration Document. Hermès Paris [online]. Available from: https://assets.hermes.com/is/content/hermesedito/RSE/PDF/2017_HERMES_CSR_Extract.pdf [Accessed 05/04/2021]

Hermès International. (2019) 2019 Universal Registration Document. Hermès Paris [online]. Available from: https://assets-finance.hermes.com/s3fs-public/node/pdf_file/2020-07/1595280621/hermesinternational-urd-2019-en.pdf [Accessed 05/04/2021]

Hermès International. (2020) 2020 Universal Registration Document. Hermès Paris [online]. Available from: https://assets-finance.hermes.com/s3fs-public/node/pdf_file/2021-03/1617042831/hermes_2021.03.26_universalregistrationdocument_2020_en.pdf [Accessed 20/04/2021].

Hermès Paris. (2021) Sustainable Development. Hermès.com [online]. Available from: <https://www.hermes.com/us/en/story/134986-sustainable-development/>

Hudders, L., (2012) Why the devil wears Prada: Consumers' purchase motives for luxuries. *Journal of Brand Management*, 19(7), pp.609-622.

Jamali, D., Safieddine, A. M., & Rabbath, M. (2008) Corporate Governance and Corporate Social Responsibility Synergis and Interrelationships. *Corporate Governance: An International Review*, 16(5), 443-459.

Karina, L. A., & Yuyetta, E. N. (2013) Analisis Fakor-Faktor yang Mempengaruhi Pengungkapan Corporate Social Responsibility. *Diponegoro Journal of Accounting*, 2(2), 482-493.

Keller, K.L. (2001) Building customer-based brand equity: A blueprint for creating strong brands. *Cambridge, MA: Marketing Science Institute*, pp. 3-27.

Knox, S. (1998) Loyalty-based segmentation and the customer development process. *European Management Journal*, 16(6), pp.729-737.

Phau, I. and Prendergast, G. (2000) Consuming luxury brands: the relevance of the 'rarity principle'. *Journal of brand Management*, 8(2), pp.122-138.

Porter M. E. (1979) How Competitive Forces Shape Strategy. *Harvard business review*, pp 137-45.

Porter, M.E. (1989) From competitive advantage to corporate strategy. In *Readings in strategic management* (pp. 234-255). Palgrave, London.

Robins, F. (2005) The Future of Corporate Social Responsibility. *Asian Business & Management*, 4(2), 95-115.

Segran, E. (2018) Did a Slave Make Your Sneakers? The Answer is: Probably. *FastCompany* [online]. Available from: <https://www.fastcompany.com/90279693/did-a-slave-make-your-sneakers-the-answer-is-probably> [Accessed 05/04/2021].

Thomasson, E. (2014) Greenpeace Finds Waterway Pollutants in Luxury Fashion Brands. *Reuters* [online]. Available from: <https://www.reuters.com/article/us-fashion-greenpeace-idUSBREA1G16W20140217> [Accessed 05/04/2021].

Tynan, C., McKechnie, S. and Chhuon, C. (2010) Co-creating value for luxury brands. *Journal of business research*, 63(11), pp.1156-1163.

Wiedemann, A., Moré, J., Möller, M., Wolf, R. (2011) Usage of Innovative Aerial Sensors for Conservation Purposes. *23rd CIPA Symposium*, Prague 2





